

ANNUAL FINANCIAL REPORT

CITY OF MONROE, LOUISIANA



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

Release Date 12/15/10

**For The Year Ended
April 30, 2010**

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2010

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***Denotes Schedule**

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***Denotes Schedule**

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INDEPENDENT AUDITORS' REPORT

City of Monroe Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the City of Monroe, Louisiana (the City) as of and for the year ended April 30, 2010, which collectively comprise the City's basic financial statements on pages 15 through 67 as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Monroe City Court or the Monroe City Marshal, which represent the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the component unit columns, is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the fiduciary funds, and the aggregate remaining fund information of the City as of April 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**City of Monroe
Monroe, Louisiana**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 12 and pages 68 through 70 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as other supplemental information in the Table of Contents and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information is the responsibility of management of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges on page 140 is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Jeffrey Huffman, Registered Accountant

(A Professional Accounting Corporation)

October 29, 2010

REQUIRED SUPPLEMENTAL INFORMATION
(PART A)

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

As management of the City of Monroe (the City), we offer readers of the City of Monroe's financial statements this narrative overview and analysis of the financial activities of the City of Monroe for the fiscal year ended April 30, 2010. It is designed to assist the reader in focusing on significant financial issues, identify changes in the city's financial position, and identify material deviations and individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The assets of the City of Monroe exceeded its liabilities at the close of the most recent fiscal year by \$230.8 million (*net assets*). Of this amount, the \$16.5 million (*unrestricted net assets*) represents the portion of net assets which is not invested in capital assets or otherwise restricted.
- The government's total net assets increased by \$7.2 million.
- As of the close of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$94.0 million, an increase of \$16.1 million in comparison with the prior year. Of this total amount, \$24.1 million is in unreserved fund balance.
- At the end of the current fiscal year, approximately \$353,000 of the General Fund's fund balance was reserved for inventories and prepaid items; and approximately \$600,000 was designated for capital improvements.
- The City of Monroe's total debt increased by approximately \$22.3 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Monroe's basic financial statements. The City of Monroe'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.

Not only do the government-wide financial statements include the City itself which is the primary government, but also its component units, Monroe City Court and Monroe City Marshal. Although these component units are legally separate, their operational or financial relationship with the City makes the City financially accountable.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

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

The statement of net assets presents information on all of the City of Monroe's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Monroe is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Monroe that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Monroe include general government, public safety, public works, economic development, health and welfare, and culture and recreation. The business-type activities of the City of Monroe include an airport, public transportation system, civic center, zoo, livestock arena, water and sewer systems.

The government-wide financial statements include not only the City of Monroe itself (known as the primary government), but also a legally separate City Court and a legally separate City Marshal for which the City of Monroe is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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, 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 can be divided into three categories: governmental funds, proprietary 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 available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

Because the focus of governmental funds is more narrow 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's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 maintains 80 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Infrastructure Special Revenue Fund, Sales Tax Bond Debt Service Fund, , Airport Terminal, Gardner Denver Building Capital Projects Funds, all of which are considered to be major funds. Data from the other 74 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Monroe adopts an annual appropriated budget for its General Fund, and all Special Revenue funds. Budgetary comparison statements have been provided for the General Fund and the Capital Infrastructure Special Revenue Fund to demonstrate compliance with this budget.

Proprietary funds. The City of Monroe maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Monroe's various functions. Because the internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the 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 City of Monroe'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
Management's Discussion and Analysis (MD&A)
April 30, 2010

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Monroe, assets exceeded liabilities by approximately \$231 million at the close of the most recent fiscal year.

By far the largest amount of the City of Monroe's net assets (\$144.8 million) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Monroe uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Monroe's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Monroe's Net Assets
April 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 107,067,034	\$ 90,506,166	\$ 3,424,763	\$ 2,089,689	\$ 110,491,797	\$ 92,595,855
Capital Assets	<u>174,618,243</u>	<u>173,150,854</u>	<u>150,161,541</u>	<u>141,923,121</u>	<u>324,779,784</u>	<u>315,073,975</u>
Total Assets	<u>281,685,277</u>	<u>263,657,020</u>	<u>153,586,304</u>	<u>144,012,810</u>	<u>435,271,581</u>	<u>407,669,830</u>
Liabilities						
Current and other liabilities	16,955,482	15,470,499	2,351,712	2,811,526	19,307,194	18,282,025
Long-term liabilities	<u>181,970,062</u>	<u>161,035,807</u>	<u>3,185,690</u>	<u>3,324,070</u>	<u>185,155,752</u>	<u>164,359,877</u>
Total Liabilities	<u>198,925,544</u>	<u>176,506,306</u>	<u>5,537,402</u>	<u>6,135,596</u>	<u>204,462,946</u>	<u>182,641,902</u>
Net Assets						
Invested in capital assets, net of debt	74,445,453	105,375,467	70,387,930	74,332,022	144,833,383	179,707,489
Restricted	69,519,188	54,746,361			69,519,188	54,746,361
Unrestricted	<u>(61,204,908)</u>	<u>(72,971,114)</u>	<u>77,660,972</u>	<u>63,545,192</u>	<u>16,456,064</u>	<u>(9,425,922)</u>
Total Net Assets	<u>\$ 82,759,733</u>	<u>\$ 87,150,714</u>	<u>\$ 148,048,902</u>	<u>\$ 137,877,214</u>	<u>\$ 230,808,635</u>	<u>\$ 225,027,928</u>

The deficit of \$61.2 million in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. The principal factors in the large unrestricted deficit are that the City has long term outstanding debt of approximately \$182 million as well as approximately \$74.4 million invested in capital assets. Capital assets and long term debt have historically not been reported in governmental funds, but under GASB 34 the reporting of these results in an unrestricted deficit in the governmental activities.

**City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010**

**City of Monroe's Changes in Net Assets
For the years ended April 30, 2010 and 2009**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charges for services	\$ 22,112,708	\$ 24,658,136	\$ 17,770,849	\$ 16,350,889	\$ 39,883,557	\$ 41,009,025
Operating grants and contributions	5,734,666	3,419,740	1,695,247	403,544	7,429,913	3,823,284
Capital grants and contributions	11,110,912	4,201,882	17,183,477	11,693,265	28,294,389	15,895,147
General revenues						
Property taxes	8,742,774	8,343,836	1,961,546	2,075,277	10,704,320	10,419,113
Sales taxes	55,760,791	56,838,007	-	-	55,760,791	56,838,007
Other taxes	907,167	955,224	-	-	907,167	955,224
Other general revenues	456,799	1,988,547	(1,036,001)	141,232	(579,202)	2,129,779
Total revenues	104,825,817	100,405,372	37,575,118	30,664,207	142,400,935	131,069,579
Expenses						
General government	23,870,534	22,318,212	-	-	23,870,534	22,318,212
Public safety	33,344,579	32,752,653	-	-	33,344,579	32,752,653
Public works	18,424,296	19,427,509	-	-	18,424,296	19,427,509
Culture and recreation	3,746,494	4,064,672	-	-	3,746,494	4,064,672
Planning and urban dev.	2,921,511	2,376,802	-	-	2,921,511	2,376,802
Economic development	347,982	1,035,353	-	-	347,982	1,035,353
Interest on long term debt	8,396,380	8,039,160	-	-	8,396,380	8,039,160
Intergovernmental	16,630,521	8,745,511	-	-	16,630,521	8,745,511
Airport	-	-	2,365,597	2,198,892	2,365,597	2,198,892
Transit	-	-	4,574,730	4,212,198	4,574,730	4,212,198
Civic center	-	-	3,222,770	3,553,218	3,222,770	3,553,218
Zoo	-	-	1,547,009	1,552,173	1,547,009	1,552,173
Livestock arena	-	-	9,724	11,844	9,724	11,844
Water	-	-	7,058,381	7,620,004	7,058,381	7,620,004
Sewer	-	-	8,722,437	9,053,953	8,722,437	9,053,953
Total expenses	107,682,297	98,759,872	27,500,648	28,202,282	135,182,945	126,962,154
Increase in net assets before transfers	(2,856,480)	1,645,500	10,074,470	2,461,925	7,217,990	4,107,425
Transfers	(97,220)	(1,758,112)	97,220	1,758,112	-	-
Change in net assets	\$ (2,953,700)	\$ (112,612)	\$ 10,171,690	\$ 4,220,037	\$ 7,217,990	\$ 4,107,425

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

Governmental Activities (continued)

Expenses are classified by functions/programs. Public safety accounts for approximately \$33.3 million for fiscal year 2010. Other functions such as general government, public works, planning and urban development, culture and recreation and economic development totaled approximately \$49.3 million. The remaining costs represent payments for debt service and intergovernmental expenses totaling approximately \$25 million.

The related program revenues for fiscal year 2010 directly related to these expenses totaled \$38.9 million, which resulted in net program expenses of \$68.7 million. The remaining 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:

- Sales tax revenues are the largest and most significant source of revenue for the City of Monroe. It provides approximately \$31.9 million of General Fund revenues.
- Property taxes are the second largest revenue source to the City, generating approximately \$8.3 million of General Fund revenues.

Business-type activities. Business-type activities increased the City of Monroe's net assets by approximately \$10.1 million. Key elements of this increase are as follows:

- Airport increased the City's net assets by approximately \$9.1 million.
- Water Fund activities increased net assets by approximately \$2.2 million.
- Sewer Fund activities increased net assets by approximately \$2.0 million.
- Monroe Transit System activities decreased the City's net assets by approximately \$1.7 million.
- All other business-type activities decreased net assets by approximately \$1.5 million.

Financial Analysis of the Government's Funds

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

The focus of the City of Monroe's governmental 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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

As of the end of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$94.0 million, an increase of \$16.1 million in comparison with the prior year. Approximately 25.6 percent of this total amount (\$24.1 million) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the City of Monroe. At the end of the current fiscal year, fund balance of the General Fund was approximately \$12.9 million of which approximately \$353,000 is reserved for inventories and prepaid items, and approximately \$600,000 is designated for capital improvements.

The fund balance of the City of Monroe's General Fund increased by approximately \$600,000 during the current fiscal year.

The special revenue funds have a total fund balance of \$30.0 million, of which approximately \$17.8 million is reserved for debt service related to the Capital Infrastructure Fund.

The debt service funds have a total fund balance of \$12.2 million, all of which is reserved for the payment of debt service.

The capital project funds have a fund balance of approximately \$38.7 million all of which is reserved for capital improvements.

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 must adopt a budget for the General Fund and all Special Revenue funds prior to April 30. The original budget for the City was adopted on April 14, 2009, and the final budget amendment was adopted on April 13, 2010.

The total difference between the original General Fund budget and the final amended budget was an increase in appropriations of \$2.1 million and an increase in anticipated revenues of approximately \$2.3 million. The majority of the appropriation increase (\$1.8 million) was due to increases in appropriations for Administration (\$0.6 million), Capital (\$0.5 million), Public Works (\$0.4 million) and Fire (\$0.4 million).

Capital Asset and Debt Administration

Capital assets. The City of Monroe's investment in capital assets for its governmental and business type activities as of April 30, 2010, amounts to approximately \$325 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

City of Monroe Capital Assets
(Net of Accumulated Depreciation)
April 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 19,489,882	\$ 17,472,810	\$ 5,542,940	\$ 5,542,940	25,032,822	23,015,750
Buildings and improvements	39,123,011	34,172,260	34,528,260	39,021,739	73,651,271	73,193,999
Equipment and furniture	25,564,477	26,302,378	17,645,106	18,211,971	43,209,583	44,514,349
Construction in progress	2,278,591	16,894,866	23,733,369	9,537,427	26,011,960	26,432,293
Infrastructure	157,095,580	141,328,638	168,131,490	165,725,995	325,227,070	307,054,633
Zoo animals	-	-	92,648	67,755	92,648	67,755
Total	243,551,541	236,170,952	249,673,813	238,107,827	493,225,354	474,278,779
Less: accumulated depreciation	(68,933,297)	(63,020,098)	(99,512,272)	(96,184,706)	(168,445,569)	(159,204,804)
Total Net Capital Assets	<u>\$ 174,618,244</u>	<u>\$ 173,150,854</u>	<u>\$ 150,161,541</u>	<u>\$ 141,923,121</u>	<u>\$ 324,779,785</u>	<u>\$ 315,073,975</u>

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

- Construction of sewer and water projects at an approximately total cost of \$6.6 million.
- Expenditures for a variety of street construction projects totaled \$5.8 million for the year.
- Construction on general infrastructure and general capital asset projects of approximately \$500,000.
- Improvement projects at the airport totaled approximately \$9.9 million.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2010

City of Monroe Outstanding Debt
April 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ -	\$ 170,000	\$ -	\$ -	\$ -	\$ 170,000
Tax Increment Bonds	10,185,000	10,645,000	-	-	10,185,000	10,645,000
Certificates of Indebtedness	1,245,000	1,525,000	-	-	1,245,000	1,525,000
Sales Tax Bonds	47,635,000	49,315,000	-	-	47,635,000	49,315,000
Utility Revenue Bonds	40,292,547	35,325,884	2,192,463	2,294,123	42,485,010	37,620,007
Airport Revenue Bonds	18,940,000	-	-	-	18,940,000	-
Refunding Bonds	50,244,847	52,790,775	-	-	50,244,847	52,790,775
Claims and Judgments	7,828,227	7,303,139	-	-	7,828,227	7,303,139
Capital Lease	2,147,939	2,309,299	-	-	2,147,939	2,309,299
Notes Payable	1,718,818	2,299,953	-	-	1,718,818	2,299,953
Compensated Absences	5,933,536	5,472,528	993,228	1,029,948	6,926,764	6,502,476
Other Post-Employment	5,052,605	1,622,652	-	-	5,052,605	1,622,652
Total	\$ 191,223,519	\$ 168,779,230	\$ 3,185,691	\$ 3,324,071	\$ 194,409,210	\$ 172,103,301

The City of Monroe's total debt increased by approximately \$22.3 million (13%) during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

Although the City of Monroe has experienced some of the economic downturn this fiscal year with the decline in sales taxes, the region as a whole has weathered the worst of it with minor setbacks. No major businesses closed; but, the automobile manufacturer that planned to move in the old Guide plant has experienced some roadblocks in its startup efforts. The receipt of a federal loan is still in question. As we move into the new fiscal year, like many state and local governments, the City is facing challenges concerning the increased costs of the fire and police pensions. However, sales tax collections are already up 2%. The City aggressively seeks new businesses to locate here as well as encourages existing businesses in efforts to expand. The new airport terminal is well under construction and there is excitement in the air about its opening. The City uses every opportunity to promote itself, including hosting the Miss Louisiana Pageant and a nationally-televised boxing event at the Civic Center Complex.

Requests for Information

This financial report is designed to provide a general overview of the City of Monroe's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, The City of Monroe, 400 Lea Joyner Memorial Expressway, Monroe, LA, 71201.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MONROE
Monroe, Louisiana
Statement of Net Assets
April 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 88,755,932	\$ 5,511,019	\$ 94,266,951	\$ 1,552,703
Investments				39,633
Receivables	9,013,637	1,972,128	10,985,765	67,313
Internal balances	4,503,957	(4,503,957)		
Inventories	175,349	350,000	525,349	
Prepaid expenses	985,201	95,573	1,080,774	16,930
Bond issuance costs	3,632,958		3,632,958	
Capital assets, net	174,618,243	150,161,541	324,779,784	189,478
Total Assets	281,685,277	153,586,304	435,271,581	1,866,057
LIABILITIES				
Accounts payables and accrued expenses	4,799,012	676,191	5,475,203	11,368
Accrued payroll related liabilities	1,124,727	344	1,125,071	
Deferred revenues	18,265	266,228	284,493	
Due to other agencies	41,965		41,965	
Deposits due others		1,408,949	1,408,949	
Other current liabilities	30,255		30,255	
Accrued interest payable	1,687,801		1,687,801	
Noncurrent Liabilities				
Due within one year	9,253,457		9,253,457	3,699
Due in more than one year	181,970,062	3,185,690	185,155,752	4,523
Total Liabilities	198,925,544	5,537,402	204,462,946	19,590
NET ASSETS				
Invested in capital assets, net of related debt	74,445,453	70,387,930	144,833,383	181,256
Restricted for				
Debt service	30,242,423		30,242,423	
Capital	39,276,765		39,276,765	
Unrestricted	(61,204,908)	77,660,972	16,456,064	1,665,211
Total Net Assets	\$ 82,759,733	\$ 148,048,902	\$ 230,808,635	\$ 1,846,467

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Statement of Activities
For the Year Ended April 30, 2010

Functions/Programs	Net (Expenses) Revenues and Changes in Net Assets							Component Units
	Expenses	Program Revenues			Primary Government		Total	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities		
Primary government								
Governmental activities								
General government	\$ 21,870,534	\$ 16,884,964	\$ 8,853	\$ 1,000,000	\$ (5,976,717)		\$ (5,976,717)	
Public safety	33,344,579	348,626	3,287,064	239,469	(29,469,420)		(29,469,420)	
Public works	18,424,296	3,647,074	142,426	9,646,801	(4,987,995)		(4,987,995)	
Culture and recreation	1,746,494	503,326	41,750	91,539	(3,109,879)		(3,109,879)	
Planning and urban development	2,921,511	645,985	1,897,746	133,103	(244,677)		(244,677)	
Economic development and assistance	347,982	82,733	356,827		91,578		91,578	
Debt service interest	7,723,980				(7,723,980)		(7,723,980)	
Capital lease interest	123,914				(123,914)		(123,914)	
Judgments	548,486				(548,486)		(548,486)	
Intergovernmental expenditures	16,630,521				(16,630,521)		(16,630,521)	
Total governmental activities	107,682,297	22,112,708	5,734,666	11,110,912	(68,724,011)		(68,724,011)	
Business-type activities								
Airport	2,365,597	1,581,908		9,945,505		\$ 9,161,816	9,161,816	
Transit	4,574,730	614,686	1,695,247	552,957		(1,711,840)	(1,711,840)	
Civic Center	3,222,770	1,890,082				(1,332,688)	(1,332,688)	
Zoo	1,547,009	320,168				(1,226,841)	(1,226,841)	
Livestock Arena	9,724	5,805				(3,919)	(3,919)	
Water	7,058,381	8,660,784		642,833		2,245,236	2,245,236	
Sewer	8,722,436	4,697,416		6,042,182		2,017,162	2,017,162	
Total business-type activities	27,500,647	17,770,849	1,695,247	17,182,477		9,148,926	9,148,926	
Total primary government	\$ 135,182,944	\$ 39,883,557	\$ 7,429,913	\$ 28,294,389	\$ (68,724,011)	\$ 9,148,926	\$ (59,575,085)	
Component units								
City Court	\$ 234,348	\$ 402,761						\$ 127,813
City Marshal	428,325	376,469						(51,856)
Total component units	702,673	779,230						75,957
Ad valorem tax					8,742,774	1,967,546	10,704,320	
Sales tax					55,760,791		55,760,791	
Other taxes					907,167		907,167	
Interest and investment earnings					291,396		291,396	4,726
Gain (Loss) on sale of capital assets					339,241	(1,026,001)	(686,760)	(51)
Loss on abandonment of projects					(387,358)		(387,358)	
Miscellaneous					113,520		113,520	38,106
Transfers					(97,220)	97,220		
Special items								
Insurance proceeds					100,000		100,000	
Total general revenues and separate line items					65,770,311	1,022,765	66,793,076	42,781
Changes in net assets					(2,953,700)	10,171,691	7,217,991	118,738
Net assets - beginning (as restated, see Note 18)					85,719,433	137,877,231	223,590,644	1,727,729
Net assets - ending					\$ 82,759,733	\$ 148,048,902	\$ 230,808,635	\$ 1,846,467

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF MONROE
 Monroe, Louisiana
 Balance Sheet
 Governmental Funds
 April 30, 2010

	Major Funds						Total	
	General	Special Revenue		Debt Service		Capital Projects		
			Capital Infrastructure	Sales Tax Bond	Airport Terminal	Gardner Denver Bidg.		Other
ASSETS								
Cash and cash equivalents	\$ 7,909,219	\$ 16,447,347	\$ 7,674,995	\$ 15,184,071	\$ 38,417,738	\$ 85,633,370		
Receivables	3,753,655	1,050,190	689,221	773,915	2,347,586	8,614,567		
Due from other funds	4,151,312	1,008,000	793,249	260,348	3,084,819	9,289,728		
Inventories	123,608					123,608		
Prepaid expenses & other assets, net	229,587	115	163,893		591,606	985,201		
Total Assets	\$ 16,167,381	\$ 18,497,652	\$ 7,674,995	\$ 16,830,434	\$ 44,441,749	\$ 104,646,474		
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts and retainage payable	\$ 952,968	\$ 31	\$ 754,512	\$ 1,297,064	\$ 1,215,811	\$ 4,778,949		
Accrued liabilities	637,964					637,964		
Due to other funds	1,300,776	684,109	1,011,594	475,800	1,313,492	4,785,771		
Deferred revenue	357,697				21,322	379,019		
Due to other agencies	41,965					41,965		
Other current liabilities	225				30,030	30,255		
Total Liabilities	3,291,595	684,140	1,766,206	1,297,064	2,580,655	10,653,923		
Fund Balances								
Reserved for:								
Debt service		17,813,512	5,908,789		6,520,122	30,242,423		
Inventories and prepaids	353,195					353,195		
Capital improvements	599,691			15,533,370	23,143,708	39,276,789		
Unreserved:	11,922,900				12,197,264	24,120,164		
Total Fund Balances	12,875,786	17,813,512	5,908,789	15,533,370	41,861,094	93,992,551		
Total Liabilities and Fund Balances	\$ 16,167,381	\$ 18,497,652	\$ 7,674,995	\$ 16,830,434	\$ 44,441,749	\$ 104,646,474		

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
 Monroe, Louisiana
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 April 30, 2010

Fund balances - total governmental funds	\$	93,992,551	
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds			
Governmental capital assets	\$	239,867,640	
Less: accumulated depreciation		<u>(67,788,068)</u>	172,079,572
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds			
Bond issuance costs			3,632,959
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures.			
Deferred property taxes - General Fund		346,831	
Deferred property taxes - Airport Debt Service Fund		13,922	
Receivable - Sales tax increment - I-20 Corridor		305,655	
Receivable - Sales tax increment - Tower Drive		<u>83,611</u>	750,019
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Accrued interest payable		(1,687,801)	
Bonds payable		(170,232,551)	
Deferred amount on refunding bonds		1,690,153	
Compensated absences payable		(5,933,536)	
Obligation under capital leases		(2,147,939)	
Note payable		(1,718,818)	
Claims and judgments payable		(7,828,227)	
Other post-employment benefits		<u>(5,052,605)</u>	(192,911,324)
Internal service funds are used by management to account for the provision of repair and maintenance services and motor fuels to various City departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			
Cash and cash equivalents		3,122,565	
Receivables		9,805	
Inventories		51,741	
Capital assets, net		2,538,670	
Accounts payable and accrued expenses		(506,825)	
Due to other funds		<u>-</u>	5,215,956
Net assets of governmental activities	\$		<u>82,759,733</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2010

	Major Funds						Total
	Special Revenue	Debt Service		Capital Projects			
	General	Capital Infrastructure	Sales Tax Bond	Airport Terminal	Gardner Denver Bldg	Other	
REVENUES							
Taxes							
Ad valorem	\$ 8,314,480					\$ 384,605	\$ 8,699,085
Other	907,167						907,167
Sales	31,887,986	\$ 13,380,893				10,415,064	55,683,943
Fees, charges and commissions for services	8,049,634					1,145,577	9,235,211
Use of money and property	248,508	43,375	\$ 98,406	\$ 803		97,378	488,470
Other revenues	150,769					153,283	304,052
Fines and Forfeitures	769,639					178,393	948,032
Intergovernmental							
Federal grants	821,767			9,037,883		2,483,787	12,343,437
State grants	2,544,131			419,784		327,801	3,291,736
Local grants					1,000,000	30,000	1,030,000
Licenses, permits, and assessments	2,709,272						2,709,272
Total Revenues	56,443,373	13,424,268	98,406	9,458,470	1,000,000	15,215,888	95,640,405
EXPENDITURES							
Current							
General government							
Legislative	296,371						296,371
Judicial	2,875,359					87,873	2,963,232
Executive	780,624						780,624
Financial administration	7,223,678		27,324	840,401		575,676	8,667,079
Public safety							
Police	12,534,301					4,359,505	16,893,806
Fire	12,013,973					3,606,489	15,620,462
Public works	9,139,534	728,828				276,770	10,145,132
Culture and recreation	2,754,580					554,835	3,309,415
Planning and urban development	883,908					2,037,603	2,921,511
Economic development and assistance						347,982	347,982
Capital outlay	816,611			9,775,760	5,260,348	11,536,675	27,389,394
Debt service:							
Debt service principle	280,000		4,618,340			3,351,135	8,249,475
Debt service interest	57,188		5,159,585			2,302,088	7,518,861
Capital lease principle	161,360						161,360
Capital lease interest	123,914						123,914
Judgments	87,478						87,478
Total Expenditures	50,028,879	728,828	9,805,249	10,616,161	5,260,348	29,036,631	105,476,096
Excess (deficiency) of revenues over expenditures	6,414,494	12,695,440	(9,706,843)	(1,157,691)	(4,260,348)	(13,820,743)	(9,835,691)
Other Financing Sources (Uses)							
Bond proceeds				19,250,000		6,765,003	26,015,003
Bond issue discount				(74,664)			(74,664)
Sale of assets	262,584					106,563	369,147
Transfers in	1,050,771	1,000,000	9,782,212		4,260,348	8,730,996	24,824,327
Transfers out	(7,228,589)	(10,483,278)		(1,623,276)		(5,945,933)	(25,281,078)
Insurance proceeds	100,000						100,000
Total Other Financing Sources (Uses)	(5,815,234)	(9,483,278)	9,782,212	17,552,060	4,260,348	9,656,627	25,952,735
Net changes in fund balances	599,260	3,212,162	75,369	16,394,369		(4,164,116)	16,117,044
Fund balances - beginning (as restated, Note 18)	12,276,526	14,601,350	5,833,420	(860,999)		46,025,210	77,875,507
Fund balances - ending	\$ 12,875,786	\$ 17,813,512	\$ 5,908,789	\$ 15,533,370		\$ 41,861,094	\$ 93,992,551

