

CITY OF MONROE

CINCINNATI REGION, BUTLER COUNTY

REGULAR AUDIT

JANUARY 1, 2005 THROUGH DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

City Council
City of Monroe
233 Main Street
P.O. Box 330
Monroe, Ohio 45050-0330

We have reviewed the *Independent Accountants' Report* of the City of Monroe, Butler County, prepared by BKD, LLP, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Monroe is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 5, 2006

This Page is Intentionally Left Blank.



Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

The Mayor and City Council
City of Monroe, Ohio
Monroe, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Ohio as of and for the year ended December 31, 2005, which collectively comprise its basic financial statements and have issued our report thereon dated June 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance

or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 05-1, 05-2 and 05-3.

We noted certain other matters that we reported to the Organization's management in a separate letter dated June 2, 2006

This report is intended solely for the information and use of the governing body and management and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

June 2, 2006

City of Monroe, Ohio
Schedule of Findings and Responses
Year Ended December 31, 2004

| Reference Number | Finding | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------|--|----------------|--------|------------------------------|--|--------------------------------|--------------|-------|--------|----------------|--------|------------------------|---------|--------------------------|------------------|-------------------------------|--|---------------------|---------|-------------------------|--|-------|---------|
| 05-1 | <p>Criteria or Specific Requirement— Ohio Revised Code Section 5705.39 prohibits a City from appropriating amounts in excess of estimated resources plus available balances.</p> <p>Condition—Appropriations were made in excess of estimated resources plus available balances</p> <p>Context— The following funds were in violation of ORC Section 5705.39.</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Fund Type/Fund</th> <th style="text-align: right;">Excess</th> </tr> </thead> <tbody> <tr> <td colspan="2">Special Revenue Funds</td> </tr> <tr> <td>Fire Operation and Maintenance</td> <td style="text-align: right;">\$ 1,011,178</td> </tr> <tr> <td>Taser</td> <td style="text-align: right;">19,960</td> </tr> <tr> <td>Fire 2000 Levy</td> <td style="text-align: right;">76,999</td> </tr> <tr> <td>Police Law Enforcement</td> <td style="text-align: right;">439,867</td> </tr> <tr> <td>Debt Service Fund</td> <td style="text-align: right;">1,795,779</td> </tr> <tr> <td colspan="2">Capital Projects Funds</td> </tr> <tr> <td>Capital Improvement</td> <td style="text-align: right;">146,705</td> </tr> <tr> <td colspan="2">Enterprise Funds</td> </tr> <tr> <td>Sewer</td> <td style="text-align: right;">565,470</td> </tr> </tbody> </table> <p>Effect—Appropriations were in excess of resources plus available balances</p> <p>Cause—Prior year losses in certain funds resulted in large negative fund balances.</p> <p>Recommendation—Management should develop a plan to eliminate the large negative fund balances in the affected funds</p> <p>Views of Responsible Officials and Planned Corrective Actions— The City agrees with the citation. The City has developed a fiscal recovery plan with the State Financial Planning and Supervision Commission to eliminate the funds deficit.</p> | Fund Type/Fund | Excess | Special Revenue Funds | | Fire Operation and Maintenance | \$ 1,011,178 | Taser | 19,960 | Fire 2000 Levy | 76,999 | Police Law Enforcement | 439,867 | Debt Service Fund | 1,795,779 | Capital Projects Funds | | Capital Improvement | 146,705 | Enterprise Funds | | Sewer | 565,470 |
| Fund Type/Fund | Excess | | | | | | | | | | | | | | | | | | | | | | |
| Special Revenue Funds | | | | | | | | | | | | | | | | | | | | | | | |
| Fire Operation and Maintenance | \$ 1,011,178 | | | | | | | | | | | | | | | | | | | | | | |
| Taser | 19,960 | | | | | | | | | | | | | | | | | | | | | | |
| Fire 2000 Levy | 76,999 | | | | | | | | | | | | | | | | | | | | | | |
| Police Law Enforcement | 439,867 | | | | | | | | | | | | | | | | | | | | | | |
| Debt Service Fund | 1,795,779 | | | | | | | | | | | | | | | | | | | | | | |
| Capital Projects Funds | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Improvement | 146,705 | | | | | | | | | | | | | | | | | | | | | | |
| Enterprise Funds | | | | | | | | | | | | | | | | | | | | | | | |
| Sewer | 565,470 | | | | | | | | | | | | | | | | | | | | | | |

City of Monroe, Ohio
Schedule of Findings and Responses
Year Ended December 31, 2005

| Reference Number | Finding | | | | | | | | | | | | | | |
|--------------------------------|--|----------------|--------|------------------------------|--|--------------------------------|------------|----------------|---------|----------|--------|--------------------------|--------|--------------------------|----------------|
| 05-2 | <p>Criteria or Specific Requirement— Ohio Revised Code Section 5705.41(B) prohibits a City from having expenditures plus encumbrances in excess of appropriations at the end of the fiscal year.</p> <p>Condition—Expenditures plus encumbrances were in excess of appropriations for certain funds at the end of 2005.</p> <p>Context— The following funds were in violation of ORC Section 5705.41.(B).</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Fund Type/Fund</th> <th style="text-align: right;">Excess</th> </tr> </thead> <tbody> <tr> <td colspan="2">Special Revenue Funds</td> </tr> <tr> <td>Fire Operation and Maintenance</td> <td style="text-align: right;">\$ 120,390</td> </tr> <tr> <td>1989 Fire Levy</td> <td style="text-align: right;">497,356</td> </tr> <tr> <td>Cemetery</td> <td style="text-align: right;">20,255</td> </tr> <tr> <td>Street Construction Fund</td> <td style="text-align: right;">12,828</td> </tr> <tr> <td>Debt Service Fund</td> <td style="text-align: right;">517,415</td> </tr> </tbody> </table> <p>Effect—The City was in violation of ORC Section 5705.41(B).</p> <p>Cause— Transfers were made that were not revised in the budgetary information</p> <p>Recommendation—Management should review the budgetary information, including encumbrances to ensure there encumbrances plus expenditures do not exceed appropriations.</p> <p>Views of Responsible Officials and Planned Corrective Actions— Management agrees with the citation and will ensure compliance with such matters in the future.</p> | Fund Type/Fund | Excess | Special Revenue Funds | | Fire Operation and Maintenance | \$ 120,390 | 1989 Fire Levy | 497,356 | Cemetery | 20,255 | Street Construction Fund | 12,828 | Debt Service Fund | 517,415 |
| Fund Type/Fund | Excess | | | | | | | | | | | | | | |
| Special Revenue Funds | | | | | | | | | | | | | | | |
| Fire Operation and Maintenance | \$ 120,390 | | | | | | | | | | | | | | |
| 1989 Fire Levy | 497,356 | | | | | | | | | | | | | | |
| Cemetery | 20,255 | | | | | | | | | | | | | | |
| Street Construction Fund | 12,828 | | | | | | | | | | | | | | |
| Debt Service Fund | 517,415 | | | | | | | | | | | | | | |

**City of Monroe, Ohio
Schedule of Findings and Responses
Year Ended December 31, 2005**

| Reference Number | Finding | | | | | | | | | | | | |
|--------------------------------|--|----------------|--------|------------------------------|--|--------------------------------|-----------|--------------------------|-----------|-------------------------------|--|---------------------|---------|
| 05-3 | <p>Criteria or Specific Requirement—Ohio Revised Code Section 5705.10 prohibits a City from operating a fund with a deficit balance</p> <p>Condition—Certain funds were operated with a deficit balance.</p> <p>Context— The following funds were in violation of ORC Section 5705.10</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Fund Type/Fund</th> <th style="text-align: right; border-bottom: 1px solid black;">Excess</th> </tr> </thead> <tbody> <tr> <td colspan="2">Special Revenue Funds</td> </tr> <tr> <td style="padding-left: 20px;">Fire Operation and Maintenance</td> <td style="text-align: right;">\$ 38,991</td> </tr> <tr> <td>Debt Service Fund</td> <td style="text-align: right;">1,375,241</td> </tr> <tr> <td colspan="2">Capital Projects Funds</td> </tr> <tr> <td style="padding-left: 20px;">Capital Improvement</td> <td style="text-align: right;">137,267</td> </tr> </tbody> </table> <p>Effect—The City is operating in violation of ORC Section 5705.10</p> <p>Cause—Overspending in certain funds in prior years resulted in large negative fund balances</p> <p>Recommendation— Management should develop a plan to eliminate the large negative fund balances in the affected funds</p> <p>Views of Responsible Officials and Planned Corrective Actions— Management agrees with the citation. The City has developed a fiscal recovery plan with the State Financial Planning and Supervision Commission to eliminate the funds deficit.</p> | Fund Type/Fund | Excess | Special Revenue Funds | | Fire Operation and Maintenance | \$ 38,991 | Debt Service Fund | 1,375,241 | Capital Projects Funds | | Capital Improvement | 137,267 |
| Fund Type/Fund | Excess | | | | | | | | | | | | |
| Special Revenue Funds | | | | | | | | | | | | | |
| Fire Operation and Maintenance | \$ 38,991 | | | | | | | | | | | | |
| Debt Service Fund | 1,375,241 | | | | | | | | | | | | |
| Capital Projects Funds | | | | | | | | | | | | | |
| Capital Improvement | 137,267 | | | | | | | | | | | | |

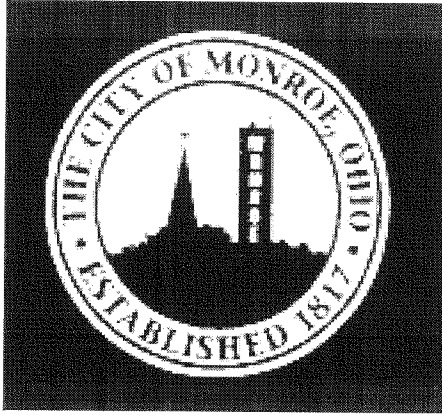
CITY OF MONROE, OHIO

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE YEAR
ENDED DECEMBER 31, 2005

INTRODUCTORY



SECTION

This Page is Intentionally Left Blank.

CITY OF MONROE, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2005

City of Monroe, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005

Table of Contents

INTRODUCTORY SECTION

| | |
|---|-----|
| Title Page..... | i |
| Table of Contents | ii |
| Letter of Transmittal..... | v |
| List of Principal Officials | x |
| Organizational Chart | xi |
| Certificate of Achievement for Excellence in Financial Reporting..... | xii |

FINANCIAL SECTION

| | |
|--|----|
| Independent Accountant’s Report | 1 |
| Basic Financial Statements Description | |
| Management’s Discussion and Analysis..... | 3 |
| Statement of Net Asset..... | 13 |
| Statement of Activities..... | 14 |
| Balance Sheet - Governmental Funds..... | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 18 |
| Statement of Net Assets - Enterprise Funds..... | 21 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Enterprise Funds | 22 |
| Statement of Cash Flows - Enterprise Funds..... | 23 |
| Statement of Fiduciary Net Assets..... | 24 |
| Notes to the Basic Financial Statements | 25 |

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)

| | |
|---|----|
| General Fund..... | 53 |
| Fire 2000 Levy Fund..... | 55 |
| Notes to the Required Supplementary Information | 57 |

Table of Contents (continued)

Other Supplementary Information

Debt Service Fund:

Schedule of Revenues, Expenditures and Changes
in Fund Balance-Budget and Actual (Budgetary Basis).....61

Nonmajor Governmental Funds:

Nonmajor Governmental Fund Descriptions62
Combining Balance Sheet – Nonmajor Governmental Funds64
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds.....65

Special Revenue Funds:

Combining Balance Sheet – Nonmajor Special Revenue Funds66
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances– Nonmajor Special Revenue Funds68
Schedules of Revenues, Expenditures and Changes
in Fund Balance-Budget and Actual (Budgetary Basis) -
Street Fund70
State Highway Fund71
Fire Operation and Maintenance Fund72
Fire 1989 Levy Fund73
Police Law Enforcement Fund74
Motor Vehicle License Fund75
Enforcement and Education Fund76
Street Lighting Fund.....77
Law Enforcement Fund78
Longstreet Trust Fund79
Cemetery Trust Fund.....80
Fire Escrow Deposit Fund.....81
TASER Fund82
All Special Revenue Funds83

Capital Projects Funds:

Combining Balance Sheet – Nonmajor Capital Projects Funds.....84
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds.....85
Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis) -
Park Improvement Fund86
Capital Improvement Fund87
Corridor I-75 Fund88
All Capital Projects Funds.....89

Nonmajor Enterprise Funds:

Combining Statement of Net Assets – Nonmajor Enterprise Funds.....90
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets – Nonmajor Enterprise Funds91
Combining Statement of Cash Flows – Nonmajor Enterprise Funds92
Schedules of Revenues, Expense and Changes
in Net Assets - Budget and Actual (Budgetary Basis):
Water Fund93
Sewer Fund.....94
Stormwater Management Fund95
Garbage Fund96
Cemetery Fund97
All Enterprise Funds.....98

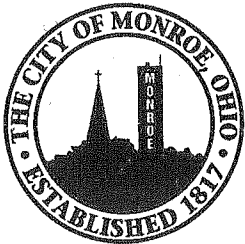
Fiduciary Fund:

Schedule of Changes in Fiduciary

Assets and Liabilities - Agency Fund.....99

STATISTICAL SECTION

Net Assets by Component - Last Two Years101
Changes in Net Assets - Last Two Years102
Fund Balances, Governmental Funds - Last Eight Years.....104
Changes in Fund Balances, Governmental Funds - Last Eight Years105
Assessed Value and Actual Value
 of Taxable Property - Last Ten Years106
Direct and Overlapping Property Tax Rates - Last Ten Years.....107
Top Ten Principal Taxpayers – Real and Personal Property - Current and Five Years Ago108
Property Tax Levies and Collections - Last Ten Years.....109
Income Tax Statistics - Last Three Years.....110
Ratios of General Bonded Debt Outstanding and
 Legal Debt Margin – Last Nine Years111
Computation of Direct and Overlapping Debt112
Ratio of Net General Obligation Debt to Assessed Valuation and
 Net Bonded Debt per Capita – Last Ten Years.....113
Principal Employers – Current Year and Three Years Ago114
Full-Time Equivalent City Government Employees by Function/Program –
 Last Ten Years115
Demographic Statistics - Last Ten Years116



Robert E. Routson
Mayor

CITY OF MONROE

P.O. BOX 330

Monroe, OH 45050

www.monroehio.org

Monroe (513) 539-7374
Cincinnati (513) 779-4729
Fax (513) 539-6460

William J. Brock
City Manager

June 29, 2006

Citizens of Monroe
Mayor and Members of City Council

We are pleased to submit the City of Monroe's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the City's organizational chart and 2004 certificate of achievement for excellence in financial reporting.
2. The Financial section includes the basic financial statements and the combining and individual fund schedules, as well as the report of independent accountants on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the City for the past ten years, as well as information on subjects such as overlapping governments and demographics.

Management's discussion and analysis (MD&A) immediately follows the report of independent accountant and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

This report is a culmination of the efforts of many people. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to set forth fairly the financial position of the City's operations, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

THE CITY OF MONROE

Monroe was settled in the early 1800s and named for President James Monroe who was in office at the time. The City is situated about 20 miles north of Cincinnati and 30 miles south of Dayton. It overlaps two counties—the northeast corner of Butler County and the western section of Warren County. In the early years, Monroe was mainly a farming community and a major stagecoach stop on the Miami Turnpike.

The City has experienced substantial changes during the past century. In ten years, from 1990-2000, the population grew from 4,372 to 7,133. It was in 1995 when Monroe's population first surpassed the 5,000 mark, enabling it to achieve City status. The City opted for a Council/Manager form of government with Council Members and the Mayor elected on a non-partisan basis.

Although once strictly a farming community, the City of Monroe now has a strong industrial base. Currently, the total percentage of land area in Monroe is significantly weighted towards light and heavy industrial acreage (60% industrial and commercial). The one percent income tax generated \$3,323,519 (budgetary basis) with the majority of that revenue derived from an established industrial workforce base. The City offers excellent access to the flourishing Interstate 75 corridor and holds 2,600 acres of prime green field industrial parcels ready for development with full utilities and road access.

CITY ORGANIZATION AND REPORTING ENTITY

The reporting entity includes the primary government and component units and is organized to ensure the financial statements of the City are not misleading. The primary government is composed of departments and funds that are not legally separate from the City. The government includes departments in the following areas: police and fire fighting, street repair and maintenance, planning and zoning, parks and recreation, water and sewer and community development. The Council and City Manager have direct responsibilities for these departments and supervise the staff essential to maintaining these functions.

Component units are also part of the reporting entity. These are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization or (2) the City is entitled to or can otherwise access the organization's resources. In this case, the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to; the organization or the City is obligated for the debt of the organization. Component units may also include organizations in which City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the following jointly governed organizations: The Center for Local Governments and the Ohio-Kentucky-Indiana Regional Council of Governments, which are presented in Note 17 to the basic financial statements. The City is also a member of the Municipal League of Ohio Worker's Compensation Group Rating Plan, an insurance purchasing pool, which is presented in Note 18 to the basic financial statements.

ECONOMIC CONDITION AND MAJOR INITIATIVES

The City of Monroe has become one of the fastest growing communities in southwest Ohio. Monroe's population is currently estimated at 10,200 people in 2006 (above the 7,133 from the 2000 census) and its land area comprises approximately 15.5 square miles of territory. Approximately 60% of Monroe's total land area is zoned for industrial and commercial uses. Monroe is located midway between downtown Cincinnati and Dayton. Monroe is served by a full interchange at Interstate 75 as well as two 4-lane state highways, SR 4 and SR 63. Monroe is also served by two major rail lines providing rail served industrial sites. For more information on the local economy please refer to the economic factors discussed in the MD&A.

MAJOR INITIATIVES

The City of Monroe has several large infrastructure capital improvement projects in varying stages of development. The goal of Monroe's proactive infrastructure development plan is to ensure that our roadway and utility infrastructure can maintain its high level of service amidst the heavy demand caused by our rapid commercial and industrial growth.

Roadway Improvements

Monroe has State funding for 80% of an estimated \$4 million dollar roadway widening to State Route 63 from the Interstate 75 interchange and terminating at our eastern corporation limits. This widening project will increase the number of lanes while implementing traffic control devices in response to the anticipated growth of an 800-acre commercial and industrial park situated at the corner of Interstate 75 and State Route 63. The project will begin construction in March 2007.

The State Route 63 widening project will coincide with a State Department of Transportation sponsored project replacing the Interstate 75 bridge and making substantial improvements to the north and south bound ramps onto State Route 63. Construction on the bridge deck has begun and should be completed in 2007.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance is based on the assumption that the cost of the internal accounting controls should not exceed the benefits expected to be derived from their implementation.

Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase. Each department head is furnished a monthly budget report showing the status of the budget accounts for which he or she is responsible. The budget reports detail monthly transactions and summarizes the balances available to be spent from the allocated appropriations.

CASH MANAGEMENT

The City Finance Director is in charge of the City's cash management program. All City cash is pooled for investment purposes. Longer term investments consist of Certificates of Deposit insured by the Federal Deposit Insurance Corporation or protected by either pledged collateral held in trust by the Federal Reserve Bank or pooled collateral, United States Agency Obligations and commercial paper. During 2005, the City earned \$181,134 in interest. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions hold the collateral. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

RISK MANAGEMENT

The City is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The City is also covered under Ohio Municipal League of Ohio Worker's Compensation Group Rating Plan. Every effort is made by the City Administration to monitor insurance costs and related risk to insure proper fiscal management in this area. A more detailed description of the City's insurance coverage may be found in Note 12 to the basic financial statements.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the City's financial statements. BKD LLP conducted this year's audit. The Independent Accountant's Report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditor's conclusions related specifically to internal controls and compliance with applicable laws and regulations are presented in a separate report, which may be obtained from their Cincinnati, Ohio office.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This is the fifth consecutive year the City has received the award.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitted it to the GFOA.

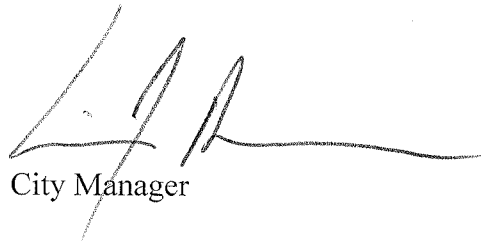
Acknowledgements

A note of sincere appreciation is extended to many hardworking and committed people who have contributed their time and effort to prepare this report. The staff would like to thank our current Council Members for supporting our work this year. A special thank you is also extended to Mr. Sean Fraunfelter of Fraunfelter Accounting Services for his assistance, efforts, and guidance in the preparation of this CAFR.

Respectfully submitted,



City Finance Director



City Manager

City of Monroe, Ohio

List of Principal Officials

December 31, 2005

| <u>OFFICE HELD</u> | <u>NAME OF OFFICIAL</u> |
|-----------------------------|--------------------------------|
| City Manager | William Brock |
| Finance Director | Vickie Jo Barger |
| Law Director | K. Phillip Callahan |
| Mayor | Robert Routson |
| Vice Mayor | Steven Tannreuther |
| Municipal Court Clerk | Rebecca Lewis |
| Police Chief | Gregory Homer |
| Fire Chief | Mark Neu |
| Tax Commissioner | Tracy Vanderman |
| Public Works Superintendent | Robert Takach |
| Director of Development | Jay T. Stewart |

CITY COUNCIL MEMBERS

John Birch

Robert Kelley

Suzi Rubin

Lora Stillman

Anna Hale

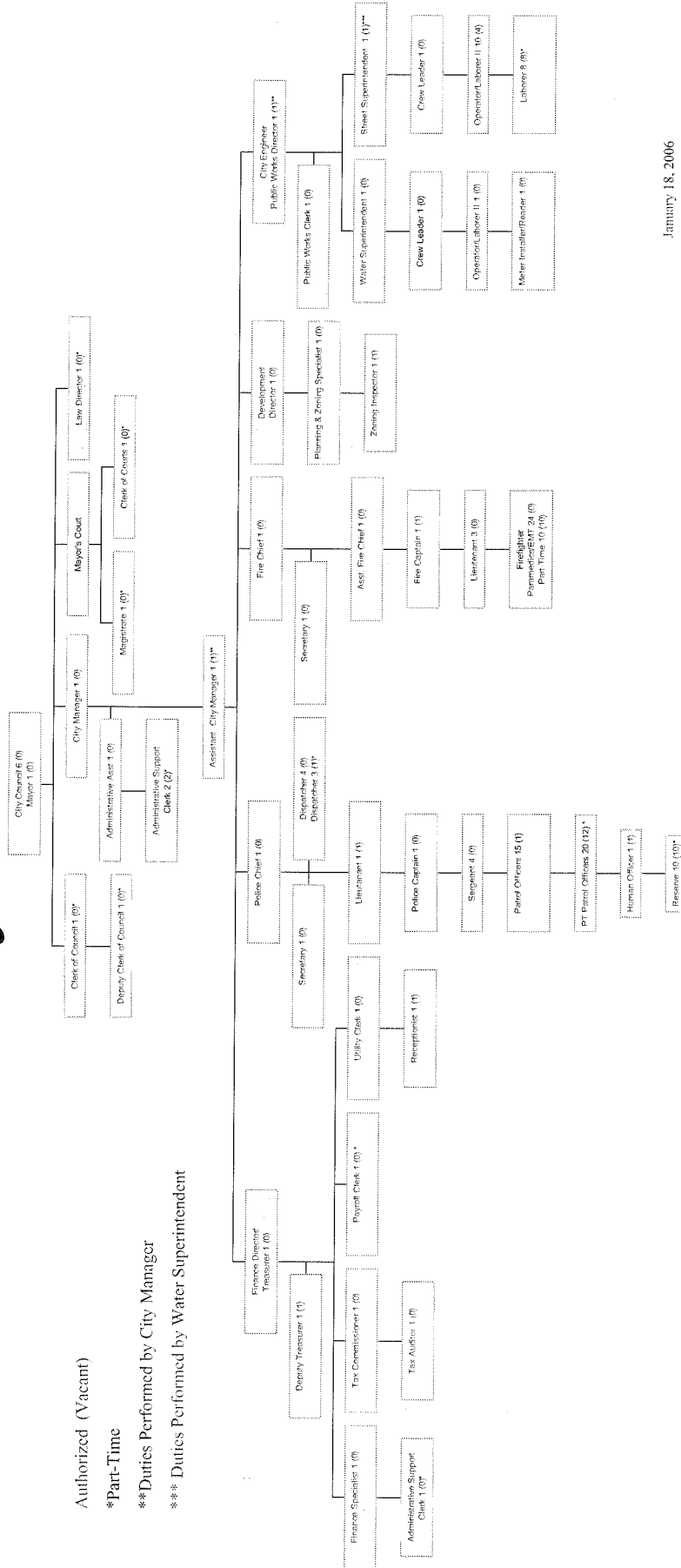
City of Monroe

Authorized (Vacant)

*Part-Time

**Duties Performed by City Manager

*** Duties Performed by Water Superintendent



January 18, 2006

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Monroe,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



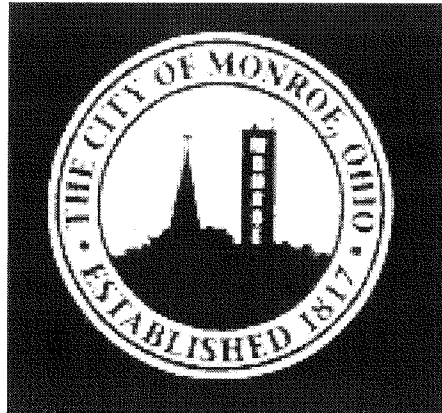
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

FINANCIAL



SECTION



Independent Accountants' Report on Financial Statements and Supplementary Information

The Mayor and City Council
City of Monroe, Ohio
Monroe, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Ohio as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Ohio as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary information as listed in the table of contents 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 introductory section, combining and individual fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements schedules have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKD, LLP

June 2, 2006

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

The discussion and analysis of the City of Monroe's financial performance provide an overall review of the City's financial activities for the year ended December 31, 2005. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements to enhance their understanding of the City's fiscal performance.

