

CITY OF MONROE, OHIO

Independent Auditors' Report on
Internal Controls and Compliance

December 31, 2006



Mary Taylor, CPA
Auditor of State

Honorable Mayor and Members of Council
City of Monroe
233 Main Street
Monroe, Ohio 45050

We have reviewed the *Independent Auditors' Report* of the City of Monroe, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 17, 2007

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

To the City Council
City of Monroe, Ohio:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Monroe, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and responses and referenced as 2006-1 to be a significant deficiency in internal control over financial reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 25, 2007.

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

This report is intended solely for the information and use of management, others within the City, and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 25, 2007

CITY OF MONROE, OHIO

Schedule of Findings and Responses

Year Ended December 31, 2006

Finding 2006-1 – Audit Adjustments

During the course of our audit, we identified a number of material misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control. Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the City's conversion process. A description of each adjustment follows:

- **Property Taxes.** An audit adjustment was necessary to correct property tax receivables in the financial statements. Property tax receivables reported at December 31, 2006 were overstated by \$234,000.
- **Income Taxes.** An audit adjustment was necessary to correct income tax receivables in the financial statements. Income tax receivables reported at December 31, 2006 were understated by \$634,000. A prior period adjustment was also necessary to correct income tax receivables reported at December 31, 2005, as income tax receivables were understated by \$715,000.
- **Due From Other Governments.** An audit adjustment was necessary to correct due from other governments in the financial statements. Due from other governments reported at December 31, 2006 was understated by \$130,000.
- **Intergovernmental Revenue.** An audit adjustment of \$89,000 was made to reclassify property tax revenue which was improperly reported as intergovernmental revenue.
- **Special Assessments Revenue.** An audit adjustment was necessary to correct the City's revenue recognition of special assessments on the full accrual basis in the Statement of Activities in the amount of \$1,767,000 at December 31, 2006. A prior period adjustment was required to correct the special assessment revenue recognition at December 31, 2005 in the amount of \$1,624,000.
- **Capital Assets.** The City recorded a prior period adjustment to correct accumulated depreciation on the capital assets of its governmental activities which was understated by \$1,029,000.

Management response: *Management concurs with the finding.*

CITY OF MONROE, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**FOR THE YEAR
ENDED DECEMBER 31, 2006**

INTRODUCTORY



SECTION

CITY OF MONROE, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR
ENDED DECEMBER 31, 2006**

Prepared by:
Ms. Kacey Waggaman, Finance Director

City of Monroe, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006

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June 29, 2007

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, 2006. This report contains basic financial statements and other financial and statistical information – providing complete and full disclosure of all financial aspects of the City for 2006.

Management's discussion and analysis (MD&A) immediately follows the report of independent auditor 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 income tax generated \$3,898,231 (budgetary basis) with the majority of that revenue derived from an established industrial workforce base in 2006. The City's income tax rate increased from 1% to 1.5% in July 2006. 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 Government 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 2006, the City earned \$397,835 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 105 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. Clark, Schaefer, Hackett & Co. conducted this year's audit. The Independent Auditor'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 the City of Monroe.

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, 2005. 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 sixth 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.

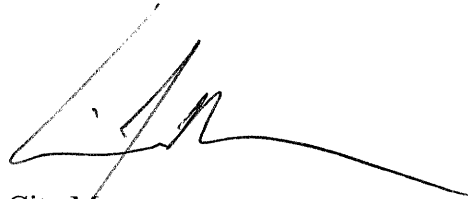
Acknowledgements

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

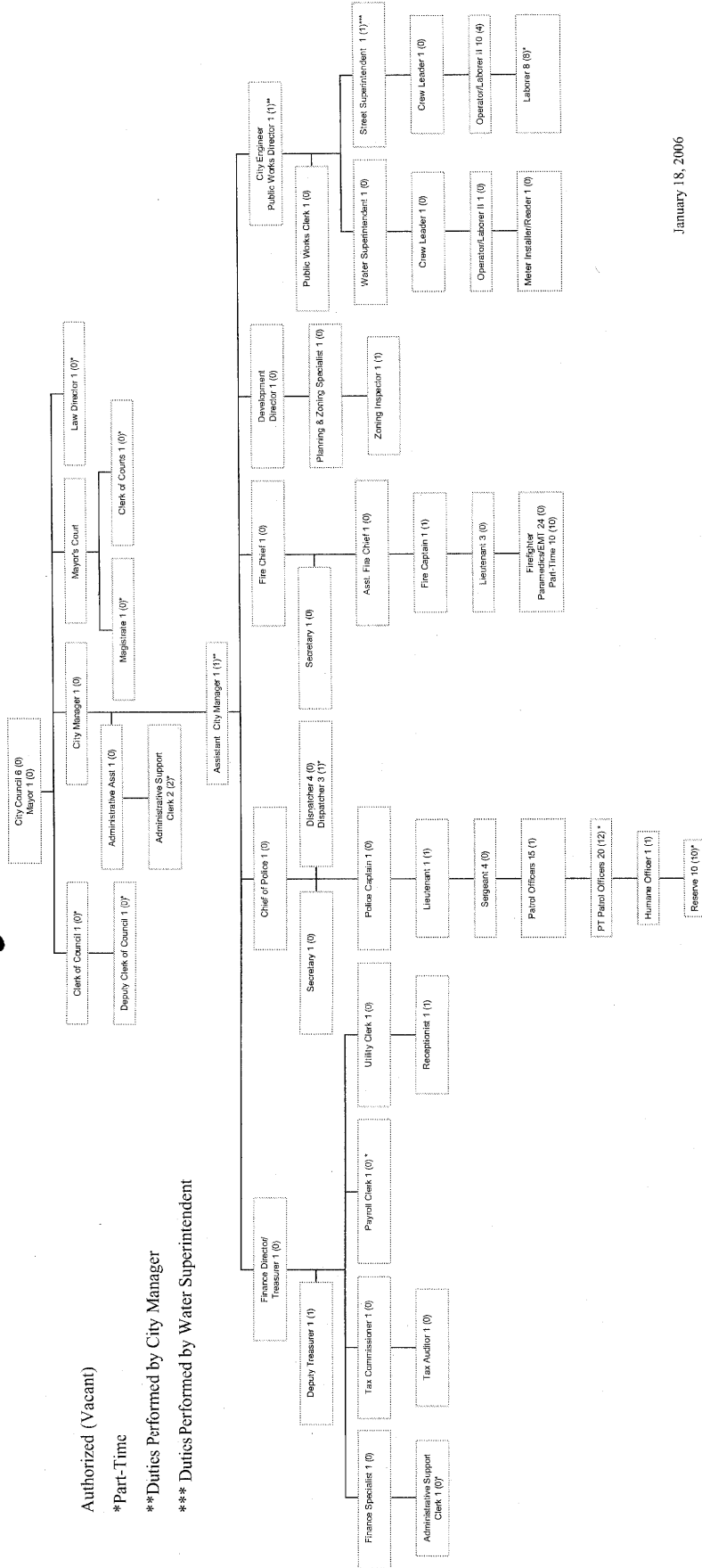
City of Monroe, Ohio
List of Principal Officials
December 31, 2006

<u>OFFICE HELD</u>	<u>NAME OF OFFICIAL</u>
City Manager	William Brock
Finance Director	Kacey Waggaman
Law Director	K. Philip Callahan
Mayor	Robert Routson
Vice Mayor	Steven Tannreuther
Municipal Court Clerk	Rebecca Rosenbalm
Police Chief	Gregory Homer
Fire Chief	Mark Neu
Tax Commissioner	Tracy Vanderman
Public Works Superintendent	Robert Takach
Director of Development	Kevin Chesar

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

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, 2005

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.



President

Executive Director

FINANCIAL



SECTION



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the City Council
City of 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, 2006, which collectively comprise the City of Monroe, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Monroe, Ohio'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 applicable to 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Ohio as of December 31, 2006, 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 25, 2007, on our consideration of the City of Monroe, Ohio'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 management's discussion and analysis and budgetary comparison information on pages 3 through 12 and pages 55 through 63, respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 of Monroe, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules have been subjected to the auditing procedures 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 25, 2007

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

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, 2006. 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 2006 are as follows:

- The assets of the City exceeded its liabilities at the close of the year ended December 31, 2006, by \$49,691,591 (net assets). Of this amount, \$4,774,927 is classified as unrestricted in the enterprise activities.
- The City's total net assets increased by \$5,895,958, which represents a 13.46% increase from 2005. \$2,945,025 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 \$3,500,373. Of this amount \$2,685,686 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 \$2,165,344 or a little more than 112% of total general fund expenditures.
- The other major governmental funds: Fire Operation and Maintenance, Fire 1989 Levy, Police Law Enforcement, Debt Service and Capital Improvement funds had ending fund balances of \$35,470; \$530,535; (\$11,872); \$7,563; and (\$1,747,523), respectively. The deficit in the police law enforcement fund is due to outstanding payables at year end. The deficit in the capital improvement fund was creating with the short term bond anticipation note being issued for the current year.

