

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

**Financial Report
As of and for the Year Ended June 30, 2018**



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com

City of Monroe School Board
Table of Contents
June 30, 2018

	Page
Independent Auditors' Report	1
Required Supplemental Information (Part A)	
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-Wide Financial Statements (GWFS):	
Governmental Activities:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Governmental Funds' Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Fiduciary Fund – Agency Funds:	
Statement of Assets and Liabilities	19
Notes to the Basic Financial Statements	20
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules:	
General Fund (Unaudited)	57
Title I (Unaudited)	58
2001 Sales Tax (Unaudited)	59
1968 Sales Tax (Unaudited)	60
1994 Sales Tax (Unaudited)	61
School Food Service (Unaudited)	62
Title II (Unaudited)	63
Notes to Budgetary Comparison Schedules (Unaudited)	64
Schedule of Changes in Net OPEB Liability and Related Ratios	72
Schedule of Employer's Proportionate Share of Net Pension Liability	73
Schedule of Employer's Contributions	74
Notes to the Required Supplementary Information	75

City of Monroe School Board
Table of Contents
June 30, 2018

Supplemental Information

Non-major Funds:

Fund Descriptions	76
Combining Balance Sheet	78
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	79

Special Revenue Funds:

Combining Balance Sheet	80
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	81

Debt Service Funds:

Combining Balance Sheet	82
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	83

Capital Projects Funds:

Combining Balance Sheet	84
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	85

Schedule of Compensation Paid to Board Members	86
--	----

Schedule of Compensation, Benefits and Other Payments to Agency Head	87
--	----

Single Audit Information

Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .	89
--	----

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	91
---	----

Schedule of Expenditures of Federal Awards	94
--	----

Notes to Schedule of Expenditures of Federal Awards	96
---	----

Schedule of Findings and Questioned Costs	98
---	----

Summary Status of Prior Year Findings	102
---------------------------------------	-----



**City of Monroe School Board
Table of Contents
June 30, 2018**

Other Information

Management Letter	103
Independent Accountants' Report on Applying Agreed-Upon Procedures	105
Schedule Descriptions	105
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2018	108
Schedule 2 – Class Size Characteristics	109



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRlcpa.com

Independent Auditors' Report

Board Members
City of Monroe School Board
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2018, and related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our audit opinions, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Monroe School Board, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 17 to the financial statements, the School System adopted Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which resulted in a cumulative effect of change in accounting principle of (\$96,235,677) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC
Shreveport, Louisiana

December 31, 2018

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018

We offer readers of the City of Monroe School Board's (the "School Board") financial statements this narrative overview and analysis of the financial activities of the City of Monroe School Board for the fiscal year ended June 30, 2018. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

Financial Highlights

Government-wide financial highlights for the 2017-18 fiscal year include the following:

- Statement of Net Position – The liabilities of the School Board exceeded its assets at the close of the most recent fiscal year by \$220.7 million (net deficit).
- Capital Assets – Total capital assets (net of depreciation) were \$96.5 million or 58% of the total assets. The School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations decreased by approximately \$25 million.
- Statement of Activities – The total net deficit of the City of Monroe School Board decreased by approximately \$173,000 for the year ended June 30, 2018.

The School Board ended the 2017-2018 fiscal year with a fund balance in the General Fund of approximately \$17.7 million.

- Governmental Funds Balance Sheet – As of the close of the 2017-2018 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$58.9 million, a decrease of approximately \$4.7 million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$17.7 million in General Fund, (2) \$11.3 million in the debt service funds, and (3) \$29.9 million in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2018 for the governmental funds of the City of Monroe School Board amounted to \$108.1 million. Approximately 83% of this amount is received from three major revenue sources: (1) \$44.5 million from Minimum Foundation Program, (2) \$16.7 million from local ad valorem taxes, and (3) \$28.6 million from local sales and use taxes.

City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018

Overview of the Financial Statements

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

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Monroe School Board can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City of Monroe School Board near-term financing requirements.

City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Monroe School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

**City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018**

Financial Analysis of Government-wide Activities

The largest portion of the City of Monroe School Board's total assets, totaling approximately \$96.5 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding, of \$32.2 million. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the City of Monroe School Board's investment in its capital assets net position is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

<i>June 30,</i>	2018	2017 (restated)	Percentage Change
Current and other assets	\$ 68,542,358	\$ 74,171,628	(7.6)
Capital assets	96,450,469	92,408,318	4.4
Total assets	164,992,827	166,579,946	(1.0)
Deferred outflows of resources	21,543,713	29,189,516	(26.2)
Current and other liabilities	10,267,577	11,160,939	(8.0)
Long-term liabilities	371,994,704	396,969,005	(6.3)
Total liabilities	382,262,281	408,129,944	(6.3)
Deferred inflows of resources	24,963,597	8,501,828	193.6
Net position			
Net invested in capital assets	32,223,560	35,722,620	(9.8)
Restricted	39,046,631	44,433,620	(12.1)
Unrestricted	(291,959,529)	(301,018,550)	3.0
Total net position (deficit)	\$ (220,689,338)	\$ (220,862,310)	0.1

Restricted net position of \$39 million is reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for \$11.3 million of the total, with capital projects accounting for \$15.6 million. The remaining balance is monies restricted for salaries and benefits, and instructional and maintenance costs.

**City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018**

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

<i>For the years ended June 30,</i>	2018	2017	Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 97,037	\$ 83,620	16.0
Operating and capital grants and contributions	16,431,892	18,366,461	(10.5)
General revenues			
Ad valorem taxes	16,698,961	15,945,669	4.7
Sales taxes	28,596,883	28,963,595	(1.3)
Minimum foundation program	44,636,294	44,234,617	0.9
Interest on investments	356,097	211,762	68.2
Other general revenues	1,636,489	1,784,634	(8.3)
Total revenues	108,453,653	109,590,358	(1.0)
Expenses			
Instruction	59,850,814	68,362,040	(12.5)
Support services			
Pupil support services	5,886,845	6,863,028	(14.2)
Instructional staff support	4,750,613	5,345,632	(11.1)
General administration	2,671,037	2,588,091	3.2
School administration	5,198,556	5,342,081	(2.7)
Business services	1,324,931	1,424,154	(7.0)
Plant services	9,902,035	10,436,787	(5.1)
Student transportation services	4,402,742	4,601,202	(4.3)
Central services	3,747,678	3,771,016	(0.6)
School food services	6,225,996	6,755,438	(7.8)
Facility acquisition and construction	2,118,654	1,843,058	15.0
Debt service - interest on long-term obligations	2,200,780	2,315,510	(5.0)
Total expenses	108,280,681	119,648,037	(9.5)
Increase (Decrease) in net position (deficit)	\$ 172,972	\$ (10,057,679)	101.7

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal year 2018 totaled \$59,850,814, compared to a total of \$68,362,040 for 2017. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, and plant services. Support services for fiscal 2018 totaled \$37,884,437 compared to \$40,371,991 for 2017.

City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018

The remaining expenditures of \$10,545,430 consist of \$2,118,654 for facility acquisition and construction, \$6,225,996 for food and service operations and \$2,200,780 for interest expense on long-term obligations.

The related program revenues for fiscal year 2018 directly related to these expenses totaled \$16,528,929, including \$97,037 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board was allocated \$45,172,827 in MFP funds in FY18; with \$536,533 allocated to the district's Local Type 2 Charter for other LEA's as an equivalent to the local representation of the School Board. The net amount received by the School Board was \$44,636,294, which is 41% of the total revenues received by the School Board.
- **Sales Tax revenues** – Sales tax revenues are the second largest source of revenue for the School Board, generating \$28,596,883 in revenue, or 26.4% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for \$16,698,961 in revenue, or 15.4% of total revenues.

Financial Analysis of Governmental Funds

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

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

- As of the close of the current fiscal year, the City of Monroe School Board's governmental funds reported a combined ending fund balance of \$58,946,350; a decrease of \$4,740,539 in comparison with the prior fiscal year.
- The General Fund is the chief operating fund of the City of Monroe School Board. At the end of the current fiscal year, the fund balance of the General Fund is \$17,702,760.

**City of Monroe School Board
Management’s Discussion and Analysis (Unaudited)
June 30, 2018**

- The Special Revenue Funds, including nonmajor special revenue funds, have a total fund balance of \$14,364,021 of which \$190,511 is nonspendable, \$5,053,689 is restricted for salaries and related benefits, \$7,113,373 is restricted for instructional costs and \$2,006,448 is restricted for food services.
- The Debt Service Funds have a total fund balance of \$11,258,677 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$15,620,892 all of which is restricted for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the City of Monroe School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on September 12, 2017.

The original General Fund Budget projected an ending fund balance of \$16.8 million, with the amended budget projecting to end the year with a positive balance of \$17.2 million. The actual ending balance for the General Fund came in at \$17.7 million.

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board’s investment in capital assets as of June 30, 2018, amounts to \$96,450,469 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

<i>June 30,</i>	2018		2017	
Land	\$	1,669,547	\$	1,669,547
Buildings and improvements		82,630,273		74,761,211
Furniture and equipment		3,311,417		4,228,612
Construction in progress		8,839,232		11,748,948
Total capital assets, net of depreciation	\$	96,450,469	\$	92,408,318

**City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018**

Long-Term Debt: At the end of the current fiscal year, the City of Monroe School Board had total debt outstanding of \$73.9 million. Of the amount, \$52.5 million comprises debt backed by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2018 and 2017.

<i>June 30,</i>	2018	2017
General Obligation Bonds		
Series 2014	\$ 17,170,000	\$ 17,920,000
Series 2015	14,965,000	15,600,000
Series 2016	20,335,000	21,150,000
Sales Tax Bonds		
Series 2010	3,610,000	4,420,000
Series 2011	1,385,000	1,720,000
Revenue Bonds		
Series 2009	10,000,000	10,000,000
Series 2011	5,000,000	5,000,000
Certificates of Indebtedness		
Series 2008	-	175,825
Series 2009	1,500,000	1,500,000
Total outstanding debt	\$ 73,965,000	\$ 77,485,825

Future Operations

The School Board established a goal of maintaining a fund balance equal to 15% of the General Fund budgeted expenditures. The district continued to maintain a fund balance that exceeded this goal for the current fiscal year, and anticipates exceeding this goal again for 2018-2019. The School Board adopted a General Fund budget for 2018-2019 with an operating surplus of \$386,834. With this planned surplus, the projected ending fund balance still remains significantly above the 15% fund balance goal. For the upcoming fiscal year, listed below are several factors considered for 2018-2019 operations and budget preparations.

- The adopted Minimum Foundation Program (“MFP”) Resolution for 2018-19, maintains the unchanged pupil base amount in Level 1 at \$3,961. The current per pupil base amount has remained unchanged since 2014-15. Additional funding of \$59 per student in grades 7-12 for Supplemental Course Allocation has allowed for expansion of the JumpStart programs throughout the district, for preparing students for the workplace through integrated curriculums, state-of-the-art equipment and other opportunities uncommon in K-12 education.



**City of Monroe School Board
Management's Discussion and Analysis (Unaudited)
June 30, 2018**

- The approved projects for the General Obligation Bonds (2014-2016) are near completion with the exception of approximately \$15.5 million remaining for Martin Luther King, Jr. Junior High School.

- Sales tax revenue is projected to remain stable with a projected decrease of approximately 1%.

