

RECEIVED
JUN 11 1983
DA 170-7 2:11:19

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

**Financial Report
For the Year Ended June 30, 1983**

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

Release Date 4-14-87



**Luffey
Huffman
& Monroe**

AN INTERNATIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Francis J. Luffey, CPA
L. Paul Monroe, CPA
Peter Anthony, CPA

John L. Luffey, MBA, CPA (1984-2002)

RECEIVED
LEGISLATIVE SERVICES DIVISION
04 APR -7 10:11:19

April 3, 2004

Britni Gastrea, Engagement Administrative Assistant
Office of Legislative Auditor
P. O. Box 64367
Baton Rouge, LA 70804-9397

Re: Monroe City of Monroe School Board
Single Audit Report
For the Year Ended June 30, 2003

Dear Ms. Gastrea:

Please find enclosed the entire reporting package of the City of Monroe School Board's Single Audit Report for the year ended June 30, 2003. We are reissuing the report since we have corrected the last paragraph of the Independent Auditors' Report to properly reflect the opinion we are giving concerning the "Supplemental Information" included with the financial statements of the City of Monroe School Board. The wording in our original report did not cover all supplemental information. Please replace the original reporting package with the enclosed revised copy. Again, the only part that has changed in the entire report is the Independent Auditors' Report concerning supplemental information.

We apologize for any inconvenience caused by our oversight. If any additional information is needed please call.

Sincerely,

Francis J. Luffey, CPA

enclosure

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page *Denotes Schedule
Independent Auditors' Report	1
Required Supplemental Information (Part A) Management's Discussion and Analysis (MD & A)	4
Basic Financial Statements	
Government-Wide Financial Statements (GWFS):	
Governmental Activities:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances -- Reconciliation of the Governmental Funds' Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Fiduciary Fund -- Agency Funds:	
Statement of Assets and Liabilities	26
Notes to the Basic Financial Statements	27

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

	Page
	*Denotes Schedule
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules:	
General Fund	49
Major Special Revenue Funds With Legally Adopted Budgets	
Title I	50
Sales Tax	51
Notes to Budgetary Comparison Schedules	52

SUPPLEMENTAL INFORMATION

Combining Nonmajor Special Revenue Funds	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	58
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual:	
Title II Funds	59
Title IV Funds	60
Title VI Funds	61
Special Education	62
Vocational Adult Education Funds	63
School Food Service Funds	64
Other Federal Programs Funds	65
State Grant Funds	66

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

	Page *Departs Schedule
<i>Fiduciary Fund Type - Agency Funds:</i>	
<i>Statement of Changes in Assets and Liabilities</i>	68
OTHER SUPPLEMENTARY DATA	
<i>Schedule of Compensation Paid Board Members</i>	70
SUPPLEMENTARY INFORMATION - GRANT ACTIVITY	
<i>Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards</i>	72
<i>Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133</i>	74
<i>Schedule of Expenditures of Federal Awards</i>	76
<i>Notes to Schedule of Expenditures of Federal Awards</i>	78
<i>Schedule of Findings and Questioned Costs</i>	79
<i>Status of Prior Year Findings</i>	81



**Luffey
Huffman
& Monroe**

AN INDEPENDENT ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Angela L. Luffey, CPA
L. Paul Monroe, CPA
Baker Mosley, CPA

John L. Luffey, MBA, CPA (1988-2002)

INDEPENDENT AUDITORS' REPORT

City of Monroe School Board Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board (the School Board)** as of and for the year ended June 30, 2003, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Monroe School Board, as of June 30, 2003, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2003 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

The "Management's Discussion and Analysis" presented on pages 4 through 12 and the "Budgetary Comparison Schedules" presented on pages 49 through 51 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As further discussed in Note 15, the School Board suffered losses in prior years in the General Fund and the School Food Service Special Revenue Fund. These funds have deficit fund balances of approximately \$728,000 and \$454,000 respectively. The impact of the School Board's ability to continue to meet its obligations is dependent upon successful execution of its deficit reduction plan. The accompanying financial statements contain no adjustments which might be required, if any, from the outcome of this uncertainty.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe School Board's basic financial statements. The accompanying Supplemental Information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, the Schedule of Compensation Paid Board Members, the Combining and Individual Non Major Fund Statements and the Fiduciary Fund Type Statement of Changes in Assets and Liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



(A Professional Accounting Corporation)

December 18, 2003

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MONROE CITY SCHOOLS
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2003

We offer readers of the Monroe City School Board's financial statements this narrative overview and analysis of the financial activities of the Monroe City School Board for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government* issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the School Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for the 2002-03 fiscal year include the following:

- **Statement of Net Assets** - The assets of the Monroe City School Board exceeded its liabilities at the close of the most recent fiscal year by \$18,578,492 (net assets). Of this amount, approximately \$6.9 million (unencumbered net assets) may be used to meet government's obligations to citizens and creditors.
- **Statement of Activities** - The total net assets of the Monroe City School Board increased by \$3,618,877 for the year ended June 30, 2003.
- **Governmental Funds Balance Sheet** - As of the close of the current fiscal year, the Monroe City School Board's governmental funds reported combined ending fund balances of \$18,311,490, a decrease of \$4,428,367 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately (1) \$3.6 million which is designated for capital projects within the Capital Projects Fund, (2) \$7.6 million which is reserved for debt service, (3) \$3.7 million available for spending in the Sales Tax Funds, and (4) \$1.2 million deficit in the General Fund and School Food Service Fund.
- **Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances** - Total revenues for the year ended June 30, 2000 for the governmental funds of the Monroe City School Board amounted to \$74,611,534. Approximately 87% of this amount is received from three major revenue sources: (1) \$27.5 million from Minimum Foundation Program, (2) \$13.9 million from local ad valorem taxes, and (3) \$32.1 million from local sales and use taxes.
- **General Fund's Ending Fund Balance** - At the end of the current fiscal year, fund balance for the General Fund, a major fund, had a deficit of \$(321,351).
- **Capital Assets** - Total capital assets (net of depreciation) were \$66,567,761 or 79% of the total assets. The Monroe City School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- **Long-Term Debt** - The Monroe City School Board's total debt decreased \$475,984 in the current fiscal year. Debt on general obligation bonds decreased by \$1,168,008.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Monroe City School Board's basic financial statements. The Monroe City 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 Monroe City School Board's finances, in a manner similar to a private sector business.

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

Fund Financial Statements: A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Monroe City 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 Monroe City 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 Monroe City School Board near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information generated 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 Monroe City School Board's near-term financing decisions. 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 Monroe City School Board maintains fourteen governmental fund groups. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title I, Sales Tax, Capital Projects, and two Debt Service funds, all of which are considered to be major funds. Data for the other eight governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Monroe City School Board adopts an annual appropriated budget for its General Fund and certain Special Revenue Funds and the Parish-wide Capital Projects Fund. 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 Monroe City School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Monroe City School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Fund.

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

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

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Monroe City School Board, assets exceed liabilities by \$18.6 million at the close of the most recent fiscal year.

The largest portion of the Monroe City School Board's net assets totaling more than \$60 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. 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 Monroe City School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Monroe City School Board's Net Assets

	<u>June 30, 2004</u>
Current and other assets	\$ 28,689,900
Capital assets	68,767,761
Total assets	97,457,661
Current and other liabilities	14,110,646
Long-term liabilities	62,746,695
Total liabilities	76,857,341
Net assets:	
Invested in capital assets, net of related debt	1,780,798
Restricted	9,931,649
Unrestricted	6,812,815
Total net assets	\$ 18,525,262

Restricted net assets of \$9,835,649 are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for \$1,889,951 of the total. The remaining balance is monies restricted for salaries and benefits.

The remaining balance of unrestricted net assets of \$4,912,845 is used to meet the School Board's ongoing obligations to citizens and creditors.

Governmental activities increased the Monroe City School Board's net assets by \$4,418,827, which was a 41% increase to the net assets. Key elements of this increase are as follows:

Monroe City School Board's Changes in Net Assets

	Year ended June 30, 2003
Revenue:	
Program revenue:	
Charges for services	\$ 183,665
State grants and entitlements	2,009,983
Federal grants	11,681,117
General revenue:	
Ad valorem taxes	14,178,568
Sales taxes	23,003,708
Initiation Fee Program	27,574,024
Interest on investments	475,151
Other general revenue	348,428
Total revenue	<u>58,711,522</u>
Expenses:	
Instruction:	42,831,749
Support services:	
Pupil Support Services	2,218,684
Instructional Staff Support	4,422,888
General administration	1,874,881
School administration	3,213,594
Business services	833,821
Plant services, including accumulated depreciation	4,961,571
Student transportation services	2,804,688
Counsel services	1,778,833
School food services	6,890,271
Facility acquisition and construction	1,118,386
Debt service - interest on long-term obligations	2,432,382
Total expenses	<u>72,682,432</u>
Increase in net assets	<u>\$ 4,418,822</u>

Governmental Activities

Expenses are classified by functions/programs. Instruction services for fiscal 2001 totaled \$41,621,749. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, food services, and plant services. Support services for fiscal 2001 totaled \$26,896,193 of total expenditures.

The remaining expenditures of \$4,979,975 consist of \$1,578,586 of facility acquisition and construction and \$3,412,389 of interest expense on long-term obligations.

The related program revenues for fiscal 2000 directly related to these expenses totaled \$14,657,310, which along with \$190,460 in charges for such services, resulted in net program expenses of \$26,831,327. This balance of expenses represents the cost to the taxpayer. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Milken Foundation Program (MFP)** – MFP is the funding formula for the 60 school districts in the state of Louisiana. The School Board received \$27,174,814 in MFP funds in 2000-2001. This amounts to 10% of the total revenues received by the School Board.
- **Sales tax revenues** – Sales tax revenues are the second largest source of revenues for the School Board, generating \$11,921,699 in revenue, or 28% of total revenues.
- **Ad valorem tax revenues** – Ad valorem, or property, tax revenues, the third largest source of revenues, accounts for 18% of revenues, or \$14,179,356.

Financial Analysis of Governmental Funds

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

The focus of the Monroe City School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Monroe City 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 Monroe City School Board's governmental funds reported a combined ending fund balance of \$16,115,490, a decrease of \$4,028,347 in comparison with the prior fiscal year. The primary reason for the decrease is due to the decrease in the Capital Project Fund balance of \$1,691,120.
- The General Fund is the chief operating fund of the Monroe City School Board. At the end of the current fiscal year, the deficit fund balance of the General Fund was \$721,951. This is a \$642,956 reduction of the prior year's deficit of \$1,364,907.
- The Debt Service Funds have a total fund balance of \$7,099,991, all of which is reserved for the payment of debt service.
- The Sales Tax Funds have a total fund balance of \$3,712,915, a net increase of \$1,298,120. The increase is attributable to the 2001 Sales Tax fund, for which 2000-2001 represented the first full year of collections.
- The Capital Project Fund has a fund balance of \$4,379,979. The \$7.5 million decrease mentioned earlier is due to the construction projects occurring within the system.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 28, Chapter 9, Louisiana Local Government Budget Act (L.S.A. R.S. 28:1301 et seq.), the Monroe City School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15. The original budget for the School Board was adopted on September 5, 2002, and the final budget amendment was adopted on September 8, 2003.