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
 Monroe, Louisiana
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 of Governmental Funds
 to the Statement of Activities
 For the Year Ended April 30, 2010

Net change in fund balances - total governmental funds	\$	16,117,044
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay (net of \$16,630,521 capital contributions to business activities)	\$	10,758,874
Depreciation expense	<u>(8,768,877)</u>	1,989,997
<p>The net effect of various miscellaneous transactions involving capital assets, such as sales and trade-ins:</p>		
Proceeds for sales	(369,146)	
Gain (loss) on sales	339,241	
Loss on abandonment of project	<u>(387,358)</u>	(417,263)
<p>Some revenues will not be collected for several months after year-end they are not considered "available" revenues in the governmental funds.</p>		
Property tax revenue - General Fund	29,767	
Property tax revenue - Airport Debt Service Fund	13,922	
Sales tax increment - I-20 Corridor	80,757	
Sales tax increment - Tower Drive	<u>(3,909)</u>	120,537
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Deferred bond issuance costs	820,055	
Amortization of bond issuance costs	(417,419)	
Principal payments	7,668,340	
Proceeds for bonds and certificates	(26,015,003)	
Capital lease payments	<u>742,495</u>	(17,201,532)
<p>Payments to an escrow agent to refund bonded debt are reported in Governmental Funds as Other Financing Sources. The amount paid to the escrow agent for principal is removed from the long-term bonded debt in the Statement of Net Assets. The deferred part of the payment paid to the escrow agent is shown as a reduction of long-term debt in the Statement of Net Assets. The deferred amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.</p>		
Current year amortization	<u>(424,072)</u>	(424,072)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest payable	(183,685)	
Compensated absences payable	(461,010)	
Claims and judgments payable	<u>(525,088)</u>	(1,169,783)
<p>Other post-employment benefits are reported in the governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statement of Activities as it accrues.</p>		
		(3,429,953)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>		
		<u>1,461,325</u>
Change in net assets of governmental activities	\$	<u>(2,953,700)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
 Monroe, Louisiana
 Statement of Net Assets
 Proprietary Funds
 April 30, 2010

	Business - Type Activities - Enterprise Funds										Governmental Activities - Internal Service Fund	
	Major Funds					Enterprise						
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Non-major Enterprise	Enterprise Total					
ASSETS												
Current assets												
Cash and cash equivalents	\$ 340,588	\$ 900	\$ 11,000	\$ 5,131,003	\$ 25,028	\$ 2,500	\$ 5,511,019	\$ 3,122,565				
Receivables	46,845	63,446	43,236	1,097,512	686,259	34,830	1,972,128	9,805				
Due from other funds	30,000	306,764				685	337,449					
Inventories		104,177		245,823		5,109	350,000	51,741				
Prepaid expenses & other assets, net	10,423		74,934	5,047			95,573					
Total current assets	427,856	475,287	129,230	6,479,385	711,287	43,124	8,266,169	3,184,111				
Noncurrent assets												
Capital assets, net of accumulated depreciation												
Land	4,203,504	148,239	993,540	114,152	83,505		5,542,940	45,000				
Buildings and improvements	15,219,289	1,992,692	9,485,471	24,335	532,586	2,638,045	29,912,418	3,406,242				
Other improvements		167,393	2,956,017	50,000	391,334	1,051,098	4,615,842					
Furniture & Equipment	2,000,500	3,239,425	1,336,893	2,772,461	2,872,614	206,819	12,428,712	103,701				
Vehicles		5,216,397					5,216,397	126,938				
Infrastructure	9,717,462			40,738,416	117,675,612		168,131,490					
Construction in progress	12,721,086			1,648,177	9,364,089		23,733,352					
Zoo animals						92,648	92,648					
Accumulated depreciation	(11,110,925)	(6,163,741)	(8,809,608)	(73,166,277)	(47,133,828)	(3,125,879)	(99,312,258)	(1,145,231)				
Total noncurrent assets	32,750,916	4,598,405	5,962,313	22,181,264	83,785,912	882,731	150,161,541	2,538,670				
Total assets	33,178,772	5,073,692	6,091,543	28,660,649	84,497,199	925,855	158,427,710	5,722,781				

(continued)

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
 Monroe, Louisiana
 Statement of Net Assets (Concluded)
 Proprietary Funds
 April 30, 2010

	Business - Type Activities - Enterprise Funds										Governmental Activities - Internal Service Fund
	Major Funds										
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Non-major Enterprise	Enterprise Total				
LIABILITIES											
Current liabilities											
Accounts and retainage payable	\$ 27,783	\$ 85,934	\$ 78,760	\$ 256,326	\$ 203,108	\$ 24,280	\$ 676,191	\$ 20,062			
Accrued liabilities			344				344	486,763			
Due to other funds	15,311		685	1,456,169	3,369,241		4,841,406				
Deferred revenue			228,530	1,408,949		36,658	266,228				
Customer deposits, net							1,408,949				
Total current liabilities	43,094	85,934	309,319	3,121,444	3,572,349	60,978	7,193,118	506,825			
Noncurrent liabilities											
Notes payable											
Notes payable - DEQ	95,430	328,857	54,994	158,973	2,192,462	44,994	2,192,462				
Compensated absences	95,430	328,857	54,994	158,973	309,980	44,994	993,228				
Total noncurrent liabilities	190,860	657,714	109,988	317,946	2,502,442	89,988	3,185,690				
Total liabilities	330,954	743,648	419,307	3,439,390	6,074,791	150,966	10,378,808	506,825			
NET ASSETS											
Unrestricted	33,040,248	4,658,901	5,727,230	25,380,232	78,422,408	819,883	148,048,902	5,215,956			
Total net assets	\$ 33,040,248	\$ 4,658,901	\$ 5,727,230	\$ 25,380,232	\$ 78,422,408	\$ 819,883	\$ 148,048,902	\$ 5,215,956			

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
 Monroe, Louisiana
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
 For the Year Ended April 30, 2010

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Non-major Enterprise	Enterprise Total	
Operating revenues								
Charges for services								
Rent and fees	\$ 1,163,801		\$ 412,413			\$ 9,653	\$ 1,585,869	9,012,694
Fees		\$ 575,727					575,727	
Advertising	7,944	30,832	30,000				68,776	
Ticket sales and other			1,152,186				1,152,186	
Admissions						213,637	213,637	
Concessions and rides			289,331			87,660	376,991	
Water sales				\$ 8,660,784			8,660,784	
Sewerage fees					\$ 4,697,416		4,697,416	
Other operating revenues	120,536	8,127	6,352			15,021	149,836	
Air Industrial Park rent	289,627						289,627	
Total operating revenues	1,581,908	614,685	1,890,082	8,660,784	4,697,416	325,973	17,770,849	9,012,694
Operating expenses								
Benefits paid to participants								6,426,556
Salaries, wages, and benefits	684,182	2,174,663	917,764	2,559,344	1,956,093	946,591	9,238,637	783,028
Materials, repairs, and supplies	164,813	1,704,374	97,514	2,028,402	1,180,751	262,870	4,838,724	16,609
Utilities and communications	150,915	100,699	444,690	633,887	686,790	98,404	2,115,385	37,744
Depreciation and amortization	1,098,020	623,412	510,428	1,175,328	4,365,447	65,486	7,778,130	105,345
Shop expenses								527,928
Insurance	11,370	311,963	136,602	2,956		45,227	508,118	
Promoter's expenses			745,769			21,043	766,810	
Other operating expenses	256,288	259,619	370,003	718,464	498,331	117,114	2,219,819	33,989
Total operating expenses	2,365,597	4,574,730	3,222,770	3,058,381	8,687,412	1,556,733	27,465,623	7,911,199
Operating income (loss)	(783,689)	(1,960,044)	(1,332,688)	1,602,403	(3,989,996)	(1,230,760)	(9,694,774)	1,101,499
Nonoperating revenues (expenses)								
Operating grants		2,248,204					2,248,204	
Sale of assets	(1,018,194)			(17,808)			(1,036,002)	
Interest income								293
Interest expense					(35,025)		(35,025)	
Property taxes			980,772			980,774	1,961,546	
Total nonoperating revenues (expenses)	(1,018,194)	2,248,204	980,772	(17,808)	(35,025)	980,774	3,138,722	293
Income (loss) before contributions and transfers	(1,801,883)	(1,711,840)	(351,916)	1,584,595	(4,025,031)	(249,986)	(6,556,051)	1,101,792
Other financing sources (uses)								
Capital contributions	9,945,506			642,839	6,042,182		16,630,521	
Transfers in		1,771,683				252,389	2,024,022	359,534
Transfers out	(145,990)		(344,066)	(1,436,745)			(1,926,802)	
Change in net assets	7,997,633	59,793	(695,982)	790,683	2,017,161	2,403	10,171,690	1,461,326
Total net assets - beginning	25,042,613	4,599,108	6,423,212	24,589,550	76,405,247	817,480	137,877,212	3,754,630
Total net assets - ending	\$ 33,040,246	\$ 4,658,901	\$ 5,727,230	\$ 25,380,232	\$ 78,422,408	\$ 819,883	\$ 148,048,902	\$ 5,215,956

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2010

	Business Type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds						Total	
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds		
Cash flows from operating activities								
Cash received from customers	\$ 1,701,571	\$ 510,648	\$ 2,044,574	\$ 2,379,989	\$ 4,586,782	\$ 311,981	\$ 17,595,545	\$ 9,866,026
Cash payments to suppliers for goods and services	(603,378)	(2,346,393)	(1,712,471)	(2,065,995)	(2,443,401)	(553,525)	(9,794,161)	(600,315)
Cash payments to employees for services and benefits	(668,894)	(2,137,843)	(949,665)	(2,609,751)	(1,972,821)	(942,583)	(9,273,555)	(8,568,031)
Net cash provided by (used for) operating activities	429,299	(3,973,586)	(647,562)	3,710,243	170,560	(1,164,127)	(1,473,173)	697,680
Cash flows from noncapital financing activities								
Operating grants		1,808,624					1,808,624	
Ad valorem taxes			976,628			976,630	1,953,258	
Transfers in		1,771,633				252,389	2,024,022	359,534
Transfers out	(145,990)		(144,066)	(1,436,746)			(1,926,802)	
Net cash provided by (used for) noncapital financing activities	(145,990)	3,580,257	632,562	(1,436,746)		1,229,019	3,859,102	359,534
Cash flows from capital and related financing activities								
Capital Grants		439,580					439,580	
Acquisition of capital assets	(8,986,259)	(47,951)		(819,965)	(6,097,481)	(64,891)	(14,016,547)	
Cash contributed by City of Monroe	8,927,313			625,024	6,042,182		15,594,519	
Insurance Proceeds								
Principal paid on debt					(101,660)		(101,660)	
Interest paid on debt					(35,025)		(35,025)	
Net cash provided by (used for) financing activities	(58,946)	391,629		(194,941)	(291,984)	(64,891)	(119,133)	
Cash flows from investing activities								
Interest received on investments								293
Net cash provided by investing activities								293
Net increase (decrease) in cash and cash equivalents	224,363	(1,700)	(15,000)	2,078,556	(21,424)		2,264,795	1,057,507
Cash and cash equivalents, May 1, 2009	116,225	2,600	26,000	3,052,447	46,452	2,500	3,246,224	2,065,038
Cash and cash equivalents, April 30, 2010	\$ 340,588	\$ 900	\$ 11,000	\$ 5,131,003	\$ 25,028	\$ 2,500	\$ 5,511,019	\$ 3,122,565
Reconciliation of operating income to net cash provided by (used for) operating activities								
Operating (loss)	\$ (783,689)	\$ (3,960,044)	\$ (1,332,688)	\$ 1,602,403	\$ (3,789,996)	\$ (1,230,760)	\$ (9,694,774)	\$ 1,101,499
Adjustments to reconcile operating income (loss) to net cash provided by operating activities								
Depreciation and amortization	1,098,029	623,412	510,428	1,115,328	4,365,447	65,486	7,778,130	105,345
Change in assets and liabilities								
Accounts receivable	58,916	152,938	9,621	(342,953)	(110,634)	46	(232,066)	(4,857)
Due from other funds	60,748	(256,576)	5,341			(72)	(190,959)	858,184
Inventories		1,322		17,768			19,090	7,494
Prepaid expenses			(3,563)	(4,397)		63	(7,897)	
Accounts payable	3,248	(556,636)	15,328	(151,829)	(8,377)	(8,934)	(707,200)	(320,863)
Due to other funds	(23,309)	(14,355)	685	1,456,169	(69,153)		1,349,839	(1,049,122)
Deferred revenue			4,744			6,036	10,180	
Customer deposits			175,043	62,161			237,204	
Compensated absences	15,356	36,957	(21,901)	(44,407)	(16,727)	4,008	(36,720)	
Net cash provided by (used for) operating activities	\$ 429,299	\$ (3,973,586)	\$ (647,562)	\$ 3,710,243	\$ 170,560	\$ (1,164,127)	\$ (1,473,173)	\$ 697,680

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Statement of Net Assets
Fiduciary Funds
April 30, 2010

	Police Pension and Relief Fund	Bus Drivers' Pension and Relief Fund	Agency Funds	Total	Component Units Agency Funds	
					City Court of Monroe	Monroe City Marshal
ASSETS						
Current assets						
Cash and cash equivalents	\$ 117,320	\$ 48,099	\$ 752,810	\$ 918,229	\$ 1,265,336	\$ 28,131
Accounts receivable			134,571	134,571	1,833	98
Due from other funds				-		
Total assets	<u>117,320</u>	<u>48,099</u>	<u>887,381</u>	<u>1,052,800</u>	<u>1,267,169</u>	<u>28,229</u>
LIABILITIES						
Current liabilities						
Accounts payable			2,569	2,569	227,809	
Deposits due to others			884,812	884,812	1,039,360	28,229
Total liabilities			<u>887,381</u>	<u>887,381</u>	<u>1,267,169</u>	<u>28,229</u>
Net Assets						
Unrestricted						
Reserved for retirement benefits	<u>117,320</u>	<u>48,099</u>	<u>-</u>	<u>165,419</u>		
Total net assets	<u>\$ 117,320</u>	<u>\$ 48,099</u>	<u>\$ -</u>	<u>\$ 165,419</u>	<u>\$</u>	<u>\$</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended April 30, 2010

	<u>Police Pension and Relief Fund</u>	<u>Bus Drivers' Pension and Relief Fund</u>
ADDITIONS		
Investment income		
Interest	\$ 601	\$ 124
Individual account transactions		
Contributions by the City		
Total additions	<u>601</u>	<u>124</u>
DEDUCTIONS		
Benefits paid	1,673	9,100
Administrative expense	<u>68</u>	
Total deductions	<u>1,741</u>	<u>9,100</u>
Changes in net assets held for pension benefits	(1,140)	(8,976)
Net assets, beginning of year	<u>118,460</u>	<u>57,075</u>
Net assets, end of year	<u>\$ 117,320</u>	<u>\$ 48,099</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Combining Statement of Net Assets
All Discreetly Presented Component Units
April 30, 2010

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,425,910	\$ 126,793	\$ 1,552,703
Investments		39,633	39,633
Prepaid expenses	15,855	1,075	16,930
Accounts receivable	36,079	31,234	67,313
Total current assets	<u>1,477,844</u>	<u>198,735</u>	<u>1,676,579</u>
Capital assets, net of accumulated depreciation	<u>119,399</u>	<u>70,079</u>	<u>189,478</u>
Total assets	<u>1,597,243</u>	<u>268,814</u>	<u>1,866,057</u>
LIABILITIES			
Current liabilities			
Accounts payable	8,875	2,493	11,368
Noncurrent liabilities			
Obligation under capital lease			
Due within one year		3,699	3,699
Due in more than one year		4,523	4,523
Total liabilities	<u>8,875</u>	<u>10,715</u>	<u>19,590</u>
Net Assets			
Invested in capital assets, net of related debt	119,399	61,857	181,256
Unrestricted	<u>1,468,969</u>	<u>196,242</u>	<u>1,665,211</u>
Total net assets	<u>\$ 1,588,368</u>	<u>\$ 258,099</u>	<u>\$ 1,846,467</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Combining Statement of Activities
All Discretely Presented Component Units
For the Year Ended April 30, 2010

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
EXPENDITURES			
Judiciary			
Personal services	\$ (1,246,044)	\$ (843,608)	\$ (2,089,652)
Operating services	(254,265)	(381,484)	(635,749)
Materials and supplies	(29,313)	(16,608)	(45,921)
Travel and other	(37,046)	(6,493)	(43,539)
Depreciation	(33,200)	(24,370)	(57,570)
Other		(29,894)	(29,894)
Interest		(1,144)	(1,144)
Total expenditures	<u>(1,599,868)</u>	<u>(1,303,601)</u>	<u>(2,903,469)</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Marshal's fees		344,800	344,800
Court costs	219,989		219,989
Civil fees	37,110		37,110
Probation fees	74,850		74,850
Reinstatement fees	1,188		1,188
Bond forfeitures	29,178		29,178
Other charges for services	39,846	31,669	71,515
Total program revenues	<u>402,161</u>	<u>376,469</u>	<u>778,630</u>
Net program expense	(1,197,707)	(927,132)	(2,124,839)
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,325,520	875,276	2,200,796
Interest income	3,294		3,294
Investment earnings		1,432	1,432
Bond forfeitures		31,191	31,191
Other income	6,915		6,915
Loss on disposition of capital assets	(51)		(51)
Total general revenues	<u>1,335,678</u>	<u>907,899</u>	<u>2,243,577</u>
Changes in net assets	137,971	(19,233)	118,738
NET ASSETS			
Beginning of year	<u>1,450,397</u>	<u>277,332</u>	<u>1,727,729</u>
End of year	<u>\$ 1,588,368</u>	<u>\$ 258,099</u>	<u>\$ 1,846,467</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Monroe, Louisiana (the City) operates under a Home Rule Charter approved by the voters in 1979. This charter provides for an executive branch of government headed by a mayor and a legislative branch of government consisting of five council members. The City's combined balance sheet includes the accounts of all City operations. The City's major operations include police and fire protection, garbage and trash collection, economic development, parks and recreation, other cultural activities, and general administration services. In addition, the City owns and operates six major enterprise activities: airport, water distribution, sanitary sewerage systems, mass transit system, civic center, and gardens and zoo.

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The financial reporting practices of the City comply with the financial reporting standards established by the GASB.

A. FINANCIAL REPORTING ENTITY

As the governing authority of the City, for reporting purposes, the City of Monroe is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14, *The Financial Reporting Entity*, sets forth criteria for determining which, if any, component units should be considered part of the City of Monroe for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which include:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the City to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

3. Organizations for which the reporting entity financial statements would be misleading if data of the potential component unit were not included because of the nature or significance of the relationship.

Based on the previous criteria, the City has determined that the following component units should be considered as part of the City reporting entity.

Discrete Component Units

City Court of Monroe - The City Court of Monroe is a legally separate entity. The City appoints none of the governing board (Judges) of the court. Judges of the court are independently elected officials. Although the City Council can, to a limited degree, impose its will on the court through City Council ordinances, the City provides office space, court facilities and some furnishings, and compensation to the court. Although the court functions entirely within the City of Monroe, it provides no direct services to the City or City Council. However, based on criteria 2 above, it has been determined that the court is a component unit of the City and should be included in the City's financial statements through discrete presentation.

Monroe City Marshal - The Monroe City Marshal's office is a legally separate entity. The City does not appoint the governing board (Marshal) of the marshal's office. The City Marshal is an independently elected official. Although the City cannot impose its will on the City Marshal, it does provide a substantial portion of his compensation, facilities, and furnishings. Although the City Marshal functions entirely within the City of Monroe, he provides no direct service to the City, but is rather an officer of the City Court. However, based on criteria 2 above, it has been determined that the City Marshal is a component unit of the City and should be included in the City's financial statements through discrete presentation.

Blended Component Units

Economic Development - Two not-for-profit entities perform administrative functions for the City's incremental sales tax economic development districts. These entities are the Tower Drive Economic Development Corporation and the Garrett Road Economic Development Corporation. There also exist two other special districts within the City - The Downtown Economic Development District and The Southside Economic Development District. These two districts are charged with planning and delivery of public improvements, facilities, and services in their respective districts. For financial reporting purposes, all of these entities are considered an integral part of the City, not component units. This decision is due to the City keeping the books and records for these entities, the City as a whole reaping the benefits from the use of the proceeds of the incremental tax bonds issued by the not-for-profits, and that the districts and the separate not-for-profits are ministerial and structural in nature, as disbursement of funds is subject to the control of the City through the plan of government. As such, they are presented as separate Special Revenue, Debt Service, and Capital Project funds within those categories of the

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

City's general-purpose financial statements.

Included in the evaluation of potential component units of the City of Monroe were the Monroe City School Board, the Ouachita Council of Governments, the Monroe Housing Authority, the City of Monroe Employees Credit Union, the Monroe/West Monroe Public Trust Financing Authority, and the Ouachita Parish Homeland Security and Emergency Preparedness Agency. None of these entities were determined to be component units of the City of Monroe reporting entity.

B. BASIS OF PRESENTATION

The City's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and its component units and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the primary government and the total for its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are payments between the enterprise funds to other various functions of government for charges such as sewer fees and contributions between the primary government and its component units which are reported as external transactions. The government-wide presentation focuses primarily on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The primary government is reported separately from the legally separate component units as detailed in section (A) of this note.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

FUND FINANCIAL STATEMENTS:

The City uses funds, both major and non-major, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The City's current operations require the use of the governmental, proprietary, and fiduciary fund categories. The fund types used by the City are described as follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources of the City except for those required to be accounted for in another fund and is always a major fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. The Capital Infrastructure fund is the only major Special Revenue Fund.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. All general obligation bonds are direct obligations of the City. Principal and interest are payable from ad valorem taxes levied on all taxable property and improvements within the City. Incremental Sales Tax Bonds are secured by a pledge of incremental state (40%) and City (60%) sales and use taxes within the boundaries of the respective districts and do not involve the pledge of the full faith and credit of the City. All long-term debt is reported in the Statement of Net Assets. The Sales Tax Bond Debt Service Fund is considered a major fund.

Capital Project Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements and other major projects (other than those financed by Proprietary Funds). The Airport Terminal and Gardner Denver Building Capital Projects are considered major funds.

Proprietary Funds:

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Net cash losses of the Enterprise Funds are subsidized by the General Fund. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. The following Enterprise funds are considered major funds: Monroe Regional Airport, Monroe Transit, Monroe Civic Center, Water and Sewer.

Internal Service Funds - Internal service funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City operates a central shop and warehouse which provides inventory storage, repair and maintenance, and fueling services solely to other City user departments (with the exception of the Monroe Transit System) at rates designed to cover the costs of operations, including depreciation and debt service. Since the principal users of the internal service fund are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

During fiscal year 2006, the City began self-insuring its employees' group insurance which is handled through a third party administrator.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

In accordance with the provisions of GASB Statement 20, the City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities unless they are adopted by the GASB.

Fiduciary Funds:

Trust and Agency Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Agency Funds and Pension Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension trust funds account for pension funds established for classified employees of various departments and is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

FUND FINANCIAL STATEMENTS:

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

The modified accrual basis of accounting is used for reporting all governmental fund types and the fiduciary fund type agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes, grants, and fees, charges, and commissions for services have been treated as susceptible to accrual.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

The City uses the following practices in recognizing and reporting revenues and expenditures in the governmental fund types:

Revenues:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in October or November and are billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year; however, by precedent, this is normally extended until February 1. Revenues from ad valorem taxes are budgeted in the year billed to the extent collections are expected. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Ouachita Parish.

Sales taxes are considered "measurable" when in the hands of the City Sales Tax Collector and are recognized as revenue at that time.

Federal and state grants are normally "expenditure driven", which means that the City does not earn, or is not entitled to, the grant funds until a liability for the expenditure has been incurred. Amounts received in excess of actual expenditures at year end are reflected as deferred revenue on the fund's balance sheet.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and the interest is available. Substantially all other revenues are recognized when actually received by the City.

Expenditures:

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death. Compensated absences are reported in the Statement of Net Assets as a long-term liability and expensed in the Statement of Activities.

Principal and interest on long-term debt is recognized when due.

Proprietary and Pension Trust Funds

All proprietary funds and pension trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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Fiduciary Funds

Fiduciary Funds include Trust and Agency Funds. Trust and Agency Fund assets and liabilities are accounted for on the modified accrual basis of accounting, except for the pension trust funds, which are discussed above.

Other Financing Sources (Uses)

Proceeds from issuing long-term debt, capital leases and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

D. BUDGET PRACTICES

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. At least ninety days prior to the beginning of the fiscal year, the Mayor submits to the City Council an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the City Council after allowing for at least ten days notice to the public at the time the budget is initially submitted to the City Council. The budget for the succeeding year must be finally adopted by the Council no later than the second-to-last regular meeting of the fiscal year.
3. The Mayor may authorize transfers of budgetary amounts within departments. However, any revisions requiring alteration of levels of expenditures or transfers between departments must be approved by the City Council.
4. Operating appropriations, to the extent not expended, lapse at year end. Capital appropriations continue in force until the project is completed or deemed abandoned after three years of no activity.
5. All legally adopted budgets of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. For the year ended April 30, 2010, the City adopted a budget for the General Fund and all Special Revenue Funds.

