

ANNUAL FINANCIAL REPORT

CITY OF MONROE, LOUISIANA



**For The Year Ended
April 30, 2009**

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 1/6/10

CITY OF MONROE
Financial Statements
As of And For The Year Ended April 30, 2009

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***Denotes Schedule**

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***Denotes Schedule**

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INDEPENDENT AUDITORS' REPORT

City of Monroe Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the City of Monroe, Louisiana (the City) as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements on pages 15 through 66 as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Monroe City Court or the Monroe City Marshal, which represent the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the component unit columns, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the fiduciary funds, and the aggregate remaining fund information of the City as of April 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**City of Monroe
Monroe, Louisiana**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as other supplemental information (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 139 is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Huffman, Huffman, Reynolds & Squires

(A Professional Accounting Corporation)

October 30, 2009

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009

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, 2009. It is designed to assist the reader in focusing on significant financial issues, identify changes in the city's financial position, and identify material deviations and individual fund issues or concerns.

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

Financial Highlights

- The assets of the City of Monroe exceeded its liabilities at the close of the most recent fiscal year by \$225 million (*net assets*). Of this amount, the \$9.4 million deficit (*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 \$4.1 million.
- As of the close of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$78.2 million, an increase of \$5.7 million in comparison with the prior year. Of this total amount, \$23.1 million is in unreserved fund balance.
- At the end of the current fiscal year, approximately \$340,000 of the General Fund's fund balance was reserved for inventories and prepaid items; and approximately \$30.1 million was designated for capital improvements.
- The City of Monroe's total debt increased by approximately \$4.4 million during the current fiscal year.

Overview of the Financial Statements

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

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

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009

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

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

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

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

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

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

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

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009

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

The City of Monroe maintains 75 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Infrastructure Special Revenue Fund, Sales Tax Bond and I-20 Economic District Debt Service Funds, I-20 Corridor and Airport Terminal Capital Projects Fund, all of which are considered to be major funds. Data from the other 68 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Monroe's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009

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 \$225 million at the close of the most recent fiscal year.

By far the largest amount of the City of Monroe's net assets (\$180 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, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 90,506,166	\$ 84,910,639	\$ 2,089,689	\$ 1,881,167	\$ 92,595,855	\$ 86,791,806
Capital Assets	<u>173,150,854</u>	<u>177,311,087</u>	<u>141,923,121</u>	<u>137,499,814</u>	<u>315,073,975</u>	<u>314,810,901</u>
Total Assets	<u>263,657,020</u>	<u>262,221,726</u>	<u>144,012,810</u>	<u>139,380,981</u>	<u>407,669,830</u>	<u>401,602,707</u>
Liabilities						
Current and other liabilities	15,470,499	18,461,529	2,811,526	2,221,598	18,282,025	20,683,127
Long-term liabilities	<u>161,035,807</u>	<u>155,929,598</u>	<u>3,324,070</u>	<u>3,502,207</u>	<u>164,359,877</u>	<u>159,431,805</u>
Total Liabilities	<u>176,506,306</u>	<u>174,391,127</u>	<u>6,135,596</u>	<u>5,723,805</u>	<u>182,641,902</u>	<u>180,114,932</u>
Net Assets						
Invested in capital assets, net of debt	105,375,467	102,466,432	74,332,022	74,759,434	179,707,489	177,225,866
Restricted	54,746,361	61,115,875	-	-	54,746,361	61,115,875
Unrestricted	<u>(72,971,114)</u>	<u>(75,751,708)</u>	<u>63,545,192</u>	<u>58,897,742</u>	<u>(9,425,922)</u>	<u>(16,853,966)</u>
Total Net Assets	<u>\$ 87,150,714</u>	<u>\$ 87,830,599</u>	<u>\$ 137,877,214</u>	<u>\$ 133,657,176</u>	<u>\$ 225,027,928</u>	<u>\$ 221,487,775</u>

The deficit of \$72.9 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 \$164 million as well as approximately \$180 million invested in capital assets. Capital assets and long term debt have historically not been reported in governmental funds, but under GASB 34 the reporting of these results in an unrestricted deficit in the governmental activities.

**City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009**

**City of Monroe's Changes in Net Assets
For the years ended April 30, 2009 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 24,658,136	\$ 20,842,630	\$ 16,350,889	\$ 15,985,370	\$ 41,009,025	\$ 36,828,000
Operating grants and contributions	3,419,740	3,910,728	403,544	669,298	3,823,284	4,580,026
Capital grants and contributions	4,201,882	4,373,467	11,693,265	9,333,221	15,895,147	13,706,688
General revenues						
Property taxes	8,343,836	8,308,374	2,075,277	1,973,514	10,419,113	10,281,888
Sales taxes	56,838,007	56,282,774	-	-	56,838,007	56,282,774
Other taxes	955,224	882,969	-	-	955,224	882,969
Other general revenues	1,988,547	8,769,586	141,232	(134,406)	2,129,779	8,635,180
Total revenues	100,405,372	103,370,528	30,664,207	27,826,997	131,069,579	131,197,525
Expenses						
General government	22,318,212	19,819,736	-	-	22,318,212	19,819,736
Public safety	32,752,653	32,321,271	-	-	32,752,653	32,321,271
Public works	19,427,509	18,978,828	-	-	19,427,509	18,978,828
Culture and recreation	4,064,672	4,839,794	-	-	4,064,672	4,839,794
Planning and urban dev.	2,376,802	2,359,691	-	-	2,376,802	2,359,691
Economic development	1,035,353	1,606,959	-	-	1,035,353	1,606,959
Interest on long term debt	8,039,160	14,015,891	-	46,862	8,039,160	14,062,753
Intergovernmental	8,745,511	7,646,968	-	-	8,745,511	7,646,968
Airport	-	-	2,198,892	2,074,149	2,198,892	2,074,149
Transit	-	-	4,212,198	4,357,591	4,212,198	4,357,591
Civic center	-	-	3,553,218	3,928,007	3,553,218	3,928,007
Zoo	-	-	1,552,173	1,820,089	1,552,173	1,820,089
Livestock arena	-	-	11,844	32,970	11,844	32,970
Water	-	-	7,620,004	6,561,070	7,620,004	6,561,070
Sewer	-	-	9,053,953	8,633,164	9,053,953	8,633,164
Total expenses	98,759,872	101,589,138	28,202,282	27,453,902	126,962,154	129,043,040
Increase in net assets before transfers	1,645,500	1,781,390	2,461,925	373,095	4,107,425	2,154,485
Transfers	(1,758,112)	(1,139,336)	1,758,112	1,140,339	-	1,003
Change in net assets	\$ (112,612)	\$ 642,054	\$ 4,220,037	\$ 1,513,434	\$ 4,107,425	\$ 2,155,488

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009

Governmental Activities (continued)

Expenses are classified by functions/programs. Public safety accounts for approximately \$32.7 million for fiscal year 2009. Other functions such as general government, public works, planning and urban development, culture and recreation and economic development totaled approximately \$49.1 million. The remaining costs represent payments for debt service and intergovernmental expenses totaling approximately \$17 million.

The related program revenues for fiscal year 2009 directly related to these expenses totaled \$32.3 million, which resulted in net program expenses of \$66.5 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 \$32.5 million of General Fund revenues.
- Property taxes are the second largest revenue source to the City, generating approximately \$8.4 million of General Fund revenues.

Business-type activities. Business-type activities increased the City of Monroe's net assets by approximately \$4.2 million. Key elements of this increase are as follows:

- Airport increased the City's net assets by approximately \$1.7 million.
- Water Fund activities increased net assets by approximately \$970,000.
- Sewer Fund activities increased net assets by approximately \$931,000.
- Monroe Transit System activities decreased the City's net assets by approximately \$432,000.
- All other business-type activities decreased net assets by approximately \$2.9 million.

Financial Analysis of the Government's Funds

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

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

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009

As of the end of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$78.2 million, an increase of \$5.7 million in comparison with the prior year. Approximately 29 percent of this total amount (\$23.2 million) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the City of Monroe. At the end of the current fiscal year, fund balance of the General Fund was approximately \$12.3 million of which approximately \$340,000 is reserved for inventories and prepaid items, and approximately 467,000 is designated for capital improvements.

The fund balance of the City of Monroe's General Fund increased by approximately \$460,000 during the current fiscal year.

The special revenue funds have a total fund balance of \$26.3 million, of which approximately \$15.0 million is reserved for debt service related to the Capital Infrastructure Fund.

The debt service funds have a total fund balance of \$10 million, all of which is reserved for the payment of debt service.

The capital project funds have a fund balance of approximately \$29.7 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 8, 2008, and the final budget amendment was adopted on April 14, 2009.

The total difference between the original General Fund budget and the final amended budget was an increase in appropriations of \$2.3 million and an increase in anticipated revenues of approximately \$3.1 million. The majority of the appropriation increase (\$2.0 million) was due to increases in appropriations for Fire (\$0.8 million), Public Works (\$0.7 million) and Police (\$0.5 million).

Capital Asset and Debt Administration

Capital assets. The City of Monroe's investment in capital assets for its governmental and business type activities as of April 30, 2008, amounts to approximately \$315 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

**City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009**

**City of Monroe Capital Assets
(Net of Accumulated Depreciation)
April 30, 2009 and 2008**

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 17,472,810	\$ 17,427,023	\$ 5,542,940	\$ 5,542,940	23,015,750	22,969,963
Buildings and improvements	34,172,260	33,775,192	39,021,739	34,614,908	73,193,999	68,390,100
Equipment and furniture	26,302,378	24,037,691	18,211,971	15,061,497	44,514,349	39,099,188
Construction in progress	16,894,866	16,249,427	9,537,427	11,565,994	26,432,293	27,815,421
Infrastructure	141,328,638	139,877,414	165,725,995	161,837,020	307,054,633	301,714,434
Zoo animals	-	-	67,755	87,695	67,755	87,695
Total	236,170,952	231,366,747	238,107,827	228,710,054	474,278,779	460,076,801
Less: accumulated depreciation	(63,020,098)	(54,055,660)	(96,184,706)	(91,210,240)	(159,204,804)	(145,265,900)
Total Net Capital Assets	<u>\$ 173,150,854</u>	<u>\$ 177,311,087</u>	<u>\$ 141,923,121</u>	<u>\$ 137,499,814</u>	<u>\$ 315,073,975</u>	<u>\$ 314,810,901</u>

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

- Construction of sewer and water projects at an approximately total cost of \$6.1 million.
- Construction of I-20 Corridor projects of approximately \$1.5 million.
- Expenditures for a variety of street construction projects totaled \$1.5 million for the year.
- Construction on general infrastructure and general capital asset projects of approximately \$500,000.
- Improvement projects at the airport totaled approximately \$2.3 million.

**City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2009**

**City of Monroe Outstanding Debt
April 30, 2009 and 2008**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 170,000	\$ 335,000	\$ -	\$ -	\$ 170,000	\$ 335,000
Tax Increment Bonds	10,645,000	27,705,000	-	-	10,645,000	27,705,000
Certificates of Indebtedness	1,525,000	2,106,000	-	39,000	1,525,000	2,145,000
Sales Tax Bonds	49,315,000	80,160,000	-	-	49,315,000	80,160,000
Utility Revenue Bonds	35,325,884	32,971,336	2,294,123	2,392,103	37,620,007	35,363,439
Refunding Bonds	52,790,775	2,750,000	-	-	52,790,775	2,750,000
Claims and Judgments	7,303,139	7,853,787	-	-	7,303,139	7,853,787
Capital Lease	2,309,299	2,458,430	-	-	2,309,299	2,458,430
Notes Payable	2,299,953	2,859,077	-	-	2,299,953	2,859,077
Compensated Absences	5,472,528	4,915,222	1,029,948	1,110,105	6,502,476	6,025,327
Other Post-Employment	1,622,652	-	-	-	1,622,652	-
Total	\$ 168,779,230	\$ 164,113,852	\$ 3,324,071	\$ 3,541,208	\$ 172,103,301	\$ 167,655,060

The City of Monroe's total debt increased by approximately \$4.4 million (2.6 %) during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

The City of Monroe has weathered the global economic downturn well and has only seen some declines in sales tax during the last six months. Over the next year, Monroe is projected to have the highest employment growth rate of any city in the State of Louisiana. This projection is based on several factors: the creation of a V-Vehicle plant, Gardner-Denver's movement of its Wisconsin operations to Monroe, construction on these two facilities, and construction of the City's new \$35 million airport terminal. As the City of Monroe is the major economic hub for the region, the City continues to focus on a regional approach to economic development knowing that these investments will contribute to the future prosperity of the City.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MONROE
Monroe, Louisiana
Statement of Net Assets
April 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 69,337,157	\$ 3,246,224	\$ 72,583,381	\$ 1,399,273
Investments	4,117,220		4,117,220	38,201
Receivables	8,267,737	1,731,775	9,999,512	70,028
Internal balances	3,327,694	(3,345,076)	(17,382)	
Inventories	172,885	369,090	541,975	
Prepaid expenses	994,299	87,676	1,081,975	12,735
Bond issuance costs	4,289,174		4,289,174	
Capital assets, net	173,150,854	141,923,121	315,073,975	235,946
Total Assets	263,657,020	144,012,810	407,669,830	1,756,183
LIABILITIES				
Accounts payables and accrued expenses	4,629,553	1,383,733	6,013,286	16,467
Accrued payroll related liabilities	1,009,781		1,009,781	
Deferred revenues	518,930	81,006	599,936	
Due to other agencies	17,153		17,153	
Deposits due others		1,346,787	1,346,787	
Other current liabilities	47,543		47,543	
Accrued interest payable	1,504,116		1,504,116	
Noncurrent Liabilities				
Due within one year	7,743,423		7,743,423	3,591
Due in more than one year	161,035,807	3,324,070	164,359,877	8,394
Total Liabilities	176,506,306	6,135,596	182,641,902	28,452
NET ASSETS				
Invested in capital assets, net of related debt	105,375,467	74,332,022	179,707,489	223,961
Restricted for				
Debt service	24,589,390		24,589,390	
Capital	30,156,971		30,156,971	
Unrestricted	(72,971,114)	63,545,192	(9,425,922)	1,503,770
Total Net Assets	\$ 87,150,714	\$ 137,877,214	\$ 225,027,928	\$ 1,727,731

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

CITY OF MONROE
Monroe, Louisiana
Statement of Activities
For the Year Ended April 30, 2009

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants & Contribution	Capital Grants & Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government								
Governmental activities								
General government	\$ 22,318,212	\$ 19,965,456	\$ 88,555	\$ 512,378	\$ (1,751,823)		\$ (1,751,823)	
Public safety	32,752,653	321,446	1,921,021	782,345	(29,727,841)		(29,727,841)	
Public works	19,427,509	3,422,809	9,745	2,577,812	(13,417,143)		(13,417,143)	
Culture and recreation	4,064,872	566,321	112,661	189,244	(3,196,446)		(3,196,446)	
Planning and urban development	2,376,802	266,641	1,287,758	140,103	(682,300)		(682,300)	
Economic development and assistance	1,035,353	115,463			(919,890)		(919,890)	
Debt service interest	7,166,608				(7,166,608)		(7,166,608)	
Capital lease interest	132,224				(132,224)		(132,224)	
Judgments	740,328				(740,328)		(740,328)	
Intergovernmental expenditures	8,745,511				(8,745,511)		(8,745,511)	
Total governmental activities	98,759,872	24,658,136	3,419,740	4,201,882	(56,480,114)		(56,480,114)	
Business-type activities								
Airport	2,198,892	1,454,027		2,421,060		\$ 1,676,195	1,676,195	
Transit	4,212,198	562,542	403,544	2,814,136		(431,976)	(431,976)	
Civic Center	3,553,218	1,825,536		50,791		(1,676,871)	(1,676,871)	
Zoo	1,552,173	338,697				(1,213,476)	(1,213,476)	
Livestock Arena	11,844	1,805				(10,039)	(10,039)	
Water	7,620,004	7,603,470		986,916		970,382	970,382	
Sewer	9,053,953	4,564,792		5,420,362		931,201	931,201	
Total business-type activities	28,202,282	16,350,889	403,544	11,693,265		245,416	245,416	
Total primary government	\$ 126,962,154	\$ 41,009,025	\$ 3,823,284	\$ 15,895,147	\$ (66,480,114)	\$ 245,416	\$ (66,234,698)	
Component units								
City Court	\$ 287,619	\$ 420,009						\$ 132,390
City Marshal	425,943	389,681						(36,262)
Total component units	713,562	809,690						96,128
Ad valorem tax					8,343,836	2,075,277	10,419,113	
Sales tax					56,838,007		56,838,007	
Other taxes					955,224		955,224	
Interest and investment earnings					1,321,703		1,321,703	11,883
Loss on sale of capital assets					(33,278)		(33,278)	(116,520)
Miscellaneous					138,674		138,674	12,325
Transfers					(1,758,112)	1,758,112		
Special items								
Insurance proceeds					561,448	141,232	702,680	
Total general revenues and separate line items					66,367,502	3,974,621	70,342,123	(92,312)
Changes in net assets					(112,612)	4,220,037	4,107,425	3,816
Net assets - restated (as restated, see Note 19)					87,263,326	133,657,177	220,920,503	1,723,915
Net assets - ending					\$ 87,150,714	\$ 137,877,214	\$ 225,027,928	\$ 1,727,731

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, 2009

	Major Funds							Total
	Special Revenue		Debt Service		Capital Projects			
	General	Capital Infrastructure	F-20 Economic District	Sales Tax Bond	F-20 Corridor	Airport Terminal	Other	
ASSETS								
Cash and cash equivalents	\$ 6,631,238	\$ 9,814,951	\$ 1,563,627	\$ 6,639,590	\$ 15,660,285		\$ 26,962,384	\$ 67,272,095
Investments		4,117,222						4,117,222
Receivables	3,883,828	1,057,730	699,358			\$ 122,713	2,186,741	7,950,370
Due from other funds	5,004,044					7,988	2,302,458	7,314,490
Inventories	113,649							113,649
Prepaid expenses & other assets, net	226,272						768,027	994,299
Total Assets	\$ 15,859,051	\$ 14,989,903	\$ 2,262,985	\$ 6,639,590	\$ 15,660,285	\$ 130,701	\$ 32,219,610	\$ 87,762,125
LIABILITIES AND FUND BALANCES								
Liabilities	\$ 1,783,338	\$ 185		\$ 806,173	\$ 384,730	\$ 305,713	\$ 1,317,814	\$ 4,597,933
Accounts and retainage payable	213,695							213,695
Accrued liabilities	1,251,049	388,367				685,987	1,470,455	3,795,858
Due to other funds	317,065						518,929	835,994
Deferred revenue	17,153							17,153
Due to other agencies	225						47,318	47,543
Other current liabilities								
Total Liabilities	3,582,525	388,552		806,173	384,730	991,700	3,354,516	9,508,196
Fund Balances								
Reserved for:								
Debt service		14,601,351	\$ 2,262,985	5,833,417			1,891,634	24,589,387
Inventories and prepaids	339,922							339,922
Capital improvements	467,225				15,275,555	(860,999)	15,275,190	30,156,971
Unreserved:	11,469,379						11,698,270	23,167,649
Total Fund Balances	12,276,526	14,601,351	2,262,985	5,833,417	15,275,555	(860,999)	28,865,094	78,253,929
Total Liabilities and Fund Balances	\$ 15,859,051	\$ 14,989,903	\$ 2,262,985	\$ 6,639,590	\$ 15,660,285	\$ 130,701	\$ 32,219,610	\$ 87,762,125

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, 2009

Fund balances - total governmental funds	\$	78,253,929	
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds			
Governmental capital assets	\$	232,451,203	
Less: accumulated depreciation		<u>(61,944,364)</u>	170,506,839
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds			
Bond issuance costs			4,289,174
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		317,065	
Sales tax increment - I-20 Corridor		224,899	
Sales tax increment - Tower Drive		<u>87,521</u>	629,485
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Accrued interest payable		(1,504,116)	
Bonds payable		(151,885,884)	
Deferred amount on refunding bonds		2,114,225	
Compensated absences payable		(5,472,528)	
Obligation under capital leases		(2,309,299)	
Note payable		(2,299,953)	
Claims and judgments payable		(7,303,139)	
Other post-employment benefits		<u>(1,622,652)</u>	(170,283,346)
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		2,065,060	
Receivables		4,948	
Due from other funds		858,184	
Inventories		59,236	
Capital assets, net		2,644,015	
Accounts payable and accrued expenses		(827,688)	
Transfers		<u>(1,049,122)</u>	<u>3,754,633</u>
Net assets of governmental activities	\$		<u>87,150,714</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, 2009