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, 2006
(Unaudited)

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 2006?" 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, 2006
(Unaudited)

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 Operation and Maintenance, Fire 1989 Levy, Police Law Enforcement, Debt Service, Capital Improvement, 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 governmental-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, 2006
(Unaudited)

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 \$49,691,591 (\$44,602,408 in governmental activities and \$5,089,183 in business type activities) as of December 31, 2006. By far, the largest portion of the City's net assets (70.06%) 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 2006 compared to 2005.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$12,922,699	\$8,880,861	\$5,172,391	\$4,544,890	\$18,095,090	\$13,425,751
Capital Assets	47,951,155	44,438,373	4,376,928	4,302,332	52,328,083	48,740,705
Total Assets	60,873,854	53,319,234	9,549,319	8,847,222	70,423,173	62,166,456
Long-term Liabilities	10,524,773	9,943,896	695,179	559,991	11,219,952	10,503,887
Other Liabilities	5,746,673	4,114,086	3,764,957	3,752,850	9,511,630	7,866,936
Total Liabilities	16,271,446	14,057,982	4,460,136	4,312,841	20,731,582	18,370,823
Nets Assets:						
Invested in Capital Assets, Net of Related Debt	34,500,283	35,100,684	314,256	(587,825)	34,814,539	34,512,859
Restricted	3,042,662	2,691,443	0	0	3,042,662	2,691,443
Unrestricted	7,059,463	1,469,125	4,774,927	5,122,206	11,834,390	6,591,331
Total Net Assets	\$44,602,408	\$39,261,252	\$5,089,183	\$4,534,381	\$49,691,591	\$43,795,633

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 \$3,042,662 or 6.12% of net assets. The City's remaining unrestricted net asset was \$11,834,390 which increased by 179.54% from 2005.

The City experienced a 13.28% increase in total assets mainly due to the developer donations of right-of-way for subdivision constructed during 2006. Current asset also increased from the prior year as the City had significant cash remaining from the State Route 63 note issuance and lease purchase agreement.

For the liabilities, the City increased the overall debt (long term liabilities) burden on the City by 6.82% from the prior year mainly from the State Route 63 note payable. The City also increased the long term liabilities through the acceptance of several capital lease obligations during 2006.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

Statement of Activities

	Governmental Activities		Business-Type Activities		2006	Total 2005
	2006	2005	2006	2005		
Revenues						
Program Revenues:						
Charges for Services	\$1,765,072	\$1,547,144	\$4,424,258	\$4,251,583	\$6,189,330	\$5,798,727
Operating Grants	869,476	564,110	3,331	115,056	872,807	679,166
Capital Grants	2,802,248	6,911,114	0	0	2,802,248	6,911,114
General Revenues:						
Income Tax	3,892,969	3,345,238	0	0	3,892,969	3,345,238
Property Tax	2,544,831	2,361,985	0	0	2,544,831	2,361,985
Other Taxes	612,942	573,133	0	0	612,942	573,133
Unrestricted Grants and Contributions	820,158	536,684	0	0	820,158	536,684
Investment earnings	396,848	180,184	987	950	397,835	181,134
Other Revenues	128,832	216,968	0	0	128,872	216,968
Total Revenues	13,833,376	16,236,560	4,428,576	4,367,589	18,261,952	20,604,149
Program Expenses						
Security of Persons and Property	4,398,101	4,540,694	0	0	4,398,101	4,540,694
Public Health and Welfare	165,722	108,616	0	0	165,722	108,616
Leisure Time Activities	607	7,560	0	0	607	7,560
Transportation	1,854,390	1,759,235	0	0	1,854,390	1,759,235
General Government	1,616,468	1,770,987	0	0	1,616,468	1,770,987
Interest and Fiscal Charges	479,432	375,973	0	0	479,432	375,973
Water	0	0	2,020,068	1,674,742	2,020,068	1,674,742
Sewer	0	0	1,112,972	1,073,010	1,112,972	1,073,010
Stormwater Management	0	0	139,484	46,082	139,484	46,082
Garbage	0	0	565,819	398,179	565,819	398,179
Cemetery	0	0	12,931	31,255	12,931	31,255
Total Expenses	8,514,720	8,563,065	3,851,274	3,223,268	12,365,994	11,786,333
Excess Before Transfers	5,318,656	7,673,495	577,302	1,144,321	5,895,958	8,817,816
Transfers	22,500	(468,532)	(22,500)	468,532	0	0
Change in Net Assets	5,341,156	7,204,963	554,802	1,612,853	5,895,958	8,817,816
Beginning Net Assets	39,261,252	32,056,289	4,534,381	2,921,528	43,795,633	34,977,817
Ending Net Assets	\$44,602,408	\$39,261,252	\$5,089,183	\$4,534,381	\$49,691,591	\$43,795,633

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 2006, total expenses were approximately \$4.40 million, representing 51.65% of governmental activity spending yielding a reliance on general revenues to fund the program of approximately \$3.53 million after direct support to their programs.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

The City has worked very hard over the past several years to continue to increase cash balances in an effort to eliminate the fiscal emergency status. Part of this process has forced the City to evaluate all functionality and use within departments and except for additional interest cost, the City was able to reduce the expenses from the prior year by \$48,345 in the governmental activities. In a climate where health insurance and other costs are rising faster than the City can increase revenues, the City's administration has been successful in controlling overall expenses.

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 \$359,422

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 2006, the City's governmental funds reported combined ending fund balances of \$3.50 Million. Approximately \$2.68 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 and use for purchase through a leasing agreement.

The General Fund is the chief operating fund of the City. As of December 31, 2006, the unreserved general fund balance was \$2.16 Million with a total fund balance of \$2.22 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 112% of the total expenditures.

During 2006, the City's general fund increased by \$1.06 Million with revenues exceeding expenditures by \$4.86 Million. This is primarily due to the additional revenue generated with the new income tax. The City also reduced overall expenditures in the general fund.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

The City's other major funds had ending funds balances and reported excess of revenues over expenditures and other financing sources and uses or change in net assets of:

Fund	Ending Fund Balance	Percentage Change from Prior Year
Fire Operation and Maintenance	\$35,470	209.93%
Fire 1989 Levy	530,535	73.11%
Police Law Enforcement	(11,872)	(139.76%)
Debt Service	7,563	100.55%
Capital Improvement	(1,747,523)	(1,273.08%)
Water (Change in Net Assets)	359,422	8.68%
Sewer (Change in Net Assets)	40,206	18.43%

The fire operation and maintenance fund received over \$1.31 million in transfers from the general and fire 1989 levy funds and had the assets from the lease purchase agreement. This \$1.87 million is the main reason why the fund balance increase from a negative balance in 2005 to \$35,470 for 2006.

The fire 1989 levy continued to see the ending fund balance increase as the fund was still receiving the property taxes related to the levy that will expire after 2006. The City used the other fire funds to pay for the majority of the expenditures; therefore, allowing the ending fund balance to increase by 73%.

The police law enforcement fund is the most consistent fund of the major funds. The fund receives a property tax levy for the employment of the City police force. The fund over spent revenues on a GAAP basis for 2006.

The debt service fund has been the critical fund for the City as it remained deficient in the past year. The City transferred \$2.08 million from the general fund income tax and property tax revenues to offset the cumulative negative balance from prior years. The City is hoping this will remove them from fiscal emergency status.

The capital improvement fund is a new major fund thanks in part to the issuance of short debt obligation related to the State Route 63 improvements near the Interstate 75 interchange. The City also expended over \$1.70 million in capital outlay for right of way and other construction related activities.

The City's two major enterprise funds worked hand and hand with each other. The water and sewer funds both generate the vast majority of their revenue from customers whether those are monthly users or new tenants taping into the City's system. The City was able to generating an operating income in both funds by controlling the expenses and evaluating the user fee related to each system.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

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 2006, the City amended its total and general fund budget several times, 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 2006:

Description	Original Budget	Final Budget	Change
Expenditures:			
Security of Persons and Property	\$509,097	\$222,500	(\$286,597)
General Government	4,024,382	1,758,850	(2,265,532)
Other Expenditures	779,090	340,500	(438,590)
Total Expenditures	<u>5,312,569</u>	<u>2,321,850</u>	<u>(2,990,719)</u>

The City decreased the budgeted balances in the various general fund operations based on better expenditures figures at the end of the fiscal year. The City had also included transfers within individual departments for the original budget but broke the budgeted amount of \$4.23 million out as an other financing use in the final budget.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2006:

Description	Final Budget	Actual	Change
Revenues:			
Property and Other Taxes	\$682,900	\$744,339	\$61,439
Income Taxes	3,667,500	3,898,231	230,731
Intergovernmental Revenue	611,400	831,296	219,896
Fines, Licenses and Permits	900,000	695,738	(204,262)
Other Revenues	389,920	728,345	338,425
Total Revenues	6,251,720	6,897,949	646,229
Expenditures:			
Security of Persons/Property	222,500	211,081	11,419
General Government	1,758,850	1,523,406	235,444
Other Expenditures	340,500	247,376	93,124
Total Expenditures	2,321,850	1,981,863	339,987

The City was not certain what the results of the new income tax rate would cause in income tax revenue projections with the final budget resulting in a significant variance with actual results. The City also received \$200,000 less in license and permit fee than was anticipated as the City used prior trends to predicted what the current year collections would be for 2006. With the increase in interest rates throughout the year, the City was able to generate more interest than prior years. The City had estimated \$102,000 and received over \$384,000 for the year.