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Notes To The Financial Statements
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E. ASSETS, LIABILITIES, AND FUND EQUITY

CASH, CASH EQUIVALENTS AND INVESTMENTS:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the City's investment policy allow the City to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.

Deposits with original maturity dates exceeding 90 days are classified as investments. Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

ACCOUNTS RECEIVABLE:

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Uncollectible amounts for customers' utility fees receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

INTERFUND RECEIVABLES AND PAYABLES:

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES AND PREPAID ITEMS:

Inventories are valued at average cost less write-downs for obsolete items. Inventories in the General and Proprietary Funds consist of expendable supplies and repair and maintenance items held for consumption.

CAPITAL ASSETS:

Capital assets, which include land, buildings, other improvements, machinery and equipment, vehicles, furniture and fixtures, and infrastructure assets (streets, roads, bridges, drainage canals, and water and sewer systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization threshold for all movable capital assets is \$3,000 per unit.

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All purchased capital assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are valued at their fair market value on the date received. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Prior to 1985, the City had not maintained capital asset records on a current basis. Subsequently, the City completed reconstructing its capital asset records. In those cases where it was not feasible to determine the original actual cost the assets were recorded at estimated cost derived by price level adjusting current replacement cost. It was not considered practicable to determine the source of investment in capital assets prior to April 28, 1972.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on enterprise fund balance sheets. Depreciation on all capital assets, excluding land and improvements, has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Type of Capital Assets</u>	<u>Number of Years</u>
Buildings	10-50
Improvements	7-50
Furniture and Fixtures	1-10
Vehicles	5
Equipment	2-20
Infrastructure-Water System	30-50
Infrastructure-Sewer System	10-30
Infrastructure-Drainage Systems	25
Infrastructure-Streets and Roads	20-50

LONG-TERM DEBT:

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable costs are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

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Notes To The Financial Statements
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ACCUMULATED VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS:

In the government-wide financial statements and the proprietary fund type financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at April 30, 2009, in the governmental fund-type financial statements.

Full time employees may earn up to 33 working days of vacation time per year, depending upon length of service. At the end of each year, employees may carry forward up to 120 days of vacation time. Subject to the above conditions, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation.

The City also maintains a disability compensation plan which allows employees to draw an additional 30 days paid disability leave, once all the available sick and vacation accruals have been utilized. Individuals with long-term disability status are then eligible for an additional 180 days of disability leave at 60 percent of their regular pay. Such amounts are not accrued in governmental funds, nor are they reflected in the General Long-Term Obligations Account Group due to the inability to estimate such liabilities, and the fact that any unused disability leave does not carry forward to the subsequent year.

Firemen and policemen may receive up to one year's sick leave per illness as prescribed under Louisiana law. For all other City employees, sick leave is accumulated at varying rates ranging up to 12 days per year. A maximum of 120 days of unused sick leave may be carried forward. Subject to the above limitations, employees shall be compensated in cash for any accumulated unused sick leave when they are permanently separated from employment as a result of voluntary resignation, discharge, retirement or death. In the event of death, payment is made to the estate of the employee. The amount of payment for all unused sick leave is calculated at the employee's rate of pay in effect on the payday immediately preceding the employee's separation.

RESERVES/DESIGNATIONS OF FUND EQUITY:

Some portions of fund balance in the governmental fund types are reserved to indicate that a portion of fund equity is legally restricted to a specific future use and/or are not available for appropriation or expenditure. In the General Fund a portion of the fund balance is reserved to indicate that it is not available for expenditure or appropriation as it consists of reservations for certain inventories, non-current receivables and prepaid items which are not considered available spendable resources. The reserve of fund balance in the General Fund at April 30, 2010 is \$353,195 and \$599,691 is designated for capital improvements.

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NET ASSETS:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

F. ACCOUNTING ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

G. DEDICATED REVENUES:

Sales taxes:

A one-half per cent city sales tax is dedicated to the General Fund for payment of salaries of city employees and capital improvements. The sales tax, which began on March 1, 1968, is for an indefinite period.

A one per cent city sales tax is dedicated to the General Fund for any lawful purpose of the City, including payment of operating expenses. The sales tax, which began on January 1, 1975, is for an indefinite period.

A one per cent city sales tax is dedicated to the General Fund for constructing, acquiring, extending, improving, maintaining, and operating capital improvements and facilities of the City and paying general operating expenses of the City. The sales tax, which began on February 1, 1983, is for an indefinite period.

A ten year one per cent sales tax passed by the voters on November 8, 1994 which was for the street program was extended by twenty-five years and its uses expanded by the voters on May 5, 2001. The proceeds can be utilized for all infrastructures including but not limited to streets, water, sewer and drainage and other related capital expenditures. The tax will expire in 2029.

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A 0.49 per cent city sales tax is dedicated to the General Fund for payment of salary increases of city firemen and policemen. The sales tax, which began March 1, 2005, is for an indefinite period.

Property taxes:

Recreation (1.73 mills), public safety (.98 mills) and drainage (1.21 mills) millages were renewed by the voters in 2003, levied in 2004 and will expire with the 2013 tax roll.

For both the Civic Center and the Louisiana Purchase Gardens and Zoo, 2.50 mills was renewed by the voters in 2008, levied in fiscal 2009, and will expire with the 2017 tax roll.

For both the police and fire departments, 1.50 mills was renewed by the voters in 2008, levied in fiscal 2009, and will expire with the 2017 tax roll.

For capital improvements, 3.25 mills was renewed by the voters in 2008, levied in fiscal 2009, and will expire with the 2017 tax roll.

For airport improvements, 1.00 mills was passed by the voters in 2009, levied in fiscal 2009, and will expire with the 2017 tax roll.

2. FUND DEFICITS

The Louisville Enhancement, Kansas Lane Connector, and the MLU Runway have deficits of \$30,600, \$172,641 and \$169,746 respectively. These deficits will be cleared by future grants and bond proceeds.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the City had no custodial credit risk related to its deposits at April 30, 2010.

At April 30, 2010, the City has cash and cash equivalents, totaling \$95,185,178, (including \$918,229 in fiduciary funds) as follows:

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Petty cash		\$ 20,011
Demand deposits		63,641,373
Money market funds		<u>31,523,796</u>
Total		<u>\$ 95,185,180</u>

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at April 30, 2010, are secured, as follows:

Bank balances		\$ <u>72,730,142</u>
Federal deposit insurance		\$ 750,000
Pledged securities (uncollateralized)		<u>74,918,921</u>
Total		<u>\$ 75,668,921</u>

The money market accounts totaling \$31,523,796 are utilized for the daily investment of idle cash of the City. The accounts are managed by the City's fiscal agent and consists of securities issued or guaranteed by the U.S. government. Investments are in accordance with LRS 33:2955(A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

4. INVESTMENTS

Custodial credit risk – investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in United States government securities are held by the City's agent in the City's name. Therefore, the City had no custodial credit risk related to its investments at April 30, 2010.

Under state law, the City may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The City did not have investments at April 30, 2010.

Interest rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting investment portfolio to "money market investments," which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

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Credit Risk. The City's investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk. The City's investment policy limits the City's investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

The City participates in the Louisiana Asset Management Pool (LAMP). The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment.

5. RECEIVABLES

Accounts receivable of \$10,731,070 at April 30, 2010, are comprised of the following:

Fund Type	Taxes - Ad Valorem	Taxes - Sales	Grants	Accounts	Other	Total
MAJOR FUNDS						
General	\$ 294,460	\$ 2,579,273	\$ 174,417	\$ 659,158	\$ 46,347	\$ 3,753,654
Capital Infrastructure	-	1,050,190	-	-	-	1,050,190
Airport Terminal	-	-	689,221	-	-	689,221
Gardner-Denver	-	-	-	773,915	-	773,915
Airport	-	-	-	46,845	-	46,845
Transit	-	-	63,446	-	-	63,446
Civic Center	34,806	-	-	8,245	185	43,236
Water	-	-	-	1,097,162	350	1,097,512
Sewer	-	-	22,239	663,240	780	686,259
NONMAJOR FUNDS						
Special Revenues	-	515,498	471,272	9,349	1,290	997,409
Debt Service	13,922	979,594	-	-	-	993,516
Capital Projects	-	-	323,304	33,357	-	356,661
Enterprise	34,806	-	-	24	-	34,830
Internal Service	-	-	-	-	9,805	9,805
Agency	-	125,476	-	8,992	103	134,571
TOTAL:	\$ 377,994	\$ 5,250,031	\$ 1,743,899	\$ 3,300,286	\$ 58,860	\$ 10,731,070

The allowance for doubtful accounts was \$130,279 as of April 30, 2010.

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6. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in capital assets for the year ended April 30, 2010.

	Balance April 30, 2009	Additions	Retirements	Balance April 30, 2010
Governmental Funds:				
Land	\$ 17,427,810	\$ 2,017,072	\$ -	\$ 19,444,882
Construction in progress	-	-	-	-
CIP-Infrastructure	16,894,866	6,798,375	(21,414,650)	2,278,591
Total capital assets not being depreciated	34,322,676	8,815,447	(21,414,650)	21,723,473
Depreciable assets:				
Buildings and improvements	29,536,065	5,730,349	(779,598)	34,486,816
Equipment and Furniture	26,033,871	1,473,428	(2,175,481)	25,331,818
Infrastructure	141,328,638	15,766,942	-	157,095,580
School buildings	1,229,953	-	-	1,229,953
Total capital assets being depreciated	198,128,527	22,970,719	(2,955,079)	218,144,167
Less: accumulated depreciation	(61,944,364)	(8,768,878)	2,925,174	(67,788,068)
Total capital assets being depreciated, net	136,184,163	14,201,841	(29,905)	150,356,099
Total governmental funds capital assets, net	170,506,839	23,017,288	(21,444,555)	172,079,572
Internal Service Fund:				
Land	45,000	-	-	45,000
Depreciable assets:				
Buildings and improvements	3,406,242	-	-	3,406,242
Furniture and vehicles	268,509	-	(35,850)	232,659
Total capital assets being depreciated	3,674,751	-	(35,850)	3,638,901
Less: accumulated depreciation	(1,075,734)	(105,345)	35,850	(1,145,229)
Total capital assets being depreciated, net	2,599,017	(105,345)	-	2,493,672
Total Internal Service Fund capital assets, net	2,644,017	(105,345)	-	2,538,672
Total governmental activities capital assets, net	\$ 173,150,856	\$ 22,911,943	\$ (21,444,555)	\$ 174,618,244

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	<u>Balance</u> <u>April 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2010</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 5,542,940	\$ -	\$ -	\$ 5,542,940
Construction in progress	9,537,443	16,630,521	(2,434,595)	23,733,369
Zoo animals	<u>67,755</u>	<u>24,893</u>	<u>-</u>	<u>92,648</u>
Total capital assets not being depreciated	15,148,138	16,655,414	(2,434,595)	29,368,957
Depreciable assets:				
Buildings/Improvements	39,021,739	24,335	(4,517,814)	34,528,260
Infrastructure	165,725,995	2,434,595	(29,100)	168,131,490
Equipment	<u>18,211,968</u>	<u>373,623</u>	<u>(940,485)</u>	<u>17,645,106</u>
Total capital assets being depreciated	222,959,702	2,832,553	(5,487,399)	220,304,856
Less: accumulated depreciation	<u>(96,184,720)</u>	<u>(7,778,130)</u>	<u>4,450,578</u>	<u>(99,512,272)</u>
Total capital assets being depreciated, net	<u>126,774,982</u>	<u>(4,945,577)</u>	<u>(1,036,821)</u>	<u>120,792,584</u>
Total business-type activities capital assets, net	<u>\$ 141,923,120</u>	<u>\$ 11,709,837</u>	<u>\$ (3,471,416)</u>	<u>\$ 150,161,541</u>

Retirements of Construction in Progress (CIP) - Infrastructure includes \$387,358 for an I-20 project that incurred some planning and engineering expense, but will not become a project.

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 781,855
Public Safety	830,308
Public Works	6,719,634
Culture and Recreation	437,081
Internal Service Fund	105,345
Total depreciation expense - governmental activities	<u>\$ 8,874,223</u>

Business-Type Activities:

Airport	\$ 1,098,029
Transit	623,412
Civic Center	510,428
Water Fund	1,115,328
Sewer Fund	4,365,447
Non-major business-type activities	65,486
Total depreciation expense - business-type activities	<u>\$ 7,778,130</u>

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Included in equipment are energy management system assets under capital lease with costs of \$2,967,113 as further discussed in Note 10.

The Central Shop and Warehouse land and building is carried on the City's balance sheet within the Internal Service Fund. At April 30, 2010, only a portion of the cost of the assets are depreciated as only the shop facility is currently accounted for in the Internal Service Fund.

The Louisiana Purchase Gardens and Zoo enterprise fund carries its investment in animals on a separate line of its balance sheet. The cost shown on the balance sheet relates only to animals that were purchased, donated or traded. Animals born in the zoo have no cost attributed to them. Also, the zoo has a number of bird specimens which are covered by the Migratory Bird Treaty (MBT). Certain birds under the MBT have no cost associated with them because they may not be bought or sold.

7. ELECTRICAL SYSTEM OPERATING AGREEMENT

On July 9, 1977, the voters of the City of Monroe authorized a 50 year operating agreement between the City of Monroe and Entergy (formerly Louisiana Power & Light) for the operation by Entergy of the City's electric system. The agreement provided that Entergy would pay to the City a percentage of total revenue collected from the sale of electric service to residential and commercial customers within the City; payments not to be less than \$700,000 annually. The aforementioned base increases by one percent of sales of electric services to residential and commercial customers in excess of \$10,000,000 in a calendar year. Revenues under this agreement totaled \$2,162,656 for the year ended April 30, 2010.

8. PENSION AND RETIREMENT PLANS

City of Monroe Sponsored Pension Plans:

Effective September 1, 1983, the members of the Bus Drivers' Pension and Relief Fund agreed to merge with the Municipal Employees' Retirement System of Louisiana (MERS). Since the merger, the Bus Department administrative employees contribute 9.25% of their salary and the City contributes 7.25%. The City also reimburses 4% of the bus operators' contributions. The City made no contributions to the Bus Drivers' Pension and Relief Fund for the year ended April 30, 2010.

The Monroe Policemen's Pension and Relief Fund covers those employees who were members of the fund at September 1, 1983, and who retire prior to the age of 50. Upon reaching their 50th birthday, they will no longer receive benefits under the Monroe Policemen's Pension and Relief Fund, but will

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begin receiving benefits under the Municipal Police Employees' Retirement System (MPERS). The City made no contributions to the Monroe Policemen's Pension and Relief Fund for the year ended April 30, 2010.

Data concerning the actuarial status of the Policemen's and Bus Drivers' Pension and Relief Funds is not available. The City of Monroe has never required the services of an actuary for these plans nor felt the need to determine the actuarial liability of the plans because state law requires that the plans be funded at minimum reserve requirements rather than an actuarially computed reserve based on future benefits payable. The two funds had net assets at April 30, 2010, as follows: Policemen's, \$117,320 and Bus Drivers', \$48,099.

State Sponsored Plans:

Municipal Employees' Retirement System of Louisiana (MERS)

Substantially all city employees, except firemen and policemen, are members of the MERS, a multiple-employer, cost-sharing, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All City members participate in Plan A.

All permanent employees working at least 35 hours per week and elected city officials are eligible to participate in the system. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service.

However, for those members of the supplemental plan only prior to October 1, 1978, the benefit is equal to 1% of final compensation plus \$2 per month for each year of supplemental-plan-only service earned prior to October 1, 1978, plus 3% of final compensation for each year of service credited after October 1, 1979.

Funding Policy. Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the MERS for the years ended April 30, 2010, 2009, and 2008 were \$2,305,662; \$2,277,554; and \$2,546,969 respectively, equal to the statutorily required contributions for each year.

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The MERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Employees' Retirement System, 6750 Van Gogh, Baton Rouge, LA 70806 or by calling (225) 925-4810.

Firefighters' Retirement System (SFRS)

Effective May 7, 1981, the members of the Firemen's Pension and Relief Fund agreed to merge with the SFRS, a multiple-employer, cost-sharing PERS. Effective June 1, 1986, the retirees and dependents receiving benefits under the City plan as of May 7, 1981, were transferred to the SFRS. As further discussed below, the liability to the SFRS was advance refunded by the City during fiscal 1998.

The plan covers substantially all members of the City's Fire Department. All new employees of the department must join this plan with the exception of employees performing duties unrelated to fire fighting. Employees with 20 years or more of service who have attained age 50 or employees with 12 years of service who have attained age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3-1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to employer contributions. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contributions to the SFRS for the years ended April 30, 2010, 2009, and 2008 were \$1,244,994; \$1,057,616; \$1,206,113 and, respectively, equal to the required contributions for each year.

The SFRS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Firefighters' Retirement System, 2051 Silverside Drive, Suite 10, Baton Rouge, LA 70808-4136 or by calling (225) 925-4060.

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Municipal Police Employees' Retirement System (MPERS)

Effective September 1, 1983, the members of the City's Policemen's Pension and Relief Fund agreed to merge with the MPERS, a multiple-employer, cost-sharing PERS. The liability to the MPERS associated with the merger was advance refunded by the City during fiscal 1998 as further discussed below.

All full-time police officers engaged in law enforcement and earning at least \$375 per month excluding state supplemental pay, the elected chief of police whose salary is at least \$100 per month, and secretaries to the chief of police are eligible to participate in the system. Members who retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3% of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 per cent of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy. State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the MPERS for the years ended April 30, 2010, 2009, and 2008 were \$1,072,449; \$967,634; and \$1,416,704, respectively, equal to the statutorily required contributions for each year.

The MPERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, LA 70808 or by calling (225) 929-7411.

9. **HEALTH CARE BENEFITS**

During the year ended April 30, 2010, the City paid \$6,729,692 in expenses in connection with providing benefits to a total of 1,064 participants. The cost is broken down as follows:

Active Employees	\$ 5,033,399
Retired Employees	1,683,953
COBRA	12,340
Total	<u>\$ 6,729,692</u>

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As permitted by Louisiana Revised Statutes, the City provides certain continuing health care and life insurance benefits for certain retired employees through self insurance. Retired City employees are eligible for these benefits if they reached normal retirement age, as defined under the applicable retirement system while working for the City. The City recognizes the cost of providing these benefits (the City's portion of the premiums) as an expenditure when the monthly premiums are due. Approximately 227 retirees receive benefits under this plan. These retirees reimbursed the City for \$678,517 for fiscal year 2010 for their portion of health care benefits.

10. OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The City of Monroe's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

The employees are covered by several retirement systems whose retirement eligibility (D.R.O.P. entry) provisions are similar. We have used the following as being representative of that eligibility: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The City of Monroe paid 60% of the premium cost for retired employees and their families, and the retirees paid 40% of the premium cost. Monthly premium costs for retired employees are \$475 for retiree only and \$895 for retiree and spouse.

Fund Policy. Until 2009, the City of Monroe recognized the cost of providing post-employment medical benefits (the City of Monroe's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2009, the City of Monroe's portion of health care funding cost for retired employees totaled \$1,017,766.

Effective with the Fiscal Year beginning May 1, 2008, the City of Monroe implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

Annual Required Contribution. The City of Monroe's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning May 1, 2009 is \$3,641,541, as set forth below:

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	Medical
Normal Cost	\$ 1,127,488
30-year UAL amortization amount	2,514,053
Annual required contribution (ARC)	\$ 3,641,541

Net Post-employment Benefit Obligation. The table below shows the City of Monroe's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending April 30, 2009:

	Medical
Beginning Net OPEB Obligation 5/12/2008	\$ -
Annual required contribution	3,641,541
Interest on Net OPEB Obligation	-
ARC Adjustment	806,188
OPEB Cost	4,447,729
Contribution	-
Current year retiree premium	(1,017,776)
Change in Net OPEB Obligation	3,429,953
Unfunded post employment benefits liability - May 1	1,622,652
Ending Net OPEB Obligation 4/30/2010	\$ 5,052,605

The following table shows the City of Monroe's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical	April 30, 2010	\$ 3,641,541	27.95%	\$ 5,052,605

Funded Status and Funding Progress. In the fiscal year ending April 30, 2010, the City of Monroe made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of May 1, 2008, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$42,612,377, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal years 2009 or 2010, the entire actuarial accrued liability of \$42,612,377 is unfunded.

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	Medical
Actuarial Accrued Liability (AAL)	\$ 42,612,377
Actuarial Value of Plan Assets	0%
Unfunded Act. Accrued Liability (UAAL)	\$ 42,612,377
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$ 34,098,928
UALL as a percentage of covered payroll	80%

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

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

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

The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

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Actuarial liabilities and comparative costs were computed using the following cost components:

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

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 13%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18-25	20.0%
26-40	15.0%
41-54	12.0%
55+	8.0%

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004

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by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The City pays 60% of the retiree premiums. Those premiums are based on the blended active/retired rate before Medicare eligibility and an unblended rate after Medicare eligibility (age 65). Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated the "unblended" rates for retirees before Medicare eligibility. It has been assumed that the total retiree rate before Medicare eligibility is 130% of the blended active/retired rate, with the employer assumed to pay the difference between that unblended rate and the employee contribution of 40% of the blended rate.

11. LEASES

At April 30, 2010, the City was obligated under operating lease agreements covering computer equipment and various other items of equipment. The original lives of the leases range up to five years with options to renew some leases for one to five years. The City made lease payments of approximately \$574,707 during the year ended April 30, 2010. The following is a schedule of future minimum lease payments under operating leases as of April 30, 2010.

Years Ended April 30:	Future Minimum Lease Payments
2011	\$ 152,189
2012	138,062
2013	2,421
Total	\$ 292,672

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In fiscal 2006, the City entered into a capital lease obligation for the purchase of an energy system that is being utilized in over 40 City-owned buildings. The original amount of the obligation was \$2,967,113 and bears interest at 4.75% to 5.59%.

Fiscal Years Ended April 30:	Future Minimum Lease Payments
2011	\$ 289,359
2012	284,806
2013	261,815
2014	243,318
2015	247,800
2016-2020	1,307,634
2021	224,540
	2,859,272
Less: Amounts representing Interest	(711,333)
Present Value of Future Minimum Lease Payments	\$ 2,147,939

12. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City of Monroe for the year ended April 30, 2010:

	Long-Term Obligations	Proprietary Funds	Total
Long-term obligations, May 1, 2009	\$ 168,779,230	\$ 3,324,071	\$ 172,103,301
Additions	33,196,519	676,807	33,873,326
Retirements	(10,752,230)	(815,187)	(11,567,417)
Long-term obligations, April 30, 2010	\$ 191,223,519	\$ 3,185,691	\$ 194,409,210

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Long-term obligations outstanding at April 30, 2010, are comprised of the following:

	<u>Issue</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Outstanding</u>
<i>General Long-Term Obligations</i>				
<u>Tax Increment Bonds</u>				
Tower Drive	2007	03/01/25	4.25 – 5.00	<u>\$10,185,000</u>
<u>Certificates of Indebtedness</u>				
Taxable Refunding Certificates (Civic Center Roof)	2004C	10/01/14	3.75	<u>1,245,000</u>
<u>Sales Tax Bonds</u>				
Series 2002 (Streets/Sewer)	2002	07/01/26	4.70-7.00	11,700,000
Series 2002A (Fire/Drainage)	2002A	07/01/27	4.625-4.80	14,195,000
Series 2003 (Streets)	2003	07/01/27	3.25-5.50	18,845,000
Series 2006 (DHH) (Water)	2006	07/01/28	3.45	<u>2,895,000</u>
Total sales tax bonds				<u>47,635,000</u>
<u>Refunding Bonds</u>				
Series 1998A	1998	03/01/13	5.05	1,335,000
Series 2007A	2007	07/01/26	4.002	27,040,000
Deferred amount of refunding	2007			(645,314)
Series 2008 I-20 Development	2008	03/01/25	4.00-5.50	23,560,000
Deferred amount of refunding	2008			<u>(1,044,839)</u>
Total refunding bonds				<u>50,244,847</u>
<u>Utility Revenue Bonds</u>				
Series 2001 (DEQ) (Sewer)	2001	06/30/23	3.95	18,772,537
Series 2003 (DEQ) (Sewer)	2003	06/01/23	3.95	7,760,000
Series 2005 (DEQ)	2005	70/01/27	3.95	8,380,800
Series 2008 (DEQ)	2008	07/01/30	.095	<u>5,379,210</u>
Total utility revenue bonds				<u>40,292,547</u>
<u>Airport Revenue Bonds</u>				
Series 2009 Airport Bonds	2009	02/01/39	3.00-5.5	<u>18,940,000</u>
Total airport revenue bonds				<u>18,940,000</u>

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	<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
<i>General Long-Term Obligations (cont'd)</i>				
<u>Other</u>				
Claims and Judgments Payable	None	None	None	\$7,828,227
Capital Lease (See Note 10)	2000	04/30/21	5.70	2,147,939
Notes Payable	2007	11/15/12	3.88	1,718,818
Accrued vacation and sick pay	None	None	None	5,933,536
Other post employment benefits	None	None	None	<u>5,062,605</u>
Total other				<u>22,681,125</u>
Total general long-term obligations				<u>\$191,223,519</u>
 <i>Proprietary Funds</i>				
<u>Utility Revenue Bonds-</u>				
Series 2001(DEQ) (Sewer)	2001	6/01/22	3.95	\$ 2,192,463
<u>Other</u>				
Accrued vacation and sick pay	None	None	None	<u>993,228</u>
Total proprietary funds				<u>\$ 3,185,691</u>
 <u>Long-Term Obligation</u>				
<u>Paying Fund</u>				
General obligation bonds:				
Refunding Bonds, 2003 (City Court and Jail Improvements)				City Court and Jail Improvements Debt Service Fund
Tax increment bonds:				
Tower Drive				Tower Drive Debt Service Fund
I-20 Development				I-20 Debt Service Fund
Certificates of indebtedness:				
Taxable Refunding Certificates (Civic Center Roof)				General Fund
Sales tax bonds:				
2002 Series (Sewer and Streets)				Sales Tax Bond Debt Service Fund
2002A Series (Fire and Drainage)				Sales Tax Bond Debt Service Fund
2003 Series (Streets)				Sales Tax Bond Debt Service Fund
2006 Series				Sales Tax Bond Debt Service Fund

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<u>Long-Term Obligation</u>	<u>Paying Fund</u>
Refunding Bonds:	
Series 1998A (Fire and Police Pension)	General Fund
Series 2007A	Sales Tax Bond Debt Service Fund
Series 2208 (I-20 Development)	I-20 Debt Service Fund
Utility revenue bonds:	
Series 2001 (DEQ)	Sales Tax Bond Debt Service Fund
Series 2003 (DEQ)	Sales Tax Bond Debt Service Fund
Series 2005 (DEQ)	Sales Tax Bond Debt Service Fund
Series 2008 (DEQ)	Sales Tax Bond Debt Service Fund
Airport revenue bonds:	
Series 2009 Airport Bonds	Airport Bond Debt Service Fund
Capital Lease Obligations:	
Equipment	General Fund
Notes Payable:	
Equipment	General Fund
Utility Revenue Bonds:	
Series 2001 (DEQ Sewer)	Sewer Enterprise Fund

The amount recorded as claims and judgments payable in the General Long-Term Obligations Account Group is the City's liability for claims that are not expected to be paid with available resources at year-end. Expenditures for claims and judgments payable are recognized in the General Fund when paid. Only those expenditures which are included in the City's legally adopted budget will be paid.