	Major Funds						Other	Total
	General	Special Revenue	Debt Service		Capital Projects			
		Capital Infrastructure	I-20 Economic District	Sales Tax Bond	I-20 Corridor	Airport Terminal		
REVENUES								
Taxes								
Ad valorem	\$ 8,387,174					\$ 3,969	\$ 8,393,143	
Other	76,555						76,555	
Sales	32,542,857	\$ 13,695,167	\$ 2,812,958			7,729,465	56,780,447	
Fees, charges and commissions for services	9,170,499					372,368	9,542,867	
Use of money and property	318,012	164,094	38,614	\$ 524,978	\$ 29,333	434,513	1,509,574	
Other revenues	204,852					329,796	534,648	
Fines and forfeitures	782,751					103,041	885,792	
Intergovernmental	183,000						183,000	
Federal grants	830,414					\$ 1,006,967	4,182,086	
State grants	1,893,762					404,996	3,308,933	
Local grants						74,745	74,745	
Licenses, permits, and assessments	3,830,939						3,830,939	
Total Revenues	58,240,815	13,859,261	2,851,572	524,978	29,333	1,411,963	89,302,729	
EXPENDITURES								
Current								
General government								
Legislative	253,436						253,436	
Judicial	2,911,064					123,961	3,035,025	
Executive	855,467						855,467	
Financial administration	7,023,895			28,411	1,172,258	347,883	8,572,447	
Public safety								
Police	12,175,369					4,107,254	16,282,623	
Fire	11,975,426					3,150,114	15,125,540	
Public works	9,583,237	775,143				965,704	11,324,074	
Culture and recreation	3,061,904					614,618	3,676,522	
Planning and urban development	826,500					1,330,302	2,376,802	
Economic development and assistance					6,500	1,028,854	1,035,354	
Capital outlay	768,899				1,000,425	2,197,457	14,840,020	
Debt service:								
Debt service principle	403,492		1,700,000	4,397,020		1,859,124	8,359,636	
Debt service interest	72,071		2,550,313	5,449,598		789,298	8,861,280	
Capital lease principle	149,131						149,131	
Capital lease interest	132,224						132,224	
Judgments	183,022						183,022	
Total Expenditures	50,375,127	775,143	4,250,313	9,875,029	2,179,183	2,197,457	95,062,603	
Excess (deficiency) of revenues over expenditures	7,865,688	13,084,118	(1,398,741)	(9,350,051)	(2,149,850)	(785,494)	(5,759,874)	
Other Financing Sources (Uses)								
Payment to refunding bond escrow-principal			(16,615,000)				(16,615,000)	
Bond proceeds			16,615,000		9,750,000	4,086,568	30,451,568	
Bond issue discount					(240,265)		(240,265)	
Sale of assets	208,420						208,420	
Transfers in	1,037,269			8,383,615	3,554,715	62,367	20,945,920	
Transfers out	(9,215,418)	(10,417,819)	(3,554,185)			(138,072)	(23,829,486)	
Insurance proceeds	561,448					(503,992)	561,448	
Total Other Financing Sources (Uses)	(7,408,281)	(10,417,819)	(3,554,185)	8,383,615	13,064,450	(75,305)	11,482,611	
Net changes in fund balances	457,407	2,666,299	(4,952,926)	(966,436)	10,914,600	(860,997)	5,722,737	
Fund balances - beginning	11,815,119	11,995,052	7,215,911	6,759,853	4,360,955	30,400,302	72,331,194	
Fund balances - ending	\$ 12,272,526	\$ 14,661,351	\$ 2,262,985	\$ 5,833,417	\$ 15,275,555	\$ (860,999)	\$ 78,253,929	

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, 2009

Net change in fund balances - total governmental funds	\$	5,722,737	
<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 \$8,745,511 capital contributions to business activities)	\$	6,094,509	
Depreciation expense		<u>(9,041,445)</u>	(2,946,936)
<p>The net effect of various miscellaneous transactions involving capital assets, such as sales and trade-ins:</p>			
Proceeds for sales		(208,420)	
Gain (loss) on sales		<u>(33,278)</u>	(241,698)
<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		(40,641)	
Property tax revenue - City Court Debt Service		(8,667)	
Sales tax increment - I-20 Corridor		21,776	
Sales tax increment - Tower Drive		<u>35,784</u>	8,252
<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		2,478,514	
Amortization of bond issuance costs		(392,278)	
Principal payments		24,415,512	
Proceeds for bonds and certificates		(30,451,568)	
Capital lease payments		<u>708,255</u>	(3,241,565)
<p>Payments to an escrow agent to refund bonded debt are reported in Governmental Funds as Other Financing Sources. The amount paid to the escrow agent for principal is removed from the long-term bonded debt in the Statement of Net Assets. The deferred part of the payment paid to the escrow agent is shown as a reduction of long-term debt in the Statement of Net Assets. The deferred amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.</p>			
Deferred amount of refunding		1,462,775	
Current year amortization		<u>(424,072)</u>	1,038,703
<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		32,508	
Compensated absences payable		(557,303)	
Claims and judgments payable		<u>550,648</u>	25,853
<p>Other post-employment benefits are reported in the governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statement of Activities as it accrues.</p>			
			(1,622,652)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>			
			<u>1,144,694</u>
Change in net assets of governmental activities	\$		<u>(112,612)</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, 2009

	Enterprise Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Non-major Enterprise	Enterprise Total	Internal Service
ASSETS								
Current assets								
Cash and cash equivalents	\$ 116,225	\$ 2,600	\$ 26,000	\$ 3,032,447	\$ 46,452	\$ 2,500	\$ 3,246,224	\$ 2,065,058
Receivables	105,761	216,384	48,713	754,559	575,626	30,732	1,731,775	4,948
Due from other funds	90,748	49,788	5,341			613	146,490	858,184
Inventories		105,499		263,591			369,090	59,235
Prepaid expenses & other assets, net	10,423		71,431	650		5,172	87,676	
Total current assets	323,157	374,271	151,485	4,071,247	622,078	39,017	5,581,255	2,987,425
Noncurrent assets								
Capital assets, net of accumulated depreciation								
Land	4,203,504	148,239	993,540	114,152	83,505		5,542,940	45,000
Buildings and improvements	1,430,831	1,992,692	9,511,806		532,586	2,658,045	16,125,960	3,404,262
Other improvements	18,279,937	167,393	2,956,017	50,000	391,334	1,051,098	22,895,779	1,980
Furniture & Equipment	2,433,036	3,309,104	1,383,388	2,838,317	2,853,813	177,916	12,995,574	141,551
Vehicles		5,216,397					5,216,397	126,958
Infrastructure	9,717,462			40,767,516	115,241,017		165,725,995	
Construction in progress	2,775,581			1,005,344	5,756,502		9,537,427	
Zoo animals								
Accumulated depreciation	(13,977,665)	(5,659,959)	(8,372,010)	(22,298,705)	(42,804,878)	(3,071,488)	(96,184,706)	(1,075,736)
Total noncurrent assets	24,862,686	5,173,866	6,472,741	22,476,624	82,052,879	883,325	141,923,121	2,644,015
Total assets	25,185,843	5,548,137	6,624,226	26,547,871	82,675,957	922,342	147,504,376	5,631,440

(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, 2009

	Enterprise Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Non-major Enterprise	Enterprise Total	Internal Service
LIABILITIES								
Current liabilities								
Accounts and retainage payable	\$ 24,535	\$ 642,570	\$ 63,777	\$ 408,153	\$ 211,484	\$ 33,214	\$ 1,383,733	\$ 31,602
Accrued liabilities								796,086
Due to other funds	38,619	14,553	50,344		3,438,394	30,662	3,491,566	1,049,122
Deferred revenue				1,346,787			1,346,787	
Customer deposits, net								
Total current liabilities	63,154	657,123	114,121	1,754,940	3,649,878	63,876	6,303,092	1,876,810
Noncurrent liabilities								
Notes payable - DEQ	80,074	291,906	86,895		2,294,122	40,986	2,294,122	
Compensated absences				203,380	326,707		1,029,948	
Total noncurrent liabilities	80,074	291,906	86,895	203,380	2,620,829	40,986	3,324,070	
Total liabilities	143,228	949,029	201,016	1,958,320	6,270,707	104,862	9,627,162	1,876,810
NET ASSETS								
Unrestricted	25,042,615	4,599,108	6,423,210	24,389,551	76,405,250	817,480	137,877,214	3,754,630
Total net assets	\$ 25,042,615	\$ 4,599,108	\$ 6,423,210	\$ 24,389,551	\$ 76,405,250	\$ 817,480	\$ 137,877,214	\$ 3,754,630

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

CITY OF MONROE
Monroe, Louisiana
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended April 30, 2009

	Business-type Activities - Enterprise Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Non-major Enterprise	Enterprise Total	Internal Service
Operating revenues								
Charges for services								\$ 9,245,506
Rent and fees	\$ 1,033,933		\$ 276,473			\$ 8,035	\$ 1,318,441	
Fees		\$ 525,720					525,720	
Advertising	11,384	26,126	30,450				67,960	
Ticket sales and other			1,152,335				1,152,335	
Admissions						219,682	219,682	
Concessions and rides			363,422			101,417	464,839	
Water sales				\$ 7,603,470			7,603,470	
Sewerage fees					\$ 4,564,792		4,564,792	
Other operating revenue	128,057	10,696	2,876			11,368	152,997	
Air Industrial Park rent	280,653						280,653	
Total operating revenues	1,454,027	562,542	1,825,556	7,603,470	4,564,792	340,502	16,350,889	9,245,506
Operating expenses								
Benefits paid to participants								7,661,149
Salaries, wages, and benefits	616,026	2,102,140	1,002,410	2,504,282	1,959,630	913,386	9,097,874	771,960
Materials, repairs, and supplies	120,772	1,129,796	162,671	2,463,083	1,304,991	266,124	5,447,436	9,241
Utilities and communications	241,276	109,235	511,571	844,289	961,188	117,463	2,785,022	38,695
Depreciation and amortization	597,705	506,821	511,870	1,092,022	4,222,043	64,656	7,395,117	106,763
Shop expenses								621,652
Insurance	11,370	194,552	128,849	3,233		17,928	355,932	
Promoter's expenses			845,616			17,916	863,532	
Other operating expenses	211,744	169,654	387,893	713,095	569,383	166,544	2,218,313	18,511
Total operating expenses	2,198,893	4,212,198	3,550,880	7,620,003	9,017,235	1,564,017	28,163,226	9,227,971
Operating income (loss)	(744,866)	(3,649,656)	(1,725,324)	(16,533)	(4,452,443)	(1,223,515)	(11,812,337)	17,535
Nonoperating revenues (expenses)								
Operating grants		3,217,680	18,041		115,577		3,351,298	
Interest income								7,720
Interest expense			(2,340)		(36,715)		(39,055)	(6,009)
Property taxes			1,037,638			1,037,639	2,075,277	
Total nonoperating revenues (expenses)		3,217,680	1,053,339		78,862	1,037,639	5,387,520	1,711
Income (loss) before contributions and transfers	(744,866)	(431,976)	(671,983)	(16,533)	(4,373,581)	(185,876)	(6,424,817)	19,246
Other financing sources (uses)								
Capital contributions	2,421,060		32,750	986,916	5,304,785		8,745,511	
Transfers in		2,193,324	277,473			125,713	2,596,510	1,533,895
Transfers out		(10,130)		(828,268)			(838,398)	(408,447)
Insurance proceeds		141,232					141,232	
Change in net assets	1,676,194	1,892,450	(361,762)	142,115	931,204	(60,163)	4,220,038	1,144,694
Total net assets - beginning	23,366,423	2,706,658	6,784,972	24,447,436	75,474,046	877,643	133,657,176	2,609,936
Total net assets - ending	\$ 25,042,615	\$ 4,599,108	\$ 6,423,210	\$ 24,589,551	\$ 76,405,250	\$ 817,480	\$ 137,877,214	\$ 3,754,630

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, 2009

	Business Type Activities						Governmental Activities Internal Service Fund	
	Enterprise Funds							
	Monroe Regional Airport	Monroe Transit System	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds		Total
Cash flows from operating activities								
Cash received from customers	\$ 1,315,917	\$ 353,054	\$ 1,861,181	\$ 7,399,363	\$ 4,458,339	\$ 334,637	\$ 15,722,491	\$ 9,269,317
Cash payments to suppliers for goods and services	(543,656)	(1,079,823)	(2,053,831)	(4,707,035)	(2,306,946)	(590,341)	(11,281,630)	(672,502)
Cash payments to participants for insurance benefits								
Cash payments to employees for services and benefits	(630,366)	(2,098,552)	(1,074,117)	(2,528,584)	(1,948,914)	(930,017)	(9,210,550)	(7,930,818)
Net cash provided by (used for) operating activities	141,895	(2,825,319)	(1,266,767)	163,744	202,479	(1,185,721)	(4,769,689)	665,997
Cash flows from noncapital financing activities								
Operating grants		521,798					521,798	
Ad valorem taxes			1,045,689			1,045,690	2,091,379	
Transfers in		2,193,324	277,473			125,713	2,596,510	1,533,895
Transfers out		(10,130)		(828,268)			(838,398)	(408,447)
Net cash provided by (used for) noncapital financing activities		2,704,992	1,323,162	(828,268)		1,171,403	4,371,289	1,125,448
Cash flows from capital and related financing activities								
Capital Grants		2,695,882					2,695,882	
Acquisition of capital assets	(2,448,200)	(2,716,787)		(1,284,533)	(5,510,725)	14,318	(11,945,927)	(6,549)
Cash contributed by City of Monroe	2,421,730			986,916	5,464,365		8,873,011	
Insurance Proceeds		141,232					141,232	
Principal paid on debt			(39,000)		(97,980)		(136,980)	(177,508)
Interest paid on debt			(2,340)		(36,715)		(39,055)	(6,009)
Net cash provided by (used for) financing activities	(26,470)	120,327	(41,340)	(297,617)	(181,055)	14,318	(411,837)	(190,066)
Cash flows from investing activities								
Interest received on investments								7,720
Net cash provided by investing activities								7,720
Net increase (decrease) in cash and cash equivalents	115,425		15,055	(962,141)	21,424		(810,237)	1,609,099
Cash and cash equivalents, May 1, 2008	800	2,600	10,945	4,014,588	25,028	2,590	4,056,461	455,959
Cash and cash equivalents, April 30, 2009	\$ 116,225	\$ 2,600	\$ 26,000	\$ 3,052,447	\$ 46,452	\$ 2,590	\$ 3,246,224	\$ 2,065,058
Reconciliation of operating income to net cash provided by (used for) operating activities								
Operating (loss)	\$ (744,866)	\$ (3,649,656)	(1,725,324)	\$ (16,533)	\$ (4,452,443)	\$ (1,223,515)	\$ (11,812,337)	\$ 17,535
Adjustments to reconcile operating income (loss) to net cash provided by operating activities								
Depreciation and amortization	997,705	506,821	511,870	1,992,022	4,222,041	64,656	7,395,117	106,763
Change in assets and liabilities								
Accounts receivable	(47,362)	(159,700)	26,520	(299,258)	(106,552)	3,080	(583,272)	84,166
Due from other funds	(90,748)	(49,788)	(5,341)	65,305	100	(613)	(81,085)	(60,353)
Inventories	(1,962)	(1,962)		61,478			59,516	2,381
Prepaid expenses			(4,938)	(650)		(657)	(6,245)	
Accounts payable	2,710	510,825	(46,737)	175,912	(42,115)	(3,625)	596,970	
Due to other funds	38,620	14,553		(920,077)	576,835	(87)	(290,156)	(233,615)
Deferred revenues			(8,051)			(8,332)	(16,383)	749,122
Customer deposits			18,496	29,846			48,342	
Compensated absences	(14,164)	3,588	(33,262)	(24,301)	4,611	(16,628)	(80,156)	
Net cash provided by (used for) operating activities	\$ 141,895	\$ (2,825,319)	(1,266,767)	\$ 163,744	\$ 202,479	\$ (1,185,721)	\$ (4,769,689)	\$ 665,997

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

CITY OF MONROE
Monroe, Louisiana
Statement of Net Assets
Fiduciary Funds
April 30, 2009

	Police Pension and Relief Fund	Bus Drivers' Pension and Relief Fund	Agency Funds	Total	Component Units Agency Funds	
					City Court of Monroe	Monroe City Marshal
ASSETS						
Current assets						
Cash and cash equivalents	\$ 118,460	\$ 57,075	\$ 8,521,027	\$ 8,696,562	\$ 1,115,488	\$ 35,761
Accounts receivable			22,616	22,616	5,897	360
Due from other funds			17,380	17,380		
Total assets	118,460	57,075	8,561,023	8,736,558	1,121,385	36,121
LIABILITIES						
Current liabilities						
Accounts payable					179,768	
Deposits due to others			8,561,023	8,561,023	941,617	36,121
Total liabilities			8,561,023	8,561,023	1,121,385	36,121
Net Assets						
Unrestricted						
Reserved for retirement benefits	118,460	57,075		175,535		
Total net assets	\$ 118,460	\$ 57,075	\$	\$ 175,535	\$	\$

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

CITY OF MONROE
Monroe, Louisiana
Statement of Changes in Net Assets
Fiduciary Funds
April 30, 2009

	<u>Police Pension and Relief Fund</u>	<u>Bus Drivers' Pension and Relief Fund</u>
ADDITIONS		
Investment income		
Interest	\$ 1,511	\$ 1,084
Individual account transactions		
Contributions by the City		7
Total additions	<u>1,511</u>	<u>1,091</u>
DEDUCTIONS		
Benefits paid	1,673	10,200
Administrative expense	<u>67</u>	<u>46</u>
Total deductions	<u>1,740</u>	<u>10,246</u>
Changes in net assets held for pension benefits	(229)	(9,155)
Net assets, beginning of year	<u>118,689</u>	<u>66,230</u>
Net assets, end of year	<u>\$ 118,460</u>	<u>\$ 57,075</u>

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

CITY OF MONROE
Monroe, Louisiana
Combining Statement of Net Assets
All Discreetly Presented Component Units
April 30, 2009

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,252,859	\$ 146,414	\$ 1,399,273
Investments		38,201	38,201
Prepaid expenses	11,660	1,075	12,735
Accounts receivable	41,095	28,933	70,028
Total current assets	<u>1,305,614</u>	<u>214,623</u>	<u>1,520,237</u>
Capital assets, net of accumulated depreciation	<u>152,068</u>	<u>83,878</u>	<u>235,946</u>
Total assets	<u>1,457,682</u>	<u>298,501</u>	<u>1,756,183</u>
LIABILITIES			
Current liabilities			
Accounts payable	7,285	9,182	16,467
Noncurrent liabilities			
Obligation under capital lease			
Due within one year		3,591	3,591
Due in more than one year		8,394	8,394
Total liabilities	<u>7,285</u>	<u>21,167</u>	<u>28,452</u>
Net Assets			
Invested in capital assets, net of related debt	152,068	71,893	223,961
Unrestricted	<u>1,298,329</u>	<u>205,441</u>	<u>1,503,770</u>
Total net assets	<u>\$ 1,450,397</u>	<u>\$ 277,334</u>	<u>\$ 1,727,731</u>

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

CITY OF MONROE
Monroe, Louisiana
Combining Statement of Activities
All Discreetly Presented Component Units
April 30, 2009

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
EXPENDITURES			
Judiciary			
Personal services	\$ (1,229,048)	\$ (854,319)	\$ (2,083,367)
Operating services	(264,742)	(396,596)	(661,338)
Materials and supplies	(29,142)	(57,334)	(86,476)
Travel and other	(25,445)	(9,058)	(34,503)
Depreciation	(34,914)	(18,775)	(53,689)
Other		(32,248)	(32,248)
Interest		(1,041)	(1,041)
Total expenditures	<u>(1,583,291)</u>	<u>(1,369,371)</u>	<u>(2,952,662)</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Marshal's fees		370,246	370,246
Court costs	265,309		265,309
Civil fees	35,950		35,950
Probation fees	68,750		68,750
Reinstatement fees	1,625		1,625
Bond forfeitures	11,325		11,325
Other charges for services	37,050	19,435	56,485
Total program revenues	<u>420,009</u>	<u>389,681</u>	<u>809,690</u>
Net program expense	(1,163,282)	(979,690)	(2,142,972)
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,295,672	943,428	2,239,100
Interest income	10,245		10,245
Investment earnings		1,638	1,638
Bond forfeitures		12,325	12,325
Other income			
Loss on disposition of capital assets	(3,007)	(113,513)	(116,520)
Total general revenues	<u>1,302,910</u>	<u>843,878</u>	<u>2,146,788</u>
Changes in net assets	139,628	(135,812)	3,816
NET ASSETS			
Beginning of year	<u>1,310,769</u>	<u>413,146</u>	<u>1,723,915</u>
End of year	<u>\$ 1,450,397</u>	<u>\$ 277,334</u>	<u>\$ 1,727,731</u>

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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

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.
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.