The City's expenditures remained under budget as continued fiscal restraint was in play during the year. The City saved about \$235,000 in administration costs by consolidating some services and having several positions vacant for extended periods during 2006. The other reductions in expenditures are 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, 2006, amounts to \$34.81 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 8 (Capital Assets) provides capital asset activity during 2006. The City continued with limited funding for capital asset acquisition and construction. The majority of the increase in City assets was from developer contributions for local subdivision street infrastructure totaling \$2.95 million. For more information on the governmental and business-type capital assets see Note 8 in the notes to the financial statements.

CITY OF MONROE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

Long-term Debt: At the end of 2006, the City had general obligation bonds outstanding of \$6.76 million in governmental activities. See Note 14 for further information on the City's long-term debt. The City did reissue \$3.38 million in revenue anticipation notes 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.

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 around 10,00 people in 2006 (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.

The City continued to see the development through building permits issued in 2006. Currently the City contains 18 approved residential subdivisions with many unbuilt dwelling units. 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 2006, new construction brought the City's assessed valuation in excess of \$286,765,341. Monroe collected over \$3,900,000 in local income tax based on an earnings tax rate of 1% in 2006.

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, 2006

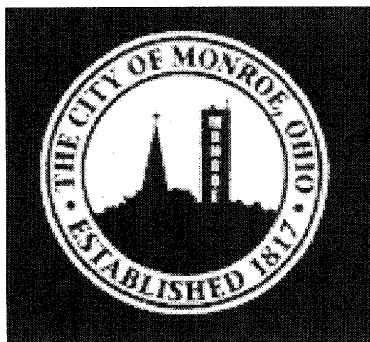
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 5,781,097	\$ 4,601,964	\$ 10,383,061
Investments	62,738	-	62,738
Receivables (net of allowance for doubtful accounts):			
Taxes-Real & Personal Property	2,630,004	-	2,630,004
Taxes-Municipal Income	1,189,232	-	1,189,232
Accounts	142,184	567,096	709,280
Special Assessments	1,637,827	-	1,637,827
Due from Other Governments	692,349	3,331	695,680
Restricted Cash and Cash Equivalents	599,287	-	599,287
Bond Issuance Costs	187,981	-	187,981
Nondepreciable Assets:			
Land	1,327,758	563,741	1,891,499
Land Improvements	232,100	150,409	382,509
Construction in Progress	1,697,667	246,549	1,944,216
Depreciable Assets:			
Buildings and Improvements	6,491,576	514,000	7,005,576
Machinery and Equipment	2,571,323	1,971,507	4,542,830
Infrastructure : Streets	51,649,893	-	51,649,893
Infrastructure: Water Lines	-	3,284,989	3,284,989
Less: Accumulated Depreciation	(16,019,162)	(2,354,267)	(18,373,429)
Total Assets	60,873,854	9,549,319	70,423,173
Liabilities:			
Accounts Payable	143,612	44,125	187,737
Contracts Payable	104,063	181,789	285,852
Accrued Wages and Benefits	143,329	7,713	151,042
Due to Other Governments	134,376	96,405	230,781
Accrued Interest Payable	143,393	54,925	198,318
Matured Interest Payable	4,155	-	4,155
Unearned Revenue	2,073,745	-	2,073,745
Bond Anticipation Notes Payable	3,000,000	-	3,000,000
Revenue Anticipation Notes Payable	-	3,380,000	3,380,000
Long-Term Liabilities due within 1 year	617,185	81,744	698,929
Long-Term Liabilities due over 1 year	9,907,588	613,435	10,521,023
Total Liabilities	16,271,446	4,460,136	20,731,582
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	34,500,283	314,256	34,814,539
Restricted:			
Transportation	557,945	-	557,945
Protection of Citizens	871,212	-	871,212
Capital Improvements	931,434	-	931,434
Perpetual Care	75,221	-	75,221
Debt Service	7,563	-	7,563
Lease Purchases	599,287	-	599,287
Unrestricted	7,059,463	4,774,927	11,834,390
Total Net Assets	44,602,408	5,089,183	49,691,591
Total Liabilities and Net Assets	\$ 60,873,854	\$ 9,549,319	\$ 70,423,173

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental Activities:							
Security of Persons and Property	\$ (4,398,101)	\$ 868,901	\$ 2,662	\$ -	\$ (3,526,538)	\$ -	\$ (3,526,538)
Public Health and Welfare	(165,722)	-	-	-	(165,722)	-	(165,722)
Leisure Time Activities	(607)	151,261	-	-	150,654	-	150,654
Transportation	(1,854,390)	-	704,520	2,802,248	1,652,378	-	1,652,378
General Government	(1,616,468)	744,910	-	-	(871,558)	-	(871,558)
Interest and Fiscal Charges	(479,432)	-	162,294	-	(317,138)	-	(317,138)
Total Governmental Activities	(8,514,720)	1,765,072	869,476	2,802,248	(3,077,924)	-	(3,077,924)
Business-Type Activities:							
Water	(2,020,068)	2,379,490	-	-	-	359,422	359,422
Sewer	(1,112,972)	1,153,178	-	-	-	40,206	40,206
Stormwater Management	(139,484)	236,089	-	-	-	96,605	96,605
Garbage	(565,819)	626,929	3,331	-	-	64,441	64,441
Cemetery	(12,931)	28,572	-	-	-	15,641	15,641
Total Business-Type Activities	(3,851,274)	4,424,258	3,331	-	-	576,315	576,315
Total	\$ (12,365,994)	\$ 6,189,330	\$ 872,807	\$ 2,802,248	(3,077,924)	576,315	(2,501,609)
General Revenues:							
Income Taxes					3,892,969	-	3,892,969
Property Taxes					2,544,831	-	2,544,831
Estate Taxes					254,576	-	254,576
Franchise Fee Taxes					119,311	-	119,311
Hotel Taxes					82,372	-	82,372
Payment in Lieu of Taxes					70,878	-	70,878
Permissive Sale Taxes					85,805	-	85,805
Grants and Contributions not restricted to specific programs					820,158	-	820,158
Unrestricted investment earnings					396,848	987	397,835
Miscellaneous					128,832	-	128,832
Net Transfers					22,500	(22,500)	-
Total General Revenues and Transfers					8,419,080	(21,513)	8,397,567
Changes in Net Assets					5,341,156	554,802	5,895,958
Net Assets-Beginning (Restated)					39,261,252	4,534,381	43,795,633
Net Assets-Ending					\$ 44,602,408	\$ 5,089,183	\$ 49,691,591

See accompanying notes to the basic financial statements



**THE CITY OF MONROE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Fire Operation and Maintenance	Fire 1989 Levy	Police Law Enforcement	Debt Service
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 1,742,849	\$ 39,428	\$ 60,414	\$ 120,217	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance for doubtful accounts):					
Taxes-Real & Personal Property	828,862	-	527,734	519,437	-
Taxes-Municipal Income	1,189,232	-	-	-	-
Accounts	602	-	137,337	1,175	-
Special Assessments	-	-	-	-	1,564,099
Due from Other Governments	283,384	-	28,251	27,681	-
Restricted Assets:					
Cash and Cash Equivalents	-	-	599,287	-	-
Total Assets	4,044,929	39,428	1,353,023	668,510	1,564,099
Liabilities:					
Accounts Payable	41,756	3,958	12,843	44,637	1,999
Contracts Payable	3,800	-	-	-	-
Accrued Wages and Benefits	39,502	-	54,521	49,306	-
Due to Other Governments	26,842	-	63,302	39,321	-
Accrued Interest Payable	-	-	-	-	-
Matured Interest Payable	-	-	-	-	4,155
Deferred Revenue	1,701,963	-	691,822	547,118	1,550,382
General Obligation Notes Payable	-	-	-	-	-
Matured Leave Payable	13,960	-	-	-	-
Total Liabilities	1,827,823	3,958	822,488	680,382	1,556,536
Fund Balances:					
Reserved for Encumbrances	51,762	35,470	-	110,802	-
Reserved for Lease Purchase Agreement	-	-	599,287	-	-
Unreserved, reported in:					
General	2,165,344	-	-	-	-
Special Revenue (Deficit)	-	-	(68,752)	(122,674)	-
Debt Service	-	-	-	-	7,563
Capital Projects (Deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	2,217,106	35,470	530,535	(11,872)	7,563
Total Liabilities and fund balances	\$ 4,044,929	\$ 39,428	\$ 1,353,023	\$ 668,510	\$ 1,564,099

