

ANNUAL FINANCIAL REPORT

CITY OF MONROE, LOUISIANA



**For The Year Ended
April 30, 2011**

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 DEC 14 2011

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2011

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1
Required Supplemental Information (Part A)		
Management's Discussion and Analysis		4
BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements		
Statement of Net Assets	A	15
Statement of Activities	B	16
Fund Financial Statements		
Balance Sheet – Governmental Funds	C	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	20
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	21
Statement of Net Assets – Proprietary Funds	G	22
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	H	24
Statement of Cash Flows – Proprietary Funds	I	25
Statement of Net Assets – Fiduciary Funds	J	26
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	K	27
Combining Statement of Net Assets – All Discretely Presented Component Units	L	28
Combining Statement of Activities – All Discretely Presented Component Units	M	29

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2011

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Notes to the Financial Statements		30
Required Supplemental Information (Part B)		
Budgetary Comparison Schedules:		
General Fund		68*
Capital Infrastructure - Special Revenue Fund		70*
OTHER SUPPLEMENTAL INFORMATION		
Non-Major Governmental Funds:		
Combining Balance Sheet		72*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		73*
Non-Major Special Revenue Funds:		
Combining Balance Sheet		75*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		79*
Non-Major Debt Service Funds:		
Combining Balance Sheet		84*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		85*
Non-Major Capital Projects Funds:		
Combining Balance Sheet		87*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		90*
Proprietary Fund Type - Internal Service Funds:		
Combining Schedule of Net Assets		94*
Combining Schedule of Revenues, Expenses, and Changes in Net Assets		95*
Combining Schedule of Cash Flows		96*
Schedule of Assessed Valuation and Ad Valorem Property Tax Levy		98*

***Denotes Schedule**

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2011

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Schedule of Ad Valorem Taxes Receivable		99*
Schedule of Insurance		100*
Schedule of Long-Term Obligations		103*
Schedule of Compensation Paid		104*
 REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i> AND OMB CIRCULAR A-133		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Primary Government Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		107
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		109
Schedule of Expenditures of Federal Awards		111*
Notes to Schedule of Expenditures of Federal Awards		113*
Schedule of Findings and Questioned Costs		115*
Summary Status of Prior Year Findings		128
Report on Compliance With Requirements Applicable To the Passenger Facility Charge Program and On Internal Control Over Compliance		132
PFC Revenue and Disbursement Schedule – Monroe Regional Airport		134*

***Denotes Schedule**

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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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, 2011, which collectively comprise the City's basic financial statements on pages 15 through 66 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 opinions.

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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 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

**City of Monroe
Monroe, Louisiana**

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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary information on pages 4 through 12 and pages 68 through 70 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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 (except for the Schedule of Insurance) 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 Schedule of Insurance has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it. The accompanying PFC Revenue and Disbursement Schedule on page 134 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.

Huffman, Huffman, Roydale, & Seignier

(A Professional Accounting Corporation)

October 31, 2011

**Required Supplemental Information
(Part A)**

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2011

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, 2011. 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 \$231.9 million (*net assets*). Of this amount, the \$32.8 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 \$9.8 million.
- As of the close of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$85.4 million, a decrease of \$8.5 million in comparison with the prior year. Of this total amount, \$22.8 million is in unreserved fund balance.
- At the end of the current fiscal year, approximately \$555,000 of the General Fund's fund balance was reserved for inventories and prepaid items; and approximately \$1,1700,000 was designated for capital improvements.
- The City of Monroe's total debt decreased by approximately \$4.7 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 it's 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, 2011

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, 2011

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, 2011

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 (\$143 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, 2011 and 2010

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and other assets	\$ 102,031,066	\$ 107,067,034	\$ 3,643,177	\$ 3,424,763	\$ 105,674,243	\$ 110,491,797
Capital Assets	<u>162,444,547</u>	<u>174,618,243</u>	<u>165,102,011</u>	<u>150,161,541</u>	<u>327,546,558</u>	<u>324,779,784</u>
Total Assets	<u>264,475,613</u>	<u>281,685,277</u>	<u>168,745,188</u>	<u>153,586,304</u>	<u>433,220,801</u>	<u>435,271,581</u>
Liabilities						
Current and other liabilities	18,523,231	16,955,482	2,317,904	2,351,712	20,841,135	19,307,194
Long-term liabilities	<u>177,236,757</u>	<u>181,970,062</u>	<u>3,196,785</u>	<u>3,185,690</u>	<u>180,433,542</u>	<u>185,155,752</u>
Total Liabilities	<u>195,759,988</u>	<u>198,925,544</u>	<u>5,514,689</u>	<u>5,537,402</u>	<u>201,274,677</u>	<u>204,462,946</u>
Net Assets						
Invested in capital assets, net of debt	68,014,304	74,445,453	75,044,159	70,387,930	143,058,463	144,833,383
Restricted	56,118,606	69,519,188			56,118,606	69,519,188
Unrestricted	<u>(55,417,285)</u>	<u>(61,204,908)</u>	<u>88,186,340</u>	<u>77,660,972</u>	<u>32,769,055</u>	<u>16,456,064</u>
Total Net Assets	<u>\$ 68,715,625</u>	<u>\$ 82,759,733</u>	<u>\$ 163,230,499</u>	<u>\$ 148,048,902</u>	<u>\$ 231,946,124</u>	<u>\$ 230,808,635</u>

The deficit of \$55.4 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 \$177 million as well as approximately \$68.0 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, 2011

City of Monroe's Changes in Net Assets
For the years ended April 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	\$ 22,275,637	\$ 22,112,708	\$ 18,490,253	\$ 17,770,849	\$ 40,765,890	\$ 39,883,557
Operating grants and contributions	5,876,841	5,734,666	607,183	1,695,247	6,484,024	7,429,913
Capital grants and contributions	12,591,009	11,110,912	22,867,569	17,183,477	35,458,578	28,294,389
General revenues						
Property taxes	8,376,272	8,742,774	1,903,918	1,961,546	10,280,190	10,704,320
Sales taxes	57,935,882	55,760,791			57,935,882	55,760,791
Other taxes	908,430	907,167			908,430	907,167
Other general revenues	219,129	456,799	(25,881)	(1,036,001)	193,248	(579,202)
Total revenues	108,183,200	104,825,817	43,843,042	37,575,118	152,026,242	142,400,935
Expenses						
General government	21,826,923	23,870,534	-	-	21,826,923	23,870,534
Public safety	34,962,553	33,344,579	-	-	34,962,553	33,344,579
Public works	20,026,135	18,424,296	-	-	20,026,135	18,424,296
Culture and recreation	4,482,718	3,746,494	-	-	4,482,718	3,746,494
Planning and urban dev.	2,960,383	2,921,511	-	-	2,960,383	2,921,511
Economic development	259,889	347,982	-	-	259,889	347,982
Interest on long term debt	8,515,729	8,396,380	-	-	8,515,729	8,396,380
Intergovernmental	20,763,834	16,630,521	-	-	20,763,834	16,630,521
Airport	-	-	2,429,526	2,365,597	2,429,526	2,365,597
Transit	-	-	4,788,581	4,574,730	4,788,581	4,574,730
Civic center	-	-	3,505,620	3,222,770	3,505,620	3,222,770
Zoo	-	-	1,424,752	1,547,009	1,424,752	1,547,009
Livestock arena	-	-	-	9,724	-	9,724
Water	-	-	7,925,705	7,058,381	7,925,705	7,058,381
Sewer	-	-	8,358,063	8,722,437	8,358,063	8,722,437
Total expenses	113,798,164	107,682,297	28,432,247	27,500,648	142,230,411	135,182,945
Increase in net assets						
before transfers	(5,614,964)	(2,856,480)	15,410,795	10,074,470	9,795,831	7,217,990
Transfers	335,225	(97,220)	(315,075)	97,220	20,150	-
Change in net assets	\$ (5,279,739)	\$ (2,953,700)	\$ 15,095,720	\$ 10,171,690	\$ 9,815,981	\$ 7,217,990

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2011

Governmental Activities (continued)

Expenses are classified by functions/programs. Public safety accounts for approximately \$34.9 million for fiscal year 2011. Other functions such as general government, public works, planning and urban development, culture and recreation and economic development totaled approximately \$49.6 million. The remaining costs represent payments for debt service and intergovernmental expenses totaling approximately \$29.3 million.

The related program revenues for fiscal year 2011 directly related to these expenses totaled \$40.7 million, which resulted in net program expenses of \$73.1 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 \$33 million of General Fund revenues.
- Property taxes are the second largest revenue source to the City, generating approximately \$8.1 million of General Fund revenues.

Business-type activities. Business-type activities increased the City of Monroe's net assets by approximately \$15.1 million. Key elements of this increase are as follows:

- Airport increased the City's net assets by approximately \$17.2 million.
- Water Fund activities increased net assets by approximately \$2.1 million.
- Sewer Fund activities decreased net assets by approximately \$1.7 million.
- Civic Center activities decreased the City's net assets by approximately \$1.6 million.
- All other business-type activities decreased net assets by approximately \$1 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, 2011

As of the end of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$85.4 million, a decrease of \$8.5 million in comparison with the prior year. Approximately 26 percent of this total amount (\$22.3 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 \$13.8 million of which approximately \$555,000 is reserved for inventories and prepaid items, and approximately \$1.17 million is designated for capital improvements.

The fund balance of the City of Monroe's General Fund increased by approximately \$987,000 during the current fiscal year.

The special revenue funds have a total fund balance of \$30.2 million, of which approximately \$19.6 million is reserved for debt service related to the Capital Infrastructure Fund.

The debt service funds have a total fund balance of \$13.8 million, all of which is reserved for the payment of debt service.

The capital project funds have a fund balance of approximately \$27.5 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 13, 2010, and the final budget amendment was adopted on April 12, 2011.

The total difference between the original General Fund budget and the final amended budget was an increase in appropriations of \$793,000 and an increase in anticipated revenues of approximately \$950,000. The majority of the appropriation increase was due to increases in appropriations for Police (\$225,000), Capital (\$454,000), Public Works (\$120,000) and Judicial (\$110,000). The increase in anticipated revenues was due to an increase in sales taxes (\$272,000), federal grants (\$283,000), and fees, charges and commissions (\$149,000).

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, 2011, amounts to approximately \$328 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, 2011

City of Monroe Capital Assets
(Net of Accumulated Depreciation)
April 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 19,714,255	\$ 19,489,882	\$ 5,542,940	\$ 5,542,940	25,257,195	25,032,822
Buildings and improvements	39,411,283	39,123,011	34,219,068	34,528,260	73,630,351	73,651,271
Equipment and furniture	26,409,064	25,564,477	18,028,680	17,645,106	44,437,744	43,209,583
Construction in progress	4,420,047	2,278,591	36,952,235	23,733,369	41,372,282	26,011,960
Infrastructure	160,395,874	157,095,580	174,191,289	168,131,490	334,587,163	325,227,070
Zoo animals	-	-	89,838	92,648	89,838	92,648
Total	250,350,523	243,551,541	269,024,050	249,673,813	519,374,573	493,225,354
Less: accumulated depreciation	(87,905,976)	(68,933,297)	(103,969,782)	(99,512,272)	(191,875,758)	(168,445,569)
Total Net Capital Assets	\$ 162,444,547	\$ 174,618,244	\$ 165,054,268	\$ 150,161,541	\$ 327,498,815	\$ 324,779,785

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

- Construction of sewer and water projects at an approximately total cost of \$2.9 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 \$300,000.
- Improvement projects at the airport totaled approximately \$17.9 million.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2011

City of Monroe Outstanding Debt
April 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Tax Increment Bonds	\$ 9,705,000	\$ 10,185,000	-	-	\$ 9,705,000	\$ 10,185,000
Certificates of Indebtedness	950,000	1,245,000	-	-	950,000	1,245,000
Sales Tax Bonds	45,870,000	47,635,000	-	-	45,870,000	47,635,000
Utility Revenue Bonds	40,771,952	40,292,547	2,086,663	2,192,463	42,858,615	42,485,010
Airport Revenue Bonds	18,590,000	18,940,000	-	-	18,590,000	18,940,000
Refunding Bonds	47,698,919	50,244,847	-	-	47,698,919	50,244,847
Claims and Judgments	7,554,804	7,828,227	-	-	7,554,804	7,828,227
Capital Lease	1,973,496	2,147,939	-	-	1,973,496	2,147,939
Notes Payable	1,114,804	1,718,818	-	-	1,114,804	1,718,818
Compensated Absences	5,797,826	5,933,536	1,110,123	993,228	6,907,949	6,926,764
Other Post-Employment	6,507,233	5,052,605	-	-	6,507,233	5,052,605
Total	<u>\$ 186,534,034</u>	<u>\$ 191,223,519</u>	<u>\$ 3,196,786</u>	<u>\$ 3,185,691</u>	<u>\$ 189,730,820</u>	<u>\$ 194,409,210</u>

The City of Monroe's total debt decreased by approximately \$4.7 million (2.4%) during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

The City of Monroe is still experiencing some of the effects of the economic downturn this fiscal year. However, sales tax revenues were up this fiscal year by over \$3 million, and the current trend this year is upward. The automobile manufacturer that planned to move in the old Guide plant still has not received its loan from the federal government for startup. The City is still faced with challenges concerning the increasing costs of the fire and police pensions. The City is moving forward with several infrastructure projects such as the service road south of I-20 in efforts to expand that area commercially and the Tower Drive widening project which will help mid-town Monroe. The city opened its new airport terminal for flights, but construction continues on the final phase which includes the baggage claim area and rental car facilities. One of the area's largest businesses, the third largest telecommunications company in the country, made announcements concerning approximately 1,000 new jobs, and other companies related to that industry have opened businesses here because of them. There are new retail businesses, hotels and restaurants opening in the city as well.

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, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 80,085,566	\$ 6,763,403	\$ 86,848,969	\$ 1,591,884
Investments				41,119
Receivables	11,951,324	2,136,041	14,087,365	42,301
Internal balances	5,470,363	(5,469,945)	418	
Inventories	467,698	129,760	597,458	
Prepaid expenses	811,978	83,918	895,896	20,492
Bond issuance costs	3,244,137		3,244,137	
Capital assets, net	162,444,547	165,102,011	327,546,558	213,632
Total Assets	264,475,613	168,745,188	433,220,801	1,909,428
LIABILITIES				
Accounts payables and accrued expenses	5,645,755	736,454	6,382,209	28,805
Accrued payroll related liabilities	1,835,531		1,835,531	
Deferred revenues	11,983	118,065	130,048	
Due to other agencies	41,965		41,965	
Deposits due others	4,550	1,463,385	1,467,935	
Other current liabilities	33,321		33,321	
Accrued interest payable	1,652,849		1,652,849	
Noncurrent Liabilities				
Due within one year	9,297,277		9,297,277	17,259
Due in more than one year	177,236,757	3,196,785	180,433,542	33,420
Total Liabilities	195,759,988	5,514,689	201,274,677	79,484
NET ASSETS				
Invested in capital assets, net of related debt	68,014,304	75,044,159	143,058,463	162,953
Restricted for				
Debt service	33,434,711		33,434,711	
Capital	22,683,895		22,683,895	
Unrestricted	(55,417,285)	88,186,340	32,769,055	1,666,991
Total Net Assets	\$ 68,715,625	\$ 163,230,499	\$ 231,946,124	\$ 1,829,944

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, 2011

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	\$ 21,826,923	\$17,135,319	\$ 750	\$ 9,700	\$ (4,681,154)		\$ (4,681,154)	
Public safety	34,962,553	163,737	3,622,378	75,193	(31,101,245)		(31,101,245)	
Public works	20,026,135	3,862,881	36,050	12,333,975	(3,793,229)		(3,793,229)	
Culture and recreation	4,482,718	625,161	51,987	57,060	(3,748,510)		(3,748,510)	
Planning and urban development	2,960,383	404,416	2,071,977	115,081	(368,909)		(368,909)	
Economic development and assistance	259,889	84,123	93,699		(82,067)		(82,067)	
Debt service interest	8,178,186				(8,178,186)		(8,178,186)	
Capital lease interest	114,916				(114,916)		(114,916)	
Judgments	222,627				(222,627)		(222,627)	
Intergovernmental expenditures	20,763,834				(20,763,834)		(20,763,834)	
Total governmental activities	113,798,164	22,275,637	5,876,841	12,591,009	(73,054,677)		(73,054,677)	
Business-type activities								
Airport	2,429,526	1,817,913		17,897,094		17,285,481	17,285,481	
Transit	4,788,581	575,569	607,183	2,086,639		(1,519,190)	(1,519,190)	
Civic Center	3,505,620	1,895,725		18,690		(1,591,205)	(1,591,205)	
Zoo	1,424,752	295,658				(1,129,094)	(1,129,094)	
Water	7,925,705	9,240,665		859,063		2,174,023	2,174,023	
Sewer	8,358,063	4,664,723		2,006,083		(1,687,257)	(1,687,257)	
Total business-type activities	28,432,247	18,490,253	607,183	22,867,569		13,532,758	13,532,758	
Total primary government	142,230,411	40,765,890	6,484,024	35,458,578	(73,054,677)	13,532,758	(59,521,919)	
Component units								
City Court	\$ 280,370	\$ 374,713						\$ 94,343
City Marshal	472,492	338,334						(134,158)
Total component units	\$ 752,862	\$ 713,047						\$ (39,815)
Ad valorem tax				\$ 8,376,272	\$ 1,903,918	\$ 10,280,190		
Sales tax				57,935,882		57,935,882		
Other taxes				908,430		908,430		
Interest and investment earnings				309,889		309,889		5,133
Gain (Loss) on sale of capital assets				(194,952)	(25,881)	(220,833)		
Miscellaneous				104,192		104,192		18,159
Transfers				335,225	(315,075)	20,150		
Total general revenues and separate line items				67,774,938	1,562,962	69,337,900		23,292
Changes in net assets				(5,279,739)	15,095,720	9,815,981		(16,523)
Net assets - beginning (as restated, see Note 19)				73,995,364	148,134,779	222,130,143		1,846,467
Net assets - ending				\$ 68,715,625	\$ 163,230,499	\$231,946,124		\$ 1,829,944

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, 2011

	Major Funds				Total
	General	Special Revenue	Capital Projects		
		Capital Infrastructure	Airport Terminal	Other	
ASSETS					
Cash and cash equivalents	\$ 3,939,087	\$ 19,240,599	\$ 7,157,865	\$ 45,497,672	\$ 75,835,223
Receivables	4,510,220	1,163,739	1,248,924	2,870,829	9,793,712
Advances to other funds	3,676,805				3,676,805
Due from other funds	4,151,707			4,804,839	8,956,546
Inventories	428,139				428,139
Prepaid expenses & other assets, net	126,917		121,313	563,747	811,977
Total Assets	\$ 16,832,875	\$ 20,404,338	\$ 8,528,102	\$ 53,737,087	\$ 99,502,402
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts and retainage payable	\$ 2,188,176	\$ 2,325	\$ 2,169,640	\$ 2,218,241	\$ 6,578,382
Due to other funds	492,840	817,872	600,000	5,246,578	7,157,290
Deferred revenue	242,388			20,634	263,022
Other current liabilities	46,513			15,317	61,830
Total Liabilities	2,969,917	820,197	2,769,640	7,500,770	14,060,524
Fund Balances					
Reserved for					
Debt service		19,584,141		13,850,570	33,434,711
Inventories and prepaids	555,056				555,056
Capital improvements	1,169,791		5,758,462	21,755,642	28,683,895
Unreserved	12,138,111			10,630,105	22,768,216
Total Fund Balances	13,862,958	19,584,141	5,758,462	46,236,317	85,441,878
Total Liabilities and Fund Balances	\$ 16,832,875	\$ 20,404,338	\$ 8,528,102	\$ 53,737,087	\$ 99,502,402