Contacting the School Board's Financial Management

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



BASIC FINANCIAL STATEMENTS



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

City of Monroe School Board
Statement of Net Position
June 30, 2018

	Primary Governmental Governmental Activities
Assets	
Cash and cash equivalents	\$ 49,678,328
Investments	7,996,078
Receivables	
Ad valorem taxes	16,792
Sales and use taxes	4,635,141
Federal grants	4,774,217
State grants	743,768
Other	249,373
Inventory	345,646
Other assets	103,015
Capital assets, net	96,450,469
Total assets	164,992,827
Deferred outflows of resources	
Deferred outflows	21,543,713
Liabilities	
Accounts payable	1,562,066
Salaries and wages payable	8,033,946
Deferred revenue	-
Interest payable - bonds	671,565
Long-term liabilities	
Due within one year	4,960,000
Due in more than one year	367,034,704
Total liabilities	382,262,281
Deferred inflows of resources	
Deferred inflows	24,963,597
Net position	
Net investment in capital assets	32,223,560
Restricted for	
Instructional costs	1,637,247
Capital projects	15,620,892
Debt service	11,258,677
Salaries and related benefits	5,053,689
Instructional and maintenance costs	5,476,126
Unrestricted	(291,959,529)
Total net position (deficit)	\$ (220,689,338)

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

City of Monroe School Board
Statement of Activities
June 30, 2018

Primary Government	EXPENSES	Primary Government PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Functions/programs				
Current				
Instructional services				
Regular programs	\$ 32,573,521	\$ -	\$ 180,966	\$ (32,392,555)
Special education programs	13,234,398	-	741,486	(12,492,912)
Vocational programs	1,420,490	-	221,180	(1,199,310)
Other instructional programs	7,158,009	57,460	788,172	(6,312,377)
Special programs	5,465,932	-	5,275,207	(190,725)
Adult/continuing education	(1,536)	-	103	1,639
Support services				
Pupil support services	5,886,845	-	1,146,939	(4,739,906)
Instructional staff support services	4,750,613	-	2,475,593	(2,275,020)
General administration	2,671,037	-	297	(2,670,740)
School administration	5,198,556	-	2,101	(5,196,455)
Business services	1,324,931	-	18,202	(1,306,729)
Plant services	9,902,035	-	6,569	(9,895,466)
Student transportation services	4,402,742	-	50,499	(4,352,243)
Central services	3,747,678	-	325	(3,747,353)
Noninstructional services				
Food service operations	6,225,996	39,577	5,524,253	(662,166)
Facility acquisition and construction	2,118,654	-	-	(2,118,654)
Debt service				
Interest on long-term obligations	2,200,780	-	-	(2,200,780)
Total Primary Government	\$ 108,280,681	\$ 97,037	\$ 16,431,892	\$ (91,751,752)
General revenues				
Taxes				
Ad valorem taxes levied for				
General purposes				11,311,094
Debt service purposes				5,387,867
Sales taxes levied for				
General purposes				11,152,784
Salaries and related benefits				17,444,099
Grants and contributions not restricted to specific programs				
Minimum foundation program				44,636,294
State revenue sharing				1,024,221
Interest and investment earnings				356,097
Loss on disposals of assets				(63,500)
Other				675,768
Total general revenues				91,924,724
Changes in net position				172,972
Net position at beginning of year				(124,360,455)
Prior period adjustment				(96,501,855)
Net position (deficit) at beginning of year, restated				(220,862,310)
Net position (deficit) at end of year				\$ (220,689,338)

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



FUND FINANCIAL STATEMENTS (FFS)

City of Monroe School Board
Governmental Funds – Balance Sheet
June 30, 2018

	MAJOR FUNDS					AGGREGATE REMAINING FUNDS OTHER GOVERNMENTAL	TOTAL
	GENERAL FUND	SPECIAL REVENUE		GO BONDS 2016 CAPITAL PROJECTS			
		TITLE I	2001 SALES TAX				
Assets							
Cash and cash equivalents	\$ 17,530,080	\$ -	\$ 713,059	\$ -	\$ 15,230,018	\$ 33,473,157	
Investments	250,000	-	7,746,078	16,205,172	-	24,201,250	
Accounts receivable	1,393,379	2,582,084	2,696,571	-	3,747,781	10,419,815	
Due from other funds	4,631,374	-	-	-	-	4,631,374	
Inventory	171,598	-	-	-	174,293	345,891	
Other assets	73,907	-	16,218	3,818	9,166	103,109	
Total assets	24,050,338	2,582,084	11,171,926	16,208,990	19,161,258	73,174,596	
Liabilities and fund balances							
Liabilities							
Accounts payable	614,592	52,917	106,370	629,757	159,290	1,562,926	
Salaries and wages payable	5,732,666	517,073	509,478	-	1,274,729	8,033,946	
Due to other funds	320	2,012,094	583,268	-	2,035,692	4,631,374	
Total liabilities	6,347,578	2,582,084	1,199,116	629,757.00	3,469,711	14,228,246	
Fund balances							
Nonspendable							
Inventory and other assets	245,505	-	16,218	-	174,293	436,016	
Restricted for							
Salaries and related benefits	-	-	4,480,466	-	573,223	5,053,689	
Instructional costs	-	-	-	-	1,637,247	1,637,247	
Instructional and maintenance costs	-	-	5,476,126	-	-	5,476,126	
Food services	-	-	-	-	2,006,448	2,006,448	
Debt service	-	-	-	-	11,258,677	11,258,677	
Capital projects	-	-	-	15,579,233	41,659	15,620,892	
Unassigned	17,457,255	-	-	-	-	17,457,255	
Total fund balances	17,702,760	-	9,972,810	15,579,233	15,691,547	58,946,350	
Total liabilities and fund balances	\$ 24,050,338	\$ 2,582,084	\$ 11,171,926	\$ 16,208,990	\$ 19,161,258	\$ 73,174,596	

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

City of Monroe School Board
Reconciliation of the Governmental Funds' Balance Sheet
to Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		\$ 58,946,350
Cost of capital assets at June 30, 2018	156,391,265	
Accumulated depreciation as of June 30, 2018	<u>(59,940,796)</u>	96,450,469
Long-term liabilities		
Compensated absences payable	(1,769,097)	
General obligation bonds payable	(52,470,000)	
Sales tax bonds payable	(4,995,000)	
Revenue bonds payable	(15,000,000)	
Certificates of indebtedness	(1,500,000)	
Interest payable	(671,565)	
Worker's Compensation IBRN	(617,807)	
Other post employment benefits	(173,345,976)	
Net pension obligations	(120,260,041)	
Bond premium	<u>(2,036,783)</u>	(372,666,269)
Deferred outflows of resources related to pensions (from pension schedule)	21,350,813	
Deferred outflows for payments to escrow agents to refund bonded debt.	<u>192,900</u>	21,543,713
Deferred inflows of resources related to pensions (from pension schedule)	(14,571,777)	
Deferred inflows of resources related to OPEB	<u>(10,391,820)</u>	(24,963,597)
Net Position (Deficit)		\$ (220,689,334)

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

City of Monroe School Board
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2018

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS OTHER GOVERNMENTAL	TOTAL
	GENERAL FUND	SPECIAL REVENUE		GO BONDS 2016 CAPITAL PROJECTS		
		TITLE 1	2001 SALES TAX			
REVENUES						
Local sources						
Ad valorem taxes	\$ 11,311,094	\$ -	\$ -	\$ -	\$ 5,387,867	\$ 16,698,961
Sales and use taxes	-	-	15,966,159	-	12,630,725	28,596,884
Earnings on investments	37,892	-	87,128	191,451	36,779	353,250
Cash payments for meals	-	-	-	-	39,577	39,577
Other local revenue	1,052,457	-	11,205	-	43,150	1,106,812
State sources						
State equalization	44,536,294	-	-	-	-	44,536,294
Revenue sharing	163,871	-	-	-	-	163,871
Other unrestricted revenue	-	-	-	-	628,869	628,869
Other restricted revenue	125,883	-	108,000	-	-	233,883
Federal sources						
Federal restricted grants-in-aid	109,197	5,890,669	-	-	9,734,472	15,734,338
Total revenues	57,336,688	5,890,669	16,172,492	191,451	28,501,439	108,092,739
EXPENDITURES						
Current						
Instructional services						
Regular programs	22,171,059	460	3,728,530	-	5,135,738	31,035,787
Special education programs	8,973,093	-	1,377,576	-	2,428,782	12,779,451
Vocational programs	882,540	106,585	94,090	-	286,789	1,370,004
Other instructional programs	4,250,463	295,438	740,935	-	1,583,136	6,869,972
Special programs	567,438	3,514,691	39,755	-	1,178,271	5,300,155
Adult/Continuing education programs	(513)	-	-	-	(1,306)	(1,819)
Support services						
Pupil support services	3,261,301	386,155	522,923	-	1,519,881	5,690,260
Instructional staff support	1,569,667	1,009,253	190,225	-	1,781,280	4,550,425
General administration	1,285,315	-	1,094,660	-	276,469	2,656,444
School administration	3,611,381	-	421,321	-	946,342	4,979,044
Business services	856,921	16,044	262,480	-	159,592	1,295,037
Plant services	5,347,462	6,444	2,169,034	171,890	559,951	8,254,781
Student transportation services	2,778,817	25,006	642,040	6,500	254,189	3,706,552
Central services	1,067,653	-	1,721,169	-	506,969	3,295,791
Other support services	-	-	-	-	-	-
Noninstructional services						
Food service operations	230,585	-	417,139	-	5,381,410	6,029,134
Debt service						
Principal	177,650	-	-	-	3,345,000	3,522,650
Interest	65,000	-	-	-	2,161,038	2,226,038
Capital outlay	-	-	81,935	7,392,140	1,799,497	9,273,572
Facility acquisition & construction	-	-	-	-	-	-
Total expenditures	57,095,832	5,360,076	13,503,812	7,570,530	29,303,028	112,833,278
Excess (deficiency) of revenues over expenditures	240,856	530,593	2,668,680	(7,379,079)	(801,589)	(4,740,539)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	19,795	-	-	-	-	19,795
Transfers in	869,543	-	891,755	25	1,515,140	3,276,463
Transfers out	(926,931)	(530,593)	(1,479,964)	-	(338,975)	(3,276,463)
Total other financing sources (uses)	(37,593)	(530,593)	(588,209)	25	1,176,165	19,795
Net change in fund balances	203,263	-	2,080,471	(7,379,054)	374,576	(4,720,744)
Fund balances at beginning of year	17,499,497	-	7,892,339	22,958,287	15,316,971	63,667,094
Fund balances at end of year	\$ 17,702,760	\$ -	\$ 9,972,810	\$ 15,579,233	\$ 15,691,547	\$ 58,946,350

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

City of Monroe School Board
Reconciliation of the Governmental Funds' Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
June 30, 2018

Total net change in fund balances - Governmental Funds		\$ (4,720,744)
Capital assets:		
Capital outlays capitalized	9,273,572	
Depreciation expense	(5,099,004)	
Loss on disposal of assets	<u>(63,500)</u>	4,111,068
Excess of interest paid over interest accrued		(15,156)
Change in deferred inflows of resources - pension plans		(6,069,949)
Change in deferred outflows of resources - pension plans		(7,581,624)
Change in deferred inflows of resources - other post employment benefits		(10,460,874)
Amortization of deferred outflows relating to debt defeasance		(64,179)
Long-term debt:		
Principal portion of debt service payments	3,520,825	
Change in bond premiums	102,718	
Change in other post employment benefits	2,137,446	
Change in net pension liability	19,084,094	
Change in liabilities for compensated absences	65,921	
Change in worker's compensation liability	<u>63,298</u>	24,974,302
Change in net position of governmental activities		\$ 172,844

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



City of Monroe School Board
Statement of Assets and Liabilities
Fiduciary Fund Type – Agency Funds
June 30, 2018

Assets

Cash and cash equivalents	\$ 679,100
---------------------------	------------

Liabilities

Amounts held for other organizations	\$ 679,100
--------------------------------------	------------

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

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

The School Board is composed of a central office, 19 schools and 2 support facilities. The School Board serves approximately 8,700 students and employs approximately 1,400 persons, of which over 800 are directly involved in the instructional process. The remainder provides ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the latter half of August and runs until the end of May.

A. Financial Reporting Entity

The School Board is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board's financial statements do not include any component units. Additionally, the School Board is a legally separate elected governing body and does not meet the definition of a component unit of any other entity.

B. Fund Accounting

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

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

Governmental Funds

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major Funds:

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

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

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

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

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

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

Nonmajor Funds:

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

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

C. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

General Revenues

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

Allocation of Indirect Expenses

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (FFS)

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

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

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

D. Cash and Cash Equivalents

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

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

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

E. Investments

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Short-Term Interfund Receivables/Payables

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

G. Elimination and Reclassifications

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

H. Bond Issuance Costs/Bond Premiums

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

I. Inventory

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

J. Capital Assets

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

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

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Straight-line depreciation is used based on the following useful lives:

Buildings	40 years
Furniture and equipment	3-15 years

K. Interfund Activity

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

L. Fund Balance of Fund Financial Statements

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

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

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

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

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

The School Board had no committed or assigned fund balances at June 30, 2018.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

It is the School Board's practice to consider *restricted* fund balance to have been depleted before using any of the components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

M. Compensated Absences

All employees receive ten sick days each year, with any unused portion being carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12 calendar months per year earn vacation days. The School Board's policy regarding payment of accumulated vacation days is to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date (July 1, 1994) being grandfathered in at their then-current accumulation.

N. Long-Term Liabilities

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

O. Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

P. Sales and Use Taxes

In May 1968, the voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 0.5% sales and use tax.

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

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

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

Q. Use of Estimates

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial credit risk - deposits. The School Board's cash and cash equivalents and investments consist of deposits with financial institutions. State statutes govern the School Board’s investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance.

Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2018:

	School Board Balances	Bank Balance
Cash on deposit	\$ 49,032,061	\$ 50,038,021
Petty cash	1,100	-
Cash equivalents:		
LAMP investments	645,167	645,167
Total cash and cash equivalents	\$ 49,678,328	\$ 50,683,188

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 1,250,000
Pledged Securities	53,906,971
Total collateralized deposits	\$ 55,156,971

The School Board's investments at June 30, 2018, consist of a certificate of deposit with a carrying and market value of \$250,000. It is held by the School Board's agent in the School Board's name and is collateralized. Investments of \$7,746,078 in U.S. government fixed income securities are held in trust by the paying agent, BNY Mellon, for the repayment of the School Board's Series 2009 and Series 2011 Qualified School Construction Bonds ("QSCB").