See accompanying notes to the basic financial statements

**THE CITY OF MONROE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 1,449,350	\$ 2,368,839	\$ 5,781,097
-	62,738	62,738
-	753,971	2,630,004
-	-	1,189,232
3,070	-	142,184
-	73,728	1,637,827
-	353,033	692,349
-	-	599,287
<u>1,452,420</u>	<u>3,612,309</u>	<u>12,734,718</u>
1,956	36,463	143,612
77,152	23,111	104,063
-	-	143,329
-	4,911	134,376
120,835	-	120,835
-	-	4,155
-	1,078,730	5,570,015
3,000,000	-	3,000,000
-	-	13,960
<u>3,199,943</u>	<u>1,143,215</u>	<u>9,234,345</u>
-	17,366	215,400
-	-	599,287
-	-	2,165,344
-	1,527,802	1,336,376
-	-	7,563
(1,747,523)	923,926	(823,597)
<u>(1,747,523)</u>	<u>2,469,094</u>	<u>3,500,373</u>
<u>\$ 1,452,420</u>	<u>\$ 3,612,309</u>	<u>\$ 12,734,718</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Fund Balances at December 31, 2006	\$ 3,500,373
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	47,951,155
Issuance Costs associated with governmental debt are not financial resources and, therefore, are not reported in the funds.	187,981
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,496,270
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	(10,533,371)
Net Assets of governmental activities	<u>\$ 44,602,408</u>

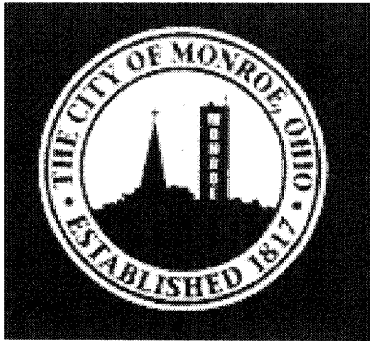
THE CITY OF MONROE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Fire Operation and Maintenance	Fire 1989 Levy	Police Law Enforcement	Debt Service	Capital Improvement
Revenues:						
Income Taxes	\$ 3,909,004	\$ -	\$ -	\$ -	\$ -	\$ -
Property and Other Taxes	651,491	279,863	404,991	409,319	-	-
Payment in Lieu of Taxes	-	-	-	-	-	-
Intergovernmental	837,382	39,545	50,176	56,075	-	-
Charges for Services	296,909	116,708	389,202	178,699	-	-
Licenses and Permits	567,312	-	-	-	-	-
Investment Earnings	380,525	2,439	13,709	-	87	-
Fines and Forfeitures	103,505	-	-	-	-	-
Special Assessments	-	-	-	-	162,294	1,856
All Other Revenues	43,918	3,132	1,784	26,218	-	36,838
Total Revenues	6,790,046	441,687	859,862	670,311	162,381	38,694
Expenditures:						
Current:						
Security of Persons and Property	209,030	2,192,591	144,207	1,682,653	-	-
Public Health and Welfare	165,722	-	-	-	-	-
Leisure Time Activities	607	-	-	-	-	-
Transportation	3,586	-	-	-	-	-
General Government	1,503,590	-	-	-	-	-
Intergovernmental	22,721	-	-	-	-	-
Capital Outlay	17,298	53,755	-	101,815	-	1,708,115
Debt Service:						
Principal Retirement	3,975	-	-	-	505,400	-
Interest and Fiscal Charges	3,385	-	-	-	356,266	120,835
Total Expenditures	1,929,914	2,246,346	144,207	1,784,468	861,666	1,828,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,860,132	(1,804,659)	715,655	(1,114,157)	(699,285)	(1,790,256)
Other Financing Sources (Uses):						
Proceeds from Lease Purchase Agreement	-	559,287	-	-	-	-
Sale of Capital Assets	8,082	3,203	-	6,299	-	-
Transfers - In	22,500	1,316,630	-	1,066,034	2,082,089	180,000
Transfers - Out	(3,824,908)	-	(327,743)	-	-	-
Total Other Financing Sources (Uses)	(3,794,326)	1,879,120	(327,743)	1,072,333	2,082,089	180,000
Net Change in Fund Balances	1,065,806	74,461	387,912	(41,824)	1,382,804	(1,610,256)
Fund Balances (Deficit) at Beginning of Year	1,151,300	(38,991)	142,623	29,952	(1,375,241)	(137,267)
Fund Balances (Deficit) at End of Year	\$ 2,217,106	\$ 35,470	\$ 530,535	\$ (11,872)	\$ 7,563	\$ (1,747,523)

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, 2006

Other Governmental Funds	Total Governmental Funds		
\$ -	\$ 3,909,004	Amounts reported in governmental activities in the statement of activities are different because:	
451,422	2,197,086	Net Change in Fund Balances - total governmental funds	\$ 1,510,160
70,878	70,878		
719,336	1,702,514	Governmental funds report capital outlays as expenditures. However, in the statement of activities	
100,373	1,081,891	the cost of those assets is allocated over their estimated useful lives and reported as depreciation	
151,261	718,573	expense. This is the amount by which capital outlays exceed depreciation in the current period.	3,512,782
88	396,848		
9,284	112,789	Revenues in the statement of activities that do not provide current financial resources	
46,572	210,722	are not reported as revenues in the funds.	353,349
13,455	125,345		
1,562,669	10,525,650	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,	
138,203	4,366,684	whereas these amounts are deferred and amortized in the statement of activities. This amount is	
-	165,722	the net effect of these differences in the treatment of long-term debt and related items.	(34,939)
-	607		
604,492	608,078	Some items reported in the statement of activities do not require the use of current financial	
-	1,503,590	resources and, therefore, are not reported as expenditures in governmental funds.	(196)
-	22,721		
64,614	1,945,597	Change in net assets of governmental activities	<u>\$ 5,341,156</u>
9,037	518,412		
2,964	483,450		
819,310	9,614,861		
743,359	910,789		
-	559,287		
-	17,584		
52,260	4,719,513		
(544,362)	(4,697,013)		
(492,102)	599,371		
251,257	1,510,160		
2,217,837	1,990,213		
\$ 2,469,094	\$ 3,500,373		



THE CITY OF MONROE
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2006

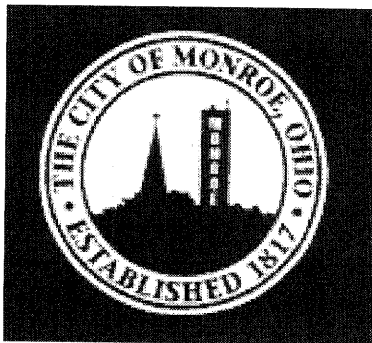
	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Sewer	Nonmajor Enterprise Funds	Totals
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 4,134,180	\$ 173,506	\$ 294,278	\$ 4,601,964
Receivables (net of allowances for doubtful accounts)				
Accounts	250,732	171,455	144,909	567,096
Due from Other Governments	-	-	3,331	3,331
Total Current Assets	4,384,912	344,961	442,518	5,172,391
Capital Assets:				
Nondepreciable Assets	960,699	-	-	960,699
Depreciable Assets	3,282,100	-	134,129	3,416,229
Total Capital Assets (net of (accumulated depreciation)	4,242,799	-	134,129	4,376,928
Total Noncurrent Assets	4,242,799	-	134,129	4,376,928
Total Assets	8,627,711	344,961	576,647	9,549,319
Liabilities				
Current Liabilities:				
Accounts Payable	44,125	-	-	44,125
Contracts Payable	69,097	-	112,692	181,789
Accrued Wages and Benefits	7,713	-	-	7,713
Due to Other Governments	9,005	86,601	799	96,405
Accrued Interest Payable	54,925	-	-	54,925
Capital Leases Payable - Current	-	-	53,777	53,777
Revenue Anticipation Notes Payable	3,380,000	-	-	3,380,000
Loan Payable - Current	27,967	-	-	27,967
Total Current Liabilities	3,592,832	86,601	167,268	3,846,701
Noncurrent Liabilities:				
Compensated Absences Payable	12,507	-	-	12,507
Capital Leases Payable	-	-	80,352	80,352
Loans Payable	520,576	-	-	520,576
Total Noncurrent Liabilities	533,083	-	80,352	613,435
Total Liabilities	4,125,915	86,601	247,620	4,460,136
Net Assets				
Invested in Capital Assets, Net of Related Debt	180,127	-	134,129	314,256
Unrestricted	4,321,669	258,360	194,898	4,774,927
Total Net Assets	4,501,796	258,360	329,027	5,089,183
Total Net Assets and Liabilities	\$ 8,627,711	\$ 344,961	\$ 576,647	\$ 9,549,319

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, 2006

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Sewer	Nonmajor Enterprise Funds	Totals
Operating Revenues:				
Charges for Services	\$ 2,287,289	\$ 1,153,175	\$ 881,854	\$ 4,322,318
Sales	-	-	9,649	9,649
Other Operating Revenues	92,201	3	87	92,291
Total Operating Revenues	2,379,490	1,153,178	891,590	4,424,258
Operating Expenses:				
Personal Services	424,322	26,026	79,431	529,779
Materials and Supplies	157,950	-	54,977	212,927
Contractual Services	1,013,433	1,072,089	577,626	2,663,148
Net Bad Debt Expense	6,610	4,437	6,200	17,247
Depreciation	241,086	-	-	241,086
Total Operating Expenses	1,843,401	1,102,552	718,234	3,664,187
Operating Income	536,089	50,626	173,356	760,071
Non-Operating Revenues (Expenses):				
Investment Earnings	-	-	987	987
Grants	-	-	3,331	3,331
Interest and Fiscal Charges	(176,667)	(10,420)	-	(187,087)
Total Non-Operating Revenues (Expenses)	(176,667)	(10,420)	4,318	(182,769)
Income Before Transfers	359,422	40,206	177,674	577,302
Transfers Out	-	-	(22,500)	(22,500)
Total Transfers	-	-	(22,500)	(22,500)
Change in Net Assets	359,422	40,206	155,174	554,802
Total net assets - Beginning	4,142,374	218,154	173,853	4,534,381
Total net assets - Ending	\$ 4,501,796	\$ 258,360	\$ 329,027	\$ 5,089,183