The original budget projected a reduction of the General Fund deficit of \$1,354,733 and was later amended and projected a reduction of the deficit of \$277,091. This \$277,091 change is largely due to the decrease in anticipated MFF revenues. Actual revenues were under the final budget by approximately \$284,568 as a result of the MFF adjustment. Overall expenditures were \$457,052 less than budgeted. The original budget reflected expected increases in employer's share of health insurance costs and retirement expense; however, expenses were not as much as projected.

Capital Assets and Debt Administration

Capital Assets: The Monroe City School Board's investment in capital assets as of June 30, 2003, amounts to \$88,787,781 (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.

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

	<u>2003</u>
Land	\$ 1,041,889
Buildings, building improvements and land	54,844,101
Furniture and equipment	3,385,478
Construction in progress - buildings	2,515,313
Total	\$ 61,786,781

Major capital asset events during the fiscal year included the following:

- Carroll Jr. High – replaced the gymnasium
- Carroll High – added a New Field House, Renovated the existing Student Lounge/Kitchen, added new stairs and hand elevators, replaced the visitor concession stand, installed new elevator to science building, added new BOEC classrooms and store and rebuilt the Student track
- Bayou Jones – renovated the existing kitchen
- Sorecross – added a new building for eight (8) classrooms and offices and renovated the existing building
- Lee Jr. High – added a new weight room adjacent to the existing gymnasium and renovated the existing gymnasium
- Waxman High – added a new visitor concession stand and restrooms, renovated and expanded the existing food lines
- Minnie Ruffin – added two new classrooms and renovated the office area
- Cypress Point – expanded the multi-purpose room and revised the bus and parent driveway

- **Class Hall** – added four new classrooms
- **J.S. Clark** – added a storeroom and air conditioned the kitchen
- **Madison Foster** – installed sub-vents and filled the drainage ditch
- **Langston** – paved the front parking lot
- **Sallis Humble** – added storerooms and restrooms for the multi-purpose area and replaced floor tile in two classroom wings
- **Lindsay** – paved the cafeteria access, repaired the front parking lot and renovated the Office area.
- **Martin Luther King** – repaired the parking lot and covered access walkways
- **Parishall Park** – major work on the air conditioning system
- **Jefferson** – installed tile entrance in all hallways
- **Neville High** – repaired the stadium area parking lot, rebuilt the stadium track, replaced the access building air conditioning fan coils and renovated the athletic office
- **Bro. Bern Warehouse** – added 2000 square foot, lean-to, insulated and re-roofed the existing building

Debt:

**Monroe City School Board Outstanding Debt
As of June 30, 2000**

	Balance June 30, 2000
General Obligation Bonds	
Series 1994 (refinance 2000)	\$ 1,483,000
Series 1991 (refinance 2000)	2,080,000
School Refunding Bonds	
Series 2001	22,253,000
Series 2003	15,480,000
Sales Tax Bonds	
Series 2001	12,000,000
Series 2003	4,000,000
Certificates of Indebtedness, 1998	282,000
Total	\$61,588,000

The 1994 General Obligation Bonds were issued for the purpose of acquiring and/or improving lands for building sites and playgrounds, including construction of temporary sidewalks, purchasing, creating and/or improving school buildings and other school related facilities. These bonds were refinanced in 2001.

The 1995 General Obligation Bonds were issued for additional improvements, in addition to the improvements made with the 1994 GOB money. These bonds were refinanced in 2001.

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

In 2001, the School Board entered into a five-year lease for the purchase of 10 buses. Other long-term liabilities include accrued vacation pay and sick leave. Details about long-term obligations are presented in the notes to the financial statements.

Future Operations

Monroe City Schools has operated with a deficit in the General Fund for the last several years. This deficit grew to a high of \$2,091,343 for the fiscal year ended 2001. Eliminating this deficit, while simultaneously improving the quality of education provided to students, has proved to be a great challenge to the District. However, the District has risen to this challenge and has made great strides in eliminating this deficit during the past two years.

The General Fund ended fiscal year 2000-2001 with revenues over expenditures in the amount of \$964,996. At the end of the most recent fiscal year, the General Fund deficit balance was reduced to \$721,950, compared to \$1,692,947 for the previous fiscal year. Achieving a deficit reduction of this magnitude represents great effort on the part of Monroe City Schools, especially in light of continued increases in expenditures associated with district operations. In addition to increased expenditures, the District had to make allowances for declines in revenue. Most of this decline in General Fund revenue resulted from the continued decline in student enrollment. The loss of students results in a loss of funding through the State's Minimum Foundation Program. State Minimum Foundation Program funding, which accounts for 15% of total revenue, is largely based on the number of students served by the District. Again, the board and administration of Monroe City Schools has risen to the challenge and has committed to sound fiscal management.

The District adopted a General Fund Budget that reflected the worst case scenario for fiscal year 2001-2004. This scenario projected a 2% decline in student enrollment for 2001-2004. This scenario therefore projected a lot of MFPP funding in excess of \$400,000. The district, however, did not experience this great of a reduction in student count, which should result in significantly more Minimum Foundation Program funding than originally projected. The exact effect of this can not be determined until the District receives the final Minimum Foundation allocation in February 2004.

Because of the projected student decline, the Board adopted an original budget with revenue over expenditures in the amount of approximately \$41,000 for fiscal year 2001-2004.

The district spent considerable time assessing staffing needs in relation to student count for the 2000-2004 School year. The administration and board realigned staff where possible to ensure sound fiscal management. There are, however, at least two areas where significant increases in expenditures are projected for the 2001-2004 year. These areas include the increased cost of health insurance for School District employees and the required contribution to the La School Employees retirement system.

Increased Health insurance costs:

Monroe City Schools participates in the state managed health care program. The School District will issue General Fund for its portion of employees' health care cost for fiscal year 2001-2004. The State Group health care program has continued to see premium increases averaging 10% per year for over five consecutive years. In addition to this trend, the cost of employee health care is adversely affected by State Legislative mandates that have increased the School Board's contribution rate for health care from approximately 65% to 75% in 2000-2004. Based on the

combined effect of these two areas (increased premium and increased contribution rate), the anticipated increase in the General Fund for health insurance cost will have a significant impact on expenditures.

Maintained contributions to La School Employees Retirement System

For the past three years, the School Employees Retirement System has discontinued the School District's matching portion to the retirement system based on actuarial recommendations. In fiscal year 2003-2004, La School Employees Retirement System has reinstated the employer's matching portion at the rate of 4.5 percent rate will be applied to salary cost for Counselors and Bus Drivers.

The State Legislature mandated, starting in the 2000-2001 fiscal year, that 50% of new growth money in the Minimum Foundation Program be used for teacher pay raises. Because the District projected a budget based on a 7% reduction in student count, there was no projected growth money to be allocated to teacher pay raises. Any funds designated for teacher pay raises from MFP growth money will be determined and distributed after the Final MFP letter is received.

The School District will continue with its aggressive construction projects in fiscal year 2003-2004. Major capital projects were undertaken in fiscal year 2002-2003, with a continuation slated for the current fiscal year. The Facilities Committee and the entire School Board has committed to providing school facilities that contribute to an excellent learning environment for all students served by Monroe City Schools. The District continues to assess the facility needs of the District and will continue to make the needed improvements during fiscal year 2003-2004.

Overall, Monroe City Schools continues to make both academic and fiscal improvements throughout the District.

Contacting the School District's Financial Management

If you have questions about this report or need additional financial information, contact Geneva Powers, Chief Financial Officer of the Monroe City School Board, P. O. Box 4180, Monroe, LA 71211-4180, or call at (318) 325-0681.

BASIC FINANCIAL STATEMENTS

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

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

**Statement of Net Assets
Governmental Activities**

June 30, 2003

Assets:	
Cash and cash equivalents	\$ 19,149,844
Investments	263,176
Receivables:	
All valorem taxes	48,908
Sales and use taxes	2,686,157
Federal grants	4,271,248
State grants	885,148
Other	587,811
Bond insurance costs, net	841,267
Inventory	188,316
Other Assets	22,391
Capital assets, net:	
Land	1,345,809
Buildings and improvements	54,846,871
Furniture and equipment	5,183,978
Construction in progress	5,217,163
Total assets	<u>\$5,457,734</u>
Liabilities:	
Accounts payable	1,705,687
Salaries and wages payable	7,383,789
Retainage payable	243,520
Interest payable - bonds	863,524
Long-term liabilities:	
Due within one year	4,333,914
Due in more than one year	<u>61,145,698</u>
Total liabilities	<u>76,879,132</u>
Net assets:	
Invested in capital assets, net of related debt	1,730,798
Restricted for:	
Debt service	7,389,611
Salaries and related benefits	2,581,698
Unrestricted	<u>8,501,815</u>
Total net assets	<u>\$ 18,203,922</u>

See accompanying notes to the basic financial statements

**City of Phoenix School Board
Phoenix, Arizona**

**Statement of Activities
Governmental Activities**

Fiscal Year Ended June 30, 2002

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	CHARGES TO FUNDS	CHARGES TO FUNDS AND FUNDS TRANSFERS	GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
	(\$)(THOUS.)				
Fee/charge program					
Career					
Instructional services					
English program	\$ 3,689,000	\$ 65,720	\$ 202,120	\$ -	(\$4,056,840)
Special education program	4,028,827	-	1,611,496	262,074	(1,146,260)
Vocational program	28,800	-	18,120	80,640	15,560
Other instructional program	85,600	24,700	28,420	173,420	20,000
Special program	4,064,500	-	4,780,000	462	3,204
Administrative-instruction	20,000	-	20,000	-	(20,000)
Support services					
English support services	1,025,000	-	174,000	-	(1,199,000)
Instructional and support services	4,024,800	-	1,792,000	462	(2,207,338)
General administration	1,004,000	-	11,227	-	(1,015,227)
Instructional materials	1,025,000	-	40,773	-	(1,065,773)
Business services	82,000	-	10,000	-	(92,000)
Plant services	4,861,074	-	274,500	-	(5,135,574)
Student transportation services	1,004,000	-	7,400	-	(1,011,400)
Custodial services	1,770,000	-	8,000	-	(1,778,000)
Noninstructional services					
Food services operations	4,495,074	60,000	3,474,074	11,497	(1,049,499)
Facility acquisition and construction	1,500,000	-	-	-	(1,500,000)
Debt service					
Interest on long-term obligations	1,420,000	-	-	-	(1,420,000)
Total Governmental Activities	\$ 19,262,600	\$ 186,720	\$ 12,176,600	\$ 462,074	(\$7,438,776)
Special revenues					
Taxes					
All other non-tax activities					
General purposes					\$1,000,000
Plant services program					4,000,000
Sales taxes levied for					
General purposes					11,800,000
Grants and contributions not restricted to specific programs					
Mesa State Program					23,140,000
New income sharing					1,600,000
Interest and investment earnings					400,000
Gifts and sale of assets					100,000
Appropriation of bond proceeds					800,000
Other					200,000
Unassigned revenues					\$2,100,000
Charges to net assets					51,000,000
Net assets/liabilities at year					13,000,000
Net assets at end of year					\$6,700,000