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, 2011

Fund balances - total governmental funds		\$ 85,441,878
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 246,646,472	
Less: accumulated depreciation	<u>(86,660,295)</u>	159,986,177
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		
Bond issuance costs		3,244,137
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	242,388	
Deferred property taxes - Airport Debt Service Fund	8,658	
Receivable - Sales tax increment - I-20 Corridor	300,636	
Receivable - Sales tax increment - Tower Drive	77,452	
Receivable - Capital grants	<u>1,779,524</u>	2,408,658
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	(1,652,850)	
Bonds payable	(164,851,952)	
Deferred amount on refunding bonds	1,266,081	
Compensated absences payable	(5,797,826)	
Obligation under capital leases	(1,973,496)	
Note payable	(1,114,804)	
Claims and judgments payable	(7,554,804)	
Other post-employment benefits	<u>(6,507,233)</u>	(188,186,884)
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	4,250,345	
Inventories	39,559	
Capital assets, net	2,458,369	
Accounts payable and accrued expenses	(920,916)	
Due to other funds	<u>(5,698)</u>	5,821,659
Net assets of governmental activities		<u>\$ 68,715,625</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, 2011

	Major Funds				Total
	Special Revenue		Capital Projects		
	General	Capital Infrastructure	Airport Terminal	Other	
REVENUES					
Taxes					
Ad valorem	\$ 8,116,246			\$ 380,604	\$ 8,496,850
Other	908,429				908,429
Sales	32,954,334	\$ 13,822,788		11,169,938	57,947,060
Licenses, permits, and assessments	2,803,437				2,803,437
Intergovernmental					
Federal grants	1,099,354		\$ 6,372,146	4,965,477	12,436,977
State grants	2,384,345		1,561,338	213,029	4,158,712
Local grants				28,000	28,000
Fees, charges and commissions for services	8,333,876			742,766	9,076,642
Fines and Forfeitures	865,939			22,125	888,064
Use of money and property	231,950	66,952	1,105	170,646	470,653
Other revenues	136,849			201,383	338,232
Total Revenues	57,834,759	13,889,740	7,934,589	17,893,968	97,553,056
EXPENDITURES					
Current					
General government					
Legislative	330,769				330,769
Judicial	3,052,039			105,278	3,157,317
Executive	762,443				762,443
Financial administration	7,434,842		39,500	697,603	8,171,945
Public safety					
Police	14,039,412			4,298,785	18,338,197
Fire	12,082,098			3,666,466	15,748,564
Public works	9,771,991	731,396		285,523	10,788,910
Culture and recreation	2,876,899			1,124,671	4,001,570
Planning and urban development	888,953			2,059,788	2,948,741
Economic development and assistance				183,841	183,841
Capital outlay	470,869		17,669,997	9,500,253	27,641,119
Debt service					
Debt service principle	295,000			8,038,214	8,333,214
Debt service interest	46,688			7,626,978	7,673,666
Capital lease principle	174,443				174,443
Capital lease interest	114,917				114,917
Judgments	222,627				222,627
Total Expenditures	52,563,990	731,396	17,709,497	37,587,400	108,592,283
Excess (deficiency) of revenues over expenditures	5,270,769	13,158,344	(9,774,908)	(19,693,432)	(11,039,227)
Other Financing Sources (Uses)					
Bond proceeds				2,348,605	2,348,605
Sale of assets	12,450			49,186	61,636
Transfers in	737,527			16,578,229	17,315,756
Transfers out	(5,033,574)	(11,387,715)		(816,154)	(17,237,443)
Total Other Financing Sources (Uses)	(4,283,597)	(11,387,715)		18,159,866	2,488,554
Net changes in fund balances	987,172	1,770,629	(9,774,908)	(1,533,566)	(8,550,673)
Fund balances - beginning	12,875,786	17,813,512	15,533,370	47,769,883	93,992,551
Fund balances - ending	\$ 13,862,958	\$ 19,584,141	\$ 5,758,462	\$ 46,236,317	\$ 85,441,878

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, 2011

Net change in fund balances - total governmental funds		\$ (8,550,673)
<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 \$20,763,834 capital contributions to business activities)	\$ 6,877,279	
Depreciation expense	<u>(9,930,601)</u>	(3,053,322)
<p>The net effect of various miscellaneous transactions involving capital assets, such as sales and trade-ins:</p>		
Proceeds for sales	(61,636)	
Gain (loss) on sales	<u>(194,952)</u>	(256,588)
<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	(115,299)	
Property tax revenue - Airport Debt Service Fund	(5,270)	
Sales tax increment - I-20 Corridor	(5,018)	
Sales tax increment - Tower Drive	(6,159)	
Capital grants	<u>1,779,524</u>	1,647,778
<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>		
Amortization of bond issuance costs	(388,822)	
Principal payments	7,729,200	
Proceeds for bonds and certificates	(2,348,605)	
Capital lease payments	<u>778,457</u>	5,770,230
<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	34,952	
Compensated absences payable	135,710	
Claims and judgments payable	<u>273,423</u>	444,085
<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>		
		(1,454,628)
<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>597,451</u>
Change in net assets of governmental activities		<u>\$ (5,279,739)</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, 2011

	Business - Type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Louisiana Purchase Gardens & Zoo	Water Fund	Sewer Fund	Enterprise Total	
ASSETS								
Current assets								
Cash and cash equivalents	\$ 462,985	\$ 900	\$ 11,000	\$ 2,500	\$ 6,260,991	\$ 25,027	\$ 6,763,403	\$ 4,250,345
Receivables	19,362	65,958	21,630	21,630	1,278,002	729,458	2,136,040	
Due from other funds		243,982				41,130	285,112	
Inventories		100,574		4,440	29,185		129,759	39,559
Prepaid expenses & other assets, net	9,304		70,173				83,917	
Total current assets	491,651	411,414	102,803	28,570	7,568,178	795,615	9,398,231	4,289,904
Noncurrent assets								
Capital assets, net of accumulated depreciation								
Land	4,203,504	148,239	993,540		114,152	83,505	5,542,940	43,000
Buildings and improvements	14,926,170	2,160,084	12,965,774	3,168,784	74,335	923,920	34,219,067	3,406,242
Other improvements								
Furniture & Equipment	1,993,836	3,260,588	1,352,086	176,921	2,950,902	3,077,953	12,812,286	125,851
Vehicles		5,216,397					5,216,397	126,958
Infrastructure	9,717,462							
Construction in progress	30,587,593	975,797			40,591,547	123,882,280	174,191,289	
Zoo animals				89,838	2,507,240	2,929,346	36,999,976	
Accumulated depreciation	(11,882,886)	(6,761,511)	(9,789,837)	(2,621,114)	(24,221,709)	(48,692,725)	(103,969,782)	(1,245,682)
Total noncurrent assets	49,545,679	4,999,594	5,521,563	814,429	22,016,467	82,204,279	165,102,011	2,458,369
Total assets	50,037,330	5,411,008	5,624,366	842,999	29,584,645	82,999,894	174,500,242	6,748,273

(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, 2011

	Business - Type Activities - Enterprise Funds							Governmental Activities -
	Major Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Louisiana Purchase Gardens & Zoo	Water Fund	Sewer Fund	Enterprise Total	
LIABILITIES								
Current liabilities								
Accounts and retainage payable	14,554	226,641	59,546	45,651	242,096	145,466	733,954	32,778
Accrued liabilities		2,500					2,500	888,138
Advances from other funds						3,676,805	3,676,805	
Due to other funds	4,554	17,037	8,408	6,424	2,041,829		2,078,252	5,698
Deferred revenue			94,151	23,914			118,065	
Customer deposits, net			750		1,462,635		1,463,385	
Total current liabilities	19,108	246,178	162,855	75,989	3,746,560	3,822,271	8,072,961	926,614
Noncurrent liabilities								
Notes payable - DEQ	95,470	325,163	67,581	54,922	223,490	2,086,662	2,086,662	
Compensated absences						343,497	1,110,123	
Total noncurrent liabilities	95,470	325,163	67,581	54,922	223,490	2,430,159	3,196,785	
Total liabilities	114,578	571,341	230,436	130,911	3,970,050	6,252,430	11,269,746	926,614
NET ASSETS								
Unrestricted	49,922,752	4,839,667	5,393,930	712,088	25,614,595	76,747,464	163,230,496	5,821,659
Total net assets	\$ 49,922,752	\$ 4,839,667	\$ 5,393,930	\$ 712,088	\$ 25,614,595	\$ 76,747,464	\$ 163,230,496	\$ 5,821,659

CITY OF MONROE
Monroe, Louisiana
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended April 30, 2011

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
	Major Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Louisiana Purchase Gardens & Zoo Enterprise	Water Fund	Sewer Fund	Enterprise Total	
Operating revenues								
Charges for services								
Rent and fees	\$ 1,361,501	\$ 84	\$ 325,070	\$ 4,735			\$ 1,691,390	\$ 9,176,990
Fares		546,592					546,592	
Advertising	8,470		37,500				45,970	
Ticket sales and other			1,215,379				1,215,379	
Admissions		21,799		219,417			241,216	
Concessions and rides			316,137	58,017			374,154	
Water sales					\$ 9,240,665		9,240,665	
Sewerage fees						\$ 4,664,723	4,664,723	
Other operating revenue	128,714	7,094	1,639	13,489			150,936	
Air Industrial Park rent	319,228						319,228	
Total operating revenues	1,817,913	575,569	1,895,723	295,658	9,240,665	4,664,723	18,490,253	9,176,990
Operating expenses								
Benefits paid to participants								7,223,573
Salaries, wages, and benefits	709,399	2,373,865	1,035,025	917,099	2,833,552	2,083,999	9,972,939	792,255
Materials, repairs, and supplies	159,965	1,144,577	140,608	216,686	2,513,172	1,222,049	5,397,057	12,705
Utilities and communications	171,919	110,323	475,820	96,197	700,414	624,376	2,179,049	37,768
Depreciation and amortization	1,101,789	630,459	513,232	67,486	1,145,857	3,805,657	7,265,480	108,704
Shop expenses								644,911
Insurance	11,268	197,835	116,823	15,894			341,820	
Promoter's expenses			854,159	25,463			879,622	
Other operating expenses	275,186	331,522	369,953	85,927	712,710	587,710	2,363,008	16,880
Total operating expenses	2,429,526	4,788,581	3,505,620	1,424,752	7,925,705	8,324,791	28,398,975	8,836,796
Operating income (loss)	(611,613)	(4,213,012)	(1,609,897)	(1,129,094)	1,314,960	(3,660,068)	(9,908,722)	340,194
Nonoperating revenues (expenses)								
Operating grants	30,587	2,693,822				6,658	2,731,067	
Sale of assets					(25,881)		(25,881)	
Interest income						(33,272)	(33,272)	345
Interest expense								
Property taxes			951,959	951,959			1,903,918	
Total nonoperating revenues (expenses)	30,587	2,693,822	951,959	951,959	(25,881)	(26,614)	4,575,832	345
Income (loss) before contributions and transfers	(581,026)	(1,519,190)	(657,936)	(177,135)	1,289,079	(3,686,682)	(5,332,890)	340,539
Other financing sources (uses)								
Capital contributions	17,866,507		18,690		859,063	1,999,425	20,743,685	20,150
Transfers in		1,663,268	252,156	70,383			1,987,809	236,762
Transfers out	(433,021)				(1,869,863)		(2,302,884)	
Change in net assets	16,852,460	146,078	(387,090)	(106,750)	278,279	(1,687,257)	15,095,720	597,451
Total net assets - beginning (as restated, see note 19)	33,070,292	4,693,589	5,781,020	818,838	25,336,316	78,434,721	148,134,776	5,224,208
Total net assets - ending	\$ 49,922,752	\$ 4,839,667	\$ 5,393,930	\$ 712,088	\$ 25,614,595	\$ 76,747,464	\$ 163,230,496	\$ 5,821,659

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, 2011

	Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Major Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Louisiana Purchase Gardens & Zoo	Water Fund	Sewer Fund		Total
Cash flows from operating activities								
Cash received from customers	\$ 1,875,395	\$ 635,839	\$ 1,782,700	\$ 296,074	\$ 9,113,863	\$ 4,581,992	\$ 18,285,863	\$ 9,186,795
Cash payments to suppliers for goods and services	(641,132)	(1,620,207)	(1,961,674)	(411,020)	(3,133,183)	(2,185,940)	(9,953,156)	(7,503,867)
Cash payments to employees for services and benefits	(709,432)	(2,377,761)	(1,025,141)	(907,171)	(2,789,035)	(2,050,354)	(9,858,894)	(792,255)
Net cash provided by (used for) operating activities	<u>524,831</u>	<u>(3,362,129)</u>	<u>(1,204,115)</u>	<u>(1,022,117)</u>	<u>3,191,645</u>	<u>345,698</u>	<u>(1,526,187)</u>	<u>890,673</u>
Cash flows from noncapital financing activities								
Operating grants	30,587	2,159,295				6,658	2,196,540	
Ad valorem taxes			951,959	951,959			1,903,918	
Transfers in		1,665,268	252,156	70,385			1,987,809	236,762
Transfers out	(433,021)				(1,869,863)		(2,302,884)	
Net cash provided by (used for) noncapital financing activities	<u>(402,434)</u>	<u>3,824,563</u>	<u>1,204,115</u>	<u>1,022,344</u>	<u>(1,869,863)</u>	<u>6,658</u>	<u>3,785,383</u>	<u>236,762</u>
Cash flows from capital and related financing activities								
Capital Grants		534,527					534,527	
Acquisition of capital assets	(17,866,507)	(996,961)	(18,690)	(227)	(1,050,857)	(2,212,711)	(22,145,953)	(20,150)
Cash contributed by City of Monroe	17,866,507		18,690		859,063	1,999,425	20,743,683	20,150
Insurance Proceeds								
Principal paid on debt						(105,800)	(105,800)	345
Interest paid on debt						(33,270)	(33,270)	
Net cash provided by (used for) financing activities		<u>(462,434)</u>		<u>(227)</u>	<u>(191,794)</u>	<u>(352,356)</u>	<u>(1,006,811)</u>	<u>345</u>
Net increase (decrease) in cash and cash equivalents	<u>122,397</u>				<u>1,129,988</u>		<u>1,252,385</u>	<u>1,127,780</u>
Cash and cash equivalents, May 1, 2010	<u>340,588</u>	<u>900</u>	<u>11,000</u>	<u>2,500</u>	<u>5,131,003</u>	<u>25,027</u>	<u>5,511,018</u>	<u>3,122,565</u>
Cash and cash equivalents, April 30, 2011	<u>\$ 462,985</u>	<u>\$ 900</u>	<u>\$ 11,000</u>	<u>\$ 2,500</u>	<u>\$ 6,260,991</u>	<u>\$ 25,027</u>	<u>\$ 6,763,403</u>	<u>\$ 4,250,345</u>
Reconciliation of operating income to net cash provided by (used for) operating activities								
Operating (loss)	\$ (611,613)	\$ (4,213,011)	\$ (1,609,895)	\$ (1,129,094)	\$ 1,314,960	\$ (3,660,068)	\$ (9,908,721)	\$ 340,194
Adjustments to reconcile operating income (loss) to net cash provided by operating activities								
Depreciation and amortization	1,101,789	630,459	513,232	67,486	1,145,857	3,806,657	7,265,480	108,704
Change in assets and liabilities								
Accounts receivable	27,482	(2,512)	21,606	13,200	(180,489)	(43,199)	(163,912)	
Due from other funds	30,000	62,782				(39,532)	53,250	9,805
Inventories		3,603			216,637		220,240	12,182
Prepaid expenses	1,118		4,820	668	5,047		11,633	414,090
Accounts payable	(13,228)	143,207	(19,559)	22,054	(14,229)	(57,643)	60,602	5,698
Due to other funds	(10,757)	17,037	7,722	6,424	585,659	305,966	912,051	
Deferred revenue			(135,378)	(12,783)			(148,161)	
Customer deposits			750		33,686		34,436	
Compensated absences	40	(3,694)	12,587	9,928	64,517	33,517	116,895	
Net cash provided by (used for) operating activities	<u>\$ 524,831</u>	<u>\$ (3,362,129)</u>	<u>\$ (1,204,115)</u>	<u>\$ (1,022,117)</u>	<u>\$ 3,191,645</u>	<u>\$ 345,698</u>	<u>\$ (1,526,187)</u>	<u>\$ 890,673</u>

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, 2011

	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	\$ 116,125	\$ 39,177	\$ 1,167,475	\$ 1,322,777	\$ 1,258,943	\$ 29,687
Accounts receivable			12,680	12,680	209	144
Total assets	<u>116,125</u>	<u>39,177</u>	<u>1,180,155</u>	<u>1,335,457</u>	<u>1,259,152</u>	<u>29,831</u>
LIABILITIES						
Current liabilities						
Accounts payable			501	501	123,238	
Due to other funds			418	418	1,135,914	
Deposits due to others			1,179,236	1,179,236		29,831
Total liabilities			<u>1,180,155</u>	<u>1,180,155</u>	<u>1,259,152</u>	<u>29,831</u>
Net Assets						
Unrestricted						
Reserved for retirement benefits	116,125	39,177		155,302		
Total net assets	<u>\$ 116,125</u>	<u>\$ 39,177</u>		<u>\$ 155,302</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, 2011

	<u>Police Pension and Relief Fund</u>	<u>Bus Drivers' Pension and Relief Fund</u>
ADDITIONS		
Investment income		
Interest	\$ 596	\$ 78
Total additions	<u>596</u>	<u>78</u>
DEDUCTIONS		
Benefits paid	1,673	9,000
Administrative expense	118	
Total deductions	<u>1,791</u>	<u>9,000</u>
Changes in net assets held for pension benefits	(1,195)	(8,922)
Net assets, beginning of year	<u>117,320</u>	<u>48,099</u>
Net assets, end of year	<u>\$ 116,125</u>	<u>\$ 39,177</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	\$ 1,556,387	\$ 35,497	\$ 1,591,884
Investments		41,119	41,119
Prepaid expenses	19,417	1,075	20,492
Accounts receivable	26,400	15,901	42,301
Total current assets	<u>1,602,204</u>	<u>93,592</u>	<u>1,695,796</u>
Capital assets, net of accumulated depreciation	<u>102,493</u>	<u>111,139</u>	<u>213,632</u>
Total assets	<u>1,704,697</u>	<u>204,731</u>	<u>1,909,428</u>
LIABILITIES			
Current liabilities			
Accounts payable	15,842	12,963	28,805
Noncurrent liabilities			
Obligation under capital lease			
Due within one year		17,259	17,259
Due in more than one year		33,420	33,420
Total liabilities	<u>15,842</u>	<u>63,642</u>	<u>79,484</u>
Net Assets			
Invested in capital assets, net of related debt	102,493	60,460	162,953
Unrestricted	<u>1,586,362</u>	<u>80,629</u>	<u>1,666,991</u>
Total net assets	<u>\$ 1,688,855</u>	<u>\$ 141,089</u>	<u>\$ 1,829,944</u>

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

CITY OF MONROE
Monroe, Louisiana
Combining Statement of Activities
All Discreetly Presented Component Units
For the Year Ended April 30, 2011

	City Court of Monroe	Monroe City Marshal	Total
EXPENDITURES			
Judiciary			
Personal services	\$ (1,264,096)	\$ (960,623)	\$ (2,224,719)
Operating services	(255,527)	(506,341)	(761,868)
Materials and supplies	(31,311)	(13,322)	(44,633)
Travel and other	(38,351)	(4,640)	(42,991)
Depreciation	(30,337)	(34,415)	(64,752)
Other		(7,912)	(7,912)
Interest		(3,073)	(3,073)
Total expenditures	<u>(1,619,622)</u>	<u>(1,530,326)</u>	<u>(3,149,948)</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Marshal's fees		303,469	303,469
Court costs	196,026		196,026
Civil fees	38,610		38,610
Probation fees	81,291		81,291
Reinstatement fees	1,113		1,113
Bond forfeitures	16,020		16,020
Other charges for services	41,653	34,865	76,518
Total program revenues	<u>374,713</u>	<u>338,334</u>	<u>713,047</u>
Net program expense	(1,244,909)	(1,191,992)	(2,436,901)
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,339,252	1,057,834	2,397,086
Interest income	3,647		3,647
Investment earnings		1,486	1,486
Bond forfeitures		15,662	15,662
Other income	2,497		2,497
Total general revenues	<u>1,345,396</u>	<u>1,074,982</u>	<u>2,420,378</u>
Changes in net assets	100,487	(117,010)	(16,523)
NET ASSETS			
Beginning of year	<u>1,588,368</u>	<u>258,099</u>	<u>1,846,467</u>
End of year	<u>\$ 1,688,855</u>	<u>\$ 141,089</u>	<u>\$ 1,829,944</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, 2011

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, 2011

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

As such, they are presented as separate Special Revenue, Debt Service, and Capital Project funds within those categories of the 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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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.

