

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

**Financial Report
As of and for the Year Ended June 30, 2016**

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2016

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Independent Auditors' Report

Board Members
City of Monroe School Board
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, 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, 2016, and related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Excellence Academy, which represent 1% and 2% of the assets and revenues, respectively of the City of Monroe School Board. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for Excellence Academy Charter School for the Performing Arts, is based upon the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Monroe School Board, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefits Plan, Schedule of Employer Contributions for Other Postemployment Benefit Plan, Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's financial statements as a whole. The accompanying supplementary information and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompany supplementary information, as listed in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects in relation to the financial statements as a whole.

The accompanying other information, as listed in the table of contents including the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Shreveport, Louisiana

December 22, 2016

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

For The Year Ended June 30, 2016

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, 2016. 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

Government-wide financial highlights for the 2015-16 fiscal year include the following:

- Statement of Net Position – The liabilities of the City of Monroe School Board exceeded its assets at the close of the most recent fiscal year by \$114.3 million (net position).
- Capital Assets – Total capital assets (net of depreciation) were \$86.7 million or 52% of the total assets. The City of Monroe School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$56.2 million.
- Statement of Activities – The total net position of the City of Monroe School Board decreased by approximately \$189,000 for the year ended June 30, 2016.

The City of Monroe School Board ended the 2015-2016 fiscal year with a fund balance in the General Fund of approximately \$16.4 million.

- Governmental Funds Balance Sheet – As of the close of the 2015-2016 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$70.2 million, an increase of approximately \$33.7 million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$16.4 million in General Fund, (2) \$8.7 million in the debt service funds, and (3) \$45.1 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, 2016 for the governmental funds of the City of Monroe School Board amounted to \$110.9 million. Approximately 80% of this amount is received from three major revenue sources: (1) \$43.9 million from Minimum Foundation Program, (2) \$15.4 million from local ad valorem taxes, and (3) \$29.7 million from local sales and use taxes.

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

For The Year Ended June 30, 2016

Overview of the Financial Statements

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

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

- The Statement of Net Position presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Monroe School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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.

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

For The Year Ended June 30, 2016

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 funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title 1, 2001 Sales Tax Special Revenue Fund, General Obligation Bonds 2015 Capital Projects Fund and General Obligation Bonds 2016 Capital Projects Fund, all of which are considered to be major funds. Data for the other twelve governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

For The Year Ended June 30, 2016

Financial Analysis of Government-wide Activities

The largest portion of the City of Monroe School Board's total assets, totaling approximately \$168 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding, of \$39.3 million. 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 net position 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.

The following analysis focuses on the net position of the School Board's governmental-wide activities:

<i>June 30,</i>	2016	2015	Percentage Change
Current and other assets	\$ 81,490,031	\$ 47,374,933	72.0
Capital assets	<u>86,669,180</u>	<u>79,600,812</u>	<u>8.9</u>
Total assets	168,159,211	126,975,745	32.4
Deferred outflows of resources	19,230,792	15,891,416	21.0
Current and other liabilities	11,673,597	13,087,535	(10.8)
Long-term liabilities	<u>281,646,114</u>	<u>222,669,285</u>	<u>26.5</u>
Total liabilities	293,319,711	235,756,820	24.4
Deferred inflows of resources	8,373,068	21,629,079	(61.3)
Net position			
Net invested in capital assets	39,339,965	34,604,237	13.7
Restricted	52,489,706	19,200,595	173.4
Unrestricted	<u>(206,132,447)</u>	<u>(168,323,570)</u>	<u>(22.5)</u>
Total net position (deficit)	<u>\$ (114,302,776)</u>	<u>\$ (114,518,738)</u>	<u>0.2</u>

Restricted net position of \$52.5 million is 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 \$8.7 million of the total, with capital projects accounting for \$35.9 million. The remaining balance is monies restricted for salaries and benefits.

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis
(Unaudited)

For The Year Ended June 30, 2016

The following analysis focuses on the change in net position of the School Board's governmental activities:

<i>For the years ended June 30,</i>	2016	2015	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 92,106	\$ 84,836	8.6
Operating and capital grants and contributions	19,064,730	17,750,898	7.4
General revenues			
Ad valorem taxes	15,410,225	15,101,065	2.0
Sales taxes	29,675,901	29,086,211	2.0
Minimum foundation program	43,991,128	42,620,334	3.2
Interest on investments	207,715	174,270	19.2
Other general revenues	3,516,032	1,430,617	145.8
Total revenues	111,957,837	106,248,231	5.4
Expenses			
Instruction	64,708,715	62,948,689	2.8
Support services			
Pupil support services	5,774,900	5,795,189	(0.4)
Instructional staff support	4,719,794	5,004,584	(5.7)
General administration	2,529,818	2,453,331	3.1
School administration	4,854,118	4,665,846	4.0
Business services	1,338,599	1,322,213	1.2
Plant services	9,603,733	8,264,382	16.2
Student transportation services	4,055,636	4,029,295	0.7
Central services	4,653,246	3,667,804	26.9
Other support services	46	588	(92.2)
School food services	6,321,792	6,344,498	(0.4)
Facility acquisition and construction	2,054,282	1,896,356	8.3
Debt service - interest on long-term obligations	1,532,515	1,142,542	34.1
Total expenses	112,147,194	107,535,317	4.3
Increase (decrease) in net position (deficit)	\$ (189,357)	\$ (1,287,086)	85.3

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2016 totaled \$64,708,715, compared to a total of \$62,948,689 for 2015. 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, and plant services. Support services for fiscal 2016 totaled \$37,529,890 compared to \$35,203,232 for 2015.

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

For The Year Ended June 30, 2016

The remaining expenditures of \$9,908,589 consist of \$2,054,282 for facility acquisition and construction, \$6,321,792 for food and service operations and \$1,532,515 for interest expense on long-term obligations.

The related program revenues for fiscal year 2016 directly related to these expenses totaled \$19,156,836, including \$92,106 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board was allocated \$47,435,327 in MFP funds in FY16; with \$2,522,782 was passed through to the district's Type 1 Charter, Excellence Academy, and \$921,417 was deducted from the district's allocation by the Louisiana Department of Education, for other LEA's as an equivalent to the local representation of the School Board. The net amount received by the School Board was \$43,991,128, which is 39.3% 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 \$29,675,900 in revenue, or 26.5% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for \$15,410,225 in revenue, or 13.8% of total revenues.

Financial Analysis of Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Monroe School Board's governmental funds reported a combined ending fund balance of \$70,232,088; an increase of \$33,711,610 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 is \$16,391,551.

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

For The Year Ended June 30, 2016

- The Special Revenue Funds, including nonmajor special revenue funds, have a total fund balance of \$9,224,095 of which \$286,568 is nonspendable, \$3,424,232 is restricted for salaries and related benefits, \$4,449,032 is restricted for instructional costs and \$1,064,263 is restricted for food services.
- The Debt Service Funds have a total fund balance of \$8,695,477 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$35,920,965 all of which is restricted for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the City of Monroe School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on July 23, 2015.

The original General Fund Budget projected an ending fund balance of \$14.5 million, with the amended budget projecting to end the year with a positive balance of \$16.3 million. The actual ending balance for the General Fund came in at \$16.4 million.

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board's investment in capital assets as of June 30, 2016, amounts to \$86,669,180 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

<i>June 30,</i>	2016	2015
Land	\$ 1,669,547	\$ 1,669,547
Buildings and improvements	74,561,748	72,382,572
Furniture and equipment	4,291,024	2,263,155
Construction in progress	6,146,861	3,285,538
Total capital assets, net of depreciation	<u>\$ 86,669,180</u>	<u>\$ 79,600,812</u>

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

For The Year Ended June 30, 2016

Long-Term Debt: At the end of the current fiscal year, the City of Monroe School Board had total debt outstanding of \$80.7 million. Of the amount, \$56.7 million comprises debt back by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2016 and 2015.

<i>June 30,</i>	2016	2015
General Obligation Bonds		
Series 2014	\$ 18,640,000	\$ 19,335,000
Series 2015	16,215,000	-
Series 2016	21,800,000	-
Sales Tax Bonds		
Series 2010	5,190,000	5,930,000
Series 2011	2,050,000	2,380,000
Revenue Bonds		
Series 2009	10,000,000	10,000,000
Series 2011	5,000,000	5,000,000
Certificates of Indebtedness		
Series 2008	351,650	527,475
Series 2009	1,500,000	1,500,000
Total outstanding debt	\$ 80,746,650	\$ 44,672,475

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

For The Year Ended June 30, 2016

Future Operations

The School Board established a goal of maintaining a fund balance equal to 15% of the General Fund budgeted expenditures. The district continued to maintain a fund balance that exceeded this goal for the current fiscal year, and anticipates exceeding this goal again for 2016-2017. The School Board adopted a General Fund budget for 2016-2017 with an operating deficit of \$55,316. With this planned deficit spending, the projected ending fund balance still remains significantly above the 15% fund balance goal. For the upcoming fiscal year, listed below are several factors considered for 2016-2017 operations and budget preparations.

- The 2016-2017 Minimum Foundation Program funding reflects the Department of Education's model with no growth. The state and local base cost per pupil remains at \$4,001. The district is required to sustain the certificated classroom teacher pay raises from the 2015-2016 appropriation.
- As a participant of the Louisiana Office of Group Benefits, employer group insurance premiums increased by more than 10%, as the provisions of the Affordable Care Act continue to be implemented and as changes to premium options occurred.
- Sales Tax revenue is projected to increase by 4% based on historical trends.

Contacting the School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

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

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

**Statement of Net Position
Governmental Activities**

June 30, 2016

	Primary Governmental Activities	Component Unit
Assets		
Cash and cash equivalents	\$ 40,137,033	\$ 66,369
Investments	28,998,765	-
Receivables		
Ad valorem taxes	3,209	-
Sales and use taxes	5,027,268	-
Federal grants	6,245,301	-
State grants	429,236	-
Other	111,825	25,011
Inventory	392,407	-
Other assets	144,987	53,358
Capital assets, net	86,669,180	441,591
Total assets	168,159,211	586,329
Deferred outflows of resources		
Deferred outflows	19,230,792	-
Liabilities		
Accounts payable	2,796,768	7,138
Salaries and wages payable	8,249,235	-
Deferred revenue	211,939	-
Interest payable - bonds	415,655	-
Long-term liabilities		
Due within one year	3,260,825	-
Due in more than one year	278,385,289	-
Total liabilities	293,319,711	7,138
Deferred inflows of resources		
Deferred inflows	8,373,068	-
Net position		
Net investment in capital assets	39,339,965	441,591
Restricted for		
Instructional costs	1,085,852	-
Capital projects	35,920,965	-
Debt service	8,695,477	-
Salaries and related benefits	3,424,232	-
Instructional and maintenance costs	3,363,180	-
Unrestricted	(206,132,447)	137,600
Total net position (deficit)	\$ (114,302,776)	\$ 579,191

The accompanying notes are an integral part of the financial statements

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

**Statement of Activities
Governmental Activities
For the Year Ended June 30, 2016**

	Primary Government PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	Component Unit
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		
Primary Government					
Functions/programs					
Current					
Instructional services					
Regular programs	\$ 32,879,176	-	216,274	\$ (32,662,902)	
Special education programs	15,313,421	-	1,128,864	(14,184,557)	
Vocational programs	1,806,443	-	267,855	(1,538,588)	
Other instructional programs	7,499,840	45,500	1,148,103	(6,306,237)	
Special programs	7,062,849	-	7,087,888	25,039	
Adult/continuing education	146,986	-	129,421	(17,565)	
Support services					
Pupil support services	5,774,900	-	1,028,859	(4,746,041)	
Instructional staff support services	4,719,794	-	2,415,165	(2,304,629)	
General administration	2,529,818	-	344	(2,529,474)	
School administration	4,854,118	-	2,705	(4,851,413)	
Business services	1,338,599	-	19,861	(1,318,738)	
Plant services	9,603,733	-	8,434	(9,595,299)	
Student transportation services	4,055,636	-	119,030	(3,936,606)	
Central services	4,653,246	-	419	(4,652,827)	
Other support services	46	-	21,172	21,126	
Noninstructional services					
Food service operations	6,321,792	46,606	5,470,336	(804,850)	
Facility acquisition and construction	2,054,282	-	-	(2,054,282)	
Debt service					
Interest on long-term obligations	1,532,515	-	-	(1,532,515)	
Total Primary Government	\$ 112,147,194	\$ 92,106	\$ 19,064,730	\$ (92,990,358)	
Component Unit					
Excellence Academy Charter School	\$ 2,662,330	\$ -	\$ 79,614	\$ -	\$ (2,582,716)
General revenues					
Taxes					
Ad valorem taxes levied for					
General purposes				10,437,451	
Debt service purposes				4,972,774	
Sales taxes levied for					
General purposes				11,573,601	
Salaries and related benefits				18,102,300	
Grants and contributions not restricted to specific programs					
Minimum foundation program				43,991,128	2,522,781
State revenue sharing				809,560	
Interest and investment earnings				207,715	
Other				2,706,472	55,224
Total general revenues				92,801,001	2,578,005
Changes in net position				(189,357)	(4,711)
Net position at beginning of year				(114,518,738)	578,401
Prior period adjustment				405,319	5,501
Net position (deficit) at beginning of year, restated				(114,113,419)	583,902
Net position (deficit) at end of year				\$ (114,302,776)	\$ 579,191