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

City of Menard School Board
Menard, Louisiana

COMPENSATIONAL FUND
BALANCE SHEET

June 30, 1963

	FUND BALANCE				TOTAL				AGGREGATE BALANCE FUND
	GENERAL FUND	SALES TAX	BOON TAX	RESERVE	SALES TAX	BOON TAX	CAPITAL PROJECT	OTHER SPECIAL	
Assets									
Cash and cash equivalents	28,276	-	5,100,000	5,000,000	5,000,000	-	5,000,000	5,000,000	28,276
Accounts receivable	50,000	-	200	-	50,000	-	-	50,000	50,000
Due from other agencies	-	1,000,000	-	-	1,000,000	-	-	1,000,000	1,000,000
Due from other departments	5,000	-	-	-	-	-	-	5,000	5,000
Due from other funds	10,000	-	-	-	-	-	-	10,000	10,000
Inventory	10,000	-	-	-	-	-	-	10,000	10,000
Other assets	-	-	-	-	-	-	-	-	-
Total Assets	93,276	1,000,000	5,100,200	5,000,000	10,033,476	-	5,000,000	10,033,476	10,033,476
Liabilities									
Accounts payable	50,000	-	50,000	-	50,000	-	-	50,000	50,000
Salaries and wages payable	50,000	-	100,000	-	150,000	-	-	150,000	150,000
Other liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	10,000	-	-	-	10,000	-	-	10,000	10,000
Due to other agencies	10,000	-	-	-	10,000	-	-	10,000	10,000
Total Liabilities	120,000	-	150,000	-	270,000	-	-	270,000	270,000
Fund Balance	81,276	1,000,000	4,950,200	5,000,000	9,763,476	-	5,000,000	9,763,476	9,763,476
Total	174,552	1,000,000	10,050,400	10,000,000	19,813,956	-	5,000,000	19,813,956	19,813,956

The accompanying notes with these financial statements

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

**Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets
Fiscal Year Ended June 30, 2003**

Total fund balances – governmental funds	\$18,311,490
--	--------------

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Assets includes these capital assets among the assets of the School Board as a whole. The cost of these 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	\$62,646,334	
Accumulated depreciation	<u>(15,836,533)</u>	46,809,801

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

Bond issuance cost	859,125	
Less amortization	<u>(52,858)</u>	806,267

Elimination of interfund assets and liabilities.

Interfund assets		(3,282,000)
Interfund liabilities		3,282,000

See accompanying notes to the basic financial statements.	(continued)
---	-------------

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

**Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets
Fiscal Year Ended June 30, 2003**

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

Balances at June 30, 2003 are:

Long-term liabilities:

Compensated absences payable	(\$2,325,331)	
General obligation bonds payable	(45,680,000)	
Sales tax bonds payable	(18,060,000)	
Certificates of indebtedness	(985,000)	
Capital lease	(617,084)	
Declared amount on refunding	1,345,000	
Bond premiums	(210,172)	(366,481,612)

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

Accrued interest on outstanding bonds	(363,524)
---------------------------------------	-----------

Net Assets	<u>\$18,578,492</u>
-------------------	----------------------------

See accompanying notes to the basic financial statements.	(concluded)
---	-------------

City of Monroe School Board
Monroe, Louisiana

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

Fiscal Year Ended June 30, 2009

	GENERAL FUNDS						SPECIAL REVENUE FUNDS		CAPITAL PROJECTS		INDEBTEDNESS		TOTAL
	GENERAL FUND	STREET LIGHTS	WATER	SEWER	WORLD IMPROVEMENT	SALES TAX	SALES TAX BONDS	SALES TAX BONDS	LOCAL PROJECTS	INDEBTEDNESS	ADDITIONAL		
REVENUES													
Local income	1,000,000	-	-	1,000,000	-	-	-	-	-	-	-	2,000,000	
Academic fees	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
State and local taxes	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
Other miscellaneous	50,000	-	-	-	-	-	-	-	-	-	-	50,000	
Grants and reimbursements	50,000	-	-	-	-	-	-	-	-	-	-	50,000	
Gifts-in-kind for school	-	50,000	-	-	-	-	-	-	50,000	-	-	100,000	
Other local revenues	40,000	-	-	-	-	-	-	-	-	-	-	40,000	
Net assets	-	-	-	-	-	-	-	-	-	-	-	-	
Non-capital grants	200,000	-	-	-	-	-	-	-	-	-	-	200,000	
Revenue sharing	200,000	-	-	-	-	-	-	-	-	-	-	200,000	
Technical Improvement Program	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
Non-capital grants for capital construction	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
Capital grants total	400,000	-	-	-	-	-	-	-	-	-	-	400,000	
Interest revenue	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on bonds payable	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenues	1,660,000	50,000	50,000	1,050,000	-	-	-	-	50,000	-	-	2,710,000	
EXPENDITURES													
Capital													
Instructional services	1,000,000	-	-	-	-	-	-	-	-	-	-	1,000,000	
Transportation	100,000	-	-	-	-	-	-	-	50,000	-	-	150,000	
Food service program	50,000	-	-	-	-	-	-	-	-	-	-	50,000	
Other academic programs	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
School projects	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
Administrative salaries	20,000	-	-	-	-	-	-	-	-	-	-	20,000	
Other salaries	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Professional salaries	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Travel and supplies	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Board administration	100,000	-	-	-	-	-	-	-	50,000	-	-	150,000	
Student administration	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Business services	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Other services	100,000	-	-	-	-	-	-	-	100,000	-	-	200,000	
Student transportation services	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Capital services	100,000	-	-	-	-	-	-	-	50,000	-	-	150,000	

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

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Fiscal Year Ended June 30, 2003**

Total net change (decrease) in fund balances -- Governmental Funds		(\$4,433,367)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Elimination of operating transfers in and out:		
Transfers in		1,739,471
Transfers out		(1,739,471)
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:		
Capital Outlays	\$8,790,089	
Depreciation	<u>(1,994,128)</u>	6,794,967
Capital Assets net depreciation are reported in the Governmental Funds. In the Statement of Net Assets capital assets and accumulated depreciation are reported. When an asset is disposed of it results in a gain or loss on the disposal of the asset in the Statement of Activities. During the current year the School Board sold assets with a Basis of \$1,009 for \$10,965, resulting in a gain on disposal of capital assets of \$9,956.		(1,009)
Capital leases are reported in Governmental Funds as capital expenditures and other financing sources. However, they are not reported in the Statement of Activities.		
Capital Outlay		787,485
Other Financing Sources		<u>(787,485)</u>
See accompanying notes to the basic financial statements.		(continued)

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

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Fiscal Year Ended June 30, 2003**

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	\$2,765,000	
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		178,481
<p>The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs do not require the use of current financial resources; therefore, the costs are amortized over the life of the bond issue in the Statement of Activities. For the year ended June 30, 2003, bond issuance costs exceeded amortized bond issuance costs as follows:</p>		
Bond issuance cost	\$93,273	
Amortized bond issuance cost	(31,858)	28,415
<p>In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$795,871) exceeded the amounts used (\$788,859) by \$7,012.</p>		
		(7,012)
<p>Refunding of debt is reported in Governmental Funds as other financing sources and (uses) but is not reported on the Statement of Activities.</p>		
Proceeds of refunding debt		19,701,818
Payment to refund debt overruns agent		(19,701,818)
See accompanying notes to the basic financial statements.		(continued)

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

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Fiscal Year Ended June 30, 2003**

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, 2003	(863,524)	
Interest expense payable as of June 30, 2002	<u>1,123,094</u>	259,570

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

Current year bond premium amortization		<u>8,862</u>
--	--	--------------

Change in net assets of governmental activities		<u>\$3,618,917</u>
--	--	---------------------------

(continued)

See accompanying notes to the basic financial statements.

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

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

For the Year Ended June 30, 2003

ASSETS

Cash and cash equivalents	\$	417,109
Certificates of Deposit		<u>45,203</u>
Total assets	\$	<u>462,312</u>

Liabilities and fund balances

Liabilities:		
Amounts Held for Other Organizations	\$	<u>470,603</u>
Total liabilities	\$	<u>470,603</u>

See accompanying notes to the basic financial statements.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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 1908, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1978. 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, 30 schools and 2 support facilities. The School Board serves approximately 11,000 students. The School Board employs approximately 1,450 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 the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 *The Reporting Entity*, since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Therefore, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, schools, agencies and commitments for which the School Board is financially accountable. The School Board is not aware of any other entities that should be included within the financial statements.

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

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

A. 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/expenses. 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 is a Federal program for educationally deprived school children residing in areas having high concentrations of children from low-income families. The Title I services are provided through various projects which are

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

designed to meet the special needs of educationally deprived children. The activities supplement rather than replace state and locally mandated activities.

Sales Tax Fund accounts for the collection and distribution of the sales tax levies for the School Board. All of the sales taxes collected under the pre-1994 tax are dedicated to supplement other revenues available to the School Board for the payment of salaries of teachers and other School Board personnel. Of the tax passed by the voters in 1994, seventy percent of the tax collected is dedicated for similar purposes, with the balance dedicated for instructional purposes. The sales tax passed in 2001 is to provide additional support to the school system to include funding of capital improvements and employee salaries.

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

The following Debt Service Funds are major funds:

The Bond Redemption Fund accounts for the 1994 and 1995 School Improvement Bonds and the 2001 and 2003 refunding bonds.

The Sales Tax Sinking Fund accounts for the 2001 and 2002 Sales Tax School Bonds.

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

The following School Board's one Capital Project Fund is a major fund. It accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board facilities.

NonMajor Funds:

The School Board has 8 nonmajor Special Revenue Funds. For a description of these funds, see the Nonmajor Special Revenue Funds section of this report.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Fiduciary Funds

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

C. *Basis of Accounting / Measurement Focus*

Government-wide Financial Statements (GWFS)

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

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

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School Board's jurisdiction 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.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Indirect expenses (long-term debt interest) of other functions are not allocated to these functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

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

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become measurable 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 and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditures have been incurred.

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

D. Cash and Cash Equivalents

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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1983**

pooled within the master bank account. Negative bank 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 Reconciliation

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

H. Bond Issuance Costs

Costs (bond rating fees, attorney fees, printing, etc.) associated with issuing bonds are capitalized and amortized over the life of the bond issue in the government-wide financial statements. The bond issuance costs are reported as expenditures in the fund financial statements.

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.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

J. Capital Assets

Capital Assets, which include land, buildings, and equipment, are reported as governmental funds in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$250 or more and an estimated life of 1 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	5 - 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 for appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

L. Fund Reserves

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

M. Compensated Absences

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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

calendar months per year over vacation days. Effective July 1, 1994 the School Board revised its policy regarding payment of accumulated vacation days 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 being grandfathered in at their current accumulation.

N. Long-Term Liabilities

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

O. Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues.

Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

P. Reserves and Designations of Fund Financial Statements

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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Q. Sales and Use Taxes

The voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 0.5% sales and use tax. The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily membership for the preceding school year. Eighty-eight percent of the sales and use tax revenues received by the School Board are to be used for the payment of the salaries of teachers, as defined by the Louisiana State Department of Education. The remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers.