The debt service requirements to amortize all bonds, certificates and other long-term obligations (other than accrued vacation and sick pay, claims and judgments, capital lease obligations, other post employment benefits, and deferred amount of refunding) outstanding at April 30, 2010, including interest payments of \$78,530,453 are as follows:

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Year Ended April 30,	G.O. Bonds Cert. of Indebt.	Revenue Bonds	Tax Increment	DEQ Revolving Loan	Other	Total
2010	\$ 341,688	\$ 5,158,688	\$ 1,151,658	\$ 4,131,995	\$ 5,909,818	\$ 16,693,847
2011	340,625	5,181,816	1,142,962	4,139,087	5,567,065	16,371,555
2012	339,188	5,198,662	1,127,575	4,131,468	5,395,159	16,192,052
2013	342,375	5,208,139	1,114,280	4,130,469	4,537,069	15,332,332
2014	-	5,242,190	1,096,108	4,135,992	4,533,906	15,008,196
2015	-	26,164,471	5,196,239	19,283,222	22,755,912	73,399,844
2016-2020	-	24,769,612	4,874,638	14,370,747	22,354,968	66,369,965
2021-2025	-	18,251,408	-	450,060	3,360,044	22,061,512
2026-2030	-	7,013,124	-	-	-	7,013,124
2031-2035	-	4,231,854	-	-	-	4,231,854
Total	\$ 1,363,876	\$ 106,419,964	\$ 15,703,460	\$ 54,773,040	\$ 74,413,941	\$ 252,674,281

General obligation bonds are direct obligations and are secured by the full faith and credit of the City. These bonds generally mature in 2010. Revenue bonds are secured by pledged income derived from the assets acquired or constructed with bond funds. Certificates of indebtedness are secured by a pledge of the general credit of the City. The Tax Increment bonds are secured solely from the incremental tax revenues from the respective economic development districts.

Airport Revenue Bonds

On August 14, 2009, the City issued \$19,250,000 of Airport Revenue Bonds, Series 2009, the proceeds of which are to be used for the purpose of financing the acquisition, construction and equipping of improvements of the Monroe Regional Airport Terminal, funding a debt service reserve fund, and paying the costs of issuance of the bonds.

The bonds will be paid from the net revenues, which consists of all gross income and revenue accrued by the city from the ownership, lease or operation of the airport, including airport revenues net of operation and maintenance expenses; the proceeds of any passenger facility charge; the proceeds of any customer facility charge; and the proceeds of the City's 10 year, 1.00 mill property tax for the purpose of paying for construction or enhancements of the airport, but excluding any gifts, grants or other amounts the use of which is restricted by the donor or grantor or by the operation of law or regulation, and to the extent there is a shortfall, for lawfully available funds, as defined herein.

The bonds will bear interest at rates of 3.00% to 5.50% and will mature on February 1, 2039.

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13. INTERFUND RECEIVABLES AND PAYABLES

Individual fund balances due from/to other funds at April 30, 2010, are as follows:

	Interfund Receivable										Total	
	General		Capital Infrastructure		Airport Terminal		Gardner-Denver		Nonmajor Governmental Funds			Nonmajor Enterprise Funds
Interfund Payable												
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,776
Capital Infrastructure	684,109	-	-	-	-	-	-	-	-	-	-	684,109
Sales Tax Bond Debt Service	11,594	1,000,000	-	-	-	-	-	-	-	-	-	1,011,594
Gardner-Denver	-	-	475,800	-	-	-	-	-	-	-	-	475,800
Nonmajor Governmental Funds	61,634	-	317,449	260,348	30,000	306,764	-	-	337,297	-	-	1,313,492
Airport	5,311	-	-	-	-	-	-	-	10,000	-	-	15,311
Civic Center	-	-	-	-	-	-	-	-	-	685	-	685
Water Fund	19,423	-	-	-	-	-	-	-	1,436,746	-	-	1,456,169
Sewer Fund	3,369,241	-	-	-	-	-	-	-	-	-	-	3,369,241
Total	\$ 4,151,312	\$ 1,000,000	\$ 793,249	\$ 260,348	\$ 30,000	\$ 306,764	\$ 3,084,819	\$ 685				

These balances result from interfund transactions for goods and services which result in reimbursable expenditures or cash transfers among funds made to cover negative cash balances.

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14. INTERFUND TRANSFERS

The following transfers were made between the various funds of the City during the year ended April 30, 2010:

	General	Capital Infrastructure	Airport Terminal	Transfers Out					Total
				Nonmajor Governmental Funds	Airport	Civic Center	Water Fund		
Transfers In									
General	\$	679,626		\$	27,763	\$	343,381	\$	1,050,770
Capital Infrastructure					1,000,000				1,000,000
Sales Tax Bond		9,782,212							9,782,212
Gardner-Denver					4,260,348				4,260,348
Nonmajor Governmental Funds	\$ 4,885,718	21,440	\$ 1,623,276	617,824	\$ 145,990	\$	1,436,746	\$	8,730,994
Transit	1,771,633								1,771,633
Nonmajor Enterprise Funds	211,704						685		252,389
Internal Service Funds	359,534								359,534
Total	\$ 7,228,589	\$ 10,483,278	\$ 1,623,276	\$ 5,945,935	\$ 145,990	\$ 344,066	\$ 1,436,746		

These transfers resulted from transactions for goods and services among funds, debt service transfers, amounts needed to cover deficits in various Enterprise Funds and for capital improvements.

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15. LITIGATION AND CONTINGENCIES

Various lawsuits are pending against the City of Monroe. Attorneys of the City are of the opinion that any judgment rendered in favor of the plaintiff will not materially affect the financial position of the City at April 30, 2010. However, we note the following cases:

The City is a defendant in two separate suits involving the death of a citizen during a confrontation with Monroe City Police. Both suits have been filed on behalf of the person's adult and minor children. Counsel for the City believes there will be no liability to the City as a result of these suits.

In addition, the City is a party to various suits involving use of excessive force by police officers, accidents involving City vehicles and/or property and workman's compensation and city employer/employee relations. The City is unable to make an estimate of the possible liability, if any, of these matters at the current time.

The City is also a defendant in a case involving the death of a citizen during an automobile accident with a City vehicle operated by an employee within the course and scope of his employment. Subsequent to year end, this case was settled for \$300,000. This liability is not recorded in the financial statements as of April 30, 2010.

Another suit involves the death of an employee as a result of an automobile accident that took place while he was on duty. The legal counsel for the City believes that the City could possibly be liable for a portion of the hospital bills incurred.

16. DEFERRED COMPENSATION PLANS

The City of Monroe offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457, as amended. The plans, available to all employees, permit them to defer a portion of their salaries until future years. Participation in the plans is optional. The City does not make any contributions to the plans. The deferred compensation is not available to employees until termination, retirement or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. In accordance with the amended provisions of Code Section 457, all amounts deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and their beneficiaries. As required by the amended Code Section 457, the City established custodial accounts with a third party administrator who will hold the assets and income of the plans.

Since the assets of the plans are held in a custodial account with a third-party administrator, the assets and liabilities are not presented in the City's financial statements in accordance with GASB

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Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

Assets with a fair market value of \$1,656,814 are held by Public Employees Benefit Services Corporation, a deferred compensation center, and assets with a fair market value of \$207,777 are held by ICMA under agreement with the City.

17. ON-BEHALF PAYMENTS

Certain City employees in the City Marshal's office, the Monroe Police Department and the Monroe Fire Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No.24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$2,186,824 and the related expenditures are as follows:

Marshal/Deputy Marshal	\$ 94,666
Monroe Police Department	991,173
Monroe Fire Department	<u>1,100,985</u>
Total	<u>\$ 2,186,824</u>

18. RISK FINANCING ACTIVITIES

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. There were no major changes in insurance coverage for the year ended April 30, 2010. Certain risks of loss, such as surety bonding, transit liability and indemnity, and activities relating to the operations of Chennault Park, the Monroe Civic Center, Louisiana Purchase Gardens and Zoo and Monroe Regional Airport are insured through purchase of commercial insurance with deductibles from \$0 to \$25,000 and coverage limits from \$1,000 (surety bonds) to \$64,000,000 (buildings and contents). Other risks of loss, including fleet comprehensive and liability, long-term disability and comprehensive general liability, are entirely self-insured. Workers compensation losses are self insured up to \$250,000 per occurrence, with excess loss policies in force for claims in excess of the self insured retention. There were no settlements that exceeded insurance coverage for the past three years. All of the foregoing risk financing activities are accounted for in the governmental and proprietary fund types. Long-term liabilities that are covered by structured settlements which are not expected to be liquidated with expendable available financial resources in the governmental funds have been recorded in the General Long-term Obligations Account Group at estimated present value. Other long-term claims and judgments payable recorded in the General Long-term Obligations Account Group, primarily disability and workers' compensation claims, are recorded using actuarial methods. Changes in the claims liability for the year ended April 30, 2010, are as follows:

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

Balance, April 30, 2009	\$ 7,303,139
Current year claims and changes in estimates	612,566
Claims paid	<u>(87,478)</u>
Balance, April 30, 2010	<u>\$ 7,828,227</u>

Included in current year claims and changes in estimates are amounts related to workers' compensation claims for incurred but not reported claims (IBNR). IBNR claims include known loss events which are expected to be presented as claims, unknown loss events that are expected to become claims and expected future developments on claims already reported. Actuarial methods were employed to determine the IBNR reserve at April 30, 2010, which was calculated to be approximately \$2 million and covers claim years since April 30, 1979.

19. RESTATEMENTS

Beginning net assets of the governmental activities are being restated to reflect a decrease of \$1,437,281. This is due to a correction of a prior year calculation error of Bond Issue Costs (\$1,058,851) and the correction of a prior year overstatement of receivables and revenue of the Kansas Lane Connector Capital Project Fund (\$378,430).

20. PASSENGER FACILITY CHARGE-MONROE REGIONAL AIRPORT

On January 23, 2003, the Monroe Regional Airport (Airport) received approval from the Federal Aviation Administration (FAA) to impose a \$4.50 passenger facility charge (PFC) in accordance with Section 158.29 of the FAA Regulations (Title 14, Code of Federal Regulations, Part 158). On December 20, 2005, the Airport received approval to continue collecting the charge through September 1, 2008. On September 8, 2008, approval was given by the FAA to collect the charge commencing November 1, 2008 through June 1, 2036.

FAA regulations require that PFC revenues be recognized and reported as non-operating revenues in the year the fees are remitted by the air carriers (cash basis of accounting). Likewise, payments to vendors are also reported when disbursed, not when incurred. However, for financial reporting purposes, GAAP requires that these revenues and expenses be recorded on the modified accrual basis of accounting.

FAA regulations also require certain financial statement disclosures with regard to passenger facility charges. Any PFC revenue received, but not yet spent, along with interest income, is classified as restricted net assets on the Statement of Net Assets.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

The FAA approved a total collection of \$1,134,672, from April 1, 2003 until January 31, 2006 for three approved projects. On December 20, 2005, the FAA approved collections of \$720,000 for one additional project. These projects as well as the amounts disbursed and the remaining dollars available are as follows: Two additional projects were approved September, 8 2008 totaling \$16,400,000.00.

Description	Project Amount	Disbursements	Available
Aircraft loading equipment improvement	\$ 504,335	\$ 504,335	\$ -
PFC application professional fees	40,700	40,700	-
Rehabilitate airfield lighting	401,025	401,025	-
Passenger terminal scoping and planning study	413,444	410,444	3,000
New Passenger Terminal Building	16,200,000	623,410	15,576,590
Administrative Costs (Professional Fees)	200,000	24,279	175,721
Total	\$ 17,759,504	\$ 2,004,193	\$ 15,755,311

On September 15, 2009 the following changes occurred:

- Application 02-01-C-00-MLU was reduced from \$720,000.00 to \$413,444.00 due to completion of project on March 31, 2009.
- Application 03-01-C-01-MLU-001 was reduced from \$641,748 to \$504,335 due to completion of project on February 1, 2005.
- Application 03-01-C-01-MLU-003 was reduced from \$452,224 to \$401,025 due to completion of project on January 1, 2004.

Since the inception of the PFC, the Airport has recorded the following revenues / receipts and expenses / disbursements through fiscal year 2010 resulting in a restriction of net assets from passenger facility charges as follows:

	Accrual Basis	Cash Basis
PFC revenues / receipts	\$ 2,542,453	\$ 2,509,097
Interest earnings	48,067	48,067
Total revenues / receipts	2,590,520	2,557,164
Expenses / disbursements for PFC projects	(2,010,079)	2,044,192
Net PFC cash, April 30, 2010		\$ 512,972
Net assets restricted for PFC, April 30, 2010	\$ 580,441	

Any remaining funds after the completion of the projects will require a plan for the use of this revenue be submitted to the FAA for review and concurrence.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2010

21. SUBSEQUENT EVENT

On June 23, 2010, after the City's fiscal year end of April 30, 2010, two City of Monroe councilmen were indicted on federal racketeering/bribery under the Racketeer Influenced and Corrupt Organizations Act and on extortion charges under the Hobbs Act. One councilman was charged with five acts of racketeering for a total of \$6,300 in bribes. The other councilman was charged with four acts of racketeering for a total of \$1,437 in bribes and a reduced purchase price for some land. Both councilmen are charged with one count each of extortion under the Hobbs Act. Although the outcome of these indictments is not presently determinable, management is of the opinion that regardless of the outcome there will be no material effect on the financial statements of the City.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2010
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
General property taxes	\$ 3,934,624	\$ 4,127,560	\$ 4,175,043	\$ 47,483
1974 Recreational maintenance taxes	691,317	727,893	736,551	8,658
1974 Public safety taxes	389,785	410,462	415,290	4,888
1974 Drainage taxes	481,716	507,208	513,236	5,028
Street Maintenance Tax		49	49	
Capital improvement tax	1,279,672	1,279,672	1,274,977	(4,695)
Police department tax	592,032	592,032	588,488	(3,546)
Fire department tax	592,032	592,032	588,482	(3,550)
Beer tax	72,215	72,215	74,273	2,058
Adjudicated Property	33,595	20,000	22,356	2,366
General sales taxes	30,783,863	31,506,000	31,887,986	387,986
Liquor Licenses	75,544	79,485	80,535	1,050
Occupational Licenses	2,411,100	2,411,100	2,428,270	17,170
Video Bingo License	1,500	3,050	4,111	1,061
Building permits	84,000	90,500	78,382	(12,118)
Sewer permits	44,000	29,600	31,009	1,409
Plumbing permits	55,000	23,910	34,401	10,491
Electrical permits	38,400	32,100	27,479	(4,621)
Gas permits	12,400	12,500	21,584	(9,184)
Heat and air conditioning permits	17,000	7,700	12,056	4,356
Sound Permits		25	25	
Mobile sign permits	500	55	70	15
Off Prem Sign		175	175	
Conduit/Drainage Project Permit		2,175	1,175	
Franchise fees	780,710	800,000	832,894	32,894
State grave - Supplemental Pay	2,405,450	2,406,450	2,186,824	(219,626)
Signal Light Reimbursement	183,000	183,000	183,000	
Keep Louisiana Beautiful			500	500
Sales tax commission - School Board	388,700	388,700	408,851	20,151
Sales tax commission - West Monroe	51,000	51,000	51,000	
Sales tax commission - Police Jury	37,800	37,800	37,800	
Sales tax commission - Sterlinton	2,200	2,200	2,038	(162)
Sales tax commission - Richwood	180	180	180	
Sales tax commission - Handist	88,150	88,150	92,304	4,144
Sales tax commission - Fire	22,814	22,814	22,618	(196)
Sales tax commission - Police	22,814	22,814	22,618	(196)
Sales tax commission - Ouachita Parish Sheriff's Office	18,335	18,335	15,412	(2,923)
Sales tax commission - Hotel/Motel	4,000	4,000	4,000	
City sanitation service	2,993,000	2,993,000	3,069,996	76,996
Recreation department revenue	46,194	42,765	45,233	2,468
HIDTA	42,000	102,958	63,072	(39,886)
Louisiana Highway Safety	25,000	27,213	35,834	8,621
Federal Direct Non Category		371,653	195,653	(176,000)
ARRA Copz Hiring		168,104	176,470	8,366
Federal Indirect Non Category			91,200	91,200
Safer Grant		257,542	259,538	1,996
State Grants		363,080	356,827	(6,253)
NSP Fees	17,400	17,400	18,618	1,218
Grass cutting fees	77,500	129,500	130,615	1,115
Demoition		89,060	93,162	4,102
Video Bingo	500,000	1,066,000	1,098,428	32,428
City Court civil fees	180,000	180,000	185,453	5,453
Community policing fee	140,000	100,000	106,770	6,770
Appearance & surrender fee	60,000	60,000	57,910	(2,090)
Zoning income	30,422	51,484	63,542	12,058
Parking Meters		16	16	
Energy franchise fees	1,800,000	1,935,000	1,997,191	62,191
Cemetery lots	21,700	1,560	2,650	1,090
Golf course fees	420,466	204,128	215,421	11,293
American Pm System Fees (Bel/South commissions)	18,540	15,000	14,735	(265)
Miscellaneous income			398	398
Postage	7,425	7,425	13,599	6,174
Legal & other Professional	83,475	85,475	112,751	27,276
False alarms fines	20,000	16,000	15,325	(675)
Fire reports		170	209	39
Copy Charge		1,974	2,398	424
City Court fines	700,000	700,000	692,894	(7,106)
Environmental Court		800	975	175
Parking fines	71,220	62,850	57,081	(5,769)
Ticket review fee	1,320	325	405	80
Parking permit sales	230	230		(230)
DWI Prob Fin	2,000	2,602	3,364	762
Rental income	166,840	161,732	176,999	15,267
Contributions & Donations	2,200	5,700	5,700	
Interest income	220,725	100,000	56,009	(43,991)
Royalty income	7,220	2,400	2,798	398
Commissions		1,412	1,562	150
KD Donations		32,420	13,963	(18,457)
Tuition Income		16,000	16,750	750
Donations designated MPD		7,525	17,585	10,060
Municipal golf course rent	15,600	15,600	15,500	(100)
Cash over/short			(1,003)	(1,003)
Penalty and interest	24,515	24,515	34,169	9,654
Police reimbursets	83,500	75,000	79,958	4,958
Total revenues	53,677,551	56,041,709	56,443,373	401,664

CITY OF MONROE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2010
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
Legislative division - council and staff	317,868	316,890	296,371	20,519
Judicial division	2,304,525	2,301,157	2,200,800	100,357
Legal division	662,255	682,629	674,559	8,070
Executive division - chief executive and staff	836,620	851,884	780,624	71,260
Administration division	7,249,169	7,792,660	7,223,678	568,982
Police division	12,382,202	12,484,833	12,534,001	(49,468)
Fire division	11,817,915	11,967,915	12,013,973	(46,058)
Public works division	4,777,238	9,105,561	9,139,534	(33,973)
Culture & recreation	2,983,010	2,972,610	2,754,580	218,030
Planning and urban development division	882,372	882,993	883,908	(915)
Debt Service				
General interest expense	100,000	100,000	57,188	42,812
Capital leases	285,274	285,274	285,274	
Civic Center Roof	280,000	280,000	280,000	
Claims and judgments	200,000	200,000	87,478	112,522
Capital Expenditures				
Total expenditures	30,407,464	32,030,437	30,028,879	2,001,578
EXCESS OF REVENUES OVER EXPENDITURES	3,270,087	4,011,252	6,414,494	2,403,242
OTHER FINANCING SOURCES (USES)				
Sale of assets		262,913	262,584	(329)
Insurance proceeds			100,000	100,000
Total		262,913	362,584	99,671
Transfers in:				
Capital Infrastructure	706,344	706,895		(706,895)
Monroe Regional Airport	70,796	93,698	1,050,771	957,073
Total transfers in	777,140	800,593	1,050,771	250,378
Transfers out:				
Prisoner housing	(433,411)	(570,137)	(654,133)	(83,996)
Police and Fire pension	(827,298)	(827,298)	(818,416)	8,882
Louisiana Purchase Gardens and Zoo	(47,287)	(27,847)	(208,470)	(180,623)
Monroe Transit System	(1,577,603)	(1,000,000)	(1,771,633)	(771,633)
Livesock Arena	(2,500)	(2,500)	(3,234)	(734)
Central Shop and Warehouse	(206,123)	(192,349)	(339,534)	(167,185)
DeltaFest	(45,337)	(131,175)		131,175
Capital		(1,000,000)	(1,600,000)	(600,000)
Repair and Maintenance			(474,257)	(474,257)
Debt Service	(7,658)	(30,018)	(23,583)	6,455
Video bingo revenue to capital	(400,000)	(533,000)	(549,214)	(16,214)
Video bingo revenue to insurance	(400,000)			
Capital Project funds			(266,135)	(266,135)
Economic Development		(500,000)	(500,000)	
Total transfers out	(4,047,237)	(4,814,324)	(7,223,589)	(2,414,265)
Total other financing sources (uses)	(3,270,087)	(3,750,818)	(5,815,234)	(2,064,416)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		260,434	599,260	338,826
FUND BALANCE, BEGINNING OF YEAR	11,896,227	12,276,526	12,276,526	
FUND BALANCE, END OF YEAR	\$ 11,896,327	\$ 12,536,960	\$ 12,875,786	\$ 338,826

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual
 Capital Infrastructure Special Revenue Fund
 For the Year Ended April 30, 2010
 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales Tax -Street Improvement	\$ 13,065,000	\$ 13,065,000	\$ 13,380,893	\$ 315,893
Interest income	175,000	175,000	43,375	(131,625)
Total revenues	<u>13,240,000</u>	<u>13,240,000</u>	<u>13,424,268</u>	<u>184,268</u>
EXPENDITURES				
Current				
Public works	1,607,209	1,593,006	728,828	864,178
Total expenditures	<u>1,607,209</u>	<u>1,593,006</u>	<u>728,828</u>	<u>864,178</u>
EXCESS OF REVENUES OVER EXPENDITURES	11,632,791	11,646,994	12,695,440	1,048,446
OTHER FINANCING SOURCES (USES)				
Transfer In		1,000,000	1,000,000	
Transfers Out	(10,884,986)	(10,884,986)	(10,483,278)	401,708
Total other financing sources (uses)	<u>(10,884,986)</u>	<u>(9,884,986)</u>	<u>(9,483,278)</u>	<u>401,708</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(747,805)	(1,762,008)	3,212,162	1,450,154
FUND BALANCE, BEGINNING OF YEAR	<u>11,935,052</u>	<u>8,898,655</u>	<u>14,601,350</u>	<u>5,702,695</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,187,247</u>	<u>\$ 7,136,647</u>	<u>\$ 17,813,512</u>	<u>\$ 10,676,865</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF MONROE
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2010

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 10,177,651	\$ 5,540,528	\$ 22,699,559	\$ 38,417,738
Receivables	997,409	993,516	356,661	2,347,586
Due from other funds	1,497,668		1,587,151	3,084,819
Prepaid expenses & other assets, net	591,606			591,606
Total Assets	<u>\$ 13,264,334</u>	<u>\$ 6,534,044</u>	<u>\$ 24,643,371</u>	<u>\$ 44,441,749</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts and retainage payable	\$ 360,551		\$ 855,260	\$ 1,215,811
Due to other funds	687,452		626,040	1,313,492
Deferred revenue	7,400	\$ 13,922		21,322
Other current liabilities	11,667		18,363	30,030
Total Liabilities	<u>1,067,070</u>	<u>13,922</u>	<u>1,499,663</u>	<u>2,580,655</u>
Fund Balances				
Reserved for				
Debt service		6,520,122		6,520,122
Capital improvements			23,143,708	23,143,708
Unreserved	12,197,264			12,197,264
Total Fund Balances	<u>12,197,264</u>	<u>6,520,122</u>	<u>23,143,708</u>	<u>41,861,094</u>
Total Liabilities and Fund Balances	<u>\$ 13,264,334</u>	<u>\$ 6,534,044</u>	<u>\$ 24,643,371</u>	<u>\$ 44,441,749</u>