Financial Highlights

Key highlights for 2005 are as follows:

- ❑ The assets of the City exceeded its liabilities at the close of the year ended December 31, 2005, by \$42,342,274 (net assets). Of this amount, \$5,122,206 is classified as unrestricted in the enterprise activities.
- ❑ The City's total net assets increased by \$8,939,716, which represents a 26.76% increase from 2004. \$7,069,000 of that increase was developer contributed street infrastructure.
- ❑ At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$1,990,213. Of this amount \$1,983,452 is available for spending (unreserved fund balance) on behalf of its citizens.
- ❑ At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,146,500 or a little more than 20.37% of total general fund expenditures.
- ❑ The other major governmental funds: Fire 2000 Levy and Debt Service funds had ending fund balances of \$724,419 and (\$1,375,241), respectively. The deficit in the debt service fund is due to overspending in prior years. The City has implemented a fiscal recovery plan to eliminate the deficits and has eliminated the prior year special revenue fund deficits.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Monroe as a complete operating entity.

The Statement of Net Assets and Statement of Activities present both an aggregate view of the City's finances and longer-term view of those assets. Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Reporting City of Monroe as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- Government Activities – Most of the City's services are reported here including police, social services programs, administration, and all departments with the exception of our Water, Sewer, Garbage, Stormwater Management and Cemetery funds.
- Business-Type Activities – These services have a charge based upon the amount of usage. The City charges fees to recoup the cost of the entire operation of our Water, Sewer, Garbage, Stormwater Management and Cemetery functions as well as all capital expenses associated with these facilities.
- Component units are legally separate entities that the City has voting control over or fiscal responsibility for the entity. The City has no component units.

Reporting City of Monroe's Most Significant Funds

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 objects. The City, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

However, these fund financial statements focus on the City's most significant funds. In the case of Monroe, our major funds are the General, Fire 1989 Levy, Fire 2000 Levy, Debt Service, Water and Sewer 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other 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.

Proprietary Funds: The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Garbage, Stormwater Management and Cemetery operations.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City only maintains one agency fund has no measurement focus and uses the accrual basis of accounting.

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.

Required Supplementary Information: The City is required to report the budgetary schedules for the General Fund and major special revenue funds along with the applicable accounting policies to develop those statements.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

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, assets exceeded liabilities by \$46,278,191 (\$41,743,810 in governmental activities and \$4,534,381 in business type activities) as of December 31, 2005. By far, the largest portion of the City's net assets (83.94%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and streets), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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. Table I provides a summary of the City's statement of net assets for 2005 compared to 2004.

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|-------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Current and Other Assets | \$8,880,861 | \$8,110,912 | \$4,544,890 | \$1,861,401 | \$13,425,751 | \$9,972,313 |
| Capital Assets | 45,467,227 | 39,576,464 | 4,302,332 | 4,293,528 | 49,769,559 | 43,869,992 |
| Total Assets | 54,348,088 | 47,687,376 | 8,847,222 | 6,154,929 | 63,195,310 | 53,842,305 |
| Long-term Liabilities | 9,943,896 | 10,336,443 | 559,991 | 575,157 | 10,503,887 | 10,911,600 |
| Other Liabilities | 6,596,299 | 6,869,903 | 3,752,850 | 2,658,244 | 10,349,149 | 9,528,147 |
| Total Liabilities | 16,540,195 | 17,206,346 | 4,312,841 | 3,233,401 | 20,853,036 | 20,439,747 |
| Nets Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 36,129,538 | 31,947,148 | (587,825) | (812,502) | 35,541,713 | 31,134,646 |
| Restricted | 2,691,443 | 1,826,135 | 0 | 0 | 2,691,443 | 1,826,135 |
| Unrestricted (Deficit) | (1,013,088) | (3,292,253) | 5,122,206 | 3,734,030 | 4,109,118 | 441,777 |
| Total Net Assets | \$37,807,893 | \$30,481,030 | \$4,534,381 | \$2,921,528 | \$42,342,274 | \$33,402,558 |

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$2,691,443 or 6.36% of net assets. The City's remaining unrestricted net asset was a negative balance.

The City experienced a 17% increase in total assets mainly due to the developer donations of right-of-way for subdivision constructed during 2005. Current asset also increased from the prior year as the City has worked to increase cash reserves from the lower levels in prior years.

For the liabilities, the City was able to reduce the overall debt burden on the City by 4% from the prior even though overall liabilities increased. The majority of the increase is the direct result of higher property taxes receivable and the offsetting unearned revenue.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Statement of Activities

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|-------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$1,547,144 | \$1,415,961 | \$4,251,583 | \$3,805,584 | \$5,798,727 | \$5,221,545 |
| Operating Grants | 564,110 | 609,432 | 115,056 | 241,365 | 679,166 | 850,797 |
| Capital Grants | 7,069,000 | 5,268,350 | 0 | 749,045 | 7,069,000 | 6,017,395 |
| General Revenues: | | | | | | |
| Income Tax | 3,345,238 | 2,791,808 | 0 | 0 | 3,345,238 | 2,791,808 |
| Property Tax | 2,361,985 | 2,661,305 | 0 | 0 | 2,361,985 | 2,661,305 |
| Other Taxes | 573,133 | 364,011 | 0 | 0 | 573,133 | 364,011 |
| Unrestricted Grants and Contributions | 536,684 | 592,552 | 0 | 0 | 536,684 | 592,552 |
| Investment earnings | 180,184 | 38,624 | 950 | 0 | 181,134 | 38,624 |
| Other Revenues | 216,968 | 262,951 | 0 | 0 | 216,968 | 262,951 |
| Total Revenues | 16,394,446 | 14,004,994 | 4,367,589 | 4,795,994 | 20,762,035 | 18,800,988 |
| Program Expenses | | | | | | |
| Security of Persons and Property | 4,540,694 | 4,486,282 | 0 | 0 | 4,540,694 | 4,486,282 |
| Public Health and Welfare | 108,616 | 53,679 | 0 | 0 | 108,616 | 53,679 |
| Leisure Time Activities | 7,560 | 10,968 | 0 | 0 | 7,560 | 10,968 |
| Transportation | 1,759,235 | 1,522,048 | 0 | 0 | 1,759,235 | 1,522,048 |
| General Government | 1,789,097 | 1,558,698 | 0 | 0 | 1,789,097 | 1,558,698 |
| Intergovernmental | 17,876 | 10,811 | 0 | 0 | 17,876 | 10,811 |
| Interest and Fiscal Charges | 375,973 | 384,403 | 0 | 0 | 375,973 | 384,403 |
| Water | 0 | 0 | 1,674,742 | 1,372,394 | 1,674,742 | 1,372,394 |
| Sewer | 0 | 0 | 1,073,010 | 1,190,572 | 1,073,010 | 1,190,572 |
| Stormwater Management | 0 | 0 | 46,082 | 89,250 | 46,082 | 89,250 |
| Garbage | 0 | 0 | 398,179 | 341,895 | 398,179 | 341,895 |
| Cemetery | 0 | 0 | 31,255 | 110,633 | 31,255 | 110,633 |
| Total Expenses | 8,599,051 | 8,026,889 | 3,223,268 | 3,104,744 | 11,822,319 | 11,131,633 |
| Excess Before Transfers | 7,795,395 | 5,978,105 | 1,144,321 | 1,691,250 | 8,939,716 | 7,669,355 |
| Transfers | (468,532) | 363,844 | 468,532 | (363,844) | 0 | 0 |
| Change in Net Assets | 7,326,863 | 6,341,949 | 1,612,853 | 1,327,406 | 8,939,716 | 7,669,355 |
| Beginning Net Assets | 30,481,030 | 24,139,081 | 2,921,528 | 1,594,122 | 33,402,558 | 25,733,203 |
| Ending Net Assets | \$37,807,893 | \$30,481,030 | \$4,534,381 | \$2,921,528 | \$42,342,274 | \$33,402,558 |

Governmental Activities

The primary focus of governmental activities is in the area of security of persons and property, which represents the police, fire and EMS services of the City. For 2005, total expenses were approximately \$4.54 million, representing 52.80% of governmental activity spending yielding a reliance on general revenues to fund the program of approximately \$3.89 million after direct support to their programs.

**CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Continuing escalation in health insurance costs have affected all programs of the government. A primary goal of all programs is to continually review and monitor methods to seek self-sufficiency as public safety continues to increase expenditures. The leisure time activities was the most successful of all the programs as the activities paid for in this program are fee driven. Transportation was positive due to the developer contribution of infrastructure during the year.

Business-Type Activities

The City's business-type activities include the Water, Sewer, Stormwater Management, Gabage and Cemetery functions. All the business-type activities were able to report a positive net revenue for the year. The water function is clearly the most effective for the City with a positive net change of \$0.92 Million.

Financial Analysis of the City's Funds

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

Governmental Funds: The focus of these City funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements as well as its ability to meet the needs of its citizens. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2005, the City's governmental funds reported combined ending fund balances of \$1.99 Million. Approximately \$1.98 Million constitutes unreserved fund balance available for spending for citizens. The remainder of the balance is reserved to indicate that it has been spoken for already and not available to be spent for a variety of purposes, most notably to liquidate contracts and purchase orders from the prior year.

The General Fund is the chief operating fund of the City. As of December 31, 2005, the unreserved general fund balance was \$1.14 Million with a total fund balance of \$1.15 Million. As a measure of liquidity, it is often useful to compare these numbers to total general fund expenditures and other financing uses. Unreserved fund balance represents approximately 18.02% of the total expenditures.

During 2005, the City's general fund decreased by \$.26 Million with revenues exceeding expenditures by \$0.16 Million. This is primarily due to the general fund's increased employee related costs in 2005. The City's other major governmental funds had ending funds balances and reported excess of revenues over expenditures and other financing sources and uses of:

| Fund | Ending Fund Balance | Percentage Change from Prior Year |
|-------------------|------------------------|--------------------------------------|
| Fire 2000 Levy | \$724,419 | 105.50% |
| Debt Service Fund | (1,375,241) | (65.44%) |

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

The fire 2000 levy saw the fund balance increase as it held onto the revenue collections; whereas, in prior years the fund transferred cash reserve out to the fire operation and maintenance fund to cover operating costs of the fire department.

The debt service fund still is the critical fund for the City as it remains a large deficit. The City transferred funds from the general fund income tax and property tax revenues to offset the annual debt service requirements for the general obligation bonds.

General Fund Budgetary Highlights

The City's budget is prepared according to Ohio law and the Charter of the City. The Budget is based on accounting for certain transaction on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2005, the City amended its total and general fund budget twice, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council also approves small interdepartmental budget changes that modify line items within departments within the same fund. With the General fund supporting a majority of our major activities such as public safety programs, as well as most legislative and executive activities, the General fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

The City has no changes in original to final budget for projected revenues. The following table summarizes the major expenditures from original to final budget for 2005:

| Description | Original Budget | Final Budget | Change |
|----------------------------------|--------------------|--------------------|------------------|
| Expenditures: | | | |
| Security of Persons and Property | \$3,818,945 | \$3,935,000 | \$116,055 |
| General Government | 1,673,109 | 1,723,953 | 50,844 |
| Other Expenditures | 724,979 | 747,011 | 22,032 |
| Total Expenditures | <u>\$6,217,033</u> | <u>\$6,405,964</u> | <u>\$188,931</u> |

The City also increased the budgeted police costs by \$49,000 during the year for additional officers and related salary increases. The fire department reflected about \$67,000 more in personnel costs as the fire department expected to increase staff based on levies.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2005:

| Description | Final Budget | Actual | Change |
|------------------------------|------------------|------------------|----------------|
| Revenues: | | | |
| Property and Other Taxes | \$678,000 | \$663,122 | (\$14,878) |
| Income Taxes | 3,150,000 | 3,323,519 | 173,519 |
| Intergovernmental Revenue | 368,800 | 395,842 | 27,042 |
| Other Revenues | 812,000 | 1,117,885 | 305,885 |
| Total Revenues | 5,008,800 | 5,500,368 | 491,568 |
| Expenditures: | | | |
| Security of Persons/Property | 3,935,000 | 3,432,628 | 502,372 |
| General Government | 1,723,953 | 1,622,703 | 101,250 |
| Other Expenditures | 747,011 | 535,789 | 211,222 |
| Total Expenditures | 6,405,964 | 5,591,120 | 814,844 |

The City was still conservative in income tax revenue projections with the final budget resulting in a significant variance with actual results. The City also received \$118,000 more in license and permit fee than was anticipated. With the increase in interest rates throughout the year, the City was able to generate more interest than prior years. The City had estimated \$20,000 and received over \$180,000 for the year.

The City's expenditures remained under budget as continued fiscal restraint was in play during the year. The City saved about \$46,000 in administration costs by eliminating duplication of services. The other reductions in expenditures is explained by the City examining each functional expense and determining if the budgeted line item was necessary as it continues to reduce the various fund deficits and move away from fiscal emergency status.

Capital Assets and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$35.54 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment and machinery, and street infrastructure.

Note 9 (Capital Assets) provides capital asset activity during 2005. The City has had extremely limited funding to provide for capital asset acquisition and construction. The majority of the increase in City assets was from developer contributions for local subdivision street infrastructure totaling \$7.07 million. For more information on the governmental and business-type capital assets see Note 9 in the notes to the financial statements.

Long-term Debt: At the end of 2005, the City had general obligation bonds outstanding of \$7.17 million in governmental activities. See Note 14 for further information on the City's long-term debt. The City did reissue \$4.32 million for the business-type activities. The City's general obligation debt was issued in 2003 as a combined issue consolidating individual obligations into one issue for the City to provide interest savings. For more information on the City's debt, please review Notes 14 and 15 in the notes to the financial statements.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Economic Factors affecting the City

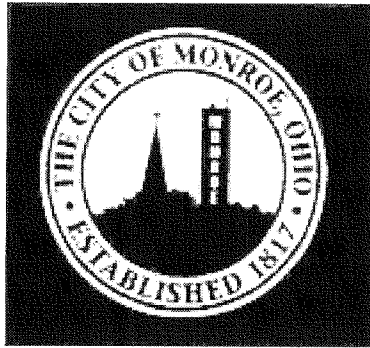
The City of Monroe has become one of the fastest growing communities in southwest Ohio. Monroe's population is currently estimated at 9,600 people in 2005 (above the 7,133 from the 2000 census) and its land area comprises approximately 16.1 square miles of territory. Monroe is located midway between downtown Cincinnati and Dayton. Monroe is served by a full interchange at Interstate 75 as well as two 4-lane state highways, SR 4 and SR 63. Monroe is also served by two major rail lines providing rail served industrial sites.

Monroe issued 248 residential (dwelling) building permits in 2005. Currently the City contains 18 approved residential subdivisions with an inventory of over 1,800 unbuilt dwelling units as of May 2006. Monroe also has 6 industrial subdivisions under development. Citywide, Monroe has approximately 3,300 acres of vacant industrial and commercially zoned land with direct access to all utilities and road frontage. In the year 2005, new construction brought the City's assessed valuation in excess of \$279,234,084. Monroe collected over \$3,300,000 in local income tax based on an earnings tax rate of 1% in 2005.

Monroe aggressively attracts and retains business using several different development financing mechanisms. All industrially zoned property within the City has the Rural Enterprise Zone tax incentive program and Community Reinvestment Area program in place. The City also utilizes Tax Increment Financing and special assessment financing to facilitate eligible industrial development. In 2005, Monroe approved over 108,000 sq. ft. of new commercial and industrial space while creating 318 new full time jobs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Monroe Finance Director, 233 Main Street, Monroe, Ohio 45050, (513) 539-7374 or visit the City website at www.Monroeohio.org.



THE CITY OF MONROE
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

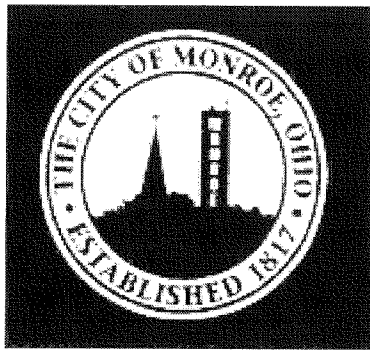
| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 2,274,127 | \$ 4,025,819 | \$ 6,299,946 |
| Investments | 8,009 | - | 8,009 |
| Receivables (net of allowance for doubtful accounts): | | | |
| Taxes-Real & Personal Property | 3,456,456 | - | 3,456,456 |
| Taxes-Municipal Income | 309,681 | - | 309,681 |
| Accounts | 144,399 | 519,071 | 663,470 |
| Special Assessments | 1,766,887 | - | 1,766,887 |
| Interest | 4,165 | - | 4,165 |
| Due from Other Governments | 718,713 | - | 718,713 |
| Bond Issuance Costs | 198,424 | - | 198,424 |
| Nondepreciable Assets: | | | |
| Land | 1,327,758 | 563,741 | 1,891,499 |
| Land Improvements | 232,100 | 150,409 | 382,509 |
| Construction in Progress | - | 238,601 | 238,601 |
| Depreciable Assets: | | | |
| Buildings and Improvements | 6,491,576 | 514,000 | 7,005,576 |
| Machinery and Equipment | 2,428,009 | 1,663,773 | 4,091,782 |
| Infrastructure : Streets | 48,704,868 | - | 48,704,868 |
| Infrastructure: Water Lines | - | 3,284,989 | 3,284,989 |
| Less: Accumulated Depreciation | (13,717,084) | (2,113,181) | (15,830,265) |
| Total Assets | 54,348,088 | 8,847,222 | 63,195,310 |
| Liabilities: | | | |
| Accounts Payable | 113,315 | 17,416 | 130,731 |
| Contracts Payable | 76,116 | 70,794 | 146,910 |
| Accrued Wages and Benefits | 131,195 | 12,022 | 143,217 |
| Due to Other Governments | 141,462 | 103,557 | 245,019 |
| Internal Balances | 847,042 | (847,042) | - |
| Accrued Interest Payable | 37,019 | 53,411 | 90,430 |
| Matured Interest Payable | 4,745 | - | 4,745 |
| Unearned Revenue | 4,709,296 | - | 4,709,296 |
| Long-Term Liabilities due within 1 year | 536,109 | 4,342,692 | 4,878,801 |
| Long-Term Liabilities due over 1 year | 9,943,896 | 559,991 | 10,503,887 |
| Total Liabilities | 16,540,195 | 4,312,841 | 20,853,036 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 36,129,538 | (587,825) | 35,541,713 |
| Restricted: | | | |
| Transportation | 652,172 | - | 652,172 |
| Protection of Citizens | 1,204,920 | - | 1,204,920 |
| Capital Improvements | 766,489 | - | 766,489 |
| Perpetual Care | 67,862 | - | 67,862 |
| Unrestricted (Deficit) | (1,013,088) | 5,122,206 | 4,109,118 |
| Total Net Assets | 37,807,893 | 4,534,381 | 42,342,274 |
| Total Liabilities and Net Assets | \$ 54,348,088 | \$ 8,847,222 | \$ 63,195,310 |

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

| Function/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|------------------|----------------------|--------------------------|----------------------------------|---|--------------------------|----------------|
| | Expenses | Charges for Services | Operating | | Governmental Activities | Business-Type Activities | Total |
| | | | Grants and Contributions | Capital Grants and Contributions | | | |
| Governmental Activities: | | | | | | | |
| Security of Persons and Property | \$ (4,540,694) | \$ 639,503 | \$ 20,995 | \$ - | \$ (3,880,196) | \$ - | \$ (3,880,196) |
| Public Health and Welfare | (108,616) | - | - | - | (108,616) | - | (108,616) |
| Leisure Time Activities | (7,560) | 180,810 | - | - | 173,250 | - | 173,250 |
| Transportation | (1,759,235) | - | 543,115 | 7,069,000 | 5,852,880 | - | 5,852,880 |
| General Government | (1,789,097) | 726,831 | - | - | (1,062,266) | - | (1,062,266) |
| Intergovernmental | (17,876) | - | - | - | (17,876) | - | (17,876) |
| Interest and Fiscal Charges | (375,973) | - | - | - | (375,973) | - | (375,973) |
| Total Governmental Activities | (8,599,051) | 1,547,144 | 564,110 | 7,069,000 | 581,203 | - | 581,203 |
| Business-Type Activities: | | | | | | | |
| Water | (1,674,742) | 2,478,159 | 115,056 | - | - | 918,473 | 918,473 |
| Sewer | (1,073,010) | 1,162,147 | - | - | - | 89,137 | 89,137 |
| Stormwater Management | (46,082) | 151,470 | - | - | - | 105,388 | 105,388 |
| Garbage | (398,179) | 415,125 | - | - | - | 16,946 | 16,946 |
| Cemetery | (31,255) | 44,682 | - | - | - | 13,427 | 13,427 |
| Total Business-Type Activities | (3,223,268) | 4,251,583 | 115,056 | - | - | 1,143,371 | 1,143,371 |
| Total | (11,822,319) | 5,798,727 | 679,166 | 7,069,000 | 581,203 | 1,143,371 | 1,724,574 |
| General Revenues: | | | | | | | |
| Income Taxes | | | | | 3,345,238 | - | 3,345,238 |
| Property Taxes | | | | | 2,361,985 | - | 2,361,985 |
| Estate Taxes | | | | | 230,709 | - | 230,709 |
| Franchise Fee Taxes | | | | | 90,056 | - | 90,056 |
| Hotel Taxes | | | | | 95,149 | - | 95,149 |
| Payment in Lieu of Taxes | | | | | 65,573 | - | 65,573 |
| Permissive Sale Taxes | | | | | 91,646 | - | 91,646 |
| Grants and Contributions not restricted to specific programs | | | | | 536,684 | - | 536,684 |
| Unrestricted investment earnings | | | | | 180,184 | 950 | 181,134 |
| Miscellaneous | | | | | 216,968 | - | 216,968 |
| Net Transfers | | | | | (468,532) | 468,532 | - |
| Total General Revenues and Transfers | | | | | 6,745,660 | 469,482 | 7,215,142 |
| Changes in Net Assets | | | | | 7,326,863 | 1,612,853 | 8,939,716 |
| Net Assets-Beginning | | | | | 30,481,030 | 2,921,528 | 33,402,558 |
| Net Assets-Ending | | | | | \$ 37,807,893 | \$ 4,534,381 | \$ 42,342,274 |

See accompanying notes to the basic financial statements



THE CITY OF MONROE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

| | General | Fire 2000 Levy | Debt Service | Other Governmental Funds |
|--|---------------------|---------------------|---------------------|--------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 134,669 | \$ 611,470 | \$ - | \$ 1,527,988 |
| Investments | - | - | 1,509 | 6,500 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Taxes-Real & Personal Property | 725,400 | 784,391 | - | 1,946,665 |
| Taxes-Municipal Income | 309,681 | - | - | - |
| Accounts | 28,856 | - | - | 122,977 |
| Interest | 4,165 | - | - | - |
| Special Assessments | - | - | 1,722,738 | 44,149 |
| Interfund Receivable | 602,678 | - | - | - |
| Due from Other Governments | 425,337 | - | - | 293,376 |
| Total Assets | 2,230,786 | 1,395,861 | 1,724,247 | 3,941,655 |
| Liabilities: | | | | |
| Accounts Payable | 46,547 | - | - | 66,768 |
| Contracts Payable | 2,445 | - | - | 73,671 |
| Accrued Wages and Benefits | 35,290 | - | - | 95,905 |
| Due to Other Governments | 24,519 | - | - | 116,943 |
| Interfund Payable | - | - | 1,385,722 | 63,998 |
| Matured Interest Payable | - | - | 4,745 | - |
| Deferred Revenue | 954,906 | 671,442 | 1,709,021 | 2,034,635 |
| Matured Leave Payable | 15,779 | - | - | - |
| Total Liabilities | 1,079,486 | 671,442 | 3,099,488 | 2,451,920 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 4,800 | - | - | 1,961 |
| Unreserved, reported in: | | | | |
| General | 1,146,500 | - | - | - |
| Special Revenue | - | 724,419 | - | 858,552 |
| Debt Service (Deficit) | - | - | (1,375,241) | - |
| Capital Projects | - | - | - | 629,222 |
| Total Fund Balances (Deficit) | 1,151,300 | 724,419 | (1,375,241) | 1,489,735 |
| Total Liabilities and fund balances | \$ 2,230,786 | \$ 1,395,861 | \$ 1,724,247 | \$ 3,941,655 |