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

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

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 these estimates.

Note 2 - Deficit Fund Balances

A deficit unreserved/undesignated fund balance of approximately \$728,000 exists in the General Fund. The School Food Services Special Revenue Fund has a deficit of approximately \$454,000. It is expected that these deficits will be cleared by future revenues and operational changes within the school system (See Note 15).

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Note 3 - Cash and Cash Equivalents and Investments

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

The following is a schedule of the School Board's cash and certificates of deposit at June 30, 2003. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	School Board Balance	Bank Balance
Cash on Deposit	\$ 4,613,544	\$ 10,476,886
Cash Equivalents:		
LAMP Investments	10,536,298	10,536,298
Certificates of Deposit	<u>263,190</u>	<u>263,190</u>
TOTAL	\$ <u>15,413,034</u>	\$ <u>21,276,374</u>

The School Board's investments and deposits at June 30, 2003 are categorized on the following page to give an indication of the level of risk assumed by the School Board at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School Board or its safekeeping agent in the School Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or safekeeping agent in the School Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or safekeeping agent but not in the School Board's name. Per Louisiana State law, collateral is not required for funds invested in LAMP.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

The School Board's deposits are collateralized as follows:

	<u>Risk Category 1</u>
FDIC Insured Deposits	\$ 200,000
Uninsured Deposits:	
Collateralized	<u>10,579,996</u>
Total Deposits	<u>\$ 10,779,996</u>

The School Board's investments at June 30, 2003, consist of a certificate of deposit with a carrying and market value of \$263,390. It is held by the School Board's agent in the School Board's name, and is collateralized (Risk Category 1).

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, 2003, taxes of 46.84 mills were levied on property with assessed valuations totaling \$279,130,927 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	26.59 mills
Series 1994 & Series 1995 Bonds Debt Service	<u>20.25 mills</u>
	<u>46.84 mills</u>

The School Board's portion of the total taxes originally levied was \$13,110,087 of which \$11,074,493 was assessed on property owners and \$2,035,514 was assessed under Homestead Exemption. The School Board collected \$13,993,950 through June 30, 2003, of which \$131,254 from the City of Monroe and a nominal amount from Ouachita Parish Sheriff's Office was for prior year(s) levies. Approximately 86% of the homestead exemption is not appreciated by the State of Louisiana and therefore is not collected.

Property Tax Calendar

Millage Rates Adopted	September 5, 2002
Levy Date	November 4, 2002
Tax Bills Mailed	November 15, 2002
Total Taxes Due	December 31, 2002
Limit Date	January 1, 2003

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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

Note 5 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2003, were as follows:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,343,889	\$ -	\$ -	\$ 1,343,889
Construction in progress	<u>687,851</u>	<u>7,278,188</u>	<u>2,618,466</u>	<u>5,347,663</u>
Total capital assets not being depreciated	2,031,740	7,278,188	2,618,466	6,691,462
Capital Assets being depreciated				
Buildings & improvements	60,176,168	2,618,466	-	62,794,634
Furniture and equipment	<u>10,991,036</u>	<u>2,075,981</u>	-	<u>13,067,017</u>
Total capital assets being depreciated	71,167,204	4,694,447	-	75,861,651
Less accumulated depreciation:				
Buildings and improvements	6,479,384	1,683,479	-	8,162,863
Furniture and equipment	<u>2,482,057</u>	<u>666,481</u>	-	<u>3,148,538</u>
Total accumulated depreciation	8,961,441	2,349,960	-	11,311,401
Total capital assets being depreciated, net	<u>62,205,763</u>	<u>2,344,487</u>	-	<u>64,550,250</u>
Governmental Activities Capital Assets, net	<u>\$ 28,181,533</u>	<u>\$ 10,292,674</u>	<u>\$ 2,618,466</u>	<u>\$ 69,241,712</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Depreciation expense was charged to governmental activities as follows:

Instructional services:		
Regular programs	\$	608,836
Special education programs		17,758
Vocational programs		9,579
Other instructional programs		49
Special programs		14,263
Support services:		
Instructional staff support services		1,483
Business services		13
Plant services		6,158
Student transportation services		118,667
Central services		30,513
Food service operations		2,012
Facility acquisition and construction		<u>1,185,772</u>
Total depreciation expense	\$	<u>1,895,138</u>

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

State-sponsored Plans:

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRS-L); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Under the TRS-L Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

30 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit, at age 55 with 25 years of service credit, or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 35 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 5% times the average salary of the 36 highest consecutive months.

Funding Policy: As provided by statute, the School Board's employer contributions to the TRSL are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contributions to the TRSL plans for the years ended June 30, 2003, 2002 and 2001 were \$4,888,324, \$4,888,063, and \$4,191,829, respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 935-6446.

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statute also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contributions to the LSERS plans for the years ended June 30, 2003, 2002 and 2001 were \$33,793, \$0, and \$7,497, respectively,

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

equal to the statutorily required contributions in each year.

The LSEERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, LA 70894 or by calling (225) 913-6484.

School Board-Sponsored Plan

During fiscal year 1998, the School Board adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

Under the terms of a plan established in accordance with the terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$178,457 at June 30, 2003.

Note 8 - Other Employee and Postemployment Benefits

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

Group health and life insurance is provided to participating employees and retirees through the State Employees Group Benefits Program. In fiscal year 2003, the School Board paid \$5,934,987 in connection with providing these benefits, including \$1,669,523 attributable to 413 retirees.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Note 9 - General Long-Term Obligations

The following is a summary of changes in General Long-Term Obligations for the year ended June 30, 2003:

	Balance July 1, 2002	Increase	Decrease	Balance June 30, 2003
General Obligations				
Bonds	\$ 46,908,000	\$ 19,488,000	\$ 20,840,000	\$ 45,600,000
Less deferred amount on refunding	-	(1,161,000)	-	(1,161,000)
Sales Tax Bonds	18,000,000	-	-	18,000,000
Certificates of Indebtedness	1,115,000	-	140,000	985,000
Capital Lease	-	787,485	170,481	617,004
Compensated Absences, Net	2,028,119	295,071	788,609	2,035,581
TOTAL	<u>\$ 68,051,119</u>	<u>\$ 19,699,556</u>	<u>\$ 21,998,690</u>	<u>\$ 66,171,025</u>

Long-term obligations outstanding at June 30, 2003, are comprised of the following:

	Issue	Maturity Date	Interest Rate	Amount Outstanding
General Obligation Bonds				
School Bonds, Series 1994	1994	3/1/2004	5.50 - 7.00	\$ 1,485,000
School Bonds, Series 1995	1995	3/1/2005	5.15 - 8.00	2,380,000
School Refunding Bonds, Series 2001	2001	3/1/2014	4.00 - 4.625	22,255,000
Series 2003	2003	3/1/2013	2.50 - 3.00	17,480,000
Total General Obligation Bonds				<u>45,600,000</u>
Sales Tax Bonds				
Sales Tax Bonds, Series 2001	2001	10/1/2021	1.875 - 5.00	12,000,000
Sales Tax Bonds, Series 2002	2002	10/1/2021	4.25 - 4.75	6,000,000
Certificates of Indebtedness	1998	7/1/2008	4.70 - 4.95	985,000
Total Bonds and Certificate of Indebtedness				<u>\$64,585,000</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Debt service requirements to maturity on all School Board General Obligation Bonds and certificates of indebtedness outstanding at June 30, 2003, including interest of \$22,409,232 is as follows:

Year Ending June 30,	Total Principal & Interest Due
2004	\$ 6,516,396
2005	6,554,125
2006	6,602,348
2007	6,643,618
2008	6,683,368
2009-2013	23,322,888
2014-2018	15,085,659
2019-2022	5,798,832
TOTAL	\$ 86,994,232

In order to advance refund a portion of the 1995 Series Bonds during fiscal year 2003, the School Board issued \$18,480,000 in General Obligation Bonds with an interest rate of 2.50% to 3.80%. The net proceeds from the issuance of the general obligation bonds were used to purchase government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called. The advance refunding met the requirement of an in-substance debt defeasance and \$18,215,000 of the Series 1995 bonds were removed from the School Board's financial statements. The outstanding balance of the defeased 1995 Series at June 30, 2003, is \$18,215,000, which will be called for redemption on March 1, 2005. The outstanding balance of the defeased 1994 Series at June 30, 2003, is \$21,955,000 which will be called for redemption on March 1, 2004.

As a result of the advance refunding of the 1995 Series, the School Board reduced its total debt service requirement by approximately \$646,188, which has resulted in an economic gain (difference between the present value of the debt service payments on old and new debt) of approximately \$457,653.

Note 18 - Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual reappropriation clauses. Generally, as equipment leases expire, they are replaced with other leases.

Rent Expense for the year ending June 30, 2003 totaled \$89,866.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Capital Leases

In fiscal 2003, the School Board entered into a capital lease obligation for the purchase of 15 buses. The original amount of the obligation was \$787,483 and bears an interest rate of 4.10%. Future minimum lease payments until maturity are as follows:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2004	\$ 170,481
June 30, 2005	170,481
June 30, 2006	170,481
June 30, 2007	176,040
Total	687,683
Less: Amounts representing interest	(84,521)
Present Value of Future Minimum Lease Payments	\$ 603,162

Note 11 - Interfund Receivables and Payables (FIS level only)

Individual balances due to/from other funds at June 30, 2003, are as follows:

		Due From Other Funds
Major Funds:		
<i>Unreimbursed expenses:</i>		
<i>General Fund:</i>		
Bond redemption	\$ 38,718	
Sales tax	389,672	
Capital projects	17,283	\$ 445,673
<i>Deficit cash balances:</i>		
School Food Service	453,084	
Vocational Adult Education	244,979	
Title I	1,649,714	
Special Education	79,793	
Title II	456,381	
Title IV	13,952	
Title VI	46,188	
Other federal programs	308,952	
State grants	594,637	3,847,650
Total General Fund		4,490,343

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

		Due From Other Funds
Sales Tax:		
Special Education	140,872	
Other federal programs	101,758	
State grant funds	21,488	
Vocational/Adult Education	1,857	665,967
Total Sales Tax		
Bond Redemption Fund:		
General Fund		18,280
Total Major Funds		5,177,990
Nonmajor Funds:		
Unreimbursed expenditures:		
School Food Service		
Sales tax		28,611
		\$ 5,202,901

Note 12 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2003 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 423,617	\$ 145,085
Special Revenue Funds:		
Title I	-	236,655
Sales Tax	-	1,153,328
Debt Service Funds:		
Sales Tax Bonds	1,278,855	-
Nonmajor Funds:		
Special Revenue Funds:		
Title II	-	57,072
Title IV	-	479
Title VI	-	1,641
IDEA-B	-	85,987
Vocational and Adult Ed	-	1,985
School Food Service	26,999	-
Other Federal Programs	-	37,431
Total	\$ 1,729,471	\$ 1,729,471

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

Included in the transfers are \$421,145 of indirect cost to the General Fund from various Federal programs and \$1,133,328 from Special Revenue Funds-Sales Tax to Debt Service Funds-Sales Tax Bonds for the use in paying bond principal and interest.

