

# ANNUAL FINANCIAL REPORT

**CITY OF MONROE, LOUISIANA**



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

Release Date 11/21/07

**For The Year Ended  
April 30, 2007**

**CITY OF MONROE**  
**Financial Statements**  
**As of and for the Year Ended April 30, 2007**

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**\*Denotes Schedule**

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**\*Denotes Schedule**



**Luffey  
Huffman  
& Monroe**

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

## 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, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents pages 14 through 62. 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, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The other auditors were unable to satisfy themselves as to the financial activities of the Fiduciary Fund Type for the Monroe City Court. The assets of the fiduciary funds of the Monroe City Court is included in the component units column of Statement J and represent 98.5% of total assets and total liabilities of the Component Units column.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might had been determined to be necessary had the other auditors been able to satisfy themselves as to the financial activities discussed in the preceding paragraph, 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

**City of Monroe  
Monroe, Louisiana**

aggregate remaining fund information of the City as of April 30, 2007, 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, 2007 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 12 and pages 64 through 66 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements on pages 14 through 62. The accompanying information listed as other supplemental information (including the schedule of expenditures of federal awards) and the budgetary comparison schedules listed as required supplementary information in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information is the responsibility of management of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges on page 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.



(A Professional Accounting Corporation)

October 31, 2007

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**

**City of Monroe**  
**Management's Discussion and Analysis (MD&A)**  
**April 30, 2007**

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, 2007. 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 new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

- The assets of the City of Monroe exceeded its liabilities at the close of the most recent fiscal year by \$219.3 million (*net assets*). Of this amount, a deficit of \$22.8 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 \$11.4 million.
- As of the close of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$68.9 million an increase of \$4.2 million in comparison with the prior year. Of this total amount, \$19.6 million is in unreserved fund balance.
- At the end of the current fiscal year, approximately \$282,000 of the General Fund's fund balance was reserved for inventories and prepaid items; and approximately \$250,000 was designated for capital improvements.
- The City of Monroe's total debt increased by approximately \$200,000 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.

**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



City of Monroe  
Management's Discussion and Analysis (MD&A)  
April 30, 2007

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.

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.

**City of Monroe**  
**Management's Discussion and Analysis (MD&A)**  
**April 30, 2007**

The City of Monroe maintains 67 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, Collection System Improvement Capital Projects Fund and Rehab Airfield Lighting, all of which are considered to be major funds. Data from the other 63 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 special revenue funds. A budgetary comparison statement has been provided for the General 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, 2007**

**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 \$219.3 million at the close of the most recent fiscal year.

By far the largest amount of the City of Monroe's net assets (\$313 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, 2007 and 2006**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006 (Restated)	2007	2006 (Restated)	2007	2006 (Restated)
<b>Assets</b>						
Current and other assets	\$ 82,202,021	\$ 73,536,026	\$ 2,278,673	\$ 3,797,804	\$ 84,480,694	\$ 77,333,830
Capital Assets	177,659,889	177,184,904	135,353,866	126,350,931	313,013,755	303,535,835
<b>Total Assets</b>	<b>259,861,910</b>	<b>250,720,930</b>	<b>137,632,539</b>	<b>130,148,735</b>	<b>397,494,449</b>	<b>380,869,665</b>
<b>Liabilities</b>						
Current and other liabilities	20,432,599	8,262,454	2,015,058	2,047,666	22,447,657	10,310,120
Long-term liabilities	152,240,766	158,879,016	3,473,721	3,788,612	155,714,487	162,667,628
<b>Total Liabilities</b>	<b>172,673,365</b>	<b>167,141,470</b>	<b>5,488,779</b>	<b>5,836,278</b>	<b>178,162,144</b>	<b>172,977,748</b>
<b>Net Assets</b>						
Invested in capital assets, net of debt	116,380,202	118,529,297	75,283,232	67,075,560	191,663,434	185,604,857
Restricted	48,962,197	53,222,205	-	-	48,962,197	53,222,205
Unrestricted	(78,153,854)	(88,172,042)	56,860,528	57,236,914	(21,293,326)	(30,935,128)
<b>Total Net Assets</b>	<b>\$ 87,188,545</b>	<b>\$ 83,579,460</b>	<b>\$ 132,143,760</b>	<b>\$ 124,312,474</b>	<b>\$ 219,332,305</b>	<b>\$ 207,891,934</b>

The deficit of \$78.1 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 outstanding debt of approximately \$152 million as well as approximately \$136.5 million invested in infrastructure assets. Infrastructure 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, 2007**

**Governmental activities.** Governmental activities increased the City of Monroe's net assets by approximately \$3.6 million. Key elements of the changes in net assets are as follows:

**City of Monroe's Changes in Net Assets**  
**For the years ended April 30, 2007 and 2006**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 19,827,599	\$ 19,075,126	\$ 15,309,187	\$ 14,279,063	\$ 35,136,786	\$ 33,354,189
Operating grants and contributions	2,726,156	3,987,667	807,648	773,621	3,533,804	4,761,288
Capital grants and contributions	7,594,461	997,470	15,764,308	7,627,503	23,358,769	8,624,973
<b>General Revenues</b>						
Property taxes	8,479,020	7,973,025	2,067,780	1,818,030	10,546,800	9,791,055
Sales taxes	54,500,738	53,540,943	-	-	54,500,738	53,540,943
Other taxes	835,464	848,270	-	-	835,464	848,270
Other general revenues	5,888,060	2,594,758	12	357,881	5,888,072	2,952,639
<b>Total revenues</b>	<b>99,851,498</b>	<b>89,017,259</b>	<b>33,948,935</b>	<b>24,856,098</b>	<b>133,800,433</b>	<b>113,873,357</b>
<b>Expenses:</b>						
General government	19,617,142	16,070,497	-	-	19,617,142	16,070,497
Public safety	30,006,513	30,427,433	-	-	30,006,513	30,427,433
Public works	17,179,063	18,959,905	-	-	17,179,063	18,959,905
Culture and recreation	4,615,437	65,760	-	-	4,615,437	65,760
Planning and urban dev.	2,317,855	2,377,250	-	-	2,317,855	2,377,250
Economic development	488,879	4,516,382	-	-	488,879	4,516,382
Interest on long term debt	6,880,713	6,884,774	7,995	26,563	6,888,708	6,911,337
Intergovernmental	15,421,405	6,017,371	-	-	15,421,405	6,017,371
Airport	-	-	1,697,339	1,683,441	1,697,339	1,683,441
Transit	-	-	4,136,284	3,493,426	4,136,284	3,493,426
Civic center	-	-	3,678,912	3,551,952	3,678,912	3,551,952
Zoo	-	-	1,658,986	1,545,929	1,658,986	1,545,929
Livestock arena	-	-	45,869	47,520	45,869	47,520
Water	-	-	5,984,172	6,154,207	5,984,172	6,154,207
Sewer	-	-	8,623,498	7,653,977	8,623,498	7,653,977
<b>Total expenses</b>	<b>96,527,007</b>	<b>85,319,372</b>	<b>25,833,055</b>	<b>24,157,015</b>	<b>122,360,062</b>	<b>109,476,387</b>
<b>Increase (decrease) in net assets before transfers</b>	<b>3,324,491</b>	<b>3,697,887</b>	<b>8,115,880</b>	<b>699,083</b>	<b>11,440,371</b>	<b>4,396,970</b>
<b>Transfers</b>	<b>284,594</b>	<b>(1,285,790)</b>	<b>(284,594)</b>	<b>1,285,790</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 3,609,085</b>	<b>\$ 2,412,097</b>	<b>\$ 7,831,286</b>	<b>\$ 1,984,873</b>	<b>\$ 11,440,371</b>	<b>\$ 4,396,970</b>

**City of Monroe**  
**Management's Discussion and Analysis (MD&A)**  
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**Governmental Activities (continued)**

Expenses are classified by functions/programs. Public safety accounts for approximately \$30.0 million for fiscal year 2007. Other functions such as general government, public works, planning and urban development, culture and recreation and economic development totaled approximately \$44.2 million. The remaining costs represent payments for debt service and intergovernmental expenses totaling approximately \$22.3 million.

The related program revenues for fiscal 2007 directly related to these expenses totaled \$30.1 million, which resulted in net program expenses of \$66.4 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 \$45 million of General Fund revenue.
- Property taxes are the second largest revenue source to the City, generating approximately \$8.5 million of General Fund revenue.

**Business-type activities.** Business-type activities increased the City of Monroe's net assets by approximately \$7.8 million. Key elements of this increase are as follows:

- Airport increased the City's net assets by approximately \$6.6 million, due to capital contributions of \$6.8 million.
- Water Fund activities increased net assets by approximately \$3.2 million, due to capital contributions of \$3.2 million.
- Sewer Fund activities increased net assets by approximately \$2.5 million, due to capital contributions of \$1.1 million.
- Monroe Transit System activities decreased the City's net assets by approximately \$2.3 million.
- All other business-type activities decreased net assets by approximately \$2.5 million.

**Financial Analysis of the Government's Funds**

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

The focus of the City of Monroe's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing

**City of Monroe**  
**Management's Discussion and Analysis (MD&A)**  
**April 30, 2007**

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.

As of the end of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$68.9 million, an increase of \$4.1 million in comparison with the prior year. Approximately 29 percent of this total amount (\$19.6 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 \$11.6 million of which approximately \$282,000 is reserved for inventories and prepaid items, and approximately \$250,000 is designated for capital improvements.

The fund balance of the City of Monroe's general fund increased by approximately \$5.9 million during the current fiscal year.

The special revenue funds have a total fund balance of \$18.4 million, of which approximately \$10.1 million is reserved for debt service related to the Capital Infrastructure Sales Tax Fund.

The debt service funds have a total fund balance of \$14.1 million, all of which is reserved for the payment of debt service.

The capital project funds have a fund balance of approximately \$24.7 million all of which is reserved for capital improvements.

#### **General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the City of Monroe must adopt a budget for the General Fund and all Special Revenue funds prior to April 30. The original budget for the City was adopted on April 11, 2006, and the final budget amendment was adopted on April 10, 2007.

**Revenues:** The original estimated revenues for the General Fund were projected to decrease during FY 2007 by \$3.1 million or 5.9% from the previous year. Property and Sales taxes were together projected to decrease by approximately \$5.1 million from 2006. Budgeted transfers in to the general fund were projected to decrease by approximately \$185,000.

**Expenditures:** Salaries and Benefits comprise 65% of the General Funds Appropriations. This includes a mandatory 2% increase in salaries for Public Safety which accounts for most of the \$778,000 increase in the Police and Fire budgets. The overall budgeted expenditures increased from the prior year's actual expenditures by approximately \$1.7 million.

**City of Monroe**  
**Management's Discussion and Analysis (MD&A)**  
**April 30, 2007**

Administration budget increased by approximately \$1.5 million while public works budget decreased by \$1.1 million, with the majority of that due to changes in classification of expenditures.

**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, 2007, amounts to approximately \$313 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 Capital Assets**  
**(Net of Accumulated Depreciation)**  
**April 30, 2007 and 2006**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006 (Restated)	2007	2006 (Restated)	2007	2006 (Restated)
Land	\$ 17,427,023	\$ 17,619,092	\$ 5,542,940	\$ 5,542,940	22,969,963	23,162,032
Buildings and improvements	32,432,151	32,423,012	33,819,108	33,819,108	66,251,259	66,242,120
Furniture and equipment	27,951,989	27,194,011	16,061,364	15,677,967	44,013,353	42,871,978
Construction in progress	14,418,563	6,695,828	17,729,333	11,444,432	32,147,896	18,140,260
Infrastructure	136,511,292	135,973,434	149,397,135	140,409,891	285,908,427	276,383,325
Zoo animals	-	-	116,682	117,450	116,682	117,450
Total	228,741,018	219,905,377	222,666,562	207,011,788	451,407,580	426,917,165
Less: accumulated depreciation	(51,081,129)	(42,720,473)	(87,312,696)	(80,660,857)	(138,393,825)	(123,381,330)
Total Net Capital Assets	\$177,659,889	\$177,184,904	\$135,353,866	\$126,350,931	\$313,013,755	\$303,535,835

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

- Construction of sewer and water projects at an approximately total cost of \$8.2 million.
- Construction of I-20 Corridor projects of approximately \$2.5 million.
- Expenditures for a variety of street construction projects totaled \$4.6 million for the year.
- Construction on general infrastructure and general capital asset projects of approximately \$930,000.

**City of Monroe**  
**Management's Discussion and Analysis (MD&A)**  
**April 30, 2007**

**City of Monroe Outstanding Debt**  
**April 30, 2007 and 2006**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 490,000	\$ 640,000	\$ -	\$ -	\$ 490,000	\$ 640,000
Tax Incremental Bonds	21,600,000	23,310,000	-	-	21,600,000	23,310,000
Certificates of Indebtedness	2,666,000	3,206,000	76,000	110,000	2,742,000	3,316,000
Sales Tax Bonds	116,374,861	113,912,886	2,486,403	2,486,403	118,861,264	116,399,289
Refunding Bonds	3,405,000	4,035,000	-	310,000	3,405,000	4,345,000
Claims and Judgments	7,112,252	6,076,089	-	-	7,112,252	6,076,089
Capital Lease	2,595,992	2,722,699	-	-	2,595,992	2,722,699
Compensated Absences	5,099,221	4,976,342	948,319	884,310	6,047,540	5,860,652
<b>Total</b>	<b>\$ 159,343,326</b>	<b>\$ 158,879,016</b>	<b>\$ 3,510,722</b>	<b>\$ 3,790,713</b>	<b>\$ 162,854,048</b>	<b>\$ 162,669,729</b>

The City of Monroe's total debt increased by approximately \$200,000 (.1%) during the current fiscal year.

**Economic Factors and Next Year's Budgets and Rates**

The City of Monroe has made great progress since 2004 when the operating deficit of \$5.5 million left it with a general fund balance of only \$225,000. This fiscal year the City boasts a record-setting operating surplus of approximately \$5.9 million, bringing the city's general fund balance to a record \$11.6 million. While this kind of growth is not expected every year, the sales tax revenues continue to remain steady, with slight increases in some months. However, the city has already made great strides in the economic development area, even winning the state LMA award (for cities over 50,000 pop.) for its efforts. New businesses in the retail and service industry continue to open in Monroe. The construction of a privately-owned motor speedway has sparked additional growth in an otherwise economically under-developed area. The city continues to stress conservative budgeting in revenues and expenditures as the effects of the closing of another major employer have not been fully realized. The city will continue its aggressive economic development efforts and conservative budgetary spending.

**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**  
**Governmental Activities**

April 30, 2007

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 65,606,905	\$ 2,931,023	\$ 68,537,928	\$ 860,230
Investments	2,024,410	-	2,024,410	35,000
Receivables	9,076,785	1,409,083	10,485,868	214,493
Internal balances	2,570,746	(2,554,051)	16,695	-
Inventories	141,133	401,705	542,838	-
Prepaid expenses	858,064	90,913	948,977	-
Bond issuance costs	1,923,978	-	1,923,978	-
Capital assets, net	177,659,889	135,353,866	313,013,755	317,750
<b>Total assets</b>	<u>259,861,910</u>	<u>137,632,539</u>	<u>397,494,449</u>	<u>1,427,473</u>
<b>LIABILITIES</b>				
Accounts payables and accrued expenses	7,727,959	586,271	8,314,230	24,053
Accrued payroll related liabilities	2,499,950	-	2,499,950	-
Deferred revenues	949,276	94,323	1,043,599	-
Long-term liabilities	-	37,000	37,000	-
Due to other agencies	1,496	-	1,496	-
Deposits due others	-	1,297,464	1,297,464	-
Other current liabilities	148,660	-	148,660	-
Accrued interest payable	2,002,696	-	2,002,696	-
Noncurrent liabilities				
Due within one year	7,102,562	-	7,102,562	2,321
Due in more than one year	152,240,766	3,473,721	155,714,487	1,120
<b>Total liabilities</b>	<u>172,673,365</u>	<u>5,488,779</u>	<u>178,162,144</u>	<u>27,494</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	116,380,202	75,283,232	191,663,434	314,309
Restricted for				
Capital improvement	34,859,811	-	34,859,811	-
Debt service	14,102,386	-	14,102,386	-
Unrestricted	(78,153,854)	56,860,528	(21,293,326)	1,085,670
<b>Total net assets</b>	<u>\$ 87,188,545</u>	<u>\$ 132,143,760</u>	<u>\$ 219,332,305</u>	<u>\$ 1,399,979</u>

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

CITY OF MONROE  
Monroe, Louisiana

Statement of Activities  
Governmental Activities

April 30, 2007

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 19,481,783	\$ 14,769,754	\$ 9,125	\$ 84,300	\$ (4,618,604)	\$ -	\$ (4,618,604)	\$ -
Public safety	30,006,513	343,665	1,372,940	278,009	(28,011,899)	-	(28,011,899)	-
Public works	17,179,063	3,534,732	4,130	7,079,940	(6,540,261)	-	(6,540,261)	-
Culture and recreation	4,615,437	703,973	31,509	55,425	(3,824,530)	-	(3,824,530)	-
Planning and urban development	2,317,855	370,588	1,291,239	46,787	(609,241)	-	(609,241)	-
Economic development and assistance	488,879	104,887	17,213	50,000	(316,779)	-	(316,779)	-
Debt service interest and fees	6,733,774	-	-	-	(6,733,774)	-	(6,733,774)	-
Capital lease interest	146,939	-	-	-	(146,939)	-	(146,939)	-
Judgments	135,359	-	-	-	(135,359)	-	(135,359)	-
Intergovernmental expenditures	15,421,405	-	-	-	(15,421,405)	-	(15,421,405)	-
<b>Total governmental activities</b>	<b>96,527,007</b>	<b>19,827,599</b>	<b>2,726,156</b>	<b>7,594,461</b>	<b>(66,378,791)</b>	<b>-</b>	<b>(66,378,791)</b>	<b>-</b>
<b>Business-type activities</b>								
Airport	1,697,339	1,485,932	-	6,820,205	-	6,608,798	6,608,798	-
Transit	4,136,284	598,112	807,093	342,904	-	(2,388,175)	(2,388,175)	-
Civic Center	3,685,512	2,013,417	-	484,987	-	(1,187,108)	(1,187,108)	-
Zoo	1,658,986	430,216	555	-	-	(1,228,215)	(1,228,215)	-
Livestock Arena	45,869	6,414	-	-	-	(39,455)	(39,455)	-
Water	5,984,172	5,937,787	-	3,274,297	-	3,227,912	3,227,912	-
Sewer	8,624,893	4,837,309	-	4,841,915	-	1,054,331	1,054,331	-
<b>Total business-type activities</b>	<b>25,833,055</b>	<b>15,309,187</b>	<b>807,648</b>	<b>15,764,308</b>	<b>-</b>	<b>6,048,088</b>	<b>6,048,088</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 122,360,062</b>	<b>\$ 35,136,786</b>	<b>\$ 3,533,804</b>	<b>\$ 23,358,769</b>	<b>\$ (66,378,791)</b>	<b>\$ 6,048,088</b>	<b>\$ (60,330,703)</b>	<b>-</b>
<b>Component units</b>								
City Court	\$ 251,616	\$ 461,737	\$ -	\$ -	\$ -	\$ -	\$ -	210,121
City Marshal	269,263	431,579	-	-	-	-	-	162,316
<b>Total component units</b>	<b>\$ 520,879</b>	<b>\$ 893,316</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>372,437</b>
<b>General revenues:</b>								
Ad valorem tax					8,479,020	2,067,780	10,546,800	-
Sales tax					54,500,738	-	54,500,738	-
Other taxes					835,464	-	835,464	-
Interest and investment earnings					2,931,668	12	2,931,680	19,497
Gain on sale of capital assets					9,659	-	9,659	-
Miscellaneous					171,733	-	171,733	56,546
Transfers					284,594	(284,594)	-	-
Special items					-	-	-	-
Emergency settlement					2,300,000	-	2,300,000	-
Insurance proceeds					475,000	-	475,000	-
<b>Total general revenues and special items</b>					<b>69,987,876</b>	<b>1,783,198</b>	<b>71,771,074</b>	<b>76,043</b>
<b>Changes in net assets</b>					<b>3,609,085</b>	<b>7,831,286</b>	<b>11,440,371</b>	<b>448,480</b>
<b>Net assets - beginning (as restated, see Note 18)</b>					<b>83,579,460</b>	<b>124,312,474</b>	<b>207,891,934</b>	<b>951,499</b>
<b>Net assets - ending</b>					<b>\$ 87,188,545</b>	<b>\$ 132,143,760</b>	<b>\$ 219,332,305</b>	<b>\$ 1,399,979</b>

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, 2007

	Major Funds					Total
	Special Revenue	Capital Infrastructure	Collection System Improvements	Rehab Airfield Lighting	Other Governmental Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,664,544	\$ 10,207,767	\$ 3,817,520	\$ 670,252	\$ 42,696,915	\$ 65,056,998
Investments	-	-	-	-	2,024,410	2,024,410
Receivables	3,717,926	1,012,912	61,800	1,906,156	2,134,056	8,832,850
Due from other funds	2,816,432	3,074	-	111,111	2,161,371	5,091,988
Inventories	103,899	-	-	-	-	103,899
Prepaid expenses & other assets, net	177,969	-	-	-	680,095	858,064
<b>Total Assets</b>	<b>\$ 14,480,770</b>	<b>\$ 11,223,753</b>	<b>\$ 3,879,320</b>	<b>\$ 2,687,519</b>	<b>\$ 49,696,847</b>	<b>\$ 81,968,209</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts and retainage payable	\$ 833,522	\$ 794	\$ 1,279,735	\$ 2,435,389	\$ 3,126,815	\$ 7,696,255
Accrued liabilities	1,445,016	-	-	-	-	1,445,016
Due to other funds	208,319	1,091,900	3,270	-	1,217,753	2,521,242
Deferred revenue	311,292	-	-	252,130	704,550	1,267,972
Due to other agencies	1,496	-	-	-	125,000	126,496
Other current liabilities	-	-	-	-	23,660	23,660
<b>Total liabilities</b>	<b>2,819,645</b>	<b>1,092,694</b>	<b>1,283,005</b>	<b>2,687,519</b>	<b>5,197,778</b>	<b>13,080,641</b>
Fund balances						
Reserved for						
Debt service	-	10,131,059	-	-	14,102,386	24,233,445
Inventories and prepaids	281,868	-	-	-	-	281,868
Capital improvements	-	-	2,596,315	-	22,132,437	24,728,752
Unreserved						
Designated for capital	249,885	-	-	-	-	249,885
Undesignated	11,129,372	-	-	-	8,264,246	19,393,618
<b>Total fund balances</b>	<b>11,661,125</b>	<b>10,131,059</b>	<b>2,596,315</b>	<b>-</b>	<b>44,499,069</b>	<b>68,887,568</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,480,770</b>	<b>\$ 11,223,753</b>	<b>\$ 3,879,320</b>	<b>\$ 2,687,519</b>	<b>\$ 49,696,847</b>	<b>\$ 81,968,209</b>