See accompanying notes to the basic financial statements

**THE CITY OF MONROE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

| | | |
|--------------------------------|---|---------------|
| Total Governmental Funds | | |
| <hr/> | | |
| | Amounts reported for governmental activities in the statement of net assets are different because: | |
| \$ 2,274,127 | | |
| 8,009 | Governmental Fund Balances at December 31, 2005 | \$ 1,990,213 |
| 3,456,456 | Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 45,467,227 |
| 309,681 | | |
| 151,833 | Issuance Costs associated with governmental debt are not financial resources and, therefore, are not reported in the funds. | 198,424 |
| 4,165 | | |
| 1,766,887 | | |
| 602,678 | Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 653,274 |
| 718,713 | | |
| <hr/> | | |
| 9,292,549 | Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. | (10,501,245) |
| <hr/> | | |
| 113,315 | Net Assets of governmental activities | \$ 37,807,893 |
| 76,116 | | |
| 131,195 | | |
| 141,462 | | |
| 1,449,720 | | |
| 4,745 | | |
| 5,370,004 | | |
| 15,779 | | |
| <hr/> | | |
| 7,302,336 | | |
| <hr/> | | |
| 6,761 | | |
| 1,146,500 | | |
| 1,582,971 | | |
| (1,375,241) | | |
| 629,222 | | |
| <hr/> | | |
| 1,990,213 | | |
| \$ 9,292,549 | | |
| <hr/> | | |

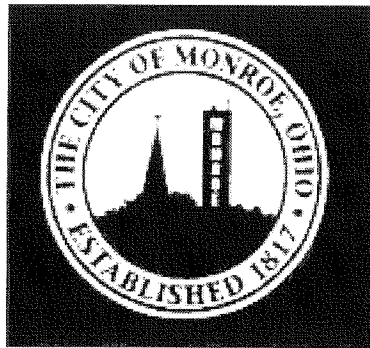
THE CITY OF MONROE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | General | Fire 2000 Levy | Debt Service | Other Governmental Funds |
|--|---------------------|-------------------|-----------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Income Taxes | \$ 3,345,238 | \$ - | \$ - | \$ - |
| Property and Other Taxes | 614,693 | 477,563 | - | 1,333,076 |
| Intergovernmental | 395,888 | 41,463 | - | 701,946 |
| Charges for Services | 207,237 | - | - | 499,070 |
| Licenses and Permits | 618,133 | - | - | 180,810 |
| Investment Earnings | 158,028 | - | 31 | 22,125 |
| Fines and Forfeitures | 70,737 | - | - | 843 |
| Special Assessments | - | - | 161,566 | 36,107 |
| All Other Revenues | 55,044 | - | - | 186,644 |
| Total Revenues | 5,464,998 | 519,026 | 161,597 | 2,960,621 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Security of Persons and Property | 3,435,545 | 7,496 | - | 972,901 |
| Public Health and Welfare | 108,616 | - | - | - |
| Transportation | 398,200 | - | - | 199,537 |
| General Government | 1,614,230 | - | - | - |
| Intergovernmental | 17,876 | - | - | - |
| Capital Outlay | 48,929 | - | - | 225,020 |
| Debt Service: | | | | |
| Principal Retirement | 1,148 | - | 484,000 | - |
| Interest and Fiscal Charges | 1,348 | - | 369,947 | - |
| Total Expenditures | 5,625,892 | 7,496 | 853,947 | 1,397,458 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (160,894) | 511,530 | (692,350) | 1,563,163 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Inception of Capital Lease | 25,844 | - | - | 50,776 |
| Transfers - In | 610,696 | - | 668,364 | 1,493,310 |
| Transfers - Out | (736,152) | (139,630) | (520,005) | (1,845,115) |
| Total Other Financing Sources (Uses) | (99,612) | (139,630) | 148,359 | (301,029) |
| Net Change in Fund Balances | (260,506) | 371,900 | (543,991) | 1,262,134 |
| Fund Balances (Deficit) at Beginning of Year | 1,411,806 | 352,519 | (831,250) | 227,601 |
| Fund Balances (Deficit) at End of Year | <u>\$ 1,151,300</u> | <u>\$ 724,419</u> | <u>\$ (1,375,241)</u> | <u>\$ 1,489,735</u> |

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| Total Governmental Funds | | |
|--------------------------------|--|---------------------|
| | Amounts reported in governmental activities in the statement of activities are different because: | |
| \$ 3,345,238 | | |
| 2,425,332 | Net Change in Fund Balances - total governmental funds | \$ 829,537 |
| 1,139,297 | | |
| 706,307 | Governmental funds report capital outlays as expenditures. However, in the statement of activities | |
| 798,943 | the cost of those assets is allocated over their estimated useful lives and reported as depreciation | |
| 180,184 | expense. This is the amount by which capital outlays exceed depreciation in the current period. | 5,890,763 |
| 71,580 | | |
| 197,673 | Revenues in the statement of activities that do not provide current financial resources | |
| 241,688 | are not reported as revenues in the funds. | 217,286 |
| 9,106,242 | 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 affect on net assets. Also, governmental funds | |
| | report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, | |
| 4,415,942 | whereas these amounts are deferred and amortized in the statement of activities. This amount is | |
| 108,616 | the net effect of these differences in the treatment of long-term debt and related items. | 405,768 |
| 597,737 | | |
| 1,614,230 | Some items reported in the statement of activities do not require the use of current financial | |
| 17,876 | resources and, therefore, are not reported as expenditures in governmental funds. | (16,491) |
| 273,949 | | |
| | Change in net assets of governmental activities | <u>\$ 7,326,863</u> |
| 485,148 | | |
| 371,295 | | |
| 7,884,793 | | |
| | | |
| 1,221,449 | | |
| | | |
| 76,620 | | |
| 2,772,370 | | |
| (3,240,902) | | |
| (391,912) | | |
| | | |
| 829,537 | | |
| | | |
| 1,160,676 | | |
| \$ 1,990,213 | | |



THE CITY OF MONROE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2005

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

| | Water | Sewer | Nonmajor Enterprise Funds | Totals |
|---|---------------------|-------------------|---------------------------------|---------------------|
| Assets: | | | | |
| Current Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 3,447,582 | \$ 431,239 | \$ 146,998 | \$ 4,025,819 |
| Receivables (net of allowances for doubtful accounts) | | | | |
| Accounts | 257,724 | 160,313 | 101,034 | 519,071 |
| Interfund | 847,042 | - | - | 847,042 |
| Total Current Assets | <u>4,552,348</u> | <u>591,552</u> | <u>248,032</u> | <u>5,391,932</u> |
| Capital Assets: | | | | |
| Nondepreciable Assets | 952,751 | - | - | 952,751 |
| Depreciable Assets | 3,349,581 | - | - | 3,349,581 |
| Total Capital Assets (net of accumulated depreciation) | <u>4,302,332</u> | <u>-</u> | <u>-</u> | <u>4,302,332</u> |
| Total Assets | <u>8,854,680</u> | <u>591,552</u> | <u>248,032</u> | <u>9,694,264</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 12,198 | - | 5,218 | 17,416 |
| Contracts Payable | 2,445 | - | 68,349 | 70,794 |
| Accrued Wages and Benefits | 12,022 | - | - | 12,022 |
| Due to Other Governments | 31,877 | 71,068 | 612 | 103,557 |
| Accrued Interest Payable | 45,081 | 8,330 | - | 53,411 |
| Revenue Anticipation Notes Payable | 4,021,000 | 294,000 | - | 4,315,000 |
| Loan Payable - Current | 26,614 | - | - | 26,614 |
| Total Current Liabilities | <u>4,151,237</u> | <u>373,398</u> | <u>74,179</u> | <u>4,598,814</u> |
| Noncurrent Liabilities: | | | | |
| Compensated Absences Payable | 12,526 | - | - | 12,526 |
| Loans Payable | 548,543 | - | - | 548,543 |
| Total Noncurrent Liabilities | <u>561,069</u> | <u>-</u> | <u>-</u> | <u>561,069</u> |
| Total Liabilities | <u>4,712,306</u> | <u>373,398</u> | <u>74,179</u> | <u>5,159,883</u> |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | (587,825) | - | - | (587,825) |
| Unrestricted | 4,730,199 | 218,154 | 173,853 | 5,122,206 |
| Total Net Assets | <u>4,142,374</u> | <u>218,154</u> | <u>173,853</u> | <u>4,534,381</u> |
| Total Net Assets and Liabilities | <u>\$ 8,854,680</u> | <u>\$ 591,552</u> | <u>\$ 248,032</u> | <u>\$ 9,694,264</u> |

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS | | | |
|--|--|-------------------|---------------------------------|---------------------|
| | Water | Sewer | Nonmajor Enterprise Funds | Totals |
| <u>Operating Revenues:</u> | | | | |
| Charges for Services | \$ 2,289,416 | \$ 1,162,147 | \$ 583,695 | \$ 4,035,258 |
| Sales | - | - | 27,482 | 27,482 |
| Other Operating Revenues | 188,743 | - | 100 | 188,843 |
| Total Operating Revenues | 2,478,159 | 1,162,147 | 611,277 | 4,251,583 |
| <u>Operating Expenses:</u> | | | | |
| Personal Services | 336,295 | 122 | 612 | 337,029 |
| Materials and Supplies | 289,359 | - | 12,193 | 301,552 |
| Contractual Services | 670,449 | 1,069,072 | 458,653 | 2,198,174 |
| Net Bad Debt Expense | (115) | (823) | 137 | (801) |
| Depreciation | 229,797 | - | - | 229,797 |
| Total Operating Expenses | 1,525,785 | 1,068,371 | 471,595 | 3,065,751 |
| Operating Income | 952,374 | 93,776 | 139,682 | 1,185,832 |
| <u>Non-Operating Revenues (Expenses):</u> | | | | |
| Investment Earnings | 570 | 380 | - | 950 |
| Interest and Fiscal Charges | (144,940) | (4,633) | - | (149,573) |
| Deposit Refunds | (4,017) | (6) | (3,921) | (7,944) |
| Total Non-Operating Revenues (Expenses) | (148,387) | (4,259) | (3,921) | (156,567) |
| Income Before Transfers and Capital Contributions | 803,987 | 89,517 | 135,761 | 1,029,265 |
| Capital Contributions | 115,056 | - | - | 115,056 |
| Transfers In | - | 700,000 | - | 700,000 |
| Transfers Out | (101,468) | (30,000) | (100,000) | (231,468) |
| Total Transfers and Capital Contributions | 13,588 | 670,000 | (100,000) | 583,588 |
| Change in Net Assets | 817,575 | 759,517 | 35,761 | 1,612,853 |
| Total net assets - Beginning (Deficit) | 3,324,799 | (541,363) | 138,092 | 2,921,528 |
| Total net assets - Ending | \$ 4,142,374 | \$ 218,154 | \$ 173,853 | \$ 4,534,381 |

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS | | | |
|--|--|-------------------|---------------------------------|---------------------|
| | Water | Sewer | Nonmajor Enterprise Funds | Totals |
| Cash Flows from Operating Activities: | | | | |
| Cash Received from Customers | \$ 2,279,372 | \$ 1,168,818 | \$ 606,098 | \$ 4,054,288 |
| Cash Paid for Employee Services and Benefits | (322,646) | - | - | (322,646) |
| Cash Paid to Suppliers for Goods and Services | (975,870) | (1,082,499) | (428,548) | (2,486,917) |
| Other Receipts | 188,743 | - | 100 | 188,843 |
| Other Payments | (1,765) | (6) | (3,921) | (5,692) |
| Net Cash Provided by Operating Activities | 1,167,834 | 86,313 | 173,729 | 1,427,876 |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Transfers-in from Other Funds | 87,654 | 700,000 | - | 787,654 |
| Transfers-out to Other Funds | (189,122) | (30,000) | (100,000) | (319,122) |
| Cash repaid for Long-Term Loan | - | (318,271) | - | (318,271) |
| Cash received from Short-Term Loan | 1,543,703 | - | - | 1,543,703 |
| Net Cash Provided by (Used in) NonCapital Financing Activities | 1,442,235 | 351,729 | (100,000) | 1,693,964 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Capital Grant Contributions | 115,056 | - | - | 115,056 |
| Face Value from the Sale of Capital Debt | 4,021,000 | 294,000 | - | 4,315,000 |
| Acquisition and Construction of Capital Assets | (238,601) | - | - | (238,601) |
| Principal Paid on Revenue Anticipation Bonds | (4,201,000) | (294,000) | - | (4,495,000) |
| Principal Paid on Loans Payable | (24,102) | - | - | (24,102) |
| Interest Paid on All Debt | (134,357) | (7,183) | - | (141,540) |
| Net Cash (Used in) Capital and Related Financing Activities | (462,004) | (7,183) | - | (469,187) |
| Cash Flows from Investing Activities: | | | | |
| Interest Earnings | 570 | 380 | - | 950 |
| Net Cash Provided By Investing Activities | 570 | 380 | - | 950 |
| Net Increase in Cash and Cash Equivalents | 2,148,635 | 431,239 | 73,729 | 2,653,603 |
| Cash and Cash Equivalents at Beginning of Year | 1,298,947 | - | 73,269 | 1,372,216 |
| Cash and Cash Equivalents at End of Year | \$ 3,447,582 | \$ 431,239 | \$ 146,998 | \$ 4,025,819 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Operating Income | \$ 952,374 | \$ 93,776 | \$ 139,682 | \$ 1,185,832 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Depreciation Expense | 229,797 | - | - | 229,797 |
| Other | (1,765) | (6) | (3,921) | (5,692) |
| Change in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | (30,792) | 5,848 | (4,942) | (29,886) |
| (Increase) Decrease in Accounts Payables | (13,913) | - | 3,076 | (10,837) |
| Increase in Contracts Payables | 667 | - | 39,222 | 39,889 |
| Increase in Accrued Wages and Benefits | 3,460 | - | - | 3,460 |
| Increase in Compensated Absences Payable | 755 | - | - | 755 |
| Increase (Decrease) in Due to Other Governments | 27,251 | (13,305) | 612 | 14,558 |
| Total Adjustments | 215,460 | (7,463) | 34,047 | 242,044 |
| Net Cash Provided by Operating Activities | \$ 1,167,834 | \$ 86,313 | \$ 173,729 | \$ 1,427,876 |

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2005

| | Agency |
|---|-----------|
| Assets: | |
| Cash and Cash Equivalents in Segregated Accounts | \$ 10,862 |
| Total Assets | 10,862 |
| Liabilities: | |
| Accounts Payable | 6,129 |
| Intergovernmental Payable | 1,080 |
| Due to Others | 3,301 |
| Undistributed Monies | 352 |
| Total Liabilities | \$ 10,862 |

See accompanying notes to the basic financial statements

CITY OF MONROE

Notes to the Basic Financial Statements

Note 1 — Reporting Entity and Basis of Presentation

The City of Monroe is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own charter. The current charter, which provides for a Council/Manager form of government, was adopted in 1984. The seven-member Council is elected to four-year terms. Annually, the Council selects one of its members to serve as Mayor. The Council appoints the City Manager, Finance Director and Law Director.

The Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments that are not legally separate from the City. Services provided include police and fire protection, street maintenance and repair force, planning and zoning departments, a parks and recreation system, a water and sewer system, and a community development department. A staff provides essential support (i.e., payroll processing, accounts payable, revenue collection) to these service providers. The Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City had no component units at December 31, 2005.

The Monroe Mayor's Court has been included in the City's financial statements as an agency fund. The clerk of court has a fiduciary responsibility for the collection and distribution of the court fees and fines.

The City is also associated with two jointly governed organizations, The Center for Local Governments and the Ohio-Kentucky-Indiana Regional Council of Governments, which are presented in Note 17 to the Basic financial statements. The City is also a member the Municipal League of Ohio Workers' Compensation Group Rating Plan, an insurance purchasing pool, which is presented in Note 18 to the basic financial statements.

Basis of Presentation – Fund Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements except interfund services provided and used in the normal course of business. Taxes and intergovernmental revenues normally support governmental activities. *Business-type activities* are supported by charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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*.

CITY OF MONROE

Notes to the Basic Financial Statements

Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Certain of the City's accounting policies are described as follows.

Measurement Focus Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the enterprise fund financial statements. 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 as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, debt service expenditures, as well as compensated absences, are recorded only when payment is due.

Property taxes, income taxes, hotel taxes, licenses, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the City receives cash.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City employs the use of three categories of funds: governmental, enterprise, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose of which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

CITY OF MONROE
Notes to the Basic Financial Statements

Enterprise Funds

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire 2000 Levy

To account for the property tax levied in 2000 for capital improvements and acquisitions.

Debt Service Fund

The debt service fund accounts for the retirement of specific general governmental short and long term obligations. All revenues derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid in this fund.

The City reports the following major enterprise funds:

Water Fund

To account for activities of the City's water system.

Sewer Fund

To account for activities of the City's wastewater system.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets using the economic resources measurement focus and accrual basis of accounting. The fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and agency funds. The City maintains a Municipal Court agency fund, which accounts for funds that flow through the municipal court office. The City's agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

CITY OF MONROE

Notes to the Basic Financial Statements

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Enterprise and Other Governmental Entities that Use Enterprise Fund Accounting*, the City has elected to follow FASB Statements and Interpretations issued prior to December 1, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The City also has the option of following subsequent FASB guidance for their business-type and enterprise funds, subject to this same limitation. The City has elected not to apply those FASB Statements and Interpretations issued after November 30, 1989, to its enterprise funds.

Cash and Cash Equivalents

To improve cash management, all cash received by the City is pooled. Monies for all funds, including enterprise funds, except cash held by a trustee or fiscal agent and specific fund investments, are maintained in this pool. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the fund balance sheet and statement of net assets. Individual fund integrity is maintained through the City's records. The City's Mayor's Court has its own checking accounts for collection and distribution of court fines and forfeitures that are presented on the statement of fiduciary net assets as "Cash and cash equivalents in segregated accounts." The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the fund balance sheet and statement of net assets as "Cash with fiscal agent." The Debt Service and Capital Improvement capital projects fund expended more than their share of pooled cash and cash equivalents. These funds had negative cash balances at year-end that were eliminated by short-term loans from various city funds. These loans are classified as "Interfund receivables" and "Interfund payables."

For purposes of the statement of cash flows and for presentation on the fund balance sheet and statement of net assets, investments with original maturities of three months or less and funds within the cash management pool are considered to be cash equivalents. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts, such as certificates of deposit, are reported at cost. During fiscal year 2005, investments were limited to STAR Ohio and certificates of deposit.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

Following Ohio statutes, the City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2005 amounted to \$158,028, which includes \$143,149, assigned from other City funds. Interest was also credited to the 1989 Fire Levy, Cemetery Trust and Longstreet Trust Special Revenue funds and Debt Service fund in the amounts of \$21,690; \$5; \$430 and \$31, respectively.

Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from other funds" or "Due to other funds" on the fund balance sheet. Short-term interfund loans for a negative cash balance in a fund are classified as "Interfund receivables" and "Interfund payables." These amounts are removed from the consolidated columns on the statement of net assets.

CITY OF MONROE
Notes to the Basic Financial Statements

Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets is determined by the ultimate use:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (Years)</u> |
|-------------------------------------|--------------------------------|
| Buildings and Building Improvements | 40 |
| Infrastructure – Streets | 50 |
| Infrastructure – Water Lines | 20 |
| Land improvements | 20 |
| Machinery, Equipment and Vehicles | 5 – 20 |

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

Transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Transfers In” by the recipient fund and “Transfers Out” by the disbursing fund on the fund financial statements. These transfers are consolidated within the governmental and business-type activities columns, and also from the “total” column on the statement of activities.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

Pensions

The provisions for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

Compensated Absences

The City follows the provisions of Governmental Accounting Standards Board Statement No. 16, “Accounting for Compensated Absences.” Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City records a liability for sick leave for employees with ten years of service. The employees are eligible to receive payment for one-quarter of the vested balance up to a maximum of 240 hours.

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Matured leave payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The entire liability is reported on the government-wide statement of net assets. For enterprise funds, the entire liability is reflected in the fund balance sheet.

CITY OF MONROE

Notes to the Basic Financial Statements

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Bonds and capital leases are reported as a liability of the governmental activities on the statement of net assets.

Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds and on the statement of net assets.

Long-term liabilities are being repaid from the following funds:

| Obligation | Fund |
|--------------------------|--|
| Compensated Absences | Will be paid by the fund from which the employee's salary is paid. |
| General Obligation Bonds | Will be paid from the debt service fund. |
| Loans Payable | Will be paid from the water fund, which is utilizing the water tower associated with the loan. |
| Capital Leases Payable | Will be paid from the general and street special revenue funds. |
| Special Assessment Bonds | Will be paid from the debt service fund. |

Reservations of Fund Balances

The City reserves fund balances for amounts that are legally segregated for a specific purpose or which are not available for current appropriation or expenditure because of their non-monetary nature or lack of liquidity. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balances have been reserved for encumbrances.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Restrictions

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted balances are available.

Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital asset, net of related debt or restricted net assets.

Unearned/Deferred Revenues

Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

CITY OF MONROE

Notes to the Basic Financial Statements

Property taxes, for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenues.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Exchange/Non-Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$10,501,245) difference are as follows:

| | |
|--|-----------------------|
| General Obligation Bonds Payable | (\$7,170,000) |
| General Obligation Bonds Payable – Premium | (36,443) |
| Special Assessment Bonds Payable | (1,130,000) |
| Revenue Bonds Payable | (2,000,000) |
| Accrued Interest Payable | (37,019) |
| Capital Leases Payable | (75,472) |
| Noncurrent Compensated Absences | (52,311) |
| Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u>(\$10,501,245)</u> |

CITY OF MONROE
Notes to the Basic Financial Statements

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.” The details of \$45,467,227 difference are as follows:

| | |
|--|--------------|
| Capital Assets | \$59,184,311 |
| Accumulated Depreciation | (13,717,084) |
| Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | \$45,467,227 |

Another element of that reconciliation states that “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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$5,890,763 are as follows:

| | |
|---|-------------|
| Current Capital Additions | \$7,203,612 |
| Loss on Disposal of Assets | (16,082) |
| Depreciation Expense | (1,296,767) |
| Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | \$5,890,763 |

An element of that reconciliation states that “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 affect of 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$405,768 are as follows:

| | |
|--|-----------|
| Principal paid on Long Term Debt | \$484,000 |
| Impact of lease capitalization and principal reduction | (75,472) |
| Current Year Amortization of Issuance Costs | (10,443) |
| Current Year Amortization of Long Term Debt Discount | 1,918 |
| Change in Interest Payable | 5,765 |
| Net Adjustment - current financial resources focus to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | \$405,768 |

CITY OF MONROE
Notes to the Basic Financial Statements

Note 3 - Compliance and Accountability

Statutory Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2005:

| Fund Type/Fund | Excess |
|--------------------------------|---------------|
| Major Funds: | |
| Fire 2000 Levy | \$76,999 |
| Debt Service Fund | 845,237 |
| Sewer | 565,470 |
| Nonmajor Funds: | |
| Fire Operation and Maintenance | 1,011,178 |
| Police Law Enforcement | 439,867 |
| TASER | 19,960 |
| Capital Improvement | 146,705 |

The following funds had expenditures plus encumbrances in excess of appropriations at the end of the fiscal year ended December 31, 2005:

| Fund Type/Fund/Function | Excess |
|--------------------------------|---------------|
| Major Funds: | |
| Debt Service | \$517,415 |
| Nonmajor Funds: | |
| Street Construction | 12,828 |
| Fire Operation and Maintenance | 120,390 |
| 1989 Fire Levy | 497,356 |
| Cemetery | 20,255 |

Fund Deficits

The following funds had fund balance deficits at December 31, 2005:

| Fund Type/Fund | Fund Deficit |
|--------------------------------|---------------------|
| Major Funds: | |
| Debt Service | \$1,375,241 |
| Nonmajor Funds: | |
| Fire Operation and Maintenance | 38,991 |
| Capital Improvement | 137,267 |

CITY OF MONROE

Notes to the Basic Financial Statements

The deficits in the fire operation and maintenance special revenue fund, debt service fund, and capital improvement capital projects fund resulted because the City expended resources from other pooled cash. The City continues working on correcting fund deficits through cost saving efficiencies developed during the prior year. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Deposits and Investments

Policies and Procedures

The investment and deposit of City monies are governed by the Ohio Revised Code. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

State statute permits interim monies to be deposited in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bond, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this section are made only through eligible institutions; and

CITY OF MONROE
Notes to the Basic Financial Statements

6. The State Treasurer’s investment pool (STAR Ohio); and
7. Certain bankers’ acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, City, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.”