The accompanying notes are an integral part of the financial statements

FUND FINANCIAL STATEMENTS (FFS)

City of Monroe School Board
Monroe, Louisiana

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2016

MAJOR FUNDS

	SPECIAL REVENUE			GO BONDS	GO BONDS	AGGREGATE	TOTAL
	GENERAL FUND	TITLE I	2001	2015	2016	REMAINING	
			SALES TAX	CAPITAL PROJECTS	CAPITAL PROJECTS	OTHER GOVERNMENTAL	
Assets							
Cash and cash equivalents	\$ 14,353,368	\$ -	\$ -	\$ 14,217,725	\$ -	\$ 11,565,940	\$ 40,137,033
Investments	250,000	-	5,798,752	-	22,950,013	-	28,998,765
Accounts receivable	1,512,297	3,456,305	2,829,945	-	-	4,018,291	11,816,838
Due from other funds	6,088,787	-	-	-	-	-	6,088,787
Inventory	174,840	-	-	-	-	217,567	392,407
Other assets	65,063	816	69,001	-	-	10,107	144,987
Total assets	22,444,355	3,457,121	8,697,698	14,217,725	22,950,013	15,811,905	87,578,817
Liabilities and fund balances							
Liabilities							
Accounts payable	253,476	147,068	682,548	1,552,886	-	160,789	2,796,767
Salaries and wages payable	5,787,875	536,790	514,786	-	-	1,409,785	8,249,236
Due to other funds	11,453	2,773,263	1,316,491	-	-	1,987,580	6,088,787
Deferred revenue and other liabilities	-	-	-	-	-	211,939	211,939
Total liabilities	6,052,804	3,457,121	2,513,825	1,552,886	-	3,770,093	17,346,729
Fund balances							
Nonspendable							
Inventory and other assets	239,903	-	69,001	-	-	217,567	526,471
Restricted for							
Salaries and related benefits	-	-	2,751,692	-	-	672,540	3,424,232
Instructional costs	-	-	-	-	-	1,085,852	1,085,852
Instructional and maintenance costs	-	-	3,363,180	-	-	-	3,363,180
Food services	-	-	-	-	-	1,064,263	1,064,263
Debt service	-	-	-	-	-	8,695,477	8,695,477
Capital projects	-	-	-	12,664,839	22,950,013	306,113	35,920,965
Unassigned	16,151,648	-	-	-	-	-	16,151,648
Total fund balances	16,391,551	-	6,183,873	12,664,839	22,950,013	12,041,812	70,232,088
Total liabilities and fund balances	\$ 22,444,355	\$ 3,457,121	\$ 8,697,698	\$ 14,217,725	\$ 22,950,013	\$ 15,811,905	\$ 87,578,817

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Position**

June 30, 2016

Total fund balances - governmental funds \$ 70,232,088

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 Position 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	137,121,453	
Accumulated depreciation	<u>(50,452,272)</u>	86,669,181

Elimination of interfund assets and liabilities

Interfund assets	6,088,787	
Interfund liabilities	<u>(6,088,787)</u>	-

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 Position.

Balances at June 30, 2016 are

Long-term liabilities		
Compensated absences payable	(1,913,443)	
General obligation bonds payable	(56,655,000)	
Sales tax bonds payable	(7,240,000)	
Revenue bonds payable	(15,000,000)	
Certificates of indebtedness	(1,851,650)	
Worker's Compensation IBRN	(317,569)	
Other post employment benefits	(67,135,251)	
Bond premium	<u>(2,233,728)</u>	(152,346,641)

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds (129,299,473)

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Position is recognized as a liability as it accrues. (415,655)

Deferred outflows and inflows of resources related to bond refundings and pensions are applicable to future periods and, therefore, are not reported in the funds

Deferred outflows of resources related to pensions of \$18,909,532 = \$4,649,608 deferred outflows of resources pension expense (from pension schedules) and \$14,259,924 deferred outflow of 2016 employer contributions related to pensions.	18,909,532	
Payments to escrow agents to refund bonded debt.	<u>321,260</u>	19,230,792

Deferred inflows of resources related to pensions (from pension schedule)		<u>(8,373,068)</u>
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Net Position (Deficit) \$ (114,302,776)

The accompanying notes are an integral part of the financial statements.

City of Monroe School Board
Monroe, Louisiana

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2016

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS		
	GENERAL FUND	SPECIAL REVENUE		GO BONDS 2015 CAPITAL PROJECTS	GO BONDS 2016 CAPITAL PROJECTS	OTHER GOVERNMENTAL	TOTAL
		TITLE 1	2001 SALES TAX				
REVENUES							
Local sources							
Ad valorem taxes	\$ 10,437,451	\$ -	\$ -	\$ -	\$ -	\$ 4,972,774	\$ 15,410,225
Sales and use taxes	-	-	16,598,256	-	-	13,077,644	29,675,900
Earnings on investments	26,060	-	143,307	20,890	-	17,458	207,715
Cash payments for meals	-	-	-	-	-	46,606	46,606
Other local revenue	1,830,669	-	-	-	-	118,195	1,948,864
State sources							
State equalization	43,891,128	-	-	-	-	-	43,891,128
Revenue sharing	274,681	-	-	-	-	283,027	557,708
Other unrestricted revenue	-	-	-	-	-	146,486	146,486
Other restricted revenue	98,116	-	372,461	-	-	-	470,577
Federal sources							
Federal restricted grants-in-aid	89,900	7,013,211	-	-	-	11,415,793	18,518,904
Total revenues	<u>56,648,005</u>	<u>7,013,211</u>	<u>17,114,024</u>	<u>20,890</u>	<u>-</u>	<u>30,077,983</u>	<u>110,874,113</u>
EXPENDITURES							
Current							
Instructional services							
Regular programs	21,133,691	2,102	4,913,634	-	-	5,270,135	31,319,562
Special education programs	10,176,356	-	1,540,131	-	-	2,994,617	14,711,104
Vocational programs	1,094,047	95,689	119,398	-	-	411,951	1,721,085
Other instructional programs	4,022,624	407,474	699,868	-	-	2,024,056	7,154,022
Special programs	559,017	4,276,954	47,264	-	-	2,126,167	7,009,402
Adult/Continuing education programs	16,195	-	-	-	-	129,289	145,484
Support services							
Pupil support services	3,147,581	479,988	540,504	-	-	1,363,705	5,531,778
Instructional staff support	1,655,811	1,078,260	217,598	-	-	1,694,679	4,646,348
General administration	1,836,337	-	422,618	-	-	240,545	2,499,500
School administration	3,161,395	-	413,632	-	-	1,005,452	4,580,479
Business services	818,222	17,879	259,256	15	117,105	162,871	1,375,348
Plant services	4,333,772	8,275	3,750,992	1,995	-	444,389	8,539,423
Student transportation services	2,708,456	43,669	398,857	5,492	-	375,588	3,532,062
Central services	1,020,950	-	1,546,069	97,707	-	1,300,395	3,965,121
Other support services	-	-	-	-	-	21,172	21,172
Noninstructional services							
Food service operations	275,329	-	426,919	45,818	-	5,488,865	6,236,931
Debt service							
Principal	175,825	-	-	-	-	2,550,000	2,725,825
Interest	73,600	-	-	-	-	1,360,403	1,434,003
Capital outlay	10,920	-	267,245	4,107,592	-	6,383,154	10,768,911
Facility acquisition & construction	-	-	-	79,932	-	-	79,932
Total expenditures	<u>56,220,128</u>	<u>6,410,290</u>	<u>15,563,985</u>	<u>4,338,551</u>	<u>117,105</u>	<u>35,347,433</u>	<u>117,997,492</u>
Excess (deficiency) of revenues over expenditures	<u>427,877</u>	<u>602,921</u>	<u>1,550,039</u>	<u>(4,317,661)</u>	<u>(117,105)</u>	<u>(5,269,450)</u>	<u>(7,123,379)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	36,295	-	-	-	-	-	36,295
Proceeds from issuance of debt	-	-	-	17,000,000	21,800,000	-	38,800,000
Transfers in	1,027,579	-	688,243	-	-	2,530,549	4,246,371
Payments to bond escrow	-	-	-	-	-	-	-
Bond premium	-	-	-	731,576	1,267,118	-	1,998,694
Transfers out	(788,017)	(602,921)	(1,651,201)	(731,576)	-	(472,656)	(4,246,371)
Total other financing sources (uses)	<u>275,857</u>	<u>(602,921)</u>	<u>(962,958)</u>	<u>17,000,000</u>	<u>23,067,118</u>	<u>2,057,893</u>	<u>40,834,989</u>
Net change in fund balances	<u>703,734</u>	<u>-</u>	<u>587,081</u>	<u>12,682,339</u>	<u>22,950,013</u>	<u>(3,211,557)</u>	<u>33,711,610</u>
Fund balances at beginning of year	<u>15,687,817</u>	<u>-</u>	<u>5,596,792</u>	<u>(17,500)</u>	<u>-</u>	<u>15,253,369</u>	<u>36,520,478</u>
Fund balances at end of year	<u>\$ 16,391,551</u>	<u>\$ -</u>	<u>\$ 6,183,873</u>	<u>\$ 12,664,839</u>	<u>\$ 22,950,013</u>	<u>\$ 12,041,812</u>	<u>\$ 70,232,088</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

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

For the Year Ended June 30, 2016

Total net change in fund balances - Governmental Funds		\$ 33,711,610
Amounts reported for governmental activities in the Statement of Activities are different because:		
Elimination of operating transfers in and out:		
Transfers in	\$ (4,246,371)	
Transfers out	<u>4,246,371</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 depreciation exceed capital outlays in the period:		
Capital Outlays	11,266,827	
Depreciation	<u>(4,198,459)</u>	7,068,368
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 Position.		
		(40,798,694)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		2,725,825
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). In the current year, vacation and sick time used (\$1,068,686) exceeded the amounts earned (\$1,036,449).		
		32,237
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		(64,179)
Other post employment benefits are reported in the Governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statements of Activities as it accrues.		
		(9,050,367)
Worker's compensation benefits are reported in the Governmental funds as expenditures when paid. The expenses are recorded in the Statements of Activities as incurred.		
		743,664
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, 2016	(415,655)	
Interest expense payable as of June 30, 2015	<u>292,256</u>	(123,399)
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		89,066
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions	14,173,232	
Cost of benefits earned net of employee contributions (pension expense from the pension schedules)	<u>(9,194,571)</u>	4,978,661
Revenue included in the Statement of Activities due to Non-Contributing Entity revenues for GASB 68 implementation.		
		<u>497,851</u>
Change in net position of governmental activities		<u>\$ (189,357)</u>

The accompanying notes are an integral part of the financial statements.

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

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

June 30, 2016

Assets

Cash and cash equivalents

\$ 727,081

Liabilities

Amounts held for other organizations

\$ 727,081

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Statement of Net Position
EXCELLENCE ACADEMY
Discretely Presented Component Unit
June 30, 2016

Assets

Current assets

Cash and cash equivalents	\$ 66,369
Receivables	25,011
Prepaid expenses	53,358
Total current assets	<u>144,738</u>

Capital assets, net of accumulated depreciation	<u>441,591</u>
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Total assets	<u>586,329</u>
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Liabilities

Current liabilities

Accrued expenses	<u>7,138</u>
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Total liabilities	<u>7,138</u>
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Net Position

Net investment in capital assets	441,591
Unrestricted	<u>137,600</u>

Total Net Position	<u><u>\$ 579,191</u></u>
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The accompanying notes are an integral part of the financial statements.