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

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

Discrete Component Units

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

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

Blended Component Units

Economic Development – Two not-for-profit entities perform administrative functions for the City's incremental sales tax economic development districts. These entities are the Tower Drive Economic Development Corporation and the Garrett Road Economic Development Corporation. There also exist two other special districts within the City - The Downtown Economic Development District and The Southside Economic Development District. These two districts are charged with planning and delivery of public improvements, facilities, and services in their respective districts. For financial reporting purposes, all of these entities are considered an integral part of the City, not component units. This decision is due to the City keeping the books and records for these entities, the City as a whole reaping the benefits from the use of the proceeds of the incremental tax bonds issued by the not-for-profits, and that the districts and the separate not-for-profits are ministerial and structural in nature, as disbursement of funds is subject to the control of the City through the plan of government. As such, they are presented as separate Special Revenue, Debt Service, and Capital Project funds within those categories of the City'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
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

City of Monroe Employees Credit Union, the Monroe/West Monroe Public Trust Financing Authority, and the Ouachita Parish Homeland Security and Emergency Preparedness Agency. None of these entities were determined to be component units of the City of Monroe reporting entity.

B. BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

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

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

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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

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

FUND FINANCIAL STATEMENTS:

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

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

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

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

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

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

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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

obligation bonds are direct obligations of the City. Principal and interest are payable from ad valorem taxes levied on all taxable property and improvements within the City. Incremental Sales Tax Bonds are secured by a pledge of incremental state (40%) and City (60%) sales and use taxes within the boundaries of the respective districts and do not involve the pledge of the full faith and credit of the City. All long-term debt is reported in the Statement of Net Assets. The I-20 Economic District and the Sales Tax Bond Debt Service Fund are considered major funds.

Capital Project Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements and other major projects (other than those financed by Proprietary Funds). The I-20 Corridor and the Airport Terminal Capital Projects Funds are considered major funds.

Proprietary Funds:

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

Internal Service Funds - Internal service funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City operates a central shop and warehouse which provides inventory storage, repair and maintenance, and fueling services solely to other City user departments (with the exception of the Monroe Transit System) at rates designed to cover the costs of operations, including depreciation and debt service. Since the principal users of the internal service fund are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity. During fiscal year 2006, the City began self-insuring its employees' group insurance which is handled through a third party administrator.

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.

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

Fiduciary Funds:

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

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

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

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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

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

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

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

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

Expenditures:

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

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

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

Proprietary and Pension Trust Funds

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

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.

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Other Financing Sources (Uses)

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

D. BUDGET PRACTICES

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

1. At least ninety days prior to the beginning of the fiscal year, the Mayor submits to the City Council an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the City Council after allowing for at least ten days notice to the public at the time the budget is initially submitted to the City Council. The budget for the succeeding year must be finally adopted by the Council no later than the second-to-last regular meeting of the fiscal year.
3. The Mayor may authorize transfers of budgetary amounts within departments. However, any revisions requiring alteration of levels of expenditures or transfers between departments must be approved by the City Council.
4. Operating appropriations, to the extent not expended, lapse at year end. Capital appropriations continue in force until the project is completed or deemed abandoned after three years of no activity.
5. All legally adopted budgets of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. For the year ended April 30, 2009, 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.

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

ACCOUNTS RECEIVABLE:

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

INTERFUND RECEIVABLES AND PAYABLES:

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

INVENTORIES AND PREPAID ITEMS:

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

CAPITAL ASSETS:

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

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

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

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

LONG-TERM DEBT:

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

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

ACCUMULATED VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS:

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

Full time employees may earn up to 33 working days of vacation time per year, depending upon length of service. At the end of each year, employees may carry forward up to 120 days of vacation time. Subject to the above conditions, unused vacation is paid to an employee upon

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retirement, separation, or death at hourly rates being earned by that employee upon separation.

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

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

RESERVES/DESIGNATIONS OF FUND EQUITY:

Some portions of fund balance in the governmental fund types are reserved to indicate that a portion of fund equity is legally restricted to a specific future use and/or are not available for appropriation or expenditure. In the General Fund a portion of the fund balance is reserved to indicate that it is not available for expenditure or appropriation as it consists of reservations for certain inventories, non-current receivables and prepaid items which are not considered available spendable resources. The reserve of fund balance in the General Fund at April 30, 2009 is \$339,921 and \$467,225 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.

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F. ACCOUNTING ESTIMATES:

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

G. DEDICATED REVENUES:

Sales taxes:

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

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

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

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

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

Property taxes:

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

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

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

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

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

2. FUND DEFICITS

The Louisville Enhancement and the Airport Terminal Capital Projects Funds have deficits of \$23,800 and \$860,999 respectively. The deficit in the Louisville Enhancement Fund will be cleared by future grants and the Airport Terminal Fund deficit will be cleared by future grants and bond proceeds.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the City had no custodial credit risk related to its deposits at April 30, 2009.

At April 30, 2009, the City has cash and cash equivalents, totaling \$81,279,943, (including \$8,696,562 in fiduciary funds) as follows:

Petty cash	\$ 36,512
Demand deposits	53,985,402
Money market funds	27,258,029
Total	<u>\$ 81,279,943</u>

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at April 30, 2009, are secured, as follows:

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Bank balances	\$ <u>57,341,711</u>
Federal deposit insurance	\$ 756,856
Pledged securities (uncollateralized)	<u>60,586,986</u>
Total	<u>\$ 61,343,842</u>

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

4. INVESTMENTS

Custodial credit risk – investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in United States government securities are held by the City's agent in the City's name. Therefore, the City had no custodial credit risk related to its investments at April 30, 2009.

Under state law, the City may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The City did not have investments at April 30, 2009.

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

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 \$9,709,706 at April 30, 2009, are comprised of the following:

Fund Type	Taxes - Ad Valorem	Taxes - Sales	Grants	Accounts	Other	Total
MAJOR FUNDS						
General	\$ 247,695	\$ 2,524,364	\$ 243,617	\$ 670,343	\$ 197,808	\$ 3,883,827
Capital Infrastructure	-	1,057,730	-	-	-	1,057,730
I-20 Economic District	-	699,358	-	-	-	699,358
Airport Terminal	-	-	122,713	-	-	122,713
Airport	-	-	-	105,761	-	105,761
Transit	-	-	190,656	25,728	-	216,384
Civic Center	30,662	-	18,041	-	10	48,713
Water	-	-	-	682,798	71,761	754,559
Sewer	-	-	115,577	459,767	281	575,625
NONMAJOR FUNDS						
Special Revenues	-	504,135	440,789	20,826	307	966,057
Debt Service	-	263,471	-	-	-	263,471
Capital Projects	-	-	876,924	80,288	-	957,212
Enterprise	30,662	-	-	70	-	30,732
Internal Service	-	-	-	135	4,813	4,948
Agency	-	-	-	18,500	4,116	22,616
TOTAL:	<u>\$ 309,019</u>	<u>\$ 5,049,058</u>	<u>\$ 2,008,317</u>	<u>\$ 2,064,216</u>	<u>\$ 279,096</u>	<u>\$ 9,709,706</u>

The allowance for doubtful accounts was \$130,279 as of April 30, 2009.

6. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in capital assets for the year ended April 30, 2009.

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	Balance April 30, 2008	Additions	Retirements	Balance April 30, 2009
Governmental Funds:				
Land	\$ 17,382,014	\$ 45,796	\$ -	\$ 17,427,810
Construction in progress	-	320,412	(320,412)	-
CIP-Infrastructure	<u>15,378,052</u>	<u>3,028,348</u>	<u>(1,511,534)</u>	<u>16,894,866</u>
Total capital assets not being depreciated	<u>32,760,066</u>	<u>3,394,556</u>	<u>(1,831,946)</u>	<u>34,322,676</u>
Depreciable assets:				
Buildings and improvements	29,138,997	637,724	(240,656)	29,536,065
Equipment and Furniture	23,775,731	2,442,952	(184,814)	26,033,869
Infrastructure	139,877,414	1,451,224	-	141,328,638
School buildings	<u>1,229,953</u>	<u>-</u>	<u>-</u>	<u>1,229,953</u>
Total capital assets being depreciated	194,022,095	4,531,900	(425,470)	198,128,525
Less: accumulated depreciation	<u>(53,086,689)</u>	<u>(9,041,445)</u>	<u>183,770</u>	<u>(61,944,364)</u>
Total capital assets being depreciated, net	<u>140,935,406</u>	<u>(4,509,545)</u>	<u>(241,700)</u>	<u>136,184,161</u>
Total governmental funds capital assets, net	<u>173,695,472</u>	<u>(1,114,989)</u>	<u>(2,073,646)</u>	<u>170,506,837</u>
Internal Service Fund:				
Land	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Depreciable assets:				
Buildings and improvements	3,406,242	-	-	3,406,242
Furniture and vehicles	<u>261,960</u>	<u>6,549</u>	<u>-</u>	<u>268,509</u>
Total capital assets being depreciated	3,668,202	6,549	-	3,674,751
Less: accumulated depreciation	<u>(968,971)</u>	<u>(106,763)</u>	<u>-</u>	<u>(1,075,734)</u>
Total capital assets being depreciated, net	<u>2,699,231</u>	<u>(100,214)</u>	<u>-</u>	<u>2,599,017</u>
Total Internal Service Fund capital assets, net	<u>2,744,231</u>	<u>(100,214)</u>	<u>-</u>	<u>2,644,017</u>
Total governmental activities capital assets, net	<u>\$ 176,439,703</u>	<u>\$ (1,215,203)</u>	<u>\$ (2,073,646)</u>	<u>\$ 173,150,854</u>

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	Balance April 30, 2008	Additions	Retirements	Balance April 30, 2009
Business-type activities:				
Nondepreciable assets:				
Land	\$ 5,542,940	\$ -	\$ -	\$ 5,542,940
Construction in progress	11,565,994	8,580,466	(10,609,035)	9,537,425
Zoo animals	87,695	-	(19,940)	67,755
Total capital assets not being depreciated	17,196,629	8,580,466	(10,628,975)	15,148,120
Depreciable assets:				
Buildings/Improvements	34,614,908	6,768,120	(2,361,289)	39,021,739
Infrastructure	161,837,020	3,888,975	-	165,725,995
Equipment	15,061,478	3,209,838	(59,348)	18,211,968
Total capital assets being depreciated	211,513,406	13,866,933	(2,420,637)	222,959,702
Less: accumulated depreciation	(91,210,240)	(7,395,117)	2,420,637	(96,184,720)
Total capital assets being depreciated, net	120,303,166	6,471,816	-	126,774,982
Total business-type activities capital assets, net	<u>\$ 137,499,795</u>	<u>\$ 15,052,282</u>	<u>\$ (10,628,975)</u>	<u>\$ 141,923,102</u>

The beginning balance of capital assets has been adjusted by approximately (\$871,000) net for construction in progress retirements omitted in prior year.

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

Governmental Activities:

General Government	\$ 775,281
Public Safety	1,344,487
Public Works	6,533,525
Culture and Recreation	388,152
Internal Service Fund	106,763
Total depreciation expense - governmental activities	<u>\$ 9,148,208</u>

Business-Type Activities:

Airport	997,705
Transit	506,821
Civic Center	511,870
Water Fund	1,092,022
Sewer Fund	4,222,043
Non-major business-type activities	64,656
Total depreciation expense - business-type activities	<u>\$ 7,395,117</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 is carried on the City's balance sheet within the Internal Service Fund. At April 30, 2009, only a portion of the cost of the assets are depreciated as only the shop facility is currently accounted for in the Internal Service Fund.

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

7. ELECTRICAL SYSTEM OPERATING AGREEMENT

On July 9, 1977, the voters of the City of Monroe authorized a 50 year operating agreement between the City of Monroe and Entergy (formerly Louisiana Power & Light) for the operation by Entergy of the City's electric system. The agreement provided that Entergy would pay to the City a percentage of total revenue collected from the sale of electric service to residential and commercial customers within the City, such payments not to be less than \$700,000 annually. The aforementioned base increased by one per cent of sales of electric services to residential and commercial customers in excess of \$10,000,000 in a calendar year. Revenues under this agreement totaled \$2,995,259 for the year ended April 30, 2009.

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, 2009, the City contributed \$7 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, 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, 2009.

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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, 2009, as follows: Policemen's, \$118,460 and Bus Drivers', \$57,075.

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, 2009, 2008, and 2007 were \$2,277,554; \$2,546,969; and \$2,622,425 respectively, equal to the statutorily required contributions for each year.

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

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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, 2009, 2008, and 2007 were \$1,057,616; \$1,206,113; \$1,377,036 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.

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.

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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, 2009, 2008, and 2007 were \$967,634; \$1,416,704; and \$1,399,294, respectively, equal to the statutorily required contributions for each year.

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

9. HEALTH CARE BENEFITS

During the year ended April 30, 2009, the City paid \$7,118,939 in expenses in connection with providing healthcare benefits to a total of 1,069 participants. The cost is broken down as follows:

Active Employees	\$ 5,152,024
Retired Employees	1,946,786
COBRA	20,129
Total	<u>\$ 7,118,939</u>

As permitted by Louisiana Revised Statutes, the City provides certain continuing health care and life insurance benefits for certain retired employees through self insurance. Retired City employees are eligible for these benefits if they reached normal retirement age, as defined under the applicable retirement system while working for the City. The City recognizes the cost of providing these benefits (the City's portion of the premiums) as an expenditure when the monthly premiums are due. Approximately 214 retirees receive benefits under this plan. These retirees reimbursed the City for \$806,188 for fiscal year 2009 for their portion of health care benefits.

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10. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

Fund Policy. Until 2008, the City of Monroe recognized the cost of providing post-employment medical benefits (the City of Monroe’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2008, the City of Monroe’s portion of health care funding cost for retired employees totaled \$1,946,786.

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

Annual Required Contribution. The City of Monroe’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning May 1, 2008 is \$3,569,438, as set forth below:

	<u>Medical</u>
Normal Cost	\$ 1,105,163
30-year UAL amortization amount	<u>2,464,275</u>
Annual required contribution (ARC)	<u>\$ 3,569,438</u>

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

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	<u>Medical</u>
Beginning Net OPEB Obligation (Asset) 5/1/2008	\$ -
Annual required contribution	3,569,438
Interest on Net OPEB Obligation (Asset)	-
ARC Adjustment	-
OPEB Cost	<u>3,569,438</u>
Contribution	-
Current year retiree premium	<u>(1,946,786)</u>
Change in Net OPEB Obligation	<u>1,622,652</u>
Ending Net OPEB Obligation (Asset) 4/30/2009	<u>\$1,622,652</u>

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

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Liability)
Medical	April 30, 2009	\$3,569,438	45.46%	\$1,622,652

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

	<u>Medical</u>
Actuarial Accrued Liability (AAL)	\$42,612,377
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	<u>42,612,377</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	\$31,849,427
UAAL as a percentage of covered payroll	134%

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

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

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

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

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

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

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

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

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

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

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

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

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid.

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The City pays 60% of the retiree premiums. Those premiums are based on the blended active/retired rate before Medicare eligibility and an unblended rate after Medicare eligibility (age 65). Since GASB 45 mandates that "unblended" rates applicable to the coverage provided to retirees be used, we have estimated the "unblended" rates for retirees before Medicare eligibility. It has been assumed that the total retiree rate before Medicare eligibility is 130% of the blended active/retired rate, with the employer assumed to pay the difference between that unblended rate and the employee contribution of 40% of the blended rate.

11. LEASES

At April 30, 2009, 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 \$611,000 during the year ended April 30, 2009. The following is a schedule of future minimum lease payments under operating leases as of April 30, 2009.

Years Ended April 30:	Minimum Lease Payments
2010	\$ 285,116
2011	230,077
2012	234,308
Total	\$ 749,501

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

Fiscal Years Ended April 30	Future Minimum Lease Payments
2010	\$ 285,274
2011	289,359
2012	284,806
2013	261,815
2014	243,318
2015-2019	1,286,088
2020-2021	493,888
	3,144,548
Less: Amounts representing Interest	(835,249)
Present Value of Future Minimum Lease Payments	\$ 2,309,299

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12. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City of Monroe for the year ended April 30, 2009:

	Long-Term Obligations	Proprietary Funds	Total
Long-term obligations, May 1, 2008	\$ 162,860,822	\$ 3,718,716	\$ 166,579,538
Additions	32,717,378	584,494	33,301,872
Retirements	<u>(26,798,970)</u>	<u>(987,659)</u>	<u>(27,786,629)</u>
Long-term obligations, April 30, 2009	<u>\$ 168,779,230</u>	<u>\$ 3,315,551</u>	<u>\$ 172,094,781</u>

Long-term obligations outstanding at April 30, 2009, are comprised of the following:

	<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
<i>General Long-Term Obligations</i>				
<u>General Obligation Bonds</u>				
Public improvements:				
City Court and Jail	2003	3/1/10	2.75 – 3.10	\$ <u>170,000</u>
<u>Tax Increment Bonds</u>				
Tower Drive	2007	3/1/25	4.125 – 5.00	<u>10,645,000</u>
<u>Certificates of Indebtedness</u>				
Taxable Refunding Certificates				
(Civic Center Roof)	2004C	10/01/14	3.75	<u>1,525,000</u>
<u>Sales Tax Bonds</u>				
Series 2002 (Streets/Sewer)	2002	7/1/26	4.00-7.00	12,490,000
Series 2002A (Fire/Drainage)	2002A	7/1/27	3.45-4.80	14,325,000
Series 2003 (Streets)	2003	7/1/27	3.25-5.50	19,500,000
Series 2006 (DHH) (Water)	2006	7/1/28	3.45	<u>3,000,000</u>
Total sales tax bonds				<u>49,315,000</u>
<u>Refunding Bonds</u>				
Series 1998A (Fire/Police Pension)	1998	3/1/13	4.80-5.05	2,060,000
Series 2007A (Streets/Sewer)	2007	7/1/26	4.002	28,180,000
Deferred amount of refunding	2007			(860,418)
Series 2008 I-20 Development	2008	3/1/25	4.00%-5.50%	24,665,000

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Deferred amount of refunding	2008			<u>(1,253,807)</u>
Total refunding bonds				<u>52,790,775</u>
<u>Utility Revenue Bonds</u>				
Series 2001 (DEQ) (Sewer)	2001	6/30/23	3.45	19,775,877
Series 2003 (DEQ) (Sewer)	2003	6/1/23	3.45	8,170,000
Series 2005 (DEQ) (Sewer)	2005	7/1/27	3.45	7,281,377
Series 2008 (DEQ) (Sewer)	2008	7/1/30	.095	<u>98,630</u>
Total utility revenue bonds				<u>35,325,884</u>
<u>Other</u>				
Claims and Judgments Payable	None	None	None	7,303,139
Capital Lease (See Note 11)	2000	4/30/21	5.70	2,309,299
Notes Payable	2007	11/15/12	3.88	2,299,953
Accrued vacation and sick pay	None	None	None	5,472,528
Other post employment benefits	None	None	None	<u>1,622,652</u>
Total other				<u>19,007,571</u>
Total general long-term obligations				<u>\$168,779,230</u>
<u>Proprietary Funds</u>				
<u>Utility Revenue Bonds-</u>				
Series 2001(DEQ) (Sewer)	2001	6/01/22	3.45	\$ 2,294,123
<u>Other</u>				
Accrued vacation and sick pay	None	None	None	<u>1,029,948</u>
Total proprietary funds				<u>\$ 3,324,071</u>

Long-Term Obligation

Paying Fund

Tax increment bonds:

Tower Drive
I-20 Development

Tower Drive Debt Service Fund
I-20 Debt Service Fund

Certificates of indebtedness:

Taxable Refunding Certificates
(Civic Center Roof)

General Fund

Sales tax bonds:

2002 Series (Sewer and Streets)
2002A Series (Fire and Drainage)

Sales Tax Bond Debt Service Fund
Sales Tax Bond Debt Service Fund

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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 Increment Refunding and Improvement Revenue Bonds

In December 2008, the City issued \$26,365,000 of Sales Tax Increment Refunding and Improvement Bonds, Series 2008 with interest rates ranging over the life of the bonds from 4.00% to 5.375%. The proceeds borrowed are being used as follows: \$657,741 in underwriting fees and other issuance costs, \$401,110 bond insurance premium, \$79,274 surety bond, \$240,265 original issue discount, and \$18,503,783 which was placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of Series 2003 (\$12,245,000) and Series 2005 (\$4,370,000). As a result, this portion of the refunded bonds is considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The remaining proceeds of \$17,898,019 (including transfers from prior debt service reserve funds) will be used to provide funds for certain infrastructure improvement projects located within the Garrett Road Economic Development Area.

As a result of the refunding of the 2003 and 2005 Series, the City decreased its total debt service by \$1,836,262, which has resulted in an economic gain (difference between the present value of the debt service payments of the old debt and the new debt) of \$687,026.