Deposits

At year-end, the carrying amount of the City’s deposits was \$6,308,327 and the bank balance was \$6,650,325. \$320,088 of the City’s deposits was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2005, \$6,330,237 of the City’s bank balance of \$6,650,325 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the City had the following investments.

| | Carrying and Fair Value | Average Maturity (in years) |
|-----------|----------------------------|--------------------------------|
| STAR Ohio | \$10,490 | 0.33 |

CITY OF MONROE
Notes to the Basic Financial Statements

Interest Rate Risk - The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk - The City is not subject to any credit risk as there are no investments subject to credit risk. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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 has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer. The City currently is not subject to concentration of credit risk.

A reconciliation between classifications of cash and cash equivalents and investments on the basic financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | <u>Cash and Cash Equivalents/Deposits</u> | <u>Investments</u> |
|--|---|--------------------|
| Equity in Pooled Cash – Basic Financial Statements | \$6,310,808 | \$8,009 |
| Investments: | | |
| STAR Ohio | (10,490) | 10,490 |
| Certificate of Deposits | 8,009 | (8,009) |
| | <u>\$6,308,327</u> | <u>\$10,490</u> |
| GASB Statement No. 3 | | |

Note 5 - Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2005 were levied after October 1, 2004, on assessed values as of January 1, 2004, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for tax year 2003. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semi-annually, the first payment is due by February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30th; the remainder is payable by September 20th.

CITY OF MONROE
Notes to the Basic Financial Statements

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31st of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City. The County Auditor periodically remits to the City its portion of the taxes collected.

| Category | Assessed Value |
|---|-----------------------------|
| Real Property Tax | \$205,833,010 |
| Tangible Personal Property | 34,843,584 |
| Public Utility Tangible Personal Property | 16,172,430 |
| Total | <u><u>\$256,849,024</u></u> |

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .985% (9.85 mills) of assessed value.

Note 6 - Income Tax

The City levies a municipal income tax of one percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2005, the proceeds were allocated to the general fund. Income tax revenue for 2005 was \$3,345,238.

CITY OF MONROE
Notes to the Basic Financial Statements

Note 7 - Receivables

Receivables at December 31, 2005, consisted of property and other taxes, income taxes, utility accounts (shown net of an allowance for uncollectible accounts), special assessments, interest on investments, and intergovernmental receivables and shared revenues arising from entitlements. A summary of due from other governments follows:

| | <u>Amount</u> |
|-------------------------------|-------------------------|
| MAJOR FUNDS | |
| General Fund | |
| Local Government Assistance | \$160,012 |
| Estate tax | 265,325 |
| Total General Fund | <u>425,337</u> |
| NONMAJOR FUNDS | |
| Special Revenue Funds | |
| Street | |
| Gas Tax | 147,226 |
| Auto Registration Tax | 74,622 |
| Total Street Fund | <u>221,848</u> |
| State Highway | |
| Gas Tax | 11,886 |
| Auto Registration Tax | 6,033 |
| Total State Highway | <u>17,919</u> |
| Police Law Enforcement | |
| Monroe School Grant | <u>8,323</u> |
| Motor Vehicle License | |
| Permissive Tax | <u>45,286</u> |
| Total All Funds | <u><u>\$718,713</u></u> |

CITY OF MONROE
Notes to the Basic Financial Statements

Note 8 - Capital Assets

A summary of the changes in capital assets during the year ended December 31, 2005, follows:

| | Balance 12/31/2004 | Increases | Decreases | Balance 12/31/2005 |
|--|-----------------------|-------------|------------|-----------------------|
| Governmental Activities: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$1,327,758 | \$0 | \$0 | \$1,327,758 |
| Land Improvements | 232,100 | 0 | 0 | 232,100 |
| Total Capital Assets, not being depreciated | 1,559,858 | 0 | 0 | 1,559,858 |
| Capital Assets, being depreciated: | | | | |
| Buildings and Building Improvements | 6,491,576 | 0 | 0 | 6,491,576 |
| Machinery, Equipment and Vehicles | 2,695,639 | 134,612 | (402,242) | 2,428,009 |
| Infrastructure – Streets | 41,635,868 | 7,069,000 | 0 | 48,704,868 |
| Total Capital Assets, being depreciated | 50,823,083 | 7,203,612 | (402,242) | 57,624,453 |
| Accumulated Depreciation | | | | |
| Buildings and Building Improvements | (1,148,940) | (176,524) | 0 | (1,325,464) |
| Machinery, Equipment and Vehicles | (441,835) | (155,549) | 386,160 | (211,224) |
| Infrastructure – Streets | (11,215,702) | (964,694) | 0 | (12,180,396) |
| Less Accumulated Depreciation | (12,806,477) | (1,296,767) | 386,160 | (13,717,084) |
| Total Capital Assets, being depreciated, net | 38,016,606 | 5,906,845 | (16,082) | 43,907,369 |
| Governmental Activities Capital Assets, Net | \$39,576,464 | \$5,906,845 | (\$16,082) | \$45,467,227 |
| Business-Type Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$563,741 | \$0 | \$0 | \$563,741 |
| Land Improvements | 150,409 | 0 | 0 | 150,409 |
| Construction in Progress | 0 | 238,601 | 0 | 238,601 |
| Total Capital Assets, not being depreciated | 714,150 | 238,601 | 0 | 952,751 |
| Capital Assets, being depreciated | | | | |
| Buildings and Building Improvements | 514,000 | 0 | 0 | 514,000 |
| Machinery and Equipment | 1,663,773 | 0 | 0 | 1,663,773 |
| Infrastructure – Water Lines | 3,284,989 | 0 | 0 | 3,284,989 |
| Total Capital Assets, being depreciated | 5,462,762 | 0 | 0 | 5,462,762 |
| Accumulated Depreciation | | | | |
| Buildings and Building Improvements | (106,309) | (12,189) | 0 | (118,498) |
| Machinery and Equipment | (780,641) | (51,258) | 0 | (831,899) |
| Infrastructure – Water Lines | (996,434) | (166,350) | 0 | (1,162,784) |
| Less Accumulated Depreciation | (1,883,384) | (229,797) | 0 | (2,113,181) |
| Total capital Assets, being depreciated, net | 3,579,378 | (229,797) | 0 | 3,349,581 |
| Business-Type Activities Capital Assets, Net | \$4,293,528 | \$8,804 | \$0 | \$4,302,332 |

CITY OF MONROE
Notes to the Basic Financial Statements

Depreciation expense was charged to governmental functions as follows:

| | |
|---|------------------|
| Governmental Activities: | |
| Security of Persons and Property | \$134,523 |
| Leisure Time Activities | 7,560 |
| Transportation, including depreciation of general infrastructure assets | 1,029,323 |
| General Government | 125,361 |
| Total Depreciation Expense - governmental activities | <u>1,296,767</u> |
| | |
| Business Type Activities: | |
| Water | 229,797 |
| Total Depreciation Expense – business-type activities | <u>\$229,797</u> |

Note 9 - Defined Benefit Pension Plans

Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-8025 or 1-800-222- PERS (7377).

In 2004, OPERS expanded the retirement options for covered employees. OPERS administers three separate pension plans as described below:

- The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan
- The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
- The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$127,857, \$153,628, and \$105,330, respectively. The full amount has been contributed for 2004 and 2003. 96 percent has been contributed for 2005 with the remainder being reported as a liability within the respective funds.

CITY OF MONROE

Notes to the Basic Financial Statements

Police and Firemen's Disability and Pension Fund

The City contributes to the Ohio Police and Firemen's Disability and Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 and 24 percent respectively for police officers and firefighters. Contributions are authorized by State statute. The City's required contributions to the Fund for the years ended December 31, 2005, 2004, and 2003 were \$316,410, \$448,925, and \$321,486, respectively. The full amount has been contributed for 2004 and 2003. 99 percent has been contributed for 2005 with the remainder being reported as a liability within the respective funds.

Note 10 - Post Employment Benefits

Public Employees Retirement System (OPERS)

The Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll; 4 percent was the portion that was used to fund health care for 2005.

For 2005, benefits are advanced-funded on an actuarially determined basis. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to OPERS. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2004, the estimated net assets available for future OPEB payments were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively. At December 31, 2005, the total number of benefit recipients eligible for OPEB through OPERS was 376,109. The City's actual contributions for 2005 that were used to fund OPEB were \$53,871.

Police and Firemen's Disability and Pension Fund

The Police and Firemen's Disability and Pension Fund (Fund) provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such a person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis.

CITY OF MONROE

Notes to the Basic Financial Statements

The health care coverage provided by the retirement system is considered an OPEB as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and the Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll, of which 7.5 percent of covered payroll is applied to the postemployment health care program. The total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2004. (the latest information available) was 13,812 for police and 10,528 for firefighters. The City's actual contributions for 2005 that were used to fund postemployment benefits were \$71,045 for police and \$99,434 for fire. The Fund's total health care expenses for the year ended December 31, 2004, were \$102,173,796, which was net of member contributions of \$55,665,341.

Note 11 - Other Employee Benefits

Compensated Absences

Accumulated Unpaid Sick Leave

City salaried employees earn sick leave at the rate of one day for each full month of employment with the City. City hourly employees earn three days of sick leave after six months of employment and an additional four days on the first of the calendar year following the six-month period. Each year the hourly employees receive seven days of sick leave. City employees can receive payment of accrued sick leave up to 240 hours after ten years with the City.

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. The City employees earn one week of vacation after six months of employment. On January 1 following the completion of the six-month probation period, an additional week of vacation is earned. The employee earns two weeks for years two through nine, three weeks for years ten through nineteen and four weeks for twenty or more years. There are no maximum vacation days that can be accrued. Upon departure from City employment, an employee (or his or her estate) will be paid for unused vacation leave.

Health Care Benefits

The City provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. The City has elected to provide employee medical/surgical benefits through United Healthcare. Some employees share the cost of the dismemberment monthly premium with the City; the City pays the full premium on all other benefits. The premium varies with employee depending on the terms of the union contract. The City provides dental insurance to all employees through Superior.

CITY OF MONROE
Notes to the Basic Financial Statements

Note 13 - Capital Leases

The City entered into capitalized leases for copy machines and a durapatcher during fiscal year 2005. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copiers and the durapatcher have been capitalized on the statement of net assets in the amount of \$76,620 book value. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was also recorded. Principal payments in fiscal year 2005 totaled \$1,148 in the general fund.

The assets acquired through capital leases are as follows:

| | Governmental Activities |
|-----------------------------------|----------------------------|
| Asset: | |
| Machinery, Equipment and Vehicles | \$76,620 |
| Less: Accumulated Depreciation | (0) |
| Total | <u>\$76,620</u> |

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2005.

| Fiscal Year Ending December 31 | Capital Lease |
|---|------------------|
| 2006 | \$19,361 |
| 2007 | 19,361 |
| 2008 | 19,361 |
| 2009 | 19,361 |
| 2010 | 16,864 |
| Total | <u>94,308</u> |
| Less: Amount Representing Interest | (18,836) |
| Present Value of Net Minimum Lease Payments | <u>\$75,472</u> |

CITY OF MONROE
Notes to the Basic Financial Statements

The annual debt service requirements to maturity for the capital lease paid from the General Fund and Street Fund are as follows:

| Fiscal Year Ending December 31, | Governmental Activities | | |
|---------------------------------|-------------------------|----------|----------|
| | Principal | Interest | Total |
| 2006 | \$13,012 | \$6,349 | \$19,361 |
| 2007 | 14,163 | 5,198 | 19,361 |
| 2008 | 15,450 | 3,911 | 19,361 |
| 2009 | 16,892 | 2,469 | 19,361 |
| 2010 | 15,955 | 909 | 16,864 |
| Total | \$75,472 | \$18,836 | \$94,308 |

Note 14 –Long-Term Obligations

A summary of the changes in long-term obligations during the year ended December 31, 2005 follows:

| | Balance 12/31/2004 | Increase | Decrease | Balance 12/31/2005 | Due within one year |
|---|-----------------------|-----------|-----------|-----------------------|------------------------|
| Governmental Activities | | | | | |
| Special Assessment Bonds | | | | | |
| 6.70% 1991 Waterline Extension I | \$270,000 | \$0 | \$30,000 | \$240,000 | \$35,000 |
| 6.61% 1998 Waterline Extension II | 112,000 | 0 | 7,000 | 105,000 | 7,400 |
| 5.625% 1988 Garver Road | 75,000 | 0 | 15,000 | 60,000 | 20,000 |
| 5.25% — 5.75% 1993 American Way | 82,000 | 0 | 7,000 | 75,000 | 8,000 |
| 4.45% — 5.70% 2002 Limited Edition | 680,000 | 0 | 30,000 | 650,000 | 30,000 |
| TOTAL — Special Assessment Bonds | 1,219,000 | 0 | 89,000 | 1,130,000 | 100,400 |
| Revenue Obligation Bonds | | | | | |
| 1999 Adjustable Rate Tax Incremental | 2,000,000 | 0 | 0 | 2,000,000 | 0 |
| General Obligation Bonds (Unvoted) | | | | | |
| 2.00% - 5.25% 2004 VP Bonds | 7,565,000 | 0 | 395,000 | 7,170,000 | 405,000 |
| Less Deferred amounts – premium | 38,361 | 0 | 1,918 | 36,443 | 1,918 |
| TOTAL – General Obligation Bonds | 7,603,361 | 0 | 396,918 | 7,206,443 | 406,918 |
| Capital Leases Payable | 0 | 76,620 | 1,148 | 75,472 | 13,012 |
| Compensated Absences | 49,906 | 306,555 | 288,371 | 68,090 | 15,779 |
| TOTAL — Governmental Activities | 10,872,267 | 383,175 | 775,437 | 10,480,005 | 536,109 |
| Business-Type Activities | | | | | |
| 5.02% 2004 Loan Payable | 599,259 | 0 | 24,102 | 575,157 | 25,327 |
| Compensated Absences | 11,771 | 15,852 | 15,097 | 12,526 | 2,365 |
| TOTAL – Business-Type Activities | 611,030 | 15,852 | 39,199 | 587,683 | 27,692 |
| TOTAL ALL ACTIVITIES | \$11,483,297 | \$399,027 | \$814,636 | \$11,067,688 | \$563,801 |

CITY OF MONROE

Notes to the Basic Financial Statements

The Water Line Extension I special assessment bond was issued at an interest rate of 6.7 percent on October 1, 1991. The debt was issued for the purpose of constructing a water line extension, a sewer line extension, street improvements and a storm water control system in order to provide police and fire access and sanitary facilities.

The Water Line Extension II special assessment bond was issued at an interest rate of 6.61 percent on January 1, 1998. The debt was issued for the purpose of constructing a water line extension down three roads in the City.

The Garver Road special assessment bond was issued at an interest rate of 5.625 percent on July 5, 1988 for the purpose of improving the property along Garver Road in the City.

The American Way special assessment bond was issued at varying interest rates from 5.25 to 5.75 percent. The debt was issued on September 3, 1993 for the purpose of constructing a road extension.

The Limited Edition special assessment bond was issued at varying interest rates from 4.45 to 5.70 percent. The debt was issued on September 15, 2000 for the purpose of making improvements around the Mount Pleasant Retirement home area.

The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. The special assessment bonds will be paid from the debt service fund.

The adjustable rate tax incremental bonds were issued on March 1, 1996 at a 3.35% stated interest rate. The bonds were issued to finance the Interstate 75 Corridor project. The bonds are being repaid from service payments recorded in the Corridor 75 capital projects fund with a final maturity of December 1, 2018.

The various purpose general obligation bonds were issued at varying interest rates from 4 to 5.5 percent on December 1, 1999. The bonds were issued for numerous items in the City. The City refunded the bonds during 2004 with the issuance of various purpose general obligation bonds at varying interest rates from 2.00% to 5.25%. The 2004 Various Purpose Bonds are financed bond anticipation notes and repaid the outstanding balance on the capital leases in the special revenue funds.

The unvoted general obligation bond issues will be paid from property taxes out of the special revenue funds and the capital projects funds.

The capital leases will be paid from the general fund and the street fund based on each fund's prorated share of the obligations. The compensated absences will be paid from the fund from which the employees' salaries are paid.

The Loan payable was issued at an interest of 5.02% in December 2001 for the purpose of the paying the City's portion of a water tower used with the City of Middletown. The loans will be paid from the water fund charges for services. The loan matures on June 1, 2021.

CITY OF MONROE**Notes to the Basic Financial Statements**

As of December 31, 2005, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,799,148 for total debt and \$6,956,696 for unvoted debt. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2005 are:

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

| Years | Principal | Interest | Total |
|-----------|-------------|-------------|-------------|
| 2006 | \$405,000 | \$285,918 | \$690,918 |
| 2007 | 410,000 | 277,818 | 687,818 |
| 2008 | 415,000 | 268,182 | 683,182 |
| 2009 | 425,000 | 256,770 | 681,770 |
| 2010 | 440,000 | 243,808 | 683,808 |
| 2011-2015 | 2,415,000 | 960,187 | 3,375,187 |
| 2016-2020 | 2,175,000 | 415,562 | 2,590,562 |
| 2021-2024 | 485,000 | 62,250 | 547,250 |
| Totals | \$7,170,000 | \$2,770,495 | \$9,940,495 |

GOVERNMENTAL ACTIVITIES

Special Assessment Bonds

| Years | Principal | Interest | Total |
|-----------|-------------|-----------|-------------|
| 2006 | \$100,400 | \$57,031 | \$157,431 |
| 2007 | 100,700 | 59,109 | 159,809 |
| 2008 | 112,100 | 52,909 | 165,009 |
| 2009 | 92,600 | 45,992 | 138,592 |
| 2010 | 98,000 | 40,583 | 138,583 |
| 2011-2015 | 339,100 | 129,561 | 468,661 |
| 2016-2020 | 287,100 | 48,811 | 335,911 |
| Totals | \$1,130,000 | \$433,996 | \$1,563,996 |

GOVERNMENTAL ACTIVITIES

Revenue Bonds

| Years | Principal | Interest | Total |
|-----------|-------------|-------------|-------------|
| 2006 | \$0 | \$0 | \$0 |
| 2007 | 0 | 0 | 0 |
| 2008 | 0 | 0 | 0 |
| 2009 | 150,000 | 670,000 | 820,000 |
| 2010 | 155,000 | 65,675 | 220,675 |
| 2011-2015 | 955,000 | 237,495 | 1,192,495 |
| 2016-2019 | 740,000 | 53,783 | 793,783 |
| Totals | \$2,000,000 | \$1,026,953 | \$3,026,953 |

CITY OF MONROE
Notes to the Basic Financial Statements

BUSINESS-TYPE ACTIVITIES

| Years | Loans Payable | | |
|-----------|---------------|-----------|-----------|
| | Principal | Interest | Total |
| 2006 | \$25,327 | \$28,614 | \$53,941 |
| 2007 | 26,614 | 27,327 | 53,941 |
| 2008 | 27,967 | 25,975 | 53,942 |
| 2009 | 29,389 | 24,553 | 53,942 |
| 2010 | 30,833 | 23,059 | 53,892 |
| 2011-2015 | 179,619 | 90,089 | 269,708 |
| 2016-2020 | 230,152 | 39,557 | 269,709 |
| 2021 | 25,256 | 660 | 25,916 |
| Totals | \$575,157 | \$259,834 | \$834,991 |

Note 15 - Short-Term Obligations

A summary of the short-term note transactions for the year ended December 31, 2005, follows:

| Fund Type | Balance 12/31/2004 | Increase | Decrease | Balance 12/31/2005 |
|---------------------------|-----------------------|-------------|-------------|-----------------------|
| Business Type Activities: | | | | |
| Water | \$4,195,000 | \$4,021,000 | \$4,195,000 | \$4,021,000 |
| Sewer | 300,000 | 294,000 | 300,000 | 294,000 |
| Total | \$4,495,000 | \$4,315,000 | \$4,495,000 | \$4,315,000 |

Short-term notes outstanding at year-end consisted of the following issues:

| Issue | Principal Outstanding | Annualized Rate |
|------------------------------|--------------------------|--------------------|
| <i>Enterprise Funds</i> | | |
| Water System Improvements | \$3,580,000 | 2.56% |
| Water System Improvements VP | 441,000 | 4.25 |
| Sewer System Improvements VP | 294,000 | 4.25 |

These notes are generally issued in anticipation of long-term bond financing and will be refinanced until such a bond is issued. They are backed by the full faith and credit of the City and mature within one year.

CITY OF MONROE
Notes to the Basic Financial Statements

Note 16 - Interfund Transactions

Interfund asset and liability balances at December 31, 2005, were as follows:

| Fund | Interfund Receivable | Interfund Payable | Transfers In | Transfers Out |
|----------------------------------|-------------------------|----------------------|-----------------|------------------|
| MAJOR FUNDS | | | | |
| General Fund | \$602,678 | \$0 | \$610,696 | \$736,152 |
| Fire 2000 Levy | 0 | 0 | 0 | 139,630 |
| Debt Service | 0 | 1,385,722 | 668,364 | 520,005 |
| Water | 847,042 | 0 | 0 | 101,468 |
| Sewer | 0 | 0 | 700,000 | 30,000 |
| Total Major Funds | 1,449,720 | 1,385,722 | 1,979,060 | 1,527,255 |
| NONMAJOR FUNDS | | | | |
| <u>Governmental Funds</u> | | | | |
| Street | 0 | 0 | 0 | 125,000 |
| Fire Operation/Maintenance | 0 | 0 | 1,285,892 | 254,228 |
| Fire 1989 Levy | 0 | 0 | 0 | 1,285,892 |
| Police Law Enforcement | 0 | 0 | 35,000 | 0 |
| Street Lighting | 0 | 0 | 18,500 | 0 |
| Capital Improvement | 0 | 63,998 | 153,918 | 179,995 |
| <u>Enterprise Funds</u> | | | | |
| Stormwater Management | 0 | 0 | 0 | 60,000 |
| Garbage | 0 | 0 | 0 | 15,000 |
| Cemetery | 0 | 0 | 0 | 25,000 |
| Total Nonmajor Funds | 0 | 0 | 1,493,310 | 1,945,115 |
| Total All Funds | \$1,449,720 | \$1,449,720 | \$3,472,370 | \$3,472,370 |

The interfund balances relate to the payable funds expending more available funds than allocated to them. The City has implemented cost control programs and is monitoring the fund on a monthly basis. The funds pay back interfund loans as quickly as possible. The transfers are related to these various repayments and also cash allocation procedures employed by the City's financial management.

Note 17 - Jointly Governed Organizations

The Center for Local Governments, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of eight members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made no financial contribution during 2005. Information can be obtained from the Center by writing to Director of the Center for Local Governments, 9600 Colerain Avenue, Cincinnati, Ohio 45251.

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization, was established to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. OKI members include Butler, Clermont and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky and Dearborn and Ohio Counties in Indiana. OKI also serves as an area wide review agency in conjunction with comprehensive planning within the OKI Region.

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. The City made no financial contribution during 2005. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way Suite 420, Cincinnati, Ohio, 45202.

Note 18 - Insurance Purchasing Pool

For 2005, the City participated in the Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. In order to allocate the savings derived by formation of the GRP, and to maximize the number of participants in the GRP, the GRP's executive committee annually calculates the total savings that accrued to the GRP through its information. This savings is then compared to the overall savings percentage of the GRP. The GRP's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP. Each year, the City pays an enrollment fee to the GRP to cover the costs of administering the program. The City may withdraw from the GRP if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to assess less experience for three years following the last year of participation. The City paid \$45,168 during 2005.

CITY OF MONROE
Notes to the Basic Financial Statements

Note 19 - Contingent Liabilities

Litigation

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2005 to December 31, 2005, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 20 – Fiscal Emergency Status

On August 12, 2004, the Ohio Auditor of State declared a state of fiscal emergency, as defined by Ohio Revised Code, for the City of Monroe. The City's deficit fund balances and treasury deficiency required the State auditor to declare the fiscal emergency which results in the appointment of a state commission to oversee the City's finances and assist in the development of a financial recovery plan. The commission will be responsible for approving the plan that eliminates the fiscal emergency conditions, balances the budget and avoids future deficits. The commission has widespread authority over the City, including oversight over revenue and expenditures and approval of any new debt issues.