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

**Statement of Activities
EXCELLENCE ACADEMY
Discretely Presented Component Unit
For the Year Ended June 30, 2016**

Expenses	
Instructional	\$ 1,306,138
Support services	1,238,364
Operation on non-instructional service	114,746
School account activity	3,082
Total expenses	<u>2,662,330</u>
Program Revenues	
Operating grants and contributions	<u>79,614</u>
Total program revenues	79,614
Net program expense	2,582,716
General Revenues	
Grants not restricted to specific purposes	
Minimum Foundation Program	2,522,781
Other revenue	55,224
Total general revenues	<u>2,578,005</u>
Change in net position	(4,711)
Net Position	
Beginning of year	578,401
Prior period adjustment	5,501
Beginning of year, restated	<u>583,902</u>
End of year	<u>\$ 579,191</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

Note 1: Summary of Significant Accounting Policies

ORGANIZATION

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

The School Board is composed of a central office, 20 schools and 2 support facilities. The School Board serves approximately 8,700 students and employs approximately 1,400 persons, of which over 800 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 considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board has one component unit, the Excellence Academy Charter School for the Performing Arts ("Excellence Academy"). The Excellence Academy is presented as a discretely presented component unit. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Excellence Academy is included in the reporting entity because it is fiscally dependent on the School Board for the majority of its revenue, and because exclusion would render the School System's financial statements incomplete or misleading. However, Excellence Academy is a legally separately entity and, as such, appoints its own Board. Excellence Academy is a Type I Charter School that opened in the Fall of 2014. It has a June 30 year end. Complete financial statements of this component unit can be obtained from the Excellence Academy Charter School for the Performing Arts, 811 Washington Street, Monroe, Louisiana 71211. The School Board and its component unit represent the reporting entity. Additionally, the School Board is a legally separate elected governing body and does not meet the definition of a component unit of any other entity.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Governmental Funds

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

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

Major Funds:

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

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

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

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.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

Capital Projects Funds – Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and improvements. The following Capital Projects Funds are a major fund:

The GO Bonds 2015 Capital Projects Fund (issued July 1, 2015) accounts for the good-faith deposit from the issuance of \$17,000,000 of General Obligation Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

The GO Bonds 2016 Capital Projects Fund (issued June 21, 2016) accounts for the good-faith deposit from the issuance of \$21,800,000 of General Obligation Bonds for the purpose of acquiring and/or improving lands for building sites and playgrounds, including construction of necessary sidewalks and streets adjacent thereto; purchasing, erecting and/or improving school buildings and other school related facilities.

Nonmajor Funds:

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

Fiduciary Funds

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

C. *Basis of Accounting / Measurement Focus*

Government-Wide Financial Statements (GWFS)

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

Program Revenues

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

General Revenues

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

Allocation of indirect expenses

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

Fund Financial Statements (FFS)

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

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

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

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 position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

H. Bond Issuance Costs/Bond Premiums

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are expensed as incurred and 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.

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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 in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$5,000 or more and an estimated life of one year or more as a capital asset.

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

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

Buildings	40 years
Furniture and equipment	3-15 years

K. Interfund Activity

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

L. Fund Balance of Fund Financial Statements

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

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

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

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

Assigned fund balances are those determined by the Superintendent and Chief Financial Officer, under authority given under a resolution of the Board, as needed for the payment of future commitment.

The School Board had no committed or assigned fund balances at June 30, 2016.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* fund balance to have been depleted before using any of the components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

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.

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O. Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Capital projects are restricted because the proceeds from issuance of bonded debt are 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.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board’s practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

P. Sales and Use Taxes

In May 1968, 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 an additional 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.

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

Q. Use of Estimates

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

R. Adoption of New Financial Standards

The School Board adopted GASB No. 72, *Fair Value Measurement and Application*, during the current fiscal year ended June 30, 2016. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The School Board's financial statements and note disclosures reflect any required changes.

S. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective for the year ending June 30, 2017.

The statements address:

- Financial Reporting for Postemployment Benefit Plans Other than Pension Plans
- GAAP hierarchy

The School Board is currently evaluating the effects that these statements will have on its 2017 financial statements.

Note 2: Cash and Cash Equivalents and Investments

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

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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.

Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2016.

	School Board Balances	Bank Balance
Cash on deposit	\$ 40,137,032	\$ 40,083,810
Petty cash	1,100	-
Cash equivalents:		
LAMP investments	632,018	632,018
 Total cash and cash equivalents	 \$ 40,770,150	 \$ 40,715,828

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 1,250,000
Pledged Securities	45,388,391
 Total collateralized deposits	 \$ 46,638,391

The School Board's investments at June 30, 2016, 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. Investments of \$5,811,770 in U.S. government fixed income securities are held in trust by the paying agent, BNY Mellon, for the repayment of the School Board's Series 2009 and Series 2011 Qualified School Construction Bonds ("QSCB").

The 2009 QSCB sinking fund consists of \$4,110,736 of fixed income securities that will mature in FY2025 and the 2011 QSCB sinking fund consists of \$1,701,034 of fixed income securities that will mature in FY2026.

Also, investments of \$22,950,013 in U.S. government treasury securities is being held in an account by Regions Bank, for the issuance of the School Board's 2016 Series General Obligation Bonds issued June 21, 2016.

Credit risk. The School Board's investments consist of the certificate of deposit mentioned above and State and Local Government Series (SLGS) securities held by the paying agent thus limiting the School Board's credit risk at June 30, 2016.

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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: Fair Value Measurements

Beginning with the fiscal year ended June 30, 2016, the School Board was required by GASB 72 to begin categorizing its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the School Board’s assets. These guidelines recognize a three-tiered fair value hierarchy.

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborate pricing and inputs such as yield curves and indices. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quote prices.

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by Fair Value Level</u>	<u>June 30, 2016</u>			
Fixed income securities	\$ 28,748,765	\$ 90,576	\$ 28,658,189	\$ -
Certificates of Deposit	250,000	-	250,000	-
	<u>\$ 28,998,765</u>	<u>\$ 90,576</u>	<u>\$ 28,908,189</u>	<u>\$ -</u>

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Note 4: 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, 2016, taxes of 41.28 mills were levied on property with assessed valuations totaling \$360,109,043 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	27.63 mills
Bonds - Debt Service	13.65 mills
	<u>41.28 mills</u>

The School Board's portion of the total taxes originally levied was \$16,738,430 of which \$14,865,318 was assessed on property owners and \$1,873,113 was assessed under Homestead Exemption. The School Board collected \$15,410,225 through June 30, 2016, 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. Collections are remitted to the School Board monthly.

Below is the property tax calendar in effect for the year ended June 30, 2016:

Millage Rates Adopted	August 11, 2015
Levy Date	November 30, 2015
Tax Bills Mailed	November 30, 2015
Total Taxes are Due	December 31, 2015
Lien Date	January 1, 2016

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

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

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Note 5: Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2016, is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,669,547	\$ -	\$ -	\$ 1,669,547
Construction in progress	3,285,538	9,197,928	6,336,605	6,146,861
Total capital assets not being depreciated	<u>4,955,085</u>	<u>9,197,928</u>	<u>6,336,605</u>	<u>7,816,408</u>
Capital assets being depreciated				
Buildings and improvements	103,205,978	5,469,726	-	108,675,704
Furniture and equipment	17,855,232	2,935,778	161,670	20,629,340
Total capital assets being depreciated	<u>121,061,210</u>	<u>8,405,504</u>	<u>161,670</u>	<u>129,305,044</u>
Less accumulated depreciation				
Building and improvements	30,823,406	3,068,976	-	33,892,382
Furniture and equipment	15,592,077	1,129,483	161,670	16,559,890
Total accumulated depreciation	<u>46,415,483</u>	<u>4,198,459</u>	<u>161,670</u>	<u>50,452,272</u>
Total capital assets being depreciated, net	<u>74,645,727</u>	<u>4,207,045</u>	<u>-</u>	<u>78,852,772</u>
Governmental activities capital assets, net	<u>\$ 79,600,812</u>	<u>\$ 13,404,973</u>	<u>\$ 6,336,605</u>	<u>\$ 86,669,180</u>

Depreciation expense for the year ended June 30, 2016, was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 576,687
Special education programs	2,332
Vocational programs	4,456
Other instructional programs	6,963
Special programs	10,683
Adult / Continuing education	-
Support services:	
Instructional staff support services	357
General administration	858
Business services	8,210
Plant services	807,201
Student transportation services	391,714
Central services	532,810
Food service operations	59,343
Facility acquisition and construction	1,796,845
Total depreciation expense	<u>\$ 4,198,459</u>

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Note 6: 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 7: Pension and Retirement Plans

Plan Description

Substantially all employees of the School Board are provided with pensions through cost-sharing multiple-employer defined benefit pension plans administered by the Teachers' Retirement System Louisiana ("TRSL"), the Louisiana School Employees' Retirement System ("LSERS"), or the Louisiana State Employees' Retirement System ("LASERS"), all of which are administered on a statewide basis. The authority to establish and amend the benefit terms of TRSL, LSERS, and LASERS was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the Louisiana Revised Statutes. TRSL, LSERS, and LASERS each issue publicly available financial reports that can be obtained at www.trsl.org, www.lasers.net, and www.lasersonline.org, respectively.

TRSL

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information. Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants. Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service.

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

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A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post -DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based on the account balance.

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

A surviving spouse with minor children of an active member with five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible. Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

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As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

LSERS

LSERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Membership is mandatory for all persons employed by a Louisiana Parish or City School Board or by the Lafourche Special Education District #1 who work more than twenty hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide, a monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of school children. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service or 5 years if enrolled after June 30, 2010. All temporary, seasonal and part-time employees as defined in federal Regulations 26 CFR 31:3121(b)(7)-2 are not eligible for membership in the Plan. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LA R.S. 11:1141 - 11:1153. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the system on or after July 1, 2006

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through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A member who joins the system on or after July 1, 2006, must have at least ten years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

Members of the Plan may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the system terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the Plan. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The Plan maintains subaccounts within this account reflecting the credits attributed to each participant in the Plan. Interest credited and payments from the DROP account are made in accordance with LA R.S. 11:1152(E)(3). Upon termination of participation in both the Plan and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements. The Plan also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Effective January 1, 1996, the state legislature authorized the Plan to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with LA R.S. 11:1152(F)(3).

LASERS

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification.

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The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan. A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004,

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interest at a rate of one-half percent less than LASER's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs), which are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

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Contributions

TRSL

The employer contribution rate is established annually under LA R.S. 11:101 - 11:104 by the Public Retirement Systems Actuarial Committee (PRSACX) taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2016 are as follows:

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	26.3%	8.0%
Plan A	31.3%	9.1%
Plan B	28.2%	5.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2016, was 26.2% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$12,829,115 for the year ended June 30, 2016.

LSERS

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2016 was 28.7%. The actual employer rate for the year ended June 30, 2016 was 30.2%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$1,344,117 for the year ended June 30, 2016.

LASERS

Contribution requirements of active employees are governed by Title 11 of the Louisiana Revised Statutes and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2016, for the relative plans follow:

LASERS Plan (Regular Employees and Optional Retirement Plan (ORP))	Plan Status	School Board	Employees
Pre Act 75 (hired before 7/1/2006)	Closed	37.2%	7.5%
Post Act 75 (hired after 6/30/2006)	Open	37.2%	8.0%

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The School Board's contractually required composite contribution rate for the year ended June 30, 2016, was 37.2% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$86,692 for the year ended June 30, 2016.

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

The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL and LASERS was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2015, and the change compared to the June 30, 2014 proportion:

	Net Pension Liability at June 30, 2016	Proportion at June 30, 2015	Increase (Decrease) to June 30, 2014 Proportion
TRSL	\$ 118,125,271	1.098610%	0.035730%
LSERS	9,923,745	1.564946%	0.021746%
LASERS	1,250,458	0.018390%	0.003440%
	<u>\$ 129,299,474</u>		

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2016:

	Pension Expense	Amortization	Total
TRSL	\$ 8,176,621	\$ (116,070)	\$ 8,060,551
LSERS	\$ 1,006,926	(12,321)	994,605
LASERS	\$ 78,246	61,169	139,415
	<u>\$ 9,261,793</u>		

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At June 30, 2016, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>TRSL</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience	-	1,355,544
Investment Earnings	-	2,606,866
Assumptions	-	-
Change in Prop.	3,489,732	-
Difference in Contributions	-	2,989,957
Employer Contributions	12,829,115	-
	<u>16,318,847</u>	<u>6,952,367</u>

<u>LSERS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience	-	884,896
Investment Earnings	-	461,721
Assumptions	713,801	-
Change in Prop.	265,893	23,769
Difference in Contributions	11,884	874
Employer Contributions	1,344,117	-
	<u>2,335,695</u>	<u>1,371,260</u>

<u>LASERS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience	1,672	10,242
Investment Earnings	-	1,131
Assumptions	-	-
Change in Prop.	163,858	-
Difference in Contributions	2,768	38,068
Employer Contributions	86,692	-
	<u>254,990</u>	<u>49,441</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
TRSL	16,318,847	6,952,367
LSERS	2,335,695	1,371,260
LASERS	254,990	49,441
	<u>18,909,532</u>	<u>8,373,068</u>

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Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date of \$14,259,924 will be recognized as a reduction of net pension liability in the year ending June 30, 2017. The following table lists the pension contributions made subsequent to the measure period for each pension plan:

	Subsequent Contributions
TRSL	12,829,115
LSERS	1,344,117
LASERS	86,692
	14,259,924

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

<i>June 30,</i>	2017	2018	2019	2020	Total
TRSL	(2,069,423)	(2,069,422)	(2,069,422)	2,745,632	(3,462,635)
LSERS	(172,670)	(216,756)	(235,734)	245,478	(379,682)
LASERS	42,385	58,857	(9,372)	26,987	118,857
	(2,199,708)	(2,227,321)	(2,314,528)	3,018,097	(3,723,460)

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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015, are as follows:

	TRSL	LSERS	LASERS
Valuation Date	June 30, 2015	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed		
Actuarial Assumptions:			
Expected Remaining Service Lives	5 years	3 years	3 years
Investment Rate of Return	7.75% net of investment expenses	7.00% net of investment expenses	7.75% per annum.
Inflation Rate	2.50% per annum.	2.75%	3.00% per annum.
Salary Increases	3.5% - 10.0% varies depending on duration of service. The annual salary growth rates of are based upon the members' years of service. 4.0% - 13.0%		
Cost of Living Adjustments	None	Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to the System and includes offset the increase in the previously granted cost of actuarial liability and the plan living increases. The projected has met the criteria and benefit payments do not eligibility requirements include provisions for potential outlined by ACT 399 of 2014. future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.	
Mortality	Mortality rates based on the RP-2000 Mortality Table with 2000 Sex Distinct Mortality projection to 2025 using Scale AA.		
		RP-Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.	
		Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.	
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.		
	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.		
	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.		