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, 2007

Fund balances - total governmental funds	\$	68,887,568	
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds			
Governmental capital assets		224,958,598	
Less: accumulated depreciation		<u>(50,134,458)</u>	174,824,140
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds			
Deferred bond issuance costs			1,923,978
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		311,292	
Deferred property tax - City Court Debt Service		7,404	
Sales tax increment - I-20 Corridor		182,336	
Sales tax increment - Tower Drive		<u>44,817</u>	545,849
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		(2,002,696)	
Bonds payable		(144,190,353)	
Compensated absences payable		(5,099,221)	
Obligation under capital leases		(2,595,992)	
Claims and judgments payable		<u>(7,112,252)</u>	(161,000,514)
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		549,907	
Receivables		16,782	
Inventories		37,234	
Capital assets, net		2,835,748	
Accounts payable and accrued expenses		(1,086,639)	
Long-term liabilities:			
Due within one year		(168,000)	
Due in more than one year		<u>(177,508)</u>	<u>2,007,524</u>
Net assets of governmental activities	\$		<u>87,188,545</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, 2007

	Major Funds					Total
	Special Revenue		Capital Projects			
	General	Capital Infrastructure	Collection System Improvements	Rehab Airfield Lighting	Other Governmental Funds	
<b>REVENUES</b>						
Taxes						
Ad valorem	\$ 8,507,037	\$ -	\$ -	\$ -	\$ 232,805	\$ 8,739,842
Sales	31,664,870	13,289,141	-	-	9,597,778	54,551,789
Other	75,136	-	-	-	-	75,136
Fees, charges and commissions for services	7,121,055	-	-	-	558,759	7,679,814
Use of money and property	594,860	416,730	248,510	-	1,858,129	3,118,229
Other revenues	212,128	-	-	-	233,219	445,347
Fines and forfeitures	994,045	-	-	-	134,987	1,129,032
Intergovernmental	190,320	-	-	-	-	190,320
Federal grants	38,000	-	-	6,551,494	1,429,456	8,018,950
State grants	1,336,373	-	-	319,607	500,843	2,156,823
Local grants	-	-	-	-	4,130	4,130
Licenses, permits, and assessments	3,587,888	-	-	-	-	3,587,888
<b>Total revenues</b>	<b>54,321,712</b>	<b>13,705,871</b>	<b>248,510</b>	<b>6,871,101</b>	<b>14,550,106</b>	<b>89,697,300</b>
<b>EXPENDITURES</b>						
Current						
General government						
Legislative	284,046	-	-	-	-	284,046
Judicial	2,516,544	-	-	-	121,714	2,638,258
Executive	387,694	-	-	-	-	387,694
Financial administration	7,328,550	-	96,887	-	158,307	7,583,744
Public safety						
Police	11,283,066	-	-	-	3,625,877	14,908,943
Fire	10,771,788	-	-	-	3,027,897	13,799,685
Public works	7,640,796	958,300	470,700	-	281,833	9,351,629
Culture and recreation	4,127,285	-	-	-	120,826	4,248,111
Planning and urban development	860,872	-	-	-	1,456,983	2,317,855
Economic development and assistance	-	-	-	-	488,879	488,879
Capital outlay	1,068,946	-	8,116,213	6,820,204	8,752,085	24,757,448
Debt service						
Debt service principle	377,600	-	-	-	6,130,000	6,507,600
Debt service interest and fees	100,115	-	-	-	6,633,659	6,733,774
Capital lease principle	126,707	-	-	-	-	126,707
Capital lease interest	146,939	-	-	-	-	146,939
Judgments	135,359	-	-	-	-	135,359
<b>Total expenditures</b>	<b>47,156,307</b>	<b>958,300</b>	<b>8,683,800</b>	<b>6,820,204</b>	<b>30,798,060</b>	<b>94,416,671</b>
Excess (deficiency) of revenues over expenditures	7,165,405	12,747,571	(8,435,290)	50,897	(16,247,954)	(4,719,371)
<b>Other Financing Sources (Uses)</b>						
Bond proceeds	-	-	6,101,975	-	-	6,101,975
Sale of assets	233,750	-	-	-	-	233,750
Transfers in	1,328,791	-	-	111,111	15,408,630	16,848,532
Transfers out	(5,612,492)	(10,482,335)	-	-	(959,564)	(17,054,391)
Entergy settlement for prior years	2,300,000	-	-	-	-	2,300,000
Insurance proceeds	475,000	-	-	-	-	475,000
<b>Total other financing sources (uses)</b>	<b>(1,274,951)</b>	<b>(10,482,335)</b>	<b>6,101,975</b>	<b>111,111</b>	<b>14,449,066</b>	<b>8,904,866</b>
<b>Net changes in fund balances</b>	<b>5,890,454</b>	<b>2,265,236</b>	<b>(2,333,315)</b>	<b>162,008</b>	<b>(1,798,888)</b>	<b>4,185,495</b>
Fund balances - beginning (as restated, Note 18)	5,770,671	7,865,823	4,929,630	(162,008)	46,297,957	64,702,073
<b>Fund balances - ending</b>	<b>\$ 11,661,125</b>	<b>\$ 10,131,059</b>	<b>\$ 2,596,315</b>	<b>\$ -</b>	<b>\$ 44,499,069</b>	<b>\$ 68,887,568</b>

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, 2007

Net change in fund balances - total governmental funds	\$	4,185,495	
<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 \$15,465,939 capital contributions to business activities)		9,336,044	
Depreciation expense		<u>(8,538,514)</u>	797,530
<p>The net effect of various miscellaneous transactions involving capital assets, such as sales and trade-ins:</p>			
Capital assets (cost \$506,600 less accumulated depreciation \$282,510)		(224,090)	
Proceeds for sales		233,750	
Gain (loss) on sales		<u>(233,750)</u>	(224,090)
<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		(251,645)	
Property tax revenue - City Court Debt Service		(9,178)	
Sales tax increment - I-20 Corridor		(16,383)	
Sales tax increment - Tower Drive		<u>(34,668)</u>	(311,874)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>			
Deferred bond issuance costs		55,167	
Amortization of bond issuance costs		(240,741)	
Principal payments		6,507,600	
Proceeds for bonds and certificates		(6,101,975)	
Capital lease payments		<u>126,706</u>	346,757
<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		(5,785)	
Compensated absences payable		(122,879)	
Claims and judgments payable		<u>(1,036,163)</u>	(1,164,827)
<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>(19,906)</u>
Change in net assets of governmental activities	\$		<u><u>3,609,085</u></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, 2007

	Business-type Activities - Enterprise Funds							Governmental Activities Internal Service Funds
	Major Funds							
	Monroe Regional Airport	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds	Total		
<b>ASSETS</b>								
Current assets								
Cash and cash equivalents	\$ 800	\$ 10,945	\$ 2,889,050	\$ 25,028	\$ 5,200	\$ 2,931,023	\$ 549,907	
Receivables	88,822	47,795	286,974	922,495	62,997	1,409,083	16,782	
Due from other funds	-	-	-	-	19,702	19,702	-	
Inventories	-	-	304,583	-	97,122	401,705	37,234	
Prepaid expenses & other assets, net	14,152	67,149	3,538	-	6,074	90,913	-	
<b>Total current assets</b>	<b>103,774</b>	<b>125,889</b>	<b>3,484,145</b>	<b>947,523</b>	<b>191,095</b>	<b>4,852,426</b>	<b>603,923</b>	
Capital assets, net of accumulated depreciation								
Land	4,203,504	993,540	114,152	83,505	148,239	5,542,940	45,000	
Buildings and improvement	3,167,860	9,137,186	54,497	923,920	4,665,009	17,948,472	3,406,242	
Other improvements	11,568,707	3,000,670	-	-	1,301,258	15,870,635	1,980	
Furniture & equipment	1,829,506	1,415,429	1,918,521	2,188,012	787,708	8,139,176	202,240	
Vehicles	977,413	20,827	510,993	1,135,665	5,277,291	7,922,189	126,958	
Infrastructure	-	-	37,031,800	106,589,780	-	143,621,580	-	
Construction in progress	12,991,901	313,132	3,467,115	6,732,741	-	23,504,889	-	
Zoo animals	-	-	-	-	116,682	116,682	-	
Accumulated depreciation	(14,366,492)	(8,431,411)	(20,331,357)	(35,527,681)	(3,655,756)	(87,312,697)	(946,672)	
<b>Total capital assets</b>	<b>20,372,399</b>	<b>6,449,373</b>	<b>22,765,721</b>	<b>82,125,942</b>	<b>3,640,431</b>	<b>135,353,866</b>	<b>2,835,748</b>	
<b>Total assets</b>	<b>\$ 20,476,173</b>	<b>\$ 6,575,262</b>	<b>\$ 26,249,866</b>	<b>\$ 83,073,465</b>	<b>\$ 3,831,526</b>	<b>\$ 140,206,292</b>	<b>\$ 3,439,671</b>	

(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, 2007

	Business-type Activities - Enterprise Funds							Governmental Activities Internal Service Funds
	Major Funds			Other				
	Monroe Regional Airport	Monroe Civic Center	Water Fund	Sewer Fund	Enterprise Funds	Total	Total	
<b>LIABILITIES</b>								
Current liabilities								
Accounts and retainage payable	\$ 61,156	\$ 54,694	\$ 131,408	\$ 194,726	\$ 144,287	\$ 586,271	\$ 31,705	\$ 1,054,934
Accrued liabilities	-	-	-	2,573,750	-	2,573,750	-	-
Due to other funds	-	61,254	-	-	33,069	94,323	-	-
Deferred revenue	-	37,000	-	-	-	37,000	-	168,000
Current portion of long-term debt	-	23,599	1,273,865	-	-	1,297,464	-	-
Customer deposits, net	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<u>61,156</u>	<u>176,547</u>	<u>1,405,273</u>	<u>2,768,476</u>	<u>177,356</u>	<u>4,588,808</u>	<u>1,254,639</u>	<u>1,254,639</u>
Noncurrent liabilities								
Bonds payable	-	39,000	-	-	-	39,000	-	177,508
Notes payable - DEQ	-	-	-	2,486,402	-	2,486,402	-	-
Compensated absences	78,973	97,974	182,616	285,802	302,954	948,319	-	-
<b>Total noncurrent liabilities</b>	<u>78,973</u>	<u>136,974</u>	<u>182,616</u>	<u>2,772,204</u>	<u>302,954</u>	<u>3,473,721</u>	<u>177,508</u>	<u>177,508</u>
<b>Total liabilities</b>	<u>140,129</u>	<u>313,521</u>	<u>1,587,889</u>	<u>5,540,680</u>	<u>480,310</u>	<u>8,062,529</u>	<u>1,432,147</u>	<u>1,432,147</u>
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	20,372,399	6,291,142	18,077,721	26,901,539	3,640,431	75,283,232	2,490,240	2,490,240
Unrestricted	(36,356)	(29,401)	6,584,257	50,631,243	(289,215)	56,860,528	(482,716)	(482,716)
<b>TOTAL NET ASSETS</b>	<u>\$ 20,336,043</u>	<u>\$ 6,261,741</u>	<u>\$ 24,661,978</u>	<u>\$ 77,532,782</u>	<u>\$ 3,351,216</u>	<u>\$ 132,143,760</u>	<u>\$ 2,007,524</u>	<u>\$ 2,007,524</u>

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

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**Proprietary Funds**

For the Year Ended April 30, 2007

	Business-type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Major Funds						
	Monroe Regional Airport	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds		
<b>Operating revenues</b>							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,672,144
Rent and fees	1,080,521	294,365	-	-	15,782	1,390,668	-
Fares	-	-	-	-	551,656	551,656	-
Advertising	16,951	50,441	-	-	31,944	99,336	-
Ticket sales and other	-	1,358,438	-	-	-	1,358,438	-
Admissions	-	-	-	-	261,449	261,449	-
Concessions and rides	-	301,498	-	-	144,283	445,781	-
Water sales	-	-	5,933,002	-	-	5,933,002	-
Sewerage fees	-	-	-	4,837,309	-	4,837,309	-
Other operating revenue	95,120	8,675	4,785	-	30,183	138,763	-
Air Industrial Park rent	293,340	-	-	-	-	293,340	-
<b>Total operating revenues</b>	<b>1,485,932</b>	<b>2,013,417</b>	<b>5,937,787</b>	<b>4,837,309</b>	<b>1,035,297</b>	<b>15,309,742</b>	<b>7,672,144</b>
<b>Operating expenses</b>							
Salaries, wages, and benefits	542,628	1,113,214	1,785,460	1,927,020	2,834,392	8,202,714	718,939
Benefits paid to participants	-	-	-	-	-	-	6,471,437
Materials, repairs, and supplies	171,504	173,244	1,569,473	1,189,766	1,223,481	4,327,468	27,968
Utilities and communications	154,982	489,920	788,782	847,709	190,786	2,472,179	41,259
Depreciation and amortization	598,420	433,458	956,724	4,009,500	967,384	6,965,486	104,650
Shop expenses	-	-	-	-	-	-	791,542
Insurance	15,439	132,121	4,206	-	242,524	394,290	-
Promoter's expenses	-	900,058	-	-	52,131	952,189	-
Other operating expenses	214,366	436,897	879,527	649,503	330,441	2,510,734	18,369
<b>Total operating expenses</b>	<b>1,697,339</b>	<b>3,078,912</b>	<b>5,984,172</b>	<b>8,623,498</b>	<b>5,841,139</b>	<b>25,825,060</b>	<b>8,174,364</b>
<b>Operating income (loss)</b>	<b>(211,407)</b>	<b>(1,665,495)</b>	<b>(46,385)</b>	<b>(3,786,189)</b>	<b>(4,805,842)</b>	<b>(10,515,318)</b>	<b>(502,220)</b>
<b>Nonoperating revenues (expenses)</b>							
Operating grants	-	-	-	-	1,149,997	1,149,997	-
Interest income	-	-	12	-	-	12	9,268
Interest expense	-	(6,600)	-	(1,395)	-	(7,995)	(17,407)
Property taxes	-	1,033,890	-	-	1,033,890	2,067,780	-
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>1,027,290</b>	<b>12</b>	<b>(1,395)</b>	<b>2,183,887</b>	<b>3,209,794</b>	<b>(8,139)</b>
<b>Income (loss) before transfer</b>	<b>(211,407)</b>	<b>(638,205)</b>	<b>(46,373)</b>	<b>(3,787,584)</b>	<b>(2,621,955)</b>	<b>(7,305,524)</b>	<b>(510,359)</b>
<b>Other financing sources (uses)</b>							
Capital contributions	6,820,205	484,987	3,274,297	4,841,915	-	15,421,404	-
Transfers in	-	-	929	-	986,529	987,458	490,453
Transfers out	(343,757)	(12,498)	(455,250)	(460,547)	-	(1,272,052)	-
<b>Change in net assets</b>	<b>6,265,041</b>	<b>(165,716)</b>	<b>2,773,603</b>	<b>593,784</b>	<b>(1,635,426)</b>	<b>7,831,286</b>	<b>(19,906)</b>
<b>Total net assets - beginning (as restated, Note 18)</b>	<b>14,071,002</b>	<b>6,427,457</b>	<b>21,888,375</b>	<b>76,938,998</b>	<b>4,986,642</b>	<b>124,312,474</b>	<b>2,027,430</b>
<b>Total net assets - ending</b>	<b>\$ 20,336,043</b>	<b>\$ 6,261,741</b>	<b>\$ 24,661,978</b>	<b>\$ 77,532,782</b>	<b>\$ 3,351,216</b>	<b>\$ 132,143,760</b>	<b>\$ 2,007,524</b>

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, 2007

	Business Type Activities					TOTAL	Governmental Activities Internal Service Fund
	Enterprise Funds						
	Major Funds						
	MONROE REGIONAL AIRPORT	MONROE CIVIC CENTER	WATER FUND	SEWER FUND	OTHER ENTERPRISE FUNDS		
<b>Cash flows from operating activities</b>							
Cash received from customers	\$ 1,466,647	\$ 2,248,879	\$ 7,761,929	\$ 4,719,938	\$ 1,839,765	\$ 18,037,168	\$ 7,707,266
Cash payments to suppliers for goods and services	(555,260)	(2,120,261)	(3,199,328)	(2,005,009)	(2,010,788)	(9,891,246)	(543,890)
Cash payments to participants for insurance benefits	-	-	-	-	-	-	(8,337,727)
Cash payments to employees for services and benefits	(532,445)	(1,109,410)	(1,818,673)	(1,856,254)	(2,820,167)	(8,137,449)	(719,066)
Net cash provided by (used for) operating activities	378,942	(980,792)	2,743,338	858,175	(2,991,190)	8,473	(293,417)
<b>Cash flows from noncapital financing activities</b>							
Operating grants	-	-	-	-	1,149,997	1,149,997	-
Ad valorem taxes	-	1,038,890	-	-	1,038,890	2,067,780	-
Transfers in	-	-	990	-	986,528	987,458	490,453
Transfers out	(343,757)	(12,895)	(455,290)	(469,547)	-	(1,272,029)	-
Net cash provided by (used for) noncapital financing activities	(343,757)	1,021,392	(454,300)	(469,547)	3,170,416	2,935,184	490,453
<b>Cash flows from capital and related financing activities</b>							
Acquisition of capital assets	(6,855,980)	(390,047)	(3,668,782)	(4,921,173)	(177,526)	(16,012,938)	(6,197)
Cash contributed by City of Monroe	6,120,205	390,067	3,413,752	4,841,915	-	15,465,939	-
Principal paid on debt	-	(54,000)	-	(310,000)	-	(344,000)	(162,400)
Interest paid on debt	-	(6,609)	-	(8,378)	-	(14,920)	(17,697)
Net cash (used for) financing activities	(35,185)	(46,600)	(255,030)	(397,628)	(177,526)	(905,969)	(186,094)
<b>Cash flows from investing activities</b>							
Interest received on investments	-	-	12	-	-	12	9,268
Net cash provided by investing activities	-	-	12	-	-	12	9,268
<b>Net (decrease) in cash and cash equivalents</b>	-	-	2,034,000	-	1,700	2,035,700	20,300
Cash and cash equivalents, May 1, 2006	809	10,945	855,050	25,028	3,500	895,332	529,607
Cash and cash equivalents, April 30, 2007	\$ 809	\$ 10,945	\$ 2,889,050	\$ 25,028	\$ 5,200	\$ 2,931,023	\$ 549,907
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>							
Operating (loss)	\$ (211,407)	\$ (1,665,495)	\$ (46,385)	\$ (3,786,189)	\$ (4,805,842)	\$ (10,515,318)	\$ (502,220)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>							
Depreciation and amortization	398,420	433,458	956,724	4,009,500	967,384	6,965,486	104,650
Change in assets and liabilities							
Accounts receivable	(19,286)	131,943	(95,167)	(131,571)	359,988	745,007	35,123
Due from other funds	-	111,428	1,865,061	14,200	(19,702)	1,970,987	-
Inventory	-	-	182,427	-	(36,616)	145,811	6,614
Prepaid expenses	-	12,466	(3,530)	21,349	(915)	29,362	-
Accounts payable	16,459	(488)	(72,801)	(66,005)	67,864	(54,971)	62,414
Due to other funds	-	-	(60,400)	727,919	(1,756)	665,763	-
Deferred revenues	-	(7,009)	-	-	(35,819)	(42,828)	-
Customer deposits	(12,312)	-	54,258	-	-	41,946	-
Other current liabilities	(3,181)	-	(3,630)	-	-	(6,781)	-
Compensated absences	10,219	3,805	(33,211)	68,972	14,224	64,009	-
Net cash provided by (used for) operating activities	\$ 378,942	\$ (980,792)	\$ 2,743,338	\$ 858,175	\$ (2,991,190)	\$ 8,473	\$ (293,417)

CITY OF MONROE  
MONROE, LOUISIANA

STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS

April 30, 2007

	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
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 115,407	\$ 65,620	\$ 8,320,681	\$ 8,501,708	\$ 1,086,328	\$ 7,055
Accounts receivable	-	20	9,016	9,036	567	9,548
Total assets	<u>115,407</u>	<u>65,640</u>	<u>8,329,697</u>	<u>8,510,744</u>	<u>1,086,895</u>	<u>16,603</u>
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	-	-	1,408	1,408	180,953	-
Due to other funds	-	-	16,698	16,698	-	-
Deposits due to others	-	-	8,311,591	8,311,591	905,942	16,603
Total liabilities	<u>-</u>	<u>-</u>	<u>8,329,697</u>	<u>8,329,697</u>	<u>1,086,895</u>	<u>16,603</u>
<b>Net Assets</b>						
Fund equity						
Reserved for retirement benefits	<u>115,407</u>	<u>65,640</u>	<u>-</u>	<u>181,047</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 115,407</u>	<u>\$ 65,640</u>	<u>\$ -</u>	<u>\$ 181,047</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**CITY OF MONROE  
MONROE, LOUISIANA**

**STATEMENT OF CHANGES IN  
FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**For the Year Ended April 30, 2007**

	<b>Police Pension and Relief Fund</b>	<b>Bus Drivers' Pension and Relief Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Investment income		
Interest	\$ 5,790	\$ 3,274
Total investment income	<u>5,790</u>	<u>3,274</u>
Individual account transactions		
Contributions by the City	<u>-</u>	<u>10,800</u>
Total additions	<u>5,790</u>	<u>14,074</u>
<b>DEDUCTIONS</b>		
Benefits paid	1,913	10,700
Administrative expense	<u>68</u>	<u>76</u>
Total deductions	<u>1,981</u>	<u>10,776</u>
Change in net assets held for pension benefits	3,809	3,298
Net assets, beginning of year	<u>111,598</u>	<u>62,342</u>
Net assets, end of year	<u>\$ 115,407</u>	<u>\$ 65,640</u>

**CITY OF MONROE  
MONROE, LOUISIANA**

**COMBINING STATEMENT OF NET ASSETS  
ALL DISCRETELY PRESENTED COMPONENT UNITS**

April 30, 2007

	City Court of Monroe	Monroe City Marshal	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 699,175	\$ 161,055	\$ 860,230
Investments	-	35,000	35,000
Accounts receivable	187,283	27,210	214,493
Total current assets	886,458	223,265	1,109,723
Capital assets, net of accumulated depreciation	166,515	151,235	317,750
<b>Total assets</b>	<b>\$ 1,052,973</b>	<b>\$ 374,500</b>	<b>\$ 1,427,473</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 9,148	\$ 14,905	\$ 24,053
Noncurrent liabilities -			
Obligation under capital lease			
Due within one year	-	2,321	2,321
Due in more than one year	-	1,120	1,120
<b>Total liabilities</b>	<b>\$ 9,148</b>	<b>\$ 18,346</b>	<b>\$ 27,494</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 166,515	\$ 147,794	\$ 314,309
Unrestricted	877,310	208,360	1,085,670
<b>Total net assets</b>	<b>\$ 1,043,825</b>	<b>\$ 356,154</b>	<b>\$ 1,399,979</b>

The accompanying notes are an integral part of this statement.