Note 21 – Change in Accounting Principle and Accounting Statements

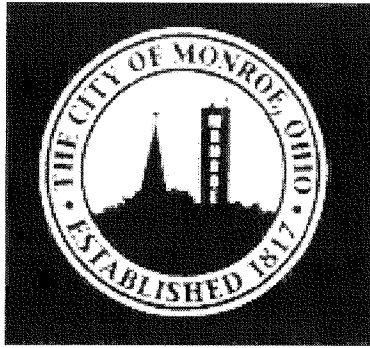
During fiscal year 2005, the City was required to implement GASB 40, "Deposit and Investment Risk Disclosures". The statement requires additional disclosures for credit risk, concentration risk and interest rate risk in relation to the City's investments. The City also had no impact from the implementation of GASB 42, "Accounting for Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries."

The City also implemented GASB Technical Bulletin No. 2004-2 "Recognition of Pension and Other Postemployment Benefit Expenditure/Expense and Liabilities by Cost-Sharing Employers." The implementation of this bulletin had no impact on beginning fund balance or net assets.

The City also implemented GASB 44, "Economic Condition Reporting: Statistical Section". The statement requires additional statistical information disclosure for government wide statement information and additional fiscal year comparatives. The new statistical tables can be found in the supplemental section of the report.

Note 22 – Subsequent Events

The City issued \$3,000,000 in general obligation notes payable at a 4.50 percent interest on March 16, 2006. The notes are for the purpose of financing the cost of constructing improvements to the State Route 63 and related improvements. The note will be repaid from property tax revenues in debt service fund on March 15, 2007.



REQUIRED SUPPLEMENTARY INFORMATION

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Major Governmental Fund
For the Year Ended December 31, 2005

| | GENERAL FUND | | | Variance Positive (Negative) |
|------------------------------------|--------------------|--------------------|--------------------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$678,000 | \$678,000 | \$663,122 | (\$14,878) |
| Income Taxes | 3,150,000 | 3,150,000 | 3,323,519 | 173,519 |
| Charges for Services | 170,000 | 170,000 | 215,490 | 45,490 |
| Fines, Licenses, and Permits | 600,000 | 600,000 | 695,870 | 95,870 |
| Intergovernmental | 368,800 | 368,800 | 395,842 | 27,042 |
| Interest | 20,000 | 20,000 | 153,863 | 133,863 |
| Other | 22,000 | 22,000 | 52,662 | 30,662 |
| Total Revenues | 5,008,800 | 5,008,800 | 5,500,368 | 491,568 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Council | | | | |
| Personal Services | 17,275 | 17,800 | 17,423 | 377 |
| Other | 7,665 | 7,898 | 7,898 | 0 |
| Total Clerk and Council | 24,940 | 25,698 | 25,321 | 377 |
| Mayor's Court | | | | |
| Personal Services | 60,171 | 62,000 | 60,225 | 1,775 |
| Other | 16,013 | 16,500 | 14,023 | 2,477 |
| Total Mayor's Court | 76,185 | 78,500 | 74,248 | 4,252 |
| Administrative Offices | | | | |
| Personal Services | 533,682 | 549,900 | 517,712 | 32,188 |
| Other | 140,724 | 145,000 | 130,929 | 14,071 |
| Total Administrative Office | 674,406 | 694,900 | 648,641 | 46,259 |
| Development | | | | |
| Other | 560,177 | 577,200 | 569,132 | 8,068 |
| Total Development | 560,177 | 577,200 | 569,132 | 8,068 |
| Treasurer | | | | |
| Other | 120,251 | 123,905 | 115,676 | 8,229 |
| Total Treasurer | 120,251 | 123,905 | 115,676 | 8,229 |
| Income Tax Department | | | | |
| Other | 97,536 | 100,500 | 75,749 | 24,751 |
| Total Income Tax Department | 97,536 | 100,500 | 75,749 | 24,751 |
| City Manager's Office | | | | |
| Other | 119,615 | 123,250 | 113,936 | 9,314 |
| Total Board of Zoning | 119,615 | 123,250 | 113,936 | 9,314 |
| Total General Government | \$1,673,109 | \$1,723,953 | \$1,622,703 | \$101,250 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Major Governmental Fund
For the Year Ended December 31, 2005

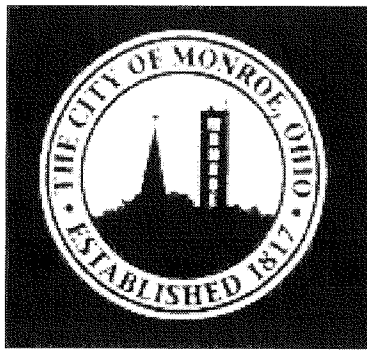
| | GENERAL FUND | | | Variance Positive (Negative) |
|--|------------------|------------------|------------------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Security of Persons and Property | | | | |
| Police Law Enforcement | | | | |
| Personal Services | \$1,611,042 | \$1,660,000 | \$1,602,457 | \$57,543 |
| Total Police Law Enforcement | 1,611,042 | 1,660,000 | 1,602,457 | 57,543 |
| Fire Department | | | | |
| Personal Services | 2,207,903 | 2,275,000 | 1,830,171 | 444,829 |
| Total Fire Department | 2,207,903 | 2,275,000 | 1,830,171 | 444,829 |
| Total Security of Persons and Property | 3,818,945 | 3,935,000 | 3,432,628 | 502,372 |
| Public Health and Welfare | | | | |
| Grounds and Facilities | | | | |
| Other | 99,477 | 102,500 | 98,738 | 3,762 |
| Total Public Health and Welfare | 99,477 | 102,500 | 98,738 | 3,762 |
| Transportation | | | | |
| Transportation Administration | | | | |
| Personal Services | 388,203 | 400,000 | 389,327 | 10,673 |
| Other | 10,555 | 10,876 | 6,763 | 4,113 |
| Total Transportation | 398,758 | 410,876 | 396,090 | 14,786 |
| Intergovernmental | 17,469 | 18,000 | 17,876 | 124 |
| Capital Outlay | 209,275 | 215,635 | 23,085 | 192,550 |
| Total Expenditures | 6,217,033 | 6,405,964 | 5,591,120 | 814,844 |
| Deficiency of Revenues Under Expenditures | (1,208,233) | (1,397,164) | (90,752) | 1,306,412 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 2,000 | 2,000 | 211,052 | 209,052 |
| Transfers - In | 1,075,000 | 1,075,000 | 610,696 | (464,304) |
| Transfers - Out | 0 | 0 | (736,152) | (736,152) |
| Total Other Financing Sources (Uses) | 1,077,000 | 1,077,000 | 85,596 | (991,404) |
| Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses | (131,233) | (320,164) | (5,156) | 315,008 |
| Fund Balance at Beginning of Year | 493,417 | 493,417 | 493,417 | 0 |
| Prior Year Encumbrances Appropriated | 0 | 6,583 | 6,583 | 0 |
| Fund Balance at End of Year | <u>\$362,184</u> | <u>\$179,836</u> | <u>\$494,844</u> | <u>\$315,008</u> |

See accompanying notes to the required supplementary information

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Major Governmental Funds
For the Year Ended December 31, 2005

| | FIRE 2000 LEVY FUND | | | Variance Positive (Negative) |
|---|---------------------|----------------|------------------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$353,000 | \$353,000 | \$474,711 | \$121,711 |
| Intergovernmental | 19,500 | 19,500 | 42,035 | 22,535 |
| Total Revenues | 372,500 | 372,500 | 516,746 | 144,246 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 7,505 | 7,505 | 7,502 | 3 |
| Total Security of Persons and Property | 7,505 | 7,505 | 7,502 | 3 |
| Capital Outlay | 683,850 | 683,850 | 0 | 683,850 |
| Total Expenditures | 691,355 | 691,355 | 7,502 | 683,853 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (318,855) | (318,855) | 509,244 | 828,099 |
| Other Financing Uses: | | | | |
| Transfers - Out | 0 | 0 | (139,630) | (139,630) |
| Total Other Financing Uses | 0 | 0 | (139,630) | (139,630) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses | (318,855) | (318,855) | 369,614 | 688,469 |
| Fund Balance at Beginning of Year | 241,856 | 241,856 | 241,856 | 0 |
| Fund Balance (Deficit) at End of Year | (\$76,999) | (\$76,999) | \$611,470 | \$688,469 |

See accompanying notes to the required supplementary information



CITY OF MONROE

Notes to the Required Supplementary Information

Note I - Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level (personal services and other expenditures) within each department. Budgetary modifications may only be made by ordinance of the City Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all funds is submitted to the City Auditor, as Secretary of the City Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The City Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer and the Budget Commission agree that the estimate needs to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2005, while the original budget column reflects amounts in the original official certificate of estimated resources.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by ordinance of City Council. During the year several supplemental appropriation measures were passed; however, none of them were significant. The budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

CITY OF MONROE

Notes to the Required Supplementary Information

Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund and major Special Revenue Funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications. Budget figures appearing in the statement of budgetary comparisons are based upon the following:

Initial Budget is the legally adopted amount of appropriation originally passed by City Council through the original appropriation ordinance.

Final Budget represents the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures and encumbrances from exceeding appropriations.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

Note 2 - Budget to GAAP Reconciliation

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual (Budget Basis) — Major Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

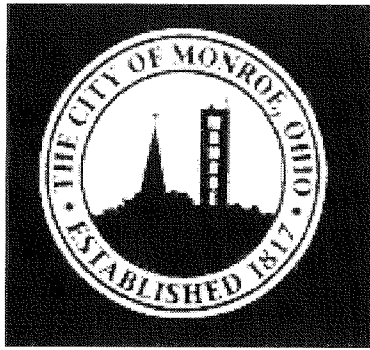
1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

CITY OF MONROE

Notes to the Required Supplementary Information

The adjustments necessary to convert the results of operations for the year ended December 31, 2005, on the GAAP basis to the budget basis for the General Fund and Major Special Revenue funds are as follows:

| | <u>General</u> | <u>Fire 2000 Levy</u> |
|----------------------|------------------|---------------------------|
| GAAP Basis | (\$260,506) | \$371,900 |
| Adjustments: | | |
| Revenue Accruals | 246,422 | (2,280) |
| Expenditure Accruals | 13,728 | (6) |
| Encumbrances | (4,800) | 0 |
| Budget basis | <u>(\$5,156)</u> | <u>\$369,614</u> |



OTHER SUPPLEMENTAL INFORMATION

This Page is Intentionally Left Blank.

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Debt Service Major Fund
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|--|---------------------------|---------------------------|-----------------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Special Assessments | \$160,000 | \$160,000 | \$161,566 | \$1,566 |
| Other | 3,000 | 3,000 | 0 | (3,000) |
| Total Revenues | <u>163,000</u> | <u>163,000</u> | <u>161,566</u> | <u>(1,434)</u> |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 484,000 | 484,000 | 484,000 | 0 |
| Interest and Fiscal Charges | 367,196 | 367,196 | 364,605 | 2,591 |
| Total Expenditures | <u>851,196</u> | <u>851,196</u> | <u>848,605</u> | <u>2,591</u> |
| Deficiency of Revenues Under Expenditures | <u>(688,196)</u> | <u>(688,196)</u> | <u>(687,039)</u> | <u>1,157</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers - In | 690,000 | 690,000 | 668,364 | (21,636) |
| Transfers - Out | 0 | 0 | (520,005) | (520,005) |
| Total Other Financing Sources (Uses) | <u>690,000</u> | <u>690,000</u> | <u>148,359</u> | <u>(541,641)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,804 | 1,804 | (538,680) | (540,484) |
| Fund Balances (Deficit) at Beginning of Year | <u>(847,041)</u> | <u>(847,041)</u> | <u>(847,041)</u> | <u>0</u> |
| Fund Balances (Deficit) at End of Year | <u><u>(\$845,237)</u></u> | <u><u>(\$845,237)</u></u> | <u><u>(\$1,385,721)</u></u> | <u><u>(\$540,484)</u></u> |

**CITY OF MONROE, OHIO
NONMAJOR FUND DESCRIPTIONS
DECEMBER 31, 2005**

GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Street

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

State Highway

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Fire Operation and Maintenance

To account for the receipt of property taxes levied to maintain the fire department and the related expenses to provide the service to the residents of the City.

Fire 1989 Levy Fund

The fire 1989 levy fund accounts for property tax levied in 1989 for payment of a portion of general operating expenditures of the department and capital costs.

Police Law Enforcement

To account for monies received from the sale of forfeited goods and property that is spent on law enforcement.

Motor Vehicle License

To account for additional motor vehicle license taxes levied for routine street maintenance and repairs.

Enforcement and Education

To account for a portion of fines collected in DUI cases used to enforce DUI laws and teach the public about the dangers of driving under the influence.

Street Lighting

To account for an assessment received by the City to pay for street lighting.

Law Enforcement

To account for monies received from the sale of forfeited goods and property that is spent on law enforcement.

Longstreet Trust Fund

To account for monies that were donated for purposes of using the donation to repair and maintain the Long Street area.

Cemetery Trust Fund

To account for monies that were donated for the purposes of maintenance and cemetery improvements.

Fire Escrow Deposit

To account for monies that are recovered from insurance proceeds related to City fire damage and controlled disbursements to applicable residents.

**CITY OF MONROE, OHIO
NONMAJOR FUND DESCRIPTIONS
DECEMBER 31, 2005**

TASER Fund

To account for monies that are donated or received through grant proceeds for the purchase of tasers in the police department.

CAPITAL PROJECT FUNDS

Park Improvement

To account for user fees related to use of the City's various parks. Expenditures relate to the upkeep and maintenance of the parks.

Capital Improvement

To account for monies received primarily from transfers from the General Fund. Expenditures relate to the various capital improvement projects (i.e. street repairs) that are not financed through special revenue funds.

Corridor I-75

To account for monies received primarily from a special taxing district in the City's attempt to create a business district along the Interstate 75 corridor of State Route 63.

ENTERPRISE FUNDS

Garbage

To account for the provision of trash collection services to the residents and commercial users in the City.

Storm Water Management

To account for the collection of user charges and maintain the City's storm water system.

Cemetery

To account for the provision of cemetery plats and burials to the residents in the City.

THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|---|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$ 763,051 | \$ 764,937 | \$ 1,527,988 |
| Investments | 6,500 | - | 6,500 |
| Receivables (net of allowance for doubtful accounts): | | | |
| Taxes-Real & Personal Property | 1,887,649 | 59,016 | 1,946,665 |
| Accounts | 121,425 | 1,552 | 122,977 |
| Special Assessments | 44,149 | - | 44,149 |
| Due from Other Governments | 293,376 | - | 293,376 |
| Total Assets | \$ 3,116,150 | \$ 825,505 | \$ 3,941,655 |
| Liabilities: | | | |
| Accounts Payable | 38,338 | 28,430 | 66,768 |
| Contracts Payable | 28,832 | 44,839 | 73,671 |
| Accrued Wages and Benefits | 95,905 | - | 95,905 |
| Due to Other Governments | 116,943 | - | 116,943 |
| Interfund Payable | - | 63,998 | 63,998 |
| Deferred Revenue | 1,975,619 | 59,016 | 2,034,635 |
| Total Liabilities | 2,255,637 | 196,283 | 2,451,920 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 1,961 | - | 1,961 |
| Unreserved, reported in: | | | |
| Special Revenue | 858,552 | - | 858,552 |
| Capital Projects | - | 629,222 | 629,222 |
| Total Fund Balances | 860,513 | 629,222 | 1,489,735 |
| Total Liabilities and fund balances | \$ 3,116,150 | \$ 825,505 | \$ 3,941,655 |

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------------------|---------------------------------------|---|
| <u>Revenues:</u> | | | |
| Property and Other Taxes | \$ 1,265,274 | \$ 67,802 | \$ 1,333,076 |
| Intergovernmental | 701,946 | - | 701,946 |
| Charges for Services | 499,070 | - | 499,070 |
| Licenses and Permits | - | 180,810 | 180,810 |
| Investment Earnings | 22,125 | - | 22,125 |
| Fines and Forfeitures | 843 | - | 843 |
| Special Assessments | 36,107 | - | 36,107 |
| All Other Revenues | 185,276 | 1,368 | 186,644 |
| Total Revenues | <u>2,710,641</u> | <u>249,980</u> | <u>2,960,621</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property | 972,901 | - | 972,901 |
| Transportation | 199,537 | - | 199,537 |
| Capital Outlay | 101,174 | 123,846 | 225,020 |
| Total Expenditures | <u>1,273,612</u> | <u>123,846</u> | <u>1,397,458</u> |
| Excess of Revenues Over Expenditures | 1,437,029 | 126,134 | 1,563,163 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Inception of Capital Lease | 50,776 | - | 50,776 |
| Transfers - In | 1,339,392 | 153,918 | 1,493,310 |
| Transfers - Out | (1,665,120) | (179,995) | (1,845,115) |
| Total Other Financing Sources (Uses) | <u>(274,952)</u> | <u>(26,077)</u> | <u>(301,029)</u> |
| Net Change in Fund Balances | 1,162,077 | 100,057 | 1,262,134 |
| Fund Balances (Deficit) at Beginning of Year | (301,564) | 529,165 | 227,601 |
| Fund Balances at End of Year | <u>\$ 860,513</u> | <u>\$ 629,222</u> | <u>\$ 1,489,735</u> |

THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005

| | Street | State Highway | Fire Operation and Maintenance | Fire 1989 Levy | Police Law Enforcement | Motor Vehicle License | Enforcement and Education |
|--|-------------------|------------------|-----------------------------------|-------------------|---------------------------|-----------------------------|---------------------------------|
| Assets: | | | | | | | |
| Equity in Pooled Cash and Investments | \$ 366,327 | \$ 67,816 | \$ 22,048 | \$ 47,325 | \$ 24,560 | \$ 146,063 | \$ 10,944 |
| Investments | - | - | - | - | - | - | - |
| Receivables (net of allowance for doubtful accounts): | | | | | | | |
| Taxes-Real & Personal Property | - | - | 515,106 | 702,522 | 670,021 | - | - |
| Accounts | - | - | 3,521 | 117,859 | 45 | - | - |
| Special Assessments | - | - | - | - | - | - | - |
| Due from Other Governments | 221,848 | 17,919 | - | - | 8,323 | 45,286 | - |
| Total Assets | \$ 588,175 | \$ 85,735 | \$ 540,675 | \$ 867,706 | \$ 702,949 | \$ 191,349 | \$ 10,944 |
| Liabilities: | | | | | | | |
| Accounts Payable | 16,634 | 257 | 12,126 | 103 | 9,218 | - | - |
| Contracts Payable | - | - | - | - | - | 28,832 | - |
| Accrued Wages and Benefits | - | - | 52,276 | - | 43,629 | - | - |
| Due to Other Governments | 4,897 | - | 70,751 | - | 41,295 | - | - |
| Deferred Revenue | 141,944 | 11,490 | 444,513 | 724,980 | 578,855 | 29,688 | - |
| Total Liabilities | 163,475 | 11,747 | 579,666 | 725,083 | 672,997 | 58,520 | - |
| Fund Balances: | | | | | | | |
| Reserved for Encumbrances | - | - | - | - | 1,784 | - | - |
| Unreserved, reported in: | | | | | | | |
| Special Revenue (Deficit) | 424,700 | 73,988 | (38,991) | 142,623 | 28,168 | 132,829 | 10,944 |
| Total Fund Balances (Deficit) | 424,700 | 73,988 | (38,991) | 142,623 | 29,952 | 132,829 | 10,944 |
| Total Liabilities and fund balances | \$ 588,175 | \$ 85,735 | \$ 540,675 | \$ 867,706 | \$ 702,949 | \$ 191,349 | \$ 10,944 |

**THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2005**

| Street Lighting | Longstreet Trust | Cemetery Trust | Law Enforcement | Fire Escrow Deposit | TASER Fund | Total |
|------------------|------------------|-----------------|-----------------|---------------------|---------------|---------------------|
| \$ 8,723 | \$ 61,335 | \$ 27 | \$ 7,672 | \$ - | \$ 211 | \$ 763,051 |
| - | 5,500 | 1,000 | - | - | - | 6,500 |
| - | - | - | - | - | - | 1,887,649 |
| - | - | - | - | - | - | 121,425 |
| 44,149 | - | - | - | - | - | 44,149 |
| - | - | - | - | - | - | 293,376 |
| <u>\$ 52,872</u> | <u>\$ 66,835</u> | <u>\$ 1,027</u> | <u>\$ 7,672</u> | <u>\$ -</u> | <u>\$ 211</u> | <u>\$ 3,116,150</u> |
| - | - | - | - | - | - | 38,338 |
| - | - | - | - | - | - | 28,832 |
| - | - | - | - | - | - | 95,905 |
| - | - | - | - | - | - | 116,943 |
| 44,149 | - | - | - | - | - | 1,975,619 |
| <u>44,149</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,255,637</u> |
| - | - | - | - | - | 177 | 1,961 |
| 8,723 | 66,835 | 1,027 | 7,672 | - | 34 | 858,552 |
| 8,723 | 66,835 | 1,027 | 7,672 | - | 211 | 860,513 |
| <u>\$ 52,872</u> | <u>\$ 66,835</u> | <u>\$ 1,027</u> | <u>\$ 7,672</u> | <u>\$ -</u> | <u>\$ 211</u> | <u>\$ 3,116,150</u> |

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | Street | State Highway | Fire Operation and Maintenance | Fire 1989 Levy | Police Law Enforcement | Motor Vehicle License | Enforcement and Education |
|--|-------------------|------------------|-----------------------------------|--------------------|---------------------------|-----------------------------|---------------------------------|
| <u>Revenues:</u> | | | | | | | |
| Property and Other Taxes | \$ - | \$ - | \$ 333,859 | \$ 467,836 | \$ 463,579 | \$ - | \$ - |
| Intergovernmental | 467,528 | 37,807 | 18,746 | 32,781 | 54,895 | 87,737 | - |
| Charges for Services | - | - | 113,300 | 377,447 | 8,323 | - | - |
| Investment Earnings | - | - | - | 21,690 | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | 843 |
| Special Assessments | - | - | - | - | - | - | - |
| All Other Revenues | 24,146 | - | 23,955 | 443 | 116,772 | - | - |
| Total Revenues | 491,674 | 37,807 | 489,860 | 900,197 | 643,569 | 87,737 | 843 |
| <u>Expenditures:</u> | | | | | | | |
| Current: | | | | | | | |
| Security of Persons and Property | - | - | 391,218 | 12,059 | 315,059 | 169,435 | - |
| Transportation | 184,650 | 14,887 | - | - | - | - | - |
| Capital Outlay | 54,206 | 4,655 | 42,313 | - | - | - | - |
| Total Expenditures | 238,856 | 19,542 | 433,531 | 12,059 | 315,059 | 169,435 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 252,818 | 18,265 | 56,329 | 888,138 | 328,510 | (81,698) | 843 |
| <u>Other Financing Sources (Uses):</u> | | | | | | | |
| Inception of Capital Lease | 50,776 | - | - | - | - | - | - |
| Transfers - In | - | - | 1,285,892 | - | 35,000 | - | - |
| Transfers - Out | (125,000) | - | (254,228) | (1,285,892) | - | - | - |
| Total Other Financing Sources (Uses) | (74,224) | - | 1,031,664 | (1,285,892) | 35,000 | - | - |
| Net Change in Fund Balances | 178,594 | 18,265 | 1,087,993 | (397,754) | 363,510 | (81,698) | 843 |
| Fund Balances (Deficit) at Beginning of Year | 246,106 | 55,723 | (1,126,984) | 540,377 | (333,558) | 214,527 | 10,101 |
| Fund Balances (Deficit) at End of Year | \$ 424,700 | \$ 73,988 | \$ (38,991) | \$ 142,623 | \$ 29,952 | \$ 132,829 | \$ 10,944 |