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 I-20 Corridor Capital Project Fund is 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 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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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

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, 2011

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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, 2011, the City adopted a budget for the General Fund and all Special Revenue Funds.

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

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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.

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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."

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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, 2011, 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, 2011 is \$555,056 and \$1,169,791 is designated for capital improvements.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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 following Capital Project funds have deficit fund balances at April 30, 2011. These deficits will be cleared by future grants.

Louisville Enhancement	\$30,600
Kansas Lane Connector	325,696
ARRA-Washington Street	418,879
ARRA-Riverside Drive	638,095
MLU Runway	193,352
North Ramp Rehab & Extension	172,903

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, 2011.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

At April 30, 2011, the City has cash and cash equivalents, totaling \$88,171,746, (including \$1,322,777 in fiduciary funds) as follows:

Petty cash	\$	20,011
Demand deposits		57,845,009
Money market funds		30,306,726
Total	\$	<u>88,171,746</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, 2011, are secured, as follows:

Bank balances	\$	<u>63,304,698</u>
Federal deposit insurance	\$	4,426,820
Pledged securities (uncollateralized)		61,780,267
Total	\$	<u>66,207,087</u>

The money market accounts are utilized for the daily investment of idle cash of the City. The account is 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, 2011.

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, 2011.

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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 \$11,942,432 at April 30, 2011, are comprised of the following:

Fund Type	Taxes - Ad Valorem	Taxes - Sales	Grants	Accounts	Other	Total
MAJOR FUNDS						
General	\$ 182,992	\$ 2,867,796	\$ 375,013	\$ 1,028,419	\$ 56,000	\$ 4,510,220
Capital Infrastructure	-	1,163,739	-	-	-	1,163,739
Airport Terminal	-	-	1,248,924	-	-	1,248,924
Airport	-	-	-	19,362	-	19,362
Transit	-	-	65,958	-	-	65,958
Civic Center	21,630	-	-	-	-	21,630
Zoo	21,630	-	-	-	-	21,630
Water	-	-	-	1,274,231	3,771	1,278,002
Sewer	-	-	22,239	707,084	135	729,458
NONMAJOR FUNDS						
Special Revenues	-	570,064	243,572	15,000	1,337	829,973
Debt Service	8,652	896,819	-	-	-	905,471
Capital Projects	-	-	1,047,879	87,506	-	1,135,385
Agency	-	-	-	11,798	882	12,680
TOTAL	\$ 234,904	\$ 5,498,418	\$ 3,003,585	\$ 3,143,400	\$ 62,125	\$ 11,942,432

The allowance for doubtful accounts was \$264,517 as of April 30, 2011.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

6. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in capital assets for the year ended April 30, 2011.

	Balance April 30, 2010	Additions	Retirements	Balance April 30, 2011
Governmental Funds:				
Land	\$ 19,444,882	\$ 224,373	\$ -	\$ 19,669,255
Construction in progress	-	21,499	(11,799)	9,700
CIP-Infrastructure	2,569,183	5,429,730	(3,588,566)	4,410,347
Total capital assets not being depreciated	<u>22,014,065</u>	<u>5,675,602</u>	<u>(3,600,365)</u>	<u>24,089,302</u>
Depreciable assets:				
Buildings and improvements	34,486,816	288,272	-	34,775,088
Equipment and Furniture	25,331,818	1,213,476	(389,039)	26,156,255
Infrastructure	157,095,580	3,300,294	-	160,395,874
School buildings	1,229,953	-	-	1,229,953
Total capital assets being depreciated	218,144,167	4,802,042	(389,039)	222,557,170
Less: accumulated depreciation	<u>(76,862,146)</u>	<u>(9,930,600)</u>	<u>132,451</u>	<u>(86,660,295)</u>
Total capital assets being depreciated, net	<u>141,282,021</u>	<u>(5,128,558)</u>	<u>(256,588)</u>	<u>135,896,875</u>
Total governmental funds capital assets, net	<u>163,296,086</u>	<u>547,044</u>	<u>(3,856,953)</u>	<u>159,986,177</u>
Internal Service Fund:				
Land	45,000	-	-	45,000
Depreciable assets:				
Buildings and improvements	3,406,242	-	-	3,406,242
Furniture and vehicles	232,659	20,150	-	252,809
Total capital assets being depreciated	3,638,901	20,150	-	3,659,051
Less: accumulated depreciation	<u>(1,136,976)</u>	<u>(108,706)</u>	<u>-</u>	<u>(1,245,682)</u>
Total capital assets being depreciated, net	<u>2,501,925</u>	<u>(88,556)</u>	<u>-</u>	<u>2,413,369</u>
Total Internal Service Fund capital assets, net	<u>2,546,925</u>	<u>(88,556)</u>	<u>-</u>	<u>2,458,369</u>
Total governmental activities capital assets, net	<u>\$ 165,843,011</u>	<u>\$ 458,488</u>	<u>\$ (3,856,953)</u>	<u>\$ 162,444,546</u>

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

	<u>Balance</u> <u>April 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2011</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 5,542,940	\$ -	\$ -	\$ 5,542,940
Construction in progress	23,733,369	21,700,775	(8,434,168)	36,999,976
Zoo animals	92,648	-	(2,810)	89,838
Total capital assets not being depreciated	29,368,957	21,700,775	(8,436,978)	42,632,754
Depreciable assets:				
Buildings/Improvements	34,528,260	-	(309,193)	34,219,067
Infrastructure	168,131,490	8,434,168	(2,374,369)	174,191,289
Equipment	17,645,106	447,970	(64,393)	18,028,683
Total capital assets being depreciated	220,304,856	8,882,138	(2,747,955)	226,439,039
Less: accumulated depreciation	(99,426,379)	(7,265,480)	2,722,077	(103,969,782)
Total capital assets being depreciated, net	120,878,477	1,616,658	(25,878)	122,469,257
Total business-type activities capital assets, net	<u>\$ 150,247,434</u>	<u>\$ 23,317,433</u>	<u>\$ (8,462,856)</u>	<u>\$ 165,102,011</u>

The beginning balance of accumulated depreciation reflects a one-time correction due to a change from manual calculation of balances when GASB 34 was first adopted to the current automated process. The adjustment to governmental funds, including internal service fund, is (\$8,783,487). The adjustment to business-type activities is \$85,878.

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

Governmental Activities:

General Government	\$ 943,463
Public Safety	875,791
Public Works	7,618,564
Culture and Recreation	492,784
Internal Service Fund	108,704
Total depreciation expense - governmental activities	<u>\$ 10,039,306</u>

Business-Type Activities:

Airport	\$ 1,101,789
Transit	630,459
Civic Center	513,232
Zoo	67,486
Water Fund	1,145,857
Sewer Fund	3,806,657
Total depreciation expense - business-type activities	<u>\$ 7,265,480</u>

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

Included in equipment are energy management system assets under capital lease with costs of \$2,967,113 as further discussed in Note 9.

The Central Shop and Warehouse land and building is carried on the City's balance sheet within the Internal Service Fund. At April 30, 2011, 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, such payments not to be less than \$700,000 annually. The aforementioned base increased by one per cent 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 \$2,228,557 for the year ended April 30, 2011.

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, 2011.

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 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, 2011.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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, 2011, as follows: Policemen's, \$116,125 and Bus Drivers', \$39,177.

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, 2011, 2010, and 2009 were \$2,513,744; \$2,305,662; and \$2,277,554 respectively, equal to the statutorily required contributions for each year.

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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, 2011, 2010, and 2009 were \$1,655,380; \$1,244,994; and \$1,057,616; 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.

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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, 2011, 2010, and 2009 were \$2,309,648; \$1,072,449; and \$967,634, 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, 2011, the City paid \$6,789,202 in expenses in connection with providing benefits to a total of 1,090 participants. The cost is broken down as follows:

Active Employees	\$ 5,114,460
Retired Employees	1,664,174
COBRA	<u>10,568</u>
Total	<u>\$ 6,789,202</u>

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 225 retirees receive benefits under this plan. These retirees reimbursed the City for \$669,897 for fiscal year 2011 for their portion of health care benefits.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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 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 plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until Fiscal Year Ending April 30, 2008, 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. 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). The funding policy is not to fund the Annual Required Contribution (ARC) except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending April 30, 2011, the City of Monroe's portion of health care funding cost for retired employees totaled \$1,474,711. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

Annual Required Contribution. The City of Monroe's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open 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, 2010 is \$3,765,137, as set forth below:

		Medical
Normal Cost	\$	1,173,189
30-year UAL amortization amount		2,591,948
Annual required contribution (ARC)	\$	<u>3,765,137</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Monroe's Net (OPEB) Obligation (Asset) for fiscal year ending April 30, 2011:

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

1. Beginning Net OPEB Obligation (Asset) 5/1/2010		Medical \$4,293,358
2. Annual required contribution		3,765,137
3. Interest on Net OPEB Obligation (Asset): .04 X [1]		171,734
4. ARC Adjustment: [1]/17.292		248,285
5. OPEB Cost: [2]+[3]-[4]		3,688,586
6. Contribution		-
7. Current year retiree premium		1,474,711
8. Change in Net OPEB Obligation: [5]-[6]-[7]		2,213,875
9. Ending Net OPEB Obligation: (Asset) 4/30/2011: [1]+[8]		\$6,507,233

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 (asset):

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	April 30, 2011	\$3,688,586	39.98%	\$6,507,233

Funded Status and Funding Progress. In the fiscal year ending April 30, 2011, 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, 2010, the most recent valuation, the Actuarial Accrued Liability (AAL) was \$44,820,027, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe uses the Projected 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 year 2010/2011, the entire actuarial accrued liability of \$44,820,027 was unfunded.

Actuarial Accrued Liability (AAL)		Medical \$ 44,820,027
Actuarial Value of Plan Assets		-
Unfunded Act. Accrued Liability (UAAL)		\$ 44,820,027
Funded Ratio (Act. Val. Assets/AAL)		0%
 Covered Payroll (active plan members)		 \$ 31,040,776
UAAL as a percentage of covered payroll		69%

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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 ARC is determined using the Projected 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.

Actuarial Value of Plan Assets. Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (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:

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

Post employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence eight years after the earliest retirement (D.R.O.P. entry) eligibility. The eight years represents three years in the D.R.O.P. plus five

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

additional years. Medical benefits are provided 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 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.

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. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

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 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 a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

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 68% 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 32% of the blended rate.

11. LEASES

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%.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

Fiscal Years Ended April 30:	Future Minimum Lease Payments
2012	\$ 284,806
2013	261,815
2014	243,318
2015	247,800
2016	252,396
2017-2021	1,279,778
	2,569,913
Less: Amounts representing Interest	(596,417)
Present Value of Future Minimum	
Lease Payments	\$ 1,973,496

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, 2011:

	Long-Term Obligations	Proprietary Funds	Total
Long-term obligations, May 1, 2010	\$ 191,223,519	\$ 3,185,691	\$ 194,409,210
Additions	8,383,645	674,027	9,057,672
Retirements	(13,073,130)	(662,933)	(13,736,063)
Long-term obligations, April 30, 2011	\$ 186,534,034	\$ 3,196,785	\$ 189,730,819

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

Long-term obligations outstanding at April 30, 2011, are comprised of the following:

	<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
<i>General Long-Term Obligations</i>				
<u>Tax Increment Bonds</u>				
Tower Drive	2007	3/1/25	4.375 – 5.00	<u>\$9,705,000</u>
<u>Certificates of Indebtedness</u>				
Taxable Refunding Certificates (Civic Center Roof)	2004C	10/01/14	3.75	<u>950,000</u>
<u>Sales Tax Bonds</u>				
Series 2002 (Streets/Sewer)	2002	7/1/26	4.70-7.00	10,870,000
Series 2002A (Fire/Drainage)	2002A	7/1/27	4.625-4.80	14,055,000
Series 2003 (Streets)	2003	7/1/27	3.25-5.50	18,160,000
Series 2006 (DHH) (Water)	2006	7/1/28	3.45	<u>2,785,000</u>
Total sales tax bonds				<u>45,870,000</u>
<u>Refunding Bonds</u>				
Series 1998A	1998	3/1/13	5.05	690,000
Series 2007A	2007	7/1/26	4.002	25,865,000
Deferred amount of refunding	2007			(430,210)
Series 2008 I-20 Development	2008	3/1/25	4.00-5.50	22,410,000
Deferred amount of refunding	2008			<u>(835,871)</u>
Total refunding bonds				<u>47,698,919</u>
<u>Utility Revenue Bonds</u>				
Series 2001 (DEQ) (Sewer)	2001	6/30/23	3.95	17,728,337
Series 2003 (DEQ) (Sewer)	2003	6/1/23	3.95	7,335,000
Series 2005 (DEQ)	2005	7/1/27	3.95	8,078,198
Series 2008 (DEQ)	2008	7/1/30	.095	<u>7,630,417</u>
Total utility revenue bonds				<u>40,771,952</u>
<u>Airport Revenue Bonds</u>				
Series 2009 Airport Bonds	2009	2/1/39	3.00-5.5	<u>18,590,000</u>
Total airport revenue bonds				<u>18,590,000</u>
<u>Other</u>				
Claims and Judgments Payable	None	None	None	7,554,804
Capital Lease (See Note 10)	2000	4/30/21	4.75-5.59	1,973,496
Notes Payable	2007	11/15/12	3.88	1,114,804

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

	<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 (continued)</u>				
Accrued vacation and sick pay	None	None	None	\$ 5,797,826
Other post employment benefits	None	None	None	<u>6,507,233</u>
Total other				<u>22,948,163</u>
Total general long-term obligations				<u>\$186,534,034</u>
<i>Proprietary Funds</i>				
<u>Utility Revenue Bonds-</u>				
Series 2001(DEQ) (Sewer)	2001	6/01/22	3.95	\$ 2,086,663
<u>Other</u>				
Accrued vacation and sick pay	None	None	None	<u>1,110,123</u>
Total proprietary funds				<u>\$ 3,196,786</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 I-20 Development	Tower Drive Debt Service Fund 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			

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

<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, 2011, including interest payments of \$71,039,498 are as follows:

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

Year Ended April 30,	G.O. Bonds Cert. of Indebt.	Revenue Bonds	Tax Increment	DEQ Revolving Loan	Other	Total
2012	\$ 340,625	\$ 5,181,816	\$ 1,142,962	\$ 4,134,987	\$ 5,567,065	\$ 16,366,555
2013	339,188	5,198,662	1,127,575	4,126,468	5,395,159	16,187,052
2014	342,375	5,208,139	1,114,280	4,125,469	4,537,069	15,327,332
2015	-	5,242,190	1,096,108	4,125,992	4,533,906	14,998,196
2016	-	5,265,278	1,080,350	4,123,024	4,546,148	15,014,800
2017-2021	-	26,111,108	5,088,264	20,611,700	22,769,981	74,581,053
2022-2026	-	24,754,508	3,902,263	12,506,788	19,480,748	60,644,307
2027-2031	-	14,401,347	-	-	1,674,047	16,075,394
2032-2036	-	7,152,900	-	-	-	7,152,900
2037-2039	-	2,745,328	-	-	-	2,745,328
Total	\$ 1,022,188	\$ 101,261,276	\$ 14,551,802	\$ 53,753,528	\$ 68,504,123	\$ 239,092,917

General obligation bonds are direct obligations and are secured by the full faith and credit of the City. 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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

13. INTERFUND RECEIVABLES AND PAYABLES

Individual fund balances due from/to other funds at April 30, 2011, are as follows:

	Interfund Receivable				
	General	Transit	Sewer	Nonmajor Governmental Funds	Total
Interfund Payable					
General				\$ 492,840	\$ 492,840
Capital Infrastructure	\$ 3,776			814,096	817,872
Airport Terminal	600,000				600,000
Nonmajor Governmental Funds	3,374,557	\$ 243,982		1,628,039	5,246,578
Airport	4,554				4,554
Transit	17,037				17,037
Civic Center	8,408				8,408
Zoo	6,424				6,424
Water Fund	130,836		\$ 41,130	1,869,863	2,041,829
Sewer Fund	3,676,805				3,676,805
Internal Service Funds	5,698				5,698
Agency Funds	418				418
Total	\$ 7,828,513	\$ 243,982	\$ 41,130	\$ 4,804,838	\$ 4,804,838

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

14. INTERFUND TRANSFERS

The following transfers were made between the various funds of the City during the year ended April 30, 2011:

	Transfers Out					Total
	General	Capital Infrastructure	Nonmajor Governmental Funds	Airport	Water Fund	
Transfers In						
General	\$ 737,500	\$ 27				\$ 737,527
Nonmajor Governmental Funds	\$ 2,809,002	10,650,215	816,128	\$ 433,021	\$ 1,869,863	16,578,229
Transit	1,665,268					1,665,268
Civic Center	252,156					252,156
Zoo	70,385					70,385
Internal Service Funds	236,762					236,762
Total	<u>\$ 5,033,573</u>	<u>\$ 11,387,715</u>	<u>\$ 816,155</u>	<u>\$ 433,021</u>	<u>\$ 1,869,863</u>	

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.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

15. LITIGATION AND CONTINGENCIES

Various lawsuits are pending against the City of Monroe. Except, as noted below, 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, 2011.