Utility Revenue Bonds

On January 27, 2009, the City issued \$14,000,000 of Utility Revenue Bonds, Series 2008, the proceeds of which are to be used for the purpose of providing permanent financing for the cost of rehabilitating and expanding the sanitary sewerage treatment, collection and disposal facilities of the City and otherwise improving the Sewer Component System and paying the costs of issuance. The bonds will be paid from the income and revenues of the City's combined water and sewer system (the "System"), after provision has been made for payment there from of the reasonable and necessary costs and expenses of operating and maintaining the System (the "Net Revenues") as the same fall due. The bonds will bear interest at a rate of .95% and will mature on July 1, 2030.

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13. INTERFUND RECEIVABLES AND PAYABLES

Individual fund balances due from/to other funds at April 30, 2009, are as follows:

	Interfund Receivable										Total	
	General	Airport Terminal	Airport	Transit	Civic Center	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Agency Funds	Total		
Interfund Payable												
General	\$ -	\$ -	\$ -	\$ 49,788	\$ 5,341	\$ 304,304	\$ 613	\$ 858,184	\$ 17,380	\$ 1,235,610		
Capital Infrastructure	-	-	-	-	-	388,367	-	-	-	388,367		
Airport Terminal	-	-	-	-	-	685,987	-	-	-	685,987		
Nonmajor Governmental Funds	693,164	7,988	90,748	-	-	678,555	-	-	-	1,470,455		
Sewer Fund	3,438,394	-	-	-	-	-	-	-	-	3,438,394		
Nonmajor Enterprise Funds	14,553	-	-	-	-	38,619	-	-	-	53,172		
Internal Service Funds	857,934	-	-	-	-	206,627	-	-	-	1,064,561		
Total	\$ 5,004,044	\$ 7,988	\$ 90,748	\$ 49,788	\$ 5,341	\$ 2,302,459	\$ 613	\$ 858,184	\$ 17,380	\$ 8,336,546		

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

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14. INTERFUND TRANSFERS

The following transfers were made between the various funds of the City during the year ended April 30, 2009:

	Transfers Out										Total	
	General	Capital Infrastructure	I-20 Debt Service	Airport Terminal	Nonmajor Governmental Funds	Transit	Water Fund	Internal Service Fund				
Transfers In												
General	\$ -	\$ 652,092	\$ -	\$ -	\$ 157,788	\$ 10,130	\$ -	\$ 217,259	\$ -	\$ -	\$ 1,037,269	
I-20 Corridor Improvements	-	8,383,615	-	-	-	-	-	-	-	-	8,383,615	
Airport Terminal	-	-	-	-	62,567	-	-	-	-	-	62,567	
Nonmajor Governmental Funds	5,276,201	1,382,112	3,554,185	138,072	92,449	-	828,268	191,188	-	-	11,462,475	
Transit	2,193,324	-	-	-	-	-	-	-	-	-	2,193,324	
Civic Center	277,473	-	-	-	-	-	-	-	-	-	277,473	
Nonmajor Enterprise Funds	125,713	-	-	-	-	-	-	-	-	-	125,713	
Internal Service Funds	1,342,707	-	-	-	191,188	-	-	-	-	-	1,533,895	
Total	\$ 9,215,418	\$ 10,417,819	\$ 3,554,185	\$ 138,072	\$ 503,992	\$ 10,130	\$ 828,268	\$ 408,447	\$ -	\$ -	\$ 25,076,331	

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

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15. LITIGATION AND CONTINGENCIES

Various lawsuits are pending against the City of Monroe. 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, 2009.

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

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

The City is also a party to a suit involving the Monroe Airport Project and the bids received on the project. The apparent low bidder whose bid was not accepted because the bid was non-responsive has sued the City and asked to be named as the lowest responsive bidder. The City believes there is no liability and if it were determined that the company should have been awarded the bid, the city's attorney is unsure what, if any, damages would be owed.

Lastly, the Director of the Taxation and Revenue Division of the Administration Department for the City of Monroe was arrested in May 2009 and is facing 30 counts of felony theft and one count of state racketeering relating to thefts from sales taxes. A joint investigation by the Monroe Police Department, Louisiana State Police, FBI, Legislative Auditor's Office and the 4th Judicial District Attorney's Office is currently in process and a report from the Legislative Auditor's Office is expected to be released shortly. Initial estimates from the investigation reflect \$200,000 to \$300,000 has been misappropriated over the current and previous year. However, most of the thefts occurred from vendors within the city limits of Monroe which reduces the City's liability to outside agencies to \$100,000 or less of which the City's insurance will cover most if not all of the liability.

16. DEFERRED COMPENSATION PLANS

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

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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 \$1,424,399 are held by Public Employees Benefit Services Corporation, a deferred compensation center, and assets with a fair market value of \$153,352 are held by ICMA under agreement with the City.

17. ON-BEHALF PAYMENTS

Certain City employees in the City Marshal's office, the Monroe Police Department and the Monroe Fire Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No.24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$1,871,882 and the related expenditures are as follows:

Marshal/Deputy Marshal	\$ 75,125
Monroe Police Department	880,884
Monroe Fire Department	<u>915,873</u>
Total	<u>\$ 1,871,882</u>

18. RISK FINANCING ACTIVITIES

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. There were no major changes in insurance coverage for the year ended April 30, 2009. 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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

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, 2009, are as follows:

Balance, April 30, 2008		\$ 7,853,787
Current year claims and changes in estimates		148,130
Claims paid		<u>(698,778)</u>
Balance, April 30, 2009		<u>\$ 7,303,139</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, 2009, which was calculated to be approximately \$2 million and covers claim years since April 30, 1979.

19. JACKSON STREET ANNEX FIRE LOSS (UPDATE)

On February 8, 2007, the City of Monroe incurred a loss by fire at the Jackson Street Annex. The City estimates the full amount of the loss to be \$1,047,050. Reimbursements received through April 30, 2009, are \$474,257.

20. RESTATEMENTS

Beginning net assets of the governmental activities are being restated by (\$567,273). This net decrease is due to the omission of prior year deletions of Construction in Progress (\$871,384); an adjustment to Bond Issue Costs for prior year error in the balance (\$771,411) and an increase of \$1,075,522 for the omission of the prior year balance of deferred amount of refund to bond escrow.

21. 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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

September 1, 2008. On September 8, 2008, approval was given by the FAA to collect the charge commencing November 1, 2008 through June 1, 2036.

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

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

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

Description	Project Amount	Disbursements	Available
Aircraft loading equipment improvement	\$ 504,335	\$ 504,335	\$ -
PFC application professional fees	40,700	40,700	-
Rehabilitate airfield lighting	401,025	401,025	-
Passenger terminal scoping and planning study	413,444	413,444	-
New Passenger Terminal Building	16,200,000	57,864	16,142,136
Administrative Costs (Professional Fees)	200,000	70,532	129,468
Total	\$ 17,759,504	\$ 1,487,899	\$ 16,271,604

On September 15, 2009 the following changes occurred:

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

CITY OF MONROE
Monroe, Louisiana
Notes To The Financial Statements
As of And For The Year Ended April 30, 2009

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

Since the inception of the PFC, the Airport has recorded the following revenues / receipts and expenses / disbursements through fiscal year 2008 resulting in a restriction of net assets from passenger facility charges as follows:

	Accrual Basis	Cash Basis
PFC revenues / receipts	\$ 2,193,001	\$ 2,127,714
Interest earnings	46,728	46,728
Total revenues / receipts	2,239,729	2,068,602
Expenses / disbursements for PFC projects	(1,495,887)	(1,487,899)
Net PFC cash, April 30, 2009		\$ 686,543
Net assets restricted for PFC, April 30, 2009	\$ 743,842	

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
Monroe, Louisiana
Schedule of Revenues, Expenditures and Changes
In Fund Balances-Budget and Actual
General Fund
For the Year Ended April 30, 2009
(Unaudited)

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Taxes				
General property taxes	\$ 4,047,528	\$ 4,047,528	\$ 4,127,560	\$ 80,032
1974 Recreational/maintenance taxes	701,970	703,612	727,893	24,281
1974 Public safety taxes	395,791	396,719	410,402	13,683
1974 Drainage taxes	489,138	490,288	507,198	16,910
Street Maintenance Tax			6	
Capital improvement tax	1,253,020	1,302,520	1,347,381	44,861
Police department tax	577,109	602,609	623,355	20,746
Fire department tax	577,109	602,609	623,352	20,743
Beer tax	72,100	72,100	76,555	4,455
Adjudicated Property		20,027	20,026	(1)
General sales taxes	30,783,863	32,006,000	32,542,857	542,857
Liquor Licenses	77,706	77,706	77,111	(595)
Occupational Licenses	2,354,387	2,354,387	2,673,305	318,918
Video Bingo Licenses	2,000	2,000	1,981	(19)
Building permits	84,000	75,530	90,465	14,915
Sewer permits	47,000	18,300	29,569	11,269
Plumbing permits	52,000	23,650	23,911	261
Electrical permits	38,000	30,400	32,100	1,700
Gas permits	11,000	11,000	12,508	1,508
Heat and air conditioning permits	15,000	6,240	7,690	1,450
Sound Permits		25	23	
Mobile sign permits	600	55	55	
Off Prem Sign		975	975	
Culvert/Drainage Project Permit	2,425	2,425	2,175	(250)
Unfranchised bid deposits		150	150	
Franchise fees	754,436	754,436	878,669	124,233
Federal grants				
State grants - Supplemental Pay	1,991,325	1,991,325	1,871,882	(119,443)
Signal Light Reimbursement	183,000	183,000	183,000	
Keep Louisiana Beautiful			1,501	1,501
Sales tax commission - School Board	379,775	426,358	434,127	7,769
Sales tax commission - West Monroe	51,000	51,000	51,000	
Sales tax commission - Police Jury	37,800	37,800	37,800	
Sales tax commission - Starlington	2,180	2,180	2,199	19
Sales tax commission - Richwood	180	180	180	
Sales tax commission - Handlet	86,285	86,285	94,481	8,196
Sales tax commission - Pine	21,970	21,970	23,066	1,096
Sales tax commission - Police	21,970	21,970	23,066	1,096
Sales tax commission - Ouachita Parish Sheriff's Office	18,535	18,535	19,267	732
Sales tax commission - Hotel/Motel	4,000	4,000	4,000	
City examination service	2,993,000	2,993,000	3,035,155	42,155
Recreation department revenue	40,784	44,895	34,223	(10,672)
HIDTA		44,616	50,054	5,438
FBI O/T Reimbursement		15,912		(15,912)
Federal Direct Non Category		517,821	466,809	(51,012)
State Grant		337,115	333,551	(3,564)
State Grants		5,521	21,880	16,359
NSF Fees	17,400	14,500	15,258	758
Grass cutting fees	61,425	123,704	130,547	6,843
Demolition		300,000	76,489	(223,511)
Video Bingo	800,000	1,000,000	1,281,600	281,600
City Court civil fees	162,000	162,000	190,952	28,952
Community policing fee	143,815	143,815	141,878	(1,937)
Appearance & surrender fee	60,000	60,000	63,437	3,437
Zoning income	60,000	44,436	46,041	1,605
Emergency franchise fees	1,800,000	2,353,000	2,829,129	476,129
Cemetery lots	21,700	12,000	12,150	150
Golf course fees	599,060	387,000	386,207	(793)
American Pmt System Fees (BallSouth commissions)	23,520	14,000	14,133	133
Miscellaneous Income			3,141	3,141
Postage	8,815	8,815	12,889	4,074
Legal & other Professional	85,475	144,000	191,494	47,494
False alarm fees	20,000	20,000	20,725	725
Fire reports		240	270	30
Copy Charge		173	173	(0)
City Court fines	725,664	725,644	686,858	(39,606)
Environmental Court		750	1,200	450
Parking fines	75,820	66,538	71,435	4,905
Ticket review fee	1,745	775	770	(5)
Parking permit sales		250	250	
DWI Prob. Fin		2,575	3,333	758
Rental income	158,411	165,578	175,710	10,032
Rental land lease	16,447		14,400	(14,400)
Contributions & Donations	500	2,213	89,267	87,054
Interest income	220,725	125,000	127,902	2,903
Royalty income	7,620	5,500	5,445	(55)
Commissions		538	1,308	970
K9 Donations		50	1,374	1,324
Donations designated MPD		706	738	32
Municipal golf course rent	13,200	14,400		
Cash over/short			1,051	1,051
Penalty and interest	31,600	31,600	40,864	9,264
Police miscellaneous	83,500	83,500	78,440	(5,060)
Total revenues	53,276,438	56,412,206	58,240,815	1,843,003

CITY OF MONROE
Monroe, Louisiana
Schedule of Revenues, Expenditures and Changes
In Fund Balances-Budget and Actual
General Fund
For the Year Ended April 30, 2009
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
Legislative division - council and staff	302,065	307,958	253,436	54,522
Judicial division	2,090,248	2,198,843	2,244,440	(45,597)
Legal division	650,856	694,283	666,624	27,657
Executive division - chief executive and staff	799,312	825,736	835,467	(29,731)
Administration division	6,714,582	6,958,614	7,023,895	(65,281)
Police division	11,653,113	12,113,526	12,175,369	(61,843)
Fire division	11,338,104	12,167,878	11,975,426	192,452
Public works division	8,918,733	9,669,073	9,583,227	85,844
Culture & recreation	2,951,058	3,077,547	3,061,504	15,643
Planning and urban development division	905,811	911,738	826,500	85,238
Debt Service				
General interest expense	170,370	170,370	72,071	98,299
Capital leases	281,355	281,355	281,355	
Civic Center Roof	270,000	270,000	270,000	
Swimming pool renovations	136,840	136,840	133,492	3,348
Claims and judgments	200,000	200,000	183,022	16,978
Capital Expenditures	1,279,560	1,009,846	768,899	241,047
Total expenditures	48,662,007	50,993,703	50,375,127	618,578
EXCESS OF REVENUES OVER EXPENDITURES	4,614,431	5,418,503	7,865,698	2,461,581
OTHER FINANCING SOURCES (USES)				
Sale of assets	89,000	208,420	208,420	
Insurance proceeds		570,481	561,448	(9,033)
Total	89,000	778,901	769,868	(9,033)
Transfers in:				
Capital Infrastructure		710,000	632,092	(57,908)
Monroe Regional Airport		15,000	385,177	370,177
Total transfers in		725,000	1,037,269	312,269
Transfers out:				
Prisoner housing	(433,411)	(433,411)	(446,958)	(13,547)
Police and Fire pension	(825,418)	(825,418)	(817,137)	8,281
Louisiana Purchase Gardens and Zoo	(47,287)	(47,287)	(117,835)	(70,548)
Monroe Transit System	(2,035,131)	(1,939,002)	(2,193,324)	(254,322)
Civic Center			(277,473)	(277,473)
Livestock Area	(2,500)	(2,500)	(7,878)	(5,378)
Central Shop and Warehouse	(423,378)	(423,378)	(484,648)	(61,270)
Insurance fund			(217,259)	(217,259)
DeltaFest	(50,000)	(183,838)	(131,175)	52,663
Demolition			(250,000)	(250,000)
Capital	(400,000)	(1,100,000)	(1,447,264)	(347,264)
Transfer to special revenue funds			(7,048)	(7,048)
Transfer to capital project funds			(6,629)	(6,629)
Martha Luther King		(3,804)	(3,804)	
Community Development Block Grant	(73,306)	(11,614)		11,614
Video bingo revenue to capital	(400,000)	(413,548)	(640,800)	(227,252)
Video bingo revenue to insurance		(500,000)	(640,800)	(140,800)
Economic Development		(1,000,000)	(1,325,386)	(325,386)
Total transfers out	(4,690,431)	(6,883,800)	(9,215,418)	(2,331,618)
Total other financing sources (uses)	(4,601,431)	(5,379,899)	(7,408,251)	(2,028,352)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		38,604	457,407	433,198
FUND BALANCE, BEGINNING OF YEAR	2,922,913	11,819,119	11,819,119	
FUND BALANCE, END OF YEAR	\$ 2,922,913	\$ 11,857,723	\$ 12,276,526	\$ 433,198

CITY OF MONROE
Monroe, Louisiana
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
Capital Infrastructure Special Revenue Fund
For the Year Ended April 30, 2009
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales Tax -Street Improvement	\$ 12,056,582	\$ 12,056,582	\$ 13,695,167	\$ 1,638,585
Interest income	150,000	150,000	164,094	14,094
Total revenues	<u>12,206,582</u>	<u>12,206,582</u>	<u>13,859,261</u>	<u>1,652,679</u>
EXPENDITURES				
Current:				
Public works	982,135	1,567,194	775,143	792,051
Total expenditures	<u>982,135</u>	<u>1,567,194</u>	<u>775,143</u>	<u>792,051</u>
EXCESS OF REVENUES OVER EXPENDITURES	11,224,447	10,639,388	13,084,118	2,444,730
OTHER FINANCING SOURCES (USES)				
Transfers Out	(11,851,693)	(11,851,693)	(10,417,819)	1,433,874
Total other financing sources (uses)	<u>(11,851,693)</u>	<u>(11,851,693)</u>	<u>(10,417,819)</u>	<u>1,433,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(562,305)	(562,305)	2,666,299	3,878,604
FUND BALANCE, BEGINNING OF YEAR	<u>10,131,059</u>	<u>9,460,960</u>	<u>11,935,052</u>	
FUND BALANCE, END OF YEAR	<u>\$ 9,568,754</u>	<u>\$ 8,898,655</u>	<u>\$ 14,601,351</u>	<u>\$ 5,702,696</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF MONROE
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2009

	<u>Special Revenue Totals</u>	<u>Debt Service Totals</u>	<u>Capital Projects Totals</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 10,941,357	\$ 1,628,163	\$ 14,392,864	\$ 26,962,384
Receivables	966,058	263,471	957,212	2,186,741
Due from other funds	871,334		1,431,124	2,302,458
Prepaid expenses & other assets, net	768,027			768,027
Total Assets	<u>\$ 13,546,776</u>	<u>\$ 1,891,634</u>	<u>\$ 16,781,200</u>	<u>\$ 32,219,610</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts and retainage payable	228,688		1,089,126	1,317,814
Due to other funds	1,053,571		416,884	1,470,455
Deferred revenue	518,929			518,929
Other current liabilities	47,318			47,318
Total Liabilities	<u>1,848,506</u>		<u>1,506,010</u>	<u>3,354,516</u>
Fund Balances				
Reserved for				
Debt service		1,891,634		1,891,634
Capital improvements			15,275,190	15,275,190
Unreserved	11,698,270			11,698,270
Total Fund Balances	<u>11,698,270</u>	<u>1,891,634</u>	<u>15,275,190</u>	<u>28,865,094</u>
Total Liabilities and Fund Balances	<u>\$ 13,546,776</u>	<u>\$ 1,891,634</u>	<u>\$ 16,781,200</u>	<u>\$ 32,219,610</u>

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended April 30, 2009

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes				
Ad valorem		\$ 5,969		\$ 5,969
Sales	\$ 6,687,094	1,042,371		7,729,465
Fees, charges and commissions for services	206,340		\$ 166,028	372,368
Use of money and property	119,932	35,612	278,999	434,543
Other revenues	329,796			329,796
Fines and forfeitures	103,041			103,041
Intergovernmental				
Federal grants	1,925,662		399,043	2,324,705
State grants	225,729		784,446	1,010,175
Local grants	9,745		65,000	74,745
Total revenues	<u>9,607,339</u>	<u>1,083,952</u>	<u>1,693,516</u>	<u>12,384,807</u>
EXPENDITURES				
Current:				
General government				
Judicial	123,961			123,961
Financial administration	178,372		169,511	347,883
Public safety				
Police	4,107,254			4,107,254
Fire	3,150,114			3,150,114
Public works	430,538		535,166	965,704
Culture and recreation	406,668		207,950	614,618
Planning and urban development	1,550,302			1,550,302
Economic development and assistance	1,028,854			1,028,854
Capital outlay	2,201,702		8,671,537	10,873,239
Debt service				
Debt service principle	559,124	1,300,000		1,859,124
Debt service interest	102,862	686,436		789,298
Total expenditures	<u>13,839,751</u>	<u>1,986,436</u>	<u>9,584,164</u>	<u>25,410,351</u>
Excess (deficiency) of revenues over expenditures	<u>(4,232,412)</u>	<u>(902,484)</u>	<u>(7,890,648)</u>	<u>(13,025,544)</u>
Other Financing Sources (Uses)				
Bond proceeds			4,086,568	4,086,568
Transfers in	4,645,123	817,137	2,445,500	7,907,760
Transfers out	(245,688)		(258,304)	(503,992)
Total other financing sources (uses)	<u>4,399,435</u>	<u>817,137</u>	<u>6,273,764</u>	<u>11,490,336</u>
Net changes in fund balances	167,023	(85,347)	(1,616,884)	(1,535,208)
Fund balances - beginning	<u>11,531,247</u>	<u>1,976,981</u>	<u>16,892,074</u>	<u>30,400,302</u>
Fund balances - ending	<u>\$ 11,698,270</u>	<u>\$ 1,891,634</u>	<u>\$ 15,275,190</u>	<u>\$ 28,865,094</u>