THE CITY OF MONROE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

| Street Lighting | Longstreet Trust | Cemetery Trust | Law Enforcement | Fire Escrow Deposit | TASER Fund | Total |
|--------------------|---------------------|-------------------|--------------------|------------------------|---------------|--------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,265,274 |
| - | - | - | 2,452 | - | - | 701,946 |
| - | - | - | - | - | - | 499,070 |
| - | 430 | 5 | - | - | - | 22,125 |
| - | - | - | - | - | - | 843 |
| 36,107 | - | - | - | - | - | 36,107 |
| - | - | - | - | - | 19,960 | 185,276 |
| 36,107 | 430 | 5 | 2,452 | - | 19,960 | 2,710,641 |
| 63,381 | - | - | 2,000 | - | 19,749 | 972,901 |
| - | - | - | - | - | - | 199,537 |
| - | - | - | - | - | - | 101,174 |
| 63,381 | - | - | 2,000 | - | 19,749 | 1,273,612 |
| (27,274) | 430 | 5 | 452 | - | 211 | 1,437,029 |
| - | - | - | - | - | - | 50,776 |
| 18,500 | - | - | - | - | - | 1,339,392 |
| - | - | - | - | - | - | (1,665,120) |
| 18,500 | - | - | - | - | - | (274,952) |
| (8,774) | 430 | 5 | 452 | - | 211 | 1,162,077 |
| 17,497 | 66,405 | 1,022 | 7,220 | - | - | (301,564) |
| \$ 8,723 | \$ 66,835 | \$ 1,027 | \$ 7,672 | \$ - | \$ 211 | \$ 860,513 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | STREET FUND | | | Variance Positive (Negative) |
|--|-------------|-----------|-----------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$290,000 | \$290,000 | \$454,778 | \$164,778 |
| Other | 10,000 | 10,000 | 24,146 | 14,146 |
| Total Revenues | 300,000 | 300,000 | 478,924 | 178,924 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Street Maintenance and Repair | | | | |
| Other | 306,570 | 306,570 | 194,398 | 112,172 |
| Total Transportation | 306,570 | 306,570 | 194,398 | 112,172 |
| Capital Outlay | 3,430 | 3,430 | 3,430 | 0 |
| Total Expenditures | 310,000 | 310,000 | 197,828 | 112,172 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (10,000) | (10,000) | 281,096 | 291,096 |
| Other Financing Uses: | | | | |
| Transfers - Out | 0 | 0 | (125,000) | (125,000) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses | (10,000) | (10,000) | 156,096 | 166,096 |
| Fund Balance at Beginning of Year | 210,231 | 210,231 | 210,231 | 0 |
| Fund Balance at End of Year | \$200,231 | \$200,231 | \$366,327 | \$166,096 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | STATE HIGHWAY FUND | | | Variance Positive (Negative) |
|--|--------------------|-----------------|-----------------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$23,500 | \$23,500 | \$36,824 | \$13,324 |
| Total Revenues | 23,500 | 23,500 | 36,824 | 13,324 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| State Highway Maintenance | | | | |
| Other | 33,000 | 33,000 | 14,630 | 18,370 |
| Total State Highway Maintenance | 33,000 | 33,000 | 14,630 | 18,370 |
| Capital Outlay | 5,000 | 5,000 | 4,655 | 345 |
| Total Expenditures | 38,000 | 38,000 | 19,285 | 18,715 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,500) | (14,500) | 17,539 | 32,039 |
| Fund Balance at Beginning of Year | 50,277 | 50,277 | 50,277 | 0 |
| Fund Balance at End of Year | <u>\$35,777</u> | <u>\$35,777</u> | <u>\$67,816</u> | <u>\$32,039</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | FIRE OPERATION AND MAINTENANCE FUND | | | |
|--|-------------------------------------|----------------------|--------------------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$33,000 | \$330,000 | \$329,011 | (\$989) |
| Charges for Services | 47,500 | 47,500 | 113,300 | 65,800 |
| Intergovernmental | 34,000 | 34,000 | 26,479 | (7,521) |
| Other | 110,000 | 110,000 | 20,434 | (89,566) |
| Total Revenues | <u>224,500</u> | <u>521,500</u> | <u>489,224</u> | <u>(32,276)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 497,300 | 499,576 | 373,425 | 126,151 |
| Total Security of Persons and Property | 497,300 | 499,576 | 373,425 | 126,151 |
| Capital Outlay | 50,000 | 50,000 | 42,313 | 7,687 |
| Total Expenditures | <u>547,300</u> | <u>549,576</u> | <u>415,738</u> | <u>133,838</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (322,800) | (28,076) | 73,486 | 101,562 |
| Other Financing Sources (Uses): | | | | |
| Transfers - In | 100,000 | 100,000 | 1,285,892 | 1,185,892 |
| Transfers - Out | 0 | 0 | (254,228) | (254,228) |
| Total Other Financing Sources (Uses) | <u>100,000</u> | <u>100,000</u> | <u>1,031,664</u> | <u>931,664</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (222,800) | 71,924 | 1,105,150 | 1,033,226 |
| Fund Balance (Deficit) at Beginning of Year | <u>(1,083,102)</u> | <u>(1,083,102)</u> | <u>(1,083,102)</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>(\$1,305,902)</u> | <u>(\$1,011,178)</u> | <u>\$22,048</u> | <u>\$1,033,226</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | FIRE 1989 LEVY FUND | | | Variance Positive (Negative) |
|---|---------------------|------------------|-----------------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$393,000 | \$393,000 | \$468,448 | \$75,448 |
| Charges for Services | 350,000 | 350,000 | 377,447 | 27,447 |
| Intergovernmental | 21,500 | 21,500 | 35,210 | 13,710 |
| Interest | 5,000 | 5,000 | 21,690 | 16,690 |
| Other | 6,000 | 6,000 | 443 | (5,557) |
| Total Revenues | <u>775,500</u> | <u>775,500</u> | <u>903,238</u> | <u>127,738</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 18,500 | 18,500 | 11,964 | 6,536 |
| Total Security of Persons and Property | <u>18,500</u> | <u>18,500</u> | <u>11,964</u> | <u>6,536</u> |
| Capital Outlay | 800,000 | 800,000 | 0 | 800,000 |
| Total Expenditures | <u>818,500</u> | <u>818,500</u> | <u>11,964</u> | <u>806,536</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (43,000) | (43,000) | 891,274 | 934,274 |
| Other Financing Uses: | | | | |
| Transfers Out | (800,000) | 0 | (1,285,892) | (1,285,892) |
| Deficiency of Revenues Under Expenditures and Other Financing Uses | (843,000) | (43,000) | (394,618) | (351,618) |
| Fund Balance at Beginning of Year | 441,943 | 441,943 | 441,943 | 0 |
| Fund Balance (Deficit) at End of Year | <u>(\$401,057)</u> | <u>\$398,943</u> | <u>\$47,325</u> | <u>(\$351,618)</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | POLICE LAW ENFORCEMENT FUND | | | Variance Positive (Negative) |
|--|-----------------------------|----------------------|-----------------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$415,000 | \$415,000 | \$468,448 | \$53,448 |
| Intergovernmental | 41,500 | 41,500 | 64,492 | 22,992 |
| Other | 10,000 | 10,000 | 116,727 | 106,727 |
| Total Revenues | 466,500 | 466,500 | 649,667 | 183,167 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 405,100 | 405,100 | 283,839 | 121,261 |
| Total Security of Persons and Property | 405,100 | 405,100 | 283,839 | 121,261 |
| Capital Outlay | 125,000 | 125,000 | 0 | 125,000 |
| Total Expenditures | 530,100 | 530,100 | 283,839 | 246,261 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (63,600) | (63,600) | 365,828 | 429,428 |
| Other Financing Sources: | | | | |
| Transfers - In | 0 | 0 | 35,000 | 35,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | (63,600) | (63,600) | 400,828 | 464,428 |
| Fund Balance (Deficit) at Beginning of Year | (376,267) | (376,267) | (376,267) | 0 |
| Fund Balance (Deficit) at End of Year | (<u>\$439,867</u>) | (<u>\$439,867</u>) | <u>\$24,561</u> | <u>\$464,428</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | MOTOR VEHICLE LICENSE FUND | | | Variance Positive (Negative) |
|--|----------------------------|-----------|-----------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$75,000 | \$75,000 | \$89,064 | \$14,064 |
| Total Revenues | 75,000 | 75,000 | 89,064 | 14,064 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 121,713 | 162,495 | 140,603 | 21,892 |
| Total Expenditures | 121,713 | 162,495 | 140,603 | 21,892 |
| Deficiency of Revenues Under Expenditures | (46,713) | (87,495) | (51,539) | 35,956 |
| Fund Balance at Beginning of Year | 175,888 | 175,888 | 175,888 | 0 |
| Prior Year Encumbrances Appropriated | 21,713 | 21,713 | 21,713 | 0 |
| Fund Balance at End of Year | \$150,888 | \$110,106 | \$146,062 | \$35,956 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | ENFORCEMENT AND EDUCATION FUND | | | |
|--|--------------------------------|---------|----------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Fines, Licenses, and Permits | \$300 | \$300 | \$843 | \$543 |
| Total Revenues | 300 | 300 | 843 | 543 |
| Expenditures: | | | | |
| Capital Outlay | 6,000 | 6,000 | 0 | 6,000 |
| Total Expenditures | 6,000 | 6,000 | 0 | 6,000 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,700) | (5,700) | 843 | 6,543 |
| Fund Balance at Beginning of Year | 10,101 | 10,101 | 10,101 | 0 |
| Fund Balance at End of Year | \$4,401 | \$4,401 | \$10,944 | \$6,543 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | STREET LIGHTING FUND | | | |
|--|----------------------|----------|----------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Special Assessments | \$65,000 | \$65,000 | \$36,107 | (\$28,893) |
| Total Revenues | 65,000 | 65,000 | 36,107 | (28,893) |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 70,000 | 70,000 | 65,759 | 4,241 |
| Total Expenditures | 70,000 | 70,000 | 65,759 | 4,241 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (5,000) | (5,000) | (29,652) | (24,652) |
| Other Financing Sources: | | | | |
| Transfers - In | 20,000 | 20,000 | 18,500 | (1,500) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | 15,000 | 15,000 | (11,152) | (26,152) |
| Fund Balance at Beginning of Year | 19,875 | 19,875 | 19,875 | 0 |
| Fund Balance at End of Year | \$34,875 | \$34,875 | \$8,723 | (\$26,152) |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | LONGSTREET TRUST FUND | | | |
|---|-----------------------|----------|----------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenue: | | | | |
| Interest | \$1,000 | \$1,000 | \$430 | (\$570) |
| Total Revenues | 1,000 | 1,000 | 430 | (570) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Health and Welfare | | | | |
| Other | 250 | 250 | 0 | 250 |
| Total Expenditures | 250 | 250 | 0 | 250 |
| Excess of Revenues Over Expenditures | 750 | 750 | 430 | (320) |
| Fund Balance at Beginning of Year | 66,406 | 66,406 | 66,406 | 0 |
| Fund Balance at End of Year | \$67,156 | \$67,156 | \$66,836 | (\$320) |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | CEMETERY TRUST FUND | | | |
|---|---------------------|---------|---------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Interest | \$0 | \$0 | \$10 | \$10 |
| Total Revenue | 0 | 0 | 10 | 10 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess of Revenues Over Expenditures | 0 | 0 | 10 | 10 |
| Fund Balance at Beginning of Year | 1,017 | 1,017 | 1,017 | 0 |
| Fund Balance at End of Year | \$1,017 | \$1,017 | \$1,027 | \$10 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | LAW ENFORCEMENT FUND | | | |
|--|----------------------|---------|---------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$0 | \$0 | \$2,452 | \$2,452 |
| Total Revenues | 0 | 0 | 2,452 | 2,452 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 0 | 2,000 | 2,000 | 0 |
| Total Expenditures | 0 | 2,000 | 2,000 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (2,000) | 452 | 2,452 |
| Fund Balance at Beginning of Year | 7,218 | 7,218 | 7,218 | 0 |
| Fund Balance at End of Year | \$7,218 | \$5,218 | \$7,670 | \$2,452 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | FIRE ESCROW DEPOSIT FUND | | | |
|--|--------------------------|------------|--------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Total Revenue | \$0 | \$0 | \$0 | \$0 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 0 | 20,000 | 0 | 20,000 |
| Total Expenditures | 0 | 20,000 | 0 | 20,000 |
| Deficiency of Revenues Under Expenditures | 0 | (20,000) | 0 | 20,000 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | (\$20,000) | \$0 | \$20,000 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | TASER FUND | | | Variance Positive (Negative) |
|--|------------|------------|----------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Other | \$0 | \$0 | \$19,960 | \$19,960 |
| Total Revenue | 0 | 0 | 19,960 | 19,960 |
| Expenditures: | | | | |
| Current: | | | | |
| Security of Persons and Property | | | | |
| Other | 0 | 19,960 | 19,749 | 211 |
| Total Expenditures | 0 | 19,960 | 19,749 | 211 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | (19,960) | 211 | 20,171 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | (\$19,960) | \$211 | \$20,171 |

City of Monroe, Ohio
Combining Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
All Special Revenue Funds
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|---|----------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$1,194,000 | \$1,491,000 | \$1,740,618 | \$249,618 |
| Charges for Services | 350,000 | 397,500 | 490,747 | 93,247 |
| Fines, Licenses, and Permits | 300 | 300 | 843 | 543 |
| Intergovernmental | 471,000 | 505,000 | 751,334 | 246,334 |
| Special Assessments | 65,000 | 65,000 | 36,107 | (28,893) |
| Interest | 1,000 | 6,000 | 22,130 | 16,130 |
| Other | 136,000 | 136,000 | 181,710 | 45,710 |
| Total Revenues | 2,217,300 | 2,600,800 | 3,223,489 | 622,689 |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation | | | | |
| Street Maintenance and Repair | | | | |
| Other | 306,570 | 306,570 | 194,398 | 112,172 |
| State Highway Maintenance | | | | |
| Other | 33,000 | 33,000 | 14,630 | 18,370 |
| Total Transportation | 339,570 | 339,570 | 209,028 | 130,542 |
| Security of Persons and Property | | | | |
| Fire Operation and Maintenance | | | | |
| Other | 497,300 | 499,576 | 373,425 | 126,151 |
| Fire Levy | | | | |
| Other | 26,005 | 26,005 | 19,466 | 6,539 |
| Police Law Enforcement | | | | |
| Other | 526,813 | 607,555 | 444,191 | 163,364 |
| Street Lighting | | | | |
| Other | 70,000 | 70,000 | 65,759 | 4,241 |
| Law Enforcement | | | | |
| Other | 0 | 2,000 | 2,000 | 0 |
| Total Security of Persons and Property | 1,120,118 | 1,205,136 | 904,841 | 300,295 |
| Public Health and Welfare | | | | |
| Other | 250 | 250 | 0 | 250 |
| Capital Outlay | 1,673,280 | 1,673,280 | 50,398 | 1,622,882 |
| Total Expenditures | 3,133,218 | 3,218,236 | 1,164,267 | 2,053,969 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (915,918) | (617,436) | 2,059,222 | 2,676,658 |
| Other Financing Sources (Uses): | | | | |
| Transfers - In | 120,000 | 120,000 | 1,339,392 | 1,219,392 |
| Transfers - Out | 0 | 0 | (1,804,750) | (1,804,750) |
| Total Other Financing Sources (Uses) | 120,000 | 120,000 | (465,358) | (585,358) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (795,918) | (497,436) | 1,593,864 | 2,091,300 |
| Fund Balances (Deficit) at Beginning of Year | (234,557) | (234,557) | (234,557) | 0 |
| Prior Year Encumbrances Appropriated | 21,713 | 21,713 | 21,713 | 0 |
| Fund Balance (Deficit) at End of Year | (\$1,008,762) | (\$710,280) | \$1,381,020 | \$2,091,300 |

THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2005

| | Park Improvement | Capital Improvement | Corridor I - 75 | Total |
|--|---------------------|------------------------|--------------------|-------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$ 468,709 | \$ - | \$ 296,228 | \$ 764,937 |
| Receivables (net of allowance for doubtful accounts): | | | | |
| Taxes-Real & Personal Property | - | - | 59,016 | 59,016 |
| Accounts | 1,552 | - | - | 1,552 |
| Total Assets | \$ 470,261 | \$ - | \$ 355,244 | \$ 825,505 |
| Liabilities: | | | | |
| Accounts Payable | - | 28,430 | - | 28,430 |
| Contracts Payable | - | 44,839 | - | 44,839 |
| Interfund Payable | - | 63,998 | - | 63,998 |
| Deferred Revenue | - | - | 59,016 | 59,016 |
| Total Liabilities | - | 137,267 | 59,016 | 196,283 |
| Fund Balances: | | | | |
| Unreserved, reported in: | | | | |
| Capital Projects (Deficit) | 470,261 | (137,267) | 296,228 | 629,222 |
| Total Fund Balances (Deficit) | 470,261 | (137,267) | 296,228 | 629,222 |
| Total Liabilities and Fund Balances | \$ 470,261 | \$ - | \$ 355,244 | \$ 825,505 |

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | Park Improvement | Capital Improvement | Corridor I - 75 | Total Governmental Funds |
|--|---------------------|------------------------|--------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Property and Other Taxes | \$ - | \$ 2,229 | \$ 65,573 | \$ 67,802 |
| Licenses and Permits | 180,810 | - | - | 180,810 |
| All Other Revenues | 1,368 | - | - | 1,368 |
| Total Revenues | 182,178 | 2,229 | 65,573 | 249,980 |
| <u>Expenditures:</u> | | | | |
| Capital Outlay | 7,132 | 116,714 | - | 123,846 |
| Total Expenditures | 7,132 | 116,714 | - | 123,846 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 175,046 | (114,485) | 65,573 | 126,134 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers - In | - | 153,918 | - | 153,918 |
| Transfers - Out | - | (179,995) | - | (179,995) |
| Total Other Financing Sources (Uses) | - | (26,077) | - | (26,077) |
| Change in Net Assets | 175,046 | (140,562) | 65,573 | 100,057 |
| Fund Balances at Beginning of Year | 295,215 | 3,295 | 230,655 | 529,165 |
| Fund Balances (Deficit) at End of Year | <u>\$ 470,261</u> | <u>\$ (137,267)</u> | <u>\$ 296,228</u> | <u>\$ 629,222</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | PARK IMPROVEMENT FUND | | | Variance Positive (Negative) |
|---|-----------------------|-----------|-----------|------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Fines, Licenses, and Permits | \$150,000 | \$150,000 | \$179,258 | \$29,258 |
| Other | 0 | 0 | 1,368 | 1,368 |
| Total Revenues | 150,000 | 150,000 | 180,626 | 30,626 |
| Expenditures: | | | | |
| Capital Outlay | 0 | 7,132 | 7,132 | 0 |
| Total Expenditures | 0 | 7,132 | 7,132 | 0 |
| Excess of Revenues Over Expenditures | 150,000 | 142,868 | 173,494 | 30,626 |
| Fund Balance at Beginning of Year | 295,215 | 295,215 | 295,215 | 0 |
| Fund Balance at End of Year | \$445,215 | \$438,083 | \$468,709 | \$30,626 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | CAPITAL IMPROVEMENT FUND | | | |
|--|--------------------------|-------------|------------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$0 | \$0 | \$2,229 | \$2,229 |
| Total Revenues | 0 | 0 | 2,229 | 2,229 |
| Expenditures: | | | | |
| Capital Outlay | 650,000 | 650,000 | 43,445 | 606,555 |
| Total Expenditures | 650,000 | 650,000 | 43,445 | 606,555 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (650,000) | (650,000) | (41,216) | 608,784 |
| Other Financing Sources (Uses): | | | | |
| Face Value from Sale of Notes | 350,000 | 350,000 | 0 | (350,000) |
| Transfers - In | 150,000 | 150,000 | 153,918 | 3,918 |
| Transfers - Out | 0 | 0 | (179,995) | (179,995) |
| Total Other Financing Sources (Uses) | 500,000 | 500,000 | (26,077) | (526,077) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (150,000) | (150,000) | (67,293) | 82,707 |
| Fund Balance at Beginning of Year | 3,295 | 3,295 | 3,295 | 0 |
| Fund Balance (Deficit) at End of Year | (\$146,705) | (\$146,705) | (\$63,998) | \$82,707 |

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

| | CORRIDOR I-75 FUND | | | |
|---|--------------------|------------------|------------------|------------------------------------|
| | Budget | | Actual | Variance Positive (Negative) |
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$81,050 | \$81,050 | \$65,573 | (\$15,477) |
| Total Revenues | 81,050 | 81,050 | 65,573 | (15,477) |
| Expenditures: | | | | |
| Debt Service | | | | |
| Principal Retirement | 81,050 | 81,050 | 0 | 81,050 |
| Total Expenditures | 81,050 | 81,050 | 0 | 81,050 |
| Excess of Revenues Over Expenditures | 0 | 0 | 65,573 | 65,573 |
| Fund Balance at Beginning of Year | 230,655 | 230,655 | 230,655 | 0 |
| Fund Balance at End of Year | <u>\$230,655</u> | <u>\$230,655</u> | <u>\$296,228</u> | <u>\$65,573</u> |

City of Monroe, Ohio
Combining Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
All Capital Project Funds
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|--|------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property and Other Taxes | \$81,050 | \$81,050 | \$67,802 | (\$13,248) |
| Fines, Licenses, Permits | 150,000 | 150,000 | 179,258 | 29,258 |
| Other | 0 | 0 | 1,368 | 1,368 |
| Total Revenues | 231,050 | 231,050 | 248,428 | 17,378 |
| Expenditures: | | | | |
| Capital Outlay | 650,000 | 657,132 | 50,577 | 606,555 |
| Debt Service: | | | | |
| Principal Retirement | 81,050 | 81,050 | 0 | 81,050 |
| Total Expenditures | 731,050 | 738,182 | 50,577 | 687,605 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (500,000) | (507,132) | 197,851 | 704,983 |
| Other Financing Sources (Uses): | | | | |
| Face Value from Sale of Notes | 350,000 | 350,000 | 0 | (350,000) |
| Transfers - In | 150,000 | 150,000 | 153,918 | 3,918 |
| Transfers - Out | 0 | 0 | (179,995) | (179,995) |
| Total Other Financing Sources (Uses) | 500,000 | 500,000 | (26,077) | (526,077) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 0 | (7,132) | 171,774 | 178,906 |
| Fund Balance at Beginning of Year | 529,165 | 529,165 | 529,165 | 0 |
| Fund Balance at End of Year | <u>\$529,165</u> | <u>\$522,033</u> | <u>\$700,939</u> | <u>\$178,906</u> |

THE CITY OF MONROE
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | Stormwater Management | Garbage | Cemetery | Totals |
|--|--------------------------|-------------------|------------------|-------------------|
| Assets: | | | | |
| Current Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 62,765 | \$ 45,425 | \$ 38,808 | \$ 146,998 |
| Receivables (net of allowances for doubtful accounts) | | | | |
| Accounts | 25,060 | 75,974 | - | 101,034 |
| Total Assets | <u>\$ 87,825</u> | <u>\$ 121,399</u> | <u>\$ 38,808</u> | <u>\$ 248,032</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 5,218 | \$ - | \$ - | \$ 5,218 |
| Contracts Payable | - | 68,349 | - | 68,349 |
| Due to Other Governments | 490 | 122 | - | 612 |
| Total Liabilities | <u>5,708</u> | <u>68,471</u> | <u>-</u> | <u>74,179</u> |
| Net Assets | | | | |
| Unrestricted | 82,117 | 52,928 | 38,808 | 173,853 |
| Total Net Assets | <u>82,117</u> | <u>52,928</u> | <u>38,808</u> | <u>173,853</u> |
| Total Net Assets and Liabilities | <u>\$ 87,825</u> | <u>\$ 121,399</u> | <u>\$ 38,808</u> | <u>\$ 248,032</u> |

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | Stormwater Management | Garbage | Cemetery | Totals |
|---|--------------------------|------------------|------------------|-------------------|
| <u>Operating Revenues:</u> | | | | |
| Charges for Services | \$ 151,470 | \$ 415,125 | \$ 17,100 | \$ 583,695 |
| Sales | - | - | 27,482 | 27,482 |
| Other Operating Revenues | - | - | 100 | 100 |
| Total Operating Revenues | <u>151,470</u> | <u>415,125</u> | <u>44,682</u> | <u>611,277</u> |
| <u>Operating Expenses:</u> | | | | |
| Personal Services | 490 | 122 | - | 612 |
| Materials and Supplies | 7,937 | - | 4,256 | 12,193 |
| Contractual Services | 37,645 | 397,838 | 23,170 | 458,653 |
| Bad Debt Expense | (6) | 143 | - | 137 |
| Total Operating Expenses | <u>46,066</u> | <u>398,103</u> | <u>27,426</u> | <u>471,595</u> |
| Operating Income | 105,404 | 17,022 | 17,256 | 139,682 |
| <u>Non-Operating Revenues (Expenses):</u> | | | | |
| Deposit Refunds | (16) | (76) | (3,829) | (3,921) |
| Total Non-Operating Revenues (Expenses) | <u>(16)</u> | <u>(76)</u> | <u>(3,829)</u> | <u>(3,921)</u> |
| Income (Loss) Before Transfers | 105,388 | 16,946 | 13,427 | 135,761 |
| Transfers Out | (60,000) | (15,000) | (25,000) | (100,000) |
| Change in Net Assets | 45,388 | 1,946 | (11,573) | 35,761 |
| Total Net Assets - Beginning | <u>36,729</u> | <u>50,982</u> | <u>50,381</u> | <u>138,092</u> |
| Total Net Assets - Ending | <u>\$ 82,117</u> | <u>\$ 52,928</u> | <u>\$ 38,808</u> | <u>\$ 173,853</u> |