CITY OF MONROE
 Monroe, Louisiana
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended April 30, 2010

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes				
Ad valorem		\$ 384,605		\$ 384,605
Sales	\$ 6,557,755	3,857,309		10,415,064
Fees, charges and commissions for services	796,126		\$ 349,451	1,145,577
Use of money and property	57,262	5,171	34,945	97,378
Other revenues	78,283		75,000	153,283
Fines and forfeitures	178,393			178,393
Intergovernmental				
Federal grants	2,414,778		69,009	2,483,787
State grants	191,136		136,665	327,801
Local grants	25,000		5,000	30,000
Total revenues	<u>10,298,733</u>	<u>4,247,085</u>	<u>670,070</u>	<u>15,215,888</u>
EXPENDITURES				
Current				
General government				
Judicial	87,873			87,873
Financial administration	207,451		368,225	575,676
Public safety				
Police	4,359,505			4,359,505
Fire	3,606,489			3,606,489
Public works	238,036		38,734	276,770
Culture and recreation	386,293		168,542	554,835
Planning and urban development	2,037,603			2,037,603
Economic development and assistance	347,982			347,982
Capital outlay	1,327,767		10,208,908	11,536,675
Debt service				
Debt service principle	581,135	2,770,000		3,351,135
Debt service interest	80,851	2,221,237		2,302,088
Total expenditures	<u>13,260,985</u>	<u>4,991,237</u>	<u>10,784,409</u>	<u>29,036,631</u>
Excess (deficiency) of revenues over expenditures	<u>(2,962,252)</u>	<u>(744,152)</u>	<u>(10,114,339)</u>	<u>(13,820,743)</u>
Other Financing Sources (Uses)				
Bond proceeds			6,765,003	6,765,003
Sales of Assets			106,563	106,563
Transfers in	3,789,360	3,109,663	1,831,973	8,730,996
Transfers out	(328,111)	(11)	(5,617,813)	(5,945,935)
Total other financing sources (uses)	<u>3,461,249</u>	<u>3,109,652</u>	<u>3,085,726</u>	<u>9,656,627</u>
Net changes in fund balances	498,997	2,365,500	(7,028,613)	(4,164,116)
Fund balances - beginning (as restated, Note 18)	11,698,267	4,154,622	30,172,321	46,025,210
Fund balances - ending	<u>\$ 12,197,264</u>	<u>\$ 6,520,122</u>	<u>\$ 23,143,708</u>	<u>\$ 41,861,094</u>

NONMAJOR SPECIAL REVENUE FUNDS

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2010

	Fire Department Insurance	Community Development Block Grant	Urban Development Action	Rental Rehab	Economic Development	Emergency Shelter	CDBG Home	CDBG Loan	City Prosecuting Attorney
ASSETS									
Cash and cash equivalents	\$ 701,521		\$ 18,190	\$ 34,815	\$ 10,835	\$ 6,662	\$ 69,339	\$ 36,937	\$ 115,141
Receivables	1,290	\$ 258,799				19,687			3,500
Due from other funds	37,805	15,497		144,938			48,960	7,837	
Prepaid expenses & other assets, net								73,817	
Total Assets	\$ 740,616	\$ 274,296	\$ 18,190	\$ 179,773	\$ 10,835	\$ 26,349	\$ 118,299	\$ 118,611	\$ 118,641
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ 407	\$ 39,191				\$ 19,207	\$ 40,274		\$ 3,825
Due to other funds		228,659				12	77,565	\$ 14,979	
Deferred revenue		446					300		
Other current liabilities		6,000					160	2,027	113
Total Liabilities	407	274,296				19,219	118,299	17,006	3,938
Fund Balances									
Unreserved	740,209		\$ 18,190	\$ 179,773	\$ 10,835	7,130		101,605	114,703
Total Fund Balances	740,209		18,190	179,773	10,835	7,130		101,605	114,703
Total Liabilities and Fund Balances	\$ 740,616	\$ 274,296	\$ 18,190	\$ 179,773	\$ 10,835	\$ 26,349	\$ 118,299	\$ 118,611	\$ 118,641

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2010

	MPD Youth	DARE Program	Delta Rest	Prisoner Housing	Diversion Program	Drug Seizure Forfeiture	City Employees	Peer Mediation	Police Salary Sales Tax
ASSETS									
Cash and cash equivalents	\$ 607	\$ 92,672		\$	\$ 163,198	\$ 99,635		\$ 10,529	\$ 616,328
Receivables		11,076	\$ 8,750			599			237,749
Due from other funds				\$ 77,185					
Prepaid expenses & other assets, net									
Total Assets	\$ 607	\$ 103,748	\$ 8,750	\$ 77,185	\$ 163,198	\$ 100,234		\$ 10,529	\$ 874,077
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable		\$ 3,985	\$ 25	\$ 77,185	\$ 26	\$ 324			
Due to other funds		18,191			646			\$ 6,654	
Deferred revenue									
Other current liabilities									
Total Liabilities		22,176	25	77,185	672	324		6,654	
Fund Balances									
Unreserved	\$ 607	81,572	8,725		162,526	99,910		3,875	874,077
Total Fund Balances	607	81,572	8,725		162,526	99,910		3,875	874,077
Total Liabilities and Fund Balances	\$ 607	\$ 103,748	\$ 8,750	\$ 77,185	\$ 163,198	\$ 100,234		\$ 10,529	\$ 874,077

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2010

	Fire Salary	Sales Tax	PTFA	Justice Assistance Grant	LETPP	Hurricane Katrina Relief	Downtown Economic Develop	Admin Economic Develop	HOMIE Program Loans	Repairs & Maintenance					
ASSETS															
Cash and cash equivalents	\$	909,167	\$	1,022,474			\$	24,648	\$	3,075,385	\$	23,311	\$	200,618	
Receivables		257,749										80,883		474,257	
Due from other funds				23,288								352,292			
Prepaid expenses & other assets, net															
Total Assets	\$	1,166,916	\$	1,022,474	\$	23,288	\$	24,648	\$	3,075,385	\$	456,486	\$	674,875	
LIABILITIES AND FUND BALANCES															
Liabilities															
Accounts and retainage payable				\$	23,057									\$	688
Due to other funds					231					\$	260,348		\$	15,200	
Deferred revenue															
Other current liabilities														3,167	
Total Liabilities						23,288		412		260,348		18,567		688	
Fund Balances															
Unreserved	\$	1,166,916	\$	1,022,474			24,236	2,815,037	437,919					674,187	
Total Fund Balances	\$	1,166,916	\$	1,022,474			24,236	2,815,037	437,919					674,187	
Total Liabilities and Fund Balances	\$	1,166,916	\$	1,022,474	\$	23,288	\$	24,648	\$	3,075,385	\$	456,486	\$	674,875	

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2010

	Capital	L.A. Pilot Grant	Airport Marketing Grant	GOHSE- Code Enforcement	Demolition	Homelessness Prevention RRP	Neighborhood Stabilization	Special Revenue Total
ASSETS								
Cash and cash equivalents	\$ 2,762,698	\$	\$ 20,000	\$	\$ 232,280	\$	\$	\$ 10,177,651
Receivables		\$ 35,236		\$ 37,795		\$ 8,716	\$ 3,816	\$ 997,409
Due from other funds	600,000	256	10,000	10				1,497,668
Prepaid expenses & other assets, net	165,497							591,606
Total Assets	\$ 3,528,195	\$ 35,512	\$ 30,000	\$ 37,805	\$ 232,280	\$ 8,716	\$ 3,816	\$ 13,264,334
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts and retainage payable	\$ 116,433	\$ 35,512	\$ 30,000	\$ 37,805			\$ 3,816	\$ 360,551
Due to other funds								687,452
Deferred revenue								7,400
Other current liabilities								11,667
Total Liabilities	116,433	35,512	30,000	37,805			3,816	1,067,070
Fund Balances								
Unreserved	3,411,762				\$ 232,280	\$ 8,716		12,197,264
Total Fund Balances	3,411,762				232,280	8,716		12,197,264
Total Liabilities and Fund Balances	\$ 3,528,195	\$ 35,512	\$ 30,000	\$ 37,805	\$ 232,280	\$ 8,716	\$ 3,816	\$ 13,264,334

CITY OF MONROE
 Monroe, Louisiana
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended April 30, 2010

	Fire Department Insurance	Community Development Block	Urban Development Action	Rental Rehab	CDBG Economic Development	Emergency Shelter	CDBG Home	CDBG Loan	City Prosecuting Attorney
REVENUES									
Taxes									
Sales									
Fees, charges and commissions for services		\$ 17,269					\$ 300	\$ 7,450	
Use of money and property								2,281	
Other revenues			\$ 9,612					129	
Fines and Forfeitures									30,095
Intergovernmental									
Federal grants	\$ 183,036	997,906				\$ 183,473	834,400		
State grants									
Local grants									
Total Revenues	183,036	1,014,375		9,612		183,473	834,900	9,900	30,095
EXPENDITURES									
Current									
General government									
Judicial									
Financial administration									
Public safety									
Police									
Fire	9,550								
Public works									
Culture and recreation									
Planning and urban development		1,014,375					834,900		
Economic development and assistance									
Capital outlay									
Debt service									
Debt service principal									
Debt service interest								9,900	
Total Expenditures	9,550	1,014,375		9,612		183,473	834,900		30,095
Excess (deficiency) of revenues over expenditures	174,086					2,399		9,900	
Other Financing Sources (Uses)									
Transfers in									
Transfers out									
Total other financing sources (uses)									
Net changes in fund balances	174,086			9,612		2,399		9,900	30,095
Fund balances - beginning	566,123		18,190	170,161	10,833	4,731		91,703	84,608
Fund balances - ending	\$ 740,209	\$ 10,190	\$ 179,773	\$ 10,833	\$ 7,130	\$ 101,603	\$ 101,603	\$ 114,703	\$ 114,703

CITY OF MONROE
Monroe, Louisiana

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended April 30, 2010

	MPD Youth	DARE Program	Delta Fest	Prisoner Housing	Diversion Program	Drug Seizure Forfeiture	Friends of City Employees	Pet Medication	Police Salary
REVENUES									Sales Tax
Taxes									\$ 3,278,877
Fees, charges and commissions for services		\$ 186,847			\$ 68,030				
Use of money and property		3,270							3,199
Other revenues		21,527							
Fines and Forfeitures				\$ 80,155		\$ 68,143			
Intergovernmental									
Federal grants	\$ 24,007								
State grants			7,500						
Local grants			5,000						
Total Revenues	24,007	24,007	224,144	80,155	68,030	68,143			3,282,076
EXPENDITURES									
Current									
General government					87,873				
Judicial									
Financial administration									
Public safety	246	24,007		734,288		17,906			3,540,062
Police									
Fire									
Public works									
Culture and recreation									
Planning and urban development			188,525						
Economic development and assistance									
Capital outlay									
Debt service									
Debt service principal									
Debt service interest									
Total Expenditures	246	24,007	188,525	734,288	87,873	17,906			3,540,062
Excess (deficiency) of revenues over expenditures	(246)		35,619	(654,133)	(19,823)	50,237			(237,986)
Other Financing Sources (Uses)				654,133			(589)		
Transfers in							(589)		
Transfers out									
Total other financing sources (uses)				654,133					
Net changes in fund balances	(246)		1,725		(19,823)	50,237			(237,986)
Fund balances - beginning	833	81,572			182,349	49,673		3,875	1,132,063
Fund balances - ending	607	81,572	8,725		162,526	99,910		3,875	874,077

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended April 30, 2010

	Fire Salary	Sales Tax	PTFA	Justice Assistance Grant	LETPP	Hurricane Katrina Relief	Downtown Economic Develop	Admin Economic Devlop	HOME Program Loans	Repairs & Maintenance
REVENUES										
Taxes										
Sales	\$ 3,278,878									
Fees, charges and commissions for services								\$ 82,733	\$ 340,473	
Use of money and property		4,831	5,200	61				13,589	8,565	1,444
Other revenues									608	
Fines and forfeitures										
Intergovernmental				34,659	8,276					
Federal grants										
State grants										
Local grants										
Total Revenues	3,283,709	5,200	5,200	34,720	8,276			96,322	349,644	1,444
EXPENDITURES										
Current										
General government										
Judicial										179,768
Financial administration										
Public safety										
Police										
Fire	3,596,939			34,720	8,276					
Public works										
Culture and recreation										
Planning and urban development							3,150	344,832		
Economic development and assistance										
Capital outlay										36,000
Debt service										
Debt service principle										
Debt service interest										
Total Expenditures	3,596,939			34,720	8,276		3,150	344,832		215,768
Excess (deficiency) of revenues over expenditures	(313,230)						(3,150)	(248,510)	349,644	(214,324)
Other Financing Sources (Uses)										
Transfers in										
Transfers out										474,237
Total other financing sources (uses)										474,237
Net changes in fund balances	(713,230)	5,200								259,933
Fund balances - beginning	1,480,146	1,017,274				280	27,386	2,863,895	88,275	414,234
Fund balances - ending	\$ 1,166,916	\$ 1,022,474				\$ 280	\$ 27,386	\$ 2,863,895	\$ 88,275	\$ 674,187

CITY OF MONROE
 Monroe, Louisiana
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended April 30, 2010

	Capital	LA Pillor Grant	Airport Marketing Grant	GOHSEP- Code Enforcement	Demolition	CLG Historic Preserve	MPD Bearcat Purchase	Homelessness Prevention RRP	Neighborhood Stabilization	Special Revenue Total
REVENUES										
Taxes										\$ 6,557,755
Sales	\$ 82,733				\$ 9,931					796,126
Fees, charges and commissions for services	14,824									57,262
Use of money and property							\$ 46,407			78,283
Other revenues										178,393
Fines and Forfeitures										
Intergovernmental		\$ 122,475		\$ 1,436		\$ 1,500	193,062	\$ 8,716	\$ 3,816	2,414,778
Federal grants										191,136
State grants										25,000
Local grants			\$ 20,000							
Total Revenues	\$ 77,557	122,475	20,000	1,436	9,931	1,500	239,469	8,716	3,816	10,296,733
EXPENDITURES										
Current										
General government										87,873
Judicial	27,683									207,451
Financial administration										
Public safety										
Police										4,359,505
Fire										3,606,489
Public works	3,139	122,681	30,000		82,216					238,036
Culture and recreation	194,768					3,000			3,816	386,293
Planning and urban development										2,077,603
Economic development and assistance				1,436			239,469			347,982
Capital outlay	1,952,298									1,327,767
Debt service										581,135
Debt service principal	381,135									80,851
Debt service interest	80,851									
Total Expenditures	1,939,874	122,681	30,000	1,436	82,216	3,000	239,469		3,816	10,260,985
Excess (deficiency) of revenues over expenditures	(1,862,317)	(256)	(10,000)		(72,285)	(1,500)		8,716		(2,962,232)
Other Financing Sources (Uses)										
Transfers in	2,149,214	256	10,000			1,300				3,789,360
Transfers out										(328,111)
Total other financing sources (uses)	2,149,214	256	10,000			1,300				3,461,249
Net changes in fund balances	306,897				(72,285)			8,716		498,997
Fund balances - beginning	3,104,865				304,565					11,698,267
Fund balances - ending	\$ 3,411,762				\$ 232,280			\$ 8,716		\$ 12,197,264

NONMAJOR DEBT SERVICE FUNDS

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Debt Service Funds
 April 30, 2010

	City Court and Jail Improvements	I-20 Economic District	Tower Dr Economic District	Police and Fire Pension	Airport Terminal	Debt Service Total
ASSETS						
Cash and cash equivalents	\$ 27	\$ 2,165,936	\$ 1,432,303	\$ 31,308	\$ 1,910,954	\$ 5,540,528
Receivables		741,964	237,630		13,922	993,516
Total Assets	\$ 27	\$ 2,907,900	\$ 1,669,933	\$ 31,308	\$ 1,924,876	\$ 6,534,044
LIABILITIES AND FUND BALANCES						
Liabilities						
Deferred Revenue					\$ 13,922	\$ 13,922
Total Liabilities					13,922	13,922
Fund Balances						
Reserved for						
Debt service	\$ 27	\$ 2,907,900	\$ 1,669,933	\$ 31,308	1,910,954	6,520,122
Total Fund Balances	27	2,907,900	1,669,933	31,308	1,910,954	6,520,122
Total Liabilities and Fund Balances	\$ 27	\$ 2,907,900	\$ 1,669,933	\$ 31,308	\$ 1,924,876	\$ 6,534,044

CITY OF MONROE
 Monroe, Louisiana
**Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances**
 Nonmajor Governmental Funds
 Debt Service Funds
 For the Year Ended April 30, 2010

	City Court Improvements	I-20 Economic District	Tower Dr Economic District	Police and Fire Penston	Airport Terminal	Debt Service Total
REVENUES						
Taxes	\$ 74				\$ 384,531	\$ 384,605
Ad valorem		\$ 2,909,319	\$ 947,990			3,857,309
Sales		546	4,409	\$ 101	115	5,171
Use of money and property						
Total Revenues	74	2,909,865	952,399	101	384,646	4,247,085
EXPENDITURES						
Debt service						
Debt service principle	170,000	1,105,000	460,000	725,000	310,000	2,770,000
Debt service interest	5,270	1,159,950	515,344	109,297	431,376	2,221,237
Total Expenditures	175,270	2,264,950	975,344	834,297	741,376	4,991,237
Excess (deficiency) of revenues over (under) expenditures	(175,196)	644,915	(22,945)	(834,196)	(356,730)	(744,152)
Other Financing Sources (Uses)						
Transfers in	23,563			818,416	2,267,684	3,109,663
Transfers out			(11)			(11)
Total other financing sources (uses)	23,563		(11)	818,416	2,267,684	3,109,652
Net changes in fund balances	(151,633)	644,915	(22,956)	(15,780)	1,910,954	2,365,500
Fund balances - beginning	151,660	2,262,985	1,692,889	47,088		4,154,622
Fund balances - ending	\$ 27	\$ 2,907,900	\$ 1,669,933	\$ 31,308	\$ 1,910,954	\$ 6,520,122

NONMAJOR CAPITAL PROJECTS FUNDS

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2010

	I-20 Corridor	FTA Capital Grants	N. 18TH Street Extension	Tower Drive	Airport Industrial Park	Street Construction	Collection System Improve	Fire/Drainage Improvement	Water System Improvements
ASSETS									
Cash and cash equivalents	\$ 11,230,428	\$ 306,764	\$ 104,713	\$ 4,416,430	\$ 275,794	\$ 3,931,534	\$ 566,188	\$ 716,069	\$ 319,666
Receivables									1,436,746
Due from other funds									
Total Assets	\$ 11,230,428	\$ 306,764	\$ 104,713	\$ 4,416,430	\$ 275,794	\$ 3,931,534	\$ 566,188	\$ 716,069	\$ 1,756,412
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ 89,584	\$ 306,764				\$ 973	\$ 534,505		
Due to other funds									
Other current liabilities									
Total Liabilities	89,584	306,764				973	534,505		
Fund Balances									
Reserved for Capital Improvements	11,140,844		\$ 104,713	\$ 4,416,430	\$ 275,794	3,930,561	31,683	\$ 716,069	\$ 1,756,412
Total Fund Balances	11,140,844		104,713	4,416,430	275,794	3,930,561	31,683	716,069	1,756,412
Total Liabilities and Fund Balances	\$ 11,230,428	\$ 306,764	\$ 104,713	\$ 4,416,430	\$ 275,794	\$ 3,931,534	\$ 566,188	\$ 716,069	\$ 1,756,412

CITY OF MONROE
 Monro, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2010

	Passenger Facility Charge	Civic Center Improvements	US 165 Business Connector	Water Meter Replacement	Louisville Enhancement	Kansas Lane Connector	ARRA-Oliver Rd Widening	Ouachita Scenic Trails	ARRA-Lamy Lane
ASSETS									
Cash and cash equivalents	\$ 552,972	\$ 344,434	\$ 175,311	\$ 66,020				\$ 16,540	
Receivables	33,357							15,110	
Due from other funds							\$ 130,298		\$ 584
Total Assets	\$ 586,329	\$ 344,434	\$ 175,311	\$ 66,020			\$ 130,298	\$ 31,650	\$ 584
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable		\$ 18,875	\$ 4,968		\$ 3,400	\$ 25,409	\$ 6,455		\$ 584
Due to other funds	\$ 5,888				27,200	128,869	123,843		31,650
Other current liabilities						18,363			
Total Liabilities	\$ 5,888	\$ 18,875	\$ 4,968		\$ 30,600	\$ 172,641	\$ 130,298	\$ 31,650	\$ 584
Fund Balances									
Reserved for									
Capital improvements	580,441	325,559	170,343	\$ 66,020	(30,600)	(172,641)			
Total Fund Balances	580,441	325,559	170,343	66,020	(30,600)	(172,641)			
Total Liabilities and Fund Balances	\$ 586,329	\$ 344,434	\$ 175,311	\$ 66,020			\$ 130,298	\$ 31,650	\$ 584

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2010

	ARRA- Washington Street	ARRA-Walnut Drive	ARRA- Riverside Drive	MLJ Runway	Capital Projects Total
ASSETS					
Cash and cash equivalents					\$ 22,699,559
Receivables					356,661
Due from other funds	\$ 1,826	\$ 761	\$ 1,826		1,587,151
Total Assets	<u>\$ 1,826</u>	<u>\$ 761</u>	<u>\$ 1,826</u>		<u>\$ 24,643,371</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts and retainage payable		\$ 761		\$ 169,746	\$ 855,260
Due to other funds	\$ 1,826				626,040
Other current liabilities					18,363
Total Liabilities	<u>1,826</u>	<u>761</u>		<u>169,746</u>	<u>1,499,663</u>
Fund Balances					
Reserved for					
Capital improvements			\$ 1,826	(169,746)	23,143,708
Total Fund Balances			<u>1,826</u>	<u>(169,746)</u>	<u>23,143,708</u>
Total Liabilities and Fund Balances	<u>\$ 1,826</u>	<u>\$ 761</u>	<u>\$ 1,826</u>		<u>\$ 24,643,371</u>

CITY OF MONROE
 Monroe, Louisiana
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Capital Projects Funds
 For the Year Ended April 30, 2010

	I-20 Corridor	N. 18TH Street Extension	Tower Drive	Airport Industrial Park	Street Construction	Collection System Improve	Asset Management System	Fire/Drainage Improvement	Water System Improvements
REVENUES									
Fees, charges and commissions for services									
Use of money and property									
Other Revenues	\$ 847		\$ 16,670	\$ 2,173	\$ 9,558	\$ 1,376		\$ 1,008	
Intergovernmental									
Federal grants						52,469			
Slate grants									
Local grants									
Total Revenues	847		16,670	2,173	9,558	53,845		1,008	
EXPENDITURES									
Current									
General government									
Financial administration	24,907		336,761	6,257	280				
Public works				11,490			\$ 21,440		
Culture and recreation									
Capital outlay	110,652		1,784,472		894,493	6,042,181			\$ 635,333
Total Expenditures	135,559		2,121,253	17,747	894,773	6,042,181	21,440		635,333
Excess (deficiency) of revenues over expenditures	(134,712)		(2,104,583)	(15,574)	(885,215)	(5,988,336)	(21,440)	1,008	(635,333)
Other Financing Sources (Uses)									
Bond proceeds						6,765,003			
Sale of Assets			11	106,563			21,440		1,436,746
Transfers in						(1,000,000)			
Transfers out	(4,000,000)								
Total other financing sources (uses)	(4,000,000)		11	106,563		5,765,003	21,440		1,436,746
Net changes in fund balances	(4,134,712)		(2,104,572)	90,989	(885,215)	(223,333)		1,008	801,413
Fund balances - beginning (as restated, Note 18)	15,275,536	\$ 104,713	6,521,002	184,805	4,815,776	255,016		715,061	954,999
Fund balances - ending	\$ 11,140,844	\$ 104,713	\$ 4,416,430	\$ 275,794	\$ 3,930,561	\$ 31,683		\$ 716,069	\$ 1,756,412

CITY OF MONROE

Monroe, Louisiana
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Capital Projects Funds
 For the Year Ended April 30, 2010

	Passenger Facility Charge	Civic Center Improvements	US 165 Business Connector	Water Meter Replacement	Louisville Enhancement	Kansas Lane Connector	ARRA-Oliver Rd Widening	Ourchita Scenic Trails	Monarch Baseball-Minorles Rec
REVENUES									
Fees, charges and commissions for services	\$ 349,451								
Use of money and property	1,368	\$ 1,945							\$ 75,000
Other Revenues									
Intergovernmental									
Federal grants						\$ 136,665		\$ 16,540	
State grants									
Local grants									5,000
Total Revenues	350,819	1,945				136,665		21,580	75,000
EXPENDITURES									
Current									
General government									
Financial administration	5,804								
Public works		163,542							5,000
Culture and recreation				\$ 7,500	\$ 6,800		\$ 130,298		31,650
Capital outlay									
Total Expenditures	5,804	163,542		7,500	6,800	203,637	130,298		36,650
Excess (deficiency) of revenues over expenditures	345,015	(161,597)		(7,500)	(6,800)	(66,972)	(130,298)		(15,110)
Other Financing Sources (Uses)									
Bond proceeds									
Sale of Assets	109,396								
Transfers in	(617,813)								
Transfers out	(508,417)								
Total other financing sources (uses)	(163,402)	(161,597)		(7,500)	(6,800)	(66,972)			
Net changes in fund balances	743,843	487,156	\$ 170,543	73,520	(23,800)	(195,659)			
Fund balances - beginning (as restated, Note 18)	\$ 580,441	\$ 325,559	\$ 170,143	\$ 66,020	\$ (30,600)	\$ (172,641)			
Fund balances - ending									