See accompanying notes to the basic financial statements



THE CITY OF MONROE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Sewer	Nonmajor Enterprise Funds	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 2,266,979	\$ 1,137,596	\$ 841,428	\$ 4,246,003
Cash Paid for Employee Services and Benefits	(430,164)	(25,852)	-	(456,016)
Cash Paid to Suppliers for Goods and Services	(1,073,470)	(1,056,730)	(672,722)	(2,802,922)
Other Receipts	92,201	3	87	92,291
Net Cash Provided by Operating Activities	855,546	55,017	168,793	1,079,356
Cash Flows from Noncapital Financing Activities:				
Transfers-out to Other Funds	-	-	(22,500)	(22,500)
Cash repaid for Intefund Loan	847,042	-	-	847,042
Net Cash Provided by (Used in) NonCapital Financing Activities	847,042	-	(22,500)	824,542
Cash Flows from Capital and Related Financing Activities:				
Face Value from the Sale of Revenue Anticipation Notes	3,380,000	-	-	3,380,000
Acquisition and Construction of Capital Assets	(181,553)	-	-	(181,553)
Principal Paid on General Obligation Notes	(4,021,000)	(294,000)	-	(4,315,000)
Principal Paid on Loans Payable	(26,614)	-	-	(26,614)
Interest Paid on All Debt	(166,823)	(18,750)	-	(185,573)
Net Cash (Used in) Capital and Related Financing Activities	(1,015,990)	(312,750)	-	(1,328,740)
Cash Flows from Investing Activities:				
Interest Earnings	-	-	987	987
Net Cash Provided By Investing Activities	-	-	987	987
Net Increase (Decrease) in Cash and Cash Equivalents	686,598	(257,733)	147,280	576,145
Cash and Cash Equivalents at Beginning of Year	3,447,582	431,239	146,998	4,025,819
Cash and Cash Equivalents at End of Year	\$ 4,134,180	\$ 173,506	\$ 294,278	\$ 4,601,964

THE CITY OF MONROE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Sewer	Nonmajor Enterprise Funds	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 536,089	\$ 50,626	\$ 173,356	\$ 760,071
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	241,086	-	-	241,086
Bad Debt Expense	15,089	-	796	15,885
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(8,097)	(11,142)	(44,671)	(63,910)
Increase in Accounts Payables	31,927	15,533	9,647	57,107
Increase in Contracts Payables	66,652	-	29,478	96,130
(Decrease) in Accrued Wages and Benefits	(4,309)	-	-	(4,309)
(Decrease) in Compensated Absences Payable	(19)	-	-	(19)
Increase (Decrease) in Due to Other Governments	(22,872)	-	187	(22,685)
Total Adjustments	319,457	4,391	(4,563)	319,285
Net Cash Provided by Operating Activities	\$ 855,546	\$ 55,017	\$ 168,793	\$ 1,079,356
Non Cash Financing Activities				
Capital assets acquired through capital lease	-	-	134,129	134,129

See accompanying notes to the basic financial statements

THE CITY OF MONROE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2006

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 13,480</u>
 Total Assets	 <u><u>13,480</u></u>
 Liabilities:	
Accounts Payable	9,509
Due to Others	2,168
Undistributed Monies	<u>1,803</u>
 Total Liabilities	 <u><u>\$ 13,480</u></u>

See accompanying notes to the basic financial statements

CITY OF MONROE

Notes to the Basic Financial Statements

Note I — 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, 2006.

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 Government, 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 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. The City is eliminating this fund for 2007.

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 property taxes, charges for services, and other revenues received to maintain the operational and capital needs of the City police department.

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.

Capital Improvement

To account for short term bond anticipation note proceeds in connection with the State Route 63 widening. This fund has been used by the City in past for minor infrastructure improvement projects through General fund transfers.

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.

CITY OF MONROE

Notes to the Basic Financial Statements

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.

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 Municipal 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 Fire Levy funds received proceeds from a lease purchase agreement that will be expended in 2007. Those monies are reported on the fund balance sheet and statement of net assets as "Restricted Cash and Cash Equivalents."

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 2006, 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, 2006.

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 2006 amounted to \$380,525, which includes \$311,026, assigned from other City funds. Interest was also credited to the Fire Operation and Maintenance, 1989 Fire Levy, Cemetery Trust Special Revenue funds, Debt Service fund and Cemetery Enterprise Fund in the amounts of \$2,439; \$13,709; \$88; \$87 and \$987, respectively.

CITY OF MONROE
Notes to the Basic Financial Statements

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." The City was able to eliminate these for fiscal year 2006.

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.

CITY OF MONROE
Notes to the Basic Financial Statements

For governmental funds, the general fund’s portion of unpaid compensated absences is the amount of holidays worked that the employee earned additional leave time but was not used as of December 31, 2006. This additional leave time will be paid in 2007 under the union agreement. 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, retirements or contractual obligation. 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.

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. 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, street special revenue and stormwater management enterprise 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 and the lease purchase agreement.

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.

CITY OF MONROE
Notes to the Basic Financial Statements

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.

Property taxes, for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance fiscal year 2007 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.

CITY OF MONROE
Notes to the Basic Financial Statements

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 (\$10,533,371) difference are as follows:

General Obligation Bonds Payable	(\$6,765,000)
General Obligation Bonds Payable – Premium	(34,525)
Special Assessment Bonds Payable	(1,029,600)
Revenue Bonds Payable	(2,000,000)
Accrued Interest Payable	(22,558)
Capital Leases Payable	(621,747)
Noncurrent Compensated Absences	(59,941)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	(\$10,533,371)

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 \$47,951,155 difference are as follows:

Capital Assets	\$63,970,317
Accumulated Depreciation	(16,019,162)
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$47,951,155

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 \$3,512,782 are as follows:

Current Capital Additions	\$4,840,555
Loss on Disposal of Assets	(543)
Depreciation Expense	(1,327,230)
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$3,512,782

CITY OF MONROE
Notes to the Basic Financial Statements

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 (\$34,939) are as follows:

Principal paid on Long Term Debt	\$505,400
Impact of lease capitalization and principal reduction	(546,275)
Current Year Amortization of Issuance Costs	(10,443)
Current Year Amortization of Long Term Debt Discount	1,918
Change in Interest Payable	14,461
Net Adjustment - current financial resources focus to reduce <i>fund balance – total governmental funds to arrive at net assets – governmental activities</i>	(\$34,939)

Note 3 - Compliance and Accountability

Statutory Compliance

The following fund had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2006:

Fund Type/Fund	Excess
Major Fund:	
Debt Service Fund	\$1,385,052

Fund Deficits

The following funds had fund balance deficits at December 31, 2006:

Fund Type/Fund	Fund Deficit
Major Funds:	
Police Law Enforcement	\$11,872
Capital Improvement	1,747,523

The deficits were created by application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

CITY OF MONROE
Notes to the Basic Financial Statements

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
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.

CITY OF MONROE
Notes to the Basic Financial Statements

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” and GASB Statement No. 40, “Deposits and Investment Risk Disclosures.”

Deposits

At year-end, the carrying amount of the City's deposits was \$11,051,498 and the bank balance was \$11,289,305. \$300,000 of the City’s deposits was insured by federal depository insurance. As of December 31, 2006, \$10,989,305 of the City’s bank balance of \$11,289,305 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, 2006, the City had the following investments.

	Carrying and Fair Value	Average Maturity (in years)	S & P Rating
STAR Ohio	\$7,068	N/A	AAAm

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.

CITY OF MONROE
Notes to the Basic Financial Statements

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:

	Cash and Cash Equivalents/Deposits	Investments
Equity in Pooled Cash – Basic Financial Statements	\$10,995,828	\$62,738
Investments:		
STAR Ohio	(7,068)	7,068
Certificate of Deposits	62,738	(62,738)
GASB Statement No. 3	<u>\$11,051,498</u>	<u>\$7,068</u>

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 2006 were levied after October 1, 2005, on assessed values as of January 1, 2005, 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 30; the remainder is payable by September 20.

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.

<u>Category</u>	<u>Assessed Value</u>
Real Property Tax	\$232,771,170
Tangible Personal Property	37,698,431
Public Utility Tangible Personal Property	16,295,740
Total	<u>\$286,765,341</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 2006, the proceeds were allocated to the general fund. Income tax revenue for 2006 was \$3,909,004.