**CITY OF MONROE  
MONROE, LOUISIANA**

**COMBINING STATEMENT OF ACTIVITIES  
ALL DISCRETELY PRESENTED COMPONENT UNITS**

**For the Year Ended April 30, 2007**

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
<b>EXPENDITURES</b>			
Judiciary			
Personal services	\$ (1,071,983)	\$ (850,468)	\$ (1,922,451)
Operating services	(277,548)	(159,349)	(436,897)
Materials and supplies	(2,787)	(11,153)	(13,940)
Travel and other	(28,054)	(12,486)	(40,540)
Depreciation	(28,616)	(7,800)	(36,416)
Other	-	(22,851)	(22,851)
Interest	-	(424)	(424)
Total expenditures	<u>(1,408,988)</u>	<u>(1,064,531)</u>	<u>(2,473,519)</u>
<b>PROGRAM REVENUES</b>			
Fees, charges, and court costs			
Court costs	380,567	412,309	792,876
Probation fees	40,500	-	40,500
Reinstatement fees	2,938	-	2,938
Bond forfeitures	13,388	-	13,388
Other charges for services	24,344	19,270	43,614
Total program revenues	<u>461,737</u>	<u>431,579</u>	<u>893,316</u>
Net program expense	(947,251)	(632,952)	(1,580,203)
<b>GENERAL REVENUES</b>			
Intergovernmental - City of Monroe	1,157,372	795,268	1,952,640
Interest income	19,497	-	19,497
Bond forfeitures	-	13,613	13,613
Casualty gain	9,033	-	9,033
Other income	33,900	-	33,900
Total general revenues	<u>1,219,802</u>	<u>808,881</u>	<u>2,028,683</u>
<b>CHANGES IN NET ASSETS</b>	272,551	175,929	448,480
<b>NET ASSETS</b>			
Beginning of year	<u>771,274</u>	<u>180,225</u>	<u>951,499</u>
End of year	<u>\$ 1,043,825</u>	<u>\$ 356,154</u>	<u>\$ 1,399,979</u>

The accompanying notes 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, 2007**

**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, 2007**

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 Interstate 20 Economic Development Corporation. There also exists two other special districts within the City - The Downtown Economic Development District and The Southside Economic Development District. These two districts are charged with planning and delivery of public improvements, facilities, and services in their respective districts. For financial reporting purposes, all of these entities are considered an integral part of the City, not component units. This decision is due to the City keeping the books and records for these entities, the City as a whole reaping the benefits from the use of the proceeds of the incremental tax bonds issued by the not-for-profits, and that the districts and the separate not-for-profits are ministerial and structural in nature, as disbursement of funds is subject to the control of the City through the plan of government. As such, they are presented as

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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.

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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.

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*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.

*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 following Capital Projects funds are considered major funds: Collection System Improvements and Rehab Airfield Lighting.

*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.

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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 are 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"

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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.

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.



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*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.

*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).

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6. For the year ended April 30, 2007, 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 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 writedowns for obsolete items. Inventories in the General and Proprietary Funds consist of expendable supplies and repair and maintenance items held for consumption.

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***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 was increased from \$1,000 per unit to \$3,000 per unit beginning May 1, 2006.

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

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

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

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

***LONG-TERM DEBT:***

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized

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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."

***ACCUMULATED VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS:***

In the government-wide financial statements and the proprietary fund types 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, 2007, 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.

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***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, 2007 is \$281,868 and \$249,885 is designated for capital improvements.

***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. Details of restricted net assets at year-end are presented in Note 7.

***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.

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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 used for all infrastructure including but not limited to streets, water, sewer and drainage and other related capital expenditures. The tax will expire in 2029.

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, 2.47 mills was renewed by the voters in 1998, levied in fiscal 1999, and will expire with the 2007 tax roll.

For both the police and fire departments, 1.48 mills was renewed by the voters in 1998, levied in fiscal 1999, and will expire with the 2007 tax roll.

For capital improvements, 3.21 mills was renewed by the voters in 1998, levied in fiscal 1999, and will expire with the 2007 tax roll.

**2. FUND DEFICITS**

The following fund has a deficit at April 30, 2007:

**NONMAJOR FUNDS**

Internal Service

Employees' Group Insurance

\$ 488,245

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The deficit in the internal service fund has been a recurring issue. However, beginning fiscal year 2007-08, the City has identified a new revenue source to offset some of the rising costs associated with maintaining self-insurance. A transfer from the General Fund will fund any remaining deficit.

**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. However, the City had approximately \$2,300,000 in custodial credit risk related to its deposits at April 30, 2007.

At April 30, 2007, the City has cash and cash equivalents, totaling \$77,039,636, (including \$8,501,708 in fiduciary funds) as follows:

Petty cash	\$	21,556
Demand deposits		56,578,907
Money market funds		20,439,173
Total	\$	77,039,636

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, 2007, are secured, as follows:

Bank balances	\$	59,632,999
Federal deposit insurance	\$	420,773
Pledged securities (uncollateralized)		58,124,683
Total	\$	58,545,456

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.

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**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, 2007.

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. At April 30, 2007, the City had the following investments stated at cost, which approximates market:

United States government securities	<u>\$ 2,024,410</u>
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*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 is to be avoided.

*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.



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**5. RECEIVABLES**

Accounts receivable of \$10,267,751 at April 30, 2007, are comprised of the following:

<b>Fund Type</b>	<b>Taxes - Ad Valorem</b>	<b>Taxes - Sales</b>	<b>Grants</b>	<b>Accounts</b>	<b>Other</b>	<b>Total</b>
<b>MAJOR FUNDS</b>						
General	\$ 272,206	\$ 2,501,813	\$ 81,480	\$ 859,707	\$ 2,720	\$ 3,717,926
Capital Infrastructure	-	1,012,512	-	-	400	1,012,912
Collection System Imp.	-	-	61,800	-	-	61,800
Rehab Airfield Lighting	-	-	1,906,156	-	-	1,906,156
Airport	-	-	-	88,822	-	88,822
Civic Center	33,069	-	-	14,259	467	47,795
Water	-	-	-	286,974	-	286,974
Sewer	-	-	-	913,867	8,628	922,495
<b>NONMAJOR FUNDS</b>						
Special Revenues	-	494,692	135,356	78,885	138	709,071
Debt Service	7,404	836,366	-	-	-	843,770
Capital Projects	-	-	499,461	81,754	-	581,215
Enterprise	33,069	-	12,307	17,621	-	62,997
Internal Service	-	-	-	-	16,782	16,782
Agency	-	2,115	-	6,666	255	9,036
<b>TOTAL:</b>	<b>\$ 345,748</b>	<b>\$ 4,847,498</b>	<b>\$ 2,696,560</b>	<b>\$ 2,348,555</b>	<b>\$ 29,390</b>	<b>\$ 10,267,751</b>

The allowance for doubtful accounts is \$132,254 as of April 30, 2007.

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**6. CHANGES IN CAPITAL ASSETS**

The following schedule presents changes in capital assets for the year ended April 30, 2007.

	Balance April 30, 2006 (Restated)	Additions	Retirements	Balance April 30, 2007
<b>Governmental Funds:</b>				
Land	\$ 17,574,092	\$ -	\$ (192,069)	\$ 17,382,023
Construction in progress	68,927	566,665	-	635,592
CIP-Infrastructure	6,626,901	7,693,928	(537,858)	13,782,971
Total capital assets not being depreciated	<u>24,269,920</u>	<u>8,260,593</u>	<u>(729,927)</u>	<u>31,800,586</u>
<b>Depreciable assets:</b>				
Buildings and improvements	27,784,837	9,139	-	27,793,976
Equipment and Furniture	26,871,010	1,066,311	(314,530)	27,622,791
Infrastructure	135,973,434	537,858	-	136,511,292
School buildings	1,229,953	-	-	1,229,953
Total capital assets being depreciated	191,859,234	1,613,308	(314,530)	193,158,012
Less: accumulated depreciation	(41,878,452)	(8,538,515)	282,509	(50,134,458)
Total capital assets being depreciated, net	<u>149,980,782</u>	<u>(6,925,207)</u>	<u>(32,021)</u>	<u>143,023,554</u>
Total governmental funds capital assets, net	<u>174,250,702</u>	<u>1,335,386</u>	<u>(761,948)</u>	<u>174,824,140</u>
<b>Internal Service Fund:</b>				
Land	45,000	-	-	45,000
<b>Depreciable assets:</b>				
Buildings and improvements	3,408,222	-	-	3,408,222
Furniture and vehicles	323,001	6,197	-	329,198
Total capital assets being depreciated	3,731,223	6,197	-	3,737,420
Less: accumulated depreciation	(842,021)	(104,650)	-	(946,671)
Total capital assets being depreciated, net	<u>2,889,202</u>	<u>(98,453)</u>	<u>-</u>	<u>2,790,749</u>
Total Internal Service Fund capital assets, net	<u>2,934,202</u>	<u>(98,453)</u>	<u>-</u>	<u>2,835,749</u>
Total governmental activities capital assets, net	<u>\$ 177,184,904</u>	<u>\$ 1,236,933</u>	<u>\$ (761,948)</u>	<u>\$ 177,659,889</u>

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	Balance April 30, 2006	Additions	Retirements	Balance April 30, 2007
<b>Business-type activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 5,542,940	\$ -	\$ -	\$ 5,542,940
Construction in progress	11,444,432	15,272,145	(8,987,244)	17,729,333
Zoo animals	117,450	-	(768)	116,682
Total capital assets not being depreciated	17,104,822	15,272,145	(8,988,012)	23,388,955
<b>Depreciable assets:</b>				
Buildings/Improvements	33,819,108	-	-	33,819,108
Infrastructure	140,409,891	8,987,244	-	149,397,135
Equipment	15,677,985	675,677	(292,298)	16,061,364
Total capital assets being depreciated	189,906,984	9,662,921	(292,298)	199,277,607
Less: accumulated depreciation	(80,660,857)	(6,944,137)	292,298	(87,312,696)
Total capital assets being depreciated, net	109,246,127	2,718,784	-	111,964,911
<b>Total business-type activities capital assets, net</b>	<b>\$ 126,350,949</b>	<b>\$ 17,990,929</b>	<b>\$ (8,988,012)</b>	<b>\$ 135,353,866</b>

The beginning balances of capital assets and accumulated depreciation have been adjusted by approximately \$459,000 (net) and (\$3,440,000) (net), respectively, for items omitted in prior year.

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

**Governmental Activities:**

General Government	\$ 763,094
Public Safety	1,297,885
Public Works	6,110,209
Culture and Recreation	367,326
Internal Service Fund	104,650
Total depreciation expense - governmental activities	<u>\$ 8,643,164</u>

**Business-Type Activities:**

Airport	598,420
Civic Center	433,458
Water Fund	956,724
Sewer Fund	3,988,151
Non-major business-type activities	967,384
Total depreciation expense - business-type activities	<u>\$ 6,944,137</u>

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

The Central Shop and Warehouse land and building is carried on the City's balance sheet within the Internal Service Fund. At April 30, 2007, 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. In the future, an Internal Service Fund will be established to account for the operations of the warehouse, at which time depreciation will be charged to that 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 \$2,235,556 for the year ended April 30, 2007. In addition, the City received a one-time settlement of \$2,300,000 for prior years calculation discrepancies.

**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. For the year ended April 30, 2007, the City contributed \$10,800 to the Bus Drivers' Pension and Relief Fund.

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,

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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, 2007.

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, 2007, as follows: Policemen's, \$115,407 and Bus Drivers', \$65,640.

***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, 2007, 2006, and 2005 were \$2,622,425; \$2,418,511; and \$2,315,168 respectively, equal to the statutorily required contributions for each year.

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

*Firefighters' Retirement System (SFRS)*

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

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

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

The City's contributions to the SFRS for the years ended April 30, 2007, 2006, and 2005 were \$1,377,036; \$1,608,580; \$1,898,169 and, respectively, equal to the required contributions for each year.

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

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*Municipal Police Employees' Retirement System (MPERS)*

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

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

*Funding Policy.* State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the MPERS for the years ended April 30, 2007, 2006, and 2005 were \$1,399,294; \$1,525,212; and \$1,267,704, respectively, equal to the statutorily required contributions for each year.

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

**9. OTHER HEALTH CARE BENEFITS AND POST EMPLOYMENT BENEFITS**

During the year ended April 30, 2007, the City paid \$4,599,393 in expenses in connection with providing benefits to a total of 1,100 participants. The cost is broken down as follows:

Active Employees	\$ 3,034,051
Retired Employees	1,556,489
COBRA	8,853
Total	\$ <u>4,599,393</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

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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 250 retirees receive benefits under this plan. These retirees reimbursed the City for \$815,678 for fiscal year 2007 for their portion of health care benefits.

**10. LEASES**

At April 30, 2007, the City was obligated under operating lease agreements covering computer equipment and various other items of equipment. The original lives of the leases range up to five years with options to renew some leases for one to five years. The City made lease payments of approximately \$512,729 during the year ended April 30, 2007. The following is a schedule of future minimum lease payments under operating leases as of April 30, 2007.

Years Ended April 30:	Minimum Lease Payments
2008	\$ 173,607
2009	113,752
2010	84,200
Total	<u>\$ 371,559</u>

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%.

<u>Fiscal Years Ended April 30:</u>	<u>Future Minimum Lease Payments</u>
2008	\$ 277,450
2009	281,356
2010	285,274
2011	289,359
2012	284,806
2013-2017	1,262,435
2018-2021	<u>1,022,672</u>
	3,703,352
Less: Amounts representing Interest	<u>(1,107,360)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 2,595,992</u>



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**11. LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions of the City of Monroe for the year ended April 30, 2007:

	<u>Long-Term Obligations</u>	<u>Proprietary Funds</u>	<u>Total</u>
Long-term obligations, May 1, 2006	\$ 158,371,108	\$ 4,298,621	\$ 162,669,729
Additions	8,167,710	478,637	8,646,347
Retirements	<u>(7,541,000)</u>	<u>(921,027)</u>	<u>(8,462,027)</u>
Long-term obligations, April 30, 2007	<u>\$ 158,997,818</u>	<u>\$ 3,856,231</u>	<u>\$ 162,854,049</u>

Long-term obligations outstanding at April 30, 2007, are comprised of the following:

	<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
<b><i>General Long-Term Obligations</i></b>				
<b><u>General Obligation Bonds</u></b>				
Public improvements:				
City Court and Jail	2003	03/01/10	2.10 – 3.10	\$ <u>490,000</u>
<b><u>Tax Increment Bonds</u></b>				
Tower Drive	1997	03/01/09	5.21	515,000
Tower Drive	1999	03/01/09	5.00	200,000
Tower Drive	2000	03/01/20	6.95	2,370,000
Tower Drive	2002	03/01/20	5.85	835,000
I-20 Development	2003	03/01/20	2.75 – 4.75	13,040,000
I-20 Development	2005	03/01/20	4.25 – 4.60	<u>4,640,000</u>
Total tax increment bonds				<u>21,600,000</u>
<b><u>Certificates of Indebtedness</u></b>				
Swimming Pools Renovations	2004A	04/01/09	3.45	265,492
Taxable Refunding Certificates (Civic Center Roof)	2004C	04/01/14	3.75	<u>2,055,000</u>
Total certificates of indebtedness				<u>2,320,492</u>
<b><u>Sales Tax Bonds</u></b>				
Series 2001 (Streets)	2001	07/01/21	4.00-5.75	20,820,000
Series 2002 (Streets/Sewer)	2002	07/01/26	4.00-7.00	23,440,000
Series 2002A (Fire/Drainage)	2002A	07/01/27	3.25-4.80	14,570,000

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Series 2003 (Streets)	2003	07/01/27	3.25-5.50	\$ 20,725,000
Series 2006 (Water)	2006	07/01/28	3.45	<u>2,833,861</u>
Total sales tax bonds				<u>82,388,861</u>
 <b><u>Refunding Bonds</u></b>				
Series 1998A (Fire&Police Pension) 1998	1998	03/01/13	4.60-5.05	<u>3,405,000</u>
 <b><u>Utility Revenue Bonds</u></b>				
Series 2001 (DEQ) (Sewer)	2001	06/01/23	3.45	21,673,597
Series 2003 (DEQ) (Sewer)	2003	06/01/23	3.45	8,945,000
Series 2005 (DEQ) (Sewer)	2005	07/01/27	3.45	<u>3,367,403</u>
Total utility revenue bonds				<u>33,986,000</u>
 <b><u>Other</u></b>				
Claims and Judgments Payable	None	None	None	7,112,252
Capital Lease (See Note 11)	2000	04/30/21	5.70	2,595,992
Accrued vacation and sick pay	None	None	None	<u>5,099,221</u>
Total other				<u>14,807,465</u>
<b>Total general long-term obligations</b>				<b><u>\$158,997,818</u></b>
 <b><i>Proprietary Funds</i></b>				
<b><u>Certificates of Indebtedness -</u></b>				
<b><u>Refunding Certificates</u></b>				
(Central warehouse and shop)	2004A	04/01/09	3.45	\$ 345,508
<b><u>Taxable Refunding Certificates</u></b>				
(Ice Rink)	2004B	04/01/09	6.00	76,000
<b><u>Utility Revenue Bonds-</u></b>				
Series 2001 (DEQ) (Sewer)	2001	06/01/23	3.45	2,486,403
<b><u>Other</u></b>				
Accrued vacation and sick pay	None	None	None	<u>948,319</u>
<b>Total proprietary funds</b>				<b><u>\$ 3,856,230</u></b>
 <b><u>Long-Term Obligation</u></b>				
<b><u>Paying Fund</u></b>				
<b>General obligation bonds:</b>				
Refunding Bonds, 2003				
(City Court and Jail Improvements)				City Court and Jail Improvements Debt Service Fund
<b>Tax increment bonds:</b>				
Tower Drive				Tower Drive Debt Service Fund

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I-20 Development	I-20 Debt Service Fund
<b>Certificates of indebtedness:</b>	
Refunding Cert of Indebt (Swimming Pool Renovations)	General Fund
Refunding Certificates (Central Shop)	Central Shop Internal Service Fund
Taxable Refunding Certificates (Civic Center Roof)	General Fund
Taxable Refunding Certificates (Ice Hockey Rink)	Monroe Civic Center Fund
<b>Sales tax bonds:</b>	
Series 2001 (Streets)	Sales Tax Bond Debt Service Fund
Series 2002 (Sewer and Streets)	Sales Tax Bond Debt Service Fund
Series 2002A (Fire and Drainage)	Sales Tax Bond Debt Service Fund
Series 2003 (Streets)	Sales Tax Bond Debt Service Fund
Series 2006 (Water)	Sales Tax Bond Debt Service Fund
<b>Utility revenue bonds:</b>	
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
<b>Refunding Bonds:</b>	
Series 1998A (Fire and Police Pension)	General Fund
<b>Capital Lease Obligations:</b>	
Equipment	General Fund
<b>Utility Revenue Bonds:</b>	
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 and capital lease obligations) outstanding at April 30, 2007, including interest payments of \$71,490,689 are as follows:

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Year Ended April 30,	G.O. Bonds Cert. of Indebt.	Revenue Bonds	Tax Increment	DEQ Revolving Loan	Other	Total
2006	\$ 868,308	\$ 6,263,965	\$ 2,854,177	\$ 3,077,971	\$ 823,168	\$ 13,887,589
2009	875,191	6,262,810	2,421,246	3,437,536	825,418	13,822,201
2010	512,404	6,356,700	2,226,990	3,432,266	827,298	13,355,658
2011	341,688	6,357,513	2,206,739	3,428,995	711,773	13,046,708
2012	340,625	6,355,303	2,192,475	3,432,527	369,845	12,690,775
2013-2017	681,563	31,722,619	11,046,407	16,520,690	372,928	60,344,207
2018-2022	-	31,947,327	6,636,289	14,127,199	-	52,710,815
2023-2027	-	29,114,574	-	5,723,328	-	34,837,902
2028-2029	-	3,877,792	-	15,306	-	3,893,098
<b>Total</b>	<b>\$ 3,619,779</b>	<b>\$ 128,258,603</b>	<b>\$ 29,584,323</b>	<b>\$ 53,195,818</b>	<b>\$ 3,930,430</b>	<b>\$ 218,588,953</b>

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

*Sales Tax Revenue Bonds*

In June 2006, the City issued \$3,000,000 of Sales Tax Revenue Bonds, Series 2006, the proceeds of which are to be used for the purpose of providing permanent financing for the cost of the construction, improvement, rehabilitation and expansion of the water plant and system, including water storage facilities and paying the costs of issuance. The bonds are payable solely from and secured by an irrevocable pledge and dedication of the net avails and proceeds of the special one percent (1%) sales and use tax now being levied and collected by the City. The bonds will bear interest at a rate of 3.45% and will mature on July 1, 2028.

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**12. INTERFUND RECEIVABLES AND PAYABLES**

Individual fund balances due from/to other funds at April 30, 2007, are as follows:

	Interfund Receivable						Total
	General	Capital Infrastructure	Rehab Airfield Lighting	Nonmajor Governmental Funds	Nonmajor Enterprise Funds		
Interfund Payable							
General	\$ -	\$ 3,074	-	\$ 185,543	\$ 19,702	\$ 208,319	
Capital Infrastructure	-	-	-	1,091,900	-	1,091,900	
Collection Systems Improvement	3,270	-	-	-	-	3,270	
Nonmajor Governmental Funds	222,714	-	111,111	883,928	-	1,217,753	
Sewer Fund	2,573,750	-	-	-	-	2,573,750	
Agency Funds	16,695	-	-	-	-	16,695	
Total	\$ 2,816,429	\$ 3,074	\$ 111,111	\$ 2,161,371	\$ 19,702	\$ 5,111,687	

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

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**13. INTERFUND TRANSFERS**

The following transfers were made between the various funds of the City during the year ended April 30, 2007:

	Transfers Out							Total
	General	Capital Infrastructure	Nonmajor Governmental Funds	Monroe Regional Airport	Civic Center	Water Fund	Sewer Fund	
<b>Transfers In</b>								
General	\$ -	\$ -	\$ 56,739	\$ 343,757	\$ 12,498	\$ 455,250	\$ 460,547	\$ 1,328,791
Capital Infrastructure	-	-	-	-	-	-	-	-
Rehab Airfield Lighting	-	-	111,111	-	-	-	-	111,111
Nonmajor Governmental Funds	4,205,212	10,482,335	721,083	-	-	-	-	15,408,630
Civic Center	-	-	-	-	-	-	-	-
Water	-	-	929	-	-	-	-	929
Nonmajor Enterprise Funds	916,827	-	69,702	-	-	-	-	986,529
Internal Service Funds	490,453	-	-	-	-	-	-	490,453
<b>Total</b>	<b>\$5,612,492</b>	<b>\$10,482,335</b>	<b>\$ 959,564</b>	<b>\$343,757</b>	<b>\$ 12,498</b>	<b>\$455,250</b>	<b>\$ 460,547</b>	<b>\$ 18,326,443</b>

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, 2007**

**14. LITIGATION AND CLAIMS**

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, 2007.