The 2009 QSCB sinking fund consists of \$5,412,745 of fixed income securities that will mature in FY2025 and the 2011 QSCB sinking fund consists of \$2,333,333 of fixed income securities that will mature in FY2026.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit risk. The School Board’s investments consist of the certificate of deposit mentioned above and State and Local Government Series (SLGS) securities held by the paying agent thus limiting the School Board’s credit risk at June 30, 2018.

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

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

NOTE 3: FAIR VALUE MEASUREMENTS

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

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

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

	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Fixed income securities	\$ 7,746,078	\$ 7,746,078	\$ -	\$ -
Long-term certificates of deposit	250,000	-	250,000	-
	<u>\$ 7,996,078</u>	<u>\$ 7,746,078</u>	<u>\$ 250,000</u>	<u>\$ -</u>

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

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, 2018, taxes of 41.28 mills were levied on property with assessed valuations totaling \$389,860,761 and were dedicated as follows:

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

The School Board's portion of the total taxes originally levied was \$17,926,460 of which \$16,093,466 was assessed on property owners and \$1,832,995 was assessed under Homestead Exemption. The School Board collected \$16,698,960 through June 30, 2018, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected. Collections are remitted to the School Board monthly.

Below is the property tax calendar in effect for the year ended June 30, 2018:

Millage Rates Adopted	September 12, 2017
Levy Date	November 30, 2017
Tax Bills Mailed	November 30, 2017
Total Taxes are Due	December 31, 2017
Lien Date	January 1, 2018

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

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

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,669,547	\$ -	\$ -	\$ 1,669,547
Construction in progress	11,748,948	9,022,068	11,931,785	8,839,231
Total capital assets not being depreciated	13,418,495	9,022,068	11,931,785	10,508,778
Capital assets being depreciated				
Buildings and improvements	112,478,223	11,974,149	-	124,452,372
Furniture and equipment	21,367,802	150,222	87,909	21,430,115
Total capital assets being depreciated	133,846,025	12,124,371	87,909	145,882,487
Less accumulated depreciation				
Building and improvements	37,717,012	4,105,087	-	41,822,099
Furniture and equipment	17,139,190	993,917	14,410	18,118,697
Total accumulated depreciation	54,856,202	5,099,004	14,410	59,940,796
Total capital assets being depreciated, net	78,989,823	7,025,367	73,499	85,941,691
Governmental activities capital assets, net	\$ 92,408,318	\$ 16,047,435	\$ 12,005,284	\$ 96,450,469

Depreciation expense for the year ended June 30, 2018, was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 571,152
Special education programs	2,137
Vocational programs	4,761
Other instructional programs	7,265
Special programs	4,865
Adult / Continuing education	-
Support services:	
Instructional staff support services	-
General administration	-
Business services	2,645
Plant services	1,477,807
Student transportation services	568,652
Central services	339,310
Food service operations	63,971
Facility acquisition and construction	2,056,439
Total depreciation expense	\$ 5,099,004

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 6: SIGNIFICANT CONCENTRATIONS OF RISK

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

NOTE 7: PENSION AND RETIREMENT PLANS

Plan Description

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

TRSL

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

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

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

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

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

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

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

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

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

LSERS

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

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LA R.S. 11:1141 - 11:1153. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

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

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

Effective January 1, 1996, the state legislature authorized the Plan to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with LA R.S. 11:1152(F)(3).

LASERS

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity.

As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than LASER's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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

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

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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

Contributions

TRSL

The employer contribution rate is established annually under LA R.S. 11:101 - 11:104 by the Public Retirement Systems Actuarial Committee (PRSACX) taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2018 are as follows:

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	26.6%	8.0%
Plan A	26.6%	9.1%
Plan B	26.6%	5.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2018, was 26.6% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$12,453,276 for the year ended June 30, 2018.

LSERS

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2018 was 27.3%. The actual employer rate for the year ended June 30, 2018 was 27.3%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$1,240,486 for the year ended June 30, 2018.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

LASERS

Contribution requirements of active employees are governed by Title 11 of the Louisiana Revised Statutes and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2018, for the relative plans follow:

LASERS Plan (Regular Employees and Optional Retirement Plan (ORP))	Plan Status	School Board	Employees
Pre Act 75 (hired before 7/1/2006)	Closed	37.9%	7.5%
Post Act 75 (hired after 6/30/2006)	Open	37.9%	8.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2018, was 35.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$87,173 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL and LASERS was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2018, and the change compared to the June 30, 2017 proportion:

	Net Pension Liability at June 30, 2018	Proportion at June 30, 2017	Increase (Decrease) to June 30, 2017 Proportion
TRSL	\$ 108,905,486	1.062300%	-0.011050%
LSERS	10,470,972	1.636276%	0.033018%
LASERS	883,584	0.012550%	-0.003640%
	<u>\$ 120,260,042</u>		

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2018:

	Pension Expense	Amortization	Total
TRSL	\$ 8,416,717	\$ (780,142)	\$ 7,636,575
LSERS	1,180,343	(20,155)	1,160,188
LASERS	80,852	(77,410)	3,442
	<u>\$ 9,677,912</u>	<u>\$ (877,707)</u>	<u>\$ 8,800,205</u>

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRSL	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience	\$ -	\$ 3,579,899
Investment Earnings	-	2,812,832
Assumptions	1,148,411	-
Change in Prop.	5,771,643	7,214,726
Difference in Contributions	-	-
Employer Contributions	12,493,276	-
	<u>\$ 19,413,330</u>	<u>\$ 13,607,457</u>

LSERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience	\$ -	\$ 244,173
Investment Earnings	-	163,731
Assumptions	219,555	163,121
Change in Prop. and Difference in Contributions	260,787	50,303
Difference in Contributions	-	-
Employer Contributions	1,240,486	-
	<u>\$ 1,720,828</u>	<u>\$ 621,328</u>

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

LASERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience	\$ -	\$ 16,213
Investment Earnings	28,732	-
Assumptions	3,491	-
Change in Prop. and Difference in Contributions	97,259	326,779
Difference in Contributions	-	-
Employer Contributions	87,173	-
	\$ 216,655	\$ 342,992

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
TRSL	\$ 19,413,330	\$ 13,607,457
LSERS	1,720,828	621,328
LASERS	216,655	342,992
	\$ 21,350,813	\$ 14,571,777

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date of \$13,820,935 will be recognized as a reduction of net pension liability in the year ending June 30, 2018. The following table lists the pension contributions made subsequent to the measure period for each pension plan:

	Subsequent Contributions
TRSL	\$ 12,493,276
LSERS	1,240,486
LASERS	87,173
	\$ 13,820,935

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

June 30,	2019	2020	2021	2022	Total
TRSL	\$ (3,431,698)	\$ 1,256,077	\$ (1,426,837)	\$ (3,084,944)	\$ (6,687,402)
LSERS	(212,464)	383,435	69,017	(380,974)	(140,986)
LASERS	(148,353)	(58,870)	11,498	(17,789)	(213,514)
	\$ (3,792,515)	\$ 1,580,642	\$ (1,346,322)	\$ (3,483,707)	\$ (7,041,902)

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed		
Actuarial Assumptions:			
Expected Remaining Service Lives	5 years	3 years	3 years
Investment Rate of Return	7.70% net of investment expenses	7.125% net of investment expenses	7.70% per annum.
Inflation Rate	2.50% per annum.	2.63%	2.75% per annum.
Salary Increases	3.5% - 10.0% varies depending on duration of service.	2008-2012 experience study, ranging from 3.075% to 5.375%	2009-2013 experience study, ranging from 3% to 14%
Cost of Living Adjustments	None	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Mortality	Mortality rates based on the RP-2000 Mortality Table with 2000 projection to 2025 using Scale AA.	Mortality rates based on the RP-2000 Sex Distinct Mortality Table.	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

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

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

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2018:

Asset Class	Target Allocation			Long-Term Expected Portfolio Real Rate of Return		
	TRSL	LSERS	LASERS	TRSL	LSERS	LASERS
Cash	-	-	-	-	-	-0.24%
Domestic equity	27.0%	51.0%	25.0%	4.28%	3.10%	4.31%
International equity	19.0%	-	32.0%	4.96%	-	5.35%
Domestic fixed income	13.0%	30.0%	8.0%	1.98%	1.82%	1.73%
International fixed income	5.5%	-	6.0%	2.75%	-	2.49%
Private equity	25.5%	-	-	8.47%	-	-
Alternative investments	10.0%	13.0%	22.0%	3.51%	0.79%	7.41%
Global asset allocation	-	-	7.0%	-	-	2.84%
Real assets	-	6.0%	-	-	0.36%	-
Total	100.0%	100.0%	100.0%	n/a	6.07%	n/a
International fixed income					2.00%	
Expected Arithmetic Nominal Return					8.07%	

n/a – amount not provided by Retirement System

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

Discount Rate

The discount rates used to measure the total pension liability for TRSL, LSERS, and LASERS were 7.70%, 7.125%, and 7.70%, respectively, for the year ended June 30, 2017.

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

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

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
TRSL			
Discount rate	6.70%	7.70%	8.70%
Share of NPL	\$ 140,327,204	\$ 108,905,486	\$ 82,175,790
LSERS			
Discount rate	6.125%	7.125%	8.125%
Share of NPL	\$ 14,354,472	\$ 10,470,972	\$ 7,135,955
LASERS			
Discount rate	6.70%	7.70%	8.70%
Share of NPL	\$ 1,109,240	\$ 883,584	\$ 691,724

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2018, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$411,778 for its participation in TRSL. LSERS and LASERS do not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS or LASERS for the year ended June 30, 2018.

Pension Plans Fiduciary Net Position

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

Payables to the Pension Plan

As of June 30, 2018, the School Board had payables due to the pension plans totaling \$658,742. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions. The balance due to each of the pension plans is as follows:

	Payables
TRSL	\$ 783,756
LSERS	9,096
LASERS	20,418
	\$ 658,742

School Board Sponsored Plan

The School Board has adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 7: PENSION AND RETIREMENT PLANS (Continued)

The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee’s beneficiaries in case of death.

Under the terms of a plan established in accordance with terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$932,727 as of June 30, 2018.

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS

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

Net OPEB Liability

The components of the net OPEB liability of the School Board at June 30, 2018, were as follows:

Total OPEB liability	\$ 173,345,976
Plan fiduciary net position	-
School Board's net OPEB liability	\$ 173,345,976

The School Board’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	N/A
Discount rates	3.87%
Healthcare cost trend rates	4.9% - 9.5%

Mortality Rate

The mortality rate was determined by using the RP-2000 System Table (sex distinct) with floating AA projections for non-annuitants projected to 2031. For post-retirement annuitants, the mortality rate was determined using the RP-2000 System Table (sex distinct) with flowing AA projections to 2023.

Discount Rate

Although this plan is a defined benefit OPEB plan which meets the requirements of paragraph 4 of GASB Statement No. 75, the funded ratio is 0% and the total actual and deemed employer contributions are well below the actuarially determined contribution. We have therefore used a discount rate which would be applicable had the requirements of paragraph 4 not been met. That discount rate is 3.87%, which is the value of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 175,483,422	\$ -	\$ 175,483,422
Service cost	7,671,437	-	7,671,437
Interest on total OPEB liability	6,482,827	-	6,482,827
Effect of plan changes	-	-	-
Effect on economic/demographic gains or losses	(11,280,713)	-	(11,280,713)
Effect of assumptions changes or inputs	(833,659)	-	(833,659)
Benefit payments	(4,177,338)	-	(4,177,338)
Net changes	(2,137,446)	-	(2,137,446)
Balance as of June 30, 2018	\$ 173,345,976	\$ -	\$ 173,345,976

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The following represents the net OPEB liability of the School Board, as well as what the School Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Net OPEB liability	\$ 205,126,593	\$ 173,345,976	\$ 148,083,275

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following represents the net OPEB liability of the School Board, as well as what the School Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Net OPEB liability	\$ 143,713,554	\$ 173,345,976	\$ 211,956,690

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$12,461,627. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,713,947
Changes in assumptions / inputs	-	677,873
Total	\$ -	\$ 10,391,820

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Year ended June 30:

	2019	\$	(1,682,552)
	2020	\$	(1,682,552)
	2021	\$	(1,682,552)
	2022	\$	(1,682,552)
	2023	\$	(1,682,552)
	Thereafter	\$	(1,979,060)

Payable to the OPEB Plan

At June 30, 2018, the School Board reported a payable of \$0 for the outstanding amount of contributions to the OPEB Plan required for the year ended June 30, 2018.