NONMAJOR SPECIAL REVENUE FUNDS

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2009

	Fire Department Insurance	Community Development Block Grant	Urban Development Action	Rental Rehab	Economic Development	Emergency Shelter	CDBG Home	CDBG Loan	City Prosecuting Attorney
ASSETS									
Cash and cash equivalents	\$ 531,738	\$ 302	\$ 18,190	\$ 59,298	\$ 10,835	\$ 5,469	\$ 154,810	\$ 27,400	\$ 84,609
Receivables	15,216	141,196		120,375			232		
Due from other funds		20,745		198,380			31,072	105,025	
Prepaid expenses & other assets, net									
Total Assets	\$ 566,954	\$ 162,243	\$ 18,190	\$ 378,053	\$ 10,835	\$ 5,469	\$ 186,114	\$ 132,425	\$ 84,609
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	831	45,327				739	52,970		
Due to other funds		75,141		205,071			106,503	7,610	
Deferred reeveque				2,821			25,488	32,955	
Other current liabilities		41,775					1,153	154	
Total Liabilities	831	162,243		207,892		739	186,114	40,719	
Fund Balances									
Unreserved	566,123		18,190	170,161	10,835	4,730		91,706	84,609
Total Fund Balances	566,123		18,190	170,161	10,835	4,730		91,706	84,609
Total Liabilities and Fund Balances	\$ 566,954	\$ 162,243	\$ 18,190	\$ 378,053	\$ 10,835	\$ 5,469	\$ 186,114	\$ 132,425	\$ 84,609

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2009

	MFD Youth	DARE Program	Delta Fest	Prisoner Housing	Diversion Program	Drug Seizure Forfeiture	Friends of City Employees	Peer Mediation	Police Salary Sales Tax
ASSETS									
Cash and cash equivalents	854	\$ 102,795			\$ 66,820	\$ 53,536	\$ 589	\$ 10,529	\$ 628,195
Receivables		7,570	60		3,500	598			252,068
Due from other funds		213	1,812	39,331	127,315				251,800
Prepaid expenses & other assets, net			122						
Total Assets	854	\$ 110,578	\$ 1,994	\$ 39,331	\$ 197,635	\$ 54,134	\$ 589	\$ 10,529	\$ 1,132,063
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable			144	39,331	70	4,249			
Due to other funds		29,006			15,216	212		6,654	
Deferred revenue			1,850						
Other current liabilities									
Total Liabilities		29,006	1,994	39,331	15,286	4,461		6,654	
Fund Balances									
Unreserved	854	81,572			182,349	49,673	589	3,875	1,132,063
Total Fund Balances	854	81,572			182,349	49,673	589	3,875	1,132,063
Total Liabilities and Fund Balances	854	\$ 110,578	\$ 1,994	\$ 39,331	\$ 197,635	\$ 54,134	\$ 589	\$ 10,529	\$ 1,132,063

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2009

	Fire Salary Sales Tax	PTFA	Justice Assistance Grant	LETPP	Hurricane Katrina Relief	Downtown Economic Develop	Admin Economic Develop	HOME Program Loans	Repairs & Maintenance
ASSETS									
Cash and cash equivalents	\$ 1,017,126	\$ 1,017,274	\$ 20,978	\$ 32,036	\$ 280	\$ 27,386	\$ 2,863,895	\$ 1,109	\$ 462,807
Receivables	252,068							81,813	
Due from other funds	210,953							267,931	
Prepaid expenses & other assets, net									
Total Assets	\$ 1,480,147	\$ 1,017,274	\$ 20,978	\$ 32,036	\$ 280	\$ 27,386	\$ 2,863,895	\$ 350,853	\$ 462,807
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable			15,000					888	48,553
Due to other funds			5,978	23,760				28,618	
Deferred revenue				8,276				231,657	
Other current liabilities								1,415	
Total Liabilities			20,978	32,036				262,578	48,553
Fund Balances									
Unreserved	1,480,147	1,017,274			280	27,386	2,863,895	88,275	414,254
Total Fund Balances	1,480,147	1,017,274			280	27,386	2,863,895	88,275	414,254
Total Liabilities and Fund Balances	\$ 1,480,147	\$ 1,017,274	\$ 20,978	\$ 32,036	\$ 280	\$ 27,386	\$ 2,863,895	\$ 350,853	\$ 462,807

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds
 April 30, 2009

	Capital	LA Pilot Grant	Airport Marketing Grant	GOHSEP-Code Enforcement	Demolition	CLG Historic Preserve	Special Revenue Total
ASSETS							
Cash and cash equivalents	\$ 3,572,738	\$	4	\$	304,565	\$	10,941,357
Receivables	125	12,575		110,695		30,918	966,058
Due from other funds	165,497			1,404			871,334
Prepaid expenses & other assets, net							768,027
Total Assets	\$ 3,738,360	\$ 12,575	4	\$ 112,099	\$ 304,565	\$ 30,918	\$ 13,546,776
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts and retainage payable	5,884					14,702	228,688
Due to other funds	627,611	12,575	4	112,099		15,216	1,053,571
Deferred revenue						1,000	518,929
Other current liabilities							47,318
Total Liabilities	633,495	12,575	4	112,099		30,918	1,848,506
Fund Balances							
Unreserved	3,104,865				304,565		11,698,270
Total Fund Balances	3,104,865				304,565		11,698,270
Total Liabilities and Fund Balances	\$ 3,738,360	\$ 12,575	4	\$ 112,099	\$ 304,565	\$ 30,918	\$ 13,546,776

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, 2009

	Fire Department Insurance	Community Development Block	Urban Development Action	Rental Rehab	Economic Development	Emergency Shelter	Martin Luther King Day	CDBG Home	CDBG Loan
REVENUES									
Taxes									
Sales									
Fees, charges and commissions for services									
Use of money and property									
Other revenues				\$ 230				\$ 232	\$ 2,519
Fines and forfeitures									6,772
Intergovernmental									
Federal grants		\$ 870,018			\$ 109,124			940,300	
State grants									
Local grants									
Total Revenues	\$ 206,479	\$ 870,018		230		109,124		940,532	9,291
EXPENDITURES									
Current									
General government									
Judicial									
Financial administration									
Public safety									
Police									
Fire	38,093								
Public works									
Culture and recreation									
Planning and urban development		870,018				106,273	\$ 3,804	540,532	
Economic development and assistance									
Capital outlay									
Debt service									
Debt service principal									
Debt service interest									
Total Expenditures	38,093	870,018				106,273	3,804	540,532	
Excess (deficiency) of revenues over expenditures	168,386			230		2,851	(3,804)		9,291
Other Financing Sources (Uses)									
Transfers in							3,804		
Transfers out									
Total other financing sources (uses)							3,804		
Net changes in fund balances	168,386			230		2,851			9,291
Fund balances - beginning	397,737			169,931	\$ 10,835	1,879			82,415
Fund balances - ending	\$ 566,123			\$ 170,161	\$ 10,835	\$ 4,730			\$ 91,706

CITY OF MONROE
Monroe, Louisiana
Combining Schedules of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended April 30, 2009

	City Prosecuting Attorney	MFD Youth	DARE Program	Delta Fees	Prisoner Housing	Diversion Program	Drug Seizure Forfeiture	Friends of City Employees	China Delegation Trip
REVENUES									
Taxes									
Sales									
Fees, charges and commissions for services			\$ 92,153		\$ 99,499				
Use of money and property			3,083						
Other revenues		\$ 498	20,446				\$ 8,000		
Fines and Forfeitures					\$ 80,741		11,062		
Intergovernmental									
Federal grants			\$ 32,999	5,000					
State grants									
Local grants									
Total Revenues	11,238	498	32,999	120,684	80,741	99,499	19,062		
EXPENDITURES									
Current									
General government						123,961			
Judicial									
Financial administration									
Public safety		550	32,999		534,599		37,105		
Police									
Fire									
Public works									
Culture and recreation				304,434					
Planning and urban development									
Economic development and assistance									\$ 1,000
Capital outlay									
Debt service									
Debt service principle									
Debt service interest									
Total Expenditures	550	32,999	304,434	534,599	123,961	37,105	1,000		
Excess (deficiency) of revenues over expenditures	11,238	(52)	(183,750)	(453,828)	(24,462)	(18,043)	(1,000)		
Other Financing Sources (Uses)									
Transfers in				131,175	446,938				318
Transfers out									
Total other financing sources (uses)				131,175	446,938				318
Net changes in fund balances	11,238	(52)	(52,575)	(6,900)	(24,462)	(18,043)	(682)		
Fund balances - beginning	73,371	906	81,572	52,575	6,900	206,811	67,716	589	682
Fund balances - ending	\$ 84,609	\$ 854	\$ 81,572	\$ 182,349	\$ 49,673	\$ 589	\$ 589	\$ 589	\$ 589

CITY OF MONROE
Monroe, Louisiana

Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Neurologer Governmental Funds
Special Revenue Funds
For the Year Ended April 30, 2009

	Pest Medication	Police Salary Sales Tax	Fire Salary Sales Tax	PTEA	Justice Assistance Grant	LETPP	Hurricane Katrina Relief	Downtown Economic Develop	Admin Economic Develop
REVENUES									
Taxes									
Sales		\$ 3,343,547	\$ 3,343,547						
Fees, charges and commissions for services									
Use of money and property		21,719	16,069	\$ 12,840	\$ 1,018		\$ 2,050	\$ 920	\$ 14,429
Other revenues									\$ 85,757
Fines and Forfeitures									
Intergovernmental					87,613	\$ 121,703			
Federal grants									
State grants									
Local grants									
Total Revenues		3,365,266	3,359,616	12,840	88,631	121,703	2,050	1,520	100,286
EXPENDITURES									
Current									
General government									
Judicial									
Financial administration									
Public safety									
Police		3,291,667			88,631	121,703			
Fire			3,112,021						
Public works									
Culture and recreation									
Planting and urban development							2,500	36,363	991,491
Economic development and assistance									135,000
Capital outlay									
Debt service									
Debt service principle									
Debt service interest									
Total Expenditures		3,291,667	3,112,021		88,631	121,703	2,500	36,363	1,126,491
Excess (deficiency) of revenues over expenditures		73,599	247,595	12,840			(450)	(54,843)	(1,026,205)
Other Financing Sources (Uses)									
Transfers in		99,939	91,249				730		1,525,386
Transfers out		(99,939)	(91,249)					(1,500)	(53,000)
Total other financing sources (uses)		73,599	247,595	12,840			730	(1,500)	1,472,386
Net changes in fund balances									446,181
Fund balances - beginning	3,875	1,058,464	1,232,552	1,004,434				63,729	2,417,714
Fund balances - ending	3,875	1,132,063	1,480,147	1,017,274			280	27,386	2,863,895

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, 2009

	HOME Program Loans	Repairs & Maintenance	Capital	LA Pilot Grant	Airport Marketing Grant	GOHSEP- Code Enforcement	Demolition	CLC Historic Preserve	Special Revenue Total
Taxes									
Sales									6,687,094
Fees, charges and commissions for services							\$ 13,768		206,340
Use of money and property	\$ 9,885	\$ 6,793	\$ 31,475						119,932
Other revenues	31,478	83,065					\$ 90,668		329,796
Fines and Forfeitures									103,041
Intergovernmental				\$ 23,560	\$ 44,372	\$ 30,979			1,925,662
Federal grants								64,994	235,729
State grants								14,250	9,745
Local grants					9,745				
Total Revenues	41,363	6,793	114,540	23,560	54,117	30,979	13,768	169,912	9,607,339
EXPENDITURES									
Current									
General government									123,961
Judicial		178,372							178,372
Financial administration									
Public safety									4,107,254
Police									3,150,114
Fire									430,538
Public works			330,535	23,560	39,452		36,991	15,000	406,668
Culture and recreation			83,430						1,550,302
Planning and urban development						30,979			1,028,854
Economic development and assistance									2,201,702
Capital outlay			1,889,625		14,665				559,124
Debt service			559,124						102,862
Debt service principal			102,862						
Debt service interest									
Total Expenditures		178,372	2,865,576	23,560	54,117	30,979	36,991	177,412	13,829,751
Excess (deficiency) of revenues over expenditures	41,363	(171,579)	(2,851,036)				(23,223)	(7,500)	(4,232,412)
Other Financing Sources (Uses)			2,088,064				250,000	7,500	4,645,123
Transfers in									(245,688)
Transfers out									
Total other financing sources (uses)			2,088,064				250,000	7,500	4,399,435
Net changes in fund balances	41,363	(171,579)	(762,972)				226,777		167,023
Fund balances - beginning	46,912	585,833	3,867,837				77,788		11,521,247
Fund balances - ending	\$ 88,275	\$ 414,254	\$ 3,104,865				\$ 304,565		\$ 11,698,270

NONMAJOR DEBT SERVICE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
Debt Service Funds
For the Year Ended April 30, 2009

	<u>City Court & Jail Improvement</u>	<u>Tower Dr Economic District</u>	<u>Police and Fire Pension</u>	<u>Debt Service Total</u>
ASSETS				
Cash and cash equivalents	\$ 151,659	\$ 1,429,417	\$ 47,087	\$ 1,628,163
Receivables		263,471		263,471
Total Assets	<u>\$ 151,659</u>	<u>\$ 1,692,888</u>	<u>\$ 47,087</u>	<u>\$ 1,891,634</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Fund Balances				
Reserved for				
Debt service	<u>151,659</u>	<u>1,692,888</u>	<u>47,087</u>	<u>1,891,634</u>
Total Fund Balances	<u>151,659</u>	<u>1,692,888</u>	<u>47,087</u>	<u>1,891,634</u>
Total Liabilities and Fund Balances	<u>\$ 151,659</u>	<u>\$ 1,692,888</u>	<u>\$ 47,087</u>	<u>\$ 1,891,634</u>

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, 2009

	<u>City Court & Jail Improvement</u>	<u>Tower Dr Economic District</u>	<u>Police and Fire Pension</u>	<u>Debt Service Total</u>
REVENUES				
Taxes				
Ad valorem	\$ 5,969			\$ 5,969
Sales		\$ 1,042,371		1,042,371
Use of money and property		33,231	\$ 2,381	35,612
Total Revenues	<u>5,969</u>	<u>1,075,602</u>	<u>2,381</u>	<u>1,083,952</u>
EXPENDITURES				
Debt service				
Debt service principle	165,000	445,000	690,000	1,300,000
Debt service interest	9,807	534,212	142,417	686,436
Total Expenditures	<u>174,807</u>	<u>979,212</u>	<u>832,417</u>	<u>1,986,436</u>
Excess (deficiency) of revenues over expenditures	<u>(168,838)</u>	<u>96,390</u>	<u>(830,036)</u>	<u>(902,484)</u>
Other Financing Sources (Uses)				
Transfers in			817,137	817,137
Total other financing sources (uses)			<u>817,137</u>	<u>817,137</u>
Net changes in fund balances	(168,838)	96,390	(12,899)	(85,347)
Fund balances - beginning	320,497	1,596,498	59,986	1,976,981
Fund balances - ending	<u>\$ 151,659</u>	<u>\$ 1,692,888</u>	<u>\$ 47,087</u>	<u>\$ 1,891,634</u>

NONMAJOR CAPITAL PROJECTS FUNDS

CITY OF MONROE
 Monro, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2009

	N. 18TH Street Extension	Tower Drive	Airport Industrial Park	Street Construction	Collection System Improve	Fire/Drainage Improvement	Water System Improvements	Passenger Facility Charge	Rehab Airfield Lighting
ASSETS									
Cash and cash equivalents	\$ 104,714	\$ 6,527,875	\$ 184,804	\$ 5,171,549	\$ 349,343	\$ 715,061	\$ 3,811	\$ 686,542	\$ 86,298
Receivables					236,114			65,288	
Due from other funds					288,367		951,189	37,949	38,619
Total Assets	\$ 104,714	\$ 6,527,875	\$ 184,804	\$ 5,171,549	\$ 873,824	\$ 715,061	\$ 955,000	\$ 789,779	\$ 124,917
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable		6,874		355,774	618,808			45,937	124,917
Due to other funds									
Total Liabilities		6,874		355,774	618,808			45,937	124,917
Fund Balances									
Reserved for									
Capital Improvements	104,714	6,521,001	184,804	4,815,775	255,016	715,061	955,000	743,842	
Total Fund Balances	104,714	6,521,001	184,804	4,815,775	255,016	715,061	955,000	743,842	
Total Liabilities and Fund Balances	\$ 104,714	\$ 6,527,875	\$ 184,804	\$ 5,171,549	\$ 873,824	\$ 715,061	\$ 955,000	\$ 789,779	\$ 124,917

CITY OF MONROE
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds
 April 30, 2009

	Civic Center Improvements	US 165 Business Connector	Water Meter Replacement	Louisville Enhancement	Kansas Lane Connector	Black Bayou Pier	Capital Projects Total
ASSETS							
Cash and cash equivalents	\$ 488,854	\$ 160,311					\$ 14,392,864
Receivables		15,000	\$ 100,000		\$ 554,512	\$ 15,000	957,212
Due from other funds							1,431,124
Total Assets	\$ 488,854	\$ 175,311	\$ 100,000		\$ 554,512	\$ 15,000	\$ 16,781,200
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts and retainage payable	1,700	4,968	13,824		87,178		1,089,126
Due to other funds			12,656	\$ 23,800	194,574	15,000	416,884
Total Liabilities	1,700	4,968	26,480	23,800	281,752	15,000	1,506,010
Fund Balances							
Reserved for Capital Improvements	487,154	170,343	73,520	(23,800)	272,760		15,275,190
Total Fund Balances	487,154	170,343	73,520	(23,800)	272,760		15,275,190
Total Liabilities and Fund Balances	\$ 488,854	\$ 175,311	\$ 100,000		\$ 554,512	\$ 15,000	\$ 16,781,200

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, 2009

	N. 18TH Street Extension	Taxway C Reconstruction	Pb III Air Industrial Park	Tower Drive	Airport Industrial Park	Street Construction	Collection System Improve	Asset Management System	Fire/Drainage Improvement
REVENUES									
Fees, charges and commissions for services				\$ 146,020	\$ 4,655	\$ 97,357	\$ 5,927		\$ 9,484
Use of money and property							236,114		
Intergovernmental									
Federal grants									
State grants									
Local grants									
Total Revenues				<u>146,020</u>	<u>4,655</u>	<u>97,357</u>	<u>242,041</u>		<u>9,484</u>
EXPENDITURES									
Current									
General government				31,075	20,175	6,955	111,306		
Financial administration					12,630		312,797	\$ 32,112	174,910
Public works									
Culture and recreation				37,430	48,060	1,512,672	5,235,215		
Capital outlay				68,505	80,865	1,519,627	5,659,318	32,112	174,910
Total Expenditures				<u>77,515</u>	<u>(76,210)</u>	<u>(1,422,270)</u>	<u>(5,417,277)</u>	<u>(32,112)</u>	<u>(165,426)</u>
Excess (deficiency) of revenues over expenditures									
Other Financing Sources (Uses)									
Bond proceeds		\$ 6,099					4,086,568		
Transfers in		(6,099)	\$ (140,664)		138,072		1,000,000	32,112	
Transfers out									
Total other financing sources (uses)			<u>(140,664)</u>		<u>138,072</u>		<u>5,086,568</u>	<u>32,112</u>	
Net changes in fund balances			<u>(140,664)</u>	<u>77,515</u>	<u>61,862</u>	<u>(1,422,270)</u>	<u>(330,709)</u>		<u>(165,426)</u>
Fund balances - beginning	\$ 104,714		140,664	6,443,486	122,942	6,238,045	585,725		880,487
Fund balances - ending	\$ 104,714		\$ 6,521,001	\$ 184,804	\$ 4,815,775	\$ 255,016	\$ 715,061		\$ 715,061