CITY OF MONROE
Notes to the Basic Financial Statements

Note 7 - Receivables

Receivables at December 31, 2006, 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:

	Amount
MAJOR FUNDS	
General Fund	
Local Government Assistance	\$171,522
Estate tax	69,994
Homestead and Rollback	41,363
Liquor Permits	505
Total General Fund	<u>283,384</u>
Fire 1989 Levy	
Homestead and Rollback	<u>28,251</u>
Police Law Enforcement	
Homestead and Rollback	<u>27,681</u>
 NONMAJOR FUNDS	
Special Revenue Funds	
Street	
Gas Tax	189,877
Auto Registration Tax	72,840
Total Street Fund	<u>262,717</u>
State Highway	
Gas Tax	13,408
Auto Registration Tax	5,365
Total State Highway	<u>18,773</u>
2006 Fire Levy	
Homestead and Rollback	<u>32,771</u>
Motor Vehicle License	
Permissive Tax	<u>38,772</u>
Enterprise Funds	
Garbage	
Recycling Grant	<u>3,331</u>
Total All Funds	<u><u>\$695,680</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, 2006, follows:

	Restated Balance 12/31/2005	Increases	Decreases	Balance 12/31/2006
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$1,327,758	\$0	\$0	\$1,327,758
Land Improvements	232,100	0	0	232,100
Construction in Progress	0	1,697,667	0	1,697,667
Total Capital Assets, not being depreciated	1,559,858	1,697,667	0	3,257,525
Capital Assets, being depreciated:				
Buildings and Building Improvements	6,491,576	0	0	6,491,576
Machinery, Equipment and Vehicles	2,428,009	197,863	(54,549)	2,571,323
Infrastructure – Streets	48,704,868	2,945,025	0	51,649,893
Total Capital Assets, being depreciated	57,624,453	3,142,888	(54,549)	60,712,792
Accumulated Depreciation				
Buildings and Building Improvements	(1,488,672)	(155,583)	0	(1,644,255)
Machinery, Equipment and Vehicles	(1,076,870)	(146,772)	54,006	(1,169,636)
Infrastructure – Streets	(12,180,396)	(1,024,875)	0	(13,205,271)
Less Accumulated Depreciation	(14,745,938)	(1,327,230)	54,006	(16,019,162)
Total Capital Assets, being depreciated, net	42,878,515	1,815,658	(543)	44,693,630
Governmental Activities Capital Assets, Net	\$44,438,373	\$3,513,325	(\$543)	\$47,951,155
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	238,601	7,948	0	246,549
Total Capital Assets, not being depreciated	952,751	7,948	0	960,699
Capital Assets, being depreciated				
Buildings and Building Improvements	514,000	0	0	514,000
Machinery and Equipment	1,663,773	307,734	0	1,971,507
Infrastructure – Water Lines	3,284,989	0	0	3,284,989
Total Capital Assets, being depreciated	5,462,762	307,734	0	5,770,496
Accumulated Depreciation				
Buildings and Building Improvements	(118,498)	(12,189)	0	(130,687)
Machinery and Equipment	(831,899)	(64,699)	0	(896,598)
Infrastructure – Water Lines	(1,162,784)	(164,198)	0	(1,326,982)
Less Accumulated Depreciation	(2,113,181)	(241,086)	0	(2,354,267)
Total capital Assets, being depreciated, net	3,349,581	66,648	0	3,416,229
Business-Type Activities Capital Assets, Net	\$4,302,332	\$74,596	\$0	\$4,376,928

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	\$139,050
Transportation, including depreciation of general infrastructure assets	1,082,314
General Government	105,866
Total Depreciation Expense - governmental activities	<u>\$1,327,230</u>
 Business Type Activities:	
Water	241,086
Total Depreciation Expense – business-type activities	<u>\$241,086</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 9.0 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, 2006, 2005, and 2004 were \$140,318, \$127,857, and \$153,628, respectively. The full amount has been contributed for 2005 and 2004. 90 percent has been contributed for 2006 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, 2006, 2005, and 2004, were \$342,701, \$316,410, and \$448,925, respectively. The full amount has been contributed for 2005 and 2004. 91 percent has been contributed for 2006 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 2006 employer contribution rate was 13.70 percent of covered payroll; 4.50 percent was the portion that was used to fund health care for 2006.

For 2006, 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, 2005, the estimated net assets available for future OPEB payments were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively. At December 31, 2006, the total number of benefit recipients eligible for OPEB through OPERS was 369,214. The City's actual contributions for 2006 that were used to fund OPEB were \$68,713.

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, 2005. (the latest information available) was 13,922 for police and 10,537 for firefighters. The City's actual contributions for 2006 that were used to fund postemployment benefits were \$73,269 for police and \$108,217 for fire. The Fund's total health care expenses for the year ended December 31, 2005, were \$108,039,449, which was net of member contributions of \$55,271,881.

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 Anthem Blue Cross Blue Shield. 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 a street sweeper and fire apparatus during fiscal year 2006. 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/expenses on the budgetary statements.

Capital assets consisting of copiers, a durapatcher, the street sweeper and fire apparatus have been capitalized on the statement of net assets in the amount of \$770,037. 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 2006 totaled \$3,975 in the general fund and \$9,037 in the street fund.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business Type Activities
Asset:		
Machinery, Equipment and Vehicles	\$635,908	\$134,129
Less: Accumulated Depreciation	(15,324)	(0)
Total	<u>\$620,584</u>	<u>\$134,129</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, 2006.

Fiscal Year Ending December 31	Capital Leases Payable	
	Governmental Activities	Business Type Activities
2007	\$116,543	\$58,957
2008	116,543	29,478
2009	116,542	29,478
2010	114,046	29,478
2011	97,182	0
2012-2013	194,364	0
Total	<u>755,220</u>	<u>147,391</u>
Less: Amount Representing Interest	(133,473)	(13,262)
Present Value of Net Minimum Lease Payments	<u>\$621,747</u>	<u>\$134,129</u>

CITY OF MONROE
Notes to the Basic Financial Statements

Note 14 –Long-Term Obligations

A summary of the changes in long-term obligations during the year ended December 31, 2006 follows:

	Balance 12/31/2005	Increase	Decrease	Balance 12/31/2006	Due within one year
Governmental Activities					
Special Assessment Bonds					
6.70% 1991 Waterline Extension I	\$240,000	\$0	\$35,000	\$205,000	\$35,000
6.61% 1998 Waterline Extension II	105,000	0	7,400	97,600	7,700
5.625% 1988 Garver Road	60,000	0	20,000	40,000	20,000
5.25% — 5.75% 1993 American Way	75,000	0	8,000	67,000	8,000
4.45% — 5.70% 2002 Limited Edition	650,000	0	30,000	620,000	30,000
TOTAL — Special Assessment Bonds	1,130,000	0	100,400	1,029,600	100,700
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	7,170,000	0	405,000	6,765,000	410,000
Less Deferred amounts – premium	36,443	0	1,918	34,525	1,918
TOTAL – General Obligation Bonds	7,206,443	0	406,918	6,799,525	411,918
Capital Leases Payable	75,472	559,377	13,102	621,747	82,542
Compensated Absences	68,090	290,520	284,709	73,901	22,025
TOTAL — Governmental Activities	10,480,005	849,897	805,129	10,524,773	617,185
Business-Type Activities					
5.02% 2004 Loan Payable	575,157	0	26,614	548,543	27,967
Capital Leases Payable	0	134,129	0	134,129	53,777
Compensated Absences	12,526	16,478	16,497	12,507	0
TOTAL – Business-Type Activities	587,683	150,607	43,111	695,179	81,744
TOTAL ALL ACTIVITIES	\$11,067,688	\$1,000,504	\$848,240	\$11,219,952	\$698,929

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.

CITY OF MONROE
Notes to the Basic Financial Statements

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 will be 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, street and stormwater management funds 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.

As of December 31, 2006, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$23,345,361 for total debt and \$9,007,094 for unvoted debt. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2006 are:

GOVERNMENTAL ACTIVITIES			
General Obligation Bonds			
Years	Principal	Interest	Total
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	465,000	228,847	693,847
2012-2016	2,435,000	864,502	3,299,502
2017-2021	1,800,000	306,650	2,106,650
2022-2024	375,000	38,000	413,000
Totals	<u>\$6,765,000</u>	<u>\$2,484,577</u>	<u>\$9,249,577</u>

CITY OF MONROE
Notes to the Basic Financial Statements

GOVERNMENTAL ACTIVITIES

Special Assessment Bonds

Years	Principal	Interest	Total
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	104,400	34,722	139,122
2012-2016	296,800	110,865	407,665
2017-2020	225,000	32,785	257,785
Totals	\$1,029,600	\$376,965	\$1,406,565

GOVERNMENTAL ACTIVITIES

Revenue Bonds

Years	Principal	Interest	Total
2007	\$0	\$0	\$0
2008	0	0	0
2009	150,000	670,000	820,000
2010	155,000	65,675	220,675
2011	165,000	60,173	225,173
2012-2016	1,020,000	203,593	1,223,593
2017-2019	510,000	27,513	537,513
Totals	\$2,000,000	\$1,026,954	\$3,026,954

BUSINESS-TYPE ACTIVITIES

Loans Payable

Years	Principal	Interest	Total
2007	\$27,967	\$25,975	\$53,942
2008	29,389	24,553	53,942
2009	30,833	23,059	53,892
2010	32,452	21,489	53,941
2011	34,011	19,930	53,941
2012-2016	196,231	71,366	267,597
2017-2021	197,660	17,521	215,181
Totals	\$548,543	\$203,893	\$752,436

CITY OF MONROE
Notes to the Basic Financial Statements

Note 15 - Short-Term Obligations

A summary of the short-term note transactions for the year ended December 31, 2006, follows:

Fund Type	Balance 12/31/2005	Increase	Decrease	Balance 12/31/2006
Governmental Type Activities:				
Capital Improvement	\$0	\$3,000,000	\$0	\$3,000,000
Business Type Activities:				
Water	4,021,000	3,380,000	4,021,000	3,380,000
Sewer	294,000	0	294,000	0
Total	\$4,315,000	\$6,380,000	\$4,315,000	\$6,380,000

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

Issue	Principal Outstanding	Annualized Rate
<i>Capital Projects Fund</i>		
State Route 63 Improvement	\$3,000,000	4.50%
<i>Enterprise Funds</i>		
Water System Improvement	3,338,000	4.50%

The State Route 63 improvement note was issued to finance the City's portion of the State Route 63 widening and related interchange improvement project. The water system improvement note is 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.