Funded Status and Funding Progress

The School Board has not made any contributions to a postemployment benefits plan trust. Therefore, the plan has no assets, and hence has a funded ratio of zero.

NOTE 9: LONG-TERM OBLIGATIONS

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2018:

	June 30, 2017 (restated)	Additions	Deletions	June 30, 2018
General obligation bonds	\$ 54,670,000	\$ -	\$ 2,200,000	\$ 52,470,000
Unamortized bond premium	2,139,500	-	102,718	2,036,782
Sales tax bonds	6,140,000	-	1,145,000	4,995,000
Revenue bonds	15,000,000	-	-	15,000,000
Certificates of indebtedness	1,675,825	-	175,825	1,500,000
Other post employment benefits	175,483,422	-	2,137,446	173,345,976
Worker's compensation	681,105	-	63,298	617,807
Net Pension Liability	139,344,136	-	19,084,094	120,260,042
Compensated absences, net	1,835,018	926,708	992,629	1,769,097
Total long-term obligations	\$ 396,969,006	\$ 926,708	\$ 25,901,010	\$ 371,994,704

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

Long-term bonds and certificates of indebtedness outstanding at June 30, 2018 are comprised of the following:

	Issue	Maturity Date	Rate	Outstanding
<u>General obligation bonds</u>				
Series 2014	2014	3/1/2024	2% - 4%	\$ 17,170,000
Series 2015	2015	3/1/2035	3.125% - 5%	14,965,000
Series 2016	2016	3/1/2036	2% - 4%	20,335,000
<u>Sales tax refunding bonds</u>				
Series 2010	2010	10/1/2022	2% - 4%	3,610,000
Series 2011	2011	10/1/2022	2% to 3%	1,385,000
<u>Certificates of indebtedness</u>				
Series 2009	2009	7/1/2019	-	1,500,000
<u>Revenue bonds</u>				
Series 2009	2009	10/15/2024	0.50%	10,000,000
Series 2011	2011	3/15/2026	0.40%	5,000,000
<u>Total bonds and certificates of indebtedness</u>				<u>\$ 73,965,000</u>

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 4,960,000	\$ 2,119,350	\$ 7,079,350
2020	3,575,000	2,013,600	5,588,600
2021	3,695,000	1,892,150	5,587,150
2022	3,820,000	1,765,487	5,585,487
2023	2,610,000	1,645,625	4,255,625
2024-2028	29,585,000	6,471,338	36,056,338
2029-2033	17,645,000	3,442,019	21,087,019
2034-2038	8,075,000	460,988	8,535,988
<u>Total</u>	<u>\$ 73,965,000</u>	<u>\$ 19,810,557</u>	<u>\$ 93,775,557</u>

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 10: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The balances of deferred inflows and outflows of resources as of June 30, 2018 consist of:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Bond Refundings	\$ 192,900	\$ -
Net Pension Liabilities (GASB 68):		
Teachers' Retirement System of Louisiana (TRSL)	19,413,330	13,607,457
Louisiana State Employees' Retirement System (LASERS)	1,720,828	621,328
Louisiana School Employees' Retirement System (LSE)	216,655	342,992
	<u>21,350,813</u>	<u>14,571,777</u>
Other Post-Employment Benefits (GASB 75)	-	10,391,820
Balance as of June 30, 2018	<u>\$ 21,543,713</u>	<u>\$ 24,963,597</u>

NOTE 11: LEASE COMMITMENTS AND RENTAL EXPENSE

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual re-appropriation clauses. Generally, as equipment leases expire, they are replaced with other leases. Rent expense for the year ended June 30, 2018 totaled \$237,355. Rent expense for the year ending June 30, 2018 is expected to be approximately \$250,000.

NOTE 12: RISK FINANCING ACTIVITIES

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

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 12: RISK FINANCING ACTIVITIES (Continued)

Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2018, the School Board incurred and paid claims under the worker's compensation plan of approximately \$499,111, net of reimbursements. The liability for worker's compensation claims is \$617,807 as of June 30, 2018.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES (FFS LEVEL ONLY)

Individual balances due to/from other funds at June 30, 2018, are as follows:

	Due From	Due To
Major Funds:		
General Fund	\$ 4,631,374	\$ 320
Special Revenue:		
2001 Sales Tax	-	583,268
Title I	-	2,012,094
Non-major Funds:		
Special Revenue:		
Special Education	-	656,924
1968 Sales Tax	-	449,412
1994 Sales Tax	-	452,782
Other Federal Programs	-	388,066
State Grants	-	88,508
	\$ 4,631,374	\$ 4,631,374
Total	\$ 4,631,374	\$ 4,631,374

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 14: INTERFUND TRANSFERS

Transfers to/from other funds for the year ended June 30, 2018 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 869,543	\$ 926,931
Special Revenue:		
2001 Sales Tax	891,755	1,479,964
Title I	-	530,593
2016 GO Bonds	25	-
Non-major Funds:		
Special Revenue:		
Special Education	-	197,218
School Food Service	4,283	-
1994 Sales Tax	-	-
Other Federal Programs	23,196	129,257
State Grants	11,980	8,717
Debt Service		
2001-2002 Sales Tax Bond Sinking	1,325,681	-
QZAB 2012 Sinking	150,000	-
Capital Projects:		
Capital Projects	-	2,220
GO Bonds 2014 Capital Projects	-	1,039
GO Bonds 2015 Capital Projects	-	524
Total	\$ 3,276,463	\$ 3,276,463

NOTE 15: LITIGATION AND CONTINGENCIES

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

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 15: LITIGATION AND CONTINGENCIES (Continued)

The School Board is defendant in a lawsuit with 14 certified teachers as plaintiffs alleging that as certified teachers, they are exclusively entitled to receive, as extra compensation, certain portions or percentages of funds that are derived from 2 local sales tax levies. Class action certification is sought, permitting the plaintiffs to represent every certified teacher presently employed and previously employed dating back to 1968, along with the estates of any now deceased certified teachers employed since 1968. The School Board's liability exposure, in the opinion of counsel, is questionable and indeterminate at this time; therefore no liability is recorded as of June 30, 2018.

In 2017, the School Board settled three separate lawsuits that were originally filed in prior years. The settlement in FY2017 was approximately \$25,000.

During FY17 and subsequent to year end, the School Board is involved in litigation with their charter school, Excellence Academy, regarding the School Board's decision to not approve a fifth year of the charter school's operation for the 2017-2018 school year.

NOTE 16: ECONOMIC DEPENDENCY

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 and February 1 student counts. The state provided \$44,436,294, net of allocations of \$436,533 to charter schools, to the School Board, which represents approximately 39.7% of the School Board's total revenues for the year.

NOTE 17: CHANGE IN ACCOUNTING PRINCIPAL AND PRIOR PERIOD ADJUSTMENT

During the preparation of the financial statements for the year ended June 30, 2018, the School Board adopted GASB 75 related to post-employment benefits other than pensions, as described in Note 18 as adoption of new financial accounting standards.

The adoption of GASB 75 had the following impact on the beginning net position at June 30, 2018:

Net Position - June 30, 2017	\$ (124,360,455)
Prior Period Adjustments:	
Cumulative effect of changes in accounting principle:	
GASB 75 - Accounting and Financial Reporting	
for Post-employment benefits other than Pensions	(96,501,855)
Net Position - as restated	\$ (220,862,310)

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 18: NEW ACCOUNTING STANDARDS

In June 2015, the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The standard is effective for the year ending June 30, 2018 and the School Board has implement GASB 75.

Future Pronouncements

In March 2017, the GASB issued Statement No. 85 – Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The standard is effective for the year ending June 30, 2019 and the School Board is currently assessing their impact.

In June 2017, the GASB issued Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The standard is effective for the year ending June 30, 2021 and the School Board is currently assessing their impact.

In April 2018, the GASB issued Statement No. 88 – Certain Disclosures Related to Debt. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

City of Monroe School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 18: NEW ACCOUNTING STANDARDS (Continued)

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The standard is effective for the year ending June 30, 2019, and the School Board is currently assessing their impact.

In June 2018, the GASB issued Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The standard is effective for the year ending June 30, 2021, and the School Board is currently assessing their impact.

NOTE 19: SUBSEQUENT EVENTS

The School Board has evaluated subsequent events through December 31, 2018, the date which the financial statements were available for issue and noted no events occurring subsequent to the reporting period requiring disclosure except as previously disclosed.

The Louisiana Legislative Auditor's office issued a report on the investigative audit performed on the Carroll High School Student Activity Fund. The results of the investigative audit identified \$43,799 in cash was collected, but not deposited into Carroll High School's bank account from July 1, 2014 to June 30, 2017. The complete report can be located at <https://www.la.gov/reports-data/index.shtml>.

The School Board is currently in the process of performing a separate investigation into a matter at Carroll High School that is not related to the Louisiana Legislative Auditor's investigation above.



**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

City of Monroe School Board
Budgetary Comparison Schedule – General Fund (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ 17,237,441	\$ 17,499,497	\$ 17,499,497	\$ -
Resources (inflows)				
Local sources				
Ad valorem taxes				
Constitutional tax	2,665,000	2,789,000	2,791,441	2,441
Renewable tax	7,745,000	8,104,000	8,112,625	8,625
Other than school taxes	392,000	407,000	407,028	28
Earnings on investments	31,000	38,000	37,892	(108)
Other local revenue	815,000	858,839	1,052,457	193,618
Total local sources	11,648,000	12,196,839	12,401,443	204,604
State and federal sources				
State equalization	45,375,164	44,536,294	44,536,294	-
State revenue sharing	375,000	164,000	163,871	(129)
Other unrestricted revenue	64,000	57,778	-	(57,778)
Other restricted revenue	34,000	61,275	125,883	64,608
Federal restricted grants-in-aid	96,000	95,542	109,197	13,655
Total state and federal sources	45,944,164	44,914,889	44,935,245	20,356
Other sources				
Proceeds from sale of assets	5,000	10,000	10,000	-
Insurance proceeds	-	150	150	-
Judgments	-	9,645	9,645	-
Transfers in	1,000,000	853,757	869,543	15,786
Total other sources	1,005,000	873,552	889,338	15,786
Total resources	58,597,164	57,985,280	58,226,026	240,746
Amounts available for appropriations	75,834,605	75,484,777	75,725,523	240,746
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	22,209,571	22,236,394	22,171,059	(65,335)
Special education programs	9,001,145	8,771,178	8,973,093	201,915
Vocational programs	1,063,394	881,309	882,540	1,231
Other instructional programs	4,244,962	4,277,572	4,250,463	(27,109)
Special programs	709,244	669,000	567,438	(101,562.00)
Adult/Continuing education programs	-	-	(513)	(513)
Support Services				
Pupil support services	3,300,246	3,261,315	3,261,301	(14)
Instructional staff support	1,622,550	1,574,769	1,569,667	(5,102)
General administration	1,417,107	1,286,234	1,285,315	(919)
School administration	3,499,580	3,611,381	3,611,381	-
Business services	868,971	861,796	856,921	(4,875)
Plant services	5,687,284	5,575,489	5,347,462	(228,027)
Student transportation services	2,859,830	2,737,624	2,778,817	41,193
Central services	1,025,154	1,067,617	1,067,653	36
Non-instructional services				
Food service operations	241,655	233,567	230,585	(2,982)
Capital outlay	-	-	-	-
Debt service	1,173,600	1,134,405	242,650	(891,755)
Other uses				
Transfers out	100,000	100,000	926,931	826,931
Indirect cost transfers	-	-	-	-
Total charges to appropriations	59,024,293	58,279,650	58,022,763	(256,887)
Budgetary Fund Balances, Ending	\$ 16,810,312	\$ 17,205,127	\$ 17,702,760	\$ 497,633

See notes to budgetary comparison schedules.

City of Monroe School Board
Budgetary Comparison Schedule – Title I (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources				
Federal restricted grants-in-aid	6,169,315	6,480,614	5,890,669	(589,945)
Total federal sources	6,169,315	6,480,614	5,890,669	(589,945)
Local sources				
Other local sources	-	-	-	-
Total local sources	-	-	-	-
Other sources				
Transfers in	-	-	-	-
Total other sources	-	-	-	-
Total resources	6,169,315	6,480,614	5,890,669	(589,945)
Amounts available for appropriations	6,169,315	6,480,614	5,890,669	(589,945)
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	11,220	14,751	460	(14,291)
Special programs	-	-	-	-
Vocational programs	-	-	106,585	106,585
Other instructional programs	269,807	328,821	295,438	(33,383)
Special programs	3,663,430	3,597,116	3,514,691	(82,425)
Support services				
Pupil support services	511,606	534,803	386,155	(148,648)
Instructional staff support	1,098,333	1,330,089	1,009,253	(320,836)
Business services	24,591	25,635	16,044	(9,591)
Plant services	12,604	14,016	6,444	(7,572)
Student transportation services	28,808	58,769	25,006	(33,763)
Other uses				
Transfers out	548,916	576,614	530,593	(46,021)
Total charges to appropriations	6,169,315	6,480,614	5,890,669	(589,945)
Budgetary Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

See notes to budgetary comparison schedules.