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

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

**15. 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 \$1,714,028 are held by Public Employees Benefit Services Corporation, a deferred compensation center, and assets with a fair market value of \$263,847 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, 2007**

**16. 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 \$1,336,373 and the related expenditures are as follows:

Marshal/Deputy Marshal	\$ 52,523
Monroe Police Department	640,050
Monroe Fire Department	643,800
Total	<u>\$ 1,336,373</u>

**17. 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, 2007. 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, 2007, are as follows:



**CITY OF MONROE**

**Monroe, Louisiana**

**Notes To The Financial Statements  
As of And For The Year Ended April 30, 2007**

Balance, April 30, 2005	\$ 6,076,089
Current year claims and changes in estimates	1,163,961
Claims paid	<u>(127,798)</u>
Balance, April 30, 2006	<u>\$ 7,112,252</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, 2007, which was calculated to be approximately \$1.1 million and covers claim years since April 30, 1979.

**18. RESTATEMENTS**

Beginning fund balances in General Fund and Fire Salary Sales Tax Fund are being restated by \$205,108. During the year it was determined that the Fire Salary Sales Tax Fund over-reimbursed the General Fund for fire department salaries in the prior year.

Beginning net assets of the governmental activities have been decreased by \$2,688,256. Included in this decrease is a prior years' accumulated depreciation adjustment of (\$3,357,636) for the city hall facility, (\$82,284) for the Jackson Street Annex, and \$14,060 for a storage building properly reclassified to a business activity asset. The net decrease also includes an adjustment to building and improvements of \$442,907. This adjustment is the net of an increase of \$658,269 for Jackson Street Annex not added at donation and a reduction for (\$215,362) due to city hall land value being included in both the building value and land (\$242,216). Land is being increased by \$278,731 to include the land with the Jackson Street Annex. Infrastructure construction in progress is being increased by \$15,966 to account for items omitted in previous years.

Beginning net assets of business-type activities have been decreased by \$14,060 for accumulated depreciation for the storage building transfer referenced above and increased by \$18 to correct a prior year transposition error in the value of equipment. The net adjustment to business-type activities' capital assets is a decrease of \$14,042.

**19. JACKSON STREET ANNEX FIRE LOSS**

On February 8, 2007, the City of Monroe incurred a loss by fire at the Jackson Street Annex. The full amount of the loss is not known at this time. However, the following approximate amounts have been incurred and reimbursed by the insurance company: \$450,000 on clean up, \$11,000 on

**CITY OF MONROE**  
**Monroe, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended April 30, 2007**

demolition, \$9,000 on air conditioning services, and \$40,000 on equipment replacement. Reimbursements received through April 30, 2007, are \$475,000, with an additional \$87,000 received after year-end. Additional, expenses are expected to be incurred due to the repairs needed to the Engineering area. At this time, estimates for those repairs are unknown. The City also has not yet been reimbursed for the loss of an attached building that was completely destroyed. The estimate of that reimbursement is approximately \$315,000.

**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.

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.

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:

Description	Project Amount	Disbursements	Available
Aircraft loading equipment improvement	\$ 641,748	\$ 519,995	\$ 121,753
Rehabilitate airfield lighting	452,224	111,144	341,080
PFC application professional fees	40,700	40,700	-
Passenger terminal scoping and planning study	720,000	4,000	716,000
Total	<u>\$ 1,854,672</u>	<u>\$ 675,839</u>	<u>\$ 1,178,833</u>

Since the inception of the PFC, the Airport has recorded the following revenues / receipts and expenses / disbursements through fiscal year 2007 resulting in a restriction of net assets from

**CITY OF MONROE**  
**Monroe, Louisiana**

**Notes To The Financial Statements**  
**As of And For The Year Ended April 30, 2007**

passenger facility charges as follows:

	<u>Accrual Basis</u>	<u>Cash Basis</u>
PFC revenues / receipts	\$ 1,875,616	\$ 1,793,864
Interest earnings	11,125	11,125
Total revenues / receipts	<u>1,886,741</u>	<u>1,804,989</u>
Expenses / disbursements for PFC projects	<u>(675,839)</u>	<u>(560,730)</u>
Net PFC cash, April 30, 2007		\$ 1,244,259
Net assets restricted for PFC, April 30, 2007	<u>\$ 1,210,902</u>	

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.

**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, 2007  
(Unaudited)

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
<b>Taxes</b>				
General property taxes	\$ 3,479,426	\$ 4,177,901	\$ 4,282,780	\$ 104,879
1974 Recreational maintenance taxes	587,833	707,435	725,199	17,764
1974 Public safety taxes	332,992	399,015	409,030	10,015
1974 Drainage taxes	411,143	493,078	505,456	12,378
Capital improvement tax	1,090,718	1,309,719	1,342,600	32,881
Police department tax	502,886	605,775	620,986	15,211
Fire department tax	502,886	605,775	620,986	15,211
Special Assessments	-	988	988	-
Beer tax	79,600	79,600	72,095	(7,505)
General sales taxes	29,747,963	30,500,000	31,660,870	1,160,870
Liquor Licenses	75,000	78,500	80,882	2,382
Occupational Licenses	2,221,000	2,251,000	2,458,873	207,873
Sound Permits	150	150	-	(150)
Building permits	94,600	94,600	94,251	(349)
Sewer permits	42,500	42,500	49,492	7,092
Plumbing permits	36,250	36,250	48,812	12,562
Electrical permits	30,250	30,250	33,184	2,934
Gas permits	9,600	12,600	13,814	1,214
Heat and air conditioning permits	12,200	12,200	11,147	(1,053)
Mobile sign permits	3,600	14,600	14,578	(22)
Culvert/Drainage Project Permit	-	2,000	2,425	425
Unfunded bid deposits	-	500	17,448	16,948
Franchise fees	684,000	684,000	762,581	78,581
Parking permit sales	-	250	500	250
Federal grants	-	6,800	38,000	31,200
State grants - Supplemental Pay	1,465,200	1,465,200	1,336,373	(128,827)
Signal Light Reimbursement	190,320	190,320	190,320	-
Local grants	150	150	-	(150)
Sales tax commission - School Board	335,000	346,000	412,258	66,258
Sales tax commission - West Monroe	51,000	51,000	51,000	-
Sales tax commission - Police Jury	39,000	39,000	37,800	(1,200)
Sales tax commission - Sterlington	850	1,950	2,180	230
Sales tax commission - Richwood	180	180	180	-
Sales tax commission - Street Improvement Fund	82,500	82,500	91,674	9,174
Sales tax commission - Fire	24,849	24,849	21,969	(2,880)
Sales tax commission - Police	23,846	24,849	21,969	(2,880)
Sales tax commission - Ouachita Parish Sheriff's Office	-	1,200	4,983	3,783
Sales tax commission - Hotel/Motel	4,000	4,000	4,000	-
Commissions	-	-	44	44
City sanitation service	3,126,000	3,126,000	3,034,944	(91,056)
Recreation department revenue	47,398	47,489	49,989	2,500
Grass cutting fees	16,500	16,500	1,425	(15,075)
City Court civil fees	115,000	128,000	161,913	33,913
Community policing fee	133,014	133,014	133,616	602
Appearance & surrender fee	60,000	60,000	63,395	3,395
Zoning income	74,430	74,430	57,772	(16,658)
Emergency franchise fees	1,800,000	1,955,000	2,293,556	288,556
Cemetery lot	12,250	21,250	27,650	6,400
Golf course fees	686,381	565,343	583,904	18,561
American Post System Fees (BellSouth commissions)	39,000	39,000	73,518	(35,482)
Postage	5,000	5,250	8,816	3,566
Legal & other professional	31,000	58,500	85,473	26,973
False alarms fines	20,000	22,200	24,450	2,250
Equipment fund from court fines	3,086	750	750	-
City Court fines	547,298	697,298	851,990	154,692
Parking fines	16,800	107,300	116,855	9,555
Ticket review fee	-	1,600	1,745	145
Rental income	152,586	157,421	173,426	16,005
Rental land lease	-	6,853	6,853	-
Interest income	160,000	310,000	403,581	93,581
Royalty income	-	800	7,174	6,374
Municipal golf course rent	15,000	11,000	11,000	-
Donations designated MPD	-	2,053	2,053	-
OP Bicentennial donations	-	5,000	5,000	-
Miscellaneous revenue	89,500	69,650	65,433	(4,217)
Penalty and interest	79,600	26,000	32,455	6,455
Fire reports	-	-	105	105
Contributions and donations	-	11,000	11,000	-
K-9 donations	-	7,500	2,214	(5,286)
Police miscellaneous	50,000	83,500	86,030	12,530
<b>Total revenues</b>	<b>49,441,335</b>	<b>52,126,385</b>	<b>54,321,712</b>	<b>2,195,327</b>

**CITY OF MONROE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-BUDGET AND ACTUAL**

For the Year Ended April 30, 2007  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Current</b>				
Legislative division - council and staff	283,697	300,092	284,046	16,046
Judicial division	1,796,289	1,967,289	1,934,374	32,915
Legal division	657,392	657,832	582,170	75,662
Executive division - chief executive and staff	447,062	472,171	387,694	84,477
Administration division	7,039,472	7,807,195	7,324,550	478,645
Police division	11,406,257	11,593,010	11,283,066	309,944
Fire division	11,072,575	11,296,575	10,771,788	524,787
Public works division	6,435,647	6,688,670	6,802,679	(114,009)
Engineering division	1,002,246	994,176	838,117	156,059
Culture & recreation	3,901,422	4,197,492	4,127,285	70,207
Planning and urban development division	854,397	927,602	860,872	66,730
Capital Expenditures	1,143,114	1,025,458	1,068,946	(43,488)
<b>Debt Service:</b>				
General interest expense	92,246	178,684	100,115	78,569
Capital leases	303,646	273,646	273,646	-
Swimming pool renovations debt payment	141,277	141,277	127,600	13,677
Civic Center roof debt payment	-	250,000	250,000	-
Claims and judgments	200,000	200,000	133,359	66,641
Total expenditures	46,776,739	48,971,169	47,156,307	1,814,862
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,664,596</b>	<b>3,155,216</b>	<b>7,165,405</b>	<b>4,010,189</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	-	233,750	233,750	-
Energy settlement for prior years	-	2,300,000	2,300,000	-
Insurance proceeds	-	-	475,000	475,000
Total	-	2,533,750.00	3,008,750.00	475,000.00
<b>Transfers in:</b>				
Christmas Display	-	-	5,063	5,063
Civic Center	-	-	12,498	12,498
Zoo Interactive Exhibit	-	202,570	51,676	(150,894)
Monroe Regional Airport	304,676	291,446	343,757	52,311
Utility Fund	1,000,000	915,797	915,297	-
Total transfers in	1,304,676	1,409,813	1,328,791	(81,022)
<b>Transfers out:</b>				
Prisoner Housing	(309,963)	(309,963)	(447,035)	(137,072)
Police and Fire Pension	(798,592)	(798,592)	(819,902)	(21,310)
Louisiana Purchase Gardens and Zoo	(112,907)	(133,247)	(102,144)	31,103
Monroe Transit System	(1,738,362)	(938,362)	(799,570)	138,792
Civic Center	(293,114)	-	-	-
Livestock Areas	(2,500)	(9,650)	(13,113)	(5,463)
Central Shop and Warehouse	(537,188)	(458,822)	(490,453)	(31,631)
DeltaFest	-	(63,288)	(63,118)	170
Demolition	(50,000)	(50,000)	(50,000)	-
Capital Expenditures	-	-	(1,000,000)	(1,000,000)
I-20 Debt Service	-	(737,500)	(9,175)	728,325
I-20 Capital Project	-	-	(530)	(530)
Tower Drive Debt Service	-	-	(6,200)	(6,200)
Tower Drive Capital Project	-	-	(45,032)	(45,032)
Repairs and Maintenance	-	(210,000)	(710,000)	(500,000)
Metro Share Grant	-	(379)	(379)	-
Martin Luther King	-	(3,531)	(3,093)	438
Fire/Drainage	-	(334,710)	(334,710)	-
Community Development Block Grant	(126,646)	(79,171)	(78,287)	884
Economic Development	-	(651,250)	(637,731)	(36,501)
Total transfers out	(3,969,272)	(4,728,465)	(5,612,492)	(884,027)
Total other financing sources (uses)	(2,664,596)	(784,902)	(1,274,931)	(490,049)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>2,370,314</b>	<b>5,890,454</b>	<b>3,520,140</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,922,913</b>	<b>1,911,824</b>	<b>5,975,778</b>	<b>4,063,954</b>
Restatement	-	-	(205,107)	(205,107)
<b>FUND BALANCE, AS RESTATED</b>	<b>2,922,913</b>	<b>1,911,824</b>	<b>5,770,671</b>	<b>3,858,847</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,922,913</b>	<b>\$ 4,282,138</b>	<b>\$ 11,661,125</b>	<b>\$ 7,378,987</b>

**CITY OF MONROE**  
**CAPITAL INFRASTRUCTURE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES-BUDGET AND ACTUAL**

For the Year Ended April 30, 2007  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax - street improvement	\$ 12,009,686	\$ 12,009,686	\$ 13,289,141	\$ 1,279,455
Interest income	<u>100,000</u>	<u>100,000</u>	<u>416,730</u>	<u>316,730</u>
Total revenues	<u>12,109,686</u>	<u>12,109,686</u>	<u>13,705,871</u>	<u>1,596,185</u>
<b>EXPENDITURES</b>				
Current				
Public works	<u>1,025,135</u>	<u>1,401,517</u>	<u>958,300</u>	<u>443,217</u>
Total expenditures	<u>1,025,135</u>	<u>1,401,517</u>	<u>958,300</u>	<u>443,217</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	11,084,551	10,708,169	12,747,571	2,039,402
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	206,211	206,211	-	(206,211)
Transfers out	<u>(11,290,762)</u>	<u>(11,290,762)</u>	<u>(10,482,335)</u>	<u>808,427</u>
Total other financing sources (uses)	<u>(11,084,551)</u>	<u>(11,084,551)</u>	<u>(10,482,335)</u>	<u>602,216</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	-	(376,382)	2,265,236	2,641,618
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>236,846</u>	<u>443,157</u>	<u>7,865,823</u>	<u>7,422,666</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 236,846</u>	<u>\$ 66,775</u>	<u>\$ 10,131,059</u>	<u>\$ 10,064,284</u>

**OTHER SUPPLEMENTAL INFORMATION**



**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

April 30, 2007

	<b>SPECIAL REVENUES FUNDS</b>	<b>DEBT SERVICE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,859,020	\$ 10,768,614	\$ 24,069,281	\$ 42,696,915
Investments	-	2,024,410	-	2,024,410
Receivables	709,070	843,771	581,215	2,134,056
Due from other funds	618,370	1,237,970	305,031	2,161,371
Prepaid expenses & other assets, net	680,095	-	-	680,095
	<b>\$9,866,555</b>	<b>\$14,874,765</b>	<b>\$24,955,527</b>	<b>\$49,696,847</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts and retainage payable	\$ 163,142	\$ 764,975	\$ 2,198,698	\$ 3,126,815
Due to other funds	593,361	-	624,392	1,217,753
Deferred revenue	697,146	7,404	-	704,550
Due to other agencies	125,000	-	-	125,000
Other current liabilities	23,660	-	-	23,660
	1,602,309	772,379	2,823,090	5,197,778
<b>Fund Balances</b>				
Reserved for				
Debt service	-	14,102,386	-	14,102,386
Capital improvements	-	-	22,132,437	22,132,437
Unreserved	8,264,246	-	-	8,264,246
	8,264,246	14,102,386	22,132,437	44,499,069
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,866,555</b>	<b>\$ 14,874,765</b>	<b>\$ 24,955,527</b>	<b>\$ 49,696,847</b>

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

**Monroe, Louisiana**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

For the Year Ended April 30, 2007

	<u>SPECIAL REVENUES FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>				
<b>Taxes</b>				
Ad valorem	\$ -	\$ 232,805	\$ -	\$ 232,805
Sales	6,369,465	3,228,313	-	9,597,778
Fees, charges and commissions for services	88,046	-	470,713	558,759
Use of money and property	263,997	379,627	1,214,505	1,858,129
Other revenues	228,669	-	4,550	233,219
Fines and forfeitures	134,987	-	-	134,987
<b>Intergovernmental</b>				
Federal grants	1,429,456	-	-	1,429,456
State grants	240,328	-	260,515	500,843
Local grants	-	-	4,130	4,130
<b>Total revenues</b>	<u>8,754,948</u>	<u>3,840,745</u>	<u>1,954,413</u>	<u>14,550,106</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General government</b>				
Judicial	121,714	-	-	121,714
Financial administration	17,108	-	141,199	158,307
<b>Public safety</b>				
Police	3,625,877	-	-	3,625,877
Fire	3,027,897	-	-	3,027,897
Public works	-	-	281,833	281,833
Culture and recreation	103,779	-	17,047	120,826
Planning and urban development	1,456,983	-	-	1,456,983
Economic development and assistance	488,879	-	-	488,879
Capital outlay	6,734	-	8,745,351	8,752,085
<b>Debt service</b>				
Debt service principle	-	6,130,000	-	6,130,000
Debt service interest	-	6,633,659	-	6,633,659
<b>Total expenditures</b>	<u>8,848,971</u>	<u>12,763,659</u>	<u>9,185,430</u>	<u>30,798,060</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(94,023)</u>	<u>(8,922,914)</u>	<u>(7,231,017)</u>	<u>(16,247,954)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,974,681	10,830,224	1,603,725	15,408,630
Transfers out	(70,968)	(30)	(888,566)	(959,564)
<b>Total other financing sources (uses)</b>	<u>2,903,713</u>	<u>10,830,194</u>	<u>715,159</u>	<u>14,449,066</u>
<b>Net changes in fund balances</b>	2,809,690	1,907,280	(6,515,858)	(1,798,888)
<b>Fund balances - beginning (as restated, Note 18)</b>	<u>5,454,556</u>	<u>12,195,106</u>	<u>28,648,295</u>	<u>46,297,957</u>
<b>Fund balances - ending</b>	<u>\$ 8,264,246</u>	<u>\$ 14,102,386</u>	<u>\$ 22,132,437</u>	<u>\$ 44,499,069</u>

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Balances Sheet**  
**Nonmajor Governmental Funds**  
**Special Revenue Funds**

April 30, 2007

	Fire Department Insurance	Community Development Block Grant	Urban Development Action Grant	Rental Rehab	Economic Development	Emergency Shelter	Martha Luther King Day	CDBG Home	CDBG Loan
<b>ASSETS</b>									
Cash and cash equivalents	\$ 279,895	\$ -	\$ 18,190	\$ 146,144	\$ 10,835	\$ 1,436	\$ 62	\$ -	\$ 58,467
Receivables	139	98,299	-	-	-	7,066	-	25,101	-
Due from other funds	-	44,418	-	32,604	-	-	-	-	13,741
Prepaid expenses & other assets, net	-	-	-	199,300	-	-	-	342,541	112,213
<b>Total Assets</b>	<b>\$ 280,034</b>	<b>\$ 142,717</b>	<b>\$ 18,190</b>	<b>\$ 378,048</b>	<b>\$ 10,835</b>	<b>\$ 8,502</b>	<b>\$ 62</b>	<b>\$ 367,642</b>	<b>\$ 184,421</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts and retainage payable	\$ 2,128	\$ 34,270	\$ -	\$ -	\$ -	\$ -	\$ 62	\$ 10,244	\$ -
Due to other funds	-	94,358	-	-	-	-	-	355,982	30,500
Deferred revenue	-	-	-	205,991	-	-	-	-	89,760
Due to other agencies	-	-	-	-	-	-	-	-	-
Other current liabilities	-	14,089	-	2,821	-	-	-	1,416	2,643
<b>Total liabilities</b>	<b>2,128</b>	<b>142,717</b>	<b>-</b>	<b>208,812</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>367,642</b>	<b>122,903</b>
<b>Fund balances</b>									
Unreserved	277,906	-	18,190	169,236	10,835	8,502	-	-	61,518
<b>Total fund balances</b>	<b>277,906</b>	<b>-</b>	<b>18,190</b>	<b>169,236</b>	<b>10,835</b>	<b>8,502</b>	<b>-</b>	<b>-</b>	<b>61,518</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 280,034</b>	<b>\$ 142,717</b>	<b>\$ 18,190</b>	<b>\$ 378,048</b>	<b>\$ 10,835</b>	<b>\$ 8,502</b>	<b>\$ 62</b>	<b>\$ 367,642</b>	<b>\$ 184,421</b>

**CITY OF MONROE**  
 Monroe, Louisiana  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Special Revenue Funds

April 30, 2007

	City Prosecuting Attorney	MPD Youth	D.A.R.E. Program	Delta Fest	Prisoner Housing	Diversion Program	Problem Solving Grant	Drug Seizure Forfeiture	Friends of City Employees
<b>ASSETS</b>									
Cash and cash equivalents	\$ 59,046	\$ 1,012	\$ 69,938	\$ -	\$ -	\$ 292,505	\$ 27,846	\$ 24,400	\$ 1,190
Receivables	2,500	-	23,320	-	7,680	-	-	273	-
Due from other funds	-	-	-	-	171,625	-	-	-	-
Prepaid expenses & other assets, net	-	-	-	24,593	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 61,546</b>	<b>\$ 1,012</b>	<b>\$ 93,258</b>	<b>\$ 24,593</b>	<b>\$ 179,305</b>	<b>\$ 292,505</b>	<b>\$ 27,846</b>	<b>\$ 24,673</b>	<b>\$ 1,190</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ -	\$ 54,305	\$ 40	\$ -	\$ -	\$ 149
Due to other funds	-	-	50,965	24,418	-	-	-	-	-
Deferred revenue	-	-	-	175	-	-	-	-	-
Due to other agencies	-	-	-	-	125,000	-	-	-	-
Other current liabilities	1,875	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,875</b>	<b>-</b>	<b>50,965</b>	<b>24,593</b>	<b>179,305</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>149</b>
<b>Fund balances</b>									
Unreserved	59,671	1,012	42,293	-	-	292,465	27,846	24,673	1,041
<b>Total fund balances</b>	<b>59,671</b>	<b>1,012</b>	<b>42,293</b>	<b>-</b>	<b>-</b>	<b>292,465</b>	<b>27,846</b>	<b>24,673</b>	<b>1,041</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 61,546</b>	<b>\$ 1,012</b>	<b>\$ 93,258</b>	<b>\$ 24,593</b>	<b>\$ 179,305</b>	<b>\$ 292,505</b>	<b>\$ 27,846</b>	<b>\$ 24,673</b>	<b>\$ 1,190</b>