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The following table lists the methods used by each of the pension plans in determining the long-term rate of return on pension plan investments:

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

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2015:

Asset Class	Target Allocation			Long-Term Expected Portfolio Real Rate of Return		
	TRSL	LSERS	LASERS	TRSL	LSERS	LASERS
Cash	-	-	-	-	-	0.24%
Domestic equity	31.0%	51.0%	27.0%	4.71%	3.61%	4.56%
International equity	19.0%	-	30.0%	5.69%	-	5.67%
Domestic fixed income	14.0%	30.0%	10.0%	2.04%	1.06%	2.24%
International fixed income	7.0%	-	2.0%	2.80%	-	3.64%
Alternative investments	29.0%	13.0%	24.0%	5.94%	0.89%	7.82%
Global asset allocation	-	-	7.0%	-	-	3.70%
Real assets	-	6.0%	-	-	0.44%	-
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>n/a</u>	<u>6.00%</u>	<u>5.66%</u>
International fixed income					<u>2.30%</u>	
Expected Arithmetic Nominal Return					<u>8.30%</u>	

n/a – amount not provided by Retirement System

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Discount Rate

The discount rates used to measure the total pension liability for TRSL, LSERS, and LASERS were 7.75%, 7.00%, and 7.75%, respectively, for the year ended June 30, 2015.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on those assumptions, each of the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
TRSL			
Discount rate	6.75%	7.75%	8.75%
Share of NPL	\$ 149,471,401	\$ 118,125,271	\$ 91,464,782
LSERS			
Discount rate	6.00%	7.00%	8.00%
Share of NPL	\$ 13,632,816	\$ 9,923,745	\$ 6,752,182
LASERS			
Discount rate	6.75%	7.75%	8.75%
Share of NPL	\$ 1,578,347	\$ 1,250,458	\$ 971,999

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2016, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$411,160 for its participation in TRSL. LSERS and LASERS do not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS or LASERS for the year ended June 30, 2016.

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Pension Plans Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial reports for TRSL, LSERS, and LASERS and can be obtained on the pension plans' respective websites or on the Louisiana Legislative Auditor's website: www.la.gov.

Payables to the Pension Plan

As of June 30, 2016, the School Board had payables due to the pension plans totaling \$3,085,564. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions. The balance due to each of the pension plans is as follows:

	Payables
TRSL	\$ 2,815,569
LSERS	253,637
LASERS	16,358
	\$ 3,085,564

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 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 \$931,634 as of June 30, 2016.

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Note 8: Other Postemployment Benefits

As permitted by Louisiana Revised Statute 17:1223, the School Board provides certain continuing health care and life insurance benefits for certain retired employees through the State group insurance plan, an agent multiple employer defined benefit plan. These benefits if they reach normal retirement age, as defined under the applicable retirement system (see Note 7), while working for the School Board. Currently the City of Monroe School Board's postemployment benefits plan provides employees with a choice of participation in one of three medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), or health maintenance organization (HMO). LSA-R.S. 42:801 – 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits' financial report is included in the Louisiana Comprehensive Annual Financial Report (CAFR) which may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap; by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095; or by calling (225)342-0708.

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure in the Governmental Funds when the monthly premiums are due. The cost of retiree benefits totaled approximately \$4,135,669 during fiscal year 2016; approximately 600 retirees receive benefits under this plan.

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

Mortality Rate

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

Investment Return Assumption (Discount Rate) and Inflation Rate

While GASB 45 allocates the costs of a postretirement benefit plan over the years of active employment (when the promise of future benefits is potentially motivating an employee), it does not require the funding of such benefits. There are two key points that need to be noted in this regard. First, the choice of the discount rate used in measuring the liabilities of the benefits is tied to the funding vehicle or lack thereof. GASB 45 requires the use of a discount rate for an unfunded plan equal to what the sponsor earns on its general assets. Since a lower discount rate leads to higher liabilities, a funded plan will have lower liabilities than an unfunded plan with identical provisions and membership. Since it is anticipated that the annual required contribution will not be funded, a 4% annual investment return is assumed in the actuarial evaluation which represents a reasonable estimate of short-term pooled funds.

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Amortization Method and Period

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

Healthcare Cost Trend Rate

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

	PPO	Retiree Only	Retiree & Spouse
Pre - 65		\$ 12,084	\$ 18,558
Post - 65		\$ 3,392	\$ 6,097
	EPO		
Pre - 65		\$ 12,084	\$ 18,558
Post - 65		\$ 3,392	\$ 6,097
	HMO		
Pre - 65		\$ 11,667	\$ 17,926
Post - 65		\$ 3,330	\$ 5,969

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Medical Inflation (Trend Assumption)

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

<u>Year</u>	<u>Trend</u>
2014 - 2015	4.90%
2016	5.00%
2017	5.10%
2018 - 2019	5.40%
2020	5.20%
2021	5.30%
2022	5.80%
2023 - 2028	6.30%
2029 - 2035	6.20%
2036	6.10%
2037	6.40%
2038	6.60%
2039	6.50%
2040	6.40%
2041 - 2042	6.30%
2043 - 2044	6.20%
2045 - 2046	6.10%
2047 - 2091	6.00%
2092 and ongoing	4.50%

Life Insurance

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

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Withdrawal Rates

The following service related sample withdrawal rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	7.0%	7.0%
30	8.0%	8.0%
35	6.0%	6.0%
40	3.0%	3.0%
45	2.0%	2.0%
50	2.0%	2.0%

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

Disability Rates

The following service related sample disability rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	0.01%	0.01%
30	0.03%	0.03%
35	0.06%	0.06%
40	0.10%	0.10%
45	0.18%	0.18%
50	0.24%	0.24%
55	0.47%	0.47%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees.

It is assumed that this retirement date is three years later than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

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

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The assumed percent of employees reaching retirement are as follows:

Age	Males	Females
38	5.00%	5.00%
39	6.00%	6.00%
40	4.00%	4.00%
45	3.00%	3.00%
50	3.00%	3.00%
55	10.30%	10.30%
60	27.70%	27.70%
65	33.00%	33.00%
70	38.30%	38.30%
71	38.50%	38.50%
72+	100.00%	100.00%

Actuarial Methods and Assumptions

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

Actuarial Cost Method

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

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

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

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

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

Actuarial Value of Plan Assets

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

Actuarial Methods and Assumptions

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

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

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

Year Ended	Post-Employment Benefits Cost	Annual Cost Contributed	Post-Employment Benefits Liability
6/30/2014	\$ 11,672,113	31.40%	\$ 48,267,131
6/30/2015	\$ 13,437,243	26.90%	\$ 58,084,884
6/30/2016	\$ 13,186,036	31.50%	\$ 67,135,251

Funded Status and Funding Progress

In the 2008-09 fiscal year the City of Monroe School Board started recording postemployment benefits in its financial statements. The School Board has not made any contribution to a postemployment benefits plan trust. Therefore, the plan has no assets, and hence has a funded ratio of zero. As of June 30, 2016, the actuarial accrued liability was \$118,728,989, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe School Board used the Unit Credit Cost method), of an actuarial present value of a postemployment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of postemployment benefits for active employees from their hire date through June 30, 2015, and for retired employees from their hire date through their date of retirement).

Since the plan was not funded in 2016, the entire actuarial accrued liability of \$118,728,989 was unfunded. The annual payroll of active employees covered by the plan, or “covered payroll,” amounted to \$45,212,003 in 2016; the ratio of the unfunded actuarial accrued liability to the covered payroll was approximately 262.6%. (Salaries are not used to determine either medical or life postemployment benefits).

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

**Notes To The Basic Financial Statements
June 30, 2016**

Annual Postemployment Benefits Cost and Net Postemployment Benefits Liability

The table below shows the City of Monroe School Board’s annual postemployment benefits for the year ended June 30, 2016, and changes in the unfunded postemployment benefits liability:

<u>June 30,</u>	<u>2016</u>	<u>2015</u>
Normal cost	\$ 6,885,175	\$ 6,885,175
30-year actuarial accrued liability amortization of medical and life insurance	<u>7,787,079</u>	<u>7,787,079</u>
Annual required contributions (ARC)	14,672,254	14,672,254
Interest on prior year net post employment benefits liability	2,323,395	1,930,685
Adjustments to the annual required contribution	<u>(3,809,613)</u>	<u>(3,165,696)</u>
OPEB cost - June 30,	13,186,036	13,437,243
Current year retiree premium	<u>(4,135,669)</u>	<u>(3,619,490)</u>
Increase in net OPEB obligation	<u>9,050,367</u>	<u>9,817,753</u>
Beginning net OPEB obligation	<u>58,084,884</u>	<u>48,267,131</u>
Ending net OPEB obligation	<u>\$ 67,135,251</u>	<u>\$ 58,084,884</u>

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from approximately \$69 for a single retiree with Medicare in the HMO plan to approximately \$387 for a retiree and spouse without Medicare in the EPO plan. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits.

The City of Monroe School Board’s annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The City of Monroe

CITY OF MONROE SCHOOL BOARD
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Notes To The Basic Financial Statements
June 30, 2016

School Board's annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for the year ended June 30, 2016, is \$14,672,254, none of which the School Board opted to fund in 2016. Since the plan was not funded in fiscal year 2016, the entire actuarial accrued liability of \$118,728,989 is unfunded.

Funding Policy

Currently, there are no requirements for employers to contribute to their postemployment benefits plans. In 2008-09, the City of Monroe School Board started recognizing the cost of providing these benefits (the City of Monroe School Board's portion of premiums) as an expense when the benefits premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. The School Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by employers for postemployment Benefits Other than Pension (GASB Statement 45), prospectively in 2007-08 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2016, the City of Monroe School Board's portion of health care and life insurance benefit premium for retired employees totaled \$4,135,669 as shown in above table. The School Board at this time does not plan to fund the postemployment liability other than the monthly health and life insurance premiums as they become due.

Note 9: Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2016:

	June 30, 2015	Additions	Deletions	June 30, 2016
General obligation bonds	\$ 19,335,000	\$ 38,800,000	\$ 1,480,000	\$ 56,655,000
Unamortized bond premium	324,100	1,998,694	89,066	2,233,728
Sales tax bonds	8,310,000	-	1,070,000	7,240,000
Revenue bonds	15,000,000	-	-	15,000,000
Certificates of indebtedness	2,027,475	-	175,825	1,851,650
Other post employment benefits	58,084,884	9,050,367	-	67,135,251
Worker's compensation	1,061,234	-	743,665	317,569
Net Pension Liability	118,521,739	13,080,920	2,303,185	129,299,474
Compensated absences, net	1,945,679	1,036,449	1,068,685	1,913,443
Total long-term obligations	\$ 224,610,111	\$ 63,966,430	\$ 6,930,426	\$ 281,646,115

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

**Notes To The Basic Financial Statements
June 30, 2016**

Long-term bonds and certificates of indebtedness outstanding at June 30, 2016 are comprised of the following:

	Issue	Maturity Date	Rate	Outstanding
General obligation bonds				
Series 2014	2014	3/1/2024	2% - 4%	\$ 18,640,000
Series 2015	2015	3/1/2035	3.125% - 5%	\$ 16,215,000
Series 2016	2016	3/1/2036	2% - 4%	\$ 21,800,000
Sales tax refunding bonds				
Series 2010	2010	10/1/2022	2% - 4%	5,190,000
Series 2011	2011	10/1/2022	2% to 3%	2,050,000
Certificates of indebtedness				
Series 2008	2008	7/1/2017	-	351,650
Series 2009	2009	7/1/2019	-	1,500,000
Revenue bonds				
Series 2009	2009	10/15/2024	0.50%	10,000,000
Series 2011	2011	3/15/2026	0.40%	5,000,000
Total bonds and certificates of indebtedness				\$ 80,746,650

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,260,825	\$ 2,094,694	\$ 5,355,519
2018	3,520,825	2,225,725	5,746,550
2019	4,960,000	2,119,350	7,079,350
2020	3,575,000	2,013,600	5,588,600
2021	3,695,000	1,892,150	5,587,150
2022-2026	29,855,000	7,676,888	37,531,888
2027-2031	16,345,000	4,655,056	21,000,056
2032-2036	15,535,000	1,453,513	16,988,513
Total	\$ 80,746,650	\$ 24,130,976	\$ 104,877,626

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

Note 10: Deferred Inflows and Outflows of Resources

The balances of deferred inflows and outflows of resources as of June 30, 2016 consist of:

	Deferred Outflows	Deferred Inflows
Bond Refundings	\$ 321,260	\$ -
Net Pension Liabilities (GASB 68):		
Teachers' Retirement System of Louisiana (TRSL)	16,318,847	6,952,367
Louisiana State Employees' Retirement System (LASERS)	2,335,695	1,371,260
Louisiana School Employees' Retirement System (LSE)	254,990	49,441
Balance as of June 30, 2016	\$ 19,230,792	\$ 8,373,068

Note 11: Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual re-appropriation clauses. Generally, as equipment leases expire, they are replaced with other leases. Rent expense for the year ended June 30, 2016 totaled \$226,809. Rent expense for the year ending June 30, 2017 is expected to be approximately \$250,000.