Note 16 - Interfund Transactions

Interfund asset and liability balances at December 31, 2006, were as follows:

Fund	Transfers In	Transfers Out
MAJOR FUNDS		
General Fund	\$22,500	\$3,824,908
Fire Operation/Maintenance	1,316,630	0
Fire 1989 Levy	0	327,743
Police Law Enforcement	1,066,034	0
Debt Service	2,082,089	0
Capital Improvement	180,000	0
Total Major Funds	4,667,253	4,152,651
NONMAJOR FUNDS		
Governmental Funds		
Fire 2006 Levy	0	544,362
Street Lighting	52,260	0
Enterprise Funds		
Cemetery	0	22,500
Total Nonmajor Funds	52,260	566,862
Total All Funds	\$4,719,513	\$4,719,513

CITY OF MONROE
Notes to the Basic Financial Statements

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 Government, 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 2006. Information can be obtained from the Center by writing to Director of the Center for Local Government, 10979 Reed Hartman Highway, Suite 239, Cincinnati, Ohio 45242.

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 2006. 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 2006, 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.

CITY OF MONROE
Notes to the Basic Financial Statements

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 \$1,180 during 2006.

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, 2006 to December 31, 2006, 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

GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. This Statement also requires government to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation. The implementation of this statement had no effect on net assets/fund balances.

GASB Statement No. 47, "Accounting for Termination Benefits", establishes accounting standards for termination benefits. The implementation of this statement had no effect on net assets/fund balances.

Note 22 – Restatement of Net Assets

In the prior year, the City did not recognize full accrual revenue related to special assessments, complete revenue recognition of income taxes for prior year receipts collected after February 2006 and incorrectly calculated the accumulated depreciation on governmental capital assets.

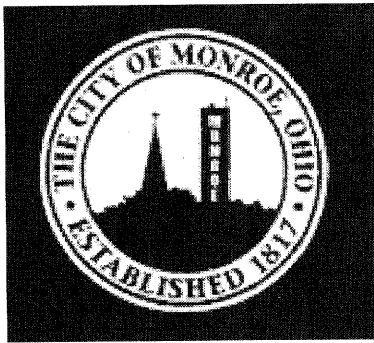
CITY OF MONROE
Notes to the Basic Financial Statements

These items had the following impact on the City’s beginning governmental net assets:

	<u>Governmental Activities</u>
12/31/05 Governmental Net Assets	\$37,807,893
Revenue Recognition of Special Assessment	1,766,887
Prior Year Income Tax Revenues	715,326
Accumulated Depreciation change	<u>(1,028,854)</u>
Restated 12/31/05 Governmental Net Assets	<u><u>\$39,261,252</u></u>

Note 23 – Subsequent Events

The City reissued \$3,500,000 in general obligation notes payable at a 4.25 percent interest on March 20, 2007. 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 20 2008.



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, 2006

	GENERAL FUND			
	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 682,900	\$ 682,900	\$ 744,339	\$ 61,439
Income Taxes	3,667,500	3,667,500	3,898,231	230,731
Charges for Services	272,850	272,850	296,909	24,059
Fines, Licenses, and Permits	900,000	900,000	695,738	(204,262)
Intergovernmental	611,400	611,400	831,296	219,896
Interest	102,775	102,775	384,690	281,915
Other	14,295	14,295	46,746	32,451
Total Revenues	6,251,720	6,251,720	6,897,949	646,229
Expenditures:				
Current:				
General Government				
Council				
Personal Services	137,285	60,000	52,980	7,020
Other	36,609	16,000	10,774	5,226
Total Clerk and Council	173,894	76,000	63,754	12,246
Mayor's Court				
Personal Services	74,362	32,500	30,628	1,872
Other	42,901	18,750	14,067	4,683
Total Mayor's Court	117,263	51,250	44,695	6,555
Administrative Offices				
Personal Services	1,144,038	500,000	462,615	37,385
Other	354,652	155,000	116,672	38,328
Total Administrative Office	1,498,690	655,000	579,287	75,713
Development				
Other	1,520,655	664,600	559,532	105,068
Total Development	1,520,655	664,600	559,532	105,068
Treasurer				
Other	291,272	127,300	122,484	4,816
Total Treasurer	291,272	127,300	122,484	4,816
Income Tax Department				
Other	69,558	30,400	17,559	12,841
Total Income Tax Department	69,558	30,400	17,559	12,841
City Manager's Office				
Other	353,050	154,300	136,095	18,205
Total City Manager's Office	353,050	154,300	136,095	18,205
Total General Government	4,024,382	1,758,850	1,523,406	235,444

(continued)

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, 2006

	GENERAL FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Security of Persons and Property				
Police Law Enforcement				
Personal Services	\$ 509,097	\$ 222,500	\$ 211,081	\$ 11,419
Total Police Law Enforcement	509,097	222,500	211,081	11,419
Total Security of Persons and Property	509,097	222,500	211,081	11,419
Public Health and Welfare				
Grounds and Facilities				
Personal Services	240,053	104,915	51,312	53,603
Other	366,092	160,000	124,130	35,870
Total Cemetery	606,145	264,915	175,442	89,473
Transportation				
Transportation Administration				
Personal Services	1,339	585	580	5
Total Transportation	1,339	585	580	5
Intergovernmental	57,202	25,000	22,378	2,622
Capital Outlay	114,404	50,000	48,976	1,024
Total Expenditures	5,312,569	2,321,850	1,981,863	339,987
Excess of Revenues Over Expenditures	939,151	3,929,870	4,916,086	986,216
Other Financing Sources (Uses):				
Income Tax Refunds	-	(169,500)	(169,487)	13
Sale of Capital Assets	8,080	8,080	8,082	2
Transfers - In	4,589,600	4,589,600	22,500	(4,567,100)
Transfers - Out	-	(4,232,736)	(3,824,908)	407,828
Total Other Financing Sources (Uses)	4,597,680	195,444	(3,963,813)	(4,159,257)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,536,831	4,125,314	952,273	(3,173,041)
Fund Balance at Beginning of Year	494,843	494,843	494,843	-
Prior Year Encumbrances Appropriated	4,800	4,800	4,800	-
Fund Balance at End of Year	<u>\$ 6,036,474</u>	<u>\$ 4,624,957</u>	<u>\$ 1,451,916</u>	<u>\$ (3,173,041)</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 Fund
For the Year Ended December 31, 2006

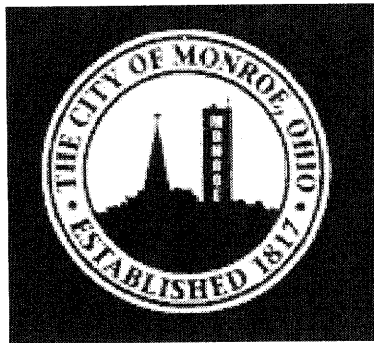
	FIRE OPERATION AND MAINTENANCE FUND			
	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 285,000	\$ 303,773	\$ 350,456	\$ 46,683
Charges for Services	116,000	116,600	116,708	108
Intergovernmental	56,000	56,500	39,545	(16,955)
Interest		-	2,439	2,439
Other	10,000	16,798	6,653	(10,145)
Total Revenues	467,000	493,671	515,801	22,130
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	2,100,000	2,100,000	1,991,295	108,705
Other	398,400	398,400	343,531	54,869
Total Security of Persons and Property	2,498,400	2,498,400	2,334,826	163,574
Capital Outlay	95,000	95,000	82,143	12,857
Total Expenditures	2,593,400	2,593,400	2,416,969	176,431
Deficiency of Revenues Under Expenditures	(2,126,400)	(2,099,729)	(1,901,168)	198,561
Other Financing Sources:				
Proceeds from a Lease-Purchase Agreement	-	-	559,287	559,287
Sale of Capital Assets	-	3,203	3,203	-
Transfers - In	276,137	2,093,077	1,316,630	(776,447)
Total Other Financing Sources	276,137	2,096,280	1,879,120	(217,160)
Deficiency of Revenues and Other Financing Sources Under Expenditures	(1,850,263)	(3,449)	(22,048)	(18,599)
Fund Balance at Beginning of Year	22,048	22,048	22,048	-
Fund Balance (Deficit) at End of Year	\$ (1,828,215)	\$ 18,599	\$ -	\$ (18,599)