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

April 30, 2007

	China Delegation Trip	Law Enforcement Grant 2009	Peer Mediation	Law Enforcement Block Grant 2004	Police Salary Sales Tax	Fire Salary Sales Tax	FTRA	Justice Assistance Grant	Hurricane Katrina Relief
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,701	\$ 34	\$ 14,327	\$ 1,415	\$ 752,984	\$ 1,126,470	\$ 1,141,172	\$ 108,045	\$ 740
Receivables	-	-	-	-	247,346	247,346	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid expenses & other assets, net	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,701</b>	<b>\$ 34</b>	<b>\$ 14,327</b>	<b>\$ 1,415</b>	<b>\$ 1,000,330</b>	<b>\$ 1,373,816</b>	<b>\$ 1,141,172</b>	<b>\$ 108,045</b>	<b>\$ 740</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities									
Accounts and retainage payable	\$ -	\$ -	\$ 418	\$ -	\$ -	\$ -	\$ -	\$ 22,542	\$ -
Due to other funds	-	34	3,085	1,415	-	-	-	-	-
Deferred revenue	-	-	6,949	-	-	-	-	85,408	-
Due to other agencies	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	-	34	10,452	1,415	-	-	-	107,950	-
Fund balances									
Unreserved	1,701	-	3,875	-	1,000,330	1,373,816	1,141,172	95	740
Total fund balances	1,701	-	3,875	-	1,000,330	1,373,816	1,141,172	95	740
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,701</b>	<b>\$ 34</b>	<b>\$ 14,327</b>	<b>\$ 1,415</b>	<b>\$ 1,000,330</b>	<b>\$ 1,373,816</b>	<b>\$ 1,141,172</b>	<b>\$ 108,045</b>	<b>\$ 740</b>

**CITY OF MONROE**  
 Monroe, Louisiana  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Special Revenue Funds

April 30, 2007

	<u>Downtown Economic Development</u>	<u>Admin Economic Development</u>	<u>Home Program Loans</u>	<u>Repairs &amp; Maintenance</u>	<u>Capital Expenditures</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 47,306	\$ 1,874,864	\$ -	\$ 706,520	\$ 1,092,476	\$ 7,859,020
Receivables	50,000	-	-	-	-	709,070
Due from other funds	-	-	355,982	-	-	618,370
Prepaid expenses & other assets, net	-	-	1,448	-	-	680,095
<b>Total Assets</b>	<u>\$ 97,306</u>	<u>\$ 1,874,864</u>	<u>\$ 357,430</u>	<u>\$ 706,520</u>	<u>\$ 1,092,476</u>	<u>\$ 9,866,555</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts and retainage payable	\$ 15,000	\$ 10,336	\$ -	\$ 13,648	\$ -	\$ 163,142
Due to other funds	-	-	32,604	-	-	593,361
Deferred revenue	-	-	308,863	-	-	697,146
Due to other agencies	-	-	-	-	-	125,000
Other current liabilities	-	-	816	-	-	23,660
<b>Total liabilities</b>	<u>15,000</u>	<u>10,336</u>	<u>342,283</u>	<u>13,648</u>	<u>-</u>	<u>1,002,309</u>
<b>Fund balances</b>						
Unreserved	82,306	1,864,528	15,147	692,872	1,092,476	8,264,246
<b>Total fund balances</b>	<u>82,306</u>	<u>1,864,528</u>	<u>15,147</u>	<u>692,872</u>	<u>1,092,476</u>	<u>8,264,246</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 97,306</u>	<u>\$ 1,874,864</u>	<u>\$ 357,430</u>	<u>\$ 706,520</u>	<u>\$ 1,092,476</u>	<u>\$ 9,866,555</u>

**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, 2007

	Fire Department Insurance	Community Development Block Grant	Urban Development Action Grant	Rental Rehab	Water Certification	Economic Development	Emergency Shelter	Martin Luther King Day	Bicycle Trail
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	-	-	-
Fees, charges and commissions for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	125	-	-	-	-	-
Other revenues	-	7,321	-	7,447	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Federal grants	-	1,107,035	-	-	-	-	46,787	-	-
State grants	190,328	-	-	-	-	-	-	-	-
Total revenues	190,328	1,114,356	-	7,572	-	-	46,787	-	-
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	83,132	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	3,093	-
Planning and urban development	-	1,192,643	-	-	-	-	47,050	-	-
Economic development and assistance	-	-	-	-	-	4,924	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	83,132	1,192,643	-	-	-	4,924	47,050	3,093	-
Excess (deficiency) of revenues over expenditures	107,196	(78,287)	-	7,572	-	(4,924)	(263)	(3,093)	-
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	78,287	-	-	(929)	-	-	3,093	(4,666)
Transfers out	-	-	-	-	(929)	-	-	3,093	(4,666)
Total other financing sources (uses)	-	78,287	-	-	(929)	-	-	-	-
Net changes in fund balances	107,196	-	-	7,572	(929)	(4,924)	(263)	-	(4,666)
Fund balances - beginning (as restated, Note 18)	170,710	-	18,190	161,664	929	15,759	8,765	-	4,666
Fund balances - ending	\$ 277,906	\$ -	\$ 18,190	\$ 169,236	\$ -	\$ 10,835	\$ 8,502	\$ -	\$ -



**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, 2007

	CDBG Home	CDBG Loan	City Prosecuting Attorney	MFD Youth	D.A.R.E. Program	Delta Fest	Prisoner Housing	Junior Tennis	Diversion Program
<b>REVENUES</b>									
Taxes									
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, charges and commissions for services	-	-	-	-	-	24,346	-	-	63,700
Use of money and property	-	2,903	-	-	-	4,550	-	-	-
Other revenues	158	12,638	-	-	100	1,830	-	-	-
Fines and forfeitures	-	-	13,638	-	-	-	103,312	-	-
Intergovernmental									
Federal grants	184,204	-	-	-	56,006	3,749	-	-	-
State grants	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>184,362</b>	<b>15,541</b>	<b>13,638</b>	<b>-</b>	<b>56,106</b>	<b>34,475</b>	<b>103,312</b>	<b>-</b>	<b>63,700</b>
<b>EXPENDITURES</b>									
Current									
General government									
Judicial	-	-	9	-	-	-	-	-	121,705
Financial administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	244	56,105	-	550,347	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	97,593	-	-	-
Planning and urban development	184,362	1,647	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>184,362</b>	<b>1,647</b>	<b>9</b>	<b>244</b>	<b>56,105</b>	<b>97,593</b>	<b>550,347</b>	<b>-</b>	<b>121,705</b>
Excess (deficiency) of revenues over expenditures	-	13,894	13,629	(244)	1	(63,118)	(447,035)	-	(58,005)
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	-	-	63,118	447,035	(6,309)	-
Transfers out	-	-	-	-	-	-	-	(6,309)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,118</b>	<b>447,035</b>	<b>(6,309)</b>	<b>-</b>
Net changes in fund balances	-	13,894	13,629	(244)	1	-	-	(6,309)	(58,005)
Fund balances - beginning (as restated, Note 18)	-	47,624	46,042	1,256	42,292	-	-	6,309	390,470
Fund balances - ending	\$ -	\$ 61,518	\$ 59,671	\$ 1,012	\$ 42,293	\$ -	\$ -	\$ -	\$ 292,465

**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, 2007

	Community Revitalization	Problem Solving Grant	Drug Seizure Forfeiture	Friends of City Employees	Litter Abatement Program	China Delegation Trip	Christmas Display	Metro Share Grant Program	Law Enforcement Grant 2003
<b>REVENUES</b>									
Taxes									
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, charges and commissions for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	4,125	-	1,976	-	-	-
Fines and forfeitures	-	-	18,037	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-	1,178
State grants	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>			<u>18,037</u>	<u>4,125</u>		<u>1,976</u>			<u>1,178</u>
<b>EXPENDITURES</b>									
Current									
General government									
Judicial									
Financial administration									
Public safety									
Police									
Fire									1,675
Culture and recreation				3,093					
Planning and urban development									
Economic development and assistance						2,092			
Capital outlay									
<b>Total Expenditures</b>				<u>3,093</u>		<u>2,092</u>			<u>1,675</u>
Excess (deficiency) of revenues over expenditures			<u>18,037</u>	<u>1,032</u>		<u>(116)</u>			<u>(497)</u>
<b>Other Financing Sources (Uses)</b>									
Transfers in	(2,090)				(1,911)			379	
Transfers out							(5,063)		
<b>Total other financing sources (uses)</b>	<u>(2,090)</u>				<u>(1,911)</u>		<u>(5,063)</u>	<u>379</u>	
Net changes in fund balances	(2,090)		18,037	1,032	(1,911)	(116)	(5,063)	379	(497)
Fund balances - beginning (as restated, Note 18)	2,090	27,846	6,636	9	1,911	1,817	5,063	(379)	497
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 27,846</u>	<u>\$ 24,673</u>	<u>\$ 1,041</u>	<u>\$ -</u>	<u>\$ 1,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2007

	Peer Mediation	Law Enforcement Block Grant 2004	Police Salary Sales Tax	Fire Salary Sales Tax	PTFA	Justice Assistance Grant	Hurricane Katrina Relief	Downtown Economic Development	Admin Economic Development
<b>REVENUES</b>									
Taxes									
Sales	\$ -	\$ -	\$3,184,732.0	\$3,184,733.0	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, charges and commissions for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-	-
Other revenues	-	1,283	39,023	58,313	62,619	2,595	20	-	85,800
Fines and forfeitures	-	-	-	-	-	-	-	-	92,737
Intragovernmental	-	-	-	-	-	-	-	-	-
Federal grants	5,941	2,902	-	-	-	21,654	-	-	-
State grants	-	-	-	-	-	-	-	50,000	-
<b>Total Revenues</b>	<b>5,941</b>	<b>4,185</b>	<b>3,223,755</b>	<b>3,243,046</b>	<b>62,619</b>	<b>24,249</b>	<b>-</b>	<b>50,000</b>	<b>178,537</b>
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Public safety	5,641	7,264	2,980,447	2,944,765	-	24,154	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	2,944,765	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Planning and urban development	-	-	-	-	-	-	-	-	-
Economic development and assistance	-	-	-	-	250,000	-	-	29,100	202,763
Capital outlay	-	-	-	-	-	-	-	6,734	-
<b>Total Expenditures</b>	<b>5,641</b>	<b>7,264</b>	<b>2,980,447</b>	<b>2,944,765</b>	<b>250,000</b>	<b>24,154</b>	<b>-</b>	<b>35,834</b>	<b>202,763</b>
Excess (deficiency) of revenues over expenditures	300	(3,079)	243,308	298,281	(187,381)	95	20	14,166	(24,226)
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	657,793
Transfers out	-	-	-	-	-	-	-	-	(50,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>607,793</b>
<b>Net changes in fund balances</b>	<b>300</b>	<b>(3,079)</b>	<b>243,308</b>	<b>298,281</b>	<b>(187,381)</b>	<b>95</b>	<b>20</b>	<b>14,166</b>	<b>583,567</b>
<b>Fund balances - beginning (as restated, Note 18)</b>	<b>3,575</b>	<b>3,079</b>	<b>757,022</b>	<b>1,075,535</b>	<b>1,328,553</b>	<b>-</b>	<b>720</b>	<b>68,140</b>	<b>1,288,961</b>
<b>Fund balances - ending</b>	<b>\$ 3,875</b>	<b>\$ -</b>	<b>\$ 1,000,330</b>	<b>\$ 1,373,816</b>	<b>\$ 1,141,172</b>	<b>\$ 95</b>	<b>\$ 740</b>	<b>\$ 82,306</b>	<b>\$ 1,854,528</b>

**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, 2007

	Home Program Loans	Repairs & Maintenance	Capital	Total
<b>REVENUES</b>				
Taxes				
Sales	\$ -	\$ -	\$ -	\$ 6,369,465
Fees, charges and commissions for services				88,046
Use of money and property	6,786			263,997
Other revenues	22,837		77,500	228,689
Fines and forfeitures				134,987
Intergovernmental				
Federal grants				1,429,456
State grants				240,328
Total Revenues	<u>29,623</u>	<u>-</u>	<u>77,500</u>	<u>8,754,968</u>
<b>EXPENDITURES</b>				
Current				
General government				
Judicial				121,714
Financial administration		17,128		17,128
Public safety				
Police				3,625,877
Fire				3,027,897
Culture and recreation				103,779
Planning and urban development	31,281			1,456,983
Economic development and assistance				488,879
Capital outlay				6,734
Total Expenditures	<u>31,281</u>	<u>17,128</u>	<u>-</u>	<u>8,848,991</u>
Excess (deficiency) of revenues over expenditures	<u>(1,658)</u>	<u>(17,128)</u>	<u>77,500</u>	<u>(94,023)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in		710,000	1,014,976	2,974,681
Transfers out				(70,968)
Total other financing sources (uses)		<u>710,000</u>	<u>1,014,976</u>	<u>2,903,713</u>
Net changes in fund balances	<u>(1,658)</u>	<u>692,872</u>	<u>1,092,476</u>	<u>2,809,690</u>
Fund balances - beginning (as restated, Note 18)	<u>16,805</u>	<u>-</u>	<u>-</u>	<u>5,454,556</u>
Fund balances - ending	<u>\$ 15,147</u>	<u>\$ 692,872</u>	<u>\$ 1,092,476</u>	<u>\$ 8,264,246</u>

**NONMAJOR DEBT SERVICE FUNDS**

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Debt Service Funds**

April 30, 2007

		City Court and Jail Improvements	I-20 Economic Development District	Tower Drive Development District	Police and Fire Pension	Sales Tax Bond	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$	268,157	\$ 5,622,938	\$ 769,305	\$ 65,774	\$ 4,042,440	\$ 10,768,614
Investments		-	-	-	-	2,024,410	2,024,410
Receivables		7,404	570,732	265,635	-	-	843,771
Due from other funds		-	146,070	-	-	1,091,900	1,237,970
<b>Total Assets</b>	<b>\$</b>	<b>275,561</b>	<b>\$ 6,339,740</b>	<b>\$ 1,034,940</b>	<b>\$ 65,774</b>	<b>\$ 7,158,750</b>	<b>\$ 14,874,765</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts and retentions payable	\$	-	-	-	-	-	-
Deferred revenue		7,404	-	-	-	-	7,404
<b>Total liabilities</b>		<b>7,404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>764,975</b>	<b>772,379</b>
<b>Fund Balances</b>							
Reserved for							
Debt service		268,157	6,339,740	1,034,940	65,774	6,393,775	14,102,386
<b>Total fund balances</b>		<b>268,157</b>	<b>6,339,740</b>	<b>1,034,940</b>	<b>65,774</b>	<b>6,393,775</b>	<b>14,102,386</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b>275,561</b>	<b>\$ 6,339,740</b>	<b>\$ 1,034,940</b>	<b>\$ 65,774</b>	<b>\$ 7,158,750</b>	<b>\$ 14,874,765</b>

**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, 2007

	City Court and Jail Improvements	I-20 Economic Development District	Tower Drive Development District	Police and Fire Pension	Sales Tax Bond	Total
<b>REVENUES</b>						
Taxes						
Ad valorem	\$ 232,805	\$ -	\$ -	\$ -	\$ -	\$ 232,805
Sales	-	2,190,841	1,037,472	-	-	3,228,313
Use of money and property	-	233,357	35,321	3,075	107,874	379,627
Total revenues	232,805	2,424,198	1,072,793	3,075	107,874	3,840,745
<b>EXPENDITURES</b>						
Debt service						
Debt service principle	150,000	1,025,000	685,000	630,000	3,640,000	6,130,000
Debt service interest and fees	16,755	813,161	269,477	204,147	5,330,119	6,633,659
Total expenditures	166,755	1,838,161	954,477	834,147	8,970,119	12,763,659
Excess (deficiency) of revenues over expenditures	66,050	586,037	118,316	(831,072)	(8,862,245)	(8,922,914)
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	7,175	8,200	819,902	9,994,947	10,830,224
Transfers out	-	(30)	-	-	-	(30)
Total other financing sources (uses)	-	7,145	8,200	819,902	9,994,947	10,830,194
Net changes in fund balances	66,050	593,182	126,516	(11,170)	1,132,702	1,907,280
Fund balances - beginning	202,107	5,746,558	908,424	76,944	5,261,073	12,195,106
Fund balances - ending	\$ 268,157	\$ 6,339,740	\$ 1,034,940	\$ 65,774	\$ 6,393,775	\$ 14,102,386

**NONMAJOR CAPITAL PROJECTS FUNDS**



**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Capital Projects Funds**

April 30, 2007

	I-20 Corridor	FTA Capital Grants	N. 18th Street Extension	Airport Taxway C Reconstruction	Phase III Air Industrial Park	Demolition of Property	Tower Drive	Drainage Projects	Airport Industrial Park
<b>ASSETS</b>									
Cash and cash equivalents	\$ 8,737,903	\$ 19,702	\$ 104,714	\$ -	\$ -	\$ 62,983	\$ 42,075	\$ -	\$ 197,980
Receivables	-	-	-	6,099	140,664	262	-	177,916	-
Due from other funds	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 8,737,903</b>	<b>\$ 19,702</b>	<b>\$ 104,714</b>	<b>\$ 6,099</b>	<b>\$ 140,664</b>	<b>\$ 63,245</b>	<b>\$ 42,075</b>	<b>\$ 177,916</b>	<b>\$ 197,980</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts and retainage payable	\$ 913,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,075	\$ -	\$ 500
Due to other funds	146,070	19,702	-	6,099	-	-	-	177,916	-
<b>Total liabilities</b>	<b>1,059,738</b>	<b>19,702</b>	<b>-</b>	<b>6,099</b>	<b>-</b>	<b>-</b>	<b>42,075</b>	<b>177,916</b>	<b>500</b>
<b>Fund balances</b>									
Reserved for Capital improvements	7,678,165	-	104,714	-	140,664	63,245	-	-	197,480
<b>Total fund balances</b>	<b>7,678,165</b>	<b>-</b>	<b>104,714</b>	<b>-</b>	<b>140,664</b>	<b>63,245</b>	<b>-</b>	<b>-</b>	<b>197,480</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,737,903</b>	<b>\$ 19,702</b>	<b>\$ 104,714</b>	<b>\$ 6,099</b>	<b>\$ 140,664</b>	<b>\$ 63,245</b>	<b>\$ 42,075</b>	<b>\$ 177,916</b>	<b>\$ 197,980</b>

**CITY OF MONROE**  
 Monroe, Louisiana  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Capital Projects Funds

April 30, 2007

		<u>Kansas</u>	<u>Swimming</u>	<u>Street</u>	<u>Fire/</u>	<u>Passenger</u>	<u>Masur</u>	<u>Civic</u>	<u>US 165</u>	<u>Total</u>		
		<u>Service Road</u>	<u>Pool</u>	<u>Construction</u>	<u>Drainage</u>	<u>Facility</u>	<u>Museum</u>	<u>Center</u>	<u>Business</u>			
		<u>Renovations</u>	<u>Renovations</u>	<u>Improvements</u>	<u>Charge</u>	<u>Renovations</u>	<u>Roof</u>	<u>Connector</u>				
<b>ASSETS</b>												
Cash and cash equivalents	\$	148,872	\$	10,395	\$	9,721,010	\$	1,534,225	\$	1,244,258	\$	24,069,281
Receivables		-	-	-	-	-	-	-	-	81,755	-	581,215
Due from other funds		305,031	-	-	-	-	174,519	-	-	-	-	305,031
<b>Total Assets</b>		<u>\$ 453,903</u>	<u>\$ 10,395</u>	<u>\$ 9,721,010</u>	<u>\$ 1,534,225</u>	<u>\$ 1,326,013</u>	<u>\$ 174,519</u>	<u>\$ 2,199,509</u>	<u>\$ 45,655</u>	<u>\$ 24,955,527</u>		
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities</b>												
Accounts and retainage payable	\$	-	\$	-	\$	864,483	\$	104,651	\$	4,000	\$	32,198
Due to other funds		-	-	-	-	-	163,494	-	-	111,111	-	624,392
<b>Total liabilities</b>		<u>-</u>	<u>-</u>	<u>864,483</u>	<u>104,651</u>	<u>115,111</u>	<u>163,494</u>	<u>237,123</u>	<u>32,198</u>	<u>2,823,090</u>		
<b>Fund balances</b>												
Reserved for												
Capital improvements		453,903	10,395	8,856,527	1,429,574	1,210,902	11,025	1,962,386	13,457			22,132,437
<b>Total fund balances</b>		<u>453,903</u>	<u>10,395</u>	<u>8,856,527</u>	<u>1,429,574</u>	<u>1,210,902</u>	<u>11,025</u>	<u>1,962,386</u>	<u>13,457</u>	<u>22,132,437</u>		
<b>Total Liabilities and Fund Balances</b>		<u>\$ 453,903</u>	<u>\$ 10,395</u>	<u>\$ 9,721,010</u>	<u>\$ 1,534,225</u>	<u>\$ 1,326,013</u>	<u>\$ 174,519</u>	<u>\$ 2,199,509</u>	<u>\$ 45,655</u>	<u>\$ 24,955,527</u>		

**City of Monroe, Louisiana**  
**Combining Schedules of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Capital Projects Funds**

For the Year Ended April 30, 2007

	1-20 Corridor	FTA Capital Grants	N. 18th Street Extension	Phase III Air Industrial Park	Demolition of Property	Tower Drive	Drainage Projects	Airport Industrial Park	Kansas Lane Service Road
<b>REVENUES</b>									
Fees, charges and commissions for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	446,218	-	-	-	-	1,553	-	10,458	-
Other revenues	-	-	-	-	4,550	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
State grants	-	-	-	30,923	-	-	177,916	-	-
Local grants	-	-	-	-	-	-	-	4,130	-
Total revenues	446,218	-	-	30,923	4,550	1,553	177,916	14,588	-
<b>EXPENDITURES</b>									
Current									
General government									
Financial administration	59,758	-	-	-	74,039	62	-	7,340	-
Public works	422	-	-	-	-	-	636	20,935	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	2,522,052	-	-	350,578	-	42,075	10,145	-	-
Total expenditures	2,582,232	-	-	350,578	74,039	42,137	10,781	28,275	-
Excess (deficiency) of revenues over expenditures	(2,136,014)	-	-	(319,655)	(69,489)	(40,584)	167,135	(13,687)	-
<b>Other Financing Sources (Uses)</b>									
Transfers in	560	-	-	461,035	50,000	45,032	-	-	-
Transfers out	-	(19,702)	-	-	-	-	-	-	-
Total other financing sources (uses)	560	(19,702)	-	461,035	50,000	45,032	-	-	-
Net changes in fund balances	(2,135,454)	(19,702)	-	141,380	(19,489)	4,448	167,135	(13,687)	-
Fund balances - beginning (as restated, Note 18)	9,813,619	19,702	104,714	(716)	82,734	(4,448)	(167,135)	211,167	453,903
Fund balances - ending	\$ 7,678,165	\$ -	\$ 104,714	\$ 140,664	\$ 63,245	\$ -	\$ -	\$ 197,480	\$ 453,903