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.

During the year ended April 30, 2011, the Legislative Auditor commenced an investigation of alleged payroll fraud within the Engineering Department. A report of their findings has not been issued as yet.

Two councilmen were convicted of bribery and racketeering in federal court. Subsequently, the judge set aside the convictions and ordered a new trial. The new trial is set for April, 2012. However, federal prosecutors have filed a motion to reconsider grant of the new trial.

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 32.

Assets with a fair market value of \$1,906,517 are held by Public Employees Benefit Services Corporation, a deferred compensation center, and assets with a fair market value of \$228,062 are held by ICMA under agreement with the City.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

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 \$2,290,645 and the related expenditures are as follows:

Marshal/Deputy Marshal	\$ 105,096
Monroe Police Department	1,074,469
Monroe Fire Department	<u>1,111,080</u>
Total	<u>\$ 2,290,645</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, 2011. Certain risks of loss, such as surety bonding, transit liability and indemnity, and activities relating to the operations of Chennault Park, Selman Field Golf Course, 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, 2011, are as follows:

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2011

Balance, April 30, 2010	\$ 7,828,227
Current year claims and changes in estimates	401,492
Claims paid	<u>(674,915)</u>
Balance, April 30, 2011	<u>\$ 7,554,804</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, 2011, 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 \$8,764,369. This is due to a correction of prior year Bond Issue Costs \$10,865 and a one-time correction to accumulated depreciation due to a change from manual calculation of balances when GASB 34 was first adopted to the current automated process. Beginning net assets for business-type activities are being restated to reflect an increase of \$94,130 due to the change in depreciation adjustment.

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, 2011

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	413,444	-
New Passenger Terminal Building	16,200,000	1,376,573	14,823,427
Administrative Costs (Professional Fees)	200,000	28,129	171,871
Total	\$ 17,759,504	\$ 2,764,206	\$ 14,995,298

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.
- Application 03-01-C-01-MLU charge expiration date was changed to July 2005.
- Application 06-02-C-00-MLU charge expiration date was changed to July 1, 2006.
- Application 08-03-C-00-MLU charge effective date was changed to July 1, 2006 and charge expiration date was changed to February 1, 2034.

Since the inception of the PFC, the Airport has recorded the following revenues / receipts and expenses / disbursements through fiscal year 2011 resulting in a restriction of net assets from passenger facility charges as follows:

	Accrual Basis	Cash Basis
PFC revenues / receipts	\$ 2,973,637	\$ 2,894,131
Interest earnings	48,484	48,484
Total revenues / receipts	3,022,121	2,942,615
Expenses / disbursements for PFC projects	(2,764,205)	(2,764,205)
Net PFC cash, April 30, 2011		\$ 178,410
Net assets restricted for PFC, April 30, 2011	\$ 257,916	

**CITY OF MONROE
Monroe, Louisiana**

**Notes To The Financial Statements
As of And For The Year Ended April 30, 2011**

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.

21. SUBSEQUENT EVENTS

Due to the 2010 U.S. Census, the City of Monroe had to submit reapportionment plans before the scheduled council elections. However, the Monroe City Council elections may not take place in March 2012, as scheduled. A stipulation in the city charter requires reapportionment plans for council districts be submitted at least six months ahead of an election, but no sooner than a year prior to one. The plans are going to Council in November for their approval. After that, the plans have to be approved by the U.S. Department of Justice and submitted to the Secretary of State's office.

The city's attorney and other officials are working with the Department of Justice, Secretary of State, and Attorney General's offices to determine if a resolution can be found for this situation, allowing for council races in March.

It is also unclear as to whether this affects the mayoral race, as the charter states the mayor and council terms should run concurrently.

**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, 2011
(Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Ad Valorem Tax Revenue				
General Property Taxes	\$ 4,014,533	\$ 4,014,533	\$ 4,055,483	\$ 40,950
1974 Recreational Maintenance Taxes	701,236	701,236	715,843	14,607
1974 Public Safety Taxes	395,378	395,378	403,614	8,236
1974 Drainage Taxes	488,627	488,627	498,804	10,177
Street Maintenance Tax		12	12	
Capital Improvement Tax	1,212,244	1,212,244	1,237,551	25,307
Police Department Tax	559,497	559,497	571,184	11,687
Fire Department Tax	559,497	559,497	571,184	11,687
Adjudicated Property	20,025	60,808	62,571	1,763
Total Ad Valorem Tax Revenue	7,951,037	7,991,832	8,116,246	124,414
Sales & Use Tax Revenue				
General Sales and Use Taxes	30,783,863	31,055,862	32,954,334	1,898,472
Total Sales & Use Tax Revenue	30,783,863	31,055,862	32,954,334	1,898,472
Other Tax Revenue				
Franchise Fees	878,670	878,670	846,593	(32,077)
Beer Tax	76,550	76,550	61,836	(14,714)
Total Other Tax Revenue	955,220	955,220	908,429	(46,791)
License and Permits				
Liquor Licenses	77,111	79,738	79,895	157
Occupational Licenses	2,673,300	2,673,300	2,421,670	(251,630)
Video Bingo License	2,000	2,000	500	(1,500)
Parking Permit Sales	250	250		(250)
Building Permits	84,000	95,939	102,824	6,885
Sewer Permits	44,000	72,581	73,275	694
Plumbing Permits	58,000	55,000	55,568	568
Electrical Permits	38,400	38,400	40,017	1,617
Gas Permits	12,400	12,400	10,388	(2,012)
Heat and Air Conditioning Permits	8,000	12,536	15,550	2,994
Off Premise Sign Permits	1,000	2,400	2,400	
Culvert/Drainage Project Permit		1,175	1,350	175
Total License and Permits	2,995,461	3,045,739	2,803,437	(242,302)
Intergovernmental - Federal				
FEMA-Disaster Grants-Public Assistance			141,893	141,893
AFG-Staffing For Adequate Fire & Emergency Response (SAFER)	181,185	181,185	178,144	(3,041)
Bulletproof Vest Partnership Program			20,486	20,486
LA Highway Safety Commission		272,391	287,240	14,849
Cops In School	164,473	164,473		(164,473)
High Intensity Drug Trafficking Area (HIDTA)	45,000	55,755	66,320	10,565
ODPS Hiring Recovery Program (ARRA)	347,301	347,301	378,919	31,618
AFG-Prevention and Safety			26,352	26,352
Total Intergovernmental - Federal	737,959	1,021,105	1,099,334	78,249
Intergovernmental - State				
Other State Grants		93,699	93,699	
Supplemental Pay	2,514,000	2,514,000	2,290,646	(223,354)
Total Intergovernmental - State	2,514,000	2,607,699	2,384,345	(223,354)
Fees, Charges and Commissions				
Sales Tax Commission - School Board	434,125	434,125	430,830	(3,295)
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 - Stirlington	2,200	2,200	1,892	(308)
Sales Tax Commission - Richwood	180	180	180	
Sales Tax Commission - St Imp	95,000	95,000	95,261	261
Sales Tax Commission - Fire	23,065	23,065	23,331	266
Sales Tax Commission - Police	23,065	23,065	23,331	266
Sales Tax Commission - Ouachita Parish Sheriff's Office	19,250	19,250	21,985	2,735
Sales Tax Commission - Hotel/Motel	4,000	4,000	4,788	788
Signal Light Reimbursement	183,000	183,000	183,000	
City Court Civil Fees	180,000	180,000	176,649	(3,351)
City Sanitation Service	3,035,150	3,035,150	3,074,623	39,473
Cemetery Lots	12,190	12,190	11,104	(1,086)
Grass Cutting Fees	263,045	263,045	124,420	(138,625)
Video Bingo	1,081,600	1,081,600	1,056,406	(25,194)
Ticket Review Fee	770	770	645	(125)
Copy Charge		3,523	3,943	420
NSP Fees	17,400	17,400	10,624	(6,776)
Royalty Income	1,900	2,381	2,381	
Commissions		584	727	143
American Post System Fees (BellSouth Commissions)	14,130	14,130	10,721	(3,409)
Online Conventions Fee		1,137	2,057	920
Postage	12,900	12,900	10,634	(2,266)
Legal & Other Professional	107,900	107,900	92,434	(15,466)
Emergency Franchise Fees	2,552,635	2,552,635	2,060,312	(492,323)
Community Policing Fee	108,289	108,289	101,339	(6,950)
Appearance & Surrender Fee	60,000	60,000	34,226	(25,774)
Fire Reports		240	270	30
Zoning Income	50,000	62,557	67,032	4,475
Recreation Department Revenues	97,603	107,979	96,243	(11,736)
Golf Course Fees	403,466	403,466	304,514	(98,952)
Demolition		120,165	219,154	98,989
Total Fees, Charges and Commissions	8,871,663	9,020,726	8,333,876	(686,850)

**CITY OF MONROE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2011
(Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Fines and Forfeitures				
City Court Fines	777,800	777,800	775,007	(2,793)
Environmental Court	1,200	1,200	854	(346)
Parking Fines	71,435	71,435	69,432	(2,003)
DWI Prob. Fin	2,000	2,986	3,221	235
False Alarms Fines	20,000	20,000	17,425	(2,575)
Total Fines and Forfeitures	872,435	873,421	865,939	(7,482)
Use Of Money and Property				
Rental Income-Usage Fee	140,816	140,816	140,491	(325)
Municipal Golf Course Rent	18,000	18,000	13,200	(4,800)
Rental Land Lease		500	500	
Interest Income	75,000	75,000	77,759	2,759
Total Use of Money and Property	233,816	234,316	231,950	(2,366)
Other Revenues				
Penalty and Interest	24,600	24,600	27,380	2,780
Miscellaneous Income		35	9	(26)
Cash Over/Short			44	44
Police Miscellaneous	80,000	80,000	76,763	(3,237)
Contributions & Donations		750	1,118	368
K9 Donations		35,767	7,300	(28,467)
Donations Designated MPD		22,652	24,235	1,583
Total Other Revenues	104,600	163,804	136,849	(26,955)
Total Revenues	56,020,054	56,969,724	57,834,759	865,035
EXPENDITURES				
Current				
Legislative Division - Council and Staff	359,506	359,506	330,769	28,737
Judicial Division	2,312,156	2,421,904	2,397,086	24,818
Legal Division	678,490	678,490	654,953	23,537
Executive Division - Chief Executive and Staff	843,527	867,913	762,443	105,470
Administration Division	7,886,519	7,736,615	7,434,842	301,773
Police Division	13,320,425	13,545,844	14,039,412	(493,568)
Fire Division	12,240,480	12,241,480	12,082,098	159,382
Public Works Division	8,618,401	8,738,566	8,778,998	(40,432)
Engineering	1,027,823	1,027,823	992,993	34,830
Culture & Recreation	2,910,007	2,914,619	2,876,899	37,720
Planning and Urban Development Division	908,464	912,397	848,953	23,544
Debt Service				
General Interest Expense	89,500	89,500	46,681	42,812
Capital Leases	289,360	289,360	289,360	
Civic Center Roof	295,000	295,000	295,000	
Claims and Judgments	300,000	300,000	222,627	77,373
Capital Expenditures	1,244,336	1,698,327	470,869	1,227,458
Total Expenditures	53,323,994	54,117,254	52,563,990	1,553,264
EXCESS OF REVENUES OVER EXPENDITURES	2,696,060	2,852,470	5,270,769	(688,259)
OTHER FINANCING SOURCES (USES)				
Sale Of Assets				
Total		12,450	12,450	
Transfers In				
Debt Service fund			27	27
Capital Infrastructure	736,931	736,931	737,500	569
Total Transfers In	736,931	736,931	737,527	596
Transfers Out				
Police and Fire Pension	(711,773)	(711,773)	(703,790)	7,983
Louisiana Purchase Gardens and Zoo	(55,469)	(55,469)	(70,385)	(14,916)
Monroe Transit System	(1,302,255)	(1,302,255)	(1,665,268)	(363,013)
Civic Center		(2,500)	(252,156)	(249,656)
Livestock Arena	(2,500)			
Central Shop and Warehouse	(226,389)	(259,624)	(236,762)	22,862
Capital			(600,000)	(600,000)
DeltaPost	(45,337)	(45,337)	(14,944)	30,393
Video Bingo Revenues To Capital	(540,800)	(540,800)	(528,203)	12,597
Video Bingo Revenues To Insurance	(540,800)	(540,800)	(528,203)	12,597
Administrative Fees (Debt Service fund)	(7,668)	(7,668)	(6,127)	1,541
Capital Project Funds			(427,736)	(427,736)
Total Transfers Out	(3,432,991)	(3,466,226)	(5,033,574)	(1,567,349)
Total Other Financing Sources (Uses)	(2,696,060)	(2,716,845)	(4,283,597)	(1,566,752)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		135,625	987,172	(2,254,981)
FUND BALANCE, BEGINNING OF YEAR	12,276,526	12,875,786	12,875,786	
FUND BALANCE, END OF YEAR	\$ 12,276,526	\$ 13,011,411	\$ 13,862,958	\$ (2,254,981)

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, 2011
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales Tax -Street Improvement	\$ 13,195,650	\$ 13,195,650	\$ 13,822,788	\$ 627,138
Interest income	100,000	100,000	66,952	(33,048)
Total revenues	<u>13,295,650</u>	<u>13,295,650</u>	<u>13,889,740</u>	<u>594,090</u>
EXPENDITURES				
Current:				
Public works	913,996	913,996	731,396	182,600
Total expenditures	<u>913,996</u>	<u>913,996</u>	<u>731,396</u>	<u>182,600</u>
EXCESS OF REVENUES OVER EXPENDITURES	12,381,654	12,381,654	13,158,344	776,690
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(12,174,965)</u>	<u>(12,174,965)</u>	<u>(11,387,715)</u>	<u>787,250</u>
Total other financing sources (uses)	<u>(12,174,965)</u>	<u>(12,174,965)</u>	<u>(11,387,715)</u>	<u>787,250</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	206,689	206,689	1,770,629	1,563,940
FUND BALANCE, BEGINNING OF YEAR	<u>16,363,358</u>	<u>17,813,512</u>	<u>17,813,512</u>	
FUND BALANCE, END OF YEAR	<u>\$ 16,570,047</u>	<u>\$ 18,020,201</u>	<u>\$ 19,584,141</u>	<u>\$ 1,563,940</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF MONROE
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2011

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,000,685	\$ 13,685,026	\$ 20,811,961	\$ 45,497,672
Receivables	829,973	905,471	1,135,385	2,870,829
Due from other funds	199,759		4,605,080	4,804,839
Prepaid expenses & other assets, net	563,747			563,747
Total Assets	<u>\$ 12,594,164</u>	<u>\$ 14,590,497</u>	<u>\$ 26,552,426</u>	<u>\$ 53,737,087</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts and retainage payable	\$ 343,513	\$ 731,275	\$ 1,143,453	\$ 2,218,241
Due to other funds	1,593,247		3,653,331	5,246,578
Deferred revenue	11,982	8,652		20,634
Other current liabilities	15,317			15,317
Total Liabilities	<u>1,964,059</u>	<u>739,927</u>	<u>4,796,784</u>	<u>7,500,770</u>
Fund Balances				
Reserved for				
Debt service		13,850,570		13,850,570
Capital improvements			21,755,642	21,755,642
Unreserved	10,630,105			10,630,105
Total Fund Balances	<u>10,630,105</u>	<u>13,850,570</u>	<u>21,755,642</u>	<u>46,236,317</u>
Total Liabilities and Fund Balances	<u>\$ 12,594,164</u>	<u>\$ 14,590,497</u>	<u>\$ 26,552,426</u>	<u>\$ 53,737,087</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, 2011

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes				
Ad valorem		\$ 380,604		\$ 380,604
Sales	\$ 6,770,780	4,399,158		11,169,938
Intergovernmental				
Federal grants	2,325,059		\$ 2,640,418	4,965,477
State grants	213,029			213,029
Local grants	20,000		8,000	28,000
Fees, charges and commissions for services	311,581		431,184	742,765
Fines and forfeitures	22,125			22,125
Use of money and property	57,554	86,664	26,428	170,646
Other revenues	201,384			201,384
	<u>9,921,512</u>	<u>4,866,426</u>	<u>3,106,030</u>	<u>17,893,968</u>
Total revenues				
EXPENDITURES				
Current				
General government				
Judicial	105,277			105,277
Financial administration	155,134	26,158	516,311	697,603
Public safety				
Police	4,298,786			4,298,786
Fire	3,666,466			3,666,466
Public works	267,433		18,090	285,523
Culture and recreation	816,161		308,510	1,124,671
Planning and urban development	2,059,788			2,059,788
Economic development and assistance	183,841			183,841
Capital outlay	884,512		8,615,741	9,500,253
Debt service				
Debt service principle	604,014	7,434,200		8,038,214
Debt service interest	57,972	7,569,006		7,626,978
	<u>13,099,384</u>	<u>15,029,364</u>	<u>9,458,652</u>	<u>37,587,400</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(3,177,872)</u>	<u>(10,162,938)</u>	<u>(6,352,622)</u>	<u>(19,693,432)</u>
Other Financing Sources (Uses)				
Bond proceeds			2,348,605	2,348,605
Sales of Assets			49,186	49,186
Transfers in	1,673,677	11,584,624	3,319,928	16,578,229
Transfers out	(62,964)	(27)	(753,163)	(816,154)
	<u>1,610,713</u>	<u>11,584,597</u>	<u>4,964,556</u>	<u>18,159,866</u>
Total other financing sources (uses)				
Net changes in fund balances	<u>(1,567,159)</u>	<u>1,421,659</u>	<u>(1,388,066)</u>	<u>(1,533,566)</u>
Fund balances - beginning (as restated, Note 18)	<u>12,197,264</u>	<u>12,428,911</u>	<u>23,143,708</u>	<u>47,769,883</u>
Fund balances - ending	<u>\$ 10,630,105</u>	<u>\$ 13,850,570</u>	<u>\$ 21,755,642</u>	<u>\$ 46,236,317</u>

NONMAJOR SPECIAL REVENUE FUNDS

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2011

	Fire Department Insurance	Community Development Block Grant	Urban Development Action	Rental Rehab	CDBG Economic Development	Emergency Shelter	CDBG Home	CDBG Loan	City Prosecuting Attorney
ASSETS									
Cash and cash equivalents	\$ 820,663		\$ 18,190	\$ 180,191	\$ 10,835	\$ 9,790	\$ 950	\$ 24,579	\$ 132,364
Receivables		\$ 64,279				\$ 9,790	42,625		
Due from other funds	67,342	19,607				20,810	2,282	22,273	
Prepaid expenses & other assets, net								82,997	
Total Assets	\$ 888,007	\$ 83,886	\$ 18,190	\$ 180,191	\$ 10,835	\$ 30,600	\$ 45,857	\$ 129,849	\$ 132,364
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ 35,293	\$ 19,484			\$ 9,552	\$ 9,552	\$ 38,651	\$ 19,607	\$ 2,553
Due to other funds		63,722			13,002	13,002	290		
Deferred revenue		520					1,046		
Other current liabilities		160		\$ 359			5,870	2,410	
Total Liabilities	35,293	83,886		359		22,554	45,857	22,017	2,553
Fund Balances									
Unreserved	852,714		\$ 18,190	179,832	\$ 10,835	8,046		107,832	129,811
Total Fund Balances	852,714		18,190	179,832	10,835	8,046		107,832	129,811
Total Liabilities and Fund Balances	\$ 888,007	\$ 83,886	\$ 18,190	\$ 180,191	\$ 10,835	\$ 30,600	\$ 45,857	\$ 129,849	\$ 132,364