CITY OF MONROE
 Monroe, Louisiana
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 Capital Projects Funds
 For the Year Ended April 30, 2010

	ARRA-Lamy Lane	ARRA- Washington Street	ARRA- Walnut Drive	ARRA- Riverside Drive	MLU Runway	Capital Projects Total
REVENUES						
Fees, charges and commissions for services						\$ 349,451
Use of money and property						34,945
Other Revenues						75,000
Intergovernmental						69,009
Federal grants						136,665
Slate grants						5,000
Local grants						
Total Revenues						670,070
EXPENDITURES						
Current						
General government						368,225
Financial administration						38,734
Public works						168,542
Culture and recreation						10,208,908
Capital outlay						
Total Expenditures	\$ 11,681	\$ 36,513	\$ 15,217	\$ 53,735	\$ 169,746	10,284,409
	11,681	36,513	15,217	53,735	169,746	10,284,409
Excess (deficiency) of revenues over expenditures	(11,681)	(36,513)	(15,217)	(53,735)	(169,746)	(10,114,339)
Other Financing Sources (Uses)						
Bond proceeds						6,765,003
Sale of Assets						106,563
Transfers in	11,681	36,513	15,217	53,561		1,831,973
Transfers out						(5,617,813)
Total other financing sources (uses)	11,681	36,513	15,217	53,561		3,085,726
Net changes in fund balances				1,826	(169,746)	(7,028,613)
Fund balances - beginning (as restated, Note 18)						30,172,321
Fund balances - ending				\$ 1,826	\$ (169,746)	\$ 23,143,708

NONMAJOR ENTERPRISE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Net Assets
Nonmajor Enterprise Funds
April 30, 2010

	LA Purchase Gardens & Zoo	Livestock Arena	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,500		\$ 2,500
Receivables	34,830		34,830
Due from other funds		\$ 685	685
Inventories			
Prepaid expenses and other assets, net	5,109		5,109
Total current assets	42,439	685	43,124
Noncurrent assets			
Capital assets, net of accumulated depreciation:			
Land			
Buildings and improvements	2,162,068	495,977	2,658,045
Other improvements	1,006,716	44,382	1,051,098
Furniture & Equipment	173,883	32,936	206,819
Vehicles			
Infrastructure			
Construction in progress			
Zoo animals	92,648		92,648
Accumulated depreciation	(2,552,584)	(573,295)	(3,125,879)
Total noncurrent assets	882,731		882,731
Total Assets	\$ 925,170	\$ 685	\$ 925,855
LIABILITIES			
Current liabilities			
Accounts and retainage payable	23,595	685	24,280
Accrued liabilities			
Due to other funds			
Deferred revenue	36,698		36,698
Customer deposits, net			
Total current liabilities	\$ 60,293	\$ 685	\$ 60,978
Noncurrent liabilities			
Notes payable - DEQ			
Compensated absences	44,994		44,994
Total noncurrent liabilities	44,994		44,994
Total Liabilities	105,287	685	105,972
NET ASSETS:			
Unrestricted	819,883		819,883
Total Net Assets	\$ 819,883		\$ 819,883

CITY OF MONROE
 Monroe, Louisiana
 Combining Schedule of Revenues, Expenses,
 and Changes in Fund Net Assets
 Nonmajor Enterprise
 For the Year Ended April 30, 2010

	LA Purchase Gardens & Zoo	Livestock Arena	Total
Operating revenues			
Charges for services			
Rent and fees	\$ 3,850	\$ 5,805	9,655
Admissions	213,637		213,637
Concessions and rides	87,660		87,660
Other operating revenue	15,021		15,021
Total operating revenues	320,168	5,805	325,973
Operating expenses			
Salaries, wages, and benefits	946,591		946,591
Materials, repairs, and supplies	262,216	654	262,870
Utilities and communications	89,334	9,070	98,404
Depreciation and amortization	65,486		65,486
Insurance	45,227		45,227
Promoter's expenses	21,041		21,041
Other operating expenses	117,114		117,114
Total operating expenses	1,547,009	9,724	1,556,733
Operating income (loss)	(1,226,841)	(3,919)	(1,230,760)
Nonoperating revenues (expenses)			
Property taxes	980,774		980,774
Total nonoperating revenues (expenses)	980,774		980,774
Income (loss) before contributions and transfer	(246,067)	(3,919)	(249,986)
Other Financing Sources (Uses)			
Transfers in	248,470	3,919	252,389
Change in net assets	2,403		2,403
Total net assets - beginning	817,480		817,480
Total net assets - ending	\$ 819,883		\$ 819,883

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended April 30, 2010

	LA Purchase Gardens & Zoo	Livestock Arena	Total
Cash flows from operating activities			
Cash received from (returned to) customers	\$ 326,249	\$ 5,732	\$ 331,981
Cash payments to suppliers for goods and services	(543,874)	(9,651)	(553,525)
Cash payments to employees for services and benefits	(942,583)		(942,583)
Net cash provided by (used for) operating activities	(1,160,208)	(3,919)	(1,164,127)
Cash flows from noncapital financing activities			
Ad valorem taxes	976,630		976,630
Transfers In	248,470	3,919	252,389
Net cash provided by (used for) noncapital financing activities	1,225,100	3,919	1,229,019
Cash flows from capital and related financing activities			
Acquisition of capital assets	(64,891)		(64,891)
Net cash provided by (used for) financing activities	(64,891)		(64,891)
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents, May 1, 2009	2,500		2,500
Cash and cash equivalents, April 30, 2010	\$ 2,500		\$ 2,500
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (loss)	\$ (1,226,841)	\$ (3,919)	\$ (1,230,760)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	65,486		65,486
Change in assets and liabilities			
Accounts receivable	46		46
Due from other funds		(72)	(72)
Prepaid expenses	63		63
Accounts payable	(9,006)	72	(8,934)
Due to other funds			
Deferred revenue	6,036		6,036
Compensated absences	4,008		4,008
Net cash provided by (used for) operating activities	\$ (1,160,208)	\$ (3,919)	\$ (1,164,127)

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Net Assets
Internal Service Funds
April 30, 2010

	Employees' Group Insurance	Central Shop	Total
ASSETS:			
Current assets			
Cash and cash equivalents	\$ 3,122,565		\$ 3,122,565
Receivables	9,805		9,805
Due from other funds			
Inventories		\$ 51,741	51,741
	3,132,370	51,741	3,184,111
Total Current assets			
Noncurrent assets			
Capital assets, net of accumulated depreciation:			
Land		45,000	45,000
Buildings and improvements		3,406,242	3,406,242
Other improvements			
Furniture & Equipment		105,701	105,701
Vehicles		126,958	126,958
Accumulated depreciation		(1,145,231)	(1,145,231)
		2,538,670	2,538,670
Total Noncurrent assets		2,538,670	2,538,670
Total Assets	3,132,370	2,590,411	5,722,781
LIABILITIES:			
Current liabilities			
Accounts and retainage payable		20,062	20,062
Accrued liabilities	486,763		486,763
Due to other funds			
	486,763	20,062	506,825
Total Current liabilities	486,763	20,062	506,825
Total Liabilities	486,763	20,062	506,825
NET ASSETS:			
Unrestricted	2,645,607	2,570,349	5,215,956
Total Net Assets	\$ 2,645,607	\$ 2,570,349	\$ 5,215,956

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenditures,
and Changes in Net Assets
Internal Service Funds
For the Year Ended April 30, 2010

	Employees'		
	Group	Central Shop	Total
	Insurance	Central Shop	Total
Operating revenues			
Charges for Services	<u>\$ 7,989,080</u>	<u>\$ 1,023,618</u>	<u>\$ 9,012,698</u>
 Total operating revenues	 <u>7,989,080</u>	 <u>1,023,618</u>	 <u>9,012,698</u>
 Operating expenses			
Benefits paid to participants	6,426,556		6,426,556
Salaries, wages, and benefits		783,028	783,028
Materials, repairs, and supplies		16,609	16,609
Utilities and communications		37,744	37,744
Depreciation and amortization		105,345	105,345
Shop expenses		527,928	527,928
Other operating expenses	57	13,932	13,989
 Total operating expenses	 <u>6,426,613</u>	 <u>1,484,586</u>	 <u>7,911,199</u>
 Operating income (loss)	 <u>1,562,467</u>	 <u>(460,968)</u>	 <u>1,101,499</u>
 Nonoperating revenues (expenses)			
Interest income	293		293
Interest expense			
 Total nonoperating revenues (expenses)	 <u>293</u>		 <u>293</u>
 Income (loss) before contributions and transfer	 <u>1,562,760</u>	 <u>(460,968)</u>	 <u>1,101,792</u>
 Other Financing Sources (Uses)			
Transfers in		359,534	359,534
Transfers out			
 Change in net assets	 <u>1,562,760</u>	 <u>(101,434)</u>	 <u>1,461,326</u>
 Total net assets - Beginning	 <u>1,082,847</u>	 <u>2,671,783</u>	 <u>3,754,630</u>
 Total net assets - Ending	 <u>\$ 2,645,607</u>	 <u>\$ 2,570,349</u>	 <u>\$ 5,215,956</u>

CITY OF MONROE
Monroe, Louisiana
Proprietary Fund Type - Internal Service Funds
Combining Schedule of Cash Flows
For the Year Ended April 30, 2010

	Employees' Group Insurance	Central Shop	Total
Cash flows from operating activities			
Cash received from customers	\$ 8,842,272	\$ 1,023,754	\$ 9,866,026
Cash payments to suppliers for goods and services	(56)	(600,259)	(600,315)
Cash payments to employees for services and benefits	(7,785,002)	(783,029)	(8,568,031)
Net cash provided by (used for) operating activities	1,057,214	(359,534)	697,680
Cash flows from noncapital financing activities			
Transfers in		359,534	359,534
Transfers out			
Net cash provided by noncapital financing activities		359,534	359,534
Cash flows from capital and related financing activities			
Acquisition of capital assets			-
Interest income	293		293
Principal paid on debt			
Interest paid on debt			
Net cash provided by (used for) financing activities	293	-	293
Net increase (decrease) in cash and cash equivalents	1,057,507	-	1,057,507
Cash and cash equivalents, May 1, 2009	2,065,058	-	2,065,058
Cash and cash equivalents, April 30, 2010	\$ 3,122,565	-	\$ 3,122,565
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (loss)	\$ 1,562,467	\$ (460,968)	\$ 1,101,499
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation		105,345	105,345
Changes in assets and liabilities			
Accounts receivable	(4,992)	135	(4,857)
Due from other funds	858,184		858,184
Inventories		7,494	7,494
Accounts payable	(309,323)	(11,540)	(320,863)
Due to other funds	(1,049,122)		(1,049,122)
Net cash provided by (used for) operating activities	\$ 1,057,214	\$ (359,534)	\$ 697,680

OTHER MISCELLANEOUS SCHEDULES

CITY OF MONROE
Monroe, Louisiana

**SCHEDULE OF ASSESSED VALUATION
AND AD VALOREM PROPERTY TAX LEVY
FOR THE 2009 TAX ROLL**

Assessed Valuation		\$ 388,537,936
		<hr/>
Tax Rate per thousand dollars (Mills)		27.15
		<hr/>
Gross Tax Levy		\$ 10,548,805
Plus: Adjustments		(18,020)
Adjusted Tax Levy		\$ 10,530,785
		<hr/>
Tax Collected		
2009 Tax Roll		\$ 10,548,805
Prior Years Tax Rolls		127,034
Total		\$ 10,675,839
		<hr/>

ALLOCATION OF TAXES COLLECTED	MILLS	
General Fund	10.65	\$ 4,172,889
Recreation Center Maintenance	1.88	736,551
Public Safety	1.06	415,290
Drainage Maintenance	1.31	513,236
City Court Bonds		79
Civic Center Complex	2.50	980,772
Louisiana Purchase Gardens & Zoo	2.50	980,774
Capital Improvements	3.25	1,274,977
Police Department	1.50	588,486
Fire Department	1.50	588,482
Airport Improvements	1.00	384,532
Street Maintenance		49
Grasscutting Collections	-	34,700
Demolition Collections	-	5,022
Total	<hr/> 27.15 <hr/>	<hr/> \$ 10,675,839 <hr/>

GENERAL BONDED DEBT SUPPORTED BY TAX LEVY	
Airport	\$ 18,940,000
	<hr/>

PERCENT OF BONDED DEBT TO ASSESSED VALUATION 4.87%

CITY OF MONROE
Monroe, Louisiana
SCHEDULE OF TAXES RECEIVABLE
AS OF APRIL 30, 2010

Tax Year	Balance at April 30, 2009	2009 Tax Roll	Supplemental Assessments	Cancellations And Other Adjustments	Collections	Balance at 4/30/10	Allowance For Uncollectible Taxes	Estimated Collectible Taxes at 4/30/10
1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	-	-	-	135	(135)	-	-	-
1996	-	-	39	(9)	(30)	-	-	-
1997	-	-	35	(5)	(30)	-	-	-
1998	-	-	34	(4)	(30)	-	-	-
1999	-	-	34	(4)	(30)	-	-	-
2000	-	-	12	18	(30)	-	-	-
2001	-	-	12	20	(32)	-	-	-
2002	-	-	12	18	(30)	-	-	-
2003	29,596	-	12	-	(79)	29,529	(28,053)	1,476
2004	230,235	-	12	-	(410)	229,837	(206,853)	22,983
2005	-	-	57	431	(488)	-	-	-
2006	14,129	-	62	-	(765)	13,426	(10,070)	3,356
2007	115,753	-	80	-	(1,335)	114,498	(57,249)	57,249
2008	224,279	-	78	-	(197,096)	27,261	(6,815)	20,446
2009	-	10,548,805	286,407	(39,323)	(10,475,319)	320,570	(48,086)	272,485
Totals	\$ 613,992	\$ 10,548,805	\$ 286,886	\$ (38,723)	\$ (10,675,839)	\$ 735,121	\$ (357,126)	\$ 377,995

ALLOCATION OF FUNDS

General Fund	Balance at April 30, 2009	Balance at April 30, 2010	Applicable Millages at 4/30/10	Applicable Millages as % of Total Millages
Enterprise Funds:	\$ 247,695	\$ 294,460	2.15	77.90%
Airport	-	13,922	1.00	3.68%
Civic Center	30,662	34,806	2.50	9.21%
L.A. Purchase Gardens & Zoo	30,662	34,806	2.50	9.21%
Totals	\$ 309,019	\$ 377,995	27.15	100.00%

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2010

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Ace Property & Casualty	Monroe Municipal Airport	General Aggregate	\$10,000,000	N/A	4/7/2011
		Property damage liability	10,000,000	N/A	
		Single limit bodily injury	10,000,000	N/A	
		Personal & advertising injury	5,000,000	N/A	
		Medical expense limit (any one person)	5,000	N/A	
		Fire damage	100,000	N/A	
		Hangarkeeper's liability			
		Each aircraft	10,000,000	1,000	
		Each occurrence	10,000,000	1,000	
James Rivers Insurance Co	Black Bayou	General Aggregate	2,000,000	5,000	7/30/2010
		Products	Included		
		Personal Injury	1,000,000		
		Each Occurrence	1,000,000		
		Fire Damage	50,000		
Continental Casualty	Communication Tower	Fire, Vandalism, Explosion, & Collapse	111,526	1,000	10/28/2010
				5000/lightning	
Scottsdale Insurance Company	Chermain Park & Golf Course	General liability	4,000,000	500	5/23/2010
		Personal & advertising injury	1,000,000	500	
		Each occurrence	1,100,000	500	
		Medical Expense-Each	5,000		
Great Amer. Insurance Co.	Golf Carts	General Liability	318,179	500	6/12/2010
		Dishonesty Bond	100,000		12/15/2010
St. Paul's Travelers	Employees @ various locations	Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A	1/10/2011
Travelers Property Casualty	David Barnes	Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A	1/10/2011
Travelers Property Casualty	David Barnes	Surety bond as collector for the City of West Monroe	50,000	N/A	1/10/2011
Travelers Property Casualty	David Barnes	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	1/10/2011
St. Paul Surety	David Barnes	Surety bond as tax collector for Town of Richwood & Town of Sterlington	100,000	N/A	3/15/2011

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2010

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Liberty Mutual	Various Bldgs. EDP	Blanket Bldg & Contents Wind & Hail	55,102,912 1,249,000	10,000 10,000 1,000	1/15/2011
Hanover	Monroe Civic Center	Blanket Building Coverage	36,275,200		3/16/2010
James River Insurance Company	Monroe Civic Center	General Liability: General-aggregate Products-completed operations aggregate Personal and advertising injury limit Each occurrence Fire/Damage Limit Medical Expense Limit Liquor Liability Each Common Cause Liquor Liability Aggregate	2,000,000 2,000,000 1,000,000 1,000,000 100,000 5,000 1,000,000 1,000,000	5,000	3/1/2011
James River Insurance Company	Monroe Civic Center Tenants Policy	Personal & Advertising Injury General Aggregate Products & Completed Operations Aggregate Each Occurrence Limit Damage to Premises Rented	1,000,000 2,000,000 2,000,000 1,000,000 50,000		3/1/2011
Great American Insurance	Marquee Sign	Liability	156,000		6/3/2011
Scottsdale Insurance Company	La Purchase Gardens & Zoo	General Aggregate Operations Aggregate Property Damage Personal Injury	1,000,000 1,000,000 1,050,000 100,000	500 500 500 500	8/20/2011
St. Paul's Travelers	Boiler & Machinery @pump stations & various locations	Comprehensive	25,000,000	2,500	4/1/2011
St. Paul's Travelers	Monroe Transit System	General liability Personal & advertising injury Each Occurrence Limit	5,000,000 5,000,000 5,000,000	2,500	10/1/2010
Midwest Employers Casualty Company	Excess Worker's Compensation	Statutory Specific Retention Specific Retention (police & fire)		750,000 1,000,000	5/1/2010
Republic Vanquard Insurance Co.	Fire Department Mobile Unit	Combined Liability	1,000,000		8/21/2010

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2010

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Essex Ins Co.	Fire Dept. Mobile Unit	Liability	1,000,000		8/21/2010
		General Aggregate	50,000		
		Fire Damage	1,000,000		
		Each Occurrence Personal Injury	1,000,000		
Great American Insurance	Fire Department Mobile Unit	Liability	33,574	500	8/21/2010
Capitol Specialty Insurance Corp	Welcome to Monroe Sign	General Liability	2,000,000		1/24/2011
		General Aggregate Limit	1,000,000		
		Each Occurrence Limit Medical Expense Limit	5,000		
Lloyd's, London	Coolley House	Building	200,000		8/15/2010

CITY OF MONROE
Monroe, Louisiana

SCHEDULE OF LONG-TERM OBLIGATIONS
FOR THE YEAR ENDED APRIL 30, 2010

Issue Date	Interest Rates	Original Amount	Balance April 30, 2009	Issued	Retired	Balance April 30, 2010	Principal Maturity Schedule For Future Years
GOVERNMENTAL ACTIVITIES							
General Obligation Bonds:							
Public Improvements:							
Refunding Bonds, 2003 (Court and Jail)	2003	3.10%	\$ 1,060,000	\$ 170,000	\$ -	\$ 170,000	\$ -
Total General Obligation Bonds			<u>1,060,000</u>	<u>170,000</u>	<u>-</u>	<u>170,000</u>	<u>-</u>
Tax Incremental Bonds:							
Tower Drive	2007	4.25% - 5.00%	11,770,000	10,645,000	-	460,000	10,185,000
Total Tax Incremental Bonds			<u>11,770,000</u>	<u>10,645,000</u>	<u>-</u>	<u>460,000</u>	<u>10,185,000</u>
Certificates of Indebtedness:							
Certificates of Indebtedness-Civic Center Roof	2004C	3.75%	2,550,000	1,525,000	-	180,000	1,245,000
Total Certificates of Indebtedness			<u>2,550,000</u>	<u>1,525,000</u>	<u>-</u>	<u>180,000</u>	<u>1,245,000</u>
Sales Tax Bonds:							
Series 2002 (Streets/Sewer)	2002	4.70% - 7.00%	26,000,000	12,490,000	-	790,000	11,700,000
Series 2002A (Fire/Drainage)	2002A	4.625% - 4.80%	15,000,000	14,325,000	-	130,000	14,195,000
Series 2003 (Streets)	2003	3.25% - 5.50%	22,400,000	19,500,000	-	655,000	18,845,000
Series 2006	2006	3.45%	2,000,000	3,000,000	-	105,000	2,895,000
Total Sales Tax Bonds			<u>66,400,000</u>	<u>49,315,000</u>	<u>-</u>	<u>1,680,000</u>	<u>47,635,000</u>
Refunding Bonds:							
Series 1998A (Fire and Police Pension)	1998	5.85%	7,565,000	2,060,000	-	725,000	1,335,000
Series 2007A	2007	4.002%	29,340,000	28,180,000	-	1,140,000	27,040,000
Deferred Amount of Refunding	2007		(1,290,626)	(850,418)	-	215,104	(645,314)
Series 2008 1-20 Development	2008	4.00% - 5.50%	28,365,000	24,665,000	-	1,105,000	23,560,000
Deferred Amount of Refunding	2008		(1,462,735)	(1,293,807)	-	208,948	(1,084,859)
Total Refunding Bonds			<u>60,516,999</u>	<u>52,799,775</u>	<u>-</u>	<u>3,394,052</u>	<u>50,244,147</u>
Utility Revenue Bonds:							
Series 2001 - DEQ (Sewer)	2001	3.95%	24,500,000	19,775,877	-	1,003,340	18,772,537
Series 2003 - DEQ (Sewer)	2003	3.95%	10,000,000	8,170,000	-	410,000	7,760,000
Series 2005 DEQ	2005	3.95%	11,000,000	7,281,377	1,444,423	345,000	8,380,800
Series 2008 DEQ	2008	0.95%	14,000,000	98,630	5,240,580	-	5,339,210
Total Utility Revenue Bonds			<u>59,500,000</u>	<u>35,325,884</u>	<u>6,785,003</u>	<u>1,758,340</u>	<u>40,292,547</u>
Airport Revenue Bonds:							
Series 2009 Airport Bonds	2009	3.00% - 5.5%	19,250,000	-	19,250,000	310,000	18,940,000
Total Airport Revenue Bonds			<u>19,250,000</u>	<u>-</u>	<u>19,250,000</u>	<u>310,000</u>	<u>18,940,000</u>
Other:							
Claims and Judgments			-	7,303,139	612,566	37,478	7,824,227
Capital Lease (Energy Performance Equipment)		4.75%-5.59%	-	2,309,289	-	161,360	2,147,929
Notes payable	2007	3.88%	-	2,299,953	-	581,135	1,718,818
Accrued Vacation and Sick Pay			-	5,472,528	2,421,221	1,660,213	5,933,536
Other post employment benefits			-	1,622,652	4,447,729	1,017,715	5,052,606
Total Other			<u>-</u>	<u>19,607,511</u>	<u>7,181,516</u>	<u>3,507,962</u>	<u>22,681,125</u>
TOTAL GOVERNMENTAL ACTIVITIES			<u>221,046,999</u>	<u>168,729,230</u>	<u>33,196,519</u>	<u>11,600,374</u>	<u>191,223,519</u>
SEWER DEPARTMENT							
Utility Revenue Bonds:							
Series 2001 - DEQ	2001 A	3.95%	2,500,000	2,294,123	-	101,660	2,192,463
Total Sales Tax Bonds			<u>2,500,000</u>	<u>2,294,123</u>	<u>-</u>	<u>101,660</u>	<u>2,192,463</u>
ALL DEPARTMENTS							
Other:							
Accrued Vacation and Sick Pay			-	1,029,948	676,807	713,527	992,228
TOTAL BUSINESS TYPE ACTIVITIES			<u>\$ 2,500,000</u>	<u>\$ 3,324,071</u>	<u>\$ 676,807</u>	<u>\$ 815,187</u>	<u>\$ 3,185,691</u>

(A) These two are the same \$27,000,000 issue. The \$2,500,000 is recorded directly on the Sewer Departments books and the \$24,500,000 is recorded as general government debt. All are payable from Sales Tax.

(B) These two are the same \$1,452,000 issue. The \$816,468 is recorded directly on the Internal Service Fund books and the \$635,532 is recorded as general government debt. All are payable from general revenues.

CITY OF MONROE
Monroe, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES

As of and For the Year Ended April 30, 2010

COMPENSATION PAID TO COUNCIL MEMBERS

The schedule of compensation paid to council members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the council members is included in the legislative expenditures of the General Fund. In accordance with Section 2-05 of the Home Rule Charter of the City of Monroe, the council, through Ordinance 10312, has set compensation of council members at \$1,000 per month. In addition to the compensation paid all council members, the chairperson of the council receives an additional \$500 per month to perform the duties of that office.

CITY OF MONROE
Monroe, Louisiana
Schedule of Compensation Paid to Council Members
For the Year Ended April 30, 2010

Jay Marx	District 1	\$ 12,000
Gretchen Ezernack	District 2	3,164
Ben Katz	District 2	8,538
Arthur Gilmore	District 3	12,000
Robert Stevens, Chairman	District 4	18,000
Eddie Clark	District 5	11,538
Ruben L. Oliver, Sr.	District 5	461
Total		<u>\$ 65,701</u>

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND OMB CIRCULAR A-133**

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

**City of Monroe
Monroe, Louisiana**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the City of Monroe (the City) as of and for the year ended April 30, 2010 which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

**City of Monroe
Monroe, Louisiana**

prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Finding and Questioned Costs listed as findings 10-01, 10-02 and 10-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as findings 10-01 through 10-04.