**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, 2007

	Street Imp. Airport Ind. Park	Swimming Pools Renovations	Street Construction	Asset Management System	Digester Upstream	Fire/Drainage Improvements	Passenger Facility Charge	Zoo Interactive Exhibit	Masnr Museum Renovations
<b>REVENUES</b>									
Fees, charges and commissions for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,713	\$ -	\$ -
Use of money and property	-	-	560,622	-	(23)	92,391	5,600	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-	51,676	-
Local grants	-	-	-	-	-	-	-	-	-
Total revenues	-	-	560,622	-	(23)	92,391	476,313	51,676	-
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	-	-	-	-	-
Financial administration	-	-	(5,585)	257,469	-	-	7,956	-	-
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	4,655,907	6,506	-	580,034	-	-	-
Total expenditures	-	-	4,650,322	263,975	-	580,034	7,956	-	-
Excess (deficiency) of revenues over expenditures	-	-	(4,089,700)	(263,975)	(23)	(487,643)	468,357	51,676	-
<b>Other Financing Sources (Uses)</b>									
Transfers in	(481,077)	-	60,114	427,274	-	334,710	-	-	-
Transfers out	(481,077)	-	-	-	-	(225,000)	(111,111)	(51,676)	-
Total other financing sources (uses)	(481,077)	-	60,114	427,274	-	109,710	(111,111)	(51,676)	-
Net changes in fund balances	(481,077)	-	(4,029,586)	163,299	(23)	(377,933)	357,246	-	-
Fund balances - beginning (as restated, Note 18)	481,077	10,395	12,886,113	(163,299)	23	1,807,507	853,656	-	11,025
Fund balances - ending	\$ -	\$ 10,395	\$ 8,856,527	\$ -	\$ -	\$ 1,429,574	\$ 1,210,902	\$ -	\$ 11,025

CITY OF MONROE

City of Monroe, Louisiana  
 Combining Schedule of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Capital Projects Funds

For the Year Ended April 30, 2007

	Civit Center Roof	US 165 Business Connector	Total
<b>REVENUES</b>			
Fees, charges and commissions for services	\$ -	\$ -	\$ 470,713
Use of money and property	97,686	-	1,214,505
Other revenues	-	-	4,550
Intergovernmental	-	-	260,515
State grants	-	-	4,130
Local grants	-	-	-
Total revenues	97,686	-	1,954,413
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	-	-	141,199
Financial administration	-	-	281,833
Public works	17,047	-	17,047
Culture and recreation	484,987	93,067	8,745,351
Capital outlay	-	-	-
Total expenditures	502,034	93,067	9,185,430
Excess (deficiency) of revenues over expenditures	(404,348)	(93,067)	(7,231,017)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	225,000	1,603,725
Transfers out	-	-	(888,566)
Total other financing sources (uses)	-	225,000	715,159
Net changes in fund balances	(404,348)	131,933	(6,515,858)
Fund balances - beginning (as restated, Note 18)	2,366,734	(118,476)	28,648,295
Fund balances - ending	\$ 1,962,386	\$ 13,457	\$ 22,132,437

**NONMAJOR ENTERPRISE FUNDS**

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Schedule of Net Assets**  
**Nonmajor Enterprise Funds**

April 30, 2007

	<u>MONROE TRANSIT SYSTEM</u>	<u>LOUISIANA PURCHASE GARDENS AND ZOO</u>	<u>LIVESTOCK ARENA</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 2,700	\$ 2,500	\$ -	\$ 5,200
Receivables	26,973	33,069	2,955	62,997
Due from other funds	19,702	-	-	19,702
Inventories	97,122	-	-	97,122
Prepaid expenses & other assets, net	-	6,074	-	6,074
<b>Total current assets</b>	<u>146,497</u>	<u>41,643</u>	<u>2,955</u>	<u>191,095</u>
Noncurrent Assets				
Capital assets, net of accumulated depreciation				
Land	148,239	-	-	148,239
Buildings and improvement	1,992,692	2,174,890	497,427	4,665,009
Other improvements	169,731	1,087,145	44,382	1,301,258
Furniture and equipment	549,709	196,316	41,683	787,708
Vehicles	5,216,397	60,894	-	5,277,291
Zoo animals	-	116,682	-	116,682
Accumulated depreciation	<u>(5,516,330)</u>	<u>(2,580,923)</u>	<u>(558,503)</u>	<u>(8,655,756)</u>
<b>Total noncurrent assets</b>	<u>2,560,438</u>	<u>1,055,004</u>	<u>24,989</u>	<u>3,640,431</u>
<b>Total Assets</b>	<u>2,706,935</u>	<u>1,096,647</u>	<u>27,944</u>	<u>3,831,526</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts and retainage payable	91,904	51,930	453	144,287
Deferred revenue	-	33,069	-	33,069
<b>Total current liabilities</b>	<u>91,904</u>	<u>84,999</u>	<u>453</u>	<u>177,356</u>
Noncurrent liabilities				
Compensated absences	248,253	54,701	-	302,954
<b>Total noncurrent liabilities</b>	<u>248,253</u>	<u>54,701</u>	<u>-</u>	<u>302,954</u>
<b>Total Liabilities</b>	<u>340,157</u>	<u>139,700</u>	<u>453</u>	<u>480,310</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,560,438	1,055,004	24,989	3,640,431
Unrestricted	<u>(193,660)</u>	<u>(98,057)</u>	<u>2,502</u>	<u>(289,215)</u>
<b>Total Net Assets</b>	<u>\$ 2,366,778</u>	<u>\$ 956,947</u>	<u>\$ 27,491</u>	<u>\$ 3,351,216</u>

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Schedule of Revenues, Expenses,**  
**and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**

For the Year Ended April 30, 2007

	<u>MONROE TRANSIT SYSTEM</u>	<u>LOUISIANA PURCHASE GARDENS AND ZOO</u>	<u>LIVESTOCK ARENA</u>	<u>TOTAL</u>
<b>Operating revenues</b>				
Charges for services				
Rent and fees	\$ 1,101	\$ 8,266	\$ 6,414	\$ 15,781
Fares	551,656	-	-	551,656
Advertising	31,945	-	-	31,945
Admissions	-	261,449	-	261,449
Concessions and rides	-	144,283	-	144,283
Other operating revenue	13,410	16,773	-	30,183
Total operating revenues	<u>598,112</u>	<u>430,771</u>	<u>6,414</u>	<u>1,035,297</u>
<b>Operating expenses</b>				
Salaries, wages, and benefits	1,885,104	949,288	-	2,834,392
Materials, repairs, and supplies	958,032	264,670	779	1,223,481
Utilities and communications	80,221	94,022	16,543	190,786
Depreciation and amortization	848,065	90,772	28,547	967,384
Insurance	216,420	26,104	-	242,524
Promoter's expenses	-	52,131	-	52,131
Other operating expenses	148,442	181,999	-	330,441
Total operating expenses	<u>4,136,284</u>	<u>1,658,986</u>	<u>45,869</u>	<u>5,841,139</u>
Operating (loss)	<u>(3,538,172)</u>	<u>(1,228,215)</u>	<u>(39,455)</u>	<u>(4,805,842)</u>
<b>Nonoperating revenues (expenses)</b>				
Operating grants	1,149,997	-	-	1,149,997
Property taxes	-	1,033,890	-	1,033,890
Total nonoperating revenues (expenses)	<u>1,149,997</u>	<u>1,033,890</u>	<u>-</u>	<u>2,183,887</u>
Income (loss) before and transfers	(2,388,175)	(194,325)	(39,455)	(2,621,955)
<b>Other financing sources</b>				
Transfers in	819,272	152,144	15,113	986,529
Change in net assets	(1,568,903)	(42,181)	(24,342)	(1,635,426)
Total net assets - beginning	<u>3,935,681</u>	<u>999,128</u>	<u>51,833</u>	<u>4,986,642</u>
Total net assets - ending	<u>\$ 2,366,778</u>	<u>\$ 956,947</u>	<u>\$ 27,491</u>	<u>\$ 3,351,216</u>



**CITY OF MONROE**  
**Monroe, Louisiana**

**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING SCHEDULE OF CASH FLOWS**

For the Year Ended April 30, 2007

	Monroe Transit System	Louisiana Purchase Gardens and Zoo	Livestock Arena	TOTAL
<b>Cash flows from operating activities</b>				
Cash received from (returned to) customers	\$ 1,403,667	\$ 433,263	\$ 2,835	\$ 1,839,765
Cash payments to suppliers for goods and services	(1,403,532)	(589,308)	(17,948)	(2,010,788)
Cash payments to employees for services and benefits	(1,831,259)	(988,908)	-	(2,820,167)
Net cash (used for) operating activities	<u>(1,831,124)</u>	<u>(1,144,953)</u>	<u>(15,113)</u>	<u>(2,991,190)</u>
<b>Cash flows from noncapital financing activities</b>				
Operating grants	1,149,997	-	-	1,149,997
Ad valorem taxes	-	1,033,890	-	1,033,890
Transfers in	819,272	152,144	15,113	986,529
Net cash noncapital financing activities	<u>1,969,269</u>	<u>1,186,034</u>	<u>15,113</u>	<u>3,170,416</u>
<b>Cash flows from capital and related financing activities</b>				
Capital grants				
Acquisition of capital assets	(136,445)	(41,081)	-	(177,526)
Net cash provided by (used for) financing activities	<u>(136,445)</u>	<u>(41,081)</u>	<u>-</u>	<u>(177,526)</u>
Net increase in cash and cash equivalents	1,700	-	-	1,700
Cash and cash equivalents, May 1, 2006	1,000	2,500	-	3,500
Cash and cash equivalents, April 30, 2007	<u>\$ 2,700</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 5,200</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>				
Operating (loss)	\$ (3,538,172)	\$ (1,228,215)	\$ (39,455)	\$ (4,805,842)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>				
Depreciation	848,065	90,772	28,547	967,384
Change in assets and liabilities				
Accounts receivable	825,257	37,686	(2,955)	859,988
Due from other funds	(19,702)	-	-	(19,702)
Inventories	(36,616)	-	-	(36,616)
Prepaid expenses	-	(915)	-	(915)
Accounts payable	37,955	30,534	(625)	67,864
Due to other funds	(1,756)	-	-	(1,756)
Deferred revenue	-	(35,194)	(625)	(35,819)
Compensated absences	53,845	(39,621)	-	14,224
Net cash provided by (used for) operating activities	<u>\$ (1,831,124)</u>	<u>\$ (1,144,953)</u>	<u>\$ (15,113)</u>	<u>\$ (2,991,190)</u>

**PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS**

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Schedule of Net Assets**  
**Internal Service Funds**

April 30, 2007

	<b>EMPLOYEES'</b>	<b>CENTRAL</b>	<b>TOTAL</b>
	<b>GROUP</b>	<b>SHOP</b>	
	<b>INSURANCE</b>	<b>SHOP</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 549,907	\$ -	\$ 549,907
Receivables	16,782	-	16,782
Inventories	-	37,234	37,234
	-	-	-
Total current assets	566,689	37,234	603,923
Noncurrent assets			
Capital assets, net of accumulated depreciation			
Land	-	45,000	45,000
Buildings and improvement	-	3,406,242	3,406,242
Other improvements	-	1,980	1,980
Furniture & equipment	-	202,240	202,240
Vehicles	-	126,958	126,958
Accumulated depreciation	-	(946,672)	(946,672)
	-	2,835,748	2,835,748
Total noncurrent assets	-	2,835,748	2,835,748
Total assets	566,689	2,872,982	3,439,671
<b>LIABILITIES</b>			
Current liabilities			
Accounts and retainage payable	-	31,705	31,705
Accrued liabilities	1,054,934	-	1,054,934
Current portion of long-term debt	-	168,000	168,000
	1,054,934	199,705	1,254,639
Total current liabilities	1,054,934	199,705	1,254,639
Noncurrent liabilities			
Bonds payable	-	177,508	177,508
	-	177,508	177,508
Total noncurrent liabilities	-	177,508	177,508
Total liabilities	1,054,934	377,213	1,432,147
<b>NET ASSETS</b>			
Unrestricted	(488,245)	2,495,769	2,007,524
Total net assets (deficit)	\$ (488,245)	\$ 2,495,769	\$ 2,007,524

**CITY OF MONROE**  
**Monroe, Louisiana**  
**Combining Schedule of Revenues, Expenditures,**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**

For the Year Ended April 30, 2007

	<u>EMPLOYEES'</u> <u>GROUP</u> <u>INSURANCE</u>	<u>CENTRAL</u> <u>SHOP</u>	<u>TOTAL</u>
<b>Operating revenues</b>			
Charges for services	\$ 6,368,649	\$ 1,303,495	\$ 7,672,144
<b>Total operating revenues</b>	<u>6,368,649</u>	<u>1,303,495</u>	<u>7,672,144</u>
<b>Operating expenses</b>			
Benefits paid to participants	6,471,437	-	6,471,437
Salaries, wages, and benefits	-	718,939	718,939
Materials, repairs, and supplies	-	27,968	27,968
Utilities and communications	-	41,259	41,259
Depreciation and amortization	-	104,650	104,650
Shop expenses	-	791,542	791,542
Other operating expenses	3,109	15,460	18,569
<b>Total operating expenses</b>	<u>6,474,546</u>	<u>1,699,818</u>	<u>8,174,364</u>
<b>Operating (loss)</b>	<u>(105,897)</u>	<u>(396,323)</u>	<u>(502,220)</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	9,268	-	9,268
Interest expense	-	(17,407)	(17,407)
<b>Total nonoperating revenues (expenses)</b>	<u>9,268</u>	<u>(17,407)</u>	<u>(8,139)</u>
<b>Income (loss) before and transfers</b>	(96,629)	(413,730)	(510,359)
<b>Other financing sources (uses)</b>			
Transfers in	-	490,453	490,453
<b>Change in net assets</b>	(96,629)	76,723	(19,906)
<b>Total net assets - beginning</b>	<u>(391,616)</u>	<u>2,419,046</u>	<u>2,027,430</u>
<b>Total net assets - ending (deficit)</b>	<u>\$ (488,245)</u>	<u>\$ 2,495,769</u>	<u>\$ 2,007,524</u>

**CITY OF MONROE**  
**Monroe, Louisiana**  
**PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS**  
**COMBINING SCHEDULE OF CASH FLOWS**

For the Year Ended April 30, 2007

	EMPLOYEES' GROUP INSURANCE	CENTRAL SHOP	TOTAL
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 6,351,867	\$ 1,355,399	\$ 7,707,266
Cash payments to suppliers for goods and services	(3,108)	(940,782)	(943,890)
Cash payments to participants for insurance benefits	(6,337,727)	-	(6,337,727)
Cash payments to employees for services and benefits	-	(719,066)	(719,066)
Net cash provided by (used for) operating activities	<u>11,032</u>	<u>(304,449)</u>	<u>(293,417)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers in	-	490,453	490,453
Net cash provided by noncapital financing activities	<u>-</u>	<u>490,453</u>	<u>490,453</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	-	(6,197)	(6,197)
Interest income	9,268	-	9,268
Principal paid on debt	-	(162,400)	(162,400)
Interest paid on debt	-	(17,407)	(17,407)
Net cash provided by (used for) financing activities	<u>9,268</u>	<u>(186,004)</u>	<u>(176,736)</u>
<b>Net increase in cash and cash equivalents</b>	<b>20,300</b>	<b>-</b>	<b>20,300</b>
<b>Cash and cash equivalents, May 1, 2006</b>	<u>529,607</u>	<u>-</u>	<u>529,607</u>
<b>Cash and cash equivalents, April 30, 2007</b>	<u>\$ 549,907</u>	<u>\$ -</u>	<u>\$ 549,907</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>			
Operating (loss)	\$ (105,897)	\$ (396,323)	\$ (502,220)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>			
Depreciation	-	104,650	104,650
Changes in assets and liabilities			
Accounts receivable	(16,782)	51,905	35,123
Inventories	-	6,616	6,616
Accounts payable	133,711	(71,297)	62,414
Net cash provided by (used for) operating activities	<u>\$ 11,032</u>	<u>\$ (304,449)</u>	<u>\$ (293,417)</u>

**CITY OF MONROE**  
**Monroe, Louisiana**

**SCHEDULE OF ASSESSED VALUATION  
AND AD VALOREM PROPERTY TAX LEVY**

**FOR THE 2006 TAX ROLL**

Assessed valuation		<u>\$ 364,239,912</u>
Tax rate per thousand dollars (Mills)		<u>28.02</u>
Gross tax levy		\$ 10,206,026
Plus: adjustments		<u>27,846</u>
Adjusted tax levy		<u>\$ 10,233,872</u>
Tax collected		
2006 tax roll		\$ 10,042,007
Prior years tax rolls		<u>766,686</u>
Total		<u>\$ 10,808,693</u>

<b>ALLOCATION OF TAXES COLLECTED</b>	<u><b>MILLS</b></u>	
General Fund	11.11	\$ 4,282,500
Recreation Center Maintenance	1.88	725,199
Public Safety	1.06	409,031
Drainage Maintenance	1.31	505,456
City Court Bonds	0.60	232,805
Civic Center Complex	2.68	1,033,890
Louisiana Purchase Gardens & Zoo	2.68	1,033,890
Capital Improvements	3.48	1,342,600
Police Department	1.61	620,986
Fire Department	1.61	620,986
Grasscutting Collections	-	<u>1,350</u>
Total	<u>28.02</u>	<u>\$ 10,808,693</u>

<b>GENERAL BONDED DEBT SUPPORTED BY TAX LEVY</b>		
City Court and Jail		<u>\$ 490,000</u>

**PERCENT OF BONDED DEBT TO ASSESSED VALUATION** 0.13%

**CITY OF MONROE**  
**Monroe, Louisiana**  
**SCHEDULE OF TAXES RECEIVABLE**

AS OF APRIL 30, 2007

Tax Year	Balance at April 30, 2006	2006 Tax Roll	Supplemental Assessments	Cancellations And Other Adjustments	Collections	Balance at 4/30/07	Allowance For Uncollectible Taxes	Estimated Collectible Taxes at 4/30/07
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-	-	-	-	-
1999	-	-	-	257	(257)	-	-	-
2000	-	-	-	257	(257)	-	-	-
2001	184,783	-	-	-	(408)	184,375	(165,938)	18,438
2002	-	-	-	2,074	(2,074)	-	-	-
2003	134,340	-	-	-	(103,526)	30,814	(23,111)	7,704
2004	263,787	-	-	-	(29,509)	234,278	(58,570)	175,709
2005	538,352	-	89	92,214	(630,655)	-	-	-
2006	-	10,206,026	78,669	(50,823)	(10,042,007)	191,865	(47,966)	143,899
<b>Totals</b>	<b>\$ 1,121,262</b>	<b>\$ 10,206,026</b>	<b>\$ 78,758</b>	<b>\$ 43,979</b>	<b>\$ (10,808,693)</b>	<b>\$ 641,332</b>	<b>\$ (295,584)</b>	<b>\$ 345,748</b>

**ALLOCATION OF FUNDS**

	Balance at April 30, 2006	Balance at April 30, 2007	Applicable Millages at 4/30/07	Applicable Millages as % of Total Millages
General Fund	\$ 561,861	\$ 272,206	22.06	78.73%
Debt Service Funds:				
Pub. Imp. Bonds - Court	16,582	7,404	0.60	2.14%
Enterprise Funds:				
Civic Center	68,263	33,069	2.68	9.56%
La. Purchase Gardens & Zoo	68,263	33,069	2.68	9.56%
<b>Totals</b>	<b>\$ 714,969</b>	<b>\$ 345,748</b>	<b>28.02</b>	<b>100.00%</b>

**CITY OF MONROE**  
Monroe, Louisiana

Schedule of Insurance  
April 30, 2007

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Ace Property & Casualty	Monroe Municipal Airport	General Aggregate	\$10,000,000	N/A	4/7/2008
		Property damage liability	10,000,000	N/A	
		Single limit bodily injury	10,000,000	N/A	
		Personal & advertising injury	5,000,000	N/A	
		Medical expense limit (any one person)	5,000	N/A	
James Rivers Insurance Co	Black Bayou	Fire damage	100,000	N/A	7/30/2007
		Hangarkeeper's liability	10,000,000	1,000	
		Each aircraft	10,000,000	1,000	
Continental Casualty	Communication Tower	General Aggregate	2,000,000	5,000	10/28/2007
		Products	included		
		Personal Injury	1,000,000		
		Each Occurrence	1,000,000		
Scottsdale Insurance Company	Chenault Park & Golf Course	Fire Damage	50,000		5/23/2007
		Fire, Vandalism, Explosion, & Collapse	111,525	1,000	
				5,000/lightning	
Scottsdale Insurance Company	Selman Field Golf Course	General liability	4,000,000	500	5/23/2007
		Personal & advertising injury	1,000,000	500	
		Each occurrence	1,100,000	500	
Great Amer. Insurance Co.	Golf Carts	Medical Expense-Each	5,000		6/12/2007
		General liability	4,000,000	500	
		Personal & advertising injury	1,000,000		
St. Paul's Travelers	Employees @ various locations	Each occurrence	1,000,000		12/15/2007
		Fire Damage-Each	100,000		
		Medical Expense-Each	5,000		
Travelers Property Casualty	David Barnes	General Liability	318,179	500	1/10/2008
		Dishonesty Bond	100,000	N/A	
		Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A	



**CITY OF MONROE**  
Monroe, Louisiana

Schedule of Insurance  
April 30, 2007

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Travelers Property Casualty	David Barnes	Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A	1/10/2008
Travelers Property Casualty	David Barnes	Surety bond as collector for the City of West Monroe	50,000	N/A	1/10/2008
Travelers Property Casualty	David Barnes	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	1/10/2008
St. Paul Surety	David Barnes	Surety bond as tax collector for Town of Richwood & Town of Sterlington	100,000	N/A	3/15/2008
Scottsdale Insurance Company	General Liability & Employers Liability	Bell South Payment Drop-off Liability Each Accident Aggregate Limit	1,100,000 1,000,000 4,000,000	N/A	7/9/2007
Hanover	Various Bldgs. EDP	Blanket Bldg & Contents Wind & Hail	64,055,902 1,249,000	2,500 25,000 1,000	1/15/2008
Hanover	Monroe Civic Center	Blanket Building Coverage	36,275,200		8/16/2007
James River Insurance Company	Monroe Civic Center	General Liability: General-aggregate Products-completed operations aggregate Personal and advertising injury limit Each occurrence Fire/Damage Limit Medical Expense Limit Liquor Liability Each Common-Cause Liquor Liability Aggregate	2,000,000 2,000,000 1,000,000 1,000,000 100,000.00 5,000.00 1,000,000.00 1,000,000.00	5,000	3/1/2008
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		3/1/2008

**CITY OF MONROE**  
 Monroe, Louisiana

Schedule of Insurance  
 April 30, 2007

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Great American Insurance	Marquee Sign		156,000		6/3/2007
Scottsdale Insurance Company	La Purchase Gardens & Zoo	Liability	1,000,000 1,000,000 1,050,000 100,000	500 500 500 500	8/20/2007
St. Paul's Travelers	Boiler & Machinery @pump stations & various locations	Comprehensive	25,000,000	2,500	4/1/2008
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	10/1/2007
Safety National	Workers Comp & Employers Liability	Maximum Limit of Indemnity per occurrence Maximum Limit of Indemnity Self-insured Retention per occurrence	1,000,000 25,000,000	500,000	5/1/2007
Republic Vanquard Insurance Co.	Fire Department Mobile Unit	Combined Liability	1,000,000		8/21/2007
Essex Ins Co.	Fire Dept. Mobile Unit	Liability	1,000,000 50,000 1,000,000 1,000,000		8/21/2007
Great American Insurance	Fire Department Mobile Unit	Liability	33,574	500	8/21/2007
Capital Specialty Insurance Corp	Welcome to Monroe Sign	General Liability	2,000,000 100,000 5,000		1/24/2008