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, 2009

	Water System Improvements	Passenger Facility Charge	Rehab Airfield Lighting	Masur Museum Renovations	Civic Center Improvements	US 165 Business Connector	Water Meter Replacement	Louisville Enhancement	Kausas Lane Connector
REVENUES									
Fees, charges and commissions for services		\$ 166,028			\$ 3,253				
Use of money and property		12,303							
Intergovernmental									
Federal grants			\$ 122,929		45,570				\$ 738,876
State grants									
Local grants									
Total Revenues		<u>178,331</u>	<u>122,929</u>		<u>48,823</u>				<u>738,876</u>
EXPENDITURES									
Current									
General government									
Financial administration									
Public works		2,717			207,950				
Culture and recreation	\$ 710,436		160,878		32,750	\$ 9,700	\$ 276,480	\$ 23,800	466,116
Capital outlay	710,436		160,878		240,700	9,700	276,480	23,800	466,116
Total Expenditures	<u>(710,436)</u>	<u>175,614</u>	<u>(37,949)</u>		<u>(191,877)</u>	<u>(9,700)</u>	<u>(276,480)</u>	<u>(23,800)</u>	<u>272,760</u>
Excess (deficiency) of revenues over expenditures									
Other Financing Sources (Uses)									
Bond proceeds	828,268		37,949				350,000		
Transfers in				(11,025)					
Transfers out		(100,516)							
Total other financing sources (uses)	<u>828,268</u>	<u>(100,516)</u>	<u>37,949</u>	<u>(11,025)</u>			<u>350,000</u>		
Net changes in fund balances	117,832	75,098		(11,025)	(191,877)	(9,700)	73,520	(23,800)	272,760
Fund balances - beginning	837,168	668,744		11,025	679,031	180,043			
Fund balances - ending	<u>\$ 955,000</u>	<u>\$ 743,842</u>			<u>\$ 487,154</u>	<u>\$ 170,343</u>	<u>\$ 73,520</u>	<u>\$ (23,800)</u>	<u>\$ 272,760</u>

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Capital Projects Funds
For the Year Ended April 30, 2009

	<u>Black Bayou Pier</u>	<u>Capital Projects Total</u>
REVENUES		
Fees, charges and commissions for services	\$ 166,028	
Use of money and property		278,999
Intergovernmental		
Federal grants	40,000	399,043
State grants		784,446
Local grants	65,000	65,000
Total Revenues	<u>105,000</u>	<u>1,693,516</u>
EXPENDITURES		
Current		
General government		169,511
Financial administration		535,166
Public works		207,950
Culture and recreation		
Capital outlay	158,000	8,671,537
Total Expenditures	<u>158,000</u>	<u>9,584,164</u>
Excess (deficiency) of revenues over expenditures	<u>(53,000)</u>	<u>(7,890,648)</u>
Other Financing Sources (Uses)		
Bond proceeds		4,086,568
Transfers in	53,000	2,445,500
Transfers out		(258,304)
Total other financing sources (uses)	<u>53,000</u>	<u>6,273,764</u>
Net changes in fund balances		<u>(1,616,884)</u>
Fund balances - beginning		<u>16,892,074</u>
Fund balances - ending		<u>\$ 15,275,190</u>

NONMAJOR ENTERPRISE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Net Assets
Nonmajor Enterprise Funds
April 30, 2009

	LA Purchase Gardens & Zoo	Livestock Arena	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,500		\$ 2,500
Receivables	30,732		30,732
Due from other funds		\$ 613	613
Inventories			
Prepaid expenses and other assets, net	5,172		5,172
Total current assets	<u>38,404</u>	<u>613</u>	<u>39,017</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation:			
Land			
Buildings and improvements	2,162,068	495,977	2,658,045
Other improvements	1,006,716	44,382	1,051,098
Furniture & Equipment	144,980	32,936	177,916
Vehicles			
Infrastructure			
Construction in progress			
Zoo animals	67,755		67,755
Accumulated depreciation	(2,498,194)	(573,295)	(3,071,489)
Total noncurrent assets	<u>883,325</u>	<u>613</u>	<u>883,325</u>
Total Assets	<u>921,729</u>	<u>613</u>	<u>922,342</u>
LIABILITIES			
Current liabilities			
Accounts and retainage payable	32,601	613	33,214
Due to other funds			
Deferred revenue	30,662		30,662
Total current liabilities	<u>63,263</u>	<u>613</u>	<u>63,876</u>
Noncurrent liabilities			
Notes payable - DEQ			
Compensated absences	40,986		40,986
Total noncurrent liabilities	<u>40,986</u>		<u>40,986</u>
Total Liabilities	<u>104,249</u>	<u>613</u>	<u>104,862</u>
NET ASSETS:			
Unrestricted	817,480		817,480
Total Net Assets	<u>\$ 817,480</u>		<u>\$ 817,480</u>

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Assets
Nonmajor Enterprise
For the Year Ended April 30, 2009

	<u>LA Purchase Gardens & Zoo</u>	<u>Livestock Arena</u>	<u>Total</u>
Operating revenues			
Charges for services			
Rent and fees	\$ 6,230	\$ 1,805	\$ 8,035
Admissions	219,682		219,682
Concessions and rides	101,417		101,417
Other operating revenue	11,368		11,368
Total operating revenues	<u>338,697</u>	<u>1,805</u>	<u>340,502</u>
Operating expenses			
Salaries, wages, and benefits	913,385		913,385
Materials, repairs, and supplies	265,374	750	266,124
Utilities and communications	106,369	11,094	117,463
Depreciation and amortization	64,656		64,656
Insurance	17,928		17,928
Promoter's expenses	17,916		17,916
Other operating expenses	166,544		166,544
Total operating expenses	<u>1,552,172</u>	<u>11,844</u>	<u>1,564,016</u>
Operating income (loss)	<u>(1,213,475)</u>	<u>(10,039)</u>	<u>(1,223,514)</u>
Nonoperating revenues (expenses)			
Property taxes	1,037,639		1,037,639
Total nonoperating revenues (expenses)	<u>1,037,639</u>		<u>1,037,639</u>
Income (loss) before contributions and transfer	<u>(175,836)</u>	<u>(10,039)</u>	<u>(185,875)</u>
Other Financing Sources (Uses)			
Transfers in	117,835	7,878	125,713
Change in net assets	<u>(58,001)</u>	<u>(2,161)</u>	<u>(60,162)</u>
Total net assets - beginning	<u>875,482</u>	<u>2,161</u>	<u>877,643</u>
Total net assets - ending	<u>\$ 817,481</u>	<u>\$ 2,161</u>	<u>\$ 819,642</u>

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended April 30, 2009

	Louisiana Purchase Gardens and Zoo	Livestock Arena	Total
Cash flows from operating activities			
Cash received from (returned to) customers	\$ 330,771	\$ 3,866	\$ 334,637
Cash payments to suppliers for goods and services	(578,597)	(11,744)	(590,341)
Cash payments to employees for services and benefits	(930,017)		(930,017)
Net cash provided by (used for) operating activities	<u>(1,177,843)</u>	<u>(7,878)</u>	<u>(1,185,721)</u>
Cash flows from noncapital financing activities			
Ad valorem taxes	1,045,690		1,045,690
Transfers In	117,835	7,878	125,713
Net cash provided by (used for) noncapital financing activities	<u>1,163,525</u>	<u>7,878</u>	<u>1,171,403</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	14,318		14,318
Net cash provided by (used for) financing activities	<u>14,318</u>		<u>14,318</u>
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents, May 1, 2008	<u>2,500</u>		<u>2,500</u>
Cash and cash equivalents, April 30, 2009	\$ <u><u>2,500</u></u>		\$ <u><u>2,500</u></u>
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (loss)	\$ <u>(1,213,476)</u>	\$ <u>(10,039)</u>	\$ <u>(1,223,515)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	64,656		64,656
Change in assets and liabilities			
Accounts receivable	125	2,955	3,080
Due from other funds		(613)	(613)
Prepaid expenses	(657)		(657)
Accounts payable	(3,725)	100	(3,625)
Due to other funds	(87)		(87)
Deferred revenue	(8,051)	(281)	(8,332)
Compensated absences	(16,628)		(16,628)
Net cash provided by (used for) operating activities	\$ <u><u>(1,177,843)</u></u>	\$ <u><u>(7,878)</u></u>	\$ <u><u>(1,185,721)</u></u>

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Net Assets
Internal Service Funds
April 30, 2009

	Employees' Group Insurance	Central Shop	Total
ASSETS:			
Current assets			
Cash and cash equivalents	\$ 2,065,058		\$ 2,065,058
Receivables	4,813	\$ 135	4,948
Due from other funds	858,184		858,184
Inventories		59,235	59,235
Total Current assets	2,928,055	59,370	2,987,425
Noncurrent assets			
Capital assets, net of accumulated depreciation:			
Land		45,000	45,000
Buildings and improvements		3,404,262	3,404,262
Other improvements		1,980	1,980
Furniture & Equipment		141,551	141,551
Vehicles		126,958	126,958
Accumulated depreciation		(1,075,736)	(1,075,736)
Total Noncurrent assets		2,644,015	2,644,015
Total Assets	2,928,055	2,703,385	5,631,440
LIABILITIES:			
Current liabilities			
Accounts and retainage payable		31,602	31,602
Accrued liabilities	796,086		796,086
Due to other funds	1,049,122		1,049,122
Total Current liabilities	1,845,208	31,602	1,876,810
Total Liabilities	1,845,208	31,602	1,876,810
NET ASSETS:			
Unrestricted	1,082,847	2,671,783	3,754,630
Total Net Assets	\$ 1,082,847	\$ 2,671,783	\$ 3,754,630

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

CITY OF MONROE
Monroe, Louisiana
Combining Schedule of Revenues, Expenditures,
and Changes in Net Assets
Internal Service Funds
For the Year Ended April 30, 2009

	Employees'		
	Group		
	Insurance	Central Shop	Total
Operating revenues			
Charges for Services	\$ 8,098,396	\$ 1,147,110	\$ 9,245,506
Total operating revenues	8,098,396	1,147,110	9,245,506
Operating expenses			
Benefits paid to participants	7,661,149		7,661,149
Salaries, wages, and benefits		771,960	771,960
Materials, repairs, and supplies		9,241	9,241
Utilities and communications		38,695	38,695
Depreciation and amortization		106,763	106,763
Shop expenses		621,652	621,652
Other operating expenses	2,920	15,591	18,511
Total operating expenses	7,664,069	1,563,902	9,227,971
Operating income (loss)	434,327	(416,792)	17,535
Nonoperating revenues (expenses)			
Interest income	7,720		7,720
Interest expense		(6,009)	(6,009)
Total nonoperating revenues (expenses)	7,720	(6,009)	1,711
Income (loss) before contributions and transfer	442,047	(422,801)	19,246
Other Financing Sources (Uses)			
Transfers in	1,049,247	484,648	1,533,895
Transfers out	(408,447)		(408,447)
Change in net assets	1,082,847	61,847	1,144,694
Total net assets - Beginning		2,609,936	2,609,936
Total net assets - Ending	\$ 1,082,847	\$ 2,671,783	\$ 3,754,630

CITY OF MONROE
Monroe, Louisiana
Proprietary Fund Type - Internal Service Funds
Combining Schedule of Cash Flows
For the Year Ended April 30, 2009

	<u>Employees' Group Insurance</u>	<u>Central Shop</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 8,122,147	\$ 1,147,170	\$ 9,269,317
Cash payments to suppliers for goods and services	(2,920)	(669,582)	(672,502)
Cash payments to employees for services and benefits	(7,158,648)	(772,170)	(7,930,818)
Net cash provided by (used for) operating activities	<u>960,579</u>	<u>(294,582)</u>	<u>665,997</u>
Cash flows from noncapital financing activities			
Transfers in	1,049,247	484,648	1,533,895
Transfers out	(408,447)		(408,447)
Net cash provided by noncapital financing activities	<u>640,800</u>	<u>484,648</u>	<u>1,125,448</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets		(6,549)	(6,549)
Interest income	7,720		7,720
Principal paid on debt		(177,508)	(177,508)
Interest paid on debt		(6,009)	(6,009)
Net cash provided by (used for) financing activities	<u>7,720</u>	<u>(190,066)</u>	<u>(182,346)</u>
Net increase (decrease) in cash and cash equivalents	1,609,099		1,609,099
Cash and cash equivalents, May 1, 2008	<u>455,959</u>		<u>455,959</u>
Cash and cash equivalents, April 30, 2009	<u>\$ 2,065,058</u>		<u>\$ 2,065,058</u>
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (loss)	\$ 434,327	\$ (416,792)	\$ 17,535
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation		106,763	106,763
Changes in assets and liabilities			
Accounts receivable	84,106	60	84,166
Due from other funds	(60,355)		(60,355)
Inventories		2,381	2,381
Accounts payable	(246,621)	13,006	(233,615)
Due to other funds	749,122		749,122
Net cash provided by (used for) operating activities	<u>\$ 960,579</u>	<u>\$ (294,582)</u>	<u>\$ 665,997</u>

OTHER MISCELLANEOUS SCHEDULES

CITY OF MONROE
Monroe, Louisiana
Schedule of Assessed Valuation
and Ad Valorem Property Tax Levy
for the 2008 Tax Roll

Assessed Valuation	<u>\$ 382,837,525</u>
Tax Rate per thousand dollars (Mills)	<u>27.01</u>
Gross Tax Levy	\$ 10,340,442
Plus: Adjustments	109,406
Adjusted Tax Levy	<u>\$ 10,449,848</u>
Tax Collected	
2008 Tax Roll	\$ 10,225,569
Prior Years Tax Rolls	278,068
Total	<u>\$ 10,503,637</u>

ALLOCATION OF TAXES COLLECTED	<u>MILLS</u>	
General Fund	10.70	\$ 4,144,249
Recreation Center Maintenance	1.88	727,893
Public Safety	1.06	410,402
Drainage Maintenance	1.31	507,198
City Court Bonds		5,970
Civic Center Complex	2.68	1,037,638
Louisiana Purchase Gardens & Zoo	2.68	1,037,639
Capital Improvements	3.48	1,347,381
Police Department	1.61	623,355
Fire Department	1.61	623,352
Grasscutting Collections	-	32,454
Demolition Collections	-	6,106
Total	<u>27.01</u>	<u>\$ 10,503,637</u>

GENERAL BONDED DEBT SUPPORTED BY TAX LEVY	
City Court and Jail	<u>\$ 170,000</u>

PERCENT OF BONDED DEBT TO ASSESSED VALUATION 0.04%

CITY OF MONROE
Monroe, Louisiana
Schedule of Ad Valorem Taxes Receivable
As of April 30, 2009

Tax Year	Balance at April 30, 2008	2008 Tax Roll	Supplemental Assessments	Cancellations And Other Adjustments	Collections	Balance at 4/30/09	Allowance For Uncollectible Taxes	Estimated Collectible Taxes at 4/30/09
1994				\$ 74	\$ (74)			
1995				81	(81)			
1996				81	(81)			
1997				210	(210)			
1998				210	(210)			
1999				240	(240)			
2000				233	(233)			
2001				259	(259)			
2002				674	(674)			
2003	\$ 30,528				(932)	\$ 29,596	\$ (28,116)	\$ 1,480
2004	233,835				(3,600)	230,235	(207,212)	23,023
2005				1,053	(1,053)			
2006	17,591		\$ 1,701	(2,696)	(3,462)	14,129	(7,065)	7,064
2007	383,707		142,959	(33,553)	(266,959)	115,753	(28,938)	86,815
2008		\$ 10,340,442			(10,225,569)	224,279	(33,642)	190,637
Totals	\$ 665,661	\$ 10,340,442	\$ 144,660	\$ (33,134)	\$ (10,503,637)	\$ 613,992	\$ (304,973)	\$ 309,019

	Balance at April 30, 2008	Balance at April 30, 2009	Applicable Millages at 4/30/09	Applicable Millages as % of Total Millages
ALLOCATION OF FUNDS				
General Fund	\$ 314,762	\$ 247,695	21.65	80.16%
Debt Service Funds:				
Pub. Imp. Bonds - Court	8,667			0.00%
Enterprise Funds:				
Civic Center	38,713	30,662	2.68	9.92%
La. Purchase Gardens & Zoo	38,713	30,662	2.68	9.92%
Totals	\$ 400,855	\$ 309,019	27.01	100.00%

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2009
 (unaudited)

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Aco Property & Casualty	Monroe Municipal Airport	General Aggregate Property damage liability Single limit bodily injury Personal & advertising injury Medical expense limit (any one person) Fire damage Hangarkeeper's liability Each aircraft Each occurrence	\$10,000,000 10,000,000 10,000,000 5,000,000 5,000 100,000 10,000,000 10,000,000	N/A N/A N/A N/A N/A N/A 1,000 1,000	4/7/2010
James Rivers Insurance Co	Black Bayou	General Aggregate Products Personal Injury Each Occurrence Fire Damage	2,000,000 included 1,000,000 1,000,000 50,000	5,000	7/30/2009
Continental Casualty	Communication Tower	Fire, Vandalism, Explosion, & Collapse	111,526	1,000 5000/lightning	10/28/2009
Scottsdale Insurance Company	Chenault Park & Golf Course	General liability Personal & advertising injury Each occurrence Medical Expense-Each	4,000,000 1,000,000 1,100,000 5,000	500 500 500	5/23/2009
Great Amer. Insurance Co.	Golf Carts	General Liability	318,179	500	6/12/2009
St. Paul's Travelers	Employees @ various locations	Dishonesty Bond	100,000		12/15/2009
Travelers Property Casualty	David Barnes	Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A	1/10/2010
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	1/10/2010
Travelers Property Casualty	David Barnes	Surety bond as collector for the City of West Monroe	50,000	N/A	1/10/2010
Travelers Property Casualty	David Barnes	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	1/10/2010

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2009
 (unaudited)

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
St. Paul Surety	David Barnes	Surety bond as tax collector for Town of Richwood & Town of Sterlington	100,000	N/A	3/15/2010
Scottsdale Insurance Company	General Liability & Employers Liability	Bell South Payment Drop-off Liability Each Accident Aggregate Limit	1,000,000 1,000,000 4,000,000	N/A	7/9/2009
Southern Insurance Company	Various Buildings EDP	Blanket Bldg & Contents Wind & Hail	64,055,902 1,249,000	2,500 25,000 1,000	1/15/2010
Hanover	Monroe Civic Center	Blanket Building Coverage	36,275,200		8/16/2009
James River Insurance Company	Monroe Civic Center	General Liability: General-aggregate Products-completed operations aggregate Personal and advertising injury limit Each occurrence Fire Damage Limit Medical Expense Limit Liquor Liability Each Common Cause Liquor Liability Aggregate	2,000,000 2,000,000 1,000,000 1,000,000 100,000 5,000 1,000,000 1,000,000	5,000	3/1/2010
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		3/1/2010
Great American Insurance	Marquee Sign	Liability	156,000		6/3/2010
Scottsdale Insurance Company	La Purchase Gardens & Zoo	General Aggregate Operations Aggregate Property Damage Personal Injury	1,000,000 1,000,000 1,050,000 100,000	500 500 500 500	8/20/2009
St. Paul's Travelers	Boiler & Machinery @ pump stations & various locations	Comprehensive	25,000,000	2,500	4/1/2010
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	10/1/2009

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Insurance
 April 30, 2009
 (unaudited)

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Safety National	Workers Comp & Employers Liability	Employers Liability Maximum Limit of Indemnity per Occurrence Maximum Limit of Indemnity per Occurrence Self-insured Retention per occurrence	1,000,000 25,000,000	1,250,000	5/1/2009
Republic Vanguard Insurance Co. Essex Ins Co.	Fire Department Mobile Unit Fire Dept. Mobile Unit	Combined Liability Liability General Aggregate Fire Damage Each Occurrence Personal Injury	1,000,000 1,000,000 50,000 1,000,000 1,000,000		8/21/2009 8/21/2009
Great American Insurance Capital Specialty Insurance Corp	Fire Department Mobile Unit Welcome to Monroe Sign	Liability General Liability General Aggregate Limit Each Occurrence Limit Medical Expense Limit	33,574 2,000,000 1,000,000 5,000	500	8/21/2009 1/24/2010
Lloyd's, London	Coolley House	Building	200,000		8/15/2009

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Long-term Obligations
 For the Year Ended April 30, 2009