Certain Special Revenue funds transferred to the General Fund reimbursements of indirect costs totaling \$421,145 according to rates approved by various grantor agencies.

Note 13 - Risk Financing Activities

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 18 *Accounting and Financial Reporting for Risk Financing and Related Activities*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2003, the School Board insured and paid claims under the worker's compensation plan of approximately \$295,000 net of reimbursements. There were no material claims outstanding at June 30, 2003.

Note 14 - Litigation and Contingencies

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

The School Board was audited by the Teachers' Retirement System of Louisiana (TRS). The outcome of the audit is unknown at this time thus, additional liability, if any, cannot be estimated.

Note 15 - Deficit Reduction Plan (Unaudited)

The Monroe City School Board began fiscal year 2001-2002 with a deficit in the General Fund of \$2,691,343. Additionally, the School Food Service Fund began the same fiscal year with a deficit of \$647,200, for a combined deficit of \$3,338,544. In past years, the

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

School District had developed Deficit Elimination Plans that produced limited results for the District. Previous plans called for eliminating the deficit through reductions in expenditures. The District soon found that this alone was not the solution, as the district was able to cut in one area, only to see increases in another area. After much reflection on this matter, officials determined that insufficient revenue was the most significant part of the problem, with a new stream of revenue part of the solution. This strategy, coupled with elimination of staffing where appropriate contributes to the solution to eliminate the deficit.

Having come to this conclusion, school officials decided to go to the public with a one cent sales tax proposition. On July 21, 2001, the voters of the district overwhelmingly passed the one cent sales tax, which will generate an additional \$12 million per year for the School Board. Of this one cent sales tax, only 43% or \$5.4 million is dedicated. The remaining 57% or \$6.6 million, is to be used for general operations, which will provide relief to the general fund, thereby eliminating the deficit. The district anticipated that the 2001-2002 fiscal year would be somewhat of a "bridge" year for the District, as the new sales tax was initiated in the second quarter of the fiscal year. Sales tax collections for fiscal year 2001-2002 were approximately \$9,800,000, with no additional MFP money resulting from increased effort for this fiscal year. The District anticipated that the bridge year would produce limited results in reducing the overall deficit, and would serve as a stabilizing period where for the first time in many years, the deficit would not increase.

The actual results of fiscal operations for 2001-2002 were much more than the anticipated stabilizing period. In fact, the General Fund deficit was reduced by approximately \$1,000,000. Additionally, the School Food Service Fund deficit was reduced by approximately \$140,000, reducing the combined deficit at year end to \$2,200,850.

Fiscal year operations for 2002-2003, resulted in a decrease of the General Fund deficit by \$984,998 (versus the projected \$1,000,000) and a decrease in the School Food Service Fund deficit by \$20,865.

For fiscal year 2003-2004, the beginning budget projects an additional reduction in the General Fund deficit of approximately \$42,000. The 2003-2004 budget was based on a conservative 3% reduction in student count. However, student counts have exceeded projections. Therefore, MFP dollars will be higher than originally anticipated. Revised budgets are being updated for this change.

Upon elimination of the deficit, the School Board will continue to dedicate funds to build an operating general fund balance of approximately \$4.5 million.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART II)**

City of Monroe School Board
Monroe, Louisiana

School Fund
Budgetary Comparison Statement (GAAP Basis)

Fiscal Year Ended June 30, 2011

	Budget Amount		Actual Amount	Variance With Fund Budget
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -
Revenue (GAAP)				
Local sources				
Admission fees	170,000	170,000	160,000	(10,000)
Contributions	-	4,000,000	4,000,000	-
Grants	-	200,000	200,000	-
Other fee related items	10,000	10,000	10,000	-
Service on investments	10,000	10,000	10,000	-
Other non-revenue	10,000	10,000	10,000	-
Total local sources	<u>200,000</u>	<u>4,400,000</u>	<u>4,400,000</u>	<u>2,000,000</u>
State allocated sources				
State apportionment	20,000,000	20,000,000	21,750,000	1,750,000
State contract sharing	50,000	50,000	50,000	-
Instructional Improvement Program	-	100,000	100,000	-
Student Financial Assistance	100,000	100,000	100,000	-
State Educational Development	50,000	50,000	50,000	-
State contribution for teacher retirement	-	50,000	50,000	-
Total state and federal sources	<u>20,100,000</u>	<u>20,350,000</u>	<u>22,000,000</u>	<u>1,900,000</u>
Other sources				
Proceeds from school bonds	10,000	10,000	10,000	-
Transfers in	10,000	10,000	10,000	-
Total other sources	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Amount available for operations	<u>24,020,000</u>	<u>24,770,000</u>	<u>26,420,000</u>	<u>2,450,000</u>
Changes appropriate (GAAP)				
Current				
Instructional services	1,000,000	1,000,000	1,000,000	0
Support programs	4,000,000	4,000,000	4,000,000	0
Special education programs	-	100,000	100,000	100,000
Transportation	1,000,000	1,000,000	1,000,000	0
Other educational programs	-	100,000	100,000	100,000
Special programs	-	100,000	100,000	100,000
Administrative educational programs	-	100,000	100,000	100,000
Support services	1,000,000	1,000,000	1,000,000	0
Plant operations	-	1,000,000	1,000,000	1,000,000
General administration	1,000,000	1,000,000	1,000,000	0
Personnel administration	1,000,000	1,000,000	1,000,000	0
Business services	1,000,000	1,000,000	1,000,000	0
Plant services	1,000,000	1,000,000	1,000,000	0
Student transportation services	1,000,000	1,000,000	1,000,000	0
Capital services	100,000	100,000	100,000	0
Fund services (GAAP)	-	-	100	100
Debt service	-	100,000	100,000	100,000
Other Charges	100,000	100,000	100,000	0
Transfers out	100,000	100,000	100,000	0
Total Changes in Appropriation	<u>11,100,000</u>	<u>11,100,000</u>	<u>11,100,000</u>	<u>0</u>
Budgetary fund balance at end of year	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 0</u>

See accompanying notes to budgetary comparison statement

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

**Special Revenue Fund -
Title I
Budgetary Comparison Schedule (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Revenues (Inflows)				
Federal Sources:				
Restricted grants-in-aid	1,841,583	1,808,703	4,196,848	388,113
Total federal sources	<u>1,841,583</u>	<u>1,808,703</u>	<u>4,196,848</u>	<u>388,113</u>
Amounts available for appropriations	1,841,583	1,808,703	4,196,848	388,113
Charges to appropriations (outflows)				
Current:				
Instructional services:				
Regular programs	-	23,900	59,958	(36,058)
Special programs	2,742,880	2,669,882	2,882,729	(217,847)
Adult/Continuing educational programs	-	-	12,180	(12,180)
Support services:				
Pupil support services	88,266	88,266	100,881	(17,614)
Instructional staff support	707,444	716,872	823,913	(117,041)
General administration	5,800	5,800	2,093	3,707
Plant services	77,864	77,864	73,440	4,424
Student transportation services	428	428	-	428
Capital outlay	-	-	-	-
Total Charges	<u>3,621,872</u>	<u>3,997,812</u>	<u>3,968,193</u>	<u>(367,342)</u>
Transfers out	<u>239,815</u>	<u>219,987</u>	<u>239,650</u>	<u>(21,748)</u>
Total Charges to Appropriations	<u>3,861,687</u>	<u>3,808,711</u>	<u>4,196,848</u>	<u>388,113</u>
Budgetary fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to budgetary comparison schedules

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

**Special Revenue Fund -
Sales Tax**

Budgetary Comparison Schedule (GAAP Basis)

Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget (Over Under)</u>
Budgetary fund balance at beginning of year	\$ 1,422,090	\$ 1,422,090	\$ 1,422,090	\$ -
Revenues (offsets)				
Local sources:				
Sales and use taxes	21,598,876	21,114,670	22,892,700	(61,990)
Earnings on investments	70,000	70,000	63,004	(5,840)
Total local sources	<u>21,668,876</u>	<u>21,184,670</u>	<u>22,955,704</u>	<u>(67,830)</u>
Amounts available for appropriations	<u>21,699,466</u>	<u>21,607,290</u>	<u>24,578,244</u>	<u>(67,830)</u>
Changes in appropriations (offsets)				
Current:				
Instructional services:				
Regular programs	6,670,224	6,222,872	6,724,669	497,233
Special programs	2,812,882	2,962,894	2,981,289	(18,217)
Support services:				
Pupil support services	603,130	562,897	630,240	(17,669)
Instructional staff support	1,549,060	1,611,904	1,711,202	69,232
General administration	382,440	371,280	396,444	(14,864)
School administration	674,250	726,448	857,826	(81,330)
Business services	190,226	139,650	144,324	(2,750)
Plant services	2,146,700	2,332,687	2,134,990	(212,697)
Student transportation services	682,620	831,450	692,887	(24,776)
Other support services	1,665,576	1,477,182	1,418,516	18,666
Capital outlay	-	203,692	200,811	3,577
Total Changes	<u>(9,341,664)</u>	<u>(9,738,312)</u>	<u>(9,475,661)</u>	<u>(41,629)</u>
Transfers out	<u>2,211,979</u>	<u>1,499,228</u>	<u>1,152,221</u>	<u>761,628</u>
Total Changes to Appropriations	<u>(7,129,685)</u>	<u>(8,239,084)</u>	<u>(8,323,440)</u>	<u>(786,429)</u>
Budgetary fund balance at end of year	\$ 1,498,831	\$ 1,470,242	\$ 1,732,911	\$ 262,573

See accompanying notes to budgetary comparison schedule

City of Monroe School Board
Monroe, Louisiana

Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2003

Budget and Budgetary Accounting

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

In September, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopt a balanced budget; that is, total budgeted revenues and other financing sources (including fund balances) 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 exceed the total expenditures of any fund require School Board approval.

The following individual major special revenue fund had actual expenditures over total budgeted appropriations for the year ended June 30, 2003. The variance is disclosed at the legal level of budgetary control as previously described above.

City of Monroe School Board
Monroe, Louisiana

Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2013

Expenditures - Budget and Actual

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Major Funds:			
Special Revenue Funds:			
Title I	\$3,597,828	\$3,968,193	(\$362,365)

The excess of actual expenditures over budgeted expenditures in the Title I Fund was due to underestimating unobligated funds from the prior year program available for expenditure in the current year.

SUPPLEMENTAL INFORMATION

**COMBINING
NONMAJOR SPECIAL REVENUE FUNDS**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
NONMAJOR SPECIAL REVENUE FUNDS
As of and for the Year Ended June 30, 2003

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 primarily are established for specific educational purposes and funded through the United States Department of Education or the Louisiana Department of Education.