THE CITY OF MONROE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | Stormwater Management | Garbage | Cemetery | Totals |
|--|--------------------------|------------------|------------------|-------------------|
| Cash Flows from Operating Activities: | | | | |
| Cash Received from Customers | \$ 150,752 | \$ 410,602 | \$ 44,744 | \$ 606,098 |
| Cash Paid to Suppliers for Goods and Services | (40,364) | (360,758) | (27,426) | (428,548) |
| Other Receipts | - | - | 100 | 100 |
| Other Payments | (16) | (76) | (3,829) | (3,921) |
| Net Cash Provided by Operating Activities | <u>110,372</u> | <u>49,768</u> | <u>13,589</u> | <u>173,729</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Transfers-out to Other Funds | (60,000) | (15,000) | (25,000) | (100,000) |
| Net Cash Used for Noncapital Financing Activities | <u>(60,000)</u> | <u>(15,000)</u> | <u>(25,000)</u> | <u>(100,000)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 50,372 | 34,768 | (11,411) | 73,729 |
| Cash and Cash Equivalents at Beginning of Year | <u>12,393</u> | <u>10,657</u> | <u>50,219</u> | <u>73,269</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 62,765</u> | <u>\$ 45,425</u> | <u>\$ 38,808</u> | <u>\$ 146,998</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Operating Income | \$ 105,404 | \$ 17,022 | \$ 17,256 | \$ 139,682 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | |
| Other | (16) | (76) | (3,829) | (3,921) |
| Change in Assets and Liabilities: | | | | |
| (Increase) Decrease in Accounts Receivable | (724) | (4,380) | 162 | (4,942) |
| Increase (Decrease) in Accounts Payables | 5,218 | (2,142) | - | 3,076 |
| Increase in Contracts Payables | - | 39,222 | - | 39,222 |
| Increase in Due to Other Governments | 490 | 122 | - | 612 |
| Total Adjustments | <u>4,968</u> | <u>32,746</u> | <u>(3,667)</u> | <u>34,047</u> |
| Net Cash Provided by Operating Activities | <u>\$ 110,372</u> | <u>\$ 49,768</u> | <u>\$ 13,589</u> | <u>\$ 173,729</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
Water Fund
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|---|--------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$2,150,000 | \$2,509,601 | \$2,279,372 | (\$230,229) |
| Grants | 0 | 0 | 115,056 | 115,056 |
| Interest | 0 | 0 | 570 | 570 |
| Face Value from Sale of Notes | 0 | 4,021,000 | 4,021,000 | 0 |
| Other Operating Revenues | 8,200 | 1,200 | 188,743 | 187,543 |
| Total Revenues | 2,158,200 | 6,531,801 | 6,604,741 | 72,940 |
| Expenses: | | | | |
| Personal Services | 387,083 | 331,750 | 322,646 | 9,104 |
| Contractual Services | 970,025 | 831,361 | 676,346 | 155,015 |
| Materials and Supplies | 217,070 | 186,040 | 152,415 | 33,625 |
| Deposits Refunded | 5,834 | 5,000 | 1,765 | 3,235 |
| Capital Outlay | 336,737 | 288,601 | 385,712 | (97,111) |
| Debt Service: | | | | |
| Principal Retirement | 0 | 4,225,105 | 4,225,100 | 5 |
| Interest and Fiscal Charges | 0 | 134,355 | 134,357 | (2) |
| Total Expenses | 1,916,750 | 6,002,212 | 5,898,341 | 103,871 |
| Income before Transfers | 241,450 | 529,589 | 706,400 | 176,811 |
| Transfers - In | 0 | 30,000 | 0 | (30,000) |
| Transfers - Out | 0 | (30,000) | (101,468) | (71,468) |
| Change in Fund Equity | 241,450 | 529,589 | 604,932 | 75,343 |
| Fund Equity at Beginning of Year | 3,924,692 | 3,924,692 | 3,924,692 | 0 |
| Fund Equity at End of Year | \$4,166,142 | \$4,454,281 | \$4,529,624 | \$75,343 |

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
Sewer Fund
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|--|--------------------|--------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$1,150,000 | \$1,150,000 | \$1,168,818 | 18,818 |
| Face Value from Sale of Notes | 0 | 300,000 | 294,000 | (6,000) |
| Interest | 0 | 0 | 380 | 380 |
| Total Revenues | 1,150,000 | 1,450,000 | 1,463,198 | 13,198 |
| Expenses: | | | | |
| Contractual Services | 1,028,000 | 1,183,900 | 1,082,499 | 101,401 |
| Deposits Refunded | 0 | 0 | 6 | (6) |
| Debt Service: | | | | |
| Principal Retirement | 0 | 480,900 | 294,000 | 186,900 |
| Interest and Fiscal Charges | 0 | 7,400 | 7,183 | 217 |
| Total Expenses | 1,028,000 | 1,672,200 | 1,383,688 | 288,512 |
| Income before Transfers | 122,000 | (222,200) | 79,510 | 301,710 |
| Transfers - In | 0 | 0 | 700,000 | 700,000 |
| Transfers - Out | 0 | (25,000) | (30,000) | (5,000) |
| Change in Fund Equity | 122,000 | (247,200) | 749,510 | 996,710 |
| Fund Equity (Deficit) at Beginning of Year | (318,270) | (318,270) | (318,270) | 0 |
| Fund Equity (Deficit) at End of Year | <u>(\$196,270)</u> | <u>(\$565,470)</u> | <u>\$431,240</u> | <u>\$996,710</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
Stormwater Management Fund
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|--|-----------------|----------------|-----------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$140,000 | \$140,000 | \$150,752 | \$10,752 |
| Total Revenues | 140,000 | 140,000 | 150,752 | 10,752 |
| Expenses: | | | | |
| Contractual Services | 110,007 | 110,007 | 32,427 | 77,580 |
| Materials and Supplies | 25,000 | 25,000 | 7,937 | 17,063 |
| Deposits Refunds | 1,000 | 1,000 | 16 | 984 |
| Total Expenses | 136,007 | 136,007 | 40,380 | 95,627 |
| Income before Transfers | 3,993 | 3,993 | 110,372 | 106,379 |
| Transfers - Out | 0 | (10,000) | (60,000) | (50,000) |
| Change in Fund Equity | 3,993 | (6,007) | 50,372 | 56,379 |
| Fund Equity (Deficit) at Beginning of Year | (37,614) | (37,614) | (37,614) | 0 |
| Prior Year Encumbrances Appropriated | 50,007 | 50,007 | 50,007 | 0 |
| Fund Equity at End of Year | <u>\$16,386</u> | <u>\$6,386</u> | <u>\$62,765</u> | <u>\$56,379</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
Garbage Fund
For the Year Ended December 31, 2005

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-----------------|-----------------|-----------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$390,000 | \$390,000 | \$410,602 | \$20,602 |
| Total Revenues | 390,000 | 390,000 | 410,602 | 20,602 |
| Expenses: | | | | |
| Contractual Services | 380,800 | 380,800 | 360,758 | 20,042 |
| Deposits Refunds | 1,000 | 1,000 | 76 | 924 |
| Total Expenses | 381,800 | 381,800 | 360,834 | 20,966 |
| Income before Transfers | 8,200 | 8,200 | 49,768 | (364) |
| Transfers - Out | 0 | (5,000) | (15,000) | (10,000) |
| Change in Fund Equity | 8,200 | 3,200 | 34,768 | 31,568 |
| Fund Equity at Beginning of Year | 10,657 | 10,657 | 10,657 | 0 |
| Fund Equity at End of Year | <u>\$18,857</u> | <u>\$13,857</u> | <u>\$45,425</u> | <u>\$31,568</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
Cemetery Fund
For the Year Ended December 31, 2005

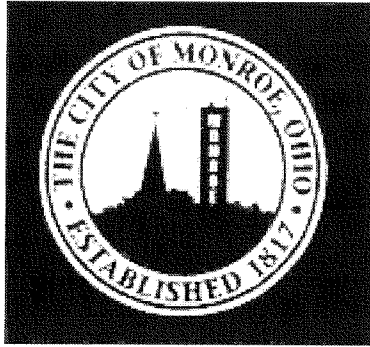
| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-----------------|-----------------|-----------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$17,500 | \$17,500 | \$17,100 | (\$400) |
| Sales | 21,000 | 21,000 | 27,644 | 6,644 |
| Other Operating Revenues | 1,000 | 1,000 | 100 | (900) |
| Total Revenues | 39,500 | 39,500 | 44,844 | 5,344 |
| Expenses: | | | | |
| Contractual Services | 24,000 | 24,000 | 23,170 | 830 |
| Materials and Supplies | 6,000 | 6,000 | 4,256 | 1,744 |
| Deposit Refunds | 4,000 | 4,000 | 3,829 | 171 |
| Total Expenses | 34,000 | 34,000 | 31,255 | 2,745 |
| Income before Transfers | 5,500 | 5,500 | 13,589 | 8,089 |
| Transfers - Out | (2,000) | (2,000) | (25,000) | (23,000) |
| Change in Fund Equity | 3,500 | 3,500 | (11,411) | (14,911) |
| Fund Equity at Beginning of Year | 50,219 | 50,219 | 50,219 | 0 |
| Fund Equity at End of Year | <u>\$53,719</u> | <u>\$53,719</u> | <u>\$38,808</u> | <u>(\$14,911)</u> |

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
All Enterprise Funds
For the Year Ended December 31, 2005

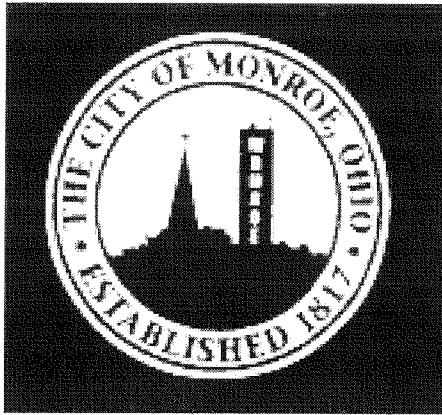
| | Budget | | Actual | Variance Positive (Negative) |
|---|--------------------|--------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$3,847,500 | \$4,207,101 | \$4,026,644 | (\$180,457) |
| Grants | 0 | 0 | 115,056 | 115,056 |
| Sales | 21,000 | 21,000 | 27,644 | 6,644 |
| Interest | 0 | 0 | 950 | 950 |
| Face Value from Sale of Notes | 0 | 4,321,000 | 4,315,000 | (6,000) |
| Other Operating Revenues | 9,200 | 2,200 | 188,843 | 186,643 |
| Total Revenues | 3,877,700 | 8,551,301 | 8,674,137 | 122,836 |
| Expenses: | | | | |
| Personal Services | 387,083 | 331,750 | 322,646 | 9,104 |
| Contractual Services | 2,512,832 | 2,530,068 | 2,175,200 | 354,868 |
| Materials and Supplies | 248,070 | 217,040 | 164,608 | 52,432 |
| Deposits Refunded | 11,834 | 11,000 | 5,692 | 5,308 |
| Capital Outlay | 336,737 | 288,601 | 385,712 | (97,111) |
| Debt Service: | | | | |
| Principal Retirement | 0 | 4,706,005 | 4,519,100 | 186,905 |
| Interest and Fiscal Charges | 0 | 141,755 | 141,540 | 215 |
| Total Expenses | 3,496,557 | 8,226,219 | 7,714,498 | 511,721 |
| Income before Transfers | 381,143 | 325,082 | 959,639 | 634,557 |
| Transfers - In | 0 | 30,000 | 700,000 | 670,000 |
| Transfers - Out | 0 | (72,000) | (231,468) | (159,468) |
| Total Transfers | 0 | (42,000) | 468,532 | 510,532 |
| Change in Fund Equity | 381,143 | 283,082 | 1,428,171 | 1,145,089 |
| Fund Equity at Beginning of Year | 3,629,684 | 3,629,684 | 3,629,684 | 0 |
| Prior Year Encumbrances Appropriated | 50,007 | 50,007 | 50,007 | 0 |
| Fund Equity at End of Year | \$4,060,834 | \$3,962,773 | \$5,107,862 | \$1,145,089 |

THE CITY OF MONROE
SCHEDULE OF CHANGE IN FIDUCIARY
ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

| | Balance December 31, 2004 | Additions | Deletions | Balance December 31, 2005 |
|---------------------------|------------------------------|-----------------|-----------------|------------------------------|
| Student Activities | | | | |
| <u>Assets:</u> | | | | |
| Cash and Cash Equivalents | \$10,174 | \$10,862 | \$10,174 | \$10,862 |
| Total Assets | <u>\$10,174</u> | <u>\$10,862</u> | <u>\$10,174</u> | <u>\$10,862</u> |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$7,434 | \$6,129 | \$7,434 | \$6,129 |
| Due to Other Governments | 1,554 | 1,080 | 1,554 | 1,080 |
| Due to Others | 712 | 3,301 | 712 | 3,301 |
| Undistributed Monies | 474 | 352 | 474 | 352 |
| Total Liabilities | <u>\$10,174</u> | <u>\$10,862</u> | <u>\$10,174</u> | <u>\$10,862</u> |



STATISTICAL



SECTION

CITY OF MONROE, OHIO

Net Assets by Component

Last Two Years

(accrual basis of accounting)

| | <u>2005</u> | <u>2004</u> |
|--|----------------------------|----------------------------|
| Governmental Activities | | |
| Invested in Capital Assets, Net of Related Debt | \$36,129,538 | \$31,947,148 |
| Restricted | 2,691,443 | 1,826,135 |
| Unrestricted (Deficit) | <u>(1,013,088)</u> | <u>(3,292,253)</u> |
| <i>Total Governmental Activities Net Assets</i> | <u>37,807,893</u> | <u>30,481,030</u> |
| Business-Type Activities | | |
| Invested in Capital Assets, Net of Related Debt | (587,825) | (812,502) |
| Unrestricted | <u>5,122,206</u> | <u>3,734,030</u> |
| <i>Total Business-Type Activities Net Assets</i> | <u>4,534,381</u> | <u>2,921,528</u> |
| Primary government | | |
| Invested in Capital Assets, Net of Related Debt | 35,541,713 | 31,134,646 |
| Restricted | 2,691,443 | 1,826,135 |
| Unrestricted | <u>4,109,118</u> | <u>441,777</u> |
| <i>Total Primary Government Net Assets</i> | <u><u>\$42,342,274</u></u> | <u><u>\$33,402,558</u></u> |

CITY OF MONROE, OHIO

Changes in Net Assets

Last Two Years

(accrual basis of accounting)

| | 2005 | 2004 |
|--|----------------------|----------------------|
| Program Revenues | | |
| Governmental Activities: | | |
| Charges for Services: | | |
| Security of Persons and Property | \$ 639,503 | \$ 750,807 |
| Leisure Time Activities | 180,810 | 220,320 |
| General Government | 726,831 | 444,834 |
| Operating Grants and Contributions | 564,110 | 609,432 |
| Capital Grants and Contributions* | 7,069,000 | 5,268,350 |
| <i>Total Governmental Activities Program Revenues</i> | <u>9,180,254</u> | <u>7,293,743</u> |
| Business-Type Activities: | | |
| Charges for Services: | | |
| Water | 2,478,159 | 2,125,254 |
| Sewer | 1,162,147 | 1,087,713 |
| Stormwater Management | 151,470 | 171,658 |
| Garbage | 415,125 | 378,350 |
| Cemetery | 44,682 | 42,609 |
| Operating Grants and Contributions | 115,056 | 241,365 |
| Capital Grants and Contributions | 0 | 749,045 |
| <i>Total Business-Type Activities Program Revenues</i> | <u>4,366,639</u> | <u>4,795,994</u> |
| <i>Total Primary Government Program Revenues</i> | <u>13,546,893</u> | <u>12,089,737</u> |
| Expenses | | |
| Governmental Activities: | | |
| Security of Persons and Property | 4,540,694 | 4,486,282 |
| Public Health Services | 108,616 | 53,679 |
| Leisure Time Activities | 7,560 | 10,968 |
| Transportation | 1,759,235 | 1,522,048 |
| General Government | 1,789,097 | 1,558,698 |
| Intergovernmental | 17,876 | 10,811 |
| Interest and Fiscal Charges | 375,973 | 384,403 |
| <i>Total Governmental Activities Expenses</i> | <u>8,599,051</u> | <u>8,026,889</u> |
| Business-Type Activities: | | |
| Water | 1,674,742 | 1,372,394 |
| Sewer | 1,073,010 | 1,190,572 |
| Stormwater Management | 46,082 | 89,250 |
| Garbage | 398,179 | 341,895 |
| Cemetery | 31,255 | 110,633 |
| <i>Total Business-Type Activities Expenses</i> | <u>3,223,268</u> | <u>3,104,744</u> |
| <i>Total Primary Government Expenses</i> | <u>\$ 11,822,319</u> | <u>\$ 11,131,633</u> |

CITY OF MONROE, OHIO
Changes in Net Assets (continued)
Last Two Years
(accrual basis of accounting)

| | 2005 | 2004 |
|--|---------------------|---------------------|
| Net (Expense)/Revenue | | |
| Governmental Activities | \$ 581,203 | \$ (733,146) |
| Business-Type Activities | 1,143,371 | 1,691,250 |
| <i>Total Primary Government Net Expense</i> | <u>\$ 1,724,574</u> | <u>\$ 958,104</u> |
| | | |
| General Revenues and Other Changes in Net Assets | | |
| Governmental Activities: | | |
| Taxes: | | |
| Income Taxes | \$ 3,345,238 | \$ 2,791,808 |
| Property Taxes | 2,361,985 | 2,661,305 |
| Estate Taxes | 230,709 | 34,616 |
| Franchise Fee Taxes | 90,056 | 120,177 |
| Hotel Taxes | 95,149 | 58,931 |
| Payment in Lieu of Taxes | 65,573 | 66,472 |
| Premissive Sales Taxes | 91,646 | 83,815 |
| Grants and Entitlements not Restricted to Specific Programs | 536,684 | 592,552 |
| Investment Earnings | 180,184 | 38,624 |
| Miscellaneous | 216,968 | 51,899 |
| Gain on Sale of Capital Assets | 0 | 211,052 |
| Transfers | (468,532) | 363,844 |
| <i>Total Governmental Activities</i> | <u>6,745,660</u> | <u>7,075,095</u> |
| | | |
| Business-Type Activities: | | |
| Investment Earnings | 950 | 0 |
| Miscellaneous | 0 | 0 |
| Transfers | 468,532 | (363,844) |
| <i>Total Business-Type Activities</i> | <u>469,482</u> | <u>(363,844)</u> |
| | | |
| <i>Total Primary Government</i> | <u>7,215,142</u> | <u>6,711,251</u> |
| | | |
| Change in Net Assets | | |
| Governmental Activities | 7,326,863 | 6,341,949 |
| Business-Type Activities | 1,612,853 | 1,327,406 |
| <i>Total Primary Government Change in Net Assets</i> | <u>\$ 8,939,716</u> | <u>\$ 7,669,355</u> |

* In 2004, the City received \$5,112,900 in donated infrastructure.

In 2005, the City received \$7,069,000 in donated infrastructure.

CITY OF MONROE, OHIO

Fund Balances, Governmental Funds
Last Eight Years

(modified accrual basis of accounting)

| | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|-------------|-------------|---------------|---------------|---------------|-------------|-------------|-------------|
| General Fund | | | | | | | | |
| Reserved | \$4,800 | \$6,583 | \$0 | \$0 | \$58,365 | \$118,050 | \$54,921 | \$77,999 |
| Unreserved | 1,146,500 | 1,405,223 | 1,341,495 | 1,607,403 | 1,597,105 | 1,123,629 | 1,766,773 | 2,528,390 |
| <i>Total General Fund</i> | 1,151,300 | 1,411,806 | 1,341,495 | 1,607,403 | 1,655,470 | 1,241,679 | 1,821,694 | 2,606,389 |
| All Other Governmental Funds | | | | | | | | |
| Reserved | 1,961 | 21,713 | 0 | 0 | 202,204 | 1,296,427 | 199,828 | 1,247,072 |
| Undesignated, Reported in: | | | | | | | | |
| Special Revenue funds | 1,582,971 | 29,242 | (1,560,947) | (3,415,678) | (3,258,658) | (1,779,784) | 480,429 | (187,499) |
| Debt Service funds | (1,375,241) | (831,250) | (1,089,058) | (661,327) | (28,454) | 627,481 | 568,217 | 685,709 |
| Capital Projects funds | 629,222 | 529,165 | 253,789 | 72,980 | 10,925 | 46,606 | (604,177) | (5,003,301) |
| Total All Other Governmental Funds | 838,913 | (251,130) | (2,396,216) | (4,004,025) | (3,073,983) | 190,730 | 644,297 | (3,258,019) |
| <i>Total Governmental Funds</i> | \$1,990,213 | \$1,160,676 | (\$1,054,721) | (\$2,396,622) | (\$1,418,513) | \$1,432,409 | \$2,465,991 | (\$651,630) |

* The City converted to GASB 34 for the 2004 fiscal year. Information prior to 2004 is reported under the old method. Information prior to 1998 was not available

CITY OF MONROE, OHIO

Changes in Fund Balances, Governmental Funds

Last Eight Years

(modified accrual basis of accounting)

| | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|------------------|--------------------|--------------------|--------------------|----------------------|----------------------|--------------------|----------------------|
| Revenues | | | | | | | | |
| Income Taxes | \$3,345,238 | \$2,791,808 | \$2,891,413 | \$2,341,842 | \$2,456,779 | \$2,085,001 | \$2,168,042 | \$1,821,890 |
| Property and Other Taxes | 2,425,332 | 2,793,454 | 1,098,020 | 1,301,347 | 2,114,226 | 1,634,291 | 1,512,377 | 1,385,205 |
| Intergovernmental | 1,139,297 | 1,281,053 | 1,690,446 | 1,639,891 | 1,298,110 | 856,883 | 833,176 | 795,949 |
| Charges for Services | 706,307 | 683,024 | 429,184 | 345,398 | 154,848 | 122,531 | 40,132 | 3,415 |
| Licenses and Permits | 798,943 | 616,013 | 852,123 | 819,011 | 397,482 | 444,092 | 112,872 | 200,967 |
| Investment Earnings | 180,184 | 38,657 | 8,732 | 13,160 | 100,886 | 308,143 | 136,769 | 198,120 |
| Fines and Forfeitures | 71,580 | 62,073 | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Assessments | 197,673 | 203,396 | 244,479 | 195,976 | 135,505 | 130,974 | 121,889 | 137,813 |
| Miscellaneous | 241,688 | 75,900 | 127,709 | 537,484 | 170,372 | 187,987 | 427,448 | 220,661 |
| Total Revenues | 9,106,242 | 8,545,378 | 7,342,106 | 7,194,109 | 6,828,208 | 5,769,902 | 5,352,705 | 4,764,020 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| Security of Persons and Property | 4,415,942 | 4,279,918 | 3,690,212 | 3,988,629 | 4,172,209 | 4,261,368 | 2,943,531 | 2,438,484 |
| Public Health and Welfare | 108,616 | 53,679 | 196,073 | 52,541 | 211,458 | 138,936 | 2,079 | 33,335 |
| Transportation | 597,737 | 595,673 | 696,325 | 629,758 | 808,002 | 719,173 | 994,807 | 1,180,075 |
| General Government | 1,614,230 | 1,315,218 | 1,308,932 | 1,902,881 | 1,987,587 | 605,308 | 1,422,643 | 868,314 |
| Leisure Time Activities | 0 | 0 | 2,936 | 91,163 | 78,362 | 28,850 | 58,477 | 46,537 |
| Basic Utility Services | 0 | 0 | 0 | 15,302 | 17,402 | 7,112 | 0 | 0 |
| Intergovernmental | 17,876 | 10,811 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 273,949 | 108,156 | 676,750 | 983,672 | 1,549,043 | 2,241,541 | 1,336,158 | 2,168,982 |
| Debt service: | | | | | | | | |
| Principal Retirement | 485,148 | 83,700 | 5,004,913 (a) | 370,490 | 403,498 | 341,814 | 77,400 | 77,200 |
| Interest and Fiscal Charges | 371,295 | 457,722 | 997,457 | 819,483 | 482,585 | 474,871 | 531,941 | 776,813 |
| Total Expenditures | 7,884,793 | 6,904,877 | 12,573,598 | 8,853,919 | 9,710,146 | 8,818,973 | 7,367,036 | 7,589,740 |
| Excess of Revenues Over (Under) Expenditures | 1,221,449 | 1,640,501 | (5,231,492) | (1,659,810) | (2,881,938) | (3,049,071) | (2,014,331) | (2,825,720) |
| Other Financing Sources (Uses) | | | | | | | | |
| Sale of Capital Assets | 0 | 211,052 | 0 | 12,384 | 825 | 9,152 | 0 | 1,868 |
| Inception of Capital Leases | 76,620 | 0 | 0 | 0 | 0 | 642,316 | 0 | 0 |
| Face Value from the Sale of Bonds | 0 | 0 | 7,565,000 | 0 | 0 | 775,000 | 5,170,000 | 0 |
| Transfers In | 2,772,370 | 1,640,614 | 2,532,932 | 4,268,105 | 1,071,255 | 4,744,697 | 2,886,044 | 1,368,307 |
| Transfers Out | (3,240,902) | (1,276,770) | (2,546,932) | (3,598,788) | (1,153,199) | (4,307,033) | (2,923,092) | (1,380,307) |
| Total Other Financing Sources (Uses) | (391,912) | 574,896 | 7,551,000 | 681,701 | (81,119) | 1,864,132 | 5,132,952 | (10,132) |
| Net Change in Fund Balances | \$829,537 | \$2,215,397 | \$2,319,508 | (\$978,109) | (\$2,963,057) | (\$1,184,939) | \$3,118,621 | (\$2,835,852) |
| Debt Service as a Percentage of Noncapital Expenditures | 12.7% | 8.7% | 101.8% | 17.8% | 12.2% | 14.2% | 11.2% | 18.7% |

* The City converted to GASB 34 for the 2004 fiscal year. Information prior to 2004 is reported under the old method. Information prior to 1998 was not available.