Note 12: Risk Financing Activities

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are handled by the School Board through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy.

The School Board is self-insured for workers' compensation. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. This liability is the School Board's best estimate based on available information. This liability does not include incremental costs, if any. The current amounts due and payable are recorded in the general fund in the government-wide financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes To The Basic Financial Statements
June 30, 2016

Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2016, the School Board incurred and paid claims under the worker's compensation plan of approximately \$457,776, net of reimbursements. The liability for worker's compensation claims is \$317,569 as of June 30, 2016.

Note 13: Interfund Receivables and Payables (FFS level only)

Individual balances due to/from other funds at June 30, 2016, are as follows:

	Due From	Due To
Major Funds:		
General Fund	\$ 6,088,787	\$ 11,453
Special Revenue:		
2001 Sales Tax	-	1,316,491
Title I	-	2,773,263
Non-major Funds:		
Special Revenue:		
Special Education	-	220,789
1968 Sales Tax	-	490,538
1994 Sales Tax	-	424,583
Other Federal Programs	-	838,963
State Grants	-	12,707
	-	12,707
 Total	 \$ 6,088,787	 \$ 6,088,787

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

**Notes To The Basic Financial Statements
June 30, 2016**

Note 14: Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2016 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 1,027,579	\$ 788,017
Special Revenue:		
2001 Sales Tax	688,243	1,651,201
Title I	-	602,921
2015 GO Bonds	-	731,576
Non-major Funds:		
Special Revenue:		
Special Education	1,629	213,784
School Food Service	24,259	10
1994 Sales Tax	48,000	48,000
Other Federal Programs	80,590	210,862
State Grants	17,556	-
Debt Service		
2001-2002 Sales Tax Bond Sinking	2,208,515	-
QZAB 2012 Sinking	150,000	-
Capital Projects:		
QZAB Series 2009	-	-
QSCB Series 2011	-	-
	<u>\$ 4,246,371</u>	<u>\$ 4,246,371</u>
Total	\$ 4,246,371	\$ 4,246,371

Note 15: 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 adversely affect the School Board's financial position.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements
June 30, 2016

The School Board is defendant in a lawsuit with 14 certified teachers as plaintiffs alleging that as certified teachers, they are exclusively entitled to receive, as extra compensation, certain portions or percentages of funds that are derived from 2 local sales tax levies. Class action certification is sought, permitting the plaintiffs to represent every certified teacher presently employed and previously employed dating back to 1968, along with the estates of any now deceased certified teachers employed since 1968. The School Board's liability exposure, in the opinion of counsel, is questionable and indeterminate at this time; therefore no liability is recorded as of June 30, 2016.

In 2016, the School Board settled three separate lawsuits that were originally filed in 2013, 2014 and 2015. The settlement in FY2016 was approximately \$38,000.

Subsequent to the year ended June 30, 2016, an additional lawsuit was settled from a lawsuit that was originally filed in 2012. The settlement in FY2017 was approximately \$100,000.

Note 16: Economic Dependency

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$43,991,128, net of allocations to charter schools, to the School Board, which represents approximately 39.7% of the School Board's total revenues for the year.

Note 17: Prior Period Adjustments

Beginning net position of the City of Monroe School Board was restated for prior period adjustments. A summary of the adjustments made to balances as of June 30, 2015 follows.

In 2015, the School Board adopted GASB 68 and 71 related to pension liabilities, as described in Note 1 as adoption of new financial accounting standards. The recalculation of the deferred inflows and outflows of resources as of June 30, 2015 netted an adjustment of \$405,319 to net position. Deferred outflows of resources were increased \$230,227 and deferred inflows of resources were reduced \$175,092.

Note 18: Subsequent Events

The School Board has evaluated subsequent events through December 22, 2016, the date which the financial statements were available for issue and noted no events occurring subsequent to the reporting period requiring disclosure except as previously disclosed.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

General Fund
Budgetary Comparison Schedule

For the Year Ended June 30, 2016
(Unaudited)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ 14,481,702	\$ 16,016,142	\$ 15,687,817	(328,325)
Resources (inflows)				
Local sources				
Ad valorem taxes				
Constitutional tax	2,450,000	2,500,834	2,576,570	75,736
Renewable tax	7,085,000	7,268,050	7,488,157	220,107
Other than school taxes	370,000	372,000	372,724	724
Earnings on investments	44,000	25,933	26,060	127
Other local revenue	870,571	722,436	723,082	646
Total local sources	10,819,571	10,889,253	11,186,593	297,340
State and federal sources				
State equalization	44,690,095	45,492,493	43,891,128	(1,601,365)
State revenue sharing	293,555	274,681	274,681	-
Other unrestricted revenue	125,730	63,650	-	(63,650)
Other restricted revenue	51,000	34,466	98,116	63,650
Federal restricted grants-in-aid	104,881	1,189,900	1,197,487	7,587
Total state and federal sources	45,265,261	47,055,190	45,461,412	(1,593,778)
Other sources				
Proceeds from sale of assets	30,000	5,624	5,624	-
Insurance proceeds	-	-	-	-
Judgments	-	671	-	(671)
Transfers in	1,350,000	1,000,000	1,038,932	38,932
Total other sources	1,380,000	1,006,295	1,044,556	38,261
Total resources	57,464,832	58,950,738	57,692,561	(1,258,177)
Amounts available for appropriations	71,946,534	74,966,880	73,380,378	(1,586,502)
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	24,058,363	23,654,440	21,133,691	(2,520,749)
Special education programs	9,751,246	9,254,321	10,176,356	922,035
Vocational programs	1,186,927	1,094,047	1,094,047	-
Other instructional programs	3,888,400	4,022,624	4,022,624	-
Special programs	507,639	559,017	559,017	-
Adult/Continuing education programs	15,944	16,195	16,195	-
Support Services				
Pupil support services	3,163,230	3,146,420	3,147,581	1,161
Instructional staff support	1,798,796	1,649,676	1,655,811	6,135
General administration	1,103,253	1,820,438	1,836,337	15,899
School administration	3,268,347	3,161,395	3,161,395	-
Business services	865,197	810,507	818,222	7,715
Plant services	2,768,034	4,333,761	4,333,772	11
Student transportation services	2,210,692	2,811,757	2,708,456	(103,301)
Central services	1,136,531	1,020,950	1,020,950	-
Other support services	-	-	-	-
Non-instructional services				
Food service operations	303,489	275,329	275,329	-
Capital outlay	-	10,922	10,920	(2)
Debt service	1,303,000	937,668	249,425	(688,243)
Other uses				
Transfers out	100,000	100,000	788,017	688,017
Indirect cost transfers	-	-	-	-
Total charges to appropriations	57,429,088	58,679,467	57,008,145	(1,671,322)
Budgetary Fund Balances, Ending	\$ 14,517,446	\$ 16,287,413	\$ 16,372,233	\$ 84,820

See notes to budgetary comparison schedules.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Title I
Budgetary Comparison Schedule

For the Year Ended June 30, 2016
(Unaudited)

	<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, Beginning	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources				
Federal restricted grants-in-aid	6,046,223	8,718,291	7,013,211	(1,705,080)
Total federal sources	<u>6,046,223</u>	<u>8,718,291</u>	<u>7,013,211</u>	<u>-</u>
Local sources				
Other local sources	-	-	-	-
Total local sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other sources				
Transfers in	-	-	-	-
Total other sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total resources	<u>6,046,223</u>	<u>8,718,291</u>	<u>7,013,211</u>	<u>(1,705,080)</u>
Amounts available for appropriations	<u>6,046,223</u>	<u>8,718,291</u>	<u>7,013,211</u>	<u>(1,705,080)</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	-	29,151	2,102	(27,049)
Vocational programs	-	95,439	95,689	250
Other instructional programs	277,967	709,727	407,474	(302,253)
Special programs	3,289,343	4,913,681	4,276,954	(636,727)
Support services				
Pupil support services	551,578	521,344	479,988	(41,356)
Instructional staff support	1,303,275	1,585,824	1,078,260	(507,564)
Business services	26,232	22,481	17,879	(4,602)
Plant services	9,811	17,418	8,275	(9,143)
Student transportation services	64,044	67,688	43,669	(24,019)
Other uses				
Transfers out	523,973	755,538	602,921	(152,617)
Total charges to appropriations	<u>6,046,223</u>	<u>8,718,291</u>	<u>7,013,211</u>	<u>(1,705,080)</u>
Budgetary Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to budgetary comparison schedules.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

2001 Sales Tax
Budgetary Comparison Schedule

For the Year Ended June 30, 2016
(Unaudited)

	<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, Beginning	\$ 5,596,790	\$ 5,596,790	\$ 5,596,790	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	16,791,050	16,598,256	16,598,256	-
Interest on investments	-	-	143,307	143,307
State sources				
Other restricted revenues	200,000	372,461	372,461	-
Other sources				
Transfers in	-	-	688,243	688,243
Total resources	<u>16,991,050</u>	<u>16,970,717</u>	<u>17,802,267</u>	<u>831,550</u>
Amounts available for appropriations	<u>22,587,840</u>	<u>22,567,507</u>	<u>23,399,057</u>	<u>831,550</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	4,375,899	4,548,462	4,913,634	365,172
Special education programs	1,562,892	1,540,659	1,540,131	(528)
Vocational programs	129,756	119,398	119,398	-
Other instructional programs	784,790	695,450	699,868	4,418
Special programs	67,361	47,264	47,264	-
Adult education services	-	-	-	-
Support services				
Pupil support services	539,393	540,504	540,504	-
Instructional staff support	237,522	217,598	217,598	-
General administration	1,392,285	422,618	422,618	-
School administration	433,837	413,632	413,632	-
Business services	342,583	259,256	259,256	-
Plant services	4,909,076	3,813,110	3,750,992	(62,118)
Student transportation services	672,750	419,189	398,857	(20,332)
Central services	1,878,405	1,705,921	1,546,072	(159,849)
Non-Instructional services				
Food service operations	440,172	426,919	426,919	-
Capital outlay	-	-	267,245	267,245
Debt services	-	-	-	-
Other uses				
Transfers out	1,742,595	1,651,198	1,651,198	-
Total charges to appropriations	<u>19,509,316</u>	<u>16,821,178</u>	<u>17,215,186</u>	<u>394,008</u>
Budgetary Fund Balances, Ending	<u>\$ 3,078,524</u>	<u>\$ 5,746,329</u>	<u>\$ 6,183,871</u>	<u>\$ 437,542</u>

See notes to budgetary comparison schedules.

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

**Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2016
(Unaudited)**

Note A – BUDGETS

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

In July, 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 July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the year, when deemed appropriate, but a balanced budget is always approved.

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

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

Budget Basis of Accounting All governmental funds' budgets are prepared on the modified accrual basis of accounting. Budgeted amounts are as originally adopted or as amended by the School Board members. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the School Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures plus projected expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function. The effects of budget revisions to the general fund passed during the year were insignificant.