**CITY OF MONROE**  
Monroe, Louisiana

**SCHEDULE OF LONG-TERM OBLIGATIONS**

For the Year Ended April 30, 2007

	Issue Dates	Interest Rates	Original Amount	Balance April 30, 2006	Issued	Retired	Balance April 30, 2007	Principal Maturity Schedule For Future Years
<b>GOVERNMENTAL ACTIVITIES</b>								
<b>General Obligation Bonds</b>								
Public improvements								
Refunding bonds, 2003 (Court and Jail)								
Total general obligation bonds								
	2003	2.10% - 3.10%	1,060,000	640,000	-	150,000	490,000	\$155,000 - \$170,000 to March 1, 2010
			1,060,000	640,000	-	150,000	490,000	
<b>Tax Increment Bonds</b>								
Tower Drive								
	1997	5.21%	6,000,000	950,000	-	435,000	515,000	\$55,000 - \$460,000 to March 1, 2012
	1999	5.00%	1,000,000	300,000	-	100,000	200,000	\$115,000 - \$270,000 to March 1, 2009
	2000	6.93%	3,000,000	2,480,000	-	110,000	2,370,000	\$115,000 - \$270,000 to March 1, 2020
	2002	5.83%	1,000,000	875,000	-	40,000	835,000	\$45,000 - \$90,000 to March 1, 2020
	2003	2.75% - 4.75%	16,000,000	13,805,000	-	765,000	13,040,000	\$795,000 - \$1,280,000 to March 1, 2021
	2005	4.25% - 4.60%	5,000,000	4,900,000	-	260,000	4,640,000	\$270,000 - \$465,000 to March 1, 2020
			32,000,000	23,310,000	-	1,710,000	21,600,000	
<b>Certificates of Indebtedness</b>								
Certificates of indebtedness-Civic Center roof								
	2004C	3.75%	2,550,000	2,305,000	-	250,000	2,055,000	\$260,000 - \$330,000 to April 2014
	2004A	3.45%	635,532	393,092	-	127,600	265,492	\$300,000 - \$311,000 to April 1, 2009
			3,185,532	2,698,092	-	377,600	2,320,492	
<b>Sales Tax Bonds</b>								
Series 2001 (Streets)								
	2001	4.00% - 5.75%	25,000,000	21,740,000	-	920,000	20,820,000	\$965,000 - \$1,910,000 to July 1, 2021
	2002	4.00% - 7.00%	26,000,000	14,125,000	-	685,000	23,440,000	\$720,000 - \$1,775,000 to July 1, 2026
	2002A	3.25% - 4.80%	15,000,000	14,685,000	-	115,000	14,570,000	\$170,000 - \$1,835,000 to July 1, 2027
	2003	3.25% - 5.50%	22,400,000	21,295,000	-	570,000	20,725,000	\$600,000 - \$1,725,000 to July 1, 2027
	2006	3.45%	3,000,000	-	2,833,861	-	2,833,861	\$105,000 - \$195,000 to July 1, 2028
			91,400,000	81,845,000	2,833,861	2,295,000	82,388,861	
<b>Refunding Bonds</b>								
Series 1998A (Fire and Police Pension)								
	1998	4.60% - 5.05%	7,565,000	4,035,000	-	630,000	3,405,000	\$335,000 - \$655,000 to March 1, 2013
<b>Utility Revenue Bonds</b>								
Series 2001 - DEQ (Sewer)								
	2001	3.45%	24,500,000	22,658,597	-	985,000	21,673,597	A \$102,500 - \$1,905,000 to June 1, 2023
	2003	3.45%	10,000,000	9,310,000	-	365,000	8,945,000	\$380,000 - \$710,000 to June 1, 2023
	2005	3.45%	11,000,000	99,289	3,268,114	-	3,367,403	\$370,000 - \$437,493 to July 1, 2027
			45,500,000	32,067,886	3,268,114	1,350,000	33,986,000	
<b>Other</b>								
Claims and judgments								
			-	6,076,089	1,163,961	127,798	7,112,252	
Capital lease (energy performance equipment)								
			-	2,722,699	-	126,707	2,595,992	
Accrued vacation and sick pay								
			-	4,976,342	901,774	778,893	5,095,221	
			-	13,775,130	2,065,735	1,033,400	14,807,465	
			180,710,532	158,371,108	8,167,710	7,541,000	158,997,818	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>								

CITY OF MONROE  
Monroe, Louisiana

SCHEDULE OF LONG-TERM OBLIGATIONS

For the Year Ended April 30, 2007

	Issue Dates	Interest Rates	Original Amount	Balance April 30, 2006	Issued	Retired	Balance April 30, 2007	Principal Maturity Schedule For Future Years
<b>INTERNAL SERVICE FUND</b>								
Refunding COI (Central Warehouse and Shop)	2004A	3.45%	816,468	507,908	-	162,400	345,508	B See Amortization above 2004A
Total internal service fund debt			816,468	507,908	-	162,400	345,508	
<b>BUSINESS TYPE ACTIVITIES</b>								
<b>CIVIC CENTER</b>								
Taxable refunding certificates of indebtedness	2004B	6.00%	173,000	110,000	-	34,000	76,000	\$37,000 - \$39,000 to April 2009
Total Civic Center			173,000	110,000	-	34,000	76,000	
<b>SEWER DEPARTMENT</b>								
Utility Revenue Bonds	2001 A	3.45%	2,500,000	2,486,403	-	-	2,486,403	A See Amortization above 2001 - DBQ
Series 2001 - DBQ			2,500,000	2,486,403	-	-	2,486,403	
Total sales tax bonds								
Refunding Bonds								
Sewer	1995		2,695,000	310,000	-	310,000	-	
<b>ALL DEPARTMENTS</b>								
Other								
Accrued vacation and sick pay				884,310	478,637	414,628	948,319	
<b>TOTAL BUSINESS TYPE ACTIVITIES</b>			\$ 6,184,468	\$ 4,298,621	\$ 478,637	\$ 921,028	\$ 3,856,230	

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

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

**CITY OF MONROE  
Monroe, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES**

**As of and For the Year Ended April 30, 2007**

**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 COUNCIL MEMBERS  
FOR THE YEAR ENDED APRIL 30, 2007

Jay Marx	District 1	\$ 12,000	May 1, 2006 - April 30, 2007
Ben Katz	District 2	12,000	May 1, 2006 - April 30, 2007
Arthur Gilmore	District 3	12,000	May 1, 2006 - April 30, 2007
Robert Stevens, Chairman	District 4	18,000	May 1, 2006 - April 30, 2007
Robert Johnson	District 5	12,000	May 1, 2006 - April 30, 2007
Total		<u>\$ 66,000</u>	

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



Luffey  
Huffman  
& Monroe

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)  
Francis I. Huffman, CPA  
L. Fred Monroe, CPA  
Phillip A. Ragsdale, CPA  
David Roy Solgnier, CPA, MBA

John Herman, CPA  
Lynn Andries, CPA  
Esther Atteberry, CPA  
Sandra Harrington, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Monroe, Louisiana (the City), as of and for the year ended April 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 31, 2007. 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***

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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will



**City of Monroe  
Monroe, Louisiana**

not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questions Costs listed as 07-01 through 07-05 to be significant deficiencies in the internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider all of the significant deficiencies described above, 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* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07-01 through 07-05.

We noted certain matters that we reported to management of the City in a separate letter dated October 31, 2007.

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

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



(A Professional Accounting Corporation)

October 31, 2007



Luffey  
Huffman  
& Monroe

John L. Luffey, MBA, CPA (1963-2002)  
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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 City of Monroe, Louisiana (the City) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. The City's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

As described in item 07-05 in the accompanying schedule of findings and questioned costs, the City of Monroe did not comply with requirements regarding reporting that are applicable to its Airport Improvement Program (CFDA# 20.106). Compliance with such requirement is necessary, in our opinion, for the City of Monroe to comply with the requirements applicable to the program.

**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, 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, 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 would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in internal control over compliance 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 noncompliance with a type of noncompliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 07-05 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 07-05 to be a material weakness.

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

**City of Monroe  
Monroe, Louisiana**

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



(A Professional Accounting Corporation)

October 31, 2007

City of Monroe, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended April 30, 2007

Federal Grantor / Pass-Through Grantor / Program Title	CFDA No.	Pass-Through Grant Number	Grant Identification Number	Federal Expenditures
<b>U. S. Department of Housing and Urban Development</b>				
<i>Direct:</i>				
Community Development Block Grant - 2005	14.218	N/A	B-05-MC-22-0005	\$ 861,330
Community Development Block Grant - 2006	14.218	N/A	B-06-MC-22-0005	242,705
Home Investment Partnership Grant - 2003	14.239	N/A	M-03-MC-22-0206	7,490
Home Investment Partnership Grant - 2004	14.239	N/A	M-04-MC-22-0206	20,123
Home Investment Partnership Grant - 2005	14.239	N/A	M-05-MC-22-0206	97,793
Home Investment Partnership Grant - 2006	14.239	N/A	M-06-MC-22-0206	58,798
<i>Pass-Through Programs:</i>				
Emergency Shelter Grants Program - 2005	14.231	624487	N/A	46,787
<b>Total Dept. Housing &amp; Urban Development</b>				<b>1,538,925</b>
<b>U. S. Department of Justice</b>				
<i>Direct:</i>				
Local Law Enforcement Block Grant - 2003	16.592	N/A	2003-LBEX-2613	1,178
Local Law Enforcement Block Grant - 2004	16.592	N/A	2004-LBEX-0165	2,901
Office of Justice Program (JAG)-05	16.738	N/A	2005-DJ-RJC-0430	23,654
<i>Pass-Through Programs:</i>				
Family Strengthening	16.540	J04-2-001	N/A	6,800
DARE Program	16.579	ED6-2-006	N/A	10,542
DARE Program	16.579	ED6-8-004	N/A	874
DARE Program	16.579	ED7-2-006	N/A	44,390
Project Safe Neighborhoods Peer Mediation Program	16.609	F03-8-002	N/A	5,941
<b>Total Department of Justice</b>				<b>94,480</b>
<b>U. S. Department of Transportation</b>				
<i>Direct:</i>				
<i>Airport Improvement Programs:</i>				
Rehab Airfield Lighting	20.106	N/A	DTPAWA-06-A-00015	1,919,147
Rehab Airfield Lighting	20.106	N/A	3-22-0033-021-2003	1,302,388
Runway 04/22	20.106	N/A	3-22-0033-023-2006	3,329,958
<i>Federal Transit Authority Programs:</i>				
Capital (Buses)	20.507	N/A	LA-90-X248-00	66,663
Capital, Operating and Planning	20.507	N/A	LA-90-X238-00	21,001
Capital and Operating	20.507	N/A	LA-90-X263-00	5,446
Capital and Operating	20.507	N/A	LA-90-X285-00	1,802
Capital (Buses)	20.507	N/A	LA-03-0114-00	54,331
Capital and Operating	20.507	N/A	LA-90-X302-00	200,000
Capital and Operating	20.507	N/A	LA-90-4502-00	600,000
<i>Pass-Through Programs:</i>				
State and Community Highway Safety	20.600	PT 04-15-00	N/A	16,675
State and Community Highway Safety	20.600	PT-06-40-78	N/A	1,904
State and Community Highway Safety	20.600	PT 07-31-00	N/A	18,490
<b>Total Department of Transportation</b>				<b>7,549,085</b>
<b>National Endowment for the Humanities</b>				
<i>Pass-Through Programs:</i>				
FolkLife Festival	45.129	FY06-288	N/A	3,750
<b>Total National Endowment for the Humanities</b>				<b>3,750</b>
<b>Environmental Protection Agency</b>				
<i>Pass-Through Programs:</i>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	N/A	3,268,114
Capitalization Grants for Drinking Water State Revolving Funds	66.463	N/A	N/A	2,833,861
<b>Total Environmental Protection Agency</b>				<b>6,101,975</b>
<b>U. S. Department of Homeland Security</b>				
<i>Pass-Through Programs:</i>				
State Homeland Security Program - 2004	97.073	2004-GE-74-0004	N/A	31,200
<b>Total U. S. Department of Homeland Security</b>				<b>31,200</b>
<b>Total Federal Expenditures</b>				<b>\$ 15,709,425</b>

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, 2007**

**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, 2007. 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 \$619,151 at April 30, 2007.

**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, 2007:

	Federal Awards	Nonoperating Revenues - Operating Grants	Other Financing Sources	Total
Revenues				
General Fund	\$ 38,000	\$ -	\$ -	\$ 38,000
Special Revenue Funds	1,429,455	-	-	1,429,455
Capital Projects Funds	6,551,493	-	6,101,975	12,653,468
Enterprise Funds	-	949,443	-	949,443
Total per Financial Statements	8,018,948	949,443	6,101,975	15,070,366
Plus Expense Reimbursements	39,069	-	-	39,069
Total per Schedule of Expenditures of Federal Awards	<u>\$ 8,058,017</u>	<u>\$ 949,443</u>	<u>\$ 6,101,975</u>	<u>\$ 15,109,435</u>

**CITY OF MONROE, LOUISIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED APRIL 30, 2007**

**Note 5 - Funds Provided to Subrecipients**

Of the Federal expenditures presented on this schedule, the City provided \$225,554 through the Community Development Block Grants, Home Investment Partnership Grants and the Emergency Shelter Grant Programs to subrecipients.

**Note 6 - Noncash Activity**

The City received equipment and supplies valued at \$31,200, through the Ouachita Parish Office of Homeland Security and Emergency Preparedness Agency. These items were disbursed to the Monroe Police Department (\$16,819), the Monroe Fire Department (\$13,933) and the City of Monroe Public Works Department (\$448) for their use in handling emergency situations.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

**Section I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: disclaimer on fiduciary funds of aggregate discretely presented component units; unqualified on all other opinion units.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

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

Type of auditors' report on compliance for major programs:  Qualified  CFDA #20.106 (Reporting)

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, 2007**

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee?                       Yes                       No

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

**07-01 COLLECTION OF TOWN OF RICHWOOD  
SEWERAGE TREATMENT CHARGES**

***Finding:***

As noted in the April 30, 2003 audit, the Town of Richwood failed to pay the City of Monroe for sewerage treatment services for several years and owed the City approximately \$518,000. Per our recommendation, the City received a Judgment on Rule from the Fourth District Court requiring Greater Ouachita Water Company to deposit sewage fees collected for the Town into an escrow account maintained by the Town's attorney. These funds were to be used to pay current sewerage treatment billings submitted by the City. In a separate agreement between the City, the Town, and Richwood Correctional Center (RCC), the City was to receive \$5,000 per month from RCC relating to the retirement of the past due balance. Since the time of the Judgment and separate agreement, the City has billed the Town approximately \$465,000 for sewerage treatment services provided. During the same time period, the City has collected \$200,000 from RCC in fulfillment of the separate agreement, but only approximately \$145,000 from the Town. At April 30, 2007, the Town of Richwood owed the City of Monroe approximately \$638,000 for sewerage treatment services provided.

Article 7, Section 14 of the Louisiana Constitution prohibits, among other things, the donation of public funds.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

Again, the debt owed by the Town of Richwood continues to grow and creates a situation in which the City is subsidizing the provision of sewerage treatment services to the Town. The failure of the Town to comply with the terms of the agreement is creating an undue burden on the City's ability to generate cash flows from the operations of its Enterprise Funds.

***Recommendation:***

We recommend that the City take immediate steps to collect the amounts incurred by the Town of Richwood since the inception of the agreement and to implement and enforce a plan for collection of billed amounts for future services provided. Those steps should potentially include pursuing further legal action against the Town for the collection of outstanding debts.

***Management's Corrective Action Plan:***

The City of Monroe is currently negotiating with the Town of Richwood toward a settlement of this matter. The settlement would include a negotiated lump sum payment for the past due sewage charges based upon water in/water out method. The settlement would be contingent upon the Town of Richwood agreeing that future sewage charges will be collected by Greater Ouachita Water Company with said charges paid directly to the City of Monroe. The future sewage charges would be the same as those charged to City of Monroe users and include an administrative cost. The charges to Richwood customers would rise commensurately with the rate charged to City users.

**07-02 THEFT OF CITY FUNDS**

***Finding:***

In January 2007, the City became aware of a theft of \$3,683 of City funds by an employee of the Tax and Revenue Division. It appears that the employee would issue a refund check due to a taxpayer, to a third person. That person would then cash the check and receive a small amount and give the remaining funds to an acquaintance of the employee. The employee was immediately terminated and the theft was reported to the Monroe Police Department and an investigation was commenced. As a follow up, the City's Accounting Department conducted an internal investigation and uncovered three additional incidents totaling \$15,606 of funds stolen in the same manner. Based on their investigation, the Monroe Police Department arrested the employee and one other person. The case is being prosecuted by the State's Attorney General's office.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

At that time the Director of Administration requested our firm to evaluate the City's procedures and internal controls relating to the collection and distribution of property and sales taxes. As a result of our review, we made several recommendations to strengthen the internal controls and provide more documentation supporting refunds of tax monies collected.

***Recommendation:***

We again make the following recommendations to strength the controls and procedures relating to the collection and distribution of property and sales taxes:

1. All check requests should be prepared by an employee who does not process returns and does not have the ability to make changes to the software system.
2. All refund checks should be made payable to the property owner listed on the system or a mortgage company. If a sales tax refund, the check should be payable to the name of the business only.
3. Any request for refund to be mailed to an address not recorded in the City's system must be accompanied by a request for change of address signed by the property owner or business owner or authorized representative of the business.
4. All check requests for refund of duplicate payment of property taxes must be supported by constructive proof that the taxes were paid twice. This documentation should include:
  - Copy of the "Property Tax Adjustment" screen showing the payer, date paid, amount paid and receipt number.
  - Copy of validated tax notice.
  - Copy of "Account Inquiry" from assessor's system showing location of property and ward number.
  - Copy of both checks paying the same assessment.
  - If refund is to a mortgage company, a copy of the company's listing of taxes paid.
5. All check requests should be carefully reviewed by the Director of Tax and Revenue before approving the request.
6. All check requests should then be reviewed by the accounts payable clerk and if the clerk has any questions, it should be given to an accountant for further investigation. If necessary the accountant should coordinate with Tax and Revenue until problem is resolved.
7. All checks should be mailed from accounting, not returned to Tax and Revenue.
8. In addition, the City's property tax software should be modified to show the property owner's name associated with the account number and a field to show receipt number on the "Property Tax Adjustment" screen. Also, the "payee" field should be changed to "payer".

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

9. When entering property tax receipts, if the tax notice accompanying the payment is not for the City of Monroe (i.e. Ouachita Parish or West Monroe), the payment should not be processed but forwarded to a tax specialist to return to taxpayer. If no tax notice is included the specialist should investigate to ensure that the payment is truly for the City.
10. The City's policy is to refund duplicate property tax payments to the last payer. For one refund tested, generously allowing 10 business days for the checks from the mortgage company to arrive at Tax and Revenue, it appears that 22 of the 33 refunds on one check should have gone to the property owners instead of to the mortgage company. The City should adhere to its policy consistently.

In addition for sales tax refunds, the following documentation should be included with the check request:

1. A copy of the request for refund from the business stating the reasons refund is due.
2. A copy of sales tax return should accompany request for sales tax refund.
3. A copy of the Tax and Revenue "Refund Distribution" worksheet.
4. If sales tax refund is the result of a sales tax audit, documentation of the audit procedures performed.

***Managements Corrective Action Plan:***

Some of the recommendations made by the auditors have already been implemented. The Taxation and Revenue department will make the software change request to the MIS department. All refund requests will have proper documentation. Accounts payable clerks will be instructed on the appropriate documentation for such refunds. However, if the accounts payable clerks should have any questions concerning the "appropriateness" of any refund request, an accountant will review the refund before processing for payment. Periodically, accounting will randomly review refunds before processing by accounts payable to verify documentation is appropriate and to check for signs of theft or fraud. Refund checks will be mailed from accounting. In the cases of duplicate payments received, the city will adhere to its policy of refunding the last payer. While not all recommendations by the auditors will be implemented due to shortage of personnel, the city believes with the controls being implemented, the risk for theft or fraud through the refund process will be greatly minimized.

**07-03 CITY COURT REVENUE**

***Finding:***

The City of Monroe entered into an agreement with the Monroe City Court in which the Court agreed to pay the City \$125,000, in four equal installments, through February,

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

2007 for the purpose of assisting the City in providing housing for prisoners. The agreement is conditional upon the Mayor executing a memo to the Chief of Police informing him that the Mayor's preference is that all criminal charges should be written under City ordinances, unless specific charges have been agreed between the City Court and the City of Monroe to be sent to the Fourth District Court. The City received the full \$125,000 during the year ended April 30, 2007.

Under Louisiana Revised Statute 13:1899 (B), the City Court has no legal obligation to provide funds from its operational expense special account to defray the cost of housing prisoners. Therefore, it would appear that by doing so the Court could possibly be in violation of Article 7 Section 14 of the Louisiana Constitution which states, in part the funds, credit, property or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

As a result of this agreement, the City has accepted funds which it is not legally entitled to and could possibly face a liability of having to return the \$125,000 to the Monroe City Court.

***Recommendation:***

We recommend that the City of Monroe along with the Monroe City Court seek an Attorney General's opinion asking two questions, (1) can the Court provide support for the housing of prisoners from its operational expense special account and (2) if the opinion is negative, is the City of Monroe obligated to return the \$125,000 to the Monroe City Court.

***Management's Corrective Plan:***

The City of Monroe will request an Attorney General's opinion concerning this matter. However, since it is the opinion of the auditors this will likely have to be paid back, the City will plan to repay \$125,000 to the Monroe City Court. The financial statements at April 30, 2007, reflect this repayment as a liability. The City will await the outcome of the Attorney General's opinion before making the actual payment to the Monroe City Court.

**07-04 LEGISLATIVE AUDITOR REPORT**

In addition to the above findings, the Louisiana Legislative Auditor issued a Compliance Audit report dated October 4, 2007 detailing certain matters regarding holiday pay, sales tax supplements and payroll policies and procedures. The Legislative Auditor's comments and the City of Monroe's responses, from that report, are presented below:

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

***Holiday Pay***

City policy stipulates that eligible employees are entitled to 10 declared holidays each year. Employees who work on a holiday are entitled to regular salary as well as hourly wages for each holiday hour worked. State law requires firefighters to be paid, in addition to their yearly salary, one hour of wages for each hour worked on holidays. Conversely, the Union agreement allows firefighters to sign a waiver of state law to receive 120 hours of wages each year as holiday pay. This provision also allows communications officers to sign a waiver of state law to receive 84 hours of wages each year as holiday pay. According to the agreement, these payments are in addition to the employee's regular salary and should be issued on or before November 1 of each year. Further, the agreement stipulates that all other employees shall receive holidays off in lieu of holiday pay.