Issue Dates	Interest Rates	Original Amount	Balance		Retired	Principal Maturity Schedule For Future Years
			April 30, 2008	April 30, 2009		
GOVERNMENTAL ACTIVITIES						
General Obligation Bonds:						
Public Improvements						
2003	2.75% - 3.10%	\$ 1,060,000	\$ 335,000	\$ 170,000	165,000	\$165,000 - \$170,000 to March 1, 2010
		<u>1,060,000</u>	<u>335,000</u>	<u>170,000</u>	<u>165,000</u>	
Total General Obligation Bonds						
Tax Incremental Bonds:						
2007	4.125% - 5.00%	11,770,000	11,090,000	10,645,000	445,000	\$445,000 - \$930,000 to March 1, 2025
2003	3.10% - 4.75%	16,000,000	12,245,000	-	12,245,000	\$920,000 - \$1,280,000 to March 1, 2021
2005	4.25% - 4.60%	5,000,000	4,370,000	-	4,370,000	\$280,000 - \$465,000 to March 1, 2020
		<u>32,770,000</u>	<u>27,705,000</u>	<u>10,645,000</u>	<u>17,060,000</u>	
Total Tax Incremental Bonds						
Certificates of Indebtedness:						
2004C	3.75%	2,450,000	1,795,000	1,525,000	270,000	\$270,000 - \$330,000 to April 2014
2004A	3.45%	653,532	133,492	-	133,492	\$ 311,000 to April 1, 2009
		<u>3,183,532</u>	<u>1,928,492</u>	<u>1,525,000</u>	<u>403,492</u>	
Total Certificates of Indebtedness						
Sales Tax Bonds:						
2002	4.00% - 7.00%	26,000,000	13,245,000	12,490,000	755,000	\$755,000 - \$1,335,000 to July 1, 2020
2002A	3.45% - 4.80%	15,000,000	14,450,000	14,325,000	125,000	\$125,000 - \$1,835,000 to July 1, 2027
2003	3.25% - 5.50%	22,400,000	20,125,000	19,500,000	625,000	\$625,000 - \$1,725,000 to July 1, 2027
2006	3.45%	3,000,000	3,000,000	3,000,000	-	\$105,000 - \$205,000 to July 1, 2028
		<u>66,400,000</u>	<u>50,820,000</u>	<u>49,315,000</u>	<u>1,505,000</u>	
Total Sales Tax Bonds						
Refunding Bonds:						
1998	4.80% - 5.05%	7,565,000	2,730,000	2,060,000	690,000	\$335,000 - \$725,000 to March 1, 2013
2007	4.002%	29,340,000	29,340,000	28,180,000	1,160,000	\$1,140,000 - \$3,280,000 to July 2026
Series 2007A		(1,290,626)	(1,075,522)	(860,418)	215,104	
Deferred Amount of Refunding		26,365,000	-	1,700,000	24,665,000	
Series 2008 1-20 Development	4.00% - 5.50%	(1,462,775)	-	(1,253,807)	208,968	\$1,105,000 - \$2,145,000 to March 1, 2025
Deferred Amount of Refunding		60,516,599	31,014,478	32,790,775	3,974,072	
		<u>60,516,599</u>	<u>31,014,478</u>	<u>32,790,775</u>	<u>3,974,072</u>	
Total Refunding Bonds						
Utility Revenues Bonds:						
2001	3.45%	24,300,000	20,742,897	19,775,877	967,020	\$1,105,000 - \$1,905,000 to June 30, 2023
2003	3.45%	10,000,000	8,565,000	8,170,000	395,000	\$395,000 - \$710,000 to June 1, 2023
2005	3.45%	11,000,000	3,663,439	3,781,377	370,000	\$370,000 - \$775,000 to July 1, 2027
2008	0.950%	14,000,000	98,630	98,630	-	\$640,000 - \$765,000 to July 1, 2030
		<u>59,300,000</u>	<u>32,971,356</u>	<u>35,225,884</u>	<u>1,732,020</u>	
Total Utility Revenue Bonds						
Other:						
2007	4.73% - 5.59%	-	7,853,787	7,303,139	698,778	\$149,131 - \$249,492 to March 1, 2021
	3.88%	-	2,448,430	2,309,299	149,131	\$139,100 - \$163,907 to November 15, 2012
		-	2,839,077	2,299,953	559,124	
		-	4,915,222	5,472,528	1,400,497	
		-	1,622,652	1,622,652	-	
		-	18,086,516	19,007,571	2,807,530	
		<u>170,480,532</u>	<u>162,860,822</u>	<u>168,779,230</u>	<u>27,647,114</u>	
TOTAL GOVERNMENTAL ACTIVITIES						

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Long-term Obligations
 For the Year Ended April 30, 2009

	Issue Dates	Interest Rates	Original Amount	Balance April 30, 2008	Issued	Retired	Balance April 30, 2009	Principal Maturity Schedule For Future Years
INTERNAL SERVICE FUND								
Refunding COI (Central Warehouse and Shop)	2004A	3.45%	816,468	177,508	-	177,508	-	B See Amortization above 2004A
Total internal service fund debt			<u>816,468</u>	<u>177,508</u>		<u>177,508</u>		
BUSINESS TYPE ACTIVITIES								
CITY CENTER								
Taxable Refunding Certificates of Indebtedness	2004B	6.00%	173,000	39,000	-	39,000	-	\$39,000 in April 2009
Total Civic Center			<u>173,000</u>	<u>39,000</u>		<u>39,000</u>		
SEWER DEPARTMENT								
Utility Revenue Bonds:								
Series 2001 - DEQ	2001 A	3.45%	2,500,000	2,392,103	-	97,980	2,294,123	A See Amortization above 2001 - DEQ
Total Sales Tax Bonds			<u>2,500,000</u>	<u>2,392,103</u>		<u>97,980</u>	<u>2,294,123</u>	
ALL DEPARTMENTS								
Other:								
Accrued Vacation and Sick Pay			-	1,110,105	584,494	664,651	1,029,948	
TOTAL BUSINESS TYPE ACTIVITIES			\$ 3,482,468	\$ 3,718,716	\$ 584,494	\$ 979,139	\$ 3,324,071	

(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 \$1,457,000 issue. The \$816,468 is recorded directly on the Internal Service Fund books and the \$635,532 is recorded as general government debt. All are payable from general revenues.

CITY OF MONROE
Monroe, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES

As of and For the Year Ended April 30, 2009

COMPENSATION PAID TO COUNCIL MEMBERS

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

CITY OF MONROE
Monroe, Louisiana
Schedule of Compensation Paid to Council Members
For the Year Ended April 30, 2009

Jay Marx	District 1	\$ 12,000
Ben Katz	District 2	12,000
Arthur Gilmore	District 3	12,000
Robert Stevens, Chairman	District 4	18,000
Robert Johnson	District 5	7,846
Ruben L. Oliver, Sr.	District 5	3,692
Total		<u>\$ 65,538</u>

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

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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

John Herman, CPA
Lynn And'les, 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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2009. 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 a 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 09-01 through 09-05 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 findings 09-01 and 09-02 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as items 09-01.

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 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.

Steffens, Huffman, Reynolds, & Squires

(A Professional Accounting Corporation)

October 30, 2009

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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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 April 30, 2009. 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.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended April 30, 2009.

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.

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

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of, management, the City Council, Legislative Auditor for the State of Louisiana and Federal awarding agencies and pass-through entities and 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.

Luffey, Huffman, Reynolds, & Siggins

(A Professional Accounting Corporation)

October 30, 2009

CITY OF MONROE
 Monroe, Louisiana
 Schedule of Expenditures of Federal Awards
 For the Year Ended April 30, 2009

Federal Grantor / Pass-Through Grantor / Program Title	CFDA No.	Pass-Through Grant Number	Grant Identification Number	Federal Expenditures
U. S. Department of Housing and Urban Development				
<i>Direct:</i>				
Community Development Block Grant - 2007	14.218	N/A	B-07-MC-22-0005	446,768
Community Development Block Grant - 2008	14.218	N/A	B-08-MC-22-0005	433,249
Home Investment Partnership Grant - 2006	14.239	N/A	M-06-MC-22-0206	212,013
Home Investment Partnership Grant - 2007	14.239	N/A	M-07-MC-22-0206	313,735
Home Investment Partnership Grant - 2008	14.239	N/A	M-08-MC-22-0206	14,548
<i>Pass-Through Programs:</i>				
LA Dept of Social Services/Office of Community Services Emergency Shelter Grants Program - 2006	14.251	636077	N/A	66,928
Emergency Shelter Grants Program - 2007	14.251	650095	N/A	42,197
Total Dept. Housing & Urban Development				<u>1,510,401</u>
U. S. Department of Justice				
<i>Direct:</i>				
Office of Justice Program (JAG)-06	16.738	N/A	2006-DJ-EX-0851	20,068
Office of Justice Program (JAG)-07	16.738	N/A	2007-DJ-EX-1083	61,359
Office of Justice Program (JAG)-08	16.738	N/A	2008-DJ-EX-0649	6,186
<i>Pass-Through Programs:</i>				
LA Off. of the Governor/LA Commission on Law Enforcement & Admin. of Criminal Justice Edward Byrne Memorial Formula Grant, DARS Program Fund	16.579	ED9-2-006	N/A	32,999
Total Department of Justice				<u>128,612</u>
U. S. Department of Transportation				
<i>Direct:</i>				
<i>Airport Improvement Program:</i>				
Rehab Airfield Lighting	20.106	N/A	DTPAWA-06-A-00015	88,298
Rehab Airfield Lighting-Phase III	20.106	N/A	3-22-0035-024-2007	36,631
Terminal Plans & Specifications	20.106	N/A	3-22-0033-035-2008	1,006,966
Small Community Air Service Development Program	20.990	N/A	WA02006-8-8-013	44,372
<i>Federal Transit Authority Program:</i>				
Capital (Buses & Bus Related Equipment)	20.507	N/A	LA-03-0114-00	7,498
Capital (Bus & Bus Facilities)	20.507	N/A	LA-04-0016-00	25,563
Capital (Bus & Bus Facilities)	20.507	N/A	LA-06-3263-00	29,981
Capital, Operating and Planning	20.507	N/A	LA-90-3275-00	273,742
Capital, Operating and Planning	20.507	N/A	LA-90-3285-00	184,529
Capital and Operating	20.507	N/A	LA-90-3302-00	117,188
Capital and Operating	20.507	N/A	LA-90-3319-00	2,171,635
<i>Pass-Through Programs:</i>				
LA Recreation Trails/Office of State Parks/Dept of Culture, Recreation & Tourism Recreational Trails Program	20.219	07LRT-OCIS-0191	745-37-9003	40,000
LA Highway Safety Commission State and Community Highway Safety	20.600	PT 2008-37-00-00	N/A	12,928
State and Community Highway Safety	20.600	PT 2009-49-00-09	N/A	13,705
LA Dept of Transportation and Development Job Access Reverse Commute	20.516	LA-37-3023	741-57-0120	109,847
Total Department of Transportation				<u>4,164,883</u>
Environmental Protection Agency				
<i>Direct:</i>				
State and Tribal Assistance Grant (STAG)	66.817	N/A	XP93082601	226,114
<i>Pass-Through Programs:</i>				
LA Dept of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds Total Environmental Protection Agency	66.458	N/A	N/A	<u>4,086,568</u>
				<u>4,312,682</u>
U. S. Department of Homeland Security				
<i>Direct:</i>				
Assistance to Firefighters Grant: Staffing for Adequate Fire & Emergency Response (SAFER)	57.044	N/A	EMW-2007-FE-01246	333,551
Transportation Security Administration	57.090	N/A	HSTSO2008HSLR215	150,841
<i>Pass-Through Programs:</i>				
LA Governor's Office of Homeland Security and Emergency Preparedness (OOHSEP) Disaster Grants-Public Assistance (FEMAone Grants)	57.036	FEMA-1186-D8-LA	N/A	611,251
Hazard Mitigation Project-LA Flood Planning	57.039	1607-073-0095	N/A	23,560
Uniform Construction Code Implementation	57.039	1603-D8-LA-0002	N/A	30,879
State Homeland Security Program- LSTPP	57.067	2006-08-76-0049	N/A	59,654
State Homeland Security Program- LSTPP	57.067	2007-08-77-0019	N/A	62,049
Total U. S. Department of Homeland Security				<u>1,271,885</u>
U.S. Department of the Interior- National Park Service				
<i>Pass-Through Programs:</i>				
LA Division of Historic Preservation/Office of Cultural Dev./Dept of Culture, Recreation & Tourism Historic Preservation Fund Grants-In-AM- Preservation Planning	15.904	22-07-21622	N/A	1,500
Historic Preservation Fund Grants-In-Aid-Cooley House Roof	15.904	22-07-21622	N/A	37,424
Total U.S. Depart of the Interior- National Park Service				<u>64,824</u>
U.S. Department of Health and Human Services				
<i>Pass-Through Programs:</i>				
Jefferson Parish Sheriff's Office/West Monroe Police Department Drug-Free Communities Support Program- High Intensity Drug Trafficking Area (HIDTA)	93.376	17PGCP502Z	N/A	7,361
Drug-Free Communities Support Program- High Intensity Drug Trafficking Area (HIDTA)	93.376	18PGCP502Z	N/A	42,631
Total U.S. Department of Health and Human Services-Office of National Drug Policy				<u>60,294</u>
Total Federal Expenditures				<u>\$ 11,514,532</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF MONROE
Monroe, Louisiana
Notes to Schedule of Expenditures of Federal Awards
As of And For The Year Ended April 30, 2009

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, 2009. 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 \$571,336 at April 30, 2009.

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, 2009:

	Federal Awards	Nonoperating Revenues - Operating Grants	Other Financing Sources	Total
Revenues				
General Fund	\$ 850,413	\$ -	\$ -	\$ 850,413
Special Revenue Funds	1,925,663	-	-	1,925,663
Capital Projects Funds	1,406,009	-	4,086,568	5,492,577
Enterprise Funds	-	3,068,425	-	3,068,425
Total per Financial Statements	4,182,085	3,068,425	4,086,568	11,337,078
Plus Expense Reimbursements	177,474	-	-	177,474
Total per Schedule of Expenditures of Federal Awards	\$ 4,359,559	\$ 3,068,425	\$ 4,086,568	\$ 11,514,552

CITY OF MONROE
Monroe, Louisiana
Notes to Schedule of Expenditures of Federal Awards
As of And For The Year Ended April 30, 2009

Note 5 - Funds Provided to Subrecipients

Of the Federal expenditures presented on this schedule, the City provided \$192,067 through the Community Development Block Grants, Home Investment Partnership Grants and the Emergency Shelter Grant Programs to subrecipients.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

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 None Reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program
20.106	Airport Improvement Grant
66.458	Capitalization Grant for Clean Water State Revolving Funds
97.036	Disaster Grants – Public Assistance
97.044	Staffing for Adequate Fire & Emergency Response (SAFER)

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

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*:

09-01 INTERNAL CONTROLS AT TAXATION AND REVENUE DIVISION

Finding:

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

The internal investigation began when management noted unusual behavior on the part of employees at the Taxation and Revenue Division office. Employees had become evasive and often refused to answer questions about normal operating activities. This aroused suspicions about possible policy violations and the investigation revealed that employees were hesitant to speak about operations for fear of losing their jobs. The Director allegedly used coercion over the employees to ensure that his actions were not questioned. The knowledge about any policy violations by the employees was not conveyed to the Director's superiors.

The Director's technique for overriding controls was centered on the delinquent sales tax accounts over which he had the final authority. It was at his discretion whether to refer grossly delinquent accounts to the legal department. He used this authority to negotiate with sales tax vendors about delinquent accounts/payout schedules and overrode controls by having the sales tax vendors mail their checks directly to him rather than being opened by cashiers and processed through the cash register as the City policy dictates. When some checks were received by him, he would have the check cashed by a cashier without entering the payment into the computer or processing the sales tax return therefore not giving the vendor credit for filing. As a result, the cashier would still balance at the end of the day.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

In addition, policies and procedures provide for the revenue technician to mail delinquent tax notices bimonthly and to review the list of delinquent sales taxes once per month. The Director would override that control by taking the letters and telling the technician he would mail them himself. A broad window of at least six months elapsed without any delinquent account mailings due to the City implementing a process of scanning returns and a lack of manpower. The zero dollar returns were not being entered into the sales and use tax system during that period, therefore creating an exaggerated and inaccurate delinquent list.

Per the City's policies and procedures, the Taxation and Revenue Division serves as the central revenue-collecting center for the City of Monroe and also collects sales taxes for the other political subdivisions of Ouachita Parish. Insurance paperwork has been started to recover some of the losses, but cannot be completed until the extent of the loss is known. The insurance policy for losses of this type has a maximum coverage of \$100,000. It appears the majority of the losses fell within the city limits.

Recommendation:

We recommend clarifying the definition of a grossly delinquent account with a specified number of days and forwarding all such accounts to legal is another method of minimizing the ability of management to override controls. In addition, upon release of the report from the Legislative Auditors Office, we recommend complete analysis of the report and implementation of the recommendations.

We further suggest training employees on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedure violations exists. Occupational frauds are much more likely to be detected by a tip rather than by audits, controls, or any other means. Therefore, we recommend the creation of an anonymous, publicized, independent fraud hotline for employees, citizens and vendors to report suspected fraud, waste or abuse of public funds. A tip hotline is an effective and economical way of identifying such cases, especially in those instances where individuals may be apprehensive about coming forward.

Management's Corrective Action Plan:

Employees have been and will continue to be trained on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedure violations exist. Sales tax collection processing software will be purchased that will have built-in controls and audit trails of control overrides. Outside legal assistance is being obtained to assist with the large volume of delinquents. Management is discussing the implementation of a tip hotline.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

09-02 INTERNAL CONTROLS AT THE CIVIC CENTER

Finding – Design of Internal Controls

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

Weaknesses found included:

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

Recommendation:

We recommend that written internal controls be revised to include unwritten rules and provisions for: segregation of duties, reconciliations of tickets sold with deposits, timeliness of deposits, reconciliation of the safe, access restrictions to the safe and forms of payment permitted for refunds.

Management's Corrective Action Plan:

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

Finding – Design of Internal Controls

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

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

a hand-written receipt being issued upon delivery. Weaknesses found included:

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

Recommendation:

We recommend that internal controls be established for the entire sales tax collection process for the Civic Center from the original sale of the merchandise through the deposit of the funds in the bank and its recording in the sales tax revenue system. Where applicable, this would include controls over the cash drawers and reconciliation of the receipts in the event folders with the revenue recognized in the sales tax revenue system corresponding to the event.

These controls would be comprised of written policies and procedures providing that every vendor selling merchandise at the Civic Center to be given one instruction sheet, one application for a sales tax number and one revenue collection sheet. The instruction sheet will note that they are to submit the application, revenue collection sheet and, when appropriate, sales tax collected in a lock box at the end of the event. In addition, the instructions will relate that their tax identification number and a receipt for sales tax will be mailed to them; if they have not received them within 30 days to contact the Taxation and Revenue division. These vendors should be registered as occasional filers.

The Civic Center will be responsible for safeguarding the lock box from the beginning of the event until funds are turned over to the Taxation and Revenue Division no later than ten a.m. on the next business day after the end of the event. The Civic Center will also be responsible for giving a complete list of all vendors to the Taxation and Revenue Division. The Taxation and Revenue Division will maintain possession of all keys to the lock box. Upon delivery of the funds to the Taxation and Revenue Division, the cashier will, along with another person, unlock the box, remove contents and return box to the Civic Center employee. The applications will be processed, revenue will be reconciled with the revenue collection sheets and logged into the computer, the monies will be readied for deposit, and receipts will be sent out to the new vendors noting their new tax identification number. The list of total vendors provided by the Civic Center should be compared to the actual vendors turning in funds. Two persons must always be present when the monies are counted.

CITY OF MONROE
Monroe, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2009

We further suggest training employees on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedures violations exists.

Management's Corrective Action Plan:

All procedures at the Tax & Revenue Division are being reviewed. New sales tax collection software will be purchased within the next year that will hopefully accommodate event sales tax collections. A lock box system is planned for collecting taxes at Civic Center events involving multiple vendors, with the controls recommended as part of the process. Improvement in communications between the Civic Center and Tax & Revenue concerning such events will be a critical part of the process.

Finding – Operation of Internal Controls

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

- A. Written controls state that "all cash received during the day is deposited" in the bank. Review of receipts indicated that deposits were held on occasion for extensive periods of time. For example, one deposit tested comprised ten Ticketmaster payments whose check dates ranged from 12 to 166 days prior to deposit.
- B. Controls dictate that reconciliation of events must occur upon completion of event. We reviewed two events and evidence indicates that reconciliation did not occur in either case. In addition, monies collected are greater than the documentation supports in both events.
- C. Written controls on cash handling dictate that ticket sellers must balance their drawer, have it verified by either the box office manager or seller supervisor, then the Ticket Seller Sheet is completed and signed. The two events we reviewed either did not have Ticket Seller Sheets available or they were not completed in the manner dictated. In addition, almost half (five of eleven) of the drawers reviewed did not balance.

Recommendation:

We recommend that funds be deposited in a timely manner, events be reconciled upon completion with audits of all events with revenues greater than a predetermined amount, random audits of all functions including concessions and ticket sales, and reconciliation of the safe on a regular basis. We further suggest training employees on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedures violations exists.

Management's Corrective Action Plan:

Funds will be deposited in a timely manner, events will be reconciled upon completion of event, and audits will be performed on events with revenues greater than a predetermined amount. Random audits will include all function at the Civic Center including concessions and ticket sales. Random audits are performed on the safe and other cash on hand at the Civic Center.