City of Monroe School Board
Budgetary Comparison Schedule – 2001 Sales Tax (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ 6,484,996	\$ 7,892,339	\$ 7,892,339	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	15,844,600	15,961,615	15,966,159	4,544
Interest on investments	-	-	87,128	87,128
Other local revenue	-	-	11,205	11,205
State sources				
Other restricted revenues	200,000	108,000	108,000	-
Other sources				
Transfers in	-	-	891,755	891,755
Total resources	16,044,600	16,069,615	17,064,247	994,632
Amounts available for appropriations	22,529,596	23,961,954	24,956,586	994,632
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	4,375,087	3,760,689	3,728,530	(32,159)
Special education programs	1,390,609	1,346,039	1,377,576	31,537
Vocational programs	113,216	94,090	94,090	-
Other instructional programs	810,319	745,777	740,935	(4,842)
Special programs	55,707	54,435	39,755	(14,680)
Adult education services	-	-	-	-
Support services				
Pupil support services	543,041	522,923	522,923	-
Instructional staff support	208,781	190,273	190,225	(48)
General administration	1,290,463	1,088,569	1,094,660	6,091
School administration	405,895	421,321	421,321	-
Business services	278,832	250,770	262,480	11,710
Plant services	1,944,242	2,226,792	2,169,034	(57,758)
Student transportation services	442,654	649,304	642,040	(7,264)
Central services	2,000,843	1,720,288	1,721,169	881
Non-Instructional services				
Food service operations	414,559	417,142	417,139	(3)
Capital outlay	-	-	81,935	81,935
Debt services	-	-	-	-
Other uses				
Transfers out	1,500,000	1,475,681	1,479,964	4,283
Total charges to appropriations	15,774,248	14,964,093	14,983,776	19,683
Budgetary Fund Balances, Ending	\$ 6,755,348	\$ 8,997,861	\$ 9,972,810	\$ 974,949

See notes to budgetary comparison schedules.

City of Monroe School Board
Budgetary Comparison Schedule – 1968 Sales Tax (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ 7,552	\$ 7,781	\$ 7,781	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	4,620,060	4,646,247	4,647,646	1,399
Interest on investments	-	49	3	(46)
State sources				
Other restricted revenues	-	-	-	-
Other sources				
Transfers in	-	-	-	-
Total resources	4,620,060	4,646,296	4,647,649	1,353
Amounts available for appropriations	4,627,612	4,654,077	4,655,430	1,353
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	2,108,449	2,151,384	2,142,338	(9,046)
Special education programs	884,818	846,574	871,809	25,235
Vocational programs	94,079	77,742	77,742	-
Other instructional programs	374,591	359,419	355,499	(3,920)
Special programs	38,716	38,159	25,844	(12,315)
Adult education services	-	-	-	-
Support services				
Pupil support services	317,050	299,927	299,927	-
Instructional staff support	134,742	128,287	128,287	-
General administration	30,424	37,854	37,854	-
School administration	241,458	255,758	255,758	-
Business services	13,134	12,997	12,997	-
Plant services	133,865	132,687	132,687	-
Student transportation services	100,835	99,449	99,449	-
Central services	33,264	32,981	32,982	1
Other support services	-	-	-	-
Non-Instructional services				
Food service operations	108,201	108,769	108,769	-
Capital outlay	-	-	-	-
Debt services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Other uses				
Transfers out	-	-	-	-
Total charges to appropriations	4,613,626	4,581,987	4,581,942	(45)
Budgetary Fund Balances, Ending	\$ 13,986	\$ 72,090	\$ 73,488	\$ 1,398

See notes to budgetary comparison schedules.

City of Monroe School Board
Budgetary Comparison Schedule – 1994 Sales Tax (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ 1,598,933	\$ 1,597,111	\$ 1,597,111	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	7,921,960	7,980,682	7,983,079	2,397
Interest on investments	8,000	28,033	25,230	(2,803)
State sources				
Other restricted revenues	-	-	-	-
Other sources				
Transfers in	48,000	48,000	-	(48,000)
Total resources	7,977,960	8,056,715	8,008,309	(48,406)
Amounts available for appropriations	9,576,893	9,653,826	9,605,420	(48,406)
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	3,058,976	2,953,997	2,947,212	(6,785)
Special education programs	1,115,164	1,076,680	1,105,628	28,948
Vocational programs	113,368	94,563	94,563	-
Other instructional programs	916,040	739,941	734,903	(5,038)
Special programs	49,278	46,114	28,939	(17,175)
Adult education services	-	-	-	-
Support services				
Pupil support services	477,359	461,500	461,500	-
Instructional staff support	236,305	226,665	226,665	-
General administration	60,221	81,097	81,097	-
School administration	692,891	690,584	690,584	-
Business services	149,933	144,162	144,162	-
Plant services	246,626	253,912	253,912	-
Student transportation services	126,321	124,751	124,751	-
Central services	823,593	523,850	473,987	(49,863)
Other support services	-	-	-	-
Non-Instructional services				
Food service operations	121,090	123,211	123,211	-
Capital outlay	-	-	66,862	66,862
Debt services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Other uses				
Transfers out	48,000	48,000	-	(48,000)
Total charges to appropriations	8,235,165	7,589,027	7,557,976	(31,051)
Budgetary Fund Balances, Ending	\$ 1,341,728	\$ 2,064,799	\$ 2,047,444	\$ (17,355)

See notes to budgetary comparison schedules.

City of Monroe School Board
Budgetary Comparison Schedule – School Food Service (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ 1,627,483	\$ 1,704,991	\$ 1,704,991	\$ -
Resources (inflows)				
Local sources				
Income from meals	46,000	39,577	39,577	-
Other miscellaneous revenues	500	350	350	-
State sources				
Other restricted revenues	100,000	100,000	100,000	-
Federal sources				
Federal restricted grants-in-aid	5,425,000	5,251,799	5,524,253	
Other sources				
Transfers in	50,000	-	4,283	4,283
Total resources	5,621,500	5,391,726	5,668,463	4,283
Amounts available for appropriations	7,248,983	7,096,717	7,373,454	4,283
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	-	-	-	-
Special education programs	-	-	-	-
Vocational programs	-	-	-	-
Other instructional programs	-	-	-	-
Special programs	-	-	-	-
Adult education services	-	-	-	-
Support services				
Pupil support services	-	-	-	-
Instructional staff support	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Plant services	-	-	-	-
Student transportation services	-	-	-	-
Central services	-	-	-	-
Other support services	-	-	-	-
Non-Instructional services				
Food service operations	5,259,904	4,691,324	5,148,923	457,599
Capital outlay	-	-	43,790	43,790
Debt services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Other uses				
Transfers out	-	-	-	-
Total charges to appropriations	5,259,904	4,691,324	5,192,713	501,389
Budgetary Fund Balances, Ending	\$ 1,989,079	\$ 2,405,393	\$ 2,180,741	\$ (497,106)

See notes to budgetary comparison schedules.

City of Monroe School Board
Budgetary Comparison Schedule – Title II (Unaudited)
June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Local sources				
Income from meals	-	-	-	-
Other miscellaneous revenues	-	-	-	-
State sources				
Other restricted revenues	-	-	-	-
Federal sources				
Federal restricted grants-in-aid	510,044	506,702	560,778	54,076
Other sources				
Transfers in	-	-	-	-
Total resources	510,044	506,702	560,778	54,076
Amounts available for appropriations	510,044	506,702	560,778	54,076
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	-	-	-	-
Special education programs	-	-	-	-
Vocational programs	-	-	-	-
Other instructional programs	-	-	-	-
Special programs	406,381	469,462	469,462	-
Adult education services	-	-	-	-
Support services				
Pupil support services	-	-	-	-
Instructional staff support	58,282	37,240	42,633	5,393
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Plant services	-	-	-	-
Student transportation services	-	-	-	-
Central services	-	-	-	-
Other support services	-	-	-	-
Non-Instructional services				
Food service operations	-	-	-	-
Capital outlay	-	-	-	-
Debt services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Other uses				
Transfers out	45,381	-	48,683	48,683
Total charges to appropriations	510,044	506,702	560,778	54,076
Budgetary Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -

See notes to budgetary comparison schedules.

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

Note A – BUDGETS

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

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

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

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

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

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

Note B - Budget to GAAP Reconciliation

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

	General Fund
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 75,725,523
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(17,499,497)
Other financing sources	(889,338)
<hr/>	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 57,336,688
<hr/>	
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 58,022,763
Other financing uses	(926,931)
<hr/>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 57,095,832
<hr/>	

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

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

	Title I
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 5,890,669
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	-
Other financing sources	-
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,890,669

<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 5,890,669
Other financing uses	(530,593)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,360,076

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

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

	2001 Sales Tax
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 24,956,586
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,892,339)
Other financing sources	(891,755)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 16,172,492

Charges to appropriations:

Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 14,983,776
Other financing uses	(1,479,964)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 13,503,812

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

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

	1968 Sales Tax
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 4,655,430
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(7,781)
<hr/>	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 4,647,649
<hr/> <hr/>	
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 4,581,942
Other financing uses	-
<hr/>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 4,581,942
<hr/> <hr/>	

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

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

	1994 Sales Tax
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 9,605,420
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,597,111)
<hr/>	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,008,309
<hr/>	
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 7,557,976
Other financing uses	-
<hr/>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,557,976
<hr/>	

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

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

	School Food Service
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 7,373,454
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,704,991)
Other financing uses	(4,283)
<hr/>	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,664,180
 <u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 5,192,713
Other financing uses	-
<hr/>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,192,713

City of Monroe School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2018

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

	Title II
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "Available for appropriation" from the Budgetary Comparison Schedule	\$ 560,778
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	-
Other financing uses	-
<div style="text-align: right; padding-right: 20px;">Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</div> <div style="text-align: right;">\$ 560,778</div>	

Charges to appropriations:

Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 512,095
Other financing uses	48,683
<div style="text-align: right; padding-right: 20px;">Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</div> <div style="text-align: right;">\$ 560,778</div>	

City of Monroe School Board
Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2018

For the Year Ended June 30,	2018	2017
Total OPEB Liability		
Service cost	\$ 7,671,437	N/A
Interest	6,482,827	N/A
Changes of benefit terms	-	N/A
Differences between expected and actual experience	(11,280,713)	N/A
Changes of assumptions	(833,659)	N/A
Benefit payments	(4,177,338)	N/A
Net change in total OPEB liability	\$ (2,137,446)	N/A
Total OPEB liability - beginning	\$ 175,483,422	175,483,422
Total OPEB liability - ending (a)	\$ 173,345,976	\$ 175,483,422
Plan Fiduciary Net Position		
Contributions - employer	-	-
Net investment income	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	\$ -	\$ -
Plan fiduciary net position - ending (b)	\$ -	\$ -
Net OPEB liability - ending (a)-(b)	\$ 173,345,976	\$ 175,483,422
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%
Covered payroll	43,954,546	45,212,000
Net OPEB liability as a percentage of covered payroll	394%	388%

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

City of Monroe School Board
Schedule of the Employer's Proportionate Share of the Net Pension Liability
June 30, 2018

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Teachers' Retirement System of Louisiana					
2018	1.062300%	\$ 108,905,486	\$ 48,794,800	223%	65.6%
2017	1.073350%	\$ 125,978,361	\$ 49,217,661	256%	59.9%
2016	1.098610%	\$ 118,125,271	\$ 48,484,596	244%	62.5%
2015	1.062880%	\$ 108,641,273	\$ 48,484,596	224%	63.7%
Louisiana School Employees' Retirement System					
2018	1.636276%	\$ 10,470,972	\$ 2,877,347	364%	75.0%
2017	1.603258%	\$ 12,094,133	\$ 2,879,970	420%	70.1%
2016	1.564946%	\$ 9,923,745	\$ 2,999,671	331%	74.5%
2015	1.543200%	\$ 8,945,660	\$ 2,999,671	298%	76.2%
Louisiana State Employees' Retirement System					
2018	0.012550%	\$ 883,584	\$ 229,747	385%	62.5%
2017	0.016190%	\$ 1,271,642	\$ 233,044	546%	57.7%
2016	0.018390%	\$ 1,250,458	\$ 213,049	587%	62.7%
2015	0.014950%	\$ 934,807	\$ 213,049	439%	65.0%

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

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

**City of Monroe School Board
Schedule of Employer's Contributions
June 30, 2018**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana School Employees' Retirement System					
2018	\$ 1,240,486	\$ 1,240,486	\$ -	\$ 2,671,565	46.4%
2017	\$ 1,271,047	\$ 1,271,047	\$ -	\$ 2,877,347	44.2%
2016	\$ 1,344,117	\$ 1,344,117	\$ -	\$ 2,879,970	46.7%
2015	\$ 1,444,156	\$ 1,444,156	\$ -	\$ 2,999,671	48.1%
2014	\$ 1,392,033	\$ 1,392,033	\$ -	\$ 2,999,671	46.4%
Teachers' Retirement System of Louisiana					
2018	\$ 12,493,276	\$ 12,493,276	\$ -	\$ 47,155,131	26.5%
2017	\$ 12,235,860	\$ 12,235,860	\$ -	\$ 48,794,800	25.1%
2016	\$ 12,829,115	\$ 12,829,115	\$ -	\$ 49,217,661	26.1%
2015	\$ 13,461,987	\$ 13,461,987	\$ -	\$ 48,484,596	27.8%
2014	\$ 12,668,488	\$ 12,668,488	\$ -	\$ 48,484,596	26.1%
Louisiana State Employees' Retirement System					
2018	\$ 87,173	\$ 87,173	\$ -	\$ 229,747	37.9%
2017	\$ 83,433	\$ 83,433	\$ -	\$ 220,264	37.9%
2016	\$ 86,692	\$ 86,692	\$ -	\$ 233,044	37.2%
2015	\$ 90,000	\$ 90,000	\$ -	\$ 213,049	42.2%
2014	\$ 64,973	\$ 64,973	\$ -	\$ 213,049	30.5%

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

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

City of Monroe School Board
Notes to Required Supplementary Information
June 30, 2018

Changes of Benefit Terms

Louisiana School Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2018.