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2011

	MPD Youth	DARE Program	Delta Feet	Diversion Program	Drug Seizure Forfeiture	Peer Medication	Police Salary Sales Tax	Fire Salary Sales Tax	PTFA
ASSETS									
Cash and cash equivalents	\$ 502	\$ 81,572		\$ 128,666	\$ 84,985	\$ 10,769	\$ 424,463	\$ 990,850	\$ 1,027,709
Receivables		10,499	\$ 15,000		1,336		285,033	285,032	
Due from other funds			8,063						
Prepaid expenses & other assets, net									
Total Assets	\$ 502	\$ 92,071	\$ 23,063	\$ 128,666	\$ 86,321	\$ 10,769	\$ 709,496	\$ 1,275,882	\$ 1,027,709
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable				\$ 1,091	\$ 124		\$ 578,740	\$ 384,568	
Due to other funds		\$ 6,737		526					
Deferred revenue		3,762				\$ 6,654			
Other current liabilities									
Total Liabilities		10,499	14,235	1,617	124	6,654	578,740	384,568	
Fund Balances									
Unreserved	\$ 502	81,572	8,828	127,049	86,197	4,115	130,756	891,314	\$ 1,027,709
Total Fund Balances	502	81,572	8,828	127,049	86,197	4,115	130,756	891,314	1,027,709
Total Liabilities and Fund Balances	\$ 502	\$ 92,071	\$ 23,063	\$ 128,666	\$ 86,321	\$ 10,769	\$ 709,496	\$ 1,275,882	\$ 1,027,709

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2011

	Justice Assistance Grant	LETTP	Downtown Economic Develop	Admin Economic Develop	HOME Program Loans	Repairs & Maintenance	Capital	LA Pilot Grant	GOHSEF- Code Enforcement
ASSETS									
Cash and cash equivalents	\$ 22,756	\$ 18,471	\$ 24,201	\$ 2,666,723	\$ 126,932	\$ 527,222	\$ 3,109,552	\$ 15,050	\$ 37,795
Receivables			35		11,958		47,332	57	
Due from other funds					315,254		165,496		
Prepaid expenses & other assets, net									
Total Assets	\$ 22,756	\$ 18,471	\$ 24,236	\$ 2,666,723	\$ 454,144	\$ 527,222	\$ 3,322,380	\$ 15,107	\$ 37,795
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable							\$ 211,239		
Due to other funds	\$ 22,756	\$ 18,471					400,000	\$ 15,107	\$ 37,795
Deferred revenue									
Other current liabilities					\$ 6,518				
Total Liabilities	22,756	18,471			6,518		611,239	15,107	37,795
Fund Balances									
Unreserved			\$ 24,236	\$ 2,666,723	447,626	\$ 527,222	2,711,141		
Total Fund Balances			24,236	2,666,723	447,626	527,222	2,711,141		
Total Liabilities and Fund Balances	\$ 22,756	\$ 18,471	\$ 24,236	\$ 2,666,723	\$ 454,144	\$ 527,222	\$ 3,322,380	\$ 15,107	\$ 37,795

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2011

	Demolition	CLG Historic Preservation	Homelessness Prevention RRP	Neighborhood Stabilization	Comp Resiliency Program	Employees' Benefits	Special Revenue Total
ASSETS							
Cash and cash equivalents	\$ 47,438	\$ 11,077	\$ 33,124	\$ 39	\$ 11,191	\$ 528,203	\$ 11,000,685
Receivables							829,973
Due from other funds							199,759
Prepaid expenses & other assets, net							563,747
Total Assets	\$ 47,438	\$ 11,077	\$ 33,124	\$ 39	\$ 11,191	\$ 528,203	\$ 12,594,164
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts and retainage payable	\$ 100	\$ 11,077	\$ 20,810	\$ 39	\$ 11,191		\$ 343,513
Due to other funds							1,593,247
Deferred revenue							11,982
Other current liabilities							15,317
Total Liabilities	100	11,077	20,810	39	11,191		1,964,059
Fund Balances							
Unreserved	47,338		12,314			\$ 528,203	10,630,105
Total Fund Balances	47,338		12,314			528,203	10,630,105
Total Liabilities and Fund Balances	\$ 47,438	\$ 11,077	\$ 33,124	\$ 39	\$ 11,191	\$ 528,203	\$ 12,594,164

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, 2011

	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									
Intergovernmental									
Federal grants		\$ 848,155			\$ 105,072		\$ 348,020		
State grants									
Local grants									
Fees, charges and commissions for services								\$ 4,766	
Fines and Forfeitures				\$ 56				2,514	\$ 15,108
Use of money and property				3				247	
Other revenues									
Total Revenues	183,651	848,155		59	105,072		348,020	7,527	15,108
EXPENDITURES									
Current									
General government									
Judicial									
Financial administration									
Public safety									
Police	53,646								
Fire									
Public works									
Culture and recreation									
Planning and urban development		724,099			104,156		348,020	1,300	
Economic development and assistance									
Capital outlay	17,500	124,056							
Debt service									
Debt service principle									
Debt service interest									
Total Expenditures	71,146	848,155		59	104,156		348,020	1,300	
Excess (deficiency) of revenues over expenditures	112,505							6,227	15,108
Other Financing Sources (Uses)									
Transfers in									
Transfers out									
Total other financing sources (uses)									
Net changes in fund balances	112,505			59		916		6,227	15,108
Fund balances - beginning	740,209		18,190	179,773	10,835	7,130		101,605	114,703
Fund balances - ending	\$ 852,714	\$ 18,190	\$ 179,832	\$ 10,835	\$ 8,046	\$	\$	\$ 107,832	\$ 129,811

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, 2011

	MPD Youth	DARE Program	Delta Fest	Diversion Program	Drug Seizure Forfeiture	Peer Mediation	Police Salary Sales Tax	Fire Salary Sales Tax	PTFA
REVENUES									
Taxes									
Sales									
Intergovernmental									
Federal grants			10,000						
State grants			20,000						
Local grants			206,682	\$ 69,800					
Fees, charges and commissions for services									
Fines and Forfeitures			4,519		\$ 7,017				
Use of money and property			9,000			\$ 240			
Other revenues							3,538	5,474	5,235
Total Revenues		19,378	250,201	69,800	7,017	240	3,388,928	3,390,864	5,235
EXPENDITURES									
Current									
General government									
Judicial									
Financial administration				105,277					
Public safety									
Police	\$ 105	19,378			20,730		4,132,249	3,666,466	
Fire									
Public works									
Culture and recreation									
Planning and urban development									
Economic development and assistance									
Capital outlay			265,041						
Debt service									
Debt service principle									
Debt service interest									
Total Expenditures		19,378	265,041	105,277	20,730		4,132,249	3,666,466	
Excess (deficiency) of revenues over expenditures	(105)		(14,840)	(35,477)	(13,713)	240	(743,321)	(275,602)	5,235
Other Financing Sources (Uses)									
Transfers in			14,943						
Transfers out									
Total other financing sources (uses)			14,943						
Net changes in fund balances	(105)		103	(35,477)	(13,713)	240	(743,321)	(275,602)	5,235
Fund balances - beginning	607	81,572	8,725	162,526	99,910	3,875	874,077	1,166,916	1,022,474
Fund balances - ending	502	81,572	8,828	127,049	86,197	4,115	130,756	891,314	1,027,709

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, 2011

	Justice Assistance Grant	LETPP	Downtown Economic Develop	Admin Economic Develop	HOME Program Loans	Repairs & Maintenance	Capital	LA Pilot Grant	CONSERV- Code Enforcement
REVENUES									
Taxes									
Sales									
Intergovernmental									
Federal grants									
State grants									
Local grants									
Fees, charges and commissions for services									
Fines and forfeitures									
Use of money and property									
Other revenues									
Total Revenues	\$ 35,329	\$ 37,311		\$ 14,368	\$ 9,046	\$ 2,169	\$ 10,597	\$ 36,050	
				84,123	661		84,123		
	35,367	37,311		98,491	9,707	2,169	94,720	36,050	
EXPENDITURES									
Current									
General government									
Judicial									
Financial administration						149,134	6,000		
Public safety									
Police									
Fire									
Public works									
Culture and recreation									
Planning and urban development									
Economic development and assistance									
Capital outlay				183,841			742,936		
Debt service									
Debt service principal									
Debt service interest									
Total Expenditures	35,367	37,311		183,841		149,134	1,923,543	36,050	
Excess (deficiency) of revenues over expenditures				(85,350)	9,707	(146,965)	(1,828,823)		
Other Financing Sources (Uses)									
Transfers in									
Transfers out				(62,964)				1,128,203	
Total other financing sources (uses)				(62,964)				1,128,203	
Net changes in fund balances				(148,314)	9,707	(146,965)	(700,620)		
Fund balances - beginning			\$ 24,236	2,815,037	437,919	674,187	3,411,762		
Fund balances - ending			\$ 24,236	\$ 2,666,723	\$ 447,626	\$ 527,222	\$ 2,711,142		

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

	Demolition	CLG Historic Preserve	Homelessness Prevention ERP	Neighborhood Stabilization	Comp Resiliency Program	Employees' Benefits	Special Revenue Total
REVENUES							
Taxes							\$ 6,770,780
Sates							
Intergovernmental							
Federal grants		\$ 29,311	\$ 819,642	\$ 14,978	\$ 11,191		2,325,059
State grants							213,029
Local grants							20,000
Fees, charges and commissions for services	\$ 30,333						311,581
Fines and Forfeitures							22,125
Use of money and property		22,987					57,534
Other revenues							201,384
Total Revenues	30,333	52,298	839,642	14,978	11,191		9,921,512
EXPENDITURES							
Current							
General government							105,277
Judicial							155,134
Financial administration							
Public safety							
Police							4,298,786
Fire							3,666,466
Public works	215,276						267,433
Culture and recreation							816,161
Planning and urban development		54,626		14,978	11,191		2,059,788
Economic development and assistance							183,841
Capital outlay							884,512
Debt service			856,044				
Debt service principle							604,014
Debt service interest							57,972
Total Expenditures	215,276	54,626	856,044	14,978	11,191		13,099,384
Excess (deficiency) of revenues over expenditures	(184,943)	(2,328)	3,598				(3,177,872)
Other Financing Sources (Uses)							
Transfers in		2,328				\$ 528,203	1,673,677
Transfers out		2,328					(62,964)
Total other financing sources (uses)						528,203	1,610,713
Net changes in fund balances	(184,943)		3,598			528,203	(1,567,159)
Fund balances - beginning	232,280		8,716				12,197,264
Fund balances - ending	\$ 47,337		\$ 12,314			\$ 528,203	\$ 10,630,105

NONMAJOR DEBT SERVICE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
Debt Service Funds
April 30, 2011

	City Court and Jail Improvements	I-20 Economic District	Tower Dr Economic District	Police and Fire Pension	Sales Tax	Airport Terminal	Debt Service Total
ASSETS							
Cash and cash equivalents		\$ 3,378,046	\$ 1,463,523	\$ 16,389	\$ 6,625,685	\$ 2,201,383	\$ 13,685,026
Receivables		646,440	250,379			8,652	905,471
Total Assets		\$ 4,024,486	\$ 1,713,902	\$ 16,389	\$ 6,625,685	\$ 2,210,035	\$ 14,590,497
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable					\$ 731,275		\$ 731,275
Deferred Revenue						\$ 8,652	8,652
Total Liabilities					731,275	8,652	739,927
Fund Balances							
Reserved for							
Debt service		\$ 4,024,486	\$ 1,713,902	\$ 16,389	5,894,410	2,201,383	13,850,570
Total Fund Balances		4,024,486	1,713,902	16,389	5,894,410	2,201,383	13,850,570
Total Liabilities and Fund Balances		\$ 4,024,486	\$ 1,713,902	\$ 16,389	\$ 6,625,685	\$ 2,210,035	\$ 14,590,497

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, 201

	City Court and Jail Improvements	I-20 Economic District	Tower Dr Economic District	Police and Fire Pension	Sales Tax	Airport Terminal	Debt Service Total
REVENUES							
Taxes						\$ 380,604	\$ 380,604
Ad valorem			\$ 1,016,886				4,399,158
Sales		64	2,555	\$ 63	\$ 83,729	253	86,664
Use of money and property							
Total Revenues		3,382,336	1,019,441	63	83,729	380,857	4,866,426
EXPENDITURES							
Current							
General government					26,158		26,158
Financial administration							
Debt service							
Debt service principle		1,150,000	480,000	645,000	4,809,200	350,000	7,434,200
Debt service interest		1,115,750	495,472	73,773	4,957,399	926,612	7,569,006
Total Expenditures		2,265,750	975,472	718,773	9,792,757	1,276,612	15,029,364
Excess (deficiency) of revenues over (under) expenditures		1,116,586	43,969	(718,710)	(9,709,028)	(895,755)	(10,162,938)
Other Financing Sources (Uses)							
Transfers in				703,791	9,694,649	1,186,184	11,584,624
Transfers out	\$ (27)						(27)
Total other financing sources (uses)	(27)			703,791	9,694,649	1,186,184	11,584,597
Net changes in fund balances	(27)	1,116,586	43,969	(14,919)	(14,379)	290,429	1,421,659
Fund balances - beginning	27	2,907,900	1,669,933	31,308	5,908,789	1,910,954	12,428,911
Fund balances - ending		\$ 4,024,486	\$ 1,713,902	\$ 16,389	\$ 5,894,410	\$ 2,201,383	\$ 13,850,570

NONMAJOR CAPITAL PROJECTS FUNDS

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2011

	I-20 Corridor	FTA Capital Grants	N. 18TH Street Extension	Tower Drive	Airport Industrial Park	Street Construction	Collection System Improve	Fire/Drainage Improvement	Riverfront Project
ASSETS									
Cash and cash equivalents	\$ 10,762,522		\$ 104,713	\$ 3,915,372	\$ 317,416	\$ 3,292,315	\$ 1,089,313	\$ 627,329	
Receivables		243,982					144,300	9,241	
Due from other funds									
Total Assets	\$ 10,762,522	\$ 243,982	\$ 104,713	\$ 3,915,372	\$ 317,416	\$ 3,292,315	\$ 1,233,613	\$ 636,570	
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ 277,460	\$ 243,982				\$ 431,542	\$ 269,578	\$ 69,669	
Due to other funds									
Total Liabilities	277,460	243,982				431,542	269,578	69,669	
Fund Balances Reserved for Capital Improvements	10,485,062		104,713	3,915,372	317,416	2,860,773	964,035	566,901	
Total Fund Balances	10,485,062		104,713	3,915,372	317,416	2,860,773	964,035	566,901	
Total Liabilities and Fund Balances	\$ 10,762,522	\$ 243,982	\$ 104,713	\$ 3,915,372	\$ 317,416	\$ 3,292,315	\$ 1,233,613	\$ 636,570	

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2011

	Water System Improvements	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
ASSETS									
Cash and cash equivalents	\$ 227,676	\$ 178,410	\$ 3,890	\$ 147,540	\$ 814,096		\$ 74,026	\$ 144,120	\$ 9,750
Receivables		79,506						575,821	
Due from other funds	3,353,632							427,736	375
Total Assets	\$ 3,581,308	\$ 257,916	\$ 3,890	\$ 147,540	\$ 814,096		\$ 74,026	\$ 1,147,677	\$ 10,125
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable			\$ 17	\$ 5,530	\$ 20,844		\$ 49,017	\$ 13,208	
Due to other funds					727,232	\$ 30,600	350,704	869,702	5,125
Total Liabilities			17	5,530	748,076	30,600	399,721	882,910	5,125
Fund Balances									
Reserved for									
Capital improvements	3,581,308	257,916	3,873	142,010	66,020	(30,600)	(325,695)	264,767	5,000
Total Fund Balances	3,581,308	257,916	3,873	142,010	66,020	(30,600)	(325,695)	264,767	5,000
Total Liabilities and Fund Balances	\$ 3,581,308	\$ 257,916	\$ 3,890	\$ 147,540	\$ 814,096		\$ 74,026	\$ 1,147,677	\$ 10,125

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2011

	ARRA-Lamy Lane	ARRA-Washington Street	ARRA-Walnut Drive	ARRA-Riverside Drive	MLU Runway	ARRA-Energy Efficiency BG	Forsythe Volleyball Project	North Ramp Rehab & Extension	Capital Projects Total
ASSETS									
Cash and cash equivalents	\$ 584		\$ 761				8,000		\$ 20,811,961
Receivables									1,135,385
Due from other funds									4,605,080
Total Assets	\$ 584		\$ 761				\$ 8,000		\$ 26,552,426
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ 584	\$ 1,114	\$ 761		\$ 200		8,000	\$ 3,946	\$ 1,143,453
Due to other funds		417,765		638,095	193,152			168,957	3,653,331
Total Liabilities	584	418,879	761	638,095	193,352		8,000	172,903	4,796,784
Fund Balances Reserved for Capital Improvements		(418,879)		(638,095)	(193,352)			(172,903)	21,755,642
Total Fund Balances		(418,879)		(638,095)	(193,352)			(172,903)	21,755,642
Total Liabilities and Fund Balances	\$ 584		\$ 761				\$ 8,000		\$ 26,552,426

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, 2011

	I-20 Corridor	FTA Capital Grants	N. 187H Street Extension	Tower Drive	Airport Industrial Park	Street Construction	Collection System Improve	Fire/Drainage Improvement	Riverfront Project
REVENUES									
Intergovernmental									
Federal grants									
Local grants									
Fees, charges and commissions for services									
Use of money and property	\$ 1,124		\$ 6,470	\$ 2,906	\$ 6,798	\$ 4,256	\$ 3,666		
Total Revenues	1,124		6,470	2,906	6,798	583,172	3,666		
EXPENDITURES									
Current									
Financial administration	222,685			287,142	6,484				
Public works									
Culture and recreation									
Capital outlay	434,221		224,372			1,076,586	152,834		62,964
Total Expenditures	656,906		511,514	6,484	6,484	1,076,586	152,834		62,964
Excess (deficiency) of revenues over expenditures	(655,782)		(505,044)	(3,578)	(1,069,788)	(1,416,253)	(149,168)		(62,964)
Other Financing Sources (Uses)									
Bond proceeds									
Sale of Assets				3,986	45,200				
Transfers in									
Transfers out									62,964
Total other financing sources (uses)				3,986	45,200				62,964
Net changes in fund balances	(655,782)		(501,058)	41,622	(1,069,788)	932,352	(149,168)		
Fund balances - beginning	11,140,844		104,713	4,416,430	275,794	3,930,561	31,683		716,069
Fund balances - ending	\$ 10,485,062		\$ 104,713	\$ 3,915,372	\$ 317,416	\$ 2,860,773	\$ 964,035		\$ 566,901