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09-03 PARKS AND RECREATION DIVISION FEE SCHEDULE

Finding:

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

- A. We found the fee schedule failed to attain approval by ordinance as required by Section 2-11 A.(7) of the Charter for the City of Monroe adopted by the Monroe Charter Commission, August 1979: An act requiring an ordinance shall include but not be limited to those which: Regulate the rate or other charges for service by the City.
- B. The fee schedule for the recreation centers indicates that no fee is to be charged to those renting facilities for funeral purposes. As the City incurs costs to rent said facilities, not charging a fee sufficient to cover those costs would constitute a donation of public funds. In our audit testwork, we found eight rentals for funeral purposes at five different locations none of which were charged a fee. Based upon normal rental rates per fee schedule, this equates to \$525 in lost revenue in these eight instances.
- C. Policies and procedures dictate that tennis court usage fees for lessons be paid to the instructor, however, deposits tested failed to indicate where the instructor paid said fees to the City and sign in sheets for said deposits showed no fee charged in 228 cases (\$342 in lost revenue).
- D. We also discovered an instance where a religious organization was not charged a fee for three rentals based on the classification of the tent revival as a "charitable event". The fee for such events is designated by contract due to the large number of attendees expected (1,450) but normal rental fees indicate that at least \$262 in revenues would have been earned.
- E. Twelve additional cases (\$2,028) of charging fees less than the fee schedule were discovered in the deposits reviewed.

Recommendation:

We recommend that fee schedules be clarified to ensure that set fees are in place for all instances, that those fees are appropriate and cover the costs incurred by the City for said occasions, and that the schedules are approved by ordinance. In addition, department heads, division heads, supervisors and other employees should be instructed as to their responsibilities as City employees to safeguard City property and assets and of the consequences they could face if they are discovered having misappropriated, including failing to collect, any assets of the City.

Management's Corrective Action Plan:

The fee schedule will be updated to ensure that set fees are in place for all instances, that the fees are appropriate and over the costs incurred by the City for said occasions, and that the schedules are approved by ordinance. In addition, department heads, division heads, supervisors and other employees will be instructed as to their responsibilities as City employees to safeguard City

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property and assets and of the consequences they could face if they are discovered having misappropriated, including failing to collect, any assets of the City.

09-04 INTERNAL CONTROLS AT THE PARKS AND RECREATION DIVISION

Finding – Design of Internal Controls

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

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

Recommendation:

We recommend that written internal controls be revised to include unwritten rules and be consistent across locations. We further suggest that written internal controls include provisions for segregation of duties, control and issuance of receipt books, reconciliations of receipts with deposits, timeliness of deposits, reconciliation of the safe, and forms of payment permitted.

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Management's Corrective Action Plan:

Written internal controls will be updated to include unwritten rules and procedures, with controls being applied consistently at all locations. Controls will be written that include provisions for segregation of duties, reconciling and auditing receipt books, and clarification of the permissible forms of payments. Written procedures will also include deposit procedures, including the timeliness of deposits.

Finding – Operation of Internal Controls

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

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

Recommendation:

We recommend that funds be deposited in a timely manner and deposits be randomly audited on a regular basis for adherence to controls. We further suggest training employees on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedures violations exists.

Management's Corrective Action Plan:

Funds will be deposited in a timely manner and deposits will be audited on a regular basis for adherence to controls. Employees will be trained on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedures violations exist.

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09-05 INTERNAL CONTROLS AT PRE-TRIAL DIVERSION PROGRAM

Finding – Design of Internal Controls

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

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

Recommendation:

We recommend that written internal controls be implemented and include provisions for issuance of receipt books by an independent party, reconciliations of pre-numbered receipt books with deposits and reconciliation of individuals sent to the program with those that enroll in the program. We further recommend that the collection of fees be reassigned to a party independent of the program, notably the cashiers at the Fourth Street office, whereby they can send a payment report to the Director of the Pre-Trial Diversion Program daily.

Management's Corrective Action Plan:

Written internal controls will be implemented and include provisions for issuance of receipt books by an independent party, reconciliations of pre-numbered receipt books with deposits and reconciliation of individuals sent to the program with those that enroll in the program. Management will consider the collection of fees be reassigned to a party independent of the program, possibly at the Tax and Revenue office, whereby they can send a payment report to the Director of the Pre-Trial Diversion Program daily.

Finding – Operation of Internal Controls

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

- A. We interviewed the program director who indicated that deposits were to be made weekly. In our review of 30 individuals who entered the program during the year, none of the funds

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received were deposited within one weeks time. Funds were held for as long as 23 days before deposit.

- B. The pre-numbered receipt books indicated 481 receipts were issued for the year whereas the Fee Summary Report accounted for the issuance of 497 receipts.
- C. There were inconsistencies in the amount of fees paid and time spent in the program for the same offense.
- D. Review of the individual files indicates that program requirements outlined in the program descriptions are not being implemented including: requirements to enter program, counseling, education, employment, and community service.

Recommendation:

We recommend that funds be deposited in a timely manner, pre-numbered receipt books be reconciled with receipts on a regular basis, and that the program be operated in a manner consistent with the requirements and goals to ensure equal opportunity. We further suggest training employees on proper operating procedures and the consequences of failing to follow said procedures, ethical responsibilities of City employees, and steps to take when knowledge of policy and procedures violations exists.

Management's Corrective Action Plan:

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

Section III: There are no findings or questioned costs for Federal Awards, including those specified by OMB Circular A-133.

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Summary Status of Prior Year Findings

The following is a summary of the status of the prior year findings included in the Luffey, Huffman, Ragsdale & Soignier, (APAC) audit report and management letter dated October 31, 2008, 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, 2008.

08-01 FUND RAISING ACTIVITIES

Finding:

The City of Monroe Police Department (MPD) provides an officer and a vehicle to support the O.K. (Our Kids) Program of Monroe (OK). It appears that OK is a non-profit organization. Article 7 Section 14 of the Louisiana State Constitution prohibits governments from distributing public funds to other organizations without demonstrating a direct benefit to the government itself. In order to indicate the benefits of supporting a local organization, a municipality should enter into a formal agreement, such as a cooperative endeavor agreement, between the parties involved. No such agreement exists between the City/MPD and OK. Therefore, the City may be in violation of the Louisiana State Constitution.

In addition, as per an agreement between the City and OK, net proceeds from the Bayou Black Open Rodeo held in August 2007 were to be split evenly between the two parties. The total net income resulting from the rodeo was \$11,547. However, OK only received a \$2,500 payment in December 2007. This would indicate that OK is still owed \$3,274 for its half of the rodeo's income.

Status:

A Cooperative Endeavor Agreement between the City of Monroe and the OK Program will be executed for all future events in which proceeds will be shared with the OK Program. This agreement will be kept in the Civic Center office event file cabinet and made available upon request.

08-02 PURCHASE OF IN-CAR VIDEO EQUIPMENT

Finding:

At the April 27, 2007 City Council meeting, the council awarded a bid for the purchase of in-car video systems for the police department. The bid was for a one-year contract with an option to extend the contract for two additional twelve-month periods for equipment supplied on an as needed basis. According to the bid tabulation sheet, the winning bid was the lowest of six bids received.

During the year ended April 30, 2008, the City purchased thirty-three of the systems in two transactions at a total of \$125,765. A purchase order was issued on May 14, 2008 for an additional fifteen systems. This equipment was purchased in July 2008 at a cost of \$57,165, the same unit price as the bid price. However, the third purchase of fifteen systems was purchased from a vendor other than the one that was awarded the bid.

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Louisiana Revised Statute 38:2212.1 requires, in part, that the purchase of materials and supplies exceeding \$20,000 be let by contract to the lowest responsible bidder who has bid according to the specifications as advertised. Purchasing the systems from a company that did not submit a bid is a violation of the state bid law.

Status:

The City purchases all materials and supplies exceeding \$20,000 from the vendor awarded the bid in accordance with the state public bid law.

08-03 EMPLOYEES RENTAL OF CITY PROPERTY - ETHICS VIOLATION

Finding:

During the year ended April 30, 2008, the City rented the Monroe Civic Center to a certain employee for the purpose of revenue producing activities. In addition, immediately following our audit year, the City again rented the Civic Center to a company owned by an employee and represented by the employee's spouse, again for revenue producing activities. Louisiana Revised Statute 42:1112A specifically prohibits public servants from participating in events in which they have a personal, substantial economic interest, involving the governmental entity of which they are agents. The aforementioned rentals constitute violations of the Louisiana Code of Governmental Ethics.

Status:

The Civic Center Management is now aware of LA Revised Statute 42: 1112 (A) and will not knowingly enter into any contract with a Civic Center employee or an immediate relative of a Civic Center employee.

08-04 CIVIC CENTER TICKET ACCOUNTING

Finding:

Initial ticket stub counts for the Bayou Black Open Rodeo event held on August 25, 2007, indicated 4,402 regular and 107 complimentary (4,509 in total) tickets collected at the door. Reports created by the Ticketmaster ticket generating program indicated sales of 3,273 regular tickets and 135 complimentary tickets for a total of 3,408 tickets distributed. This would indicate 1,101 more people attended the event than tickets sold or complimentary tickets available per the Ticketmaster audit report. After inquiry from the City's Internal Auditor, Monroe Civic Center employees recounted the ticket stubs. The recount indicated 3,200 regular tickets and 176 complimentary (3,376 total) tickets collected. While the recount does indicate fewer tickets collected than were sold, it also indicates the collection of more complimentary tickets than were properly issued. The failure to compare ticket collections to tickets sold and investigate any unusual variances is a breakdown in the control process for events.

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Status:

The Civic Center now has a Ticketmaster Ticket Scanning System and tickets are scanned and recorded electronically which eliminates tearing tickets and counting stubs. A scanning sheet can be printed which shows the number of tickets scanned at the doors. The Ticketmaster system audit shows the number of tickets sold at each price level and the complimentary tickets issued. Ticket audit sheets and scanner sheets are checked after each event and provided to the promoter. Copies of the audit and scanner sheets are included in the event file.

08-05 CIVIC CENTER CONCESSIONS

Finding:

Standard procedure for concession sales at events held at the Monroe Civic Center calls for the Concession Manager to obtain change funds from the Civic Center bank account in \$500 increments. The change funds are to be returned at the end of each day along with the day's collections and a revenue report supporting the amount remitted. However, at a Boat Show held from January 24 – 26, 2008, \$1,000 (representing 2 change funds) was withheld from the prior day's sales in lieu of depositing and reacquiring the change funds. At the end of the event, revenue reports for concession sales seemed to indicate a \$1,000 shortage between sales and amounts deposited. However, due to failure to follow procedure, there is a bit of ambiguity concerning the accuracy of the revenue reports and therefore, we could not determine if this was a bookkeeping error or a misappropriation of assets. The Civic Center has no procedures in place to reconcile proceeds from concessions with amounts deposited or compare sales to amounts of inventory consumed. This represents a deficiency in control procedures concerning sales and inventories at the Civic Center.

Status:

Civic Center Concessions personnel are following the recommendations of the auditors.

08-06 CIVIC CENTER EVENT PROMOTION AND CONTRACTUAL ISSUES

Finding:

A concert was held on October 17, 2007, which was co-promoted by the City and Solo Entertainment, LLC (Solo). The City established a contract with Solo (Solo contract) and its representative on July 23, 2007. The terms of this contract stated that the City would pay one-half, \$27,500, of the artist's appearance fee as an advance deposit with Solo reimbursing the City at the conclusion of the show. This payment was made by the City on July 23, 2007 by electronic transfer. The Solo contract, also stated that Solo would be responsible for providing all accommodations for the artist, additional lighting and sound equipment that may be necessary, advertising and promotion, facility rental, box office fees, security and additional manpower, occupational license fee, and any balance due to the artist. The Solo contract states that if the City were to incur these costs, the entire amount would be charged back to Solo with the addition of related coordination fees. On the day of the event the City of Monroe cashed a \$27,500 check and paid the remaining one-half (\$27,500) of the appearance fee to the artist in cash before the

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performance began. Internal Revenue Code requires a Form 1099 be issued to any individual, organization or company, that is not a corporation, if payments are made in a calendar year of \$600 or more. A Form 1099 was not issued by the City to the artist for \$27,500.

There was also a contract (Multi contract) between the artist's agent, Multi Entertainment Group, Inc. (Multi) and Solo/the City as co-promoters. The signed contract was not included in the event folder. This contract was filed in the accounting department with supporting documentation for the check request.

Also associated with this event, the City paid \$2,500 to secure the concert date to an individual not named in either contract or as a representative of Solo

The City incurred all costs associated with holding the event. No representative for Solo was available after the event for settlement. In total, the event resulted in a net loss of approximately \$39,000. Of this amount, Solo owes the City approximately \$37,000. As of April 30, 2008 this amount was still unpaid.

The failure to obtain a signed contract for which the City is liable for performance demonstrates a lack of controls, which could result in numerous liabilities and possible losses to the City. The payment of fees to an unidentified third party demonstrates a deficiency in oversight and control procedures which could lead to the misappropriation of assets.

Status:

The City of Monroe does not promote or co-promote many entertainment events. On occasion, in order to bring entertainment events to the Civic Center or other City facilities, the City has promoted events. Before engaging in promoting or co-promoting any future events for the City of Monroe the Civic Center management will insure that approval from the Department of Community Affairs and the City Administration is obtained in writing and placed in all files and that all procedures are properly followed, documented, and placed in the event file.

08-07 CIVIC CENTER COMPENSATORY TIME

Finding:

City of Monroe policy requires that each time an employee earns compensatory (comp) time the accrual must be approved by supervisory personnel. The comp time log sheets used by Monroe Civic Center employees and for the City's 2007 Delta Fest event state this fact on the face of the sheet. However, a review of five separate log sheets indicated that each page of the time log had one approval signature at the bottom of the page.

Also, time logs used for Delta Fest indicate that three employees met for three hours each and every Tuesday and Thursday during the 2007 calendar year, until the date of the event. This is not possible as two of the three employees recorded comp time accruals at separate events held at the same time on four separate occasions. In addition, on three occasions, employees recorded

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comp time accruals on days when one or more of them were on leave.

In addition, each entry on the Delta Fest log sheets for the previously mentioned employees indicated three hours worked resulting in five and one-half hours of comp time earned. City policy states that comp time is to be accrued at one and one-half times the actual hours worked. This would indicate that the employees would have earned four and one-half hours of comp time each day instead of the five and one-half hours that were recorded. Also, log sheets for one employee covered duplicate periods with one sheet including a week that was excluded from the other sheet.

Comp time records are maintained by each department and are not incorporated into the City's payroll system. In a memo to the Director of Community Affairs dated October 17, 2007, the Timekeeper for the Civic Center stated that until September 5, 2007 she had not entered any comp time for one of the previously mentioned employees since December 16, 2006 as she had not received any documentation for comp time accrual since that date. She went on to state that one of the previously mentioned employees instructed her to accrue 200 hours of comp time related to Delta Fest for himself and one of the other previously mentioned employees. No documentation was offered to support this accrual. The Timekeeper entered 200 hours into the system which resulted in an accrual of 300 (one and one-half times 200) hours of comp time. This accrual was later deleted from the system.

On September 12, 2007, the Director of Community Affairs approved payment for 120 comp time hours to all three employees under the premise that they were denied time off due to the requirements of their jobs. Payments for these amounts were made on November 2, 2007. No time, however, was deducted from the employees' comp time records to reflect the payment of these amounts. In a related matter, one of the previously mentioned employees received payment for comp time taken on at least two days which were also City holidays.

The facts presented above, along with the overall appearance of the forms, seem to indicate that all entries on the log sheets were filled out at the same time. This could be construed as falsifying public records, payroll fraud and/or malfeasance in office. In addition, the failure to obtain supervisory approval for comp time accruals, the recording of accrued comp time without supporting documentation, the payment for non-allowable compensatory time, and the failure to properly adjust comp time logs demonstrate a break down in the control and monitoring procedures related to the accurate recording of comp time.

Status:

The Civic Center is using the standard forms and following the procedures for the accrual, approval, and recording of comp time. Comp time will be entered into the payroll system in a timely manner but only with supporting documentation.

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08-08 RECORDING OF COMPENSATORY TIME

Finding:

During the course of our examination of compensatory time payments we noted that three employees were paid for 120 hours of leave which had been denied. In examining the time log listings of hours earned and used we noted that no entry had been posted for the accrual or use of the time for which these employees were paid. We then requested another listing and noticed that, originally, 300 hours were accrued for two employees and 262.50 hours for another employee. None of these accrued hours that had been posted on the original listing were on the second listing. We learned that, through a miscommunication, the timekeepers for these employees' department had deleted the original accruals, when they were told that the employees had been paid, instead of recording 120 hours used by each employee. In the resulting report, it appears that neither the accrual nor the payment ever happened. The fact that the system allows for entries to be deleted as these were indicates a control deficiency. Any use or payment of compensatory time should be entered as a separate entry showing the number of hours to be posted to the employees' records.

Status:

Compensatory time is now incorporated into the City's payroll system.

08-09 ENERGY EFFICIENCY CONTRACT

Finding:

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

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

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

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

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

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

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

Status:

The City's legal department is working on an amended contract with ESCO that meets the Legislative Auditor's approval.

MANAGEMENT LETTER:

GIFTS FROM VENDORS - ETHICS VIOLATION

Finding:

A vendor doing business with the City of Monroe, apparently gave gift certificates which could be used to purchase merchandise from the vendor's catalog to some employees of the City and some to be used as door prizes for social events attended by City employees. The representative of the vendor informed us that he did not know how many of the certificates he gave but said that it was just a few. The value of the gift certificates is approximately \$50 each.

Also, during the year, the City and some of its departments held social events such as picnics, parties, etc. for its employees similar to the ones mentioned above. Because the Louisiana Constitution, prohibits the City from paying for such events with public funds, donations such as food, merchandise and/or money was received from vendors to facilitate these events. During the year ended April 30, 2008, the City received approximately \$10,200 of such donations. This too would appear to be a violation of R.S. 42:1115 (A).

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Status:

The City no longer solicits or accepts gifts or donations from vendors.

HANDLING OF MEMBERSHIP FEES

Finding:

There are several deficiencies in the control procedures associated with these transactions. First, while it is somewhat mitigated by the distribution of multiple copies of the receipt, the forwarding of the funds and paperwork to the Administrative Assistant appears to be an unnecessary step. This additional step offers more opportunities for the loss or mishandling of funds. Secondly, the failure to reconcile the membership roster to fees collected is a deficiency in the control process which would serve to verify the proper handling of funds at each step of the process. Finally, the failure to require proof of membership in order to use the facilities offers an opportunity for individuals to use the facilities without compensation to the City.

Status:

While steps have been taken to implement the auditor's recommendations, the process is still not complete. See finding numbers 09-02 and 09-03 for additional recommendations.

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

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

City of Monroe
Monroe, Louisiana

Compliance

We have audited the compliance of the City of Monroe (the City) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended April 30, 2009. 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, 2009.

City of Monroe
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Internal Control Over Compliance

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

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

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

Steffens, Huffman, Reynolds, & Squire

(A Professional Accounting Corporation)

October 30, 2009

PFC Revenue and Disbursement Schedule
Monroe Regional Airport
For the Year Ended April 30, 2009

	<u>FY-08</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>FY-09</u>	<u>FY-09</u>
	<u>Program Total</u>	<u>May-July</u>	<u>Aug-Oct</u>	<u>Nov-Jan</u>	<u>Feb-Apr</u>	<u>Total</u>	<u>Program Total</u>
Revenue							
Collections	\$ 2,026,973	\$ -	\$ -	\$ 29,267	\$ 71,474	\$ 100,741	\$ 2,127,714
Interest, net of service charges	34,435	4,280	4,187	2,662	1,164	12,293	46,728
Total Revenue, net of service charges	<u>2,061,408</u>	<u>4,280</u>	<u>4,187</u>	<u>31,929</u>	<u>72,638</u>	<u>113,034</u>	<u>2,174,442</u>
Disbursements							
Application 03-01-C-00-MLU-001	503,829	-	-	505	-	505	504,334
Application 03-01-C-00-MLU-002	40,700	-	-	-	-	-	40,700
Application 03-01-C-00-MLU-003	350,477	-	50,548	-	-	50,548	401,025
Application 06-02-C-00-MLU-001	413,444	-	-	-	-	-	413,444
Application 08-03-C-00-MLU-001	23,529	-	-	12,959	34,044	47,003	70,532
Application 08-03-C-00-MLU-002	-	-	-	33,156	24,708	57,864	57,864
Total Disbursements	<u>1,331,979</u>	<u>-</u>	<u>50,548</u>	<u>46,620</u>	<u>58,752</u>	<u>155,920</u>	<u>1,487,899</u>
Net PFC Revenue	<u>729,429</u>	<u>4,280</u>	<u>(46,361)</u>	<u>(14,691)</u>	<u>13,886</u>	<u>(42,886)</u>	<u>686,543</u>
PFC Account Balance (cash basis)	\$ <u>729,429</u>	\$ <u>733,709</u>	\$ <u>687,348</u>	\$ <u>672,657</u>	\$ <u>686,543</u>	\$ <u>686,543</u>	\$ <u>686,543</u>