In accordance with the Union agreement, the City issued holiday pay totaling \$305,202 in the October 15, 2006, payroll for firefighters and communications officers. This payment may violate the state's law and the Louisiana State Constitution because amounts received were based on the Union agreement and not holiday hours actually worked. During a review of hours worked on holidays, we noted that over 85% of these employees actually worked less holiday hours than the amount for which they were paid. Based on state law, these employees should have only received \$164,603 in holiday pay resulting in an overpayment of \$140,599 to the employees. It should be noted that although the overall affect was an overpayment, 15 MFD employees were underpaid for the hours they worked on holidays.

Although the holiday pay provision of the Union agreement does not apply to MFD administrative employees, the City issued holiday pay totaling \$37,509 to administrative employees in the October 15, 2006, payroll. This payment may violate the state constitution because amounts received were not based on hours worked. Further, it should be noted that the administrative office was closed on all declared holidays. As a result, City policy would only allow holiday pay to these employees if they worked on their birthday. Based on holiday hours worked by these employees in 2006, the City should have only paid holiday pay totaling \$3,377 resulting in an overpayment of \$34,131 to the employees. MFD Chief Jimmie Bryant indicated that all employees have received holiday pay in this manner for approximately 20 years. He stated that he continued this practice when he became chief because it had been done for a long time. When asked about the existence of written waivers (according to the Union contract), Chief Bryant stated that he has never seen a holiday pay waiver and has never signed one.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

According to Attorney General Opinion #07-0134, MFD may have violated Article VII, Section 14 of the Louisiana Constitution by allowing employees to be paid for hours when services were not rendered. The opinion outlines a three prong test to determine whether payments are constitutional. It requires:

- (1) a public purpose for the expenditure or transfer;
- (2) that the expenditure or transfer; taken as a whole, does not appear to be gratuitous; and
- (3) evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred.

The holiday pay provision of the Union agreement does not appear to meet these requirements because it allows MFD employees to be paid for hours not worked. Payments made under these circumstances do not have a public purpose, appear to be gratuitous, and do not provide a value equivalent to the amount expended. In addition, we question whether an MFD employee can waive state law to receive holiday pay as stated in the Union agreement.

We recommend that the City:

- (1) obtain an attorney general's opinion to determine if the Union agreement's provision for holiday pay is constitutional and if state law can be waived by MFD employees;
- (2) based on the attorney general's opinion, seek repayment of overpayment in wages to all firefighters and communications officers;
- (3) seek repayment of all overpayments in wages to all MFD administrative staff;
- (4) revise the employee handbook to include a holiday pay section for MFD employees that is in accordance with state law and the constitution; and
- (5) ensure that all MFD employees are paid in accordance with state law.

***Sales Tax Supplements***

A .49% sales and use tax dedicated for MFD and MPD personnel salary increases was affirmed by a public voting on September 18, 2004. The City began distributing the salary increases on the April 15, 2005, payroll. In addition to salary increases, two "salary supplements" totaling \$1,356,250 were issued to MFD personnel from a surplus of sales tax proceeds. Full-time MFD employees were issued a one-time payment of \$3,675 on April 1, 2006, and \$3,300 on December 31, 2006. It should be noted that the City also issued two salary supplements totaling \$1,335,400 to MPD employees. Full-time MPD employees were issued \$3,300 on April 1, 2006, and \$2,700 on November 30, 2006. Although the state constitution prohibits the unearned payment of funds to employees, the attorney general has historically opined that compensating employees

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

for future services is permissible. However, Union, MFD, MPD, and City management were unable to provide documentation that would confirm these payments were not extra compensation for past services or bonus payments of excess sales tax funds. Because of the lack of documentation, we cannot determine if the salary supplements represent extra compensation for past services or bonuses, thereby making the payments unconstitutional.

We recommend that the City establish policies and procedures to document that salary supplements are increases for future services to be rendered rather than compensation for past services or discontinue issuing salary supplements.

***Payroll Policies and Procedures***

Although the City has written policies and procedures relating to payroll, the MFD is guided primarily by the Union agreement, which sets the wages, hours, and other conditions of employment for MFD personnel. During our review, we found that the MFD does not require employees to complete time reports to document hours worked or to track time worked, but rather only tracks time not worked by employees.

During our review, we noted the regular payment of "scheduled overtime" to all MFD firefighters. Although scheduled overtime is not a listed pay category in either the Union agreement or the City policy, MFD pays all firefighters 6.5 hours of wages as scheduled overtime on every payroll. Again, it should be noted that the MFD does not track hours worked by firefighters. As a result, it appears that the recurring payment of 6.5 hours of scheduled overtime is based upon overtime hours assumed to have been worked, not actual hours worked.

Since this payment is not based on recorded overtime hours worked, we recommend that the City record the actual hours of overtime worked, and compensate the firefighters for the actual hours worked or classify the scheduled overtime payments as salary supplements. We also recommend that the City create payroll policies and procedures that specifically address MFD employees. These policies and procedures should require all employees to complete time reports to document hours worked; obtain approvals of the time reports by the appropriate supervisor; and maintain records to account for vacation, overtime, compensatory, and sick leave earned and taken by employees.

**Management's Response:**

**Holiday Pay.** Holiday pay was a practice started more than twenty years ago. This practice was agreed to by contract but we are in agreement with your analysis and such practice will be discontinued, pending receipt of an opinion of the attorney general.



**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

Should the pay method be approved, salary adjustments will be made. Holiday pay for employees since the last holiday pay distribution will be made in accordance with LSA R.S. 33:1999.

The City takes seriously its obligations to comply with applicable law and accounting standards. As noted above, we have requested an attorney general's opinion to determine if the union agreement's provision for holiday pay is constitutional and if state law can be waived by Monroe Fire Department employees. Pending receipt of the attorney general's opinion, employees will be notified concerning your contentions and that repayment may be sought; Monroe Fire Department administrative staff will be notified of your recommendation that repayment of all holiday pay paid to them be recouped; and policies will be issued in accordance with the attorney general's opinion or court's decision should litigation result from your recommendations.

As to the administrative employees, it has been the policy and practice to pay administrative employees in the same fashion as firefighter employees of the Monroe Fire Department for many years. Past practice establishes this. The City should have issued a policy statement in the 1980's to this effect and, if the attorney general approves this past practice, the City will do so in accordance with law.

Also, during one of your initial visits, it was determined that the employees of the Monroe Fire Department had not signed written waivers as required by the Collective Bargaining Agreement ("CBA"). These waivers have been obtained and are on file and available for your inspection at your convenience. The holiday pay was such a long-standing practice that the waiver itself was never made a part of the employee's hiring process but such has been and will be made so in the future if this practice is determined to be appropriate.

**Underpayment of firefighters.** If you would be so kind as to advise of the individuals you feel were underpaid as a result of our past practices, we will review same and, if we are in agreement, pay those individuals. If we are not in agreement, we will advise both you and the individuals of our disagreement and they may take action accordingly. **Sales tax supplements.** We believe that you are correct in your assertion that the salary supplement should be for future services not past services. We enclose for your review a copy of the Monroe Police Department's contract Article XIII, pages 10 and 11. You will note therein that there is a provision to clearly describe the supplement to be for future services under the contract and not for past services. The Monroe Fire Department refused to execute a contract containing language similar to the police contract (this contract was tendered to them some months ago) and until this issue is resolved, it is the position of the City that no further lump sum yearly sales tax payments should be made to the Monroe Fire Department employees.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

**Payroll policies and procedures.** As you are aware, litigation has resulted from the City of Monroe's past practices. We disagree with your assertion that the Monroe Fire Department did not track hours worked by firefighters. In actual fact, the Monroe Fire Department did track hours. You noted orally that there is no way to tell when an employee shows up and when he does not show up. The CBA requires that employees report to work at 8:00 A.M. and work until the next 8:00 A.M. A record is maintained of when employees do not work and such an exception method of keeping track of time is completely appropriate. A copy of the City's response to a report dated November 29, 1994 raising a similar issue is enclosed.

We understand that you recommend as a "best practice" that the exception method no longer be used. This was already planned prior to the time we received your letter and we appreciate your confirming that we were on the right track as a matter of best practice.

We enclose for your review a copy of the time sheet method that is now in place to track time. Biometric time clocks have been ordered so that a clear record of time worked in the future will be available.

As to the automatic 6.5 hours, we also attach for your review a copy of an opinion letter from the United States Department of Labor relative to the "Belo pay method." We are not certain that the policy was ever written down to establish the 6.5 hours, but we also provide to you a copy of the contract from 1986, the first year the Fair Labor Standards Act was made applicable to municipalities. In the future, firefighters will be paid in accordance with the time actually worked and 6.5 hours will no longer be added to the employee's time.

Because the City has responded to the Legislative Auditor's comments, we offer no further recommendations.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

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

**07-05 FEDERAL AVIATION ADMINISTRATION**

***Finding:***

During the year ended April 30, 2007, the City of Monroe engaged in projects related to the overlay of a runway and rehabilitation of lighting systems at the Monroe Regional Airport. These projects were funded with Airport Improvement Program (AIP) grants from the Federal Aviation Administration (FAA) and additional funds from the FAA under a separate agreement. This agreement (Agreement No. DTFAWA-06-A-0015) is an "other transaction" issued under 49 U.S.C. 106 (l) and (m) and is not a procurement contract, grant or cooperative agreement.

During the course of our audit, several errors were noted in the City's requests for reimbursement from the FAA. For AIP Grant No. 3-22-0033-21, the City requested an incorrect amount, then requested the correct amount for the same construction costs. Because the error was corrected on subsequent requests and the funds were subsequently earned by the City, the \$221,397 was recorded as deferred revenue at April 30, 2007 and recognized as revenue when earned in fiscal year 2008. This also resulted in \$24,600 of state funds being deferred until earned.

Under AIP Grant No. 3-22-0033-23, the federal share of allowable costs is 95 per cent. However, the City used 90 per cent in requesting reimbursement resulting in a shortage in federal funds of \$6,134.

On three separate occasions the City requested incorrect amounts totaling \$569,100 from the FAA under the Agreement No. DTFAWA-06-A-0015. When this error was realized by the City, it was corrected by reducing the amount of the request submitted in April, 2007.

One request for \$388,823 for the overlay of runway 04-22 should have been reimbursed under AIP Grant No. 3-22-0033-23 but was requested under Grant No. 3-22-0033-21. On that same request was a claim for \$453,533 for the lighting project. Both of these requests are for expenditures incurred subsequent to year end and are recorded in fiscal year 2008. Credit will be taken for the incorrect reimbursement on the next request made and the funds will be requested from the correct grant.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

***Recommendation:***

Before making payment of engineering and construction of any airport project, the accountant preparing payment should ensure that the engineer has provided all necessary documentation. This documentation should include any engineer invoices indicating the project being billed. Included also should be the contractor's progress billing invoice and the Application and Certificate for Payment signed by the engineer indicating his certification that the work has been performed and the amount of the billing is correct. All computations on these invoices should be verified by the accountant. A memo for the airport director approving payment should also be included in the documentation.

Before submitting any electronic request for reimbursement, the accountant should ensure that all documentation for expenditures incurred is included as mentioned above. He should also carefully review the engineer's spreadsheet showing the allocation of costs among grants to ensure that funds are being drawn from the correct grant. The accountant should ensure that the Federal Cash Transactions Report is properly completed and is included with the documentation supporting the request for reimbursement. The ECHO-Web Payment Report should also be included in the documentation. If more than one reimbursement is included on an ECHO Report, a copy should be placed in each grant file. Finally, all requests for reimbursement should be reviewed by the Director of Accounting or another accountant before being submitted.

The grant accountant should create complete and orderly files for all grants under his control. He should also prepare a spreadsheet showing the amount of the grant, all receipts from the grant and the remaining balance to ensure that requests are not submitted which exceed the amount of the award.

***Management's Corrective Plan:***

Airport invoices will have appropriate documentation before being paid. The next available requests for funds will correct the errors from previous requests. Grant accountant will track the activity of the various grants concerning the airport with the use of spreadsheets. The Director of Accounting or her designee will check requests for funds in an effort to eliminate errors such as duplicate requests or requests from the wrong grant.

***Finding:***

49 USC Sections 47107(b) and 47133 requires that airports receiving Federal financial assistance use airport revenue only for purposes related to the airport. For the year ended April 30, 2007, the Monroe Regional Airport transferred \$343,757 to the City of Monroe's General Fund to defray costs borne by the General Fund in support of airport

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

operations. Although the services provided by the General Fund exceeded the amount transferred by the airport, the documentation to support these costs was not readily available.

***Recommendation:***

The City of Monroe should track all costs provided by the General Fund or any other department of the City in support of airport operations. This can be accomplished by providing for general ledger accounts dedicated to recording actual expenses associated with the airport or by an approved cost allocation plan.

***Management's Corrective Plan:***

The city will consider the methods recommended by the auditor and implement one of them in order to document the costs incurred by the general fund on behalf of the airport. The city will maintain such documentation in the future.

***Finding:***

Under Federal Aviation Administration rules, the Monroe Regional Airport is required to file annually Form 5100-127 "Operating and Financial Summary" and Form 5100-126 "Financial Governmental Payment Report". The "Operating and Financial Summary" provides for a simplified reporting format to help the public understand how airports collect and disperse funds. The "Financial Governmental Payment Report" provides a format for reporting the amounts the airport paid to governmental units and all services and property provided to such units.

For the year ended April 30, 2006, the "Operating and Financial Summary" was electronically filed January 3, 2007. The airport had received an extension to file the report which is allowed if audited information is not available by the due date which is within 120 days of the fiscal year end. This report contains mistakes in that some items were reported on the wrong lines and some revenue and expense items were omitted. The City of Monroe has notified FAA of these errors and has been granted permission to submit amended reports. The "Financial Governmental Payment Report" has not been filed since the year ended April 30, 2004. The City is in the process of gathering data to file the reports through the current year.

***Recommendation:***

The City should contact the FAA and request assistance in completing these forms to ensure that complete and accurate information is being submitted. The City should also ensure that these financial reports are filed in a timely manner in the future.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED APRIL 30, 2007**

***Management's Corrective Action Plan:***

The City will contact the FAA and request training concerning the proper forms for filing concerning the airport. The reports will be filed correctly and in a timely manner.

**CITY OF MONROE  
MONROE, LOUISIANA**

**SUMMARY OF STATUS OF PRIOR YEAR FINDINGS**

The following is a summary of the status of the prior year findings included in the Luffey, Huffman, & Monroe, CPA's audit report and management letter dated October 27, 2006, covering the examination of the primary government financial statements of the City of Monroe (the City) as of and for the year ended April 30, 2006.

**06-01 Capital Asset Accounting**

***Finding:***

The City's capital asset data file, while it may be complete, still has to be manually adjusted due to the original entry of data being incorrect. This causes unnecessary work for the accounting department during preparation for the audit and has caused delays in the final completion of the audit.

Also, there is still some improvement needed in the area of reporting. The City does not produce a comprehensive capital asset report; that is, one that has all necessary information by asset.

***Status:***

The software has been updated and can now produce the requested items in one report of capital assets. The accounting department continues to "clean up" the data and anticipates correction of most records within the next fiscal year.

**06-02 Thefts at Various City Locations**

***Finding:***

During the course of our audit, several instances of employee theft at various city locations were disclosed to us. The incidents included the theft of cash and failure to collect fees at various recreation centers, the theft of cash at Selman Field Golf Course, the theft of surplus materials from the Water Department and the theft of cleaning supplies at Monroe City Hall.

**A. Community Affairs – Division of Parks and Recreation**

***Status:***

The following procedures have been implemented to ensure financial accountability in the Division of Parks and Recreation:

1. No cash money is accepted.
2. Center supervisors no longer receive any type of funds.
3. All rental fees are paid in the administrative office of the Director in the form of a money order or certified check.
4. No personal checks are accepted; however, the division does accept checks from businesses, churches, and other organizations. If a check is returned, future checks from that source will no longer be accepted.
5. Cashiers now use numbered receipt books. It is mandatory that a receipt be provided for each payment received.
6. An administrative clerk in the office of the Director maintains all related deposit records and accounts receivables/payables.

#### **B. Community Affairs – Selman Field Golf Course**

##### ***Status:***

Along with continuing to require that each customer receive a receipt, we are spot checking golfers on the golf course to ensure they were given a receipt. We have also added a process of using A.M. and P.M. cash registers. This process allows the morning pro shop attendant to completely pull their cash drawer and count it down without it having to be put back in use. It also allows the afternoon pro shop attendant to have only to count a single shift. The Director of Golf continues to conduct unexpected cash drawer audits, which helps the process in the event that we find an overage or shortage, in narrowing down which employee is responsible. Each employee has received a memo outlining the City of Monroe's asset handling policy. We are now in the process of pricing less expensive (but useful) surveillance equipment to monitor the pro-shop, kitchen and cash register areas.

#### **C. Water Department**

##### ***Status:***

1. Each Truck Unit picks up materials needed for jobs at the Central Warehouse.
2. Excessive materials are kept on trucks and used for other jobs and/or counted at the end of fiscal year.
3. Once a job is completed the materials are disbursed from the local inventory.
4. At the end of the month a material and pipe report are done for the Accounting Department showing usage of materials and piping.
5. At the end of the fiscal year the larger materials that stored on our physical yard (1350 Grammont Street) are counted along with the other inventory.



6. Meters that are old and damaged are taken to the Central Warehouse in addition, placed in a scrap pile.

**D. City Hall**

***Status:***

The City installed security cameras at City Hall, which are monitored during working hours by the City Marshal's office. While this was not done for this specific purpose, it will assist in monitoring for employee theft as well as provide security.

In this incident, the amount of supplies stolen was so immaterial that any additional control procedures would be cost prohibitive.

**Management Letter:**

***Finding:***

We noted that actual expenditures and other uses of the Capital Infrastructure Special Revenue Fund exceeded the budgeted amounts by 8.3% which exceeds the 5% allowed by the Local Governmental Budget Act.

***Status:***

The budget officer has monitored expenditures in all funds and no amounts exceeded the 5% variance allowed by the Local Governmental Budget Act.



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L. Fred Monroe, CPA  
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David Ray Solgnier, CPA, MBA

John Herman, CPA  
Lynn Andries, CPA  
Esther Aiteberry, CPA  
Sandra Harrington, 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, 2007. 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, 2007.

***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

**City of Monroe  
Monroe, Louisiana**

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.



(A Professional Accounting Corporation)

October 31, 2007

**City of Monroe**  
**PFC Revenue and Disbursement Schedule**  
**Monroe Regional Airport**  
**For the Year Ended April 30, 2007**

	<u>FY-06</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>FY-07</u>	<u>FY-07</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>
<u>Revenue</u>							
Collections	\$ 1,324,610	\$ 46,294	\$ 112,079	\$ 130,569	\$ 180,312	\$ 469,254	\$ 1,793,864
Interest	5,525	1,166	1,336	1,496	1,602	5,600	11,125
Total Revenue	<u>1,330,135</u>	<u>47,460</u>	<u>113,415</u>	<u>132,065</u>	<u>181,914</u>	<u>474,854</u>	<u>1,804,989</u>
<u>Disbursements</u>							
Application 03-01-C-00-MLU	<u>556,774</u>	-	-	3,956	-	3,956	560,730
Total Disbursements	<u>556,774</u>	-	-	3,956	-	3,956	560,730
Net PFC Revenue	<u>773,361</u>	<u>47,460</u>	<u>113,415</u>	<u>128,109</u>	<u>181,914</u>	<u>470,898</u>	<u>1,244,259</u>
PFC Account Balance (cash basis) \$	<u>773,361</u>	<u>\$ 820,821</u>	<u>\$ 934,236</u>	<u>\$ 1,062,345</u>	<u>\$ 1,244,259</u>	<u>\$ 1,244,259</u>	<u>\$ 1,244,259</u>



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## MANAGEMENT LETTER

**To the Honorable 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, 2007, 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, 2007 on the financial statements of the City.

### PLEGGED SECURITIES

**Finding:**

At April 30, 2007, the City of Monroe maintained funds in JPMorgan Chase Bank totaling \$48,119,026. At the same time, Chase held Federal Depository Insurance and securities pledged in the City's name with a combined value of \$45,845,593 leaving a balance of \$2,273,433 of the City's funds uncollateralized at April 30, 2007. State law requires that all municipalities ensure that financial institutions holding public funds maintain securities pledged in the municipality's name for amounts in excess of FDIC.

**Recommendation:**

We recommend that personnel in the City's accounting department periodically compare the balance of pledged securities with total funds held at each financial institution and notify the bank of any shortages.

**Management's Corrective Action Plan:**

Accounting will periodically compare the balance of pledged securities with the total funds held at each financial institution and notify the bank of any shortages.

**City of Monroe  
Monroe, Louisiana  
Management Letter**

**UTILITY RECEIVABLES**

**Finding:**

Due to a system failure in the Utility Department's software, the accounts receivable aging report approximately \$140,000 of accounts written off in the prior year remained on the current year report. Also, the report failed to include approximately \$160,000 of net transactions that had been posted to the general ledger. These errors were identified and corrected by the City's accounting department at year end. Failure of the software and/or system to maintain accurate supporting documentation could lead to the misstatement of revenue and receivable balances.

**Recommendation:**

We recommend that the City's Information Systems Department consult with the software provider concerning the software's capabilities and system requirements. We further recommend that a backup system be put in place to minimize the risk of information loss.

**Management's Corrective Action Plan:**

The city has a backup system in place and information was not lost. The software glitch caused a delay in the posting of data. The accounting department will be trained on the use of the utility management software in order to use the software appropriately for year-end processing of accounts receivables. If the software is found to have programming issues, these will be addressed with the software provider.

**POLITICAL ADVERTISING**

**Finding:**

Louisiana Revised Statute 18:1470 provides that political campaign signs shall not be erected, displayed, or posted on any publicly owned property or right of way, or to or on any public utility pole or stanchion.

In November, 2005, the City of Monroe Transit System entered into an agreement with a commercial advertising agency for the sale of advertising on and in City owned buses and for the placement of courtesy benches at City bus stops.

Section 2.11 of the agreement states that political advertising shall be accepted on a prepaid, cash basis only, and shall be permitted on a first come, first serve basis. Many of the benches, although owned by the advertising agency, are placed on City right of way. Several buses and bus stop benches contain advertisements for political candidates which would appear to be in violation of Louisiana statutes.

**City of Monroe  
Monroe, Louisiana  
Management Letter**

The City requested an opinion from the Attorney General on June 7, 2007, seeking clarification on whether a public entity is in violation of any state law by entering into a lease with a private entity to raise revenue where political advertising is allowed on public property but has not received a response.

**Recommendation:**

Pending the response from the Attorney General, we recommend that the City not allow political advertising on its buses or any other property owned by the City or within any City owned right of way.

**Management's Corrective Action Plan:**

The city will comply with the Attorney General's opinion.

A handwritten signature in cursive script that reads "Ruffey Hoffman & Assoc".

(A Professional Accounting Corporation)

October 31, 2007