Teachers' Retirement System of Louisiana

For the year ended June 30, 2016, members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

Louisiana State Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions

Louisiana School Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2017, the discount rate was increased from 7.000% to 7.125%, inflation rate was decreased from 2.75% to 2.625% and salary increases were decreased from a range of 3.2% to 5.5% to a range of 3.075% to 5.375%.

Teachers' Retirement System of Louisiana

There were no changes in assumptions for the year ended June 30, 2018.

Louisiana State Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2018.



SUPPLEMENTAL INFORMATION



NONMAJOR FUNDS

Special Revenue Funds

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

- 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.
- 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.
- 1968 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax to provide for supplemental salaries to School Board personnel. Certified personnel receive 88% of the collections with classified personnel receiving 12%.
- 1994 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax levied to provide additional support to the school system to including funding of employee salaries and instructional purposes.
- The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- The State Grants funds account for various programs funded by the Louisiana Department of Education.
- The Local Grants funds account for one grant from a private entity.

Debt Service Funds:

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

- The Bond Redemption Fund accounts for the 2014 General Obligation Bonds and the 2003 and 2010 Refunding Bonds.
- The 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2010 and 2011 Series Sales Tax Refunding Bonds.
- The QZAB 2012 Sinking Fund accounts for the 2011 Qualified Zone Academy Bonds.

Capital Projects Funds:

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

- The Capital Projects Fund accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board Facilities.
- The GO Bonds 2014 Capital Projects Fund accounts for the proceeds from the issuance of \$20,000,000 of General Obligation Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.
- The GO Bonds 2015 Capital Projects Fund accounts for the proceeds from the issuance of \$17,000,000 of General Obligation Bonds for the purpose of acquiring and/or improving lands for building sites and playgrounds, including construction of necessary sidewalks and streets adjacent thereto; purchasing, erecting and/or improving school buildings and other school related facilities within and for the Issuer and acquiring the necessary equipment and furnishings therefor, and specifically for those projects in the “Capital Improvement Plan,” approved by the School Board.

City of Monroe School Board
Nonmajor Governmental Funds – Combining Balance Sheet
June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 3,935,275	\$ 11,253,084	\$ 41,659	\$ 15,230,018
Investments	-	-	-	-
Accounts receivable	3,742,188	5,593	-	3,747,781
Due from other funds	-	-	-	-
Due from federal sources	-	-	-	-
Due from state sources	-	-	-	-
Inventory	174,293	-	-	174,293
Other assets	9,166	-	-	9,166
Total assets	7,860,922	11,258,677	41,659	19,161,258
Liabilities and Fund Balances				
Liabilities				
Accounts payable	159,290	-	-	159,290
Salaries and wages payable	1,274,729	-	-	1,274,729
Due to other funds	2,035,692	-	-	2,035,692
Other liabilities	-	-	-	-
Total liabilities	3,469,711	-	-	3,469,711
Fund Balances				
Nonspendable				
Inventory and prepaids	174,293	-	-	174,293
Restricted for				
Salaries and related benefits	573,223	-	-	573,223
Instructional costs	1,637,247	-	-	1,637,247
Food services	2,006,448	-	-	2,006,448
Debt service	-	11,258,677	-	11,258,677
Capital projects	-	-	41,659	41,659
Total fund balances	4,391,211	11,258,677	41,659	15,691,547
Total liabilities and fund balances	\$ 7,860,922	\$ 11,258,677	\$ 41,659	\$ 19,161,258

City of Monroe School Board
Nonmajor Governmental Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Local Sources				
Ad valorem tax	\$ -	\$ 5,387,867	\$ -	\$ 5,387,867
Sales and use taxes	12,630,725	-	-	12,630,725
Earnings on investments	25,233	9,782	1,764	36,779
Cash payments for meals	39,577	-	-	39,577
Other local revenue	43,150	-	-	43,150
State Sources				
Restricted grants-in-aid	-	-	-	-
Other unrestricted revenue	628,869	-	-	628,869
Federal Sources				
Restricted grants-in-aid	9,734,472	-	-	9,734,472
Total revenues	23,102,026	5,397,649	1,764	28,501,439
Expenditures				
Current				
Instructional				
Regular programs	5,135,738	-	-	5,135,738
Special education programs	2,428,782	-	-	2,428,782
Vocational programs	286,789	-	-	286,789
Other instructional programs	1,583,136	-	-	1,583,136
Special programs	1,178,271	-	-	1,178,271
Adult/Continuing education programs	(1,306)	-	-	(1,306)
Support Services				
Pupil support services	1,519,881	-	-	1,519,881
Instructional staff	1,781,280	-	-	1,781,280
General administration	119,033	157,436	-	276,469
School administration	946,342	-	-	946,342
Business services	159,317	-	275	159,592
Plant services	386,599	-	173,352	559,951
Student transportation services	249,689	-	4,500	254,189
Central services	506,969	-	-	506,969
Other support services	-	-	-	-
Noninstructional				
Food service operations	5,381,410	-	-	5,381,410
Debt service				
Principal	-	3,345,000	-	3,345,000
Interest	-	2,161,038	-	2,161,038
Capital outlay	110,652	-	1,688,845	1,799,497
Total expenditures	21,772,582	5,663,474	1,866,972	29,303,028
Excess (Deficiency) of Revenues				
Over Expenditures	1,329,444	(265,825)	(1,865,208)	(801,589)
Other Financing Sources (Uses)				
Transfers in	39,459	1,475,681	-	1,515,140
Transfers out	(335,192)	-	(3,783)	(338,975)
Total other financing sources (Uses)	(295,733)	1,475,681	(3,783)	1,176,165
Net Change in Fund Balances	1,033,711	1,209,856	(1,868,991)	374,576
Fund Balances at Beginning of Year	3,357,500	10,048,821	1,910,650	15,316,971
Fund Balances at End of Year	\$ 4,391,211	\$ 11,258,677	\$ 41,659	\$ 15,691,547



SPECIAL REVENUE FUNDS

City of Monroe School Board
Nonmajor Special Revenue Funds – Combining Balance Sheet
June 30, 2018

	Special Revenue Funds							Total
	Special Education	School Food Service	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	
Assets								
Cash and cash equivalents	\$ -	\$ 2,137,407	\$ 22,031	\$ 1,674,620	\$ 269	\$ 100,948	\$ -	\$ 3,935,275
Investments	-	-	-	-	-	-	-	-
Accounts receivable	754,291	113,514	786,324	1,347,010	603,256	137,793	-	3,742,188
Due from other governments								
Due from federal sources	-	-	-	-	-	-	-	-
Due from state sources	-	-	-	-	-	-	-	-
Inventory	-	174,293	-	-	-	-	-	174,293
Other assets	-	1,278	-	2,050	5,838	-	-	9,166
Total assets	754,291	2,426,492	808,355	3,023,680	609,363	238,741	-	7,860,922
Liabilities and Fund Balances								
Liabilities								
Accounts payable	20,121	13,247	-	8,395	109,744	7,783	-	159,290
Salaries and wages payable	77,246	232,504	300,779	515,059	111,553	37,588	-	1,274,729
Due to other funds	656,924	-	449,412	452,782	388,066	88,508	-	2,035,692
Deferred revenue and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	754,291	245,751	750,191	976,236	609,363	133,879	-	3,469,711
Fund Balances								
Nonspendable								
Inventory and prepaids	-	174,293	-	-	-	-	-	174,293
Restricted for								
Salaries and related benefits	-	-	58,164	515,059	-	-	-	573,223
Instructional costs	-	-	-	1,532,385	-	104,862	-	1,637,247
Food services	-	2,006,448	-	-	-	-	-	2,006,448
Total fund balances	-	2,180,741	58,164	2,047,444	-	104,862	-	4,391,211
Total liabilities and fund balances	\$ 754,291	\$ 2,426,492	\$ 808,355	\$ 3,023,680	\$ 609,363	\$ 238,741	\$ -	\$ 7,860,922

City of Monroe School Board
Nonmajor Special Revenue Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Special Revenue Funds							Total
	Special Education	School Food Service	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	
Revenues								
Local Sources								
Sales and use taxes	\$ -	\$ -	\$ 4,647,646	\$ 7,983,079	\$ -	\$ -	\$ -	\$ 12,630,725
Earnings on investments	-	-	3	25,230	-	-	-	25,233
Cash payments for meals	-	39,577	-	-	-	-	-	39,577
Other local revenue	-	-	-	-	-	-	43,150	43,150
State Sources								
Restricted grants-in-aid	-	-	-	-	-	-	-	-
State - other revenues	39,752	100,350	-	-	-	488,767	-	628,869
Federal Sources								
Restricted grants-in-aid	2,153,284	5,524,253	-	-	2,056,935	-	-	9,734,472
Total revenues	2,193,036	5,664,180	4,647,649	8,008,309	2,056,935	488,767	43,150	23,102,026
Expenditures								
Current								
Instructional								
Regular programs	-	-	2,142,338	2,947,212	3,038	-	43,150	5,135,738
Special education programs	451,345	-	871,809	1,105,628	-	-	-	2,428,782
Vocational programs	-	-	77,742	94,563	109,613	4,871	-	286,789
Other instructional programs	67,294	-	355,499	734,903	366,649	58,791	-	1,583,136
Special programs	-	-	25,844	28,939	998,551	124,937	-	1,178,271
Adult/Continuing education programs	(1,306)	-	-	-	-	-	-	(1,306)
Support Services								
Pupil support services	721,947	-	299,927	461,500	-	36,507	-	1,519,881
Instructional staff	741,695	-	128,287	226,665	465,391	219,242	-	1,781,280
General administration	-	-	37,854	81,097	82	-	-	119,033
School administration	-	-	255,758	690,584	-	-	-	946,342
Business services	2,158	-	12,997	144,162	-	-	-	159,317
Plant services	-	-	132,687	253,912	-	-	-	386,599
Student transportation services	12,685	-	99,449	124,751	7,550	5,254	-	249,689
Central services	-	-	32,982	473,987	-	-	-	506,969
Other Support services	-	-	-	-	-	-	-	-
Noninstructional								
Food service operations	-	5,148,923	108,769	123,211	-	507	-	5,381,410
Capital outlay	-	43,790	-	66,862	-	-	-	110,652
Total expenditures	1,995,818	5,192,713	4,581,942	7,557,976	1,950,874	450,109	43,150	21,772,582
Excess of Revenues Over Expenditures	197,218	471,467	65,707	450,333	106,061	38,658	-	1,329,444
Other Financing Sources (Uses)								
Transfers in	-	4,283	-	-	23,196	11,980	-	39,459
Transfers out	(197,218)	-	-	-	(129,257)	(8,717)	-	(335,192)
Total other financing sources (Uses)	(197,218)	4,283	-	-	(106,061)	3,263	-	(295,733)
Net Change in Fund Balances	-	475,750	65,707	450,333	-	41,921	-	1,033,711
Fund Balances at Beginning of Year	-	1,704,991	7,781	1,597,111	-	47,617	-	3,357,500
Fund Balances at End of Year	\$ -	\$ 2,180,741	\$ 73,488	\$ 2,047,444	\$ -	\$ 89,538	\$ -	\$ 4,391,211
	-	2,180,741	58,164	2,047,444	-	104,862	-	4,391,211



DEBT SERVICE FUNDS

City of Monroe School Board
Nonmajor Debt Service Funds – Combining Balance Sheet
June 30, 2018