- A. Title II is a Federal program which provides funds for mathematics and science related programs.
- B. Title IV is a Federal program that reduces the awareness of students to the dangers of drug abuse and promotes an atmosphere for a drug-free learning environment.
- C. Title VI is a Federal program that provides funding to the School Board for equipment and other items approved under the grant contract.
- D. 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.
- E. Vocational and Adult Education Funds are used to more fully develop the academic and occupational skills of students to enhance their ability to compete in a technologically advancing workplace.
- F. 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.
- G. The Other Federal Programs funds account for all other Federal programs that were not specifically discussed above.
- H. The State Grants funds account for Louisiana Department of Education grants for programs such as the Model Early Childhood, the Supplemental Instruction Program, and LEAP/GHE21 Remediation.

City of Monroe School Board
Monroe, Louisiana

NONFUNDING SPECIAL REVENUE FUNDS
Combining Balance Sheet

June 30, 2003

	Table IV	Table V	Special Education	Elementary Adult Education	School Food Service	Other Federal Programs	State Grants	Total
ASSETS								
Cash and cash equivalents	- \$	- \$	- \$	- \$	- \$	36,168 \$	1,128 \$	45,888
Accounts receivable	-	-	-	-	1,270	-	914	2,686
Due from other governments	-	-	-	-	-	-	-	-
Due from federal sources	598,563	11,992	634,058	394,315	31,887	488,653	35,487	1,993,312
Due from state sources	-	-	14,387	35,379	-	-	656,000	735,766
Due from other funds	-	-	-	-	34,811	-	-	34,811
Inventory	-	-	-	-	640,336	-	-	168,316
Other assets	-	-	-	795	-	-	-	795
Total assets	598,563 \$	11,992 \$	652,337 \$	318,086 \$	213,296 \$	494,821 \$	734,964 \$	2,974,689

Liabilities and Fund Equity

Liabilities:

Accounts payable	975 \$	- \$	4,624 \$	66,196 \$	40,210 \$	27,187 \$	21,556 \$	169,858
Salaries and wages payable	361,897	-	20,698	15,024	10,974	26,186	34,126	489,629
Due to other funds	434,791	11,932	623,623	248,424	410,643	176,278	694,088	2,604,069
Total liabilities	831,663 \$	11,932 \$	628,345 \$	328,644 \$	561,427 \$	429,651 \$	711,769 \$	3,064,606

Fund Equity:

Fund balances:								
Reserved for inventory	-	-	-	-	168,134	-	-	168,134
Unreserved-undesignated	-	-	-	-	160,310	1,812	1,270	331,292
Total fund balances	-	-	-	-	328,444	1,812	1,270	331,526
Total liabilities and fund equity	831,663 \$	11,932 \$	628,345 \$	328,644 \$	561,427 \$	429,651 \$	711,769 \$	3,064,606

City of Winston-Salem Board
 Schools, Libraries

NONREVENUE SPECIAL REVENUE FUNDS
 Contributing Statements, Earmarks, Appropriations,
 and Changes to Fund Balances

Fiscal Year Ended June 30, 2022

Revenue	2021 \$	2022 \$	2021 \$	2022 \$	Special Appropriations	Transferred Amounts	Assigned Amounts	Other Assigned Programs	Total 2022
Local Revenue									
Local fund service program fee credit	-	-	-	-	-	-	90,000	-	90,000
State Revenue									
State revenues	-	-	-	-	61,100	64,076	66,000	-	191,176
Private Revenue									
Private grants total	-	-	-	-	-	-	-	60,000	60,000
Non-revenue total	100,000	100,000	100,000	100,000	1,000,000	1,000,000	1,000,000	1,000,000	3,000,000
Total Revenue	100,000	100,000	100,000	100,000	1,000,000	1,000,000	1,000,000	1,000,000	3,000,000
Expenditures									
Classroom									
Administrative									
Capital projects									
Special projects									
Special education program									
At-Risk/Title I/IDEA program									
Vocational/Technical									
Support Services									
Staff support services									
Instructional staff									
Classroom supplies									
Student services									
Food services									
Adult transportation services									
Other support services									
Administrative									
Professional expenses									
Capital									
Total expenditures	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	3,000,000
Revenue/Expenditure Difference									
Over/Under	0	0	0	0	0	0	0	0	0
Other-Changing Sources (Fund)									
Transfers in									
Transfers out									
Total other changing sources (Fund)									
Net Change to Fund Balance									
Fund Balance at Beginning of Year									
Transfers in/out									
Transfers out/in									
Total other changing sources (Fund)									
Fund Balance at End of Year									

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

**NONMAJOR SPECIAL REVENUE FUND -
Title II**

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenue			
Federal sources:			
Restricted grants-in-aid	\$ 1,889,841	\$ 1,827,643	\$ (62,198)
Total revenue	<u>1,889,841</u>	<u>1,827,643</u>	<u>(62,198)</u>
Expenditures			
Current:			
Instructional services:			
Special programs	773,613	920,511	(144,898)
Support services:			
Instructional staff support	<u>253,487</u>	<u>50,068</u>	<u>203,417</u>
Total expenditures	<u>1,027,100</u>	<u>970,579</u>	<u>58,521</u>
Excess of Revenues over Expenditures	68,741	87,062	(1,659)
Other Financing Sources (Uses)			
Transfers out	<u>(68,741)</u>	<u>(87,062)</u>	<u>3,659</u>
Net Change in Fund Balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NONMAJOR SPECIAL REVENUE FUND -

Title IV

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Federal sources:			
Restricted grants-in-aid	\$ 71,023	\$ 22,087	\$ (48,936)
Total revenues	<u>71,023</u>	<u>22,087</u>	<u>(48,936)</u>
Expenditures			
Current:			
Support services:			
Pupil support services	<u>68,830</u>	<u>21,608</u>	<u>48,022</u>
Total expenditures	<u>68,830</u>	<u>21,608</u>	<u>48,022</u>
Excess of Revenues over Expenditures	1,393	479	(914)
Other Financing Sources (Uses)			
Transfers out	<u>(1,393)</u>	<u>(479)</u>	<u>914</u>
Net Change in Fund Balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUND -

Title VI

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Federal sources:			
Restricted grants-in-aid	\$ 38,288	\$ 38,326	\$ 38
Total revenues	<u>38,288</u>	<u>38,326</u>	<u>38</u>
Expenditures			
Current:			
Instructional services:			
Regular programs	3,856	3,856	-
Special programs	48,132	48,144	(12)
Support services:			
Instructional staff support	24,639	24,685	(46)
Total expenditures	<u>76,627</u>	<u>76,685</u>	<u>(58)</u>
Excess of Revenues over Expenditures	1,661	1,641	-
Other Financing Sources (Uses)			
Transfers out	(1,641)	(1,641)	-
Net Change in Fund Balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**NONMAJOR SPECIAL REVENUE FUND -
Special Education**

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenue			
State sources:			
Restricted grants-in-aid	\$ 1,000	\$ 42,146	\$ 41,146
Federal sources:			
Restricted grants-in-aid	<u>1,350,382</u>	<u>1,683,859</u>	<u>333,477</u>
Total revenues	<u>1,351,382</u>	<u>1,646,009</u>	<u>294,627</u>
Expenditures			
Current:			
Instructional services:			
Special education programs	982,122	1,067,926	(85,814)
Support services:			
Pupil support services	-	125,953	(125,953)
Instructional staff support	285,781	353,211	(67,430)
General administration	1,800	478	1,322
Business services	11,800	3,924	7,876
Student transportation services	1,800	8,940	(8,140)
Capital outlay	-	-	-
Total expenditures	<u>1,283,903</u>	<u>1,568,442</u>	<u>(284,539)</u>
Excess of Revenues over Expenditures	71,399	85,397	14,198
Other Financing Sources (Uses)			
Transfers out	<u>(71,399)</u>	<u>(85,397)</u>	<u>(14,198)</u>
Net Change in Fund Balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NONMAJOR SPECIAL REVENUE FUND -

Vocational/Adult Education

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenue			
State sources:			
Restricted grants-in-aid	\$ 29,276	\$ 29,276	\$ -
Federal sources:			
Restricted grants-in-aid	399,057	392,585	(6,472)
Total revenues	<u>428,313</u>	<u>421,861</u>	<u>(6,472)</u>
Expenditures			
Current:			
Instructional services:			
Vocational programs	147,297	217,171	(70,074)
Special programs	20,000	13,000	7,000
Adult/Continuing education programs	180,000	183,457	(3,457)
Support services:			
Instructional staff support	-	4,050	(4,050)
Capital outlay	79,000	-	79,000
Total expenditures	<u>426,297</u>	<u>418,658</u>	<u>8,439</u>
Excess of Revenues over Expenditures	2,016	(1,883)	(37)
Other Financing Sources (Uses)			
Transfers out	(2,016)	(1,883)	33
Net Change in Fund Balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Monroe School Board
Monroe, Louisiana

**NONMAJOR SPECIAL REVENUE FUND -
School Food Service**
**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Local sources:			
School food service payment for meals	\$ 303,077	\$ 303,180	\$ 103
State sources:			
State equalization	400,000	400,000	-
Federal sources:			
Restricted grants-in-aid	<u>3,353,597</u>	<u>3,310,444</u>	<u>56,847</u>
Total revenues	<u>3,856,674</u>	<u>3,913,624</u>	<u>56,950</u>
Expenditures			
Current:			
Noninstructional services:			
Food service operations	3,816,927	3,912,800	(95,873)
Capital outlay	<u>7,260</u>	<u>7,015</u>	<u>245</u>
Total expenditures	<u>3,824,187</u>	<u>3,919,815</u>	<u>(95,628)</u>
Excess of Revenues over Expenditures	32,487	(6,194)	(38,681)
Other Financing Sources			
Transfers in	<u>71,231</u>	<u>36,999</u>	<u>(34,232)</u>
Net Change in Fund Balance	103,718	36,885	(72,813)
Fund balance at beginning of year	<u>(485,287)</u>	<u>(485,287)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (381,569)</u>	<u>\$ (454,402)</u>	<u>\$ (72,813)</u>

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

**NONMAJOR SPECIAL REVENUE FUND -
Other Federal Programs**

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Federal sources:			
Restricted grants-in-aid	\$ 1,047,716	\$ 1,040,960	\$ (6,756)
Total revenues	<u>1,047,716</u>	<u>1,040,960</u>	<u>(6,756)</u>
Expenditures			
Current:			
Instructional services:			
Special programs	575,199	571,332	3,867
Support services:			
Instructional staff support	166,081	326,855	(160,774)
Capital outlay	119,869	325,143	14,276
Total expenditures	<u>861,209</u>	<u>1,003,330</u>	<u>(142,121)</u>
Excess of Revenues over Expenditures	186,507	37,631	(148,876)
Other Financing Sources (Uses)			
Transfers out	<u>(37,547)</u>	<u>(37,631)</u>	<u>(84)</u>
Net Change in Fund Balance	148,960	-	(148,960)
Fund balance at beginning of year	1,912	1,912	-
Fund balance at end of year	<u>\$ 199,872</u>	<u>\$ 1,912</u>	<u>\$ (148,960)</u>

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

NONMAJOR SPECIAL REVENUE FUND -

State Grants

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (GAAP Basis)**

Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
State sources:			
Restricted grants-in-aid	\$ 895,068	\$ 821,875	\$ (73,193)
Total revenues	<u>895,068</u>	<u>821,875</u>	<u>(73,193)</u>
Expenditures			
Current:			
Instructional services:			
Regular programs	206,246	204,986	(98,340)
Special programs	351,840	377,695	(25,855)
Support services:			
Facility support services	1,962	1,425	6,537
Instructional staff support	-	73,746	(73,746)
Student transportation services	-	8,088	(8,088)
Other support services	191,217	54,495	136,722
Capital outlay	<u>73,602</u>	<u>-</u>	<u>73,602</u>
Total expenditures	<u>813,367</u>	<u>824,355</u>	<u>10,988</u>
Net Change in Fund Balance	<u>81,701</u>	<u>(2,480)</u>	<u>(82,381)</u>
Fund balance at beginning of year	<u>3,650</u>	<u>3,650</u>	<u>-</u>
Fund balance at end of year	<u>\$ 45,351</u>	<u>\$ 1,170</u>	<u>\$ (44,181)</u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

FIDUCIARY FUNDS

As of and for the Year Ended June 30, 2003

Fiduciary Funds

Fiduciary Funds account for assets held by the School Board in an agency capacity.