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, 2011

	Water System Improvements	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
REVENUES									
Intergovernmental									
Federal grants									
Local grants									
Fees, charges and commissions for services		\$ 431,184					\$ 74,026	\$ 1,968,026	\$ 9,750
Use of money and property		444	\$ 764						
Total Revenues		431,628	764				74,026	1,968,026	9,750
EXPENDITURES									
Current									
Financial administration									
Public works		990	303,760	\$ 17,100					4,750
Culture and recreation	\$ 44,967		18,690	11,233	\$ 814,096		227,080	2,265,465	
Capital outlay	44,967	990	322,450	28,333	814,096		227,080	2,265,465	4,750
Total Expenditures	(44,967)	430,638	(321,686)	(28,333)	(814,096)		(153,054)	(297,439)	5,000
Excess (deficiency) of revenues over expenditures									
Other Financing Sources (Uses)									
Bond proceeds									
Sale of Assets									
Transfers in	1,869,863				814,096			562,206	
Transfers out	(753,163)								
Total other financing sources (uses)	1,869,863	(753,163)			814,096			562,206	
Net changes in fund balances	1,824,896	(322,525)	(321,686)	(28,333)			(153,054)	264,767	5,000
Fund balances - beginning	1,756,412	580,441	325,559	170,343	66,020	\$ (30,600)	(172,641)		
Fund balances - ending	\$ 3,581,308	\$ 257,916	\$ 3,873	\$ 142,010	\$ 66,020	\$ (30,600)	\$ (325,695)	\$ 264,767	\$ 5,000

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, 2011

	ARRA-Lamy Lane	ARRA-Washington Street	ARRA-Walnut Drive	ARRA-Riverside Drive	MLU Runway	ARRA-Energy Efficiency BG	Forsythe Volleyball Project	North Ramp Rehab & Extension	Capital Projects Total
REVENUES									
Intergovernmental									
Federal grants									
Local grants						\$ 9,700	\$ 8,000		\$ 2,640,418
Fees, charges and commissions for services									8,000
Use of money and property									431,184
Total Revenues						9,700	8,000		26,428
EXPENDITURES									
Current									
Financial administration									516,311
Public works									18,090
Culture and recreation									308,510
Capital outlay									8,615,741
Total Expenditures						9,700	11,799	\$ 172,903	9,458,652
Excess (deficiency) of revenues over expenditures									(6,352,622)
Other Financing Sources (Uses)									
Bond proceeds									2,348,605
Sale of Assets									49,186
Transfers in		7,000					3,799		3,319,928
Transfers out									(753,163)
Total other financing sources (uses)							3,799		4,964,536
Net changes in fund balances									(1,388,066)
Fund balances - beginning									23,143,708
Fund balances - ending									\$ 21,755,642

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Net Assets
Internal Service Funds
April 30, 2011

	<u>Employees' Group Insurance</u>	<u>Central Shop</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,250,345		\$ 4,250,345
Inventories		\$ 39,559	39,559
Total Current assets	<u>4,250,345</u>	<u>39,559</u>	<u>4,289,904</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation			
Land		45,000	45,000
Buildings and improvements		3,406,242	3,406,242
Furniture & Equipment		125,851	125,851
Vehicles		126,958	126,958
Accumulated depreciation		<u>(1,245,682)</u>	<u>(1,245,682)</u>
Total Noncurrent assets		<u>2,458,369</u>	<u>2,458,369</u>
Total Assets	<u>4,250,345</u>	<u>2,497,928</u>	<u>6,748,273</u>
LIABILITIES			
Current liabilities			
Accounts and retainage payable		32,778	32,778
Accrued liabilities	888,138		888,138
Due to other funds		<u>5,698</u>	<u>5,698</u>
Total Current liabilities	<u>888,138</u>	<u>38,476</u>	<u>926,614</u>
Total Liabilities	<u>888,138</u>	<u>38,476</u>	<u>926,614</u>
NET ASSETS			
Unrestricted	<u>3,362,207</u>	<u>2,459,452</u>	<u>5,821,659</u>
Total Net Assets	<u>\$ 3,362,207</u>	<u>\$ 2,459,452</u>	<u>\$ 5,821,659</u>

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenditures,
and Changes in Net Assets
Internal Service Funds
For the Year Ended April 30, 2011

	Employees'		
	Group		
	Insurance	Central Shop	Total
Operating revenues			
Charges for Services	<u>\$ 7,939,828</u>	<u>\$ 1,237,162</u>	<u>\$ 9,176,990</u>
Total operating revenues	<u>7,939,828</u>	<u>1,237,162</u>	<u>9,176,990</u>
Operating expenses			
Benefits paid to participants	7,223,573		7,223,573
Salaries, wages, and benefits		792,255	792,255
Materials, repairs, and supplies		12,705	12,705
Utilities and communications		37,768	37,768
Depreciation and amortization		108,704	108,704
Shop expenses		644,911	644,911
Other operating expenses		<u>16,880</u>	<u>16,880</u>
Total operating expenses	<u>7,223,573</u>	<u>1,613,223</u>	<u>8,836,796</u>
Operating income (loss)	<u>716,255</u>	<u>(376,061)</u>	<u>340,194</u>
Nonoperating revenues (expenses)			
Interest income	<u>345</u>		<u>345</u>
Total nonoperating revenues (expenses)	<u>345</u>		<u>345</u>
Income (loss) before contributions and transfer	716,600	(376,061)	340,539
Other Financing Sources (Uses)			
Capital Contributions		20,150	20,150
Transfers in		<u>236,762</u>	<u>236,762</u>
Change in net assets	716,600	(119,149)	597,451
Total net assets - Beginning (as restated, see Note 19)	<u>2,645,607</u>	<u>2,578,601</u>	<u>5,224,208</u>
Total net assets - Ending	<u>\$ 3,362,207</u>	<u>\$ 2,459,452</u>	<u>\$ 5,821,659</u>

CITY OF MONROE
Monroe, Louisiana
Proprietary Fund Type - Internal Service Funds
Combining Schedule of Cash Flows
For the Year Ended April 30, 2011

	Employees' Group Insurance	Central Shop	Total
Cash flows from operating activities			
Cash received from customers	\$ 7,949,633	\$ 1,237,162	\$ 9,186,795
Cash payments to suppliers for goods and services	(6,822,198)	(681,669)	(7,503,867)
Cash payments to employees for services and benefits		(792,255)	(792,255)
Net cash provided by (used for) operating activities	<u>1,127,435</u>	<u>(236,762)</u>	<u>890,673</u>
Cash flows from noncapital financing activities			
Transfers in		236,762	236,762
Net cash provided by noncapital financing activities		<u>236,762</u>	<u>236,762</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets		(20,150)	(20,150)
Cash contributed by City of Monroe		20,150	20,150
Interest income	345		345
Net cash provided by (used for) financing activities	<u>345</u>		<u>345</u>
Net increase (decrease) in cash and cash equivalents	1,127,780		1,127,780
Cash and cash equivalents, May 1, 2010	<u>3,122,565</u>		<u>3,122,565</u>
Cash and cash equivalents, April 30, 2011	<u>\$ 4,250,345</u>		<u>\$ 4,250,345</u>
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (loss)	716,255	(376,061)	340,194
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation		\$ 108,704	\$ 108,704
Changes in assets and liabilities			
Accounts receivable	9,805		9,805
Inventories		12,182	12,182
Accounts payable	401,375	12,715	414,090
Due to other funds		5,698	5,698
Net cash provided by (used for) operating activities	<u>\$ 1,127,435</u>	<u>\$ (236,762)</u>	<u>\$ 890,673</u>

OTHER MISCELLANEOUS SCHEDULES

CITY OF MONROE
Monroe, Louisiana

**SCHEDULE OF ASSESSED VALUATION
AND AD VALOREM PROPERTY TAX LEVY
FOR THE 2010 TAX ROLL**

Assessed Valuation		<u>\$ 383,752,471</u>
Tax Rate per thousand dollars (Mills)		<u>27.15</u>
Gross Tax Levy		\$ 10,418,880
Plus: Adjustments		228,969
Adjusted Tax Levy		<u>\$ 10,647,849</u>
Tax Collected		
2010 Tax Roll		\$ 10,217,119
Prior Years Tax Rolls		162,244
Total		<u>\$ 10,379,363</u>

ALLOCATION OF TAXES COLLECTED	MILLS	
General Fund	10.65	\$ 4,055,237
Recreation Center Maintenance	1.88	715,843
Public Safety	1.06	403,614
Drainage Maintenance	1.31	498,804
City Court Bonds		55
Civic Center Complex	2.50	951,959
Louisiana Purchase Gardens & Zoo	2.50	951,959
Capital Improvements	3.25	1,237,551
Police Department	1.50	571,184
Fire Department	1.50	571,184
Airport Improvements	1.00	380,604
Street Maintenance		12
Grasscutting Collections		32,020
Demolition Collections		9,337
Total	<u>27.15</u>	<u>\$ 10,379,363</u>

GENERAL BONDED DEBT SUPPORTED BY TAX LEVY		
Airport		<u>\$ 18,590,000</u>

PERCENT OF BONDED DEBT TO ASSESSED VALUATION 4.84%

CITY OF MONROE
 Monroe, Louisiana
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 AS OF APRIL 30, 2011

Tax Year	Balance at April 30, 2010	2010 Tax Roll	Supplemental Assessments	Cancellations And Other Adjustments	Collections	Balance at 4/30/11	Allowance For Uncollectible Taxes	Estimated Collectible Taxes at 4/30/11
1991				\$ 142	\$ (142)			
1992			\$ 78	(36)	(42)			
1993			76	(37)	(39)			
1994			93	(55)	(38)			
1995			105	(70)	(35)			
1996			104	(69)	(35)			
1997			104	(69)	(35)			
1998			103	(68)	(35)			
1999			101	(66)	(35)			
2000			35	(35)	(35)			
2001			37	(37)	(37)			
2002			35	(35)	(35)			
2003	\$ 1,476		35	233	(268)	\$ 1,476	\$ (1,464)	\$ 12
2004	22,983		35	8	(43)	22,983	(22,753)	230
2005			35	382	(417)			
2006	3,356		38		(628)	2,766	(2,489)	277
2007	57,249		37		(940)	56,346	(50,711)	5,635
2008	20,446		77		(2,216)	18,307	(16,476)	1,831
2009	272,485		232		(157,189)	115,528	(103,975)	11,553
2010		\$ 10,418,880	286,723	(57,754)	(10,217,119)	430,730	(215,365)	215,365
Totals	\$ 377,995	\$ 10,418,880	\$ 288,083	\$ (57,459)	\$ (10,379,363)	\$ 648,136	\$ (413,233)	\$ 234,903

General Fund	Balance at April 30, 2010	Balance at April 30, 2011	Applicable Millages at 4/30/11	Applicable Millages as % of Total Millages
Enterprise Funds:				
Airport	\$ 294,460	\$ 182,992	21.15	77.90%
Civic Center	13,922	8,652	1.00	3.68%
La. Purchase Gardens & Zoo	34,806	21,630	2.50	9.21%
	34,806	21,630	2.50	9.21%
Totals	\$ 377,994	\$ 234,903	27.15	100.00%

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2011
 (Unaudited)

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE			
Ace Property & Casualty	Monroe Municipal Airport	General Aggregate	\$10,000,000	N/A	4/7/2012			
		Property damage liability	10,000,000	N/A				
		Single limit bodily injury	10,000,000	N/A				
		Personal & advertising injury	10,000,000	N/A				
		Malpractice Aggregate Limit	10,000,000	N/A				
		Medical expense limit (any one person)	1,000	N/A				
		Fire damage	100,000	N/A				
		Hangarkeeper's liability						
		Each aircraft	1,000					
		Each occurrence	1,000					
James Rivers Insurance Co	Black Bayou	Non-owned Aircraft liability limit	10,000		7/30/2011			
		General Aggregate	2,000,000	5,000				
		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 5000/lightning	10/28/2011
				General liability		4,000,000	500	
				Personal & advertising injury		1,000,000	500	
				Each occurrence		1,100,000	500	
Medical Expense-Each	5,000							
General Liability	296,725			500				
Dishonesty Bond	100,000							
Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000			N/A				
Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000			N/A				
Surety bond as collector for the City of West Monroe	50,000			N/A				
Scottsdale Insurance Company	Chennaut Park & Golf Course	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	4/1/2012			
		General liability	4,000,000	500				
		Personal & advertising injury	1,000,000	500				
		Each occurrence	1,100,000	500				
		Medical Expense-Each	5,000					
		General Liability	296,725	500				
		Dishonesty Bond	100,000					
		Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A				
		Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A				
		Surety bond as collector for the City of West Monroe	50,000	N/A				
Great Amer. Insurance Co.	Golf Carts	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	4/1/2012			
		General liability	4,000,000	500				
		Personal & advertising injury	1,000,000	500				
		Each occurrence	1,100,000	500				
		Medical Expense-Each	5,000					
		General Liability	296,725	500				
		Dishonesty Bond	100,000					
		Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A				
		Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A				
		Surety bond as collector for the City of West Monroe	50,000	N/A				
St. Paul's Travelers	Employees @various locations	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	4/1/2012			
		General liability	4,000,000	500				
		Personal & advertising injury	1,000,000	500				
		Each occurrence	1,100,000	500				
		Medical Expense-Each	5,000					
		General Liability	296,725	500				
		Dishonesty Bond	100,000					
		Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A				
		Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A				
		Surety bond as collector for the City of West Monroe	50,000	N/A				
Travelers Property Casualty	David Barnes	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	4/1/2012			
		General liability	4,000,000	500				
		Personal & advertising injury	1,000,000	500				
		Each occurrence	1,100,000	500				
		Medical Expense-Each	5,000					
		General Liability	296,725	500				
		Dishonesty Bond	100,000					
		Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A				
		Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A				
		Surety bond as collector for the City of West Monroe	50,000	N/A				

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2011
 (Unaudited)

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
St. Paul Surety	David Barnes	Surety bond as tax collector for Town of Richwood & Town of Sterlington	100,000	N/A	4/1/2012
Liberty Mutual	Various Bldgs.	Blanket Real Property Blanket Personal Property Blanket Extra Expense	55,102,912 8,337,013 500,000	10,000	1/15/2012
Allianz	Monroe Civic Center	Blanket Building Coverage	44,899,223	5,000	8/16/2011
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	2,000,000 2,000,000 1,000,000 1,000,000 100,000 Excluded 1,000,000	1,000	3/1/2012
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		3/1/2012
Great American Insurance	Marquee Sign		156,000		6/3/2011
Scottsdale Insurance Company	La Purchase Gardens & Zoo	Liability 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	Monroe Transit System	General liability Personal & advertising injury Each Occurrence Limit	5,000,000 5,000,000 5,000,000	2,500	10/1/2011
Midwest Employers Casualty Company	Workers Comp & Employers Liability	Employer's Liability Maximum Limit of Indemnity per Occurrence Maximum Limit of Indemnity per Occurrence Self-insured Retention per occurrence	1,000,000 25,000,000	1,000,000	5/1/2011
Western World	Fire Department Mobile Unit	Combined Liability	1,000,000		8/21/2011

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2011
 (Unaudited)

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
USF	Fire Dept. Mobile Unit	Liability	1,000,000 50,000 1,000,000 1,000,000		8/21/2011
Great American Insurance	Fire Department Mobile Unit	Liability	33,574	500	8/21/2011
Capitol Specialty Insurance Corp	Welcome to Monroe Sign	General Liability General Aggregate Limit Each Occurrence Limit Medical Expense Limit	2,000,000 1,000,000 5,000		1/24/2012
Lloyds, London	Coolley House	Building	200,000		8/15/2011
Specialty Risk Associates	DEDD Events	General Liability Each Occurrence Damage to rented property Medical Expense Any one person Personal and advertising injury General Aggregate Products	1,000,000 50,000 5,000 1,000,000 2,000,000 2,000,000		2/25/2012
Traveler's	Airport Terminal - New Construction	Builder's Risk - Monroe Airport Basic Limit of Coverage Flood Limit of Insurance Flood Annual Aggregate Temporary Storage Limit Transit Limit Maximum amount of payment	32,500,000 100,000 100,000 100,000 100,000 32,500,000	10,000 10,000	8/16/2011

This schedule, prepared from the policies, is intended only as a descriptive summary.

CITY OF MONROE
Monroe, Louisiana

SCHEDULE OF LONG-TERM OBLIGATIONS
FOR THE YEAR ENDED APRIL 30, 2011

	Issue Dates	Interest Rates	Original Amount	Balance April 30, 2010	Issued	Retired	Balance April 30, 2011	Principal Maturity Schedule For Future Years
GOVERNMENTAL ACTIVITIES								
Tax Increment Bonds:								
Tower Drive	2007	4.375% - 5.00%	11,770,000	10,185,000		480,000	9,705,000	\$565,000 - \$930,000 to March 1, 2025
Total Tax Increment Bonds			11,770,000	10,185,000		480,000	9,705,000	
Certificates of Indebtedness:								
Certificates of Indebtedness-Civic Center Roof	2004C	3.75%	2,550,000	1,245,000		295,000	950,000	\$305,000 - \$330,000 to April 2014
Total Certificates of Indebtedness			2,550,000	1,245,000		295,000	950,000	
Sales Tax Bonds:								
Series 2002 (Streets/Sewer)	2002	4.70% - 7.00%	26,000,000	11,700,000		830,000	10,870,000	\$870,000 - \$1,335,000 to July 1, 2020
Series 2002A (Fire/Drainage)	2002A	4.625% - 4.80%	15,000,000	14,195,000		140,000	14,055,000	\$145,000 - \$1,835,000 to July 1, 2027
Series 2003 (Streets)	2003	3.25% - 5.50%	22,400,000	18,845,000		685,000	18,160,000	\$715,000 - \$1,725,000 to July 1, 2027
Series 2006	2006	3.45%	3,000,000	2,895,000		110,000	2,785,000	\$115,000 - \$205,000 to July 1, 2028
Total Sales Tax Bonds			66,400,000	47,635,000		1,765,000	45,870,000	
Refunding Bonds:								
Series 1998A (Fire and Police Pension)	1998	5.05%	7,565,000	1,335,000		645,000	690,000	\$335,000 - \$355,000 to March 1, 2013
Series 2007A	2007	4.002%	29,340,000	27,040,000		1,175,000	25,865,000	\$1,225,000 - \$3,280,000 to July 2026
Deferred Amount of Refunding	2007		(1,290,626)	(645,314)		215,104	(430,210)	
Series 2008 1-20 Development	2008	4.00% - 5.50%	26,365,000	23,560,000		1,150,000	22,410,000	\$1,195,000 - \$2,145,000 to March 1, 2025
Deferred Amount of Refunding	2008		(1,462,775)	(1,044,839)		208,968	(835,871)	
Total Refunding Bonds			60,516,599	50,244,847		3,394,072	47,698,919	
Utility Revenue Bonds:								
Series 2001 - DEQ (Sewer)	2001 2	3.95%	24,500,000	18,772,537		1,044,200	17,728,337	A \$1,195,000 - \$1,905,000 to June 30, 2023
Series 2002 - DEQ (Sewer)	2003 3	3.95%	10,000,000	7,760,000		425,000	7,335,000	\$445,000 - \$710,000 to June 1, 2023
Series 2005 DEQ	2005 4	3.95%	11,000,000	8,380,800	97,398	400,000	8,078,198	\$420,000 - \$775,000 to July 1, 2027
Series 2008 DEQ	2008 5	0.95%	14,000,000	5,379,210	2,251,207		7,630,417	\$640,000 - \$765,000 to July 1, 2030
Total Utility Revenue Bonds			59,500,000	40,292,547	2,348,605	1,869,200	40,771,952	
Airport Revenue Bonds:								
Series 2009 Airport Bonds	2009	3.00% - 5.5%	19,250,000	18,940,000		350,000	18,590,000	\$300,000 - \$1,280,000 to February 1, 2039
Total Airport Revenue Bonds			19,250,000	18,940,000		350,000	18,590,000	
Other:								
Claims and Judgments			-	7,828,227	401,492	674,915	7,554,804	
Capital Lease (Energy Performance Equipment)		4.75%-5.59%	-	2,147,939		174,443	1,973,496	\$156,249 - \$249,492 to March 1, 2021
Notes payable	2007	3.88%	-	1,718,818		604,014	1,114,804	\$154,683 - \$163,907 to November 15, 2012
Accrued Vacation and Sick Pay			-	5,933,536	1,944,962	2,080,672	5,797,826	
Other post employment benefits			-	5,052,605	3,688,586	2,233,958	6,507,233	
Total Other			-	22,681,125	6,035,040	5,768,002	22,948,163	
TOTAL GOVERNMENTAL ACTIVITIES			219,986,599	191,223,519	8,383,645	13,921,274	186,534,034	
SEWER DEPARTMENT								
Utility Revenue Bonds:								
Series 2001 - DEQ	2001 A	3.95%	2,500,000	2,192,463		105,800	2,086,663	A See Amortization above 2001- DEQ
Total Sales Tax Bonds			2,500,000	2,192,463		105,800	2,086,663	
ALL DEPARTMENTS								
Other:								
Accrued Vacation and Sick Pay			-	993,228	674,028	557,133	1,110,123	
TOTAL BUSINESS TYPE ACTIVITIES			\$ 2,500,000	\$ 3,185,691	\$ 674,028	\$ 662,933	\$ 3,196,786	

(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.