	Bond Redemption	2001-2002 Sales Tax Bond Sinking	QZAB 2012 Sinking	Total
Assets				
Cash and cash equivalents	\$ 6,478,708	\$ 3,569,268	\$ 1,205,108	\$ 11,253,084
Receivables	5,593	-	-	5,593
Total assets	6,484,301	3,569,268	1,205,108	11,258,677
Liabilities and Fund Balances				
Liabilities				
Other Payables	-	-	-	-
Fund Balances				
Restricted for debt service	6,484,301	3,569,268	1,205,108	11,258,677
Total liabilities and fund balances	\$ 6,484,301	\$ 3,569,268	\$ 1,205,108	\$ 11,258,677

City of Monroe School Board
Nonmajor Debt Service Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Bond Redemption Debt Service	2001-2002 Sales Tax Bond Sinking	QZAB 2012 Sinking	Total
Revenues				
Local Sources				
Ad valorem tax	\$ 5,387,867	\$ -	\$ -	\$ 5,387,867
Earnings on investments	7,271	-	2,511	9,782
Total revenues	5,395,138	-	2,511	5,397,649
Expenditures				
General Administration	157,436	-	-	157,436
Debt Service				
Principal	2,200,000	1,145,000	-	3,345,000
Interest	1,978,288	182,750	-	2,161,038
Total expenditures	4,335,724	1,327,750	-	5,663,474
Excess (deficiency) of revenues over expenditures	1,059,414	(1,327,750)	2,511	(265,825)
Other financing sources / uses				
Payments to bond escrow	-	-	-	-
Transfers in	-	1,325,681	150,000	1,475,681
Total other financing sources	-	1,325,681	150,000	1,475,681
Net change in fund balances	1,059,414	(2,069)	152,511	1,209,856
Fund balances at beginning of year	5,424,887	3,571,337	1,052,597	10,048,821
Fund balances at end of year	\$ 6,484,301	\$ 3,569,268	\$ 1,205,108	\$ 11,258,677



CAPITAL PROJECTS FUNDS

City of Monroe School Board
Nonmajor Capital Project Funds – Combining Balance Sheet
June 30, 2018

	Capital Projects	GO BONDS 2014 CAPITAL PROJECTS	GO BONDS 2015 CAPITAL PROJECTS	Total
Assets				
Cash and cash equivalents	\$ 41,659	\$ -	\$ -	\$ 41,659
Total assets	41,659	-	-	41,659
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	-	-	-	-
Fund Balances				
Restricted for debt service	41,659	-	-	41,659
Total liabilities and fund balances	\$ 41,659	\$ -	\$ -	\$ 41,659

City of Monroe School Board
Nonmajor Capital Project Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2018

	Capital Projects	GO BONDS 2014 Capital Projects	GO BONDS 2015 Capital Projects	Total
Revenues				
Local sources				
Earnings on investments	\$ 572	\$ -	\$ 1,192	\$ 1,764
Total revenues	572	-	1,192	1,764
Expenditures				
Current				
Business services	-	225	50	275
Plant services	-	-	173,352	173,352
Student transportation services	-	-	4,500	4,500
Central services	-	-	-	-
Noninstructional				
Food service operations	-	-	-	-
Facility acquisition & construction	-	-	1,688,845	1,688,845
Total expenditures	-	225	1,866,747	1,866,972
Excess (deficiency) of revenues over expenditures	572	(225)	(1,865,555)	(1,865,208)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(2,220)	(1,039)	(524)	(3,783)
Total other financing sources (Uses)	(2,220)	(1,039)	(524)	(3,783)
Net change in fund balances	(1,648)	(1,264)	(1,866,079)	(1,868,991)
Fund balances at beginning of year	43,307	1,264	1,866,079	1,910,650
Fund balances at end of year	\$ 41,659	\$ -	\$ -	\$ 41,659

**City of Monroe School Board
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2018**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Jennifer Haneline	2	9,600
William Willson	3	10,200
Daryll Berry	4	9,600
Rodney McFarland, President	5	10,200
Brandon Johnson	6	9,600
Brenda Shelling	7	9,600
		<hr/> <hr/> <u>\$ 68,400</u>

City of Monroe School Board
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2018

Agency Head Name: Brent Anthony Vidrine, Superintendent

Purpose	Amount
Salary	\$ 175,711
Benefits-insurance (health & life)	\$ 33,318
Benefits (retirement)	\$ 14,308
Car allowance	\$ 8,400
Legal services	\$ -
Travel	\$ 5,511
Supplies	\$ -



SINGLE AUDIT INFORMATION



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRIcpa.com

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

Board Members
City of Monroe School Board
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Monroe School Board (the School Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 31, 2018.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be significant deficiencies.

Compliance and Other Matters

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

The School Board's Response to Findings

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 31, 2018



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRIcpa.com

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

Board Members
City of Monroe School Board
Monroe, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Monroe School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2018. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

We noted certain matters that we reported to management of the School Board, in a separate letter dated December 31, 2018.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated December 31, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
December 31, 2018

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues	Expenditures to Subrecipients
DIRECT PROGRAMS:				
U.S. DEPARTMENT OF DEFENSE				
R.O.T.C.	N/A	N/A	\$ 169,725	\$ -
Total U.S. Department of Defense			<u>169,725</u>	-
U.S. DEPARTMENT OF EDUCATION				
Impact Aid	84.041	N/A	89,697	-
Total U.S. Department of Education			<u>89,697</u>	-
Total Direct Programs			<u>259,422</u>	-
PASS THROUGH PROGRAMS:				
U. S. DEPARTMENT OF EDUCATION				
Passed through Louisiana Department of Education				
Striving Readers Comprehensive Literacy Program	84.371	28-17-SO-65	29,055	-
Striving Readers Comprehensive Literacy Program	84.371	28-18-SR03-65	25,576	-
Striving Readers Comprehensive Literacy Program	84.371	28-18-SR04-65	34,796	-
Total Striving Readers	84.371		<u>89,427</u>	-
Title I Grants to Local Educational Agencies				
Part A - Basic				
Regular Program	84.010	28-18-T1-65	5,890,670	-
Redesign Planning 1003a-2016	84.010	28-RD-17-65	24,088	-
School Improvement	84.377	28-16-BE-65	184,007	-
Total Title I			6,098,765	-
SPECIAL EDUCATION CLUSTER:				
Special Education-Individuals With Disabilities Education Act IDEA B				
IDEA B 611	84.027	28-18-B1-65	2,048,491	-
Preschool	84.173		45,811	-
High Cost Services Rnd 1 IDEA	84.027	28-18-RH-65	16,100	-
Opportunity Grant	84.027	28-18-OG-65	42,882	-
Believe and Prepare Transition 1003a			19,500	-
Total Special Education Cluster			<u>2,172,784</u>	-
Title II - Part A, Teacher and Principal Training and Recruiting				
Regular	84.367	28-18-50-65	560,778	-
Total Title II			<u>560,778</u>	-
Pre-K Expansion Grants	84.419	N/A	181,861	-
21st Century Community Learning Centers Program 17a	84.287	28-17-2C-65	242,950	-
21st Century Community Learning Centers Cohort	84.287	28-18-8C-65	114,166	-
Total 21st Century			<u>357,116</u>	-

(continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues	Expenditures to Subrecipients
Math and Science Partnerships	84.366	28-16-MP-65	68,206	-
Math and Science Partnerships	84.366		<u>52,089</u>	-
Total Math and Science Partnerships			<u>120,295</u>	-
Education for Homeless Children and Youth	84.196		3,318	-
Vocational Education	84.048	28-18-02-65	102,300	-
Vocational Education	84.048	28-17-02-65	<u>7,373</u>	-
Total Vocational Education			<u>109,673</u>	-
Total U.S. Dept. of Education Passed Through LA DOE			<u>9,694,017</u>	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Louisiana Department of Education				
Temporary Assistance for Needy Families (TANF) Cluster				
The Cecil J. Picard LA 4 Early Childhood Program	93.558	28-18-36-65	<u>178,924</u>	-
Total TANF Cluster			<u>178,924</u>	-
Total U. S. Department of Health and Human Services Passed Through LA DOE			<u>178,924</u>	-
U.S. DEPARTMENT OF AGRICULTURE (USDA)				
Passed through Louisiana Department of Education				
CHILD NUTRITION CLUSTER:				
School Breakfast Program	10.553	N/A	1,358,237	-
School Lunch Program	10.555	N/A	3,236,495	-
School Snack Program	10.555	N/A	34,276	-
Commodities	10.555	N/A	458,462	-
Summer Feeding	10.559	N/A	<u>129,755</u>	-
Total Child Nutrition Cluster			<u>5,217,225</u>	-
Fresh Fruit and Vegetable Program	10.582	N/A	282,790	-
National School Lunch Equipment Assistance	10.579	N/A	24,237	-
Total U.S. Dept. of Agriculture Passed Through LA DOE			<u>5,524,252</u>	-
TOTAL PASS THROUGH PROGRAMS			<u>15,397,193</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 15,656,615</u>	<u>\$ -</u>

(concluded)

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

**Notes to Schedule of Expenditures of Federal Awards
Fiscal year Ended June 30, 2018
(Unaudited)**

A. General

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

B. Basis of Accounting

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

C. Relationship to Financial Statements

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2018:

	General Fund	Title I Funds	Special Education Funds	Other Federal Programs Funds	School Food Service Funds	Total
Total expenditures per financial statements	\$ 109,197	\$ 5,360,076	\$ 1,956,066	\$ 1,979,212	\$ 5,524,253	\$ 14,928,804
Transfer of indirect cost	-	530,593	197,218	-	-	727,811
Expenditures per schedule	<u>\$ 109,197</u>	<u>\$ 5,890,669</u>	<u>\$ 2,153,284</u>	<u>\$ 1,979,212</u>	<u>\$ 5,524,253</u>	<u>\$ 15,656,615</u>

Included in the Child Nutrition Cluster is \$458,462 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

D. Relationship to Federal Financial Reports

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

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

**Notes to Schedule of Expenditures of Federal Awards
Fiscal year Ended June 30, 2018
(Unaudited)**

E. Federal Indirect Cost Rate

City of Monroe School Board did not elect to use the 10% de minimis federal indirect cost rate for the year ended June 30, 2018.

F. Subrecipients

City of Monroe School Board did not provide federal funds to any subrecipients during the year ended June 30, 2018.

G. Loans

City of Monroe School Board did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2018.

H. Federally Funded Insurance

City of Monroe School Board has no federally funded insurance.

**City of Monroe School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Section I - Summary of Auditors' Results

A. Financial Statement Audit

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

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified that are not considered to be material weaknesses?
Yes

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

A separate management letter was issued on December 31, 2018.

B. Audit of Federal Awards

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

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA number</u>	<u>Name of federal program of cluster</u>
10.553	Child Nutrition Cluster
10.555	Child Nutrition Cluster
10.559	Child Nutrition Cluster

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

Auditee qualified as a low-risk auditee under the Uniform Guidance: **Yes**

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

2018-001 Fraud Incident – Misappropriation of Assets

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

Criteria or Specific Requirement: Management of the School Board and the School is responsible for establishing and maintaining effective internal controls.

Condition: In June 2017, the School Board became aware of a misappropriation of funds at Carroll High School. The Louisiana Legislative Auditor, the Ouachita Parish Sheriff's Office, the District Attorney and the School Board's attorney were notified immediately.

Effect: Carroll High School experienced a weakness in internal control, which resulted in a misappropriation of assets of \$43,799 based on the results of the Louisiana Legislative Auditor's investigative audit.

Cause: The School did not have adequate internal controls in place to prevent or deter theft.

Recommendation: We believe actions taken by management were appropriate.

Views of responsible officials and corrective action plan: The School Board concurs and will recommend the School implement additional controls to avoid this in the future along with closer oversight by the School Board.

Person responsible for corrective actions:

DaVona Howard, CFO
City of Monroe School Board
2006 Tower Drive
Monroe, LA 71201
Telephone: 318-325-0601

2018-002 Payroll Timesheet approval

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

Criteria or Specific Requirement: Time entry and compensated absences should be reviewed and approved by an appropriate individual prior to payroll processing to ensure time worked and absences are accurately recorded and tracked and payroll is paid based on accurate records.

Condition: During review of payroll procedures and internal controls, it was noted that there is no documented review and approval of employee time entry at the individual school locations.

Effect: Time records and absences may not be accurate and payroll may not be paid correctly.

Cause: Policies and procedures are not in place requiring that all timesheets be reviewed and approved.

Recommendation: We recommend that each employee's timesheet in the time entry system be reviewed and approved by a supervisor prior to payroll processing. Documented evidence of the review and approval should be maintained on file. In addition, we recommend that the payroll department verify that all time entry is reviewed and approved prior to processing payroll. Payroll should not be processed for employees that do not have approved timesheets on file.