School Activities Fund

The School Activities Fund accounts for all individual school activity funds. While these funds are under 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.

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE - AGENCY FUNDS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Balance</u> July 1, 2002	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> June 30, 2003
Cash & Cash Equivalents	\$ 604,325	\$ 2,306,915	\$ (2,284,811)	\$ 627,129
Certificate of Deposit	10,815	32,688	-	43,503
TOTAL ASSETS	\$ 615,640	\$ 2,339,603	\$ (2,284,811)	\$ 670,632
Amounts Held for Other Organizations	\$ 615,640	\$ 2,339,603	\$ (2,284,811)	\$ 670,632
TOTAL LIABILITIES	\$ 615,640	\$ 2,339,603	\$ (2,284,811)	\$ 670,632

OTHER SUPPLEMENTARY DATA

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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Tony Cain	2	9,600
Mickey Traverso	3	9,600
Jessie Hardy, President Jan to Jun 2003	4	10,200
Claris Arnaud, President Jul to Dec 2002	5	5,000
Rodney McFarland	5	4,800
Stephanie Smith	6	9,600
Brenda Shelling	7	9,600
		<u>\$ 68,400</u>

SUPPLEMENTARY INFORMATION – GRANT ACTIVITY



**Luffey
Huffman
& Monroe**

an American Accounting Association
MEMBER FIRM
CERTIFIED PUBLIC ACCOUNTANTS

Francis L. Huffman, CPA
L. Fred Huffman, CPA
Eaker Heston, CPA

John L. Luffey, MBA, CPA (1982-2002)

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

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

We have audited the financial statements of City of Monroe School Board (the School Board) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings and Questioned Costs as item 03-01.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the School Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 03-01.

(214) 387-2672 • FAX (214) 327-8866 • www.lhm-cpas.com

1100 HI 50th St • PO Box 4746 • Monroe, LA 71211-0746

MEMBER OF THE AMERICAN SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 03-01 described above to be a material weakness.

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



(A Professional Accounting Corporation)

December 19, 2003



**Luffey
Huffman
& Monroe**

LA Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

Francis L. Luffey, CPA
L. Hutchinson, CPA
Gather Adams, CPA

www.LLuffey.com, CPA #1983-0000

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the **City of Monroe School Board** (the **School Board**) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2003. The School Board's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2003.

City of Monroe School Board
Monroe, Louisiana

Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



(A Professional Accounting Corporation)

December 19, 2003

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1988**

FEDERAL GRANTING AGENCY-THROUGH GRANTOR PROGRAM TITLE	C.F.D.A. NUMBER	GRANT NUMBER	CURRENT YEAR EXPENDITURES
DEFACT PROGRAMS			
U.S. DEPARTMENT OF DEFENSE			
E.O.T.C.	505	NA-7-0006	41,228
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84-041	18-14-2000-1701	41,228
Major Schools Assistance Program	84-101	51-85-0000-01-09	41,228
Total U.S. Dept of Education			<u>82,456</u>
Total DeFact Programs			82,456
PASS THROUGH PROGRAMS			
U.S. DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education			
Title I Grants to Local Educational Agencies			
Part A - Basic			
2001 Regular Program	84-010	50-9A-0000-B	1,014,756
2002 Regular Program	84-010	50-9A-0000-B	140,750
2003 Carryover	84-010	50-71-00-03	1,050,576
Total Title I			<u>2,206,082</u>
SPECIAL EDUCATION CLUSTER:			
Special Education Individuals With Disabilities Education for IDEA B			
Preschool and School Programs:			
IDEA B 2000	84-075A	18C04-0000-0	1,260,814
IDEA B 2001	84-075A	18C76-0000-0	179,607
IDEA B Carryover	84-075A	18-00-01-01	50,728
Preschool 2001	84-075A	18-71-00-0000-0	50,081
Preschool 2002	84-075A	18-71-00-0000-0	1,081
Preschool Carryover	84-075A	26-00-PL-01	11,120
Total Special Education-Elementary			<u>1,553,431</u>
IDEA Part C Evaluation	84-181A	18E16-0000-0	1,878
IDEA Part C Direct Services	84-181A	18E16-0000-0	49,087
Total Special Education			<u>1,604,396</u>
Title VI			
2000 Regular Program	84-100A	509A-0000-B	1,418
2001 Carryover	84-100A	88-00-01-C	353
Class Size Reduction- 2002 Regular	84-180A	5180A-0000-B	24,722
Class Size Reduction- 2003 Carryover	84-180A	00-01-01-1	46,077
Total Title VI			<u>52,570</u>
Title II - Part A, Teacher and Principal Training and Mentoring			
2001 Regular	84-147A	5267A-0000-B	393,407
2002 Regular	84-147A	5267A-0000-B	28,488
2003 Carryover	84-147A	01-00-04-C	179
Total Title II			<u>422,074</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000**

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>C.F.I.S.A. NUMBER</u>	<u>GRANT NUMBER</u>	<u>CURRENT YEAR EXPENDITURES</u>
Title IV - Safe and Drug-Free Schools and Communities - Safe Schools			
2001 Regular	01 18AA	2 08A5000 0 0	21,300
2002 Regular	01 18AA	2 08A6000 0 0	890
Total Title IV			<u>22,190</u>
Title V - Innovative Education Program (Strategic 2001 Regular			
	04 20AA	2 07A6000 0 0	49,600
Adult Education -			
State Administered Basic Grant 2001	04 00AA	0002A0000 0 0	41,200
State Administered Basic Grant 2001 Carryover	04 00AA	0002A0000 0 0	4,200
Total Adult Grant			<u>45,400</u>
Educational/Technology State Grants			
Technology Literacy High School Leadership Awards Schoolwide Grant	04 2100	001 820 000 0 0	2,800
Schoolwide Grant	04 2100	001 820 000 0 0	168,240
Technology Literacy Challenge Grant 2001	04 2100	001 830 000 0 0	100,004
Technology Literacy Challenge Grant 2001	04 2100	001 830 000 0 0	10,800
Following Education Through Technology	04 2100	001 830 000 0 0	60,500
Total Educational/Technology State Grants			<u>242,344</u>
Vocational Education	04 040	0004A0000 0 0	<u>20,000</u>
Total U.S. Dept. of Education			<u>7,791,000</u>
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Pass-through State Department of Education:			
CHILD NUTRITION-CLUSTER:			
School Breakfast Program	04 000	000 Available	100,000
School Lunch Program	04 000	000 Available	2,100,000
Summer Feeding Program	04 000	000 Available	50,000
Total Child Nutrition Cluster			<u>2,250,000</u>
Total U.S. Dept. of Agriculture			<u>2,250,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (USDHHS)			
Pass-through Louisiana Department of Education:			
Starting Point	01 200	0000LAC000 0 0	120,000
LVA (Prevalent)	01 200	0000LAC000 0 0	175,000
Per-000 Skills Option	01 200	0000LAC000 0 0	135,000
Total U.S. Dept. of Health and Human Services			<u>430,000</u>
TOTAL PASS THROUGH PROGRAMS			<u>11,311,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>9 11,841,000</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003**

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 Special Revenue Funds

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, 2003:

	<u>Title I</u>	<u>Title II</u>	<u>Title IV</u>	<u>Title VI</u>	<u>Special Education</u>	
Total Expenditures	\$ 3,960,193	\$ 870,571	\$ 21,608	\$ 76,640	\$ 1,538,296	
Transfer of Indirect Cost	<u>206,600</u>	<u>87,872</u>	<u>479</u>	<u>1,641</u>	<u>84,887</u>	
Expenditures per Schedule	<u>\$ 4,166,793</u>	<u>\$ 958,443</u>	<u>\$ 22,087</u>	<u>\$ 78,281</u>	<u>\$ 1,623,183</u>	
		<u>Adult/ Vocational Education</u>	<u>Other Federal Programs</u>	<u>Child Nutrition Claims</u>	<u>Impact AM</u>	<u>R.O.T.C.</u>
Total Expenditures	\$ 396,382	\$ 1,801,378	\$ 3,230,844	\$ 43,722	\$ 60,328	
Transfer of Indirect Cost	<u>1,983</u>	<u>37,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Expenditures per Schedule	<u>\$ 398,365</u>	<u>\$ 1,839,000</u>	<u>\$ 3,230,844</u>	<u>\$ 43,722</u>	<u>\$ 60,328</u>	

In addition, the School Board consumed non-cash awards in the amount of \$207,279 in the form of commodities provided by the United States Department of Agriculture.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2000

Summary of Auditors Results:

- 1) The audit report on the City of Monroe School Board (the School Board) covering the fiscal year ended June 30, was unqualified;
- 2) There was one instance of reportable conditions involving internal control over financial reporting disclosed by the audit of the general purpose financial statements of the School Board, which was considered a material weakness and is presented as item 00-01;
- 3) The audit of the financial statements disclosed one instance of noncompliance which is considered to be material to the general purpose financial statements of the School Board and is presented as item 02-01;
- 4) No reportable conditions in the internal control over major programs were reported in the audit of the School Board;
- 5) The auditors' report on the School Board's compliance with requirements applicable to each major program was unqualified;
- 6) The audit of the School Board's compliance with requirements applicable to each major program did not disclose any findings required to be reported under the provisions of OMB Circular A-133 Section .510(a);
- 7) Major Federal programs for purposes of the report on compliance with the requirements applicable to each major program were Title I (CFDA No. 84.D10); Child Nutrition Cluster (CFDA Nos. 10.553, 10.555 and 10.559); and Educational Technology Grants (CFDA No. 84.318);
- 8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000; and,
- 9) The School Board qualified as a low-risk auditee under the provisions of OMB Circular A-133 section .530.

Findings related to the financial statements which are required to be reported under Government Auditing Standards:

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003

03-01 Fixed Asset Accounting

Finding:

The School Board had difficulty in providing an accurate detail listing of equipment included in General Fixed Assets at June 30, 2003. In addition, considerable time was used in verifying the amounts reported as construction-in-progress. With the School Board required to implement GASB Statement No. 34, the School Board purchased and implemented a new fixed asset software package. The School Board had to work closely with the software vendor in converting to this new system and was not able to obtain a complete listing until late December, 2003. Louisiana Revised Statute (LRS) 24:515 (B) (1) and sound internal control practices require that proper accounting records be maintained for the School Board's general fixed assets.