Monroe, Louisiana

Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2016
(Unaudited)

Note B - Budget to GAAP Reconciliation

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 73,380,378
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(15,687,817)
Other financing sources	<u>(1,044,556)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 56,648,005</u>
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 57,008,145
Other financing uses	<u>(788,017)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 56,220,128</u>

Monroe, Louisiana

**Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2016
(Unaudited)**

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	Title I
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 7,013,211
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	-
Other financing sources	-
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,013,211
 <u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 7,013,211
Other financing uses	(602,921)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 6,410,290

Monroe, Louisiana

Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2016
(Unaudited)

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>2001 Sales Tax</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 23,399,057
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(5,596,790)
Other financing sources	<u>(688,243)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 17,114,024</u>
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 17,215,186
Other financing uses	<u>(1,651,201)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,563,985</u>

CITY OF MONROE SCHOOL BOARD

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Unaudited)**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ration (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2016	7/1/2014	\$ -	\$ 118,728,989	118,728,989	0.0%	\$ 45,212,003	262.6%
6/30/2015	7/1/2014	\$ -	\$ 118,728,989	118,728,989	0.0%	\$ 43,533,550	272.7%
6/30/2014	7/1/2013	\$ -	\$ 105,716,600	105,716,600	0.0%	\$ 40,785,028	259.2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 13,186,036	\$ 4,135,669	31.4%	\$ 67,135,251
6/30/2015	\$ 13,437,243	\$ 3,619,490	26.9%	\$ 58,084,884
6/30/2014	\$ 11,672,113	\$ 3,674,980	31.5%	\$ 48,267,131

CITY OF MONROE SCHOOL BOARD

**SCHEDULE OF THE EMPLOYER'S PROPORTION SHARE
OF THE NET PENSION LIABILITY**

<u>Fiscal Year*</u>	<u>Agency's proportion of the net pension liability (asset)</u>	<u>Agency's proportionate share of the net pension liability (asset)</u>	<u>Agency's covered-employee payroll</u>	<u>Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Teachers' Retirement System of Louisiana					
2016	1.098610%	\$ 118,125,271	\$ 48,484,596	240%	62.5%
2015	1.062880%	\$ 108,641,273	\$ 48,484,596	224%	63.7%
Louisiana School Employees' Retirement System					
2016	1.564946%	\$ 9,923,745	\$ 2,999,671	345%	74.5%
2015	1.543200%	\$ 8,945,660	\$ 2,999,671	666%	76.2%
Louisiana State Employees' Retirement System					
2016	0.018390%	\$ 1,250,458	\$ 90,000	537%	62.7%
2015	0.014950%	\$ 934,807	\$ 213,049	439%	65.0%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

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

CITY OF MONROE SCHOOL BOARD

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana School Employees' Retirement System					
2016	\$ 1,344,117	\$ 1,344,117	\$ -	\$ 2,879,970	46.7%
2015	\$ 1,444,156	\$ 1,444,156	\$ -	\$ 2,999,671	48.1%
2014	\$ 1,392,033	\$ 1,392,033	\$ -	\$ 2,999,671	46.4%
Teachers' Retirement System of Louisiana					
2016	\$ 12,829,115	\$ 12,829,115	\$ -	\$ 49,217,661	26.1%
2015	\$ 13,461,987	\$ 13,461,987	\$ -	\$ 48,484,596	27.8%
2014	\$ 12,668,488	\$ 12,668,488	\$ -	\$ 48,484,596	26.1%
Louisiana State Employees' Retirement System					
2016	\$ 86,692	\$ 86,692	\$ -	\$ 233,044	37.2%
2015	\$ 90,000	\$ 90,000	\$ -	\$ 213,049	42.2%

*Amounts presented were determined as of the end of the fiscal year.

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

CITY OF MONROE SCHOOL BOARD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

Louisiana School Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2016.

Teachers' Retirement System of Louisiana

Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

Louisiana State Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2016.

Changes of Assumptions

Louisiana School Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2015, the discount rate was reduced from 7.25% to 7.0%.

Teachers' Retirement System of Louisiana

There were no changes in assumptions for the year ended June 30, 2016.

Louisiana State Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2016.

SUPPLEMENTAL INFORMATION

NONMAJOR FUNDS

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. 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%.
- D. 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.
- E. The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- F. The State Grants funds account for various programs funded by the Louisiana Department of Education.
- G. The Local Grants funds account for one grant from a private entity.

Debt Service Funds:

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

The Bond Redemption Fund accounts for the 2014 General Obligation Bonds and the 2003 and 2010 Refunding Bonds.

The 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2010 and 2011 Series Sales Tax Refunding Bonds.

The QZAB 2012 Sinking Fund accounts for the 2011 Qualified Zone Academy Bonds.

Capital Projects Funds:

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

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

The GO Bonds 2014 Capital Projects Fund accounts for the proceeds from the issuance of \$20,000,000 of General Obligation Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

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

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet**

June 30, 2016

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,510,501	\$ 8,694,366	\$ 361,073	\$ 11,565,940
Investments	-	-	-	-
Accounts receivable	4,017,180	1,111	-	4,018,291
Due from other funds	-	-	-	-
Due from federal sources	-	-	-	-
Due from state sources	-	-	-	-
Inventory	217,567	-	-	217,567
Other assets	10,107	-	-	10,107
Total assets	<u>6,755,355</u>	<u>8,695,477</u>	<u>361,073</u>	<u>15,811,905</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable	105,829	-	54,960	160,789
Salaries and wages payable	1,409,785	-	-	1,409,785
Due to other funds	1,987,580	-	-	1,987,580
Other liabilities	211,939	-	-	211,939
Total liabilities	<u>3,715,133</u>	<u>-</u>	<u>54,960</u>	<u>3,770,093</u>
Fund Equity				
Nonspendable				
Inventory and prepaids	217,567	-	-	217,567
Restricted for				
Salaries and related benefits	672,540	-	-	672,540
Instructional costs	1,085,852	-	-	1,085,852
Food services	1,064,263	-	-	1,064,263
Debt service	-	8,695,477	-	8,695,477
Capital projects	-	-	306,113	306,113
Total fund balances	<u>3,040,222</u>	<u>8,695,477</u>	<u>306,113</u>	<u>12,041,812</u>
Total liabilities and fund equity	<u>\$ 6,755,355</u>	<u>\$ 8,695,477</u>	<u>\$ 361,073</u>	<u>\$ 15,811,905</u>

City of Monroe School Board
Monroe, Louisiana

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

For the Year Ended June 30, 2016

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Local Sources				
Ad valorem tax	\$ -	\$ 4,972,774	\$ -	\$ 4,972,774
Sales tax collections	13,077,644	-	-	13,077,644
Interest	3,212	1,719	12,527	17,458
School food service payment for meals	46,606	-	-	46,606
Other local revenue	118,195	-	-	118,195
State Sources				
Restricted grants-in-aid	283,027	-	-	283,027
Grants - unrestricted	146,486	-	-	146,486
Federal Sources				
Restricted grants-in-aid	11,415,793	-	-	11,415,793
Total revenues	<u>25,090,963</u>	<u>4,974,493</u>	<u>12,527</u>	<u>30,077,983</u>
Expenditures				
Current				
Instructional				
Regular programs	5,270,135	-	-	5,270,135
Special education programs	2,994,617	-	-	2,994,617
Vocational programs	411,951	-	-	411,951
Other instructional programs	2,024,056	-	-	2,024,056
Special programs	2,126,167	-	-	2,126,167
Adult/Continuing education programs	129,289	-	-	129,289
Support Services				
Pupil support services	1,363,705	-	-	1,363,705
Instructional staff	1,694,679	-	-	1,694,679
General administration	94,390	146,155	-	240,545
School administration	1,005,452	-	-	1,005,452
Business services	162,046	-	825	162,871
Plant services	391,472	-	52,917	444,389
Student transportation services	306,888	-	68,700	375,588
Central services	354,152	-	946,243	1,300,395
Other support services	21,172	-	-	21,172
Noninstructional				
Food service operations	5,488,865	-	-	5,488,865
Debt service				
Principal	-	2,550,000	-	2,550,000
Interest	-	1,360,403	-	1,360,403
Capital outlay	11,600.00	-	6,371,554	6,383,154
Total expenditures	<u>23,850,636</u>	<u>4,056,558</u>	<u>7,440,239</u>	<u>35,347,433</u>
Excess (Deficiency) of Revenues Over Expenditures	1,240,327	917,935	(7,427,712)	(5,269,450)
Other Financing Sources (Uses)				
Transfers in	172,034	2,358,515	-	2,530,549
Transfers out	(472,656)	-	-	(472,656)
Total other financing sources (Uses)	<u>(300,622)</u>	<u>2,358,515</u>	<u>-</u>	<u>2,057,893</u>
Net Change in Fund Balances	939,705	3,276,450	(7,427,712)	(3,211,557)
Fund Balances at Beginning of Year	<u>2,100,517</u>	<u>5,419,027</u>	<u>7,733,825</u>	<u>15,253,369</u>
Fund Balances at End of Year	<u>\$ 3,040,222</u>	<u>\$ 8,695,477</u>	<u>\$ 306,113</u>	<u>\$ 12,041,812</u>

SPECIAL REVENUE FUNDS

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet

June 30, 2016

	Special Revenue Funds							
	Special Education	School Food Service	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	Total
Assets								
Cash and cash equivalents	\$ -	\$ 1,219,294	\$ 108,475	\$ 1,155,106	\$ -	\$ 27,626	\$ -	\$ 2,510,501
Investments	-	-	-	-	-	-	-	-
Accounts receivable	525,543	123,394	822,645	1,401,648	1,085,480	58,470	-	4,017,180
Due from other governments								
Due from federal sources	-	-	-	-	-	-	-	-
Due from state sources	-	-	-	-	-	-	-	-
Inventory	-	217,567	-	-	-	-	-	217,567
Other assets	1,644	-	-	2,050	6,413	-	-	10,107
Total assets	527,187	1,560,255	931,120	2,558,804	1,091,893	86,096	-	6,755,355
Liabilities and Fund Equity								
Liabilities								
Accounts payable	5,014	46,623	-	34,471	16,644	3,077	-	105,829
Salaries and wages payable	89,445	231,802	298,867	529,650	236,286	23,735	-	1,409,785
Due to other funds	220,789	-	490,538	424,583	838,963	12,707	-	1,987,580
Other liabilities	211,939	-	-	-	-	-	-	211,939
Total liabilities	527,187	278,425	789,405	988,704	1,091,893	39,519	-	3,715,133
Fund Equity								
Fund balances								
Nonspendable								
Inventory and prepaids	-	217,567	-	-	-	-	-	217,567
Restricted for								
Salaries and related benefits	-	-	141,715	530,825	-	-	-	672,540
Instructional costs	-	-	-	1,039,275	-	46,577	-	1,085,852
Food services	-	1,064,263	-	-	-	-	-	1,064,263
Total fund balances	-	1,281,830	141,715	1,570,100	-	46,577	-	3,040,222
Total liabilities and fund equity	\$ 527,187	\$ 1,560,255	\$ 931,120	\$ 2,558,804	\$ 1,091,893	\$ 86,096	\$ -	\$ 6,755,355

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	Special Revenue Funds							Total
	Special Education	School Food Service	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	
Revenues								
Local Sources								
Sales tax collections	\$ -	\$ -	\$ 4,778,520	\$ 8,299,124	\$ -	\$ -	\$ -	\$ 13,077,644
Interest	-	-	8	3,204	-	-	-	3,212
School food service payment for meals	-	46,606	-	-	-	-	-	46,606
Other local revenue	-	-	-	-	-	-	118,195	118,195
State Sources								
Restricted grants-in-aid	42,697	-	-	-	-	240,330	-	283,027
State - other revenues	-	100,000	-	-	-	46,486	-	146,486
Federal Sources								
Restricted grants-in-aid	2,441,352	5,470,336	-	-	3,504,105	-	-	11,415,793
Total revenues	2,484,049	5,616,942	4,778,528	8,302,328	3,504,105	286,816	118,195	25,090,963
Expenditures								
Current								
Instructional								
Regular programs	-	-	2,117,831	3,021,360	12,749	-	118,195	5,270,135
Special education programs	822,655	-	957,390	1,214,572	-	-	-	2,994,617
Vocational programs	286	-	112,191	127,737	146,554	25,183	-	411,951
Other instructional programs	44,404	-	386,420	895,850	677,166	20,216	-	2,024,056
Special programs	-	-	21,741	27,166	1,952,020	125,240	-	2,126,167
Adult/Continuing education programs	59,031	-	-	-	70,258	-	-	129,289
Support Services								
Pupil support services	509,267	-	325,965	491,867	-	36,606	-	1,363,705
Instructional staff	785,502	-	139,825	221,372	467,253	80,727	-	1,694,679
General administration	-	-	32,034	62,290	66	-	-	94,390
School administration	-	-	238,379	767,073	-	-	-	1,005,452
Business services	1,982	-	13,404	146,660	-	-	-	162,046
Plant services	-	-	135,548	255,924	-	-	-	391,472
Student transportation services	27,595	-	101,271	130,255	47,767	-	-	306,888
Central services	-	-	34,151	320,001	-	-	-	354,152
Other Support services	21,172	-	-	-	-	-	-	21,172
Noninstructional								
Food service operations	-	5,251,726	111,048	126,091	-	-	-	5,488,865
Capital outlay	-	11,600	-	-	-	-	-	11,600
Total expenditures	2,271,894	5,263,326	4,727,198	7,808,218	3,373,833	287,972	118,195	23,850,636
Excess (Deficiency) of Revenues Over Expenditures								
	212,155	353,616	51,330	494,110	130,272	(1,156)	-	1,240,327
Other Financing Sources (Uses)								
Transfers in	1,629	24,259	-	48,000	80,590	17,556	-	172,034
Transfers out	(213,784)	(10)	-	(48,000)	(210,862)	-	-	(472,656)
Total other financing sources (Uses)	(212,155)	24,249	-	-	(130,272)	17,556	-	(300,622)
Net Change in Fund Balances	-	377,865	51,330	494,110	-	16,400	-	939,705
Fund Balances at Beginning of Year	-	903,965	90,385	1,075,990	-	30,177	-	2,100,517
Fund Balances at End of Year	\$ -	\$ 1,281,830	\$ 141,715	\$ 1,570,100	\$ -	\$ 46,577	\$ -	\$ 3,040,222