Views of responsible officials and corrective action plan: The School Board concurs and will recommend the School implement additional controls to avoid this in the future along with closer oversight by the School Board.

Person responsible for corrective actions:
DaVona Howard, CFO
City of Monroe School Board
2006 Tower Drive
Monroe, LA 71201
Telephone: 318-325-0601

2018-003 OPEB Census Data

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

Criteria or Specific Requirement: Accurate and complete census data is required to obtain a reasonable estimate of Other Post-Employment Benefits liability for reporting in the financial statements.

Condition: During testing of Other Post-Employment Benefits census data, it was noted that several items tested did not agree to or could not be verified from personnel and payroll records. For the twenty-five active employees tested, twenty-five salaries reported did not agree to the payroll reports. For the twenty-five active employees tested, seven hire dates reported did not agree to the personnel records.

Effect: The OPEB liability actuarial calculation may not be accurately calculated if the census data used is not accurate.

Cause: The School Board does not have policies and procedures in place to check the accuracy of census data and reconcile to payroll records prior to submission of the data to the actuary.

Recommendation: We recommend that census data be checked for accuracy and reconciled prior to submission to the actuary for the purpose of calculated the OPEB liability.

Views of responsible officials and corrective action plan: The School Board concurs and will recommend the School implement additional controls to avoid this in the future along with closer oversight by the School Board.

Person responsible for corrective actions:
DaVona Howard, CFO
City of Monroe School Board
2006 Tower Drive
Monroe, LA 71201
Telephone: 318-325-0601

Section III – Federal Award Findings and Responses

None

**City of Monroe School Board
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

2017-001 Fraud Incident – Misappropriation of Assets

Year of Origination: June 30, 2017

Condition: In June 2017, the School Board became aware of a misappropriation of funds at Carroll High School. The Louisiana Legislative Auditor, the Ouachita Parish Sheriff's Office, the District Attorney and the School Board's attorney were notified immediately.

Corrective action taken: Job responsibilities were reviewed and responsibilities were reassigned and training occurred to ensure that there is a proper level of review.

2017-002 Special Testing – Comparability report

Year of Origination: June 30, 2016

Federal Program and Special Award Identification: This finding relates to Title I, Grants to Local Education Agencies, CFDA #84.010

Condition: During review of the comparability report, we identified the salaries for FTE staff were not in total for each location on the report, causing the ratios on the report to be inaccurate.

Corrective action taken: Resolved. Comparability report was completed and reconciled to the financial records of the School Board.

OTHER INFORMATION



Carr, Riggs & Ingram, LLC

1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:

P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222

(318) 226-7150 (fax)

CRIcpa.com

Management Letter

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe School Board (the School Board) for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 31, 2018. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the School Board's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting our compliance and other matters that are reported on separately by those auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance.

As a part of our examination, we have issued our report on the financial statements, dated December 31, 2018, and our reports on internal control and compliance with laws, regulations, contracts, and grants, and on compliance for each major program and internal control over compliance required by the Uniform Guidance dated December 31, 2018. During the course of our audit, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

MLC 2018-001 Check Signers

Observations:

We noted that checks are not reviewed for accuracy and completeness after printing as both required signatures are printed on the checks during the printing process.

Recommendations:

We recommend a review of the checks be performed after checks have been printed.

Views of responsible officials and corrective actions:

Management of the School Board will review policies and procedures.

MLC 2018-002 Fixed Assets Inventory Reconciliations

Observations:

During the testwork of capital assets, it was identified that capital asset inventories are performed near year end by all departments and locations; however, no reconciliation to capital asset records are performed to ensure the capital asset inventory system is complete and accurate.

Recommendations:

We recommend that a reconciliation of the capital asset inventories to the capital asset records be performed to ensure accurate reporting.

Views of responsible officials and corrective actions:

Management will put procedures in place to review capital assets and related reports in the future.

MLC 2018-003 Budget Noncompliance

Observations:

During the testwork of budget compliance with the Louisiana Government Budget Act, it was noted three instances of noncompliance where budgeted revenues exceeded actual revenues by an amount greater than 5% and actual expenditures exceeded budgeted expenditures by an amount greater than 5%.

Recommendations:

We recommend that budgets for special revenue funds be amended properly to ensure compliance with the Louisiana Government Budget Act.

Views of responsible officials and corrective actions:

Management will put procedures in place to review capital assets and related reports in the future.

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

December 31, 2018

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

Board Members
City of Monroe School Board
Monroe, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of City of Monroe School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. Management of the School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2017 roll books for those classes and observed that the class was properly classified on the schedule.

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

Education Levels / Experience of Public School Staff (No Schedule)

3. We obtained October 1, 2017 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data / listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30, 2018 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data / listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management)

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

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the City of Monroe School Board, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

December 31, 2018

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

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

Classroom Teacher Salaries	\$	19,480,255	
Other Instructional Staff Activities		2,413,023	
Instructional Staff Employee Benefits		13,581,276	
Purchased Professional and Technical Services		43,382	
Instructional Materials and Supplies		286,015	
Instructional Equipment		-	
Total Teacher and Student Interaction Activities		-	\$ 35,803,951

Other Instructional Activities**Pupil Support Activities**

		3,556,749	
Less: Equipment for Pupil Support Activities		-	
Net Pupil Support Activities		-	3,556,749

Instructional Staff Services

		1,872,239	
Less: Equipment for Instructional Staff Services		-	
Net Instructional Staff Services		-	1,872,239

School Administration

		3,856,033	
Less: Equipment for School Administration		-	
Net School Administration		-	3,856,033

Total General Fund Instructional Expenditures		\$ 45,448,530	
---	--	---------------	--

Total General Fund Equipment Expenditures

		\$ -	
--	--	------	--

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

Ad Valorem Taxes			
Constitutional Ad Valorem Taxes	\$	2,791,441	
Renewable Ad Valorem Tax		8,112,625	
Debt Service Ad Valorem Tax		5,387,867	
Up to 1% of Collections by the Sheriff on taxes other than School Taxes		407,028	
Sales Taxes			
Sales and Use Taxes - Gross		28,596,883	
Total Local Taxation Revenue	\$	45,295,844	

Local Earnings on Investment in Real Property:

Total Local Earnings on Investment in Real Property		\$ -	
---	--	------	--

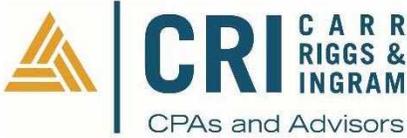
State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	\$	163,871	
Total State Revenue in Lieu of Taxes	\$	163,871	

Nonpublic Textbook Revenue	\$	29,638	
----------------------------	----	--------	--

CITY OF MONROE SCHOOL BOARD
Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21-26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	61.8%	709	35.0%	402	3.2%	37	0.0%	0
Elementary Activity Classes	62.1%	128	34.0%	70	3.9%	8	0.0%	0
Middle/Jr. High	66.3%	327	20.9%	103	12.6%	62	0.2%	1
Middle/Jr. High Activity Classes	93.3%	126	4.4%	6	0.7%	1	1.5%	2
High	71.5%	704	20.1%	198	8.1%	80	0.3%	3
High Activity Classes	67.4%	122	17.1%	31	12.7%	23	2.8%	5
Combination	86.1%	31	0.0%	0	0.0%	0	13.9%	5
Combination Activity Classes	100.0%	5	0.0%	0	0.0%	0	0.0%	0
Other		0		0		0		0



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRlcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City of Monroe School Board and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Monroe School Board and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Comment: See the following comments related to the CPSO policies:

No exceptions were noted in the Budgeting, and Travel and Expense Reimbursement policies. For the other policies, we noted the following:

The Purchasing policy does not address formally how vendors are added to the vendor list. Also, the policy does not formally address the preparation and approval process of purchase requisitions and purchase orders. However, procedures have been documented to exist and be in place regarding adding vendors and preparing and approving purchase requisitions.

There is no formal policy for processing, reviewing and approving Disbursements. However, procedures have been documented to exist and be in place regarding Disbursements.

There is no separately written internal policy for Receipts; however, procedures have been documented to exist and be in place regarding Receipts.

The Payroll policy does not formally address the review and approval of time and attendance records, including leave and overtime worked. However, procedures have been documented to exist and be in place regarding time and attendance records.

The Credit Card policy does not formally address the allowable uses of credit cards. However, procedures have been documented to exist and be in place regarding allowable uses of credit cards during the reconciliation process.

The Ethics/Code of Conduct policy does not formally address (1) a system to monitor possible ethics violations, and (2) a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Also, the policy does not have a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Debt Service policy does not formally address (1) the Electronic Municipal Market Access (EMMA) reporting requirements, (2) the debt reserve requirements, and (3) the debt service requirements. However, procedures have been documented to exist and be in place regarding debt service.

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) We observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements for major proprietary funds.
 - c) We obtained the prior year audit report and observed the unrestricted fund balance in the general fund.

Comment: *The board members for the City of Monroe School Board meets monthly. During a review of the board meeting minutes, no documented discussions were noted regarding budget-to-actual comparisons of the general fund or other major funds for any of the meetings held during the year ended June 30, 2018. We inspected the agenda and identified that financial information is provided to the board members when available.*

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. After asking management to identify the entity's main operating account, we selected the entity's main operating account and randomly selected four additional accounts. We then randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account and observed that:
 - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: *No exceptions noted in the procedures performed except for the following:*

Sallie Humble School Account – The November 2017 bank reconciliation was signed and dated 10/7/17 which is a month and a half before the statement release date questioning the validity of the Bank Reconciliation.

City of Monroe School Board General Fund Account – The November 2017 bank reconciliation was signed and dated 4/12/2018 which is not within two months of the related statement closing date.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

4. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We then randomly selected five locations.
Comment: No exceptions noted in the procedures performed.
5. For each location selected under #4 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We then obtained written policies and procedures relating to employee job duties and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Comment: See the following comments for the disbursements selected:

Five (5) disbursements were selected from each location for a total of 25 sampled items.

Clara Hall School – *There was a lack of evidence proving at least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. There was a lack of evidence proving the employee responsible for processing payments was prohibited from adding/modifying vendor files.*

Martin Luther King Jr. Middle School – *There was a lack of evidence proving at least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. There was a lack of evidence proving the employee responsible for processing payments was prohibited from adding/modifying vendor files.*

Lexington Elementary School – *There was a lack of evidence proving at least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. There was a lack of evidence proving the employee responsible for processing payments was prohibited from adding/modifying vendor files.*

Neville High School – *There was a lack of evidence proving at least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. There was a lack of evidence proving the employee responsible for processing payments was prohibited from adding/modifying vendor files.*

Minnie Ruffin Elementary School – *There was a lack of evidence proving at least two employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. There was a lack of evidence proving the employee responsible for processing payments was prohibited from adding/modifying vendor files.*

6. For each location selected under #4 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We then randomly selected five disbursements for each location, obtained supporting documentation for each transaction and:
 - a) Observed that the disbursement matched the related original invoice/billing statement.

- b) Observed that the disbursement documentation included evidence of segregation of duties under #5, as applicable.

Comment: For each of the schools selected, each disbursement did not have evidence proving segregation of duties.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

7. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

Comment: No exceptions noted in the procedures performed.

8. Using the listing prepared by management, we randomly selected five cards (or all cards if less than five) that were used during the fiscal period. We then randomly selected one monthly statement or combined statement for each card (for a debit card, we randomly selected one monthly bank statement), obtained supporting documentation, and:
 - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) We observed that finance charges and late fees were not assessed on the selected statements.

Comment: No exceptions noted for cards selected.

9. Using the monthly statements or combined statements selected under #8 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by:
 - An original itemized receipt that identifies precisely what was purchased,
 - Written documentation of the business/public purpose,
 - Documentation of the individuals participating in meals (for meal charges only).

Comment: No exceptions noted for cards selected.

Ethics (excluding nonprofits)

10. We randomly selected five employees/officials, obtained ethics compliance documentation from management and:
 - a) Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Comment: One employee selected did not have evidence of ethics compliance training.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs.

Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board and management of the City of Monroe School Board and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
December 31, 2018



MONROE
CITY SCHOOLS

Business Department
P.O. Box 4180
Monroe, LA 71211

DaVona Howard
Chief Financial Officer

(318) 325-0601, Ext. 3032
Fax: (318) 812-3605
davona.howard@mcschools.net

December 31, 2018

Louisiana Legislative Auditor
1600 North 2nd Street
PO Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
1000 East Preston Avenue, Suite 200
Shreveport, Louisiana 71105

Re: Management Response to Agreed-Upon Procedures

The City of Monroe School Board's management has reviewed the Independent Accountants' Report on Applying Agreed-upon Procedures. Management is in agreement with the report as provided by Carr, Riggs & Ingram, LLC. In addition, the City of Monroe School Board has implemented changes/additions to policies and/or procedures where necessary to meet the expectations in the report.

Respectfully,

DaVona Howard
Chief Financial Officer