**CITY OF MONROE
Monroe, Louisiana**

SUPPLEMENTAL INFORMATION SCHEDULES

As of and For the Year Ended April 30, 2011

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, 2011

Jay Marx, Chairman	District 1	\$ 16,754
Gretchen Ezernack	District 2	12,000
Arthur Gilmore	District 3	12,000
Robert Stevens	District 4	13,246
Eddie Clark	District 5	12,000
Total		<u>\$ 66,000</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
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA
Lori Woodard, MBA, CPA

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

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, 2011 which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2011. 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 11-01, 11-02, and 11-05 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 11-01 through 11-05.

We noted certain other matters that we reported to management of the City of Monroe in a separate letter dated October 31, 2011.

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, 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.

Shuffery Huffman Reynolds & Squires

(A Professional Accounting Corporation)

October 31, 2011

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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

City of Monroe
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, 2011. 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.

In our opinion, 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 11-05.

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 exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding 11-05 to be a material weakness.

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, City Council, 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.

Jeffrey Huffman, Registered Accountant

(A Professional Accounting Corporation)

October 31, 2011

City of Monroe, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2011

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 - 2007	14.218	N/A	\$ 46,723
Community Development Block Grant - 2008	14.218	N/A	61,492
Community Development Block Grant - 2009	14.218	N/A	441,420
ARRA- Community Development Block Grant - 2009	14.253	N/A	300,327
Community Development Block Grant - 2010	14.218	N/A	197,193
CDBG Subtotal			848,155
Home Investment Partnership Grant - 2002	14.239	N/A	2,000
Home Investment Partnership Grant - 2009	14.239	N/A	219,764
Home Investment Partnership Grant - 2010	14.239	N/A	126,256
Home Investment Partnership Grant Subtotal			348,020
Pass-Through Programs:			
LA Dept of Social Services/Office of Community Services:			
Emergency Shelter Grants Program - 2008	14.231	665954	15,608
Emergency Shelter Grants Program - 2009	14.231	679215	89,464
Emergency Shelter Grants Program Subtotal			105,072
LA Dept of Social Services/Office of Community Services:			
Homeless Prevention Rapid Rehousing Program	14.257	685502	859,642
LA Housing Finance Agency:			
Neighborhood Stabilization Program	14.228	HD09	14,978
State of LA Div of Administration/OCD/DRU:			
Comprehensive Resiliency Pilot Program	14.218	697269	11,191
Total Dept. Housing & Urban Development			2,187,057
U. S. Department of Justice			
Direct:			
Office of Justice Program (JAG)-09	16.738	N/A	13,056
Office of Justice Program (JAG)-10	16.738	N/A	22,273
Bulletproof Vest Partnership Program 2006	16.607	N/A	486
Bulletproof Vest Partnership Program 2010	16.607	N/A	20,000
ARRA: COPS Oriented Policing Services: COPS Hiring Recovery Program	16.710	N/A	378,919
Total Department of Justice			434,734
U. S. Department of Transportation			
Direct:			
Airport Improvement Program:			
ARRA-Airport Terminal- Construct Terminal Building, Phase II	20.106	N/A	3,945,916
Airport Terminal- Construct Terminal Building, Phase III	20.106	N/A	1,233,196
Airport Terminal- Construct Term. Bldg, Ph III; ARFF & Wildfire	20.106	N/A	1,193,034
Federal Transit Authority Program:			
ARRA- FTA Program: Capital- (Bus, Signs, Shelters, Renovate Admin)	20.507	N/A	788,998
FTA Program: Capital and Operating	20.507	N/A	393
FTA Program: Capital, Operating Assistance for FY 09	20.507	N/A	247,134
FTA Program: Bus Service for Transportation to Jobs (Job Access _Reverse Commute)	20.507	N/A	119,531
FTA Program: Operating and Capital Assistance 2010	20.507	N/A	1,110,000
FTA Program: Bus Service for Transportation to Jobs (Job Access _Reverse Commute)	20.507	N/A	32,689
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	9,750
LA Highway Safety Commission:			
State and Community Highway Safety	20.600	PT 2010-38-00-00	10,834
Alcohol Impairment Driving Countermeasures Incentive Grant	20.601	PT 2010-38-00-00	233,165
State and Community Highway Safety	20.600	2011-30-66	12,247
Highway Planning and Construction	20.205	2011-30-66	1,814
Alcohol Impairment Driving Countermeasures Incentive Grant	20.601	2011-30-66	13,414
Alcohol Open Container Requirements	20.607	2011-30-66	15,746
LA Dept of Transportation and Development:			
Job Access _Reverse Commute	20.516	741-37-0128	123,184
Public Transportation New Freedom Program Capital Assistance Program for the Urbanized Area	20.521	741-37-0123	27,000
ARRA- Highway Planning and Construction- Oliver Road	20.205	742-37-0019	1,715,575
Highway Planning and Construction-Oliver R& Surface Transportation Program(STP)<200	20.205	742-37-0019	252,451
Kansas Lane Connector	20.205	700-37-0125	74,026
Total Department of Transportation			11,160,137

City of Monroe, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	CFDA No.	Pass-Through Grant Number	Federal Expenditures
U.S. Department of Energy			
Direct:			
ARRA- Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	9,700
Environmental Protection Agency			
Direct:			
Congressionally Mandated Projects: Wastewater Infrastructure Improvements	66.202	N/A	434,616
Congressionally Mandated Projects: Wastewater Infrastructure Improvements	66.202	N/A	144,300
Pass-Through Programs:			
LA Dept of Environmental Quality: Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	2,348,605
Total Environmental Protection Agency			<u>2,927,521</u>
U. S. Department of Homeland Security			
Direct:			
Assistance to Firefighters Grant- Staffing for Adequate Fire & Emergency Response (SAFER)	97.044	N/A	178,144
Assistance to Firefighters Grant- Prevention & Safety	97.044	N/A	26,352
Transportation Security Administration	97.090	N/A	151,113
Pass-Through Programs:			
LA Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP): Disaster Grants-Public Assistance (Severe Storms, Tornadoes, & Flooding)	97.036	FEMA-1863-DR-LA	148,551
Hazard Mitigation Project-LA Pilot Planning	97.039	1603n-073-0010	36,090
State Homeland Security Program- LETPP 08	97.067	2008-GE-T8-0013	37,311
Total U. S. Department of Homeland Security			<u>577,521</u>
U.S. Department of the Interior- National Park Service			
Pass-Through Programs:			
LA Division of Historic Preservation/Office of Cultural Dev./Dept of Culture, Recreation & Tourism Historic Preservation Fund Grants-In-Aid- Cooley House Historic Reports & Plan	15.904	09-HP-05	20,000
Historic Preservation Fund Grants-In-Aid- Dev of Design Guidelines for the COM's Historic Districts	15.904	10-HP-11	9,311
Total U.S. Depart of the Interior- National Park Service			<u>29,311</u>
U.S. Department of Health and Human Services			
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	G10GC0001A	66,320
Total U.S. Department of Health and Human Services-Office of National Drug Policy			<u>66,320</u>
Total Federal Expenditures			<u>\$ 17,392,300</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, 2011

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, 2011. 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 \$378,644 at April 30, 2011.

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, 2011:

	Federal Awards	Nonoperating Revenues - Operating Grants	Other Financing Sources	Total
Revenues				
General Fund	\$ 1,099,354	\$ -	\$ -	\$ 1,099,354
Special Revenue Funds	2,325,059	-	-	2,325,059
Capital Projects Funds	9,012,564	-	2,348,605	11,361,169
Enterprise Funds	-	2,455,605	-	2,455,605
Total per Financial Statements	12,436,977	2,455,605	2,348,605	17,241,187
Plus Expense Reimbursements	151,113	-	-	151,113
Total per Schedule of Expenditures of Federal Awards	<u>\$ 12,588,090</u>	<u>\$ 2,455,605</u>	<u>\$ 2,348,605</u>	<u>\$ 17,392,300</u>

CITY OF MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2011

Note 5 - Funds Provided to Subrecipients

Of the Federal expenditures presented on this schedule, the City provided \$1,018,929 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, 2011

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: Unqualified

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, 2011

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.253	ARRA – Community Development Block Grant
14.257	Homeless Prevention Rapid Rehousing Program
20.106	ARRA - Airport Improvement Program – Terminal Building Phase II
20.106	Airport Improvement Program – Terminal Building Phase III
20.106	Airport Improvement Program – Terminal Building Phase III, ARFF & Wildlife
20.205	Highway Planning and Construction
20.205	ARRA – Highway Planning and Construction – Oliver Road
20.205	Highway Planning and Construction – Kansas Lane Connector
20.205	Surface Transportation Program (STP) – Oliver Road
66.202	Congressionally Mandated Programs

Dollar threshold used to distinguish between Type A and Type B programs was \$521,769

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, 2011

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

11-01 UTILITIES OPERATIONS DIVISION

Finding

Internal control is a process designed to provide reasonable assurance about the achievement of the entity's objectives and is best applied through the design and implementation of written policies and procedures. In the case of the Utilities Operations Division written controls are minimal although there do appear to be unwritten controls in place. The Utilities Operations Division is responsible for establishment, billing and discontinuation of water, sewer and trash services.

The procedures in effect appear to apply to customers in a less than uniform manner in that customers are treated differently according to various factors including the size of their bill and whether they are residential or commercial. We were told that the policy in effect during the audit year was such that no disconnect notice would be generated if a customer's balance was below a specified dollar amount (\$100). We were also told that work orders for disconnection generated may not be completed if the customer was classified as commercial and their physical address differed from their billing address or if the business was water dependent.

The procedures do not specify a specific amount of time after which an unpaid bill will be sent to collections but rather note that this reassignment occurs after certain steps are followed. The amount of time that passes in each step may vary due to many factors including work load, type of customer, and so forth.

Article VII, Section 14 of the Louisiana Constitution provides, in part, that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. With respect to the Utilities Operations Division, a donation occurs when a customer utilizes City services such as trash, sewer or water without compensating the City.

Weaknesses in internal controls exist such that the operation of controls does not allow for the timely collection of monies due for utility services. In the course of our audit we noted an exceptionally large number of delinquencies. We noted from the 5/01/2011 aging report that the past due balances in excess of 30 days were \$1,578,045 which comprised 56% of the outstanding utility service account balances. We reviewed several different sources of information and noted:

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

- A. On a report of the 103 customers that paid deposits to have water service enacted during April 2011, we noted that four had prior balances totaling \$1,476 owed to the City of Monroe that were not required to be paid prior to the new water service being turned on.
- B. In a review of 25 customers with account balances of \$20,069 listed on the 5/01/2011 aging report only four of these customer had paid in full as of October 14, 2011:

We noted that three accounts totaling \$1,953, were not required to pay their outstanding balances prior to their water service being reinstated after it was disconnected.

We were informed that during the audit year the policy was if the customer's balance was below \$100 then a disconnect notice would not be generated. In our review of the aging report, it appeared that five of the individuals reviewed made only the payments necessary to keep their balance below the \$100 minimum so that their water would not be disconnected.

According to Utilities Operations Division personnel, six of the customers took it upon themselves to turn their water back on after the Water Operations Division had disconnected the water service. The balance outstanding for these customers on the aging report totaled \$8,447.49.

Seventeen of the 25 customers reviewed from the aging report had current balances on their accounts even though all of them had delinquent balances of 90 days or more totaling \$15,914. This indicates that customers are allowed to continue consuming water and receiving other City services even though they have long-term outstanding balances.

- C. In a report of all 685 Service Shut-off For Delinquent Account work orders generated in April 2011

It showed that 339 (49%) had not been processed as of October 3, 2011.

In a review of ten work orders randomly selected, the Utilities Operations Division was unable to explain whether some of the work orders had been completed and, if they had not, why they had not been completed.

One customer had an unusually high past due amount. The year-end past due balance of \$160,310 made up 9% of the City's total past due accounts. It appeared that work orders are generated monthly to shut off the water service but water service has yet to be disconnected. The City's policy of requiring monthly payments was not enforced as this customer went more than six months during the audit year without making a payment. The customer incurred more than \$24,000 of penalties during the year ended April 30, 2011. Subsequent to the audit year the customer paid the balance in full.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

In requesting data with respect to the work orders chosen for testing we were given different explanations of the status and/or history of the work orders from one Division of the City to another. It also appeared that work orders that were reissued may have been completed but not all the work orders had been updated in the computer as having been closed.

Recommendation

We recommend the City of Monroe produce and strictly adhere to written policies with regard to their Utilities Operations Division to ensure that customers are not permitted to continue consuming City services once it becomes apparent that the customer does not intend to pay for such usage. We suggest these policies apply equally to all customers without regard to balance or type of customer. We further recommend the amount of time that balances are allowed to remain outstanding before meters are pulled and accounts are sent to collections be clearly defined and that this period be timely. In addition, we recommend more rigid timelines and completion of work orders. Customers with outstanding balances from previous service should be required to pay that balance in full prior to being allowed new service.

We suggest regular review and reconciliation of all reports to ensure that customer accounts are managed in a consistent and timely manner. 1.) The report of deposits paid should be reviewed to ensure that customers with prior balances are being required to pay that balance in full prior to the establishment of new service. 2.) The aging report should be reviewed to ensure that customers with past due amounts are not incurring current charges. 3.) The work order report should be used to determine that all work orders are being processed in a timely manner.

We further recommend an analysis of the technical programs used by different divisions of the City so that the same customer and work order information is available to those requiring that information to perform their duties. We recommend that work orders be reviewed regularly to ensure that those work orders completed are properly notated in the computer.

We suggest that any customer found to have turned their water service back on after it was turned off by City personnel be prosecuted for theft of City property.

Management's Corrective Action Plan

Management agrees with and will strive to comply with the auditor's recommendations. Written policies and procedures will be adopted and applied consistently. Policies and procedures will cover those items such as disconnects, reconnects with balances, delinquent accounts, collections processing, and prosecution of theft/tampering. A plan of action with all departments/divisions (Utilities, Water distribution, Police department) concerned will be developed in order to ensure efficient work flow and implementation of all new policies and procedures. Common software/technology available will be utilized to its fullest to help achieve compliance with the auditor's recommendations.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

11-02 WATER DISTRIBUTION DIVISION

Finding

Internal control is a process designed to provide reasonable assurance about the achievement of the entity's objectives and is best applied through the design and implementation of written policies and procedures. In the case of the Water Distribution Division written controls are minimal although there do appear to be unwritten controls in place. It also appears that some work orders are not completed in a timely manner.

Article VII, Section 14 of the Louisiana Constitution provides, in part, that the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. With respect to the Water Distribution Division, a donation occurs when a customer consumes City water without compensating the City. Weaknesses in internal controls exist such that the operation of controls does not allow for timely processing of work orders generated by the Utilities Operations Division to have water meters removed by the Water Distribution Division to prevent further consumption by customers that do not pay their bills.

There were 1,066 work orders generated by the Water Distribution Division in April 2011 of which 141 had not been processed as of October 3, 2011.

In reviewing 132 of the 1,066 work orders, we found thirteen with no completion date and eight in which there was a month or more between the scheduled date and the date the work was performed. There were thirty-two pull meter work orders of which 24 had more than one week between the scheduled date to pull and the date the work was performed. One work order took 81 days to be completed.

The analysis of the 132 work orders reviewed is as follows. We excluded 15 that were missing data and 4 that were completed prior to the scheduled date.

<u>Purpose of Work Order</u>	<u>Number of Work Orders</u>	<u>Ave days btwn Scheduled and Completed</u>	<u>Max # of Days</u>
Other	13	30	167
Pull Meter	32	11	81
Set Meter	19	0	1
Trouble Request	40	1	19
Water Tap	9	27	72
Excluded	19		
Total	132		

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

In summary, the average number of days between the scheduled date and when the work order is completed is greater than one week for all categories of work orders except setting meters and trouble requests. Trouble request work orders are often created and completed by the technician when he visits the site of the issue.

Recommendation

We recommend the City of Monroe incorporate and strictly adhere to written policies with regard to their Water Distribution Division to ensure that customers are not permitted to continue consuming City water once it is determined that the customer does not intend to pay for such usage. We suggest these policies clearly define in what order work orders will be processed and define a maximum amount of time within which a work order will be processed. Regular review and reconciliation of a report of all work orders scheduled and completed during the period would ensure that work orders are managed in a consistent and timely manner.

Management's Corrective Action Plan

Written policies and procedures will be developed that will allow for the timely processing of utility work orders. The plan will include a review of a monthly work order report indicating length of time to complete work orders.

11-03 NOTIFICATION OF MISAPPROPRIATIONS

Finding

Louisiana Revised Statute 24:523 requires any agency head with actual knowledge of misappropriations of public funds or assets notify, in writing, the Legislative Auditor and the District Attorney. During the year ended April 30, 2011, an employee was found to have misappropriated City of Monroe monies, subsequently resigned her position and was later arrested on charges of Theft – Felony (LRS 14:67) and Malfeasance in Office (LRS 14:134) as noted in the Management Letter. Subsequent to year end, five employees were found to have committed payroll fraud by leaving work without authorization during their work shift and the case was turned over to the Ouachita Parish Sheriff's Office as noted in the Management Letter. Neither of these cases were communicated to the Legislative Auditor in accordance with LRS 24:523.