DEBT SERVICE FUNDS

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

**NONMAJOR DEBT SERVICE FUND
Combining Balance Sheet**

June 30, 2016

	Bond Redemption	2001-2002 Sales Tax Bond Sinking	QZAB 2012 Sinking	Total
Assets				
Cash and cash equivalents	\$ 4,220,950	\$ 3,571,879	\$ 901,537	\$ 8,694,366
Receivables	1,111	-	-	1,111
Due from other funds	4,222,061	3,571,879	901,537	8,695,477
Total assets	<u>4,222,061</u>	<u>3,571,879</u>	<u>901,537</u>	<u>8,695,477</u>
Liabilities and Fund Equity				
Liabilities				
Other Payables	-	-	-	-
Fund Equity				
Fund balance - restricted for debt service	4,222,061	3,571,879	901,537	8,695,477
Total liabilities and fund equity	<u>\$ 4,222,061</u>	<u>\$ 3,571,879</u>	<u>\$ 901,537</u>	<u>\$ 8,695,477</u>

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

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

For the Year Ended June 30, 2016

	Bond Redemption Debt Service	2001-2002 Sales Tax Bond Sinking	QZAB 2012 Sinking	Total
Revenues				
Local Sources				
Ad valorem tax	\$ 4,972,774	\$ -	\$ -	\$ 4,972,774
Interest	1,235	-	484	1,719
Total revenues	<u>4,974,009</u>	<u>-</u>	<u>484</u>	<u>4,974,493</u>
Expenditures				
General Administration	146,155	-	-	146,155
Debt Service				
Principal	1,480,000	1,070,000	-	2,550,000
Interest	1,104,628	255,775	-	1,360,403
Total expenditures	<u>2,730,783</u>	<u>1,325,775</u>	<u>-</u>	<u>4,056,558</u>
Excess (deficiency) of revenues over expenditures	2,243,226	(1,325,775)	484	917,935
Other financing sources / uses				
Payments to bond escrow	-	-	-	-
Transfers in	-	2,208,515	150,000	2,358,515
Total other financing sources	<u>-</u>	<u>2,208,515</u>	<u>150,000</u>	<u>2,358,515</u>
Net change in fund balances	2,243,226	882,740	150,484	3,276,450
Fund balances at beginning of year	<u>1,978,835</u>	<u>2,689,139</u>	<u>751,053</u>	<u>5,419,027</u>
Fund balances at end of year	<u>\$ 4,222,061</u>	<u>\$ 3,571,879</u>	<u>\$ 901,537</u>	<u>\$ 8,695,477</u>

CAPITAL PROJECTS FUNDS

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

**NONMAJOR CAPITAL PROJECTS FUND
Combining Balance Sheet**

June 30, 2016

	<u>Capital Projects</u>	<u>GO BONDS 2014 CAPITAL PROJECTS</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 43,030	318,043	\$ 361,073
Total assets	<u>43,030</u>	<u>318,043</u>	<u>361,073</u>
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	-	54,960	54,960
Fund Equity			
Fund balance - restricted for debt service	<u>43,030</u>	<u>263,083</u>	<u>306,113</u>
Total liabilities and fund equity	<u>\$ 43,030</u>	<u>\$ 318,043</u>	<u>\$ 361,073</u>

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

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

For the Year Ended June 30, 2016

	<u>Capital Projects</u>	<u>GO BONDS 2014 Capital Projects</u>	<u>Total</u>
Revenues			
Local sources			
Interest	\$ 97	12,430	\$ 12,527
Total revenues	<u>97</u>	<u>12,430</u>	<u>12,527</u>
Expenditures			
Current			
Business services	-	825	825
Plant services	46	52,871	52,917
Student transportation services	-	68,700	68,700
Central services	-	946,243	946,243
Noninstructional			
Food service operations	-	-	-
Facility acquisition & construction	3	6,371,551	6,371,554
Total expenditures	<u>49</u>	<u>7,440,190</u>	<u>7,440,239</u>
Excess (deficiency) of revenues over expenditures	48	(7,427,760)	(7,427,712)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	48	(7,427,760)	(7,427,712)
Fund balances at beginning of year	<u>42,982</u>	<u>7,690,843</u>	<u>7,733,825</u>
Fund balances at end of year	<u>\$ 43,030</u>	<u>\$ 263,083</u>	<u>\$ 306,113</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Jennifer Haneline	2	9,600
William Willison	3	9,600
Daryll Berry	4	9,600
Rodney McFarland, President	5	10,800
Brandon Johnson	6	9,600
Brenda Shelling	7	<u>9,600</u>
		<u>\$ 68,400</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2016**

Agency Head Name: Brent Anthony Vidrine, Superintendent

Purpose	Amount
Salary	\$ 160,718
Benefits-insurance (health & life)	\$ -
Benefits (retirement)	\$ 13,043
Car allowance	\$ 8,400
Conference travel	\$ 5,323

SINGLE AUDIT INFORMATION

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Board Members
City of Monroe School Board
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, 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, 2016, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 22, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, 2016-003 and 2016-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

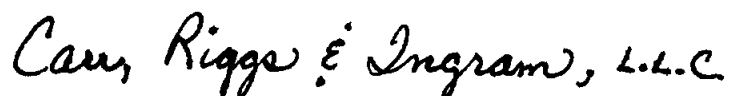
We noted certain matters that we reported to management of the School Board, in a separate letter dated December 22, 2016.

The School Board's Response to Findings

The School Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 22, 2016

**Independent Auditors' Report on Compliance for
Each Major Program and on Internal
Control over Compliance Required by the *Uniform Guidance***

Board Members
City of Monroe School Board
Monroe, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Monroe School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended **June 30, 2016**. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2016**.

Report on Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

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

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

We noted certain matters that we reported to management of the School Board, in a separate letter dated December 22, 2016.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the School Board as of and for the year ended **June 30, 2016**, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated December 22, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 22, 2016

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures
DIRECT PROGRAMS:			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	12.UKN	N/A	\$ 198,063
Total U.S. Department of Defense			<u>198,063</u>
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84.041	N/A	89,900
Total U.S. Department of Education			<u>89,900</u>
Total Direct Programs			<u><u>287,963</u></u>
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education			
Striving Readers Comprehensive Literacy Program	84.371	28-16-U1-65	93,622
Striving Readers Comprehensive Literacy Program	84.371	28-16-U2-65	246,526
Striving Readers Comprehensive Literacy Program	84.371	28-16-U3-65	84,089
Striving Readers Comprehensive Literacy Program	84.371	28-16-U4-65	97,117
TITLE I CLUSTER			
Title I Grants to Local Educational Agencies			
Part A - Basic			
Regular Program	84.010	28-16-T1-65	6,959,167
School Improvement - College and Career Readiness	84.010	28-15-TB-65	54,044
Total Title I Cluster	84.010	28-15-T1-65	<u>7,013,211</u>
SPECIAL EDUCATION CLUSTER (IDEA):			
Special Education-Individuals With Disabilities Education Act IDEA B			
Special Education - Grants to States (IDEA, Part B)	84.027	28-16-B1-65	2,208,803
Special Education - Preschool Grants (IDEA Preschool)	84.173	28-16-P1-65	39,449
Special Education - Grants to States (IDEA, High Cost Services)	84.027	28-16-RH-65	87,567
Special Education - Grants to States (JAG AIM High! Middle School Pilot Project)	84.027	28-16-JP-65	60,000
Special Education - Grants to States (State Systemic Improvement Grant)	84.027	28-15-SQ-65	1,721
Special Education - Grants to States (Opportunity)	84.027	28-15-OG-65	43,811
Total Special Education Cluster (IDEA)			<u>2,441,351</u>
Improving Teacher Quality State Grants	84.367	28-16-50-65	1,036,762
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	6,827
Pre-K Expansion Grants	84.419	N/A	160,813

See Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures
School Improvement Grants	84.377	28-16-BE-65	263,083
Twenty-First Century Community Learning Centers	84.287	N/A	524,472
Math and Science Partnerships	84.366	28-14-MP-65	39,732
Math and Science Partnerships	84.366	28-15-MP-65	125,915
Total Math and Science Partnerships			<u>165,647</u>
Race to the Top	84.413	28-15-RT-65	29,859
Education for Homeless Children and Youth	84.196	28-16-H1-65	8,421
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	28-16-02-65	<u>132,700</u>
Total U.S. Department of Education			<u>12,304,500</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)	93.558	28-16-36-65	365,493
Temporary Assistance for Needy Families (TANF)	93.558	28-16-JS-65	<u>44,933</u>
Total U. S. Department of Health and Human Services			<u>410,426</u>
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through Louisiana Department of Education			
CHILD NUTRITION CLUSTER			
National School Breakfast Program	10.553	N/A	1,335,961
National School Lunch Program	10.555	N/A	3,133,289
National School Lunch Program	10.555	N/A	65,220
Non-Cash Assistance - Commodities	10.555	N/A	410,096
Summer Food Service Program for Children	10.559	N/A	97,339
Total Child Nutrition Cluster			<u>5,041,905</u>
Fresh Fruit and Vegetable Program	10.582	N/A	406,953
NSLP School Lunch Equipment Assistance	10.579	N/A	21,478
Total U.S. Department of Agriculture			<u>5,470,336</u>
TOTAL PASS THROUGH PROGRAMS			<u>18,185,262</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,473,225</u>

See Notes to Schedule of Expenditures of Federal Awards

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, 2016:

	General Fund	Title I Funds	Special Education Funds	Other Federal Programs Funds	School Food Service Funds	Total
Total expenditures per financial statements	\$ 89,900	\$ 6,410,290	\$ 2,229,196	\$ 3,458,427	\$ 5,470,336	\$ 17,658,149
Transfer of indirect cost	-	602,921	212,155	-	-	815,076
Expenditures per schedule	<u>\$ 89,900</u>	<u>\$ 7,013,211</u>	<u>\$ 2,441,351</u>	<u>\$ 3,458,427</u>	<u>\$ 5,470,336</u>	<u>\$ 18,473,225</u>

Included in the Child Nutrition Cluster is \$410,096 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

E. Federal Indirect Cost Rate

Monroe City School Board did not elect to use the 10% de minimis federal indirect cost rate for the year ended June 30, 2016.

F. Subrecipients

Monroe City School Board did not provide federal funds to any subrecipients during the year ended June 30, 2016.

**City of Monroe School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016**

Section I - Summary of Auditors' Results

A. Financial Statement Audit

Type of auditors' report issued on the basic financial statements: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses?
Yes

Noncompliance material to the basic financial statements noted? **No**

A separate management letter was issued on December 22, 2016.

B. Audit of Federal Awards

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

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses?
No

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? **No**

Any instances of material noncompliance in major programs disclosed during the audit? **No**

Identification of major programs:

<u>CFDA number</u>
10.553
84.027
84.367

The dollar threshold used to identify Type A programs: **\$750,000**

Auditee qualified as a low-risk auditee under the Uniform Guidance: **No**

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

2016-001 Segregation of Duties

Entity-Wide or Program/Department Specific: This finding is entity-wide.

Criteria or Specific Requirement: Good internal controls over segregation of duties require proper levels of review in the performance of job functions, even if employees are on leave or vacation.

Condition: During review of controls over segregation of duties, it was noted that proper checks and balances were not in place if one of the individuals not present to perform the review.

Effect: There is the potential for financial related information to be inappropriately altered and/or altered without proper approvals.

Cause: There is no policy or procedure in place for backup approval procedures.

Recommendation: We recommend that the School Board implement a procedure requiring an appropriate individual or individuals to review job functions in the case of employees being sick or on vacation.