We noted certain other matters that we reported to management of the City of Monroe in a separate letter dated October 29, 2010.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

Huffman, Huffman, Roydale, & Simpson

(A Professional Accounting Corporation)

October 29, 2010

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

City of Monroe
Monroe, Louisiana

Compliance

We have audited the compliance of the City of Monroe (the City) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

As described in findings 10-01 and 10-04 in the accompanying Schedule of Findings and Questioned Costs, the City of Monroe did not comply with requirements regarding activities allowed and unallowed, procurement, reporting, monitoring, and special tests and provisions that are applicable to its Community Development Block Grant program; procurement and special tests and provisions applicable to its Community Development Block Grant ARRA program; and activities allowed and unallowed, procurement, and monitoring applicable to its HOME program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2010.

City of Monroe
Monroe, Louisiana

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exist 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 10-01 and 10-04 to be material weaknesses.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

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

Huffman, Huffman, Royal, & Siggins

(A Professional Accounting Corporation)

October 29, 2010

City of Monroe, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended April 30, 2010

Federal Grantor / Pass-Through Grantor / Program Title	CFDA No.	Pass-Through Grant Number	Federal Expenditures
U. S. Department of Housing and Urban Development			
Direct:			
Community Development Block Grant - 2008	14.218	N/A	\$ 805,945
Community Development Block Grant - 2009	14.218	N/A	57,958
ARRA - Community Development Block Grant - 2009	14.253	N/A	133,103
CDBG Subtotal			997,006
Home Investment Partnership Grant - 2001	14.239	N/A	1,755
Home Investment Partnership Grant - 2002	14.239	N/A	3,693
Home Investment Partnership Grant - 2003	14.239	N/A	891
Home Investment Partnership Grant - 2006	14.239	N/A	1
Home Investment Partnership Grant - 2007	14.239	N/A	150,954
Home Investment Partnership Grant - 2008	14.239	N/A	435,028
Home Investment Partnership Grant - 2009	14.239	N/A	242,078
Home Investment Partnership Grant Subtotal			834,400
Pass-Through Programs:			
LA Dept of Social Services/Office of Community Services:			
Emergency Shelter Grants Program - 2007	14.231	650095	80,025
Emergency Shelter Grants Program - 2008	14.231	665954	105,450
Emergency Shelter Grants Program Subtotal			185,475
LA Dept of Social Services/Office of Community Services:			
Homeless Prevention Rapid Rehousing Program	14.257	685502	8,716
La Housing Finance Agency:			
Neighborhood Stabilization Program	14.228	HD09	3,816
Total Dept. Housing & Urban Development			2,029,413
U. S. Department of Justice			
Direct:			
ARRA - COPS Oriented Policing Services: COPS Hiring Recovery Program	16.710	N/A	176,470
Pass-Through Programs:			
LA Commission on Law Enforcement & Admin of Criminal Justice:			
Edward Byrne Memorial Formula Grant: DARE Program Fund	16.579	E09-2-006	1,832
Edward Byrne Memorial Formula Grant: DARE Program Fund	16.579	E10-2-007	22,176
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) - Grants to States and Territories	16.803	B82-8-052	21,308
Ouachita Parish Sheriff's Office:			
Office of Justice Program (JAG)-08	16.738	N/A	5,978
Office of Justice Program (JAG)-09	16.738	N/A	28,681
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) - Grants to Units of Local Government	16.804	N/A	171,754
Total Department of Justice			428,199
U. S. Department of Transportation			
Direct:			
Airport Improvement Program:			
ARRA - Airport Terminal- Construct Terminal Building, Phase II	20.106	N/A	5,271,080
Airport Terminal- Construct Terminal Building, Phase III	20.106	N/A	3,766,805
Federal Transit Authority Program:			
FTA Program: Capital (Bus & Bus Facilities)	20.507	N/A	6,391
ARRA - FTA Program: Capital - (Bus, Signs, Shelters, Renovate Admin)	20.507	N/A	106,986
FTA Program: Capital and Operating	20.507	N/A	22,657
FTA Program: Capital, Operating Assistance for FY 09	20.507	N/A	1,216,924
FTA Program: Bus Service for Transportation to Jobs (Job Access Reverse Commute)	20.507	N/A	141,080
FTA Program: Operating and Capital Assistance 2010	20.507	N/A	450,000
Pass-Through Programs:			
LA Recreation Trails/Office of State Parks/Dept of Culture, Recreation & Tourism:			
Recreational Trails Program: Ouachita River Scenic Overlook & Trails Project	20.219	08LRT-OCH-0101	16,540
LA Highway Safety Commission:			
State and Community Highway Safety	20.600	PT 2009-49-00-00	11,113
State and Community Highway Safety	20.600	PT 2010-38-00-00	24,721
LA Dept of Transportation and Development:			
Job Access-Reverse Commute	20.516	741-37-0120	15,970
Total Department of Transportation			11,051,267

City of Monroe, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2010

Federal Grantor / Pass-Through Grantor / Program Title	CFDA No.	Pass-Through Grant Number	Federal Expenditures
<u>Environmental Protection Agency</u>			
Direct:			
State and Tribal Assistance Grant (STAG)	66.817	N/A	52,470
Pass-Through Programs:			
LA Dept of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds	66.468	N/A	6,765,003
Total Environmental Protection Agency			<u>6,817,473</u>
<u>U. S. Department of Homeland Security</u>			
Direct:			
Assistance to Firefighters Grant- Staffing for Adequate Fire & Emergency Response (SAFER)	97.044	N/A	259,538
Assistance to Firefighters Grant- Prevention & Safety	97.044	N/A	192,000
Transportation Security Administration	97.090	N/A	150,705
Pass-Through Programs:			
LA Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP):			
Disaster Grants-Public Assistance (Hurricane Gustav)	97.036	FEMA-1786-DR-LA	3,653
Hazard Mitigation Project-LA Pilot Planning	97.039	1607-073-0005	122,425
Uniform Construction Code Implementation	97.039	1603-DR-LA-0002	1,436
State Homeland Security Program	97.067	2007-GE-T7-0019	91,200
State Homeland Security Program- LETPP	97.067	2006-GE-T6-0069	8,276
Total U. S. Department of Homeland Security			<u>829,233</u>
<u>U.S. Department of the Interior- National Park Service</u>			
Pass-Through Programs:			
LA Division of Historic Preservation/Office of Cultural Dev./Dept of Culture, Recreation & Tourism: Historic Preservation Fund Grants-In-Aid National Register Nomination-Rewrite	15.904	08-HP-09	1,500
Total U.S. Depart of the Interior- National Park Service			<u>1,500</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Programs:			
Jefferson Parish Sheriff's Office/West Monroe Police Department			
Drug-Free Communities Support Program-High Intensity Drug Trafficking Area (HIDTA)	93.276	18PGCP50ZZ	5,709
Drug-Free Communities Support Program-High Intensity Drug Trafficking Area (HIDTA)	93.276	19PGCP50ZZ	45,990
Drug-Free Communities Support Program-High Intensity Drug Trafficking Area (HIDTA)	93.276	G09GC0001A	11,373
Total U.S. Department of Health and Human Services-Office of National Drug Policy			<u>63,072</u>
Total Federal Expenditures			<u>\$ 21,220,157</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2010

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance of the City of Monroe (the City) for the year ended April 30, 2010. All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other government agencies.

Note 2 - Basis of Accounting

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

Note 3 - Loans Outstanding

The City has loans outstanding under Federal loan or loan guarantee award programs of \$426,109 at April 30, 2010.

Note 4 - Relationship of the Schedule of Expenditures of Federal Awards to the Primary Government Financial Statements

The following reconciliation is provided to help the reader of the City's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended April 30, 2010:

	Federal Awards	Nonoperating Revenues - Operating Grants	Other Financing Sources	Total
Revenues				
General Fund	\$ 821,767	\$ -	\$ -	\$ 821,767
Special Revenue Funds	2,414,778	-	-	2,414,778
Capital Projects Funds	9,106,892	-	6,765,003	15,871,895
Enterprise Funds	-	1,961,007	-	1,961,007
Total per Financial Statements	12,343,437	1,961,007	6,765,003	21,069,447
Plus Expense Reimbursements	150,710	-	-	150,710
Total per Schedule of Expenditures of Federal Awards	\$ 12,494,147	\$ 1,961,007	\$ 6,765,003	\$ 21,220,157

CITY OF MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2010

Note 5 - Funds Provided to Subrecipients

Of the Federal expenditures presented on this schedule, the City provided \$243,321 through the Community Development Block Grants, Home Investment Partnership Grants and the Emergency Shelter Grant Programs to subrecipients.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2010

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

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

Type of auditors' report on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of Circular A-133? Yes No

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Findings and Questioned Costs
 For the Year Ended April 30, 2010

Identification of major programs:

CFDA Number	Name of Federal Program
14.218	Community Development Block Grant
14.239	Home Investment Partnership Grant
14.253	ARRA - Community Development Block Grant
16.710	ARRA – COPS Hiring Recovery Program
16.803	ARRA – Edward Byrne Memorial Justice Assistance Grant – Grants to States and Territories
16.804	ARRA – Edward Byrne Memorial Justice Assistance Grant – Grants to Units of Local Government
20.106	ARRA - Airport Improvement Program – Terminal Building Phase II
20.106	Airport Improvement Program – Terminal Building Phase III
20.507	ARRA – FTA Program

Dollar threshold used to distinguish between Type A and Type B programs was \$300,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2010

Section II. Findings related to the financial statements that are required to be reported under *Government Auditing Standards*:

10-01 COMPLIANCE WITH LOUISIANA PUBLIC BID LAW

Finding

Local Funds

Louisiana R.S. 38:2212 provides, in part, that all public work exceeding the contract limit, of \$150,000 including labor, materials and equipment, shall be advertised and let by contract to the lowest responsible bidder who had bid according to the contract, plans, and specifications as advertised. In addition, to disqualify any bidder on the grounds that the bidder is not a "responsible bidder," the public entity shall give written notice to the bidder of the proposed disqualification, all reasons for disqualification and give the bidder the opportunity to be heard at an informal hearing to refute the reasons for disqualification.

During the year ended April 30, 2010, the City entered into a public works contract of approximately \$418,000 for renovations to Chennault Golf Course. Requests for Proposals were authorized and accepted instead of bids as required by statute. In addition, the City rejected the lowest proposal of approximately \$401,000. In reviewing the associated files, no documentation was included to justify the rejection of the lowest proposal, nor the notification of the rejection to the contractor and the contractor's right to a hearing.

Community Development Block Grant Program

The City accepted the higher of two bids for the construction of a sidewalk funded with American Recovery and Reinvestment Act funds of the Community Development Block Grant. When questioned, management produced a letter stating that the bid was irregular because the unit prices were extended improperly. However, the bid was not extended at all, rather the contractor provided a total price for each line item in the "Schedule of Bid Items". The "Schedule of Bid Items" contained the following wording at the top of the column providing the description of each line item "Pay Item Unit Price (in words, ink or type). However, the Louisiana Uniform Public Work Bid Form Unit Price Form, which is required to be used for all public works contracts that require bidding under the Public Bid Law, provides for unit prices and unit price extension. In addition, the advertisement for bids states "the award of contract, if awarded, will be made to the lowest qualified bidder whose proposal complies with all requirements prescribed within 30 days after opening proposals." There is no indication that the contractor with the low bid was given an opportunity to comply with the apparent unit price requirement. Also, no documentation was included in the file to justify the rejection of the lowest proposal, nor the notification of the rejection to the contractor and the contractor's right to a hearing.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2010

Recommendation

Management should ensure that the Louisiana Public Bid Law is complied with in awarding contracts for public works projects.

Management's Corrective Action Plan

Purchasing will adhere to the Louisiana Public Bid Law when awarding contracts for public works projects.

10-02 COOPERATIVE ENDEAVOR AGREEMENTS

Finding:

Article VII, Section 14 of the Louisiana Constitution provides, in part that "the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private." Several Attorney General opinions and at least one court case in recent years have addressed this issue. In Opinion No. 10-0123, the Attorney General opined that in order for an expenditure of public funds to be permissible under the constitution, the public entity must have legal authority to make the expenditure and must show: (1) a public purpose for the expenditure for which the public entity has legal authority to pursue, (2) that the expenditure, taken as a whole, does not appear to be gratuitous; and (3) that the public entity has a demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure of public funds. In our review of 13 of the 22 cooperative endeavor agreements entered into during the year ended April 30, 2010 to determine compliance with the state constitution, we noted that 9 of the agreements appear to not meet some of the aspects of the three prong test outlined in the Attorney General opinion. While some of the agreements appear to support a public purpose and perhaps some can expect some value in exchange for the expenditure, none of the agreements examined were supported by documentation of "demonstrable, objective and reasonable" expectations of such return. Some examples of expenditures that appear not to serve a public purpose or provide for a demonstrable benefit to the City are: \$10,000 to a social fraternity in connection with its annual conference held at the Monroe Civic Center; \$15,000 to a non-profit organization for a banquet to be held in the Monroe Civic Center; \$25,000 to another non-profit for a museum in another city; and \$50,000 to promoters of a boxing event held in the Civic Center. Additionally, most of the agreements called for the parties to provide progress reporting and/or accountings of the use of the funds to the City. As of the date of this report, no such reporting has been provided to us, therefore we can only conclude that none were provided by the recipients of the funds.

Recommendation:

We recommend that the City only enter into agreements that clearly identify the public purpose of the expenditure, are not gratuitous and that provide for a demonstrable expectation of the City receiving at least equivalent value in exchange for its expenditure of funds. While quantifying

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2010

the benefit to the City may at times be difficult, every effort should be made to do so based on sound judgment and estimates without unrealistic claims of return.

Management's Corrective Action Plan:

This is a difficult issue because of the La. Supreme Court decision in Cabela decision. I met with the La. Attorney General's office and have spoken to numerous municipal/ parish attorneys in Louisiana about what should be done to insure adherence to the court guidelines in the Cabela decision. Prior to the end of the calendar year I will provide a document referred to as "Guidelines For Agencies Requesting Public Funds" which will list detailed steps which must be completed prior to submitting an application for funding. The steps will include a statement as to the "public purpose" of the proposed project and a detailed worksheet for the recipient to complete as to how this project will produce funding equal to or in excess of the funding being requested. The application will provide a process for accountability to the City of Monroe for the administration department to review. I have spoken to the Mayor about providing me with the name of an individual in his office who will be in charge of collecting the data from the recipient.

10-03 ENERGY EFFICIENCY CONTRACT

(First Reported – 2008)

Finding:

Louisiana Revised Statue (R.S.) 33:4547.1.A provides, in part, that any political subdivision may enter into an energy efficiency contract for services and equipment. R.S. 33:4557.1.B requires that the payment obligation of the entity for each year be either set as a percentage of the annual energy cost savings attributable to the services or equipment under the contract guaranteed by the contractor to be less than the annual energy cost savings attributable to the services or equipment under the contract.

R.S. 33:4547.3 requires inclusion of maintenance savings when calculating "annual energy cost savings attributable to the services or equipment". Maintenance savings means operating expenses that are eliminated and future capital replacement expenditures that are avoided as a result of new equipment installed or services performed by the contractor.

The City of Monroe entered into such an energy efficiency contract in 2003 and the contract was subsequently amended twice in 2004. The contract provides for Measured and Verified Energy Savings of approximately \$2,646,000. However there is no guaranteed operational and maintenance savings provided for in the contract and there is no requirement that the contractor reimburse the City for any deficiencies if actual operational and maintenance savings are not achieved. Instead, the contract contains an "Operational and LED Traffic Light Stipulated Savings" provision. This provision provides that "The Customer (City of Monroe) and the

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2010

ESCO (Energy Service Company) agree to stipulate that the Operational and LED Traffic Light Stipulated Savings will be deemed to be achieved upon execution of this Agreement. Neither the Customer nor the ESCO will have any right to object to the use of such amounts as the Operational and LED Traffic Light Stipulated Savings in the calculation of Actual Annual Savings". The stipulated savings totaled approximately \$4,731,000

Because the contract does not require the Operational and LED Traffic Light savings to be measured and verified and does not provide for a guarantee if actual savings are not met, the contract is not in compliance with state law relating to energy efficiency contracts.

In opinion number 07-0002, the Louisiana Attorney General opined that because the contractor is not required to measure or verify the achievement of the stipulated savings and the contractor is not obligated to pay an amount equal to the deficiency if the stipulated savings are not met, the contract does not meet the statutory definition of a performance based energy contract.

In addition, in a lawsuit filed by the contractor against a parish school board in the 18th Judicial District Court, the court found that the contract was invalid because stipulated savings do not satisfy the statutory requirement of a guarantee for operation and maintenance savings. The contractor's requests for review and reversal by the First Circuit Court of Appeal and the Supreme Court were rejected, effectively ending all of the contractor's challenges.

Since first reported in 2008, the City has been in negotiations with the ESCO to cure any defects which may be contained in the contract. However, the City and the ESCO have not reached an agreement and therefore the contract is still not in compliance with state law relating to energy efficiency contracts.

Recommendation:

We recommend that the City's legal counsel continue the negotiations in order to reach a speedy conclusion to this issue to ensure that the contract is in compliance with state law. The ESCO should be required to measure or verify the achievement of the stipulated savings and the ESCO should be obligated by the contract to pay the City for any savings that are not met. When the City receives the calculations of the savings for that year from the ESCO, the City should verify the calculations.

Management's Corrective Action Plan:

The City has been waiting for a final opinion from the Louisiana Attorney General regarding the status of energy performance contracts. While the City was working toward an amendment to the contract with Siemens Building Technologies, Inc., I knew from conversations with representatives of the legislative auditor's office and the attorney general's office that they were reviewing a previous opinion with an eye toward finally resolving the issue. Recently, in Attorney General Opinion No. 10-0138 that office opined that stipulated savings were not prohibited but there needed to be some type of contractual measurement to verify savings and a

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reimbursement mechanism in the event the savings were not achieved. I have a Third Amendment To Energy Performance Contract ready to present to council in the near future. I am waiting on some figures from administration and we have a meeting set up with Siemens during the first week of November to review the language prior to submitting the amendment to council for approval. Thus, this issue should be resolved before the end of the year.

Section III: Findings and questioned costs for Federal Awards, including those specified by OMB Circular A-133.

10-01 COMPLIANCE WITH LOUISIANA PUBLIC BID LAW-refer to Section II

10-04 COMMUNITY DEVELOPMENT DIVISION

A. Monitoring of Subrecipients of HUD Programs

Finding

The Community Development Block Grant (CDBG) regulations (24 CFR 570) provide, in part, that the grantee is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of subrecipients does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements and for taking appropriate action when performance problems arise.

The City of Monroe defines monitoring activities in the Consolidated Annual Action Plan including a risk assessment process, desk monitoring, on-site monitoring, areas monitored, monitoring visits and monitoring results. Included in the plan is the on-site monitoring requirement that the Community Development Division will conduct at least one on-site monitoring of each CDBG, Home Investment Partnership Act (HOME) and Emergency Shelter Grant (ESG) subrecipient activity per program year.

The only monitoring activity that is performed by the City of Monroe is to review requests for payment from subrecipients prior to completing the check request. The Program's Monitor noted that she has not performed any on-site visits and that such visits would hamper her ability to do her desk duties. Management stated that on-site visits are only conducted on new or high risk (defined as new) subrecipients, contrary to the City's policy.

Recommendation

We recommend management ensure that all facets of subrecipient monitoring are completed as outlined in the Annual Action Plan.

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Management's Corrective Action Plan

Community Development plans to monitor all sub recipients as outlined in the procedures for monitoring in our action plan. The Programs Monitor will continue to perform desk reviews, provide technical assistance and conduct at least one on site visit in order to evaluate the agency's compliance, performance and ability to meet the goals and objectives as outlined in their contract(s).

B. Timely Reporting Related to CDBG Programs

Finding

24 CFR 91.15 indicates that in order to facilitate continuity in its CDBG program and to provide accountability to citizens, each jurisdiction should submit its consolidated plan to U.S. Department of Housing and Urban Development (HUD) at least 45 days before the start of its program year. Further, the action plan and certifications must be submitted on an annual basis.

The City of Monroe's Five Year Consolidated and Annual Action plans were due May 15, 2010 but not submitted until August 16, 2010. In addition, the 2007 and 2008 Consolidated Annual Performance and Evaluation Reports (CAPERS) were never submitted. The American-Recovery and Reinvestment Act of 2009 Section 1512 mandates that recipients of Recovery Act funds must submit reports by the 10th day of the month following the end of each calendar quarter but a letter from the U.S. Department of Housing and Urban Development dated August 23, 2010 indicates that there was no record of the City of Monroe submitting the Second Quarter 2010 CDBG-R report.

An on-site Monitoring and Technical Assistance Review of the City of Monroe's HOME Program by HUD on June 1-5, 2009 resulted in 8 findings and 1 concern. The report concerning this visit was received by the City on July 20, 2009. The report noted that there were 2 findings under the HOME program and 1 finding under the CDBG program still open from the 2007 HUD Monitoring Site Visit. In addition, there had been no responses from the City on findings included in the 2008 HUD Monitoring Review (8 findings and 2 concerns). Subsequent to receipt of this report, the 2007 CDBG finding was cleared.

Recommendation

We recommend management ensure that all reports are submitted in a timely manner and any findings be addressed and resolved immediately.

Management's Corrective Action Plan

Community Development plans to work with HUD in clearing any outstanding monitoring findings. The division also plans to allow employees to attend trainings not limited to obtaining certifications in order to become more proficient in their specialized areas which will assist them to complete reports in a timely manner.

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C. Commitment of Federal Funds

Finding and Questioned Costs

24 CFR 58.22 provides, in part, that neither a recipient nor any participant in the development process may commit U.S. Department of Housing and Urban Development (HUD) assistance under a program on an activity or project until HUD or the state has approved the recipient's Request for Release of Funds (RROF) and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program.

*CDBG-R Sidewalk Project
(Grant B-09-MY-22-0005)*

Questioned Cost: \$133,103

American Recovery and Reinvestment Act of 2009 (ARRA) funds granted to the City of Monroe through the Community Development Block Grant were spent for construction of a sidewalk prior to the City's receipt of an approved RROF. The grant was approved in the amount of \$234,964 on July 28, 2009. A contract was signed on February 24, 2010 to construct a sidewalk on south 3rd street with a Notice to Proceed of February 24, 2010.

The City reimbursed the contractor in the amount of \$133,103 during the year ending April 30, 2010. However, even though the contract was signed February 24, 2010, a Request for Release of Funds was not submitted until June 8, 2010 and was approved on June 29, 2010. The Request for Release of Funds listed the program activity and description as Neighborhood Sidewalk Program: The city of Monroe will allocate CDBG-R funding to install sidewalks along South 3rd and primary routes to Clara Hall Elementary School and Jefferson Junior High School. This indicates that the project had yet to be started in June 2010. However, the ARRA Section 1512 Recipient Report for first quarter 2010 submitted on April 9, 2010 states that the project is approximately 70% complete.

We consider the \$133,103 spent for this project during the year ending April 30, 2010 and prior to receipt of the RROF to be questioned costs. In addition, funds spent subsequent to the year ending April 30, 2010 for this project in the amount of \$77,833 are also considered likely questioned costs since these funds were also obligated by the City prior to the RROF even being submitted.

After-School Tutorial Program

One subrecipient requested reimbursement for expenses purchased outside the scope of the Memorandum of Understanding (MOU). This was for services provided between May 1, 2008 and April 30, 2009. These expenses were then reimbursed by the City who, in turn, requested and received reimbursement for these funds from the CDBG grant. Two thirds

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(\$8,067) of the total amount of the contract (\$12,110) with this subrecipient were comprised of items purchased between the period of May 1, 2009 and April 30, 2010. Of the one reimbursement request (\$4,043) that fell within the time frame of the contract, May 1, 2008 through April 30, 2009, 40% (\$1,612) of the expenses were either over the limit of the allowable amount for that type of expense or did not appear to be allowable costs at all. Nearly \$1,100 of expenses exceeded the limits in the budget for such items as accounting, telephone/internet access, and various salaries. Additionally, more than \$500 were spent on items, such as entertainment, that were not provided for in the MOU. In summary, about 87% of the reimbursements and subsequent CDBG drawdowns related to this Memorandum of Understanding were beyond the scope of the contract.

Housing Rehabilitation Program

29 CFR 92.206 provides in part that if the HOME Investment Partnerships Program (HOME) funds are used to provide a loan, the payment is an eligible cost only if the HOME assistance is part of the original financing for the project and the project meets the requirements of the program.

One applicant was approved for a rehabilitation grant through the HOME program but was declined for a loan based upon a large amount of past due bills. The original financing provided for only the grant but a change order was processed in December 2009 increasing the cost of rehabilitation to exceed the grant amount by \$1,600. The homeowner did not pay the differential between the grant amount and the contract. A hardship option was researched and the homeowner was deemed to be ineligible. The City then paid the contractor with HOME funds until such time as the homeowner would repay the funds. Essentially, the homeowner was given a loan in December, 2009 from the City's HOME funds. As of October 2010, ten months after work on her home was completed, she has paid less than fifteen percent (\$235) of the funds loaned.

Recommendation

We recommend management ensure that all federal funds are handled in a manner consistent with regulations and loans only be made to eligible recipients.

Management's Corrective Action Plan

CDBG-R Sidewalk Project

Community Development plans to adhere to all applicable rules and regulations relating to the expenditure of federal funds specifically the American Recovery and Reinvestment Act of 2009. *Special exemption was requested and granted by HUD because of this unique situation.* These actions were taken based on earlier guidance that grantees must implement

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projects that must be under contract within 120 days of the grant award in order for these funds to be put to use as quickly as possible.