Recommendation

We recommend the City of Monroe communicate to the District Attorney and Legislative Auditor any knowledge of misappropriations of public funds or assets in accordance with state law.

Management's Corrective Action Plan

We will endeavor to report each incident of alleged wrongdoing that seems to have merit in the coming years. Such alleged misconduct will be reported to the Legislative Auditor and the District Attorney.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

11-04 SEWER FUND DEFICITS

Finding

For the year ended April 30, 2011, the Sewer Fund owed the General Fund more than \$3.7 million. The General Fund has been advancing the Sewer Fund monies to cover its operating deficits since 2000. In addition, the amount owed to the General Fund has increased in six of the last seven years. It appears that operating revenues are not sufficient to cover operating expenses.

Should the Sewer Fund be unable to repay this amount owed, the General Fund will have to transfer this amount to the Sewer Fund which would result in a decline of the fund balance of the General Fund in the amount of \$3.7 million.

In addition, bond covenants Section 4.2, Rate Covenant and Section 4.3, Annual Review of User Fees require Sewer Fund operating revenues to sufficient to pay reasonable and necessary expenses of operating and maintaining the system in each fiscal year. With the amounts due the General Fund increasing over the years it appears the City is not in compliance with the bond covenant.

Recommendation

We recommend creation and implementation of a plan for the Sewer Fund to operate independently of the General Fund and repay monies owed. Detailed analysis of both operating revenues and expenses is suggested including, but not limited to, sewer rate charges.

Management's Corrective Action Plan

Sewer revenues are based on water consumption. The City is in the process of replacing its old water meters. Revenues for both water and sewer are expected to increase because of the increased accuracy of the new meters. Administration will recommend rates be raised sufficiently to cover operating expenses and repay the advance from the General Fund.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

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

11-05 COMMUNITY DEVELOPMENT DIVISION

(First Reported – 2010)

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.

During the course of the audit for the year ending April 30, 2011 we reviewed the monitoring reports completed by the City of Monroe. Of the eight subrecipients, three monitoring reports were provided.

Recommendation

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

Management's Corrective Action Plan

The monitoring plan as outlined in the City of Monroe's Action Plan is a local system which was developed by the preceding Director, which stated that at least on on-site would be conducted annually; however, during this time certain factors existed such as having adequate staff necessary to perform on-site monitoring visits to all Subrecipients. Therefore, since certain components of the monitoring plan are based on local program design the existing monitoring plan will be thoroughly reviewed revised on an annual basis and the frequency of on-site monitoring visits will be determined based upon existing factors. Community Development will continue to monitor Subrecipients as outlined in the procedures for monitoring in our action plan.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

The Programs Monitor will continue to perform monitoring tasks such as: desk reviews, provide technical assistance and conduct monitoring visits, which will be prioritized based on Risk Assessments for High & Medium Risk Subrecipients, in order to evaluate the compliance, performance and agency's ability to meet the goals and objectives as outlined in their contract(s). Additionally, Community Development will conduct periodic comprehensive on-site monitoring visits for those Subrecipients identified as "Low Risk".

Community Development will utilize the "Managing CDBG" A Guidebook for CDBG Grantees on Subrecipient Oversight, as a tool when revising the city's existing monitoring plan. The revised monitoring plan will address improving performance and will include an on-going process of planning, implementation, communication, as well as, follow-up.

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 2010-2014 Consolidated Plan was received by the U.S. Department of Housing and Urban Development (HUD) August 16, 2010 thus not adhering to the 45 days prior to the start of the program year requirement. Two HOME findings from the 2007 site visit remain open. The CAPER report for the Program Year 2009 has yet to be submitted.

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 has submitted the required information to the HUD Office necessary to clear all outstanding monitoring findings. This information is currently still under review by HUD. The finding is a result of inexperienced staff persons responsible for completing these documents, as well as, staff turnover. The division 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.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

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 (FY 2010)
Questioned Cost: \$101,327 (FY 2011)*

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. The subsequent \$77,833 was spent in the current year along with an additional amount of \$23,494 for salaries and supplies. Therefore, we consider the \$101,327 spent for this project during the year ending April 30, 2011 to be questioned costs as most of the costs of this project were spent or obligated prior to the receipt of the RROF.

Recommendation

We recommend management ensure that all federal funds are handled in a manner consistent with regulations.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

Management's Corrective Action Plan

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 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. In the future all Requests for Release of Funding will be on file before the start of any work unless otherwise authorized by HUD. Additionally, Community Development is currently applying all rules and regulations relating to the expenditures of federal funds including funding received from the American Recovery and Reinvestment Act of 2009. No Request for Release of Funds (RROF) is required and no further environmental approval from HUD will be needed by the recipient for the draw-down of funds to carry out exempt activities and projects.

D. Segregation of Duties

Finding

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 for CDBG and HOME program activities. 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 program activities.

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 pre-certified contractors are allowed to participate in the bid process. Subsequent to this prior year finding, the Department of Administration advised that the City's purchasing policy would be rewritten to incorporate HUD guidelines and procedures to be utilized for HOME and CDBG contracts; however, since the division has not received an official copy of the revised guidelines outlined in the policy the division has continued to follow the existing procedures, in order to adhere to the requirements of timeliness requirements[24 CFR §570.902(a)] which state that "HUD will consider an entitlement recipient to be failing to carry out its CDBG activities in a timely manner if, 60 days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient, but undisbursed by the U.S. Treasury, is more than 1.5 times the entitlement grant for its current program year." [24 CFR §570.902(a)]. Furthermore we are suggesting to the administration to send someone to the Planning and Urban Development Department from purchasing to be

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2011

a part of Bid Opening and eventual the award of the Bid to the most responsive bidder according to the project specifications and our cost estimates.

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 except for the months of June, July and August. The bylaws further indicate that missing a fourth meeting will result in the member being dismissed from the Citizen's Advisory Council. A review of the minutes indicates that there were only two meetings held during the audit year. Four of the members attended both meetings and a fifth member attended one meeting. There was no mention of excused absences for the members not attending.

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 has worked with the Citizens Advisory Council in order to adopt more stringent measures in their by-laws that will address unexcused absences. Official letters have been sent out to those City Council Members whose CAC representatives may have excessive absences requesting that they recommend nominations of new persons to replace inactive members to the Mayor. Community Development will adhere to the currently adopted policies and procedures of the Citizen's Participation Plan.

CITY OF MONROE
Monroe, Louisiana
Summary Status of Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2011

10-01 COMPLIANCE WITH LOUISIANA PUBLIC BID LAW

Recommendation

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

Status

The City has complied with the Louisiana Public Bid Law in awarding contracts for public works projects.

10-02 COOPERATIVE ENDEAVOR AGREEMENTS

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 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.

Status:

The City has developed *Guidelines for Appropriation Applicants* which delineate guidelines that will be used in determining the organizations that may receive appropriations from the City. These guidelines explain the timing of appropriations, reports required to be submitted by those receiving funds and the types of programs that qualify for appropriations. An *Appropriation Request* form has also been developed for organizations to submit to be considered to receive City funds.

10-03 ENERGY EFFICIENCY CONTRACT
(First Reported – 2008)

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 or 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.

Status:

At its March, 2011, the City Council adopted an amendment to the contract with the ESCO which we believe meets the requirements outlined in opinions from the Legislative Auditor's office and is in compliance with the Louisiana Constitution.

CITY OF MONROE
Monroe, Louisiana
Summary Status of Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2011

10-04 COMMUNITY DEVELOPMENT DIVISION (Refer to Finding 11-05)

A. Monitoring of Subrecipients of HUD Programs

Recommendation

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

Status

The Community Development Division Programs Monitor has performed desk and on site monitoring visits throughout the 2010-2011 Fiscal Year. Also Community Development Accountant has assisted with these on site monitoring visits.

B. Timely Reporting Related to CDBG Programs

Recommendation

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

Status

All prior year annual reports, such as the Consolidated Action Plan, 2007, 2008 & 2009 Response to Monitor Findings, 2007 and 2008 CAPERS report has been submitted to HUD as of June 2011, The American Recovery and Reinvestment Act of 2009 Section 1512 Quarterly Report, as well as other current reports are being submitted on time. The remaining CAPER report due is that of Program Year 2009.

C. Commitment of Federal Funds

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.

Status

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 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. In the future all Requests for Release of Funding will be on file before the start of any work unless otherwise authorized by HUD. Additionally, Community Development is currently applying all rules and regulations

CITY OF MONROE
Monroe, Louisiana
Summary Status of Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2011

relating to the expenditures of federal funds including funding received from the American Recovery and Reinvestment Act of 2009.

After-School Tutorial Program

Community Development has reviewed and followed all rules and regulations as outlined in the Memorandum of Understandings. Community Development ensures that subrecipients adhere to all budget revisions.

Housing Rehabilitation Program

The referred to, "homeowner" needed hardship assistance but there was none available; therefore, she was asked to pay for unforeseen repairs which resulted in the perceived assumption of a loan. Upon the availability of new Hardship Funds the Community Development Division staff has qualified and approved the homeowner for hardship assistance; therefore, the balance due has been fully satisfied.

D. CDBG and HOME - Bids and Contractors

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.

Status

The Housing Rehabilitation contractor's manual has been revised to include the correct wording specifically "Requirements of Contractors: "Newly approved contractors are placed on a probationary status and may submit bids and be awarded bids for all houses with work preformed under the Health and Safety Improvement (\$3,000) and the Senior Housing Repair Modification Programs (\$10,000)."

Newly approved contractors must satisfactorily complete contract work on (1) one house before he/ she is allowed to begin work on the next house awarded. The contractor must satisfactorily complete (3) three houses before he/she is removed from probationary status. All new contractors are placed on a probationary status and may submit bids and be awarded bids for work performed under the Health and Safety Improvement (\$3,000) and the Senior Housing Repair Modification Programs (\$10,000). There are no limitations of the number of houses awarded for the two above-mentioned programs. Contractors who remain on probationary status must satisfactorily complete contract work on (1) one house before he/she is allowed to begin work on the next house awarded. The contractor must satisfactorily complete (3) houses before he/ she is removed from probationary status.

CITY OF MONROE
Monroe, Louisiana
Summary Status of Prior Year Findings and Questioned Costs
For the Year Ended April 30, 2011

Removal from Probationary Status

Upon removal from probationary status by the Project Specialist, a contractor can be awarded a maximum of (5) five houses under the Substantial Housing Rehabilitation Program (\$25,000) as it relates to each solicitation for bids. If a contractor has an inventory of (5) five houses awarded under the Substantial Housing Rehabilitation Program, he/she will not be allowed to participate in the subsequent bid process until he/she has satisfactorily completed work for (3) three of the houses awarded thereby reducing his initial inventory of (5) five houses awarded under the Substantial Housing Rehabilitation inventory to a minimum of (2) two houses remaining that were awarded during the previous bid. Additionally, he/she must be working on or in the process of working on or in the process of beginning work on the (4th) house before being awarded houses under the Substantial Rehabilitation Program. A contractor will not be awarded houses that he/she wins that will cause him/her to exceed their inventory of the maximum number of (5) five houses under the Substantial Housing Rehabilitation Program. The remaining houses under the Substantial Housing Rehabilitation Program will be awarded to the next lowest responsible bidder within range. Community Development Division has advertised for more contractors and plans to advertise once more during the month of July.

E. CDBG Citizen's Participation Plan

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.

Status

Official Letters have been sent to each City Council Member recommending the nomination of new members in order to replace inactive members. Revised By-laws have also been included to indicate the requirements of excused absences that any four absences will result in dismissal. The meeting location has also been changed; As a result of the change in location, there has been an increase in participation from currently active CAC members.

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
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John Herman, CPA
Lynn Andries, CPA
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Sandra Harrington, CPA
Lori Woodard, MBA, CPA

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, 2011. 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, 2011.

City of Monroe
Monroe, Louisiana

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.

Haffey, Huffman, Rozelato, & Squires

(A Professional Accounting Corporation)

October 31, 2011

PFC Revenue and Disbursement Schedule
Monroe Regional Airport
For the Year Ended April 30, 2011

	<u>FY-10</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>FY-11</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	\$ 2,509,097	\$ 68,826	\$ 106,897	\$ 112,643	\$ 96,669	\$ 385,035	\$ 2,894,131
Interest, net of service charges	48,067	142	191	42	42	417	48,484
Total Revenue, net of service charges	<u>2,557,164</u>	<u>68,968</u>	<u>107,087</u>	<u>112,685</u>	<u>96,711</u>	<u>385,451</u>	<u>2,942,615</u>
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	410,444		3,000			3,000	413,444
Application 08-03-C-00-MLU-001	623,410	223,741	317,653	211,769		753,163	1,376,573
Application 08-03-C-00-MLU-002	24,279		2,888	963		3,850	28,129
Total Disbursements	<u>2,004,192</u>	<u>223,741</u>	<u>323,541</u>	<u>212,731</u>		<u>760,013</u>	<u>2,764,205</u>
Net PFC Revenue	<u>552,972</u>	<u>(154,773)</u>	<u>(216,453)</u>	<u>(100,046)</u>	<u>96,711</u>	<u>(374,562)</u>	<u>178,410</u>
PFC Account Balance (cash basis)	\$ <u>552,972</u>	\$ <u>398,199</u>	\$ <u>181,746</u>	\$ <u>81,700</u>	\$ <u>178,410</u>	\$ <u>178,410</u>	\$ <u>178,410</u>

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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, 2011, 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 31, 2011 on the financial statements of the City.

CELL PHONE USAGE

Finding

During the year ended April 30, 2011, the City of Monroe had over 200 cell phones assigned to employees with a cost of approximately \$120,000. During the course of our audit we reviewed twelve monthly records for eight of these cell phones. All eight phone bills were charged for use beyond the plan assigned in that either phone calls totaled more than the number of minutes allotted or data functions were used that were not included in the plan.

Seven of these phone records contained overages in the form of voice overages totaling \$886 even though each phone is given a set number of minutes included in the plan. These voice overages included lengthy calls, including one nearly two hours long, outside normal working hours.

Five of the phones contained overages in the form of data totaling \$278 including text messages sent and received, pictures/videos sent and received, e-mail and downloads. Two of these phones included downloading of what appear to be games and/or music. Further, these seem to be monthly subscriptions in lieu of one time downloads as they appear repeatedly over multiple bills.

Attorney General Opinion No. 95-175 notes that to avoid a constitutionally prohibited donation of public funds, public employees must reimburse their employers for their personal use of public cell phones. Attorney General Opinion No. 06-0225 further notes that if the monthly minute limit selected will be appropriate to official business needs and that monthly limit is exceeded, any additional charges would be attributed to personal calls and reimbursement from the employee would be required.

It is reasonable to expect that the City of Monroe would provide plans adequate to cover the business needs of its employees and, as such, any overages would be attributable to personal use. However, there were no records of these employees reimbursing the City for the overages.

The phone bills we selected to review on a judgment basis and therefore bias was used in our selection process. Cell phones are complex, needs vary by position and some of the overages for the bills reviewed were discontinued in subsequent months. As such, it is not reasonable to project the costs over all phones for the entire year without a much more in-depth analysis.

Recommendation

We recommend that employees be required to reimburse the City for any overages incurred to avoid constitutionally prohibited donation of public funds. We further suggest periodic review of plans to ensure the plan is adequate for employees to conduct official City business. We recommend that the City disable data capabilities on phones for which such data capability is not required in the course of the employee's duties.

Management's Corrective Action Plan

New policies and procedures will be written to cover all types of usage plans by city employees that may potentially create a donation of funds issue from overuse charges. The Telecommunications Supervisor will continue to all review cell phone and data plan invoices. In the cases where charges are generated by usage over the plan allowed, the employee and the employee's supervisor/department head will be notified in writing of any charges owed and given 10 days to make payment through Accounting. If the employee does not pay, it will be deducted from their pay. Department heads can determine if disciplinary measures are necessary.

AIRPORT LEASES

Finding

Internal control is a process designed to provide reasonable assurance about the achievement of the entity's objectives and is best applied through the design and implementation of written policies and procedures. The City of Monroe has no such written policies and procedures with respect to the handling of leases. In addition, the procedures in effect appear less organized than would be optimal.

During the course of our repeated requests for documentation from the City of Monroe in these matters, it appeared that leases are located in various offices around the City and the lease information may not be communicated to the individual responsible for billing and collecting rents as effectively as necessary to ensure that City revenues due are properly collected. We noted leases with nine different lessees were expired.

Recommendation

We recommend the City of Monroe incorporate and strictly adhere to written policies with regard to their Airport lease management. We would suggest that all leases be maintained in a central location with regular review and reconciliation to ensure all leases are current, available and properly communicated to the individual responsible for billing and collecting rents.

Management's Corrective Action Plan

The city will develop a written plan for handling leases, including having a common repository for lease documents. The nine expired leases are with the airlines and car rental facilities. Due to the upcoming transfer to the new airport terminal, the administrators decided the city should do business with these nine on a month by month rental basis, until the new terminal was complete.

PAYROLL FRAUD

Finding

Subsequent to the year ended April 30, 2011, the Sewer Manager discovered what appears to be payroll fraud by five employees during routine video surveillance. By correlating video records, time cards, shift schedules and GPS records, the Manager was able to determine that the employees were leaving work in their personal vehicles and using City vehicles without authorization during their work shift. Sometimes the employee did not return to work until time to clock out.

The Sewer Manager notified City Management and turned all original records obtained during the investigation over to the Ouachita Parish Sheriff's Office. Three of the employees were subsequently terminated and the other two resigned. At the time of the audit no arrests have been made, however, the case is still under investigation.

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 look for warning signs such as time clock records that do not match the written schedule, GPS tracking records showing that the trucks were not located

where they should have been, and random CCTV monitoring. Violations will be dealt with in an aggressive manor as they always have been. It is these same practices that caught the five recent employees that were committing payroll fraud.

The Sewer Department will enhance monthly training meetings to remind employees that they are not to leave their job without obtaining permission from their supervisor and then clocking out. Employees will be made aware of the consequences should they violate the law.

EMPLOYEE THEFT

Finding

During the year ended April 30, 2011, an employee of the City of Monroe was found to have taken full payment for parking ticket fines on two different occasions and at a later time, voided the transactions and created new ones which showed the tickets being satisfied at a lesser amount. The difference of \$300 between the original keyed amount and the new keyed amount could not be accounted for. The employee subsequently resigned her position and was later arrested on charges of Theft – Felony (LA RS 14:67) and Malfeasance in Office (LA RS 14:134).

Recommendation

We recommend that the Director of Tax and Revenue review procedures to ensure that separation of duties is maintained so that the person receiving and recording payments of fines is not authorized to void transactions.

Management's Corrective Action Plan

As result of the incident, Tax and Revenue reviewed parking ticket and transaction void procedures and made the following changes. Voids are now conducted solely at the management level. The separation of duties with cashier, deposit, and void processes has been ensured. These changes were implemented immediately and compliance checks take place daily to measure results.

Shaffey Huffman, Registered Accountant

(A Professional Accounting Corporation)

October 31, 2011