Views of responsible officials and corrective action plan: The School Board will implement additional procedures in the event of an employee's absence. The Special Projects Accountant will begin reviewing the appropriate documentation as the backup approver for check processing.

Anticipated completion date: Immediately.

2016-002 Account Balance Reconciliations

Entity-Wide or Program/Department Specific: This finding is entity-wide.

Criteria or Specific Requirement: Account reconciliations should be performed in a timely manner for proper management and oversight of the accounting function.

Condition: Account reconciliations should be performed in a timely manner for proper management and oversight of the accounting function.

Effect: Accounting records, financial statements and statistical schedules may be materially misstated and not corrected in a timely manner.

Cause: Untimely account reconciliations

Recommendation: We recommend that the School Board perform a thorough review of all schedules / reconciliations in a timely manner.

Views of responsible officials and corrective action plan: The School Board will work to review all schedules/reconciliations in a timely manner.

Anticipated completion date: Immediately

2016-003 Schedule of Expenditures of Federal Awards

Entity-Wide or Program/Department Specific: Specific to Federal Programs

Criteria or Specific Requirement: The Schedule of Expenditures of Federal Awards ("SEFA") should be prepared by management in accordance with the Uniform Guidance. The SEFA should be an accurate representation of federal awards received.

Condition: The Schedule of Federal Awards was prepared by management; however, there were two programs that were not included in the schedule.

Effect: The schedule is not presented in accordance with the requirements of the Uniform Guidance.

Cause: The SEFA was not reconciled and reviewed for accuracy with the general ledger and certain information was not updated from the prior year.

Recommendation: Necessary steps should be taken to ensure that the SEFA is correct. Someone other than the preparer should review the schedule for errors and accuracy.

Views of responsible officials and corrective action plan: The School Board will work to review all schedules/reconciliations in a timely manner.

Anticipated completion date: Immediately

2016-004 Related Party Transactions

Entity-Wide or Program/Department Specific: MIS Department

Criteria or Specific Requirement: Louisiana R.S. 42:1111-1121 (General Prohibitions)

Condition: The School Board has been advised of instances of suspected prohibited transactions involving the MIS Director and a contractor whom used a related party to the MIS Director.

Effect: Violations of Louisiana R.S. 42:1111-1121 (General Prohibitions)

Cause: The School Board became aware that technology-related contracts, used to support the School Board's computer and information system network, were awarded to companies, entities, or persons whom the MIS Director at the time had a direct legal connection to or immediate family member of the MIS Director. The work was performed on a contract basis either directly, through a contractor or through a subcontractor that worked under contracts administered or supervised by the MIS Director.

Recommendation: Proper due diligence should be performed regarding the selection of vendors for products or services to be performed for the School Board.

Views of responsible officials and corrective action plan: The School Board is consulting legal counsel regarding this matter.

Anticipated completion date: On-going

Person responsible for corrective actions:

DaVona Howard, Chief Financial Officer

Monroe City Schools

2006 Tower Drive

Monroe, LA 71211

Telephone: 318-325-0601

Fax: 318-812-3605

Section III – Federal Award Findings and Responses

None

**City of Monroe School Board
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2016**

2015-01 Segregation of Duties

Year of Origination: June 30, 2015

Condition: During review of controls over segregation of duties, it was noted that security profiles and system access to the financial applications were not properly restricted. It was also noted that a review of active users had not been performed to remove individuals who are no longer employed by the School Board.

Corrective action taken: Resolved. Security profiles were modified to appropriately segregate duties by roles within the system.

2015-02 Account Balance Reconciliations

Year of Origination: June 30, 2015

Condition: Financial reports that were used in the creation of schedules and balance reporting were incorrect when given to the auditors as supporting documentation. Additional work was required by the School Board to correct the reports to complete test work.

Material prior period adjustments were required to be made for capital expenditures, bond premiums, accrued expenditures, and worker's compensation self-insurance liabilities.

Corrective action taken: Resolved. Reconciliations were performed in a thorough manner and reviewed for accuracy.

OTHER INFORMATION

Management Letter

Board Members and Management
City of Monroe School Board
Monroe, Louisiana

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe School Board (the School Board) for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the School Board's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting our compliance and other matters that are reported on separately by those auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated December 22, 2016, and our reports on internal control and compliance with laws, regulations, contracts, and grants, and on compliance for each major program and internal control over compliance required by the Uniform Guidance dated December 22, 2016. During the course of our audit, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

MLC 2016-001 Retirement Withholding

Observations:

We noted two employees selected for sampling of payroll transactions that did not have retirement contributions withheld.

Recommendations:

We recommend proper reconciliation procedures to ensure all employees of the School Board are participating in their proper retirement plan.

Views of responsible officials and corrective actions:

Human Resources Director and payroll will implement procedures to ensure that retirement contributions will be withheld from all employees for each payroll cycle.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Shreveport, Louisiana
December 22, 2016

Independent Accountants' Report On Applying Agreed-Upon Procedures

Board Members
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 and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the 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. Management of the School Board is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

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

Comment: No exceptions were noted as a result of applying the agreed-upon procedure.

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, Assistant 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 1st.

Comment: No exceptions were noted as a result of applying the agreed-upon procedure.

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

Comment: No exceptions were noted as a result of applying the agreed-upon procedure.

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

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

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.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st 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.

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

Public School Staff Data: Average Salaries (Schedule 5)

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

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

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

Comment: No exceptions were noted as a result of applying agreed-upon procedures.

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 1st roll books for those classes and determined if the class was properly classified on the schedule.

Comment: No exceptions were noted as a result of applying the agreed-upon procedure.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Comment: No exceptions were noted as a result of applying the agreed-upon procedure.

Graduation Exit Examination (GEE) (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.

Comment: The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

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.

Comment: No exceptions were noted as a result of applying the agreed-upon procedure.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

December 22, 2016

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2016

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

Classroom Teacher Salaries	\$	20,094,704	
Other Instructional Staff Activities		2,590,912	
Instructional Staff Employee Benefits		13,178,087	
Purchased Professional and Technical Services		156,590	
Instructional Materials and Supplies		429,946	
Instructional Equipment		1,160	
Total Teacher and Student Interaction Activities		36,451,399	\$ 36,451,399

Other Instructional Activities**Pupil Support Activities**

Less: Equipment for Pupil Support Activities		3,512,063	
Net Pupil Support Activities		1,570	3,510,493

Instructional Staff Services

Less: Equipment for Instructional Staff Services		1,853,645	
Net Instructional Staff Services		-	1,853,645

School Administration

Less: Equipment for School Administration		3,587,652	
Net School Administration		15,823	3,571,829

Total General Fund Instructional Expenditures			\$ 45,670,268
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Total General Fund Equipment Expenditures

			\$ 1,871,038
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Certain Local Revenue Sources**Local Taxation Revenue:**

Ad Valorem Taxes			
Constitutional Ad Valorem Taxes	\$	2,576,570	
Renewable Ad Valorem Tax		7,488,157	
Debt Service Ad Valorem Tax		4,972,774	
Up to 1% of Collections by the Sheriff on taxes other than School Taxes		372,724	
Sales Taxes			
Sales and Use Taxes - Gross		29,675,901	
Total Local Taxation Revenue	\$	45,086,126	

Local Earnings on Investment in Real Property:

Total Local Earnings on Investment in Real Property			\$ -
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State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax			\$ 274,681
Total State Revenue in Lieu of Taxes	\$	274,681	

Nonpublic Textbook Revenue			\$ 29,650
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CITY OF MONROE SCHOOL BOARD
Education Levels of Public School Staff
As of October 1, 2015

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	1	0.1%	10	23.8%	-	-	-	-
Bachelor's Degree	276	48.6%	24	57.2%	1	3%	-	-
Master's Degree	203	35.7%	8	19.0%	5	17%	-	-
Master's Degree +30	81	14.3%	-	-	21	73%	-	-
Specialist in Education	2	0.4%	-	-	-	0%	-	-
Ph.D. or Ed.D.	5	0.9%	-	-	2	7%	-	-
Total	568	100%	42	100%	29	100%	-	-

CITY OF MONROE SCHOOL BOARD
Number and Type of Public Schools
Fiscal Year Ended June 30, 2016

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

Schedule 4

**CITY OF MONROE SCHOOL BOARD
Experience of Public Principals and Full-time
Classroom Teachers
As of October 1, 2015**

	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	2	1	3	9
Principals	-	-	1	-	4	9	6	20
Classroom Teachers	58	59	157	82	77	63	114	610
Total	59	59	159	83	83	73	123	639

CITY OF MONROE SCHOOL BOARD
Experience of Public Principals and Full-time Classroom Teachers
As of June 30, 2016

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$54,630	\$54,224
Average Classroom Teachers' Salary Excluding Extra Compensation	\$54,430	\$54,029
Number of Teacher full-time Equivalent (FTEs) used in Computation of Average Salaries	610	597

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, 2015

School Type	Class Size Range							
	1 - 20		21-26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	57.1%	658	40.3%	465	2.5%	29	0.1%	1
Elementary Activity Classes	54.4%	111	43.1%	88	2.5%	5	0.0%	0
Middle/Jr. High	71.9%	432	22.8%	137	5.2%	31	0.1%	1
Middle/Jr. High Activity Classes	93.1%	147	4.4%	7	2.5%	4	0.0%	0
High	66.2%	613	22.0%	204	11.4%	106	0.4%	4
High Activity Classes	82.8%	149	12.8%	23	4.4%	8	0.0%	0
Combination	88.2%	45	11.8%	6	0.0%	0	0.0%	0
Combination Activity Classes	100.0%	7	0.0%	0	0.0%	0	0.0%	0
Other		0		0		0		0

CITY OF MONROE SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2016

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	1%	3%	2%	1%	11%
Mastery	30%	25%	25%	30%	23%	23%
Basic	31%	40%	52%	32%	27%	39%
Approaching Basic	24%	26%	13%	26%	35%	15%
Unsatisfactory	11%	8%	8%	10%	14%	11%
Total Students	613	656	648	613	655	648

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	4%	2%	Field Test, No Results Released	1%	3%
Mastery	16%	11%	14%		10%	10%
Basic	50%	38%	53%		51%	55%
Approaching Basic	21%	31%	26%		23%	20%
Unsatisfactory	9%	15%	5%		14%	11%
Total Students	613	653	651	653	651	

CITY OF MONROE SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5%	2%	2%	1%	4%	3%
Mastery	26%	23%	13%	12%	84%	5%
Basic	32%	32%	38%	23%	112%	40%
Approaching Basic	26%	26%	39%	38%	176%	27%
Unsatisfactory	11%	17%	9%	26%	220%	25%
Total Students	542	595	526	502	596	526

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	2%	2%	Field Test, No Results Released	0%	1%
Mastery	8%	14%	16%		7%	17%
Basic	32%	31%	35%		40%	45%
Approaching Basic	31%	28%	33%		29%	25%
Unsatisfactory	26%	24%	15%		24%	13%
Total Students	542	583	523		582	523

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

**Graduation Exit Examination (GEE)
For the Year Ended June 30, 2016**

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

CITY OF MONROE
Louisiana Educational Assessment Program (iLEAP)
Three Fiscal Years Ended June 30, 2016

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	3%	6%	4%	6%
Mastery	24%	26%	17%	33%	29%	12%
Basic	28%	29%	39%	30%	31%	43%
Approaching Basic	26%	25%	23%	22%	27%	21%
Unsatisfactory	21%	18%	18%	9%	10%	17%
Total Students	654	639	694	653	638	694

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	8%	4%	2%	Field Test, No Results Released	1%	1%
Mastery	17%	12%	12%		12%	9%
Basic	38%	44%	44%		47%	43%
Approaching Basic	25%	28%	24%		24%	26%
Unsatisfactory	12%	12%	18%		16%	21%
Total Students	654	636	694		636	693

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	<1%	2%	4%	1%	2%
Mastery	24%	19%	20%	22%	20%	9%
Basic	34%	33%	39%	27%	29%	51%
Approaching Basic	29%	37%	22%	32%	38%	16%
Unsatisfactory	12%	10%	17%	15%	12%	22%
Total Students	624	629	566	624	628	566

CITY OF MONROE
Louisiana Educational Assessment Program (iLEAP)
Three Fiscal Years Ended June 30, 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	2%	3%	1%	1%	3%
Mastery	23%	19%	10%	12%	9%	9%
Basic	28%	32%	44%	29%	28%	52%
Approaching Basic	28%	29%	30%	44%	40%	19%
Unsatisfactory	15%	18%	13%	14%	22%	17%
Total Students	546	564	535	545	566	535

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	3%	3%	Field Test, No Results Released	3%	4%
Mastery	14%	12%	17%		9%	12%
Basic	39%	40%	39%		40%	48%
Approaching Basic	27%	32%	29%		30%	23%
Unsatisfactory	17%	13%	12%		18%	13%
Total Students	545	556	534		557	533