(a) In 2003, the City refunded general obligation bonds and retired general obligations notes related to the City Building and Firehouse, respectively.

CITY OF MONROE, OHIO

Assessed Value and Actual Value of Taxable Property
Last Ten Years

| YEAR | REAL PROPERTY | | PERSONAL PROPERTY | | PUBLIC UTILITY PERSONAL | | TOTAL | | PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE |
|------|----------------|------------------------|-------------------|------------------------|-------------------------|------------------------|----------------|------------------------|--|
| | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | ASSESSED VALUE | ESTIMATED ACTUAL VALUE | |
| 1996 | \$ 103,626,960 | \$ 296,077,029 | \$ 32,197,072 | \$ 128,788,288 | \$ 28,103,550 | \$ 31,935,852 | \$ 163,927,582 | \$ 456,801,169 | 35.89% |
| 1997 | 106,770,630 | 305,058,943 | 31,678,926 | 126,715,704 | 27,282,150 | 31,002,443 | 165,731,706 | 462,777,090 | 35.81% |
| 1998 | 112,994,990 | 322,842,829 | 37,461,497 | 149,845,988 | 27,695,250 | 31,471,875 | 178,151,737 | 504,160,692 | 35.34% |
| 1999 | 134,954,330 | 385,583,800 | 43,318,762 | 173,275,048 | 27,683,980 | 31,459,068 | 205,957,072 | 590,317,916 | 34.89% |
| 2000 | 139,839,110 | 399,540,314 | 41,865,628 | 167,462,512 | 25,840,540 | 29,364,250 | 207,545,278 | 596,367,076 | 34.80% |
| 2001 | 164,645,170 | 464,700,486 | 46,894,834 | 187,579,336 | 16,428,630 | 18,668,898 | 227,968,634 | 670,948,720 | 33.98% |
| 2002 | 197,975,700 | 565,644,857 | 42,906,468 | 171,625,872 | 17,056,970 | 19,382,920 | 257,939,138 | 756,653,649 | 34.09% |
| 2003 | 208,560,150 | 595,886,143 | 39,576,788 | 158,307,152 | 16,634,540 | 18,902,886 | 264,771,478 | 773,096,181 | 34.25% |
| 2004 | 203,857,670 | 582,450,485 | 39,277,088 | 157,108,352 | 16,612,830 | 18,878,215 | 259,747,588 | 758,437,052 | 34.25% |
| 2005 | 205,833,010 | 588,094,314 | 34,843,584 | 139,374,336 | 16,172,430 | 18,377,761 | 256,849,024 | 745,846,411 | 34.44% |

SOURCE: Butler County Auditor's Office

Note: Includes Butler and Warren County Information

CITY OF MONROE, OHIO

Direct and Overlapping Property Tax Rates
Last Ten Years

| COLLECTION YEAR | CITY OF MONROE | | BUTLER COUNTY | | SCHOOL DISTRICT | | OTHER (1) | |
|--------------------|----------------|--|---------------|--|-----------------|--|-----------|--|
| | OPERATING | | OPERATING | | OPERATING | | OPERATING | |
| 1996 | \$9.17 | | 8.44 | | \$37.03 | | \$1.93 | |
| 1997 | 9.17 | | 8.45 | | 36.63 | | 1.93 | |
| 1998 | 9.17 | | 8.44 | | 36.56 | | 1.93 | |
| 1999 | 9.17 | | 8.45 | | 35.33 | | 1.93 | |
| 2000 | 11.17 | | 8.45 | | 34.98 | | 1.93 | |
| 2001 | 11.17 | | 8.75 | | 43.36 | | 1.93 | |
| 2002 | 11.17 | | 8.75 | | 41.88 | | 1.93 | |
| 2003 | 11.17 | | 8.75 | | 40.68 | | 1.93 | |
| 2004 | 11.17 | | 8.74 | | 40.68 | | 1.93 | |
| 2005 | 11.17 | | 8.74 | | 40.68 | | 1.93 | |

SOURCE: City of Monroe's Operating Budget

SOURCE: Butler County Auditor's Office

(1) Other includes Butler County Technology and Career Development School (JVS)

CITY OF MONROE, OHIO
 Top Ten Principal Taxpayers
 Real and Personal Property

Current Year and Five Years Ago

| Name of Taxpayer | 2005 | | | 2000 | | |
|-------------------------------------|--------------------|------|-------------------------------|--------------------|------|-------------------------------|
| | Assessed Valuation | Rank | % of Total Assessed Valuation | Assessed Valuation | Rank | % of Total Assessed Valuation |
| Cincinnati Gas and Electric Company | \$ 14,514,060 | 1 | 5.65% | | | |
| Ohio Presbyterian | 7,575,870 | 2 | 2.95% | 2,535,350 | 3 | 0.00% |
| Worthington Steel | 3,104,770 | 3 | 1.21% | 3,041,960 | 2 | 1.22% |
| EPHS Investments LLC | 2,782,620 | 4 | 1.08% | 3,419,420 | 1 | 1.47% |
| Duke Realty Ohio | 2,492,590 | 5 | 0.97% | 2,512,740 | 4 | 1.65% |
| Dayton Technologies | 2,307,840 | 6 | 0.90% | 1,894,190 | 7 | 1.21% |
| Kohls Department Stores Inc. | 1,846,220 | 7 | 0.72% | | | 0.91% |
| Baker Monroe Properties LLC | 1,665,180 | 8 | 0.65% | | | 0.00% |
| Crystal Partners LLC | 1,588,320 | 9 | 0.62% | 1,110,250 | 10 | 0.00% |
| Precision Packaging and Services | 1,586,430 | 10 | 0.62% | | | 0.53% |
| Mount Pleasant Nursing Home | | | | 2,097,160 | 5 | 0.00% |
| Sulzer EscherWyess, Inc. | | | | 2,049,760 | 6 | 1.01% |
| Drees, Inc. | | | | 1,179,810 | 6 | 0.99% |
| Teazak, Inc. | | | | 1,146,150 | 5 | 0.57% |
| Total | \$ 39,463,900 | | 15.36% | \$ 20,986,790 | | 0.55% |
| Total Assessed Valuation | \$ 256,849,024 | | | \$ 207,545,278 | | 10.11% |

Source: Butler County Auditor's Office

Note: The City did not prepare a Comprehensive Annual Financial Report prior to 2000. This is the latest information available.

CITY OF MONROE, OHIO
 Property Tax Levies and Collections
 Last Ten Years

| COLLECTION YEAR | TOTAL TAX LEVY | CURRENT TAX COLLECTIONS | DELINQUENT TAX COLLECTIONS | TOTAL TAX COLLECTIONS | PERCENTAGE OF TOTAL TAX COLLECTIONS TO TAX LEVY | ACCUMULATED OUTSTANDING DELINQUENT TAXES | PERCENTAGE OF ACCUMULATED DELINQUENT TAXES TO TOTAL TAX LEVY |
|-----------------|----------------|-------------------------|----------------------------|-----------------------|---|--|--|
| 1996 | \$ 868,452 | \$ 809,386 | \$ 20,704 | \$ 830,090 | 95.58% | \$ 43,765 | 5.04% |
| 1997 | 964,737 | 917,724 | 22,278 | 940,002 | 97.44% | 68,500 | 7.10% |
| 1998 | 964,738 | 942,953 | 19,631 | 962,584 | 99.78% | 70,654 | 7.32% |
| 1999 | 1,028,258 | 983,837 | 20,448 | 1,004,285 | 97.67% | 94,627 | 9.20% |
| 2000 | 1,109,108 | 1,069,616 | 21,983 | 1,091,599 | 98.42% | 112,135 | 10.11% |
| 2001 | 2,052,000 | 2,220,467 | 32,054 | 2,252,521 | 109.77% | 120,440 | 5.87% |
| 2002 | 2,040,591 | 1,898,174 | 87,200 | 1,985,374 | 97.29% | 175,657 | 8.61% |
| 2003 | 2,172,608 | 1,830,899 | 68,594 | 1,950,276 | 89.77% | 475,777 | 21.90% |
| 2004 | 2,043,265 | 1,944,437 | 69,575 | 2,014,012 | 98.57% | 505,030 | 24.72% |
| 2005 | 2,183,502 | 2,075,690 | 143,904 | 2,014,012 | 92.24% | 468,939 | 21.48% |

SOURCE: Butler County Auditor's Office

Note: Includes only Butler County Information

CITY OF MONROE, OHIO

Income Tax Statistics

Last Three Years

Income Averages For Monroe Tax Years 2002-2004

| <u>Tax Year</u> | <u>Income Range Tax Year 2005</u> | <u>Number of Filers</u> | <u>Percent of Filers</u> | <u>Taxable Income</u> | <u>Percent of Taxable Income</u> |
|-----------------|-----------------------------------|-------------------------|--------------------------|-----------------------|----------------------------------|
| 2004 | 0-19,999 | 1,977 | 42.10 % | \$10,953,775 | 5.97 % |
| 2004 | 20,000-49,999 | 1,029 | 21.91 | 35,880,194 | 19.57 |
| 2004 | 50,000-74,999 | 822 | 17.50 | 50,351,862 | 27.46 |
| 2004 | 75,000-99,999 | 532 | 11.33 | 44,811,999 | 24.44 |
| 2004 | Over 100,000 | <u>336</u> | 7.16 | <u>41,355,775</u> | 22.56 |
| | Total | 4,696 | | 183,353,605 | |
| 2003 | 0-19,999 | 1,952 | 43.40 | 10,359,191 | 6.30 |
| 2003 | 20,000-49,999 | 969 | 21.54 | 32,780,136 | 19.94 |
| 2003 | 50,000-74,999 | 808 | 17.96 | 47,784,144 | 29.06 |
| 2003 | 75,000-99,999 | 492 | 10.94 | 40,591,990 | 24.69 |
| 2003 | Over 100,000 | <u>277</u> | 6.16 | <u>32,897,200</u> | 20.01 |
| | Total | 4,498 | | 164,412,661 | |
| 2002 | 0-19,999 | 1,749 | 42.54 | 9,481,211 | 6.35 |
| 2002 | 20,000-49,999 | 969 | 23.57 | 31,133,933 | 20.86 |
| 2002 | 50,000-74,999 | 721 | 17.54 | 43,533,899 | 29.17 |
| 2002 | 75,000-99,999 | 430 | 10.46 | 36,082,535 | 24.18 |
| 2002 | Over 100,000 | <u>242</u> | 5.89 | <u>28,989,805</u> | 19.43 |
| | Total | 4,111 | | 149,221,383 | |

Source: The City income tax department.

Note - The information is not available for current year and can't be determined before 2002

CITY OF MONROE, OHIO

Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Nine Years

| | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Bonded Debt Outstanding: | | | | | | | | | |
| General Obligation Notes/Bonds | \$7,170,000 | \$7,565,000 | \$7,565,000 | \$6,275,000 | \$6,645,000 | \$6,810,000 | \$5,843,600 | \$5,671,600 | \$1,400,000 |
| Special Assessment Bonds | 1,130,000 | 1,302,700 | 1,302,700 | 1,380,100 | 1,457,200 | 1,529,000 | 800,500 | 845,700 | 890,700 |
| Enterprise Loans/Notes Payable | 4,891,323 | 5,282,195 | 5,282,195 | 5,520,131 | 5,490,908 | 1,780,000 | 1,840,000 | 1,895,000 | 1,850,000 |
| Revenue Obligation Bonds | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 0 | 0 | 0 | 0 |
| Total | 15,191,323 | 16,149,895 | 16,149,895 | 15,175,231 | 15,593,108 | 10,119,000 | 8,484,100 | 8,412,300 | 4,140,700 |
| Percentage of Estimated Actual Property Value | 5.91% | 6.22% | 6.10% | 5.88% | 6.84% | 4.88% | 4.12% | 4.72% | 2.50% |
| Total Debt Per Capita | 2,130 | 2,264 | 2,264 | 2,127 | 2,186 | 1,419 | 1,939 | 1,923 | 946 |
| Less: | | | | | | | | | |
| Special Assessment Bonds | (1,130,000) | (1,302,700) | (1,302,700) | (1,380,100) | (1,457,200) | (1,529,000) | (800,500) | (845,700) | (890,700) |
| Enterprise Loans/Notes Payable | (4,891,323) | (5,282,195) | (5,282,195) | (5,520,131) | (5,490,908) | (1,780,000) | (1,840,000) | (1,895,000) | (1,850,000) |
| Revenue Obligation Bonds | (2,000,000) | (2,000,000) | (2,000,000) | (2,000,000) | (2,000,000) | 0 | 0 | 0 | 0 |
| Total Net Debt Applicable to Debt Limit | 7,170,000 | 7,565,000 | 7,565,000 | 6,275,000 | 6,645,000 | 6,810,000 | 5,843,600 | 5,671,600 | 1,400,000 |
| Overall Legal Debt Limit | 26,969,148 | 27,273,497 | 27,801,005 | 27,083,609 | 23,936,707 | 21,792,254 | 21,625,493 | 18,705,932 | 17,401,829 |
| 10 1/2% of Assessed Valuation | \$19,799,148 | \$19,708,497 | \$20,236,005 | \$20,808,609 | \$17,291,707 | \$14,982,254 | \$15,781,893 | \$13,034,332 | \$16,001,829 |
| Legal Debt Margin Within 10 1/2% Limitations | 73.41% | 72.26% | 72.79% | 76.83% | 72.24% | 68.75% | 72.98% | 69.68% | 91.95% |
| Legal Debt Margin as a Percentage of the Debt Limit | | | | | | | | | |
| Unvoted Debt Limitation | \$14,126,696 | \$14,286,117 | \$14,562,431 | \$14,186,653 | \$12,538,275 | \$11,414,990 | \$11,327,639 | \$9,798,346 | \$9,115,244 |
| 5 1/2% of Assessed Valuation | 15,191,323 | 16,149,895 | 16,149,895 | 15,175,231 | 15,593,108 | 10,119,000 | 8,484,100 | 8,412,300 | 4,140,700 |
| Total Debt Approved by Council | | | | | | | | | |
| Less: | | | | | | | | | |
| Special Assessment Bonds | (1,130,000) | (1,302,700) | (1,302,700) | (1,380,100) | (1,457,200) | (1,529,000) | (800,500) | (845,700) | (890,700) |
| Enterprise Loans/Notes Payable | (4,891,323) | (5,282,195) | (5,282,195) | (5,520,131) | (5,490,908) | (1,780,000) | (1,840,000) | (1,895,000) | (1,850,000) |
| Revenue Obligation Bonds | (2,000,000) | (2,000,000) | (2,000,000) | (2,000,000) | (2,000,000) | 0 | 0 | 0 | 0 |
| Net Debt Within 5 1/2% Limitations | 7,170,000 | 7,565,000 | 7,565,000 | 6,275,000 | 6,645,000 | 6,810,000 | 5,843,600 | 5,671,600 | 1,400,000 |
| Unvoted Legal Debt Margin Within 5 1/2% Limitations | \$6,956,696 | \$6,721,117 | \$6,997,431 | \$7,911,653 | \$5,893,275 | \$4,604,990 | \$5,484,039 | \$4,126,746 | \$7,715,244 |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 49.25% | 47.05% | 48.05% | 55.77% | 47.00% | 40.34% | 48.41% | 42.12% | 84.64% |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. The City only had information available as of fiscal year 1997.

CITY OF MONROE, OHIO
 Computation of Direct and Overlapping Debt
 December 31, 2005

| JURISDICTION | NET DEBT OUTSTANDING (1) | PERCENTAGE APPLICABLE TO CITY OF MONROE (2) | AMOUNT APPLICABLE TO CITY OF MONROE |
|----------------|-----------------------------|--|--|
| City of Monroe | \$ 7,245,472 | 100.00% | \$ 7,245,472 |
| Butler County | 47,410,000 | 3.42% | 1,621,422 |

The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

(1) Includes only general obligation bonded debt payable from property taxes less Debt Service balance.

(2) The City is 16.1 square miles of Butler County's 470.20 square miles reported in the 2000 census.

SOURCE: Butler County Auditor's Office
 United States Census Bureau

CITY OF MONROE, OHIO

Ratio of Net General Obligation Debt
to Assessed Valuation and Net Bonded Debt per Capita
Last Ten Years

| YEAR | POPULATION | ASSESSED VALUE | PERSONAL INCOME (1) | GROSS BONDED DEBT (2) | DEBT SERVICE BALANCE | DEBT PAYABLE FROM ENTERPRISE REVENUES | NET BONDED DEBT | RATIO OF NET BONDED DEBT TO ASSESSED VALUATION | NET BONDED DEBT PER CAPITA |
|------|------------|----------------|---------------------|-----------------------|----------------------|---------------------------------------|-----------------|--|----------------------------|
| 1996 | 4,375 | \$ 163,927,582 | \$ 143,444,000 | NA | \$ 39,062 | \$ 1,305,000 | \$ 1,344,062 | 0.82% | \$ 307 |
| 1997 | 4,375 | 165,731,706 | 147,459,000 | NA | 36,715 | 1,250,000 | 1,286,715 | 0.78% | 294 |
| 1998 | 4,375 | 178,151,737 | 151,588,000 | 67,800 | 731,973 | 1,195,000 | 1,994,773 | 1.12% | 456 |
| 1999 | 4,375 | 205,957,072 | 152,112,000 | 3,025,600 | 654,476 | 1,840,000 | 5,520,076 | 2.68% | 1,262 |
| 2000 | 7,133 | 207,545,278 | 154,024,000 | 4,910,000 | N/A | 1,780,000 | 6,690,000 | 3.22% | 938 |
| 2001 | 7,133 | 227,968,634 | 155,251,000 | 4,745,000 | N/A | 1,690,908 | 6,435,908 | 2.82% | 902 |
| 2002 | 7,133 | 257,939,138 | 153,656,000 | 4,575,000 | N/A | 1,595,131 | 6,170,131 | 2.39% | 865 |
| 2003 | 7,133 | 264,771,478 | 155,593,000 | 7,565,000 | N/A | 622,195 | 8,187,195 | 3.09% | 1,148 |
| 2004 | 7,133 | 259,747,588 | 157,111,625 | 7,565,000 | N/A | 599,259 | 8,164,259 | 3.14% | 1,145 |
| 2005 | 7,133 | 256,849,024 | 158,630,250 | 7,170,000 | N/A | 575,157 | 7,745,157 | 3.02% | 1,086 |

SOURCE: Population figures are taken from the 1990 and 2000 Census.

(1) The information is for Butler County as a whole since individual city is not available. Information for 2005 are estimated to increase at 0.97 percent.

(2) Includes only General Obligation Bonds payable from Property Taxes

CITY OF MONROE, OHIO
Principal Employers
Current Year and Three Years Ago

| 2005 | | |
|------------------------------|---------------|---|
| Employer | Employees | Percentage of Total City Employment |
| Kohl's Department Stores | 549 | 3.35 % |
| Deceuninck North America LLC | 409 | 2.50 |
| Ohio Presbyterian Retirement | 356 | 2.17 |
| Monroe Local Schools | 327 | 2.00 |
| Precision Packaging | 254 | 1.55 |
| Krispy Kreme Doughnut | 237 | 1.45 |
| Innatech LLC | 234 | 1.43 |
| Worthington Industries | 223 | 1.36 |
| Hawthorn Glen Nursing Center | 189 | 1.15 |
| Clark Cincinnati | 172 | 1.05 |
| Total | 2,950 | 18.00 % |
| Total City Employees | 16,391 | |

| 2002 | | |
|-------------------------------|---------------|---|
| Employer | Employees | Percentage of Total City Employment |
| Precision Packaging | 468 | 3.94% |
| Ohio Presbyterian Retirement | 388 | 3.27% |
| Kohl's Department Stores | 357 | 3.00% |
| Deceuninck North America LLC* | 353 | 2.97% |
| Monroe Local Schools | 315 | 2.65% |
| Xerox Corporation | 255 | 2.15% |
| Worthington Industries | 217 | 1.83% |
| West Chester Holdings | 146 | 1.23% |
| Clark Cincinnati | 139 | 1.17% |
| Baker Concrete Construction | 95 | 0.80% |
| Total | 2,733 | 23.00% |
| Total City Employees | 11,883 | |

Source: Department of Income Tax

Note: The information is only available back to 2002.

* Was Dayton Technologies Inc. in 2002

CITY OF MONROE, OHIO

Full-Time Equivalent City Government Employees by Function/Program

Last Six Years

| Function/program | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|--------------------------|-------------|-------------|-------------|-------------|--------------|-------------|
| General Government: | | | | | | |
| Council | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| Mayor | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Finance | 2.0 | 1.5 | 1.5 | 2.0 | 2.0 | 2.0 |
| Law | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Purchasing/Adm. Services | 5.0 | 5.0 | 4.5 | 5.0 | 8.0 | 6.0 |
| Planning | 2.0 | 0.5 | 1.5 | 2.0 | 2.0 | 2.5 |
| Police | 29.0 | 29.5 | 31.0 | 29.0 | 30.0 | 29.5 |
| Fire | 32.5 | 31.5 | 32.5 | 31.5 | 32.5 | 32.5 |
| Engineering | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 |
| Utilities: | | | | | | |
| Administration | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Service | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 4.0 |
| Service: | | | | | | |
| Street Maintenance | 8.0 | 7.0 | 7.0 | 8.0 | 11.0 | 8.5 |
| Cemetery | 1.0 | 1.0 | 1.0 | 2.0 | 1.0 | 1.0 |
| Clerk of Courts | 0.5 | 0.5 | 1.0 | 1.0 | 1.0 | 1.0 |
| Totals: | <u>93.0</u> | <u>89.5</u> | <u>93.0</u> | <u>95.5</u> | <u>102.5</u> | <u>97.0</u> |

Source: City of Monroe, Finance Department

Method: Using 1.0 for each full-time employee, and 0.50 for each part-time and seasonal employee

*Data before 2000 was not available

CITY OF MONROE, OHIO

Demographic Statistics
Last Ten Years

| YEAR | POPULATION (1) | SCHOOL ENROLLMENT (2) | UNEMPLOYMENT RATE BUTLER COUNTY (3) | COUNTY BANK DEPOSITS |
|------|----------------|-----------------------|-------------------------------------|----------------------|
| 1996 | 4,375 | 9,780 | 3.6% | \$ 800,556,000 |
| 1997 | 4,375 | 9,816 | 3.7 | 783,398,000 |
| 1998 | 4,375 | 9,656 | 3.3 | 815,435,000 |
| 1999 | 4,375 | 9,466 | 3.0 | 913,169,000 |
| 2000 | 7,133 | 9,260 | 2.3 | 1,152,810,000 |
| 2001 | 7,133 | 1,466 | 2.6 | 1,136,994,000 |
| 2002 | 7,133 | 1,381 | 3.7 | 1,257,078,000 |
| 2003 | 7,133 | 1,245 | 4.0 | 1,355,739,000 |
| 2004 | 7,133 | 1,506 | 4.9 | 1,466,791,000 |
| 2005 | 7,133 | 1,685 | 5.0 | 3,053,270,000 |

(1) SOURCE: U.S. Census, Census of population - 1990 and 2000 Federal Census

(2) SOURCE: Middletown and Monroe Boards of Education (Only Monroe in 2001-2003)

(3) SOURCE: Ohio Bureau Employment Services - research and statistics



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF MONROE

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2006**