Rebuttal to Management's Corrective Action Plan

CDBG-R Sidewalk Project

No documentation concerning an exemption extended to the City for the CDBG-R funds has been located. The CDBG Director did provide additional information concerning the need to be under contract within 120 days of the grant award. This additional information was in the form of an informal question and answer document issued by HUD as of February 27, 2009. This document was irrelevant with respect to the requirement to have an approved RROF prior to the commitment of funds. In addition, the City did not meet a 120 day requirement as there were seven months between the approval of the grant agreement (July 28, 2009) and the contract with the contractor (February 24, 2010).

Management's Corrective Action Plan

After-School Tutorial Program

Community Development plans to review and follow all rules and regulations as outlined in the Memorandum of Understandings. The Community Development plans to ensure that Subrecipients adhere to all Budget Revisions.

Housing Rehabilitation Program

Community Development plans to recoup any outstanding loan funds within the stipulated period of the agreement. *In this particular case the loan is not completely due until April 2011.*

Rebuttal to Management's Corrective Action Plan

Housing Rehabilitation Program

There has been no documentation of a loan agreement provided. In the absence of a written loan agreement, there is no stipulated period of the agreement nor verification that the loan is not completely due until April 2011. However, the City has sent letters, beginning on June 29, 2010, to the homeowner stating "This letter is to serve as official notification that within three (3) days from the date of this letter that you must comply with program rules and regulations...if you continue to remain out of compliance with the rehabilitation rules your case will be forwarded to the City's Legal Department for further action to require full

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payment of the grant awarded to you..." As of October 29, 2010, it has not been turned over to the legal department.

D. CDBG and HOME - Bids and Contractors

Finding

The City of Monroe's Community Development Block Grant (CDBG) Housing Rehabilitation Contractor's Qualifications and Eligibility Standards manual provides that a contractor will not be awarded houses that will cause his/her inventory to exceed five houses. However, minutes from the February 9, 2010 City Council meeting indicated approval of 6 CDBG and 4 HOME bids to one contractor, and 7 CDBG and 2 HOME bids to another contractor, both in excess of the 5 home requirement.

24 CFR 85.36 indicates that Grantees and subgrantees will ensure that all pre-qualified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. However, the prequalified list of contractors provided included only four contractors which is clearly insufficient to ensure maximum open and free competition in light of the 20 contracts approved in the one City Council meeting above.

We noted that there is no segregation of duties in that the same person in the CDBG offices sends out a bid package, then collects, reviews and makes a determination as to which bid to accept. This indicates a weakness in controls in addition to being in violation of the City's procurement policy.

Recommendation

We recommend all bids be advertised and processed through the City of Monroe Purchasing Department and that local, state and federal regulations be followed with regards to the CDBG and HOME programs.

Management's Corrective Action Plan

Community Development Division of Planning and Urban Development plans to follow the HUD guidelines stipulated in awarding Home contracts to certified Contractors. Only certified contractors according to HUD rules are allowed to participate in the bid process. The Department of Administration plans to rewrite the City's purchasing policy and incorporate HUD guidelines for HOME and CDBG contracts. The Purchasing Department would then be responsible for the bid process, thereby resolving the issue of segregation of duties.

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E. CDBG Citizen's Participation Plan

Finding

24 CFR, 91 requires the City of Monroe to have and actively implement a CDBG Citizen Participation Plan. The City of Monroe's Citizen's Participation Plan bylaws state that the Citizen Advisory Council shall meet at least once a month. The bylaws further indicate that missing a fourth meeting will result in the member being dismissed from the Citizen's Advisory Council.

Minutes of Citizen Advisory Council meetings were reviewed and it was noted that meetings are not being held monthly. Meetings were cancelled in three of the twelve months reviewed and no minutes or cancellation notices were available for another four months. Four of the members did not attend any of the meetings for which minutes were available. Management stated that meetings are held monthly but there is some difficulty with attendance of members. They further noted that if a member misses more than three meetings without a valid excuse (illness, work, out of town, etc.) a letter is sent to the councilman of the district that member is representing and that these letters are kept on file. No such letters were in the files reviewed by auditors and the bylaws state nothing of excused absences but that any four absences will result in dismissal.

Recommendation

We recommend management ensure that all facets of the Citizen's Participation Plan are followed including conducting meetings monthly and taking appropriate action upon the absence of members.

Management's Corrective Action Plan

Community Development Division plans to work with the CAC to adopt more stringent measure in their by-laws that will address un-excuse absences. Also recommend to the nominating Council member to replace inactive members in recommendation to the Mayor. Community Development will adhere to the currently adopted policies and procedures of the Citizen's Participation Plan. The recommendation of necessary revisions to the plan will be made to the Mayor, City Council, and Citizen's Advisory Council Members.

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Summary Status of Prior Year Findings

09-01 INTERNAL CONTROLS AT TAXATION AND REVENUE DIVISION

Finding

An internal investigation uncovered probable cause to call in an investigation that ultimately led to the arrest of the Director of the Taxation and Revenue Division of the Administration Department for the City of Monroe. Arrested on May 28, 2009, the Director is currently incarcerated at the Ouachita Correctional Center on \$2.7 million bond facing 30 counts of felony theft and one count of state racketeering. A joint investigation by the Monroe Police Department, Louisiana State Police, FBI, Legislative Auditor's Office and the 4th Judicial District Attorney's Office is currently in process and a report from the Legislative Auditor's Office is expected to be released shortly. Initial estimates from the investigation reflect \$200,000 to \$300,000 has been misappropriated over the current and previous year.

Status

Employees have now been and will continue to be trained on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedure violations exist. Sales tax collection processing software is being tweaked to provide greater control and management assistance. Outside legal assistance is assisting with the grossest delinquents. Policies and procedures are documented.

09-02 INTERNAL CONTROLS AT THE CIVIC CENTER

Finding – Design of Internal Controls

Weaknesses in internal controls exist such that the design of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect errors or irregularities on a timely basis. At the Civic Center internal controls are both written in the form of policies and procedures and unwritten where rules are passed on by word of mouth.

Weaknesses found included:

- A. The City of Monroe requested that Monroe Police Department Investigative Division investigate possible illegal activity involving numerous employees at the Monroe Civic Center. His investigation centered on a Concert and the Crawfest and while evidence was insufficient for filing charges, he did note disorganization in the management of the Concert indicating the presence of weak internal controls.
- B. The segregation of duties appears to be limited with respect to the accounting clerk who collects funds, prepares deposits, takes deposits to the bank and prepares the journal entries.
- C. Written controls allow for cash refund for tickets of cancelled events regardless of how the ticket was paid for while unwritten controls specify that refunds are to be made in the form originally paid.
- D. No provisions exist in the written policy for restrictions placed on access to the combination of the safe or its physical accessibility. There are also no specified reconciliation procedures to ensure that safe inventory is accurate.

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Summary Status of Prior Year Findings

Status

Written internal controls have been revised to include previously unwritten rules and provisions for: segregation of duties, reconciliations of tickets sold with deposits, timeliness of deposits, reconciliation of the safe, access restrictions to the safe and forms of payment permitted for refunds.

Finding – Design of Internal Controls

Weaknesses in internal controls exist such that the design of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect errors or irregularities. At both the Civic Center and the Taxation and Revenue Division internal controls are both written in the form of policies and procedures and unwritten where rules are passed on by word of mouth. Policies and procedures over the sales tax revenue collected at the Civic Center is limited to the sale of novelty merchandise and only notes that the Civic Center is responsible for state and local sales tax collection and to the Taxation and Revenue Division with a hand-written receipt being issued upon delivery. Weaknesses found included:

- A. Policies and procedures over the sales tax revenue collected at the Civic Center is limited to the sale of novelty merchandise and only notes that the Civic Center is responsible for state and local sales tax collection and delivery to the Taxation and Revenue Division with a hand-written receipt being issued upon delivery.
- B. Unwritten procedures dictate that the promoter collects the sales tax revenue from vendors too small to have previously applied for a sales tax vendor number. Those revenues are then turned in to the Civic Center who, in turn, submits them to the Taxation and Revenue Division. This occurs when the event is complete regardless of how many days the event may last.
- C. Once the revenues are submitted to the Taxation and Revenue Division, they are held until a monthly deposit is made and all of the revenues are lumped into one entry, regardless of which event/vendor they are associated with.

Status

Procedures at the Tax & Revenue Division have been rewritten. The sales tax collection software is in the process of being upgraded. A lock box system is in place for collecting taxes at Civic Center events involving multiple vendors, with the controls recommended as part of the process. Communication between the Civic Center and Tax & Revenue concerning such events is a part of the process.

Finding – Operation of Internal Controls

Weaknesses in internal controls exist such that the operation of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect irregularities. Weaknesses in internal control operations at the Civic Center included:

- A. Written controls state that "all cash received during the day is deposited" in the bank. Review of receipts indicated that deposits were held on occasion for extensive periods of

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time. For example, one deposit tested comprised ten Ticketmaster payments whose check dates ranged from 12 to 166 days prior to deposit.

- B. Controls dictate that reconciliation of events must occur upon completion of event. We reviewed two events and evidence indicates that reconciliation did not occur in either case. In addition, monies collected are greater than the documentation supports in both events.
- C. Written controls on cash handling dictate that ticket sellers must balance their drawer, have it verified by either the box office manager or seller supervisor, then the Ticket Seller Sheet is completed and signed. The two events we reviewed either did not have Ticket Seller Sheets available or they were not completed in the manner dictated. In addition, almost half (five of eleven) of the drawers reviewed did not balance.

Status

Funds are now being deposited in a timely manner, events are being reconciled upon completion of the event, and audits are performed on events as determined necessary by Council or Community Affairs Director. Random audits are performed for all functions at the Civic Center including concessions and ticket sales. Random audits are performed on the safe and other cash on hand at the Civic Center.

09-03 PARKS AND RECREATION DIVISION FEE SCHEDULE

Finding

Article 7, Section 14 of the Louisiana Constitution prohibits, among other things, the donation of public funds. During the course of our audit, several instances of failure to collect fees indicated at Parks and Recreation Division locations came to our attention. We randomly tested 5 deposits that comprised a total of 48 individual program fund receipts turned in from various locations.

- A. We found the fee schedule failed to attain approval by ordinance as required by Section 2-11 A.(7) of the Charter for the City of Monroe adopted by the Monroe Charter Commission, August 1979: An act requiring an ordinance shall include but not be limited to those which: Regulate the rate or other charges for service by the City.
- B. The fee schedule for the recreation centers indicates that no fee is to be charged to those renting facilities for funeral purposes. As the City incurs costs to rent said facilities, not charging a fee sufficient to cover those costs would constitute a donation of public funds. In our audit testwork, we found eight rentals for funeral purposes at five different locations none of which were charged a fee. Based upon normal rental rates per fee schedule, this equates to \$525 in lost revenue in these eight instances.
- C. Policies and procedures dictate that tennis court usage fees for lessons be paid to the instructor, however, deposits tested failed to indicate where the instructor paid said fees to the City and sign in sheets for said deposits showed no fee charged in 228 cases (\$342 in lost revenue).
- D. We also discovered an instance where a religious organization was not charged a fee for three rentals based on the classification of the tent revival as a "charitable event". The fee for such events is designated by contract due to the large number of attendees

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expected (1,450) but normal rental fees indicate that at least \$262 in revenues would have been earned.

- E. Twelve additional cases (\$2,028) of charging fees less than the fee schedule were discovered in the deposits reviewed.

Status

Fee schedule has been updated. Responsibilities to safeguard city property have been made known to employees.

09-04 INTERNAL CONTROLS AT THE PARKS AND RECREATION DIVISION

Finding -- Design of Internal Controls

Weaknesses in internal controls exist such that the design of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect errors or irregularities on a timely basis. Internal controls at the Division of Parks and Recreation are both written in the form of policies and procedures and unwritten where rules are passed on by word of mouth. On occasion, these two forms have been found to be contradictory. Weaknesses found during our audit include:

- A. The Division of Parks and Recreation has various locations around the city most of which collect the fees for their facilities and programs. Per the written policies and procedures, these collections are then forwarded to the same individual that collects the shelter reservation fees for Chennault Park and Forsythe Park, prepares the deposit, takes the deposit to the bank and writes the journal entries indicating no segregation of duties for the handling of funds collected. However, verbal controls contradict this by indicating that a different individual takes the deposits to the bank.
- B. Pre-numbered receipts are utilized by each program but there is no control in place to issue these receipt books or to ensure reconciliation of the receipt books with the bank deposits. One instance was found where a receipt was issued for an amount different than what documentation indicates was received.
- C. Written controls fail to indicate how often some of the programs are to turn their deposits in to the central office while the unwritten policy indicates that all deposits are to be turned in weekly by Wednesday. Our audit found that deposits are often held longer than one week but it is indeterminable whether the monies are being held too long by the programs or the central office in these instances. Review of transactions summaries did indicate that the central office appears to be making weekly deposits.
- D. Types of payment permitted are noted in written controls for some programs but not for others. Unwritten policies indicate that there are forms of payment that are unallowable, for example, personal checks are not to be accepted at any location and boxing is only permitted to accept money orders.
- E. Deposits received are refundable dependent upon the cleanliness of the facilities after the rental but are recorded as revenue rather than a liability. When refunded, the deposit is charged against revenues resulting in misstatements to the financial statements.

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Summary Status of Prior Year Findings

Status

Written internal controls have been updated to include previously unwritten rules and procedures, with controls being applied consistently at all locations. Written procedures also include deposit procedures, including the timeliness of deposits.

Finding – Operation of Internal Controls

Weaknesses in internal controls exist such that the operation of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect irregularities. Weaknesses in operations of internal controls found in the course of our audit include:

- A. Deposits appear to be held for lengthy periods of time before deposit. Review of five random receipts indicated that deposits were held up to 59 days before placement in bank.
- B. Event rentals (29 of 70 reviewed) were found to have issues ranging from over and undercharging, receipts not issued, receipt for amount different from payment, waiver of fees, payments with personal check, and changing amount of non-refundable deposit required.
- C. Three of seven summer youth applications reviewed were found incomplete with either no application provided, no copies of money order, or payment with personal check.
- D. Issues found with four of the five sports enrollments included lack of documentation to justify charges and one occasion where cash was accepted which the employee then used to purchase a money order which was turned in for deposit.
- E. The only boxing deposit reviewed included payment with cash which unwritten policies stipulate is prohibited. The City of Monroe reflected boxing revenue of \$400 in the current year and \$460 in the prior year. However, fees required to participate in the program consist of a "\$25.00 monthly fee for non-competitive training" and "a yearly \$50.00 fee for registration with the USA Southern Boxing Association as a competitive boxer plus a \$10.00 monthly membership fee".

Status

Funds are now being deposited in a timely manner and deposits are being audited on a regular basis for adherence to controls.

09-05 INTERNAL CONTROLS AT PRE-TRIAL DIVERSION PROGRAM

Finding – Design of Internal Controls

Weaknesses in internal controls exist such that the design of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect errors or irregularities on a timely basis. In the case of the Pre-Trial Diversion Program written controls are minimal although there do appear to be unwritten controls in place. Program overview, steps and payment methodology were available in written form but more complete controls are not available.

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Summary Status of Prior Year Findings

- A. Provisions do not exist in the controls for reconciliation of the pre-numbered receipt books with the deposits. There are no controls in place for the issuance of receipt books by an independent party.
- B. Discrepancies appear to exist in the operation of the program in that the Director indicates that the Prosecutor sends individuals to the Pre-Trial Diversion program but when a list of those sent to the program was requested of the Prosecutor, we were told that the Prosecutor is not the one that sends individuals to the program.
- C. There is little segregation of duties in respect to the fact that the person that enrolls individuals into the program is also the individual that collects and records the fees for program participation.

Status

Written procedures are now in place documenting the procedures for collection of funds in the Pre-Trial Diversion Program. With proper controls in place, Legal management has decided it is not necessary to move the collections of the funds to another area of the city, as this may hinder participation in the program.

Finding – Operation of Internal Controls

Weaknesses in internal controls exist such that the operation of controls does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect irregularities. In the course of our audit, we found the following weaknesses in the operation of internal controls with respect to the Pre-Trial Diversion Program:

- A. We interviewed the program director who indicated that deposits were to be made weekly. In our review of 30 individuals who entered the program during the year, none of the funds received were deposited within one weeks time. Funds were held for as long as 23 days before deposit.
- B. The pre-numbered receipt books indicated 481 receipts were issued for the year whereas the Fee Summary Report accounted for the issuance of 497 receipts.
- C. There were inconsistencies in the amount of fees paid and time spent in the program for the same offense.
- D. Review of the individual files indicates that program requirements outlined in the program descriptions are not being implemented including: requirements to enter program, counseling, education, employment, and community service.

Status

Funds are now being deposited in a timely manner, pre-numbered receipt books are also being reconciled with receipts on a regular basis, and the program is being operated in a manner consistent with the requirements and goals to ensure equal opportunity. The City provides training for employees on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedures violations exists.

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance

City of Monroe
Monroe, Louisiana

Compliance

We have audited the compliance of the City of Monroe (the City) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended April 30, 2010. Compliance with the requirement of laws and regulations applicable to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended April 30, 2010.

City of Monroe
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Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control compliance in accordance with the Guide.

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

This report is intended for the information and use of the City's management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Staffing, Hoffman, Reynolds, & Siggins

(A Professional Accounting Corporation)

October 29, 2010

PFC Revenue and Disbursement Schedule
Monroe Regional Airport
For the Year Ended April 30, 2010

	<u>FY-09</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>FY-10</u>	<u>Program Total</u>
	<u>Program Total</u>	<u>May-July</u>	<u>Aug-Oct</u>	<u>Nov-Jan</u>	<u>Feb-Apr</u>	<u>Total</u>	<u>Program Total</u>
Revenue							
Collections	\$ 2,127,714	\$ 104,279	\$ 76,017	\$ 83,855	\$ 117,231	\$ 381,383	\$ 2,509,097
Interest, net of service charges	46,728	713	371	173	83	1,340	48,068
Total Revenue, net of service charges	2,174,442	104,993	76,388	84,028	117,314	382,722	2,557,164
Disbursements							
Application 03-01-C-00-MLU-001	504,334	-	-	-	-	-	504,334
Application 03-01-C-00-MLU-002	40,700	-	-	-	-	-	40,700
Application 03-01-C-00-MLU-003	401,025	-	-	-	-	-	401,025
Application 06-02-C-00-MLU-002	413,444	-	-	-	(3,000)	(3,000)	410,444
Application 08-03-C-00-MLU-001	57,864	-	370,688	247,125	(52,268)	565,545	623,410
Application 08-03-C-00-MLU-002	70,532	-	1,750	1,138	(49,140)	(46,252.55)	24,279
Total Disbursements	1,487,899	-	372,438	248,263	(104,408)	516,293	2,004,192
Net PFC Revenue	686,543	104,993	(296,050)	(164,235)	221,722	(133,571)	552,972
PFC Account Balance (cash basis)	\$ 686,543	\$ 791,536	\$ 495,485	\$ 331,251.	\$ 552,972	\$ 552,972	\$ 552,972

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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

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

MANAGEMENT LETTER

To the Honorable Mayor and City Council
City of Monroe
Monroe, Louisiana

In planning and performing our audit of the financial statements of the City of Monroe (the City) for the year ended April 30, 2010, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 29, 2010 on the financial statements of the City.

PURCHASE ORDER PROCEDURES

Materials and Supplies

Finding

As stated in the City's *Administrative Purchasing Policies*, purchase orders must be issued for all purchases of materials and supplies over \$250. During our review of purchases made by the Louisiana Purchase Gardens and Zoo (the Zoo) for the year ended April 30, 2010, we reviewed 68 disbursements paid to two vendors for food. The following is a summary of issues we encountered during our test of disbursements:

Ten transactions for dairy products, primarily, fell within the range of \$22.50 - \$79.80. Seven of the ten of these smaller purchases were made within minutes (often within seconds) following larger purchases which averaged \$247.43. It appears that these transactions were broken down into 2 separate purchases in an attempt to avoid issuing purchase orders, as combining the two transactions would have exceeded the \$250 threshold and, therefore, would have required the issuance of purchase orders.

Of 24 invoices examined for purchases of produce from a different vendor, 13 transactions exceeded the City's \$250 threshold for issuing purchase orders, yet no purchase orders were issued.

Recommendation

Due to the substantial number of transactions we reviewed which did not adhere to purchasing guidelines, we recommend that management of the City communicate the importance of following the City's purchasing policies. Additionally, we recommend that management review purchases on a periodic basis to ensure that purchase orders are being issued for all purchases of materials and supplies over \$250. We further recommend that management communicate the importance of obtaining detailed invoices from vendors for all purchases of materials and supplies.

Management's Corrective Action Plan

The Department of Administration will communicate to all department's the importance of following the City's official purchasing policy. The City's Internal Auditor will continue to review purchases for instances of non-compliance. Also, through the accounts payable process, purchases will be identified that are not in accordance with the policy.

Confirming Purchase Orders and Timing of Purchase Orders

Finding

According to the City of Monroe's *Administrative Purchasing Policies*, confirming purchase orders are to be used for breakdowns and for items that must be expedited for just reasons only.

During our test of purchase orders for the year ended April 30, 2010, we noted instances where confirming purchase orders may have been issued without just cause. Of a sample of 22 purchase orders, we noted that 4 purchase orders, or approximately 18% of our sample, contained confirming purchase orders for items which did not appear to need expediting.

The City's purchasing policies further states that "a purchase order is never to be issued after the fact". During a separate test of cash disbursements, we noted that 5 of 60 transactions tested purchase orders were dated subsequent to the invoice date.

Effective internal controls include adherence to sound purchasing guidelines. When purchasing policies are consistently violated, internal controls are deemed ineffective.

Recommendation

We recommend that City management communicate the importance of issuing purchase orders in a timely manner, as well as the importance of using discretion before issuing confirming purchase orders. Additionally, we recommend periodic review of transactions to ensure that purchase orders and confirming purchase orders are being issued in accordance with policies set forth by the City's purchasing policies.

We also recommend that the City review its *Administrative Purchasing Policies* and update as deemed necessary in order to clarify ambiguous procedures and conform to the *Intranet User Guide* issued in 2007 in connection with the City's paperless initiative.

Management's Corrective Action Plan

The Department of Administration will review and update the City's Purchasing Policy to integrate the paperless initiatives into the policy and to clarify ambiguous procedures.

The Department of Administration will communicate to all department's the importance of following the City's official purchasing policy. The City's Internal Auditor will continue to review purchases for instances of non-compliance. Also, through the accounts payable process, purchases will be identified that are not in accordance with the policy.

AVAILABILITY OF CDBG DOCUMENTATION

Finding

Repeated requests for documentation from the CDBG office by the auditors were filled with documentation that was often outdated or incomplete. Three of the subrecipient annual audit reports initially submitted to the auditors were for the 2007 audit year instead of the 2009 audit year. One report was never provided although requested repeatedly. It was later determined that no audit was completed for the subrecipient for the year in question. Limited information was available during our initial review of the file of a CDBG construction project. However, during a later review of the same file, we noted it contained many documents initially missing from the file. On September 22, 2010 we requested documentation of a Release of Funds. This request was not responded to until October 4, 2010 and the requested information was never provided.

Having to repeatedly request the same information not only demonstrates an organizational weakness in controls of the various CDBG programs, but also results in an inordinate amount of time and expense for both the City and auditor in completing the audit.

Recommendation

We recommend management provide complete accurate documentation to auditors in a timely manner.

Management's Corrective Action Plan

Community Development plans to provide all documents in a timely manner. Community Development plans to create backup files in a machine readable format by scanning all files. The Division has already submitted a request to the MIS Department for their assistance in providing this function. This will allow all files to be centralized and secured from events such as fires or water damage.

PAYROLL FRAUD

Finding

During the year ended April 30, 2010, the Sewer Manager was notified by an anonymous informant that payroll fraud may have been occurring within the Sewer Division. The Sewer

Manager initiated an investigation of the accusations. By correlating video surveillance of the time clock area with time card records in addition to time stamps on telephone service calls, the Manager was able to identify seven independent cases of payroll fraud during a one month period actively involving four employees. These instances include employees clocking in/out for other employees not on the premises and employees leaving the premises in personal vehicles while clocked in. A police report was filed and four of the five employees were arrested. Four of the arrested employees involved were terminated from city employment. One of the four had been terminated previously for reasons unrelated to this incident. After the police investigation, the fifth employee was exonerated.

Recommendation

We recommend that the Sewer Manager continue to aggressively deal with any violations he encounters. All employees should be reminded of the consequences they will face if they violate any laws, regulations or City policies.

Management's Corrective Action Plan

Sewer management will continue to review surveillance recordings for incidents of payroll fraud. The City is in the process of implementing a biometric time clock system which will provide further controls over timekeeping procedures. The City will continue its practice of investigating reports of payroll fraud and take appropriate actions when necessary.

THEFT OF CASH

Finding

During the year ended April 30, 2010, a theft of approximately \$2,200 was discovered in the accounting department. The individual responsible for this theft was arrested and terminated. Subsequently \$1,000 was recovered from the employee.

Recommendation

We recommend that the Accounting Director continue to aggressively deal with any violations she encounters. All employees should be reminded of the consequences they will face if they violate any laws, regulations or City policies.

Management's Corrective Action Plan

Cashier will issue a computer-generated receipt at the time money is received. The Director of Accounting will ensure that deposits are made timely. The City will continue its practice of investigating, reporting, and when necessary terminating employees suspected of theft.

Shaffery Huffman Reynolds, P.C. Signature

(A Professional Accounting Corporation)

October 29, 2010