Recommendation:

The School Board should maintain accurate records of its fixed assets to include the date of acquisition, the initial cost, the disposition, if any, and the purpose of any disposition as well as depreciation methods and useful lives used for depreciable assets. Also, an updated record of construction-in-progress should be maintained that includes all costs related to particular projects and no costs which are not a part of the construction effort. These records should be continuously reviewed and updated to provide timely and accurate information on the fixed assets owned by the School Board.

Management's Corrective Action Plan:

The School Board now has a system in place that will allow complete and accurate information of all capital assets. The system will be continuously reviewed and updated for any improvements that may be noted. Also, the business department will monitor the records of construction-in-progress maintained by the facilities department.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
SUMMARY STATUS OF PRIOR YEAR FINDINGS

02-01 Bank Reconciliations

Bank Reconciliations for the School District are up to date and will continue to be completed in a timely manner. The accounting department is fully staffed and able to keep up with monthly bank reconciliations.

02-02 Budgetary Practices

All budgets and budget revisions for the school district are being entered into the Accounting System. The district is providing training to bookkeepers for various special revenue funds to ensure that all budgets, as well as budget revisions are maintained in the computer system. School board members are provided with financial updates throughout the year on the financial condition of the district.

02-03 Payroll

Both the Business Department and the Human Resources Department have worked together, in conjunction with Software providers to develop the proper internal controls. Job duties for certain employees in both the business and HR department have been revised to provide for better internal controls and more efficient use of personnel. The two departments will continue to work together to streamline operations.

02-04 Fixed Asset Accounting

The school district has worked with the software provider to correct flaws in the conversion process involving the new fixed asset software. The district can provide accurate and detailed listings of fixed assets. The fixed asset software captures purchase information based on general ledger account codes, which greatly reduces instances of omissions. Additionally, to ensure updated and accurate information on fixed assets, the school district will perform a complete physical inventory of fixed assets during fiscal year 2003-2004.

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2003**

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

AGREED-UPON PROCEDURES

FISCAL YEAR ENDED JUNE 30, 2003

TABLE OF CONTENTS

	Page
Independent Accountants' Report	1
SCHEDULES REQUIRED BY STATE LAW	
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	4
Schedule 2 – Education Levels of Public School Staff	7
Schedule 3 – Number and Type of Public Schools	8
Schedule 4 – Experience of Public Principals and Full-Time Classroom Teachers	9
Schedule 5 – Public School Staff Data	10
Schedule 6 – Class Size Characteristics	11
Schedule 7 – Louisiana Educational Assessment Program (LEAP) for the 21 st Century	12
Schedule 8 – The Graduation Exit Exam for the 21 st Century	13
Schedule 9 – The IOWA Tests	14



**Luffey
Huffman
& Monroe**

A National Accounting Organization
CERTIFIED PUBLIC ACCOUNTANTS

Donald L. Luffey, CPA
L. Henderson, CPA
Bobby Atkinson, CPA

JOHN L. LUFFEY, MBA, CPA, CFRE, CFP®

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2005**

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

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

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

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources Schedule J:

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.

(504) 387-3673 • FAX: (504) 333-8866 • www.lhm-cpas.com
1102 IV 18th St • PO Box 4746 • Monroe, LA, 71211-4746

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

Education Levels of Public School Staff (Schedule 2)

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

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.558) application.

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

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

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

Public Staff Data (Schedule 3)

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

Class Size Characteristics (Schedule 3)

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.

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

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

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

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

The Iowa Tests (Schedule 8)

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

Our twelve procedures enumerated above did not disclose any exceptions.

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

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

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



(A Professional Accounting Corporation)

December 28, 2003

SCHEDULES REQUIRED BY STATE LAW

MONROE CITY SCHOOL BOARD
Monroe, Louisiana

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Fiscal Year Ended June 30, 2003

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

Classroom Teacher Salaries	2	23,058,593	
Other Instructional Staff Activities		2,692,894	
Employer Benefits		7,156,221	
Purchased Professional and Technical Services		127,521	
Instructional Materials and Supplies		1,482,458	
Instructional Equipment		<u>311,486</u>	
Total Teacher and Student Instruction Activities	2		34,729,173
Other Instructional Activities			<u>102,877</u>
Pupil Support Activities		1,991,876	
Less: Equipment for Pupil Support Activities		<u>-</u>	
Net Pupil Support Activities			1,991,876
Instructional Staff Services		2,115,000	
Less: Equipment for Instructional Staff Services		<u>1,482</u>	
Net Instructional Staff Services			2,113,518
Total General Fund Instructional Expenditures	2		<u>41,941,971</u>

Total General Fund Equipment Expenditures

2 221,368

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

Constitutional Ad Valorem Taxes	5	1,900,828	
Exemtable Ad Valorem Tax		4,906,228	
State Service Ad Valorem Tax		4,023,184	
Up to 1% of Collections by the Sheriff on Taxes Other Than School Taxes		<u>240,216</u>	
Total Local Taxation Revenues	5		<u>12,170,456</u>

Local Earnings on Investment in Real Property:

Earnings from 10% Reversion Property	5	-	
Earnings from Other Real Property		<u>-</u>	
Total Local Earnings on Investment in Real Property	5		<u>-</u>

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	5	314,427	
Revenue Sharing-Other Taxes		<u>-</u>	
Total State Revenue in Lieu of Taxes	5		<u>314,427</u>

Nonpublic Textbook Revenue

5 75,451

Nonpublic Transportation Revenue

5 -

MINNAPOLIS CITY SCHOOLS BOARD
 Education Levels of Public School Staff
 As of October 1, 2003

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	-	-	-	-	-	-	-	-
Bachelor's Degree	385	98%	51	76%	-	-	-	-
Master's Degree	141	37%	14	21%	4	15%	-	-
Master's Degree +10	117	30%	-	0%	18	67%	-	-
Specialist in Education	2	0%	-	0%	2	7%	-	-
Ph.D. or S.D.	3	0%	-	0%	2	17%	-	-
Total	461	100%	66	100%	27	100%	-	-

Schedule 3**CITY OF MONROE SCHOOL BOARD
Number and Type of Public Schools
Fiscal Year Ended June 30, 2003**

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

MONROE CITY SCHOOL BOARD
Experience of Public Principals and Full-time
Classroom Teachers
As of October 1, 2002

	Assistant Principals	Principals	Classroom Teachers	Total
0-1 Yrs.	-	-	63	63
2-3 Yrs.	-	-	66	66
4-10 Yrs.	1	-	101	102
11-14 Yrs.	2	1	66	69
15-18 Yrs.	1	3	67	71
20-24 Yrs.	-	1	65	66
25+ Yrs.	4	14	147	165
Total	8	19	667	724

MONROE CITY SCHOOL BOARD
Experience of Public Principals and Full-time Classroom Teachers
As of June 30, 2003

	All Classroom Teachers	Classroom Teachers (Excluding ROTC and Retired Teachers)
Average Classroom Teachers' Salary Including Extra Compensation	\$36,263.89	\$36,171.94
Average Classroom Teachers' Salary Excluding Extra Compensation	\$36,683.66	\$36,581.60
Number of Teacher full-time Equivalents (FTEs) used in Computation of Average Salaries	701	687

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers retired 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, 2002

School Type	Class Size Range									
	1 - 20		21 - 25		26 - 30		31 - 35		36+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	80.0%	1,275	13.0%	200	0.4%	6	0.0%	0	0.0%	0
Elementary Activity Classes	75.4%	800	23.1%	92	1.8%	6	0.0%	0	0.0%	0
Middle J.E. High	81.8%	219	21.0%	158	0.8%	30	0.3%	1	0.3%	1
Middle J.E. High Activity Classes	44.1%	41	32.5%	50	16.3%	17	8.0%	8	8.0%	8
High	71.1%	878	18.0%	142	3.3%	20	0.1%	5	0.1%	5
High Activity Classes	82.3%	521	3.8%	6	2.1%	1	2.1%	1	2.1%	2
Continuation	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Continuation Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 25 students. These limits do not apply to activity classes such as physical education, chess, band, and other classes without teacher-assigned members. Therefore, these classes are tracked only as separate line items.

CITY OF MONROE SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP) for the 21st Century
Three Fiscal Years Ended June 30, 2003

District Achievement Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	#	%	#	%	#	%	#	%	#	%	#	%
Grade 4												
Advanced	3	0	19	3	19	1.1	19	1	14	3	13	1.3
Proficient	71	9	188	13	81	9.1	72	9	61	8	73	8.2
Basic	334	45	293	36	323	36.3	308	39	273	34	282	31.7
Approaching Basic	311	37	258	31	285	31.8	319	28	224	28	228	25.4
Unsatisfactory	151	19	138	17	139	15.8	198	20	201	29	206	23.0
Total	791		892		891		791		892		892	

District Achievement Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	#	%	#	%	#	%	#	%	#	%	#	%
Grade 5												
Advanced	3	0	6	1	2	0	1	0	6	1	7	1
Proficient	49	8	58	9	34	8	18	3	15	2	13	2
Basic	368	38	357	23	393	28	388	34	358	23	332	28
Approaching Basic	233	38	338	34	336	48	228	36	335	31	313	28
Unsatisfactory	136	28	67	11	111	18	184	27	283	41	361	48
Total	697		622		646		611		697		718	

CITY OF MONROE SCHOOL BOARD
The Graduation Exit Exam for the 21st Century
Three Fiscal Years Ended June 30, 2003

District Achievement Results	English Language Arts						Mathematics					
	2000		2001		2002		2000		2001		2002	
Students	#	%	#	%	#	%	#	%	#	%	#	%
Grade 10												
Advanced	1	8	6	1	4	1	1	8	22	4	21	8
Proficient	23	6	27	10	61	22	44	18	46	6	43	8
Basic	165	28	183	33	152	36	158	37	156	20	183	33
Approaching Basic	141	28	135	25	158	37	125	29	134	28	83	15
Unsatisfactory	202	37	172	31	128	31	106	26	202	40	276	54
Total	342		301		312		412		624		578	

District Achievement Results	Science						Social Studies					
	2000		2001		2001-#		2002		2002		2001-#	
Students	#	%	#	%	#	%	#	%	#	%	#	%
Grade 11												
Advanced	1	0	1	1			1	2	1	0		
Proficient	44	10	42	9			29	7	36	8		
Basic	182	37	181	34			184	40	174	37		
Approaching Basic	121	28	118	28			184	34	124	34		
Unsatisfactory	184	38	146	31			171	26	128	29		
Total	432		474				471		474			

= was not tested in 2001.

CITY OF MONROE SCHOOL BOARD
The ISWA Tests
Three Fiscal Years Ended June 30, 2003

	Composites		
	2003	2002	2001
Test of Basic Skills (TBS)			
Grade 3	49	45	37
Grade 5	48	44	44
Grade 6	40	45	41
Grade 7	38	36	38
Test of Educational Development (TED)			
Grade 9	38	39	41

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