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, 2006

	FIRE 1989 LEVY FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 400,000	\$ 397,500	\$ 500,392	\$ 102,892
Charges for Services	463,500	400,000	389,202	(10,798)
Intergovernmental	125,000	66,000	50,176	(15,824)
Interest	7,500	6,000	13,709	7,709
Other	25,000	250	284	34
Total Revenues	1,021,000	869,750	953,763	84,013
Expenditures:				
Current:				
Security of Persons and Property				
Other	18,600	18,600	13,644	4,956
Total Security of Persons and Property	18,600	18,600	13,644	4,956
Total Expenditures	18,600	18,600	13,644	4,956
Excess of Revenues Over Expenditures	1,002,400	851,150	940,119	88,969
Other Financing Uses:				
Transfers Out	(898,475)	(898,475)	(327,743)	570,732
Total Other Financing Uses	(898,475)	(898,475)	(327,743)	570,732
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	103,925	(47,325)	612,376	659,701
Fund Balance at Beginning of Year	47,325	47,325	47,325	-
Fund Balance at End of Year	\$ 151,250	\$ -	\$ 659,701	\$ 659,701

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, 2006

	POLICE LAW ENFORCEMENT FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 397,500	\$ 488,400	\$ 500,485	\$ 12,085
Charges for Services	109,000	109,521	187,022	77,501
Intergovernmental	174,000	174,000	56,075	(117,925)
Other	75,000	75,180	25,088	(50,092)
Total Revenues	<u>755,500</u>	<u>847,101</u>	<u>768,670</u>	<u>(78,431)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Personal Services	1,525,000	1,525,000	1,394,741	130,259
Other	361,883	361,883	267,680	94,203
Total Security of Persons and Property	<u>1,886,883</u>	<u>1,886,883</u>	<u>1,662,421</u>	<u>224,462</u>
Capital Outlay	<u>206,000</u>	<u>206,000</u>	<u>202,893</u>	<u>3,107</u>
Total Expenditures	<u>2,092,883</u>	<u>2,092,883</u>	<u>1,865,314</u>	<u>227,569</u>
Deficiency of Revenues Under Expenditures	(1,337,383)	(1,245,782)	(1,096,644)	149,138
Other Financing Sources:				
Sale of Capital Assets	-	6,299	6,299	-
Transfers - In	987,260	1,328,600	1,066,034	(262,566)
Total Other Financing Sources	<u>987,260</u>	<u>1,334,899</u>	<u>1,072,333</u>	<u>(262,566)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(350,123)	89,117	(24,311)	(113,428)
Fund Balance at Beginning of Year	<u>24,561</u>	<u>24,561</u>	<u>24,561</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ (325,562)</u>	<u>\$ 113,678</u>	<u>\$ 250</u>	<u>\$ (113,428)</u>



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 the formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds on the basic financial statements.

Lapsing of Appropriations

At the close of each fiscal 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 subsequent fiscal year and need not be re-appropriated.

Note 2 - Budget to GAAP Reconciliation

Budgetary Basis of Accounting

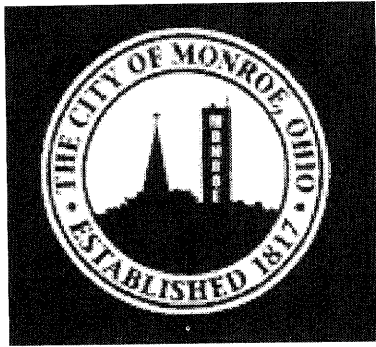
While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures, and 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, 2006, 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 Operation and Maintenance</u>	<u>Fire 1989 Levy</u>	<u>Police Law Enforcement</u>
GAAP Basis	\$1,065,806	\$74,461	\$387,912	(\$41,824)
Adjustments:				
Revenue Accruals	(61,584)	74,114	93,901	98,359
Expenditure Accruals	1,280	(131,195)	130,563	39,122
Encumbrances	(53,229)	(39,428)	0	(119,968)
Budget basis	<u>\$952,273</u>	<u>(\$22,048)</u>	<u>\$612,376</u>	<u>(\$24,311)</u>



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, 2006

	DEBT SERVICE FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Special Assessments	\$ 160,000	\$ 160,000	\$ 162,294	\$ 2,294
Interest	-	-	87	87
Total Revenues	160,000	160,000	162,381	2,381
Expenditures:				
Debt Service:				
Principal Retirement	505,400	505,400	505,400	-
Interest and Fiscal Charges	353,930	353,349	353,349	-
Total Expenditures	859,330	858,749	858,749	-
Deficiency of Revenues Under Expenditures	(699,330)	(698,749)	(696,368)	2,381
Other Financing Sources:				
Transfers - In	-	699,418	2,082,089	1,382,671
Total Other Financing Sources	-	699,418	2,082,089	1,382,671
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(699,330)	669	1,385,721	1,385,052
Fund Balances (Deficit) at Beginning of Year	(1,385,721)	(1,385,721)	(1,385,721)	-
Fund Balances (Deficit) at End of Year	\$ (2,085,051)	\$ (1,385,052)	\$ -	\$ 1,385,052

**CITY OF MONROE, OHIO
NONMAJOR FUND DESCRIPTIONS
DECEMBER 31, 2006**

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 2000 Levy

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

Motor Vehicle License

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

DARE Grant

To account for grant money related to the cost associated with administrating the DARE officer and other resources.

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.

Fire 2005 Levy

To account for the property tax levied in 2005 for operating purposes.

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.

TASER Fund

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

**CITY OF MONROE, OHIO
NONMAJOR FUND DESCRIPTIONS
DECEMBER 31, 2006**

Fire Historical Preservation

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

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.

Court Technology Improvement

To account for collection of certain fines that will enable the City to update certain technology within the court system.

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, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 1,413,422	\$ 955,417	\$ 2,368,839
Investments	62,738	-	62,738
Receivables (net of allowance for doubtful accounts):			
Taxes-Real & Personal Property	683,093	70,878	753,971
Special Assessments	73,728	-	73,728
Due from Other Governments	353,033	-	353,033
Total Assets	\$ 2,586,014	\$ 1,026,295	\$ 3,612,309
Liabilities:			
Accounts Payable	35,591	872	36,463
Contracts Payable	-	23,111	23,111
Due to Other Governments	4,911	-	4,911
Deferred Revenue	1,007,852	70,878	1,078,730
Total Liabilities	1,048,354	94,861	1,143,215
Fund Balances:			
Reserved for Encumbrances	9,858	7,508	17,366
Unreserved, reported in:			
Special Revenue	1,527,802	-	1,527,802
Capital Projects	-	923,926	923,926
Total Fund Balances	1,537,660	931,434	2,469,094
Total Liabilities and fund balances	\$ 2,586,014	\$ 1,026,295	\$ 3,612,309

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Property and Other Taxes	\$ 451,422	\$ -	\$ 451,422
Payment in Lieu of Taxes	-	70,878	70,878
Intergovernmental	719,336	-	719,336
Charges for Services	100,373	-	100,373
Licenses and Permits	-	151,261	151,261
Investment Earnings	88	-	88
Fines and Forfeitures	1,864	7,420	9,284
Special Assessments	46,572	-	46,572
All Other Revenues	13,455	-	13,455
	<hr/>	<hr/>	<hr/>
Total Revenues	1,333,110	229,559	1,562,669
<u>Expenditures:</u>			
Current:			
Security of Persons and Property	138,203	-	138,203
Transportation	604,492	-	604,492
Capital Outlay	-	64,614	64,614
Debt Service:			
Principal Retirement	9,037	-	9,037
Interest and Fiscal Charges	2,964	-	2,964
	<hr/>	<hr/>	<hr/>
Total Expenditures	754,696	64,614	819,310
Excess of Revenues Over Expenditures	578,414	164,945	743,359
<u>Other Financing Sources (Uses):</u>			
Transfers - In	52,260	-	52,260
Transfers - Out	(544,362)	-	(544,362)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(492,102)	-	(492,102)
Net Change in Fund Balances	86,312	164,945	251,257
Fund Balances at Beginning of Year	1,451,348	766,489	2,217,837
Fund Balances at End of Year	<u>\$ 1,537,660</u>	<u>\$ 931,434</u>	<u>\$ 2,469,094</u>

**THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006**

	Street	State Highway	Motor Vehicle License	Dare Grant	2000 Fire Levy	Enforcement and Education	2005 Fire Levy
Assets:							
Equity in Pooled Cash and Investments	\$ 404,424	\$ 91,609	\$ 170,813	\$ 2,394	\$ 611,470	\$ 11,712	\$ 73,014
Investments	-	-	-	-	-	-	-
Receivables (net of allowance for doubtful accounts):							
Taxes-Real & Personal Property	-	-	-	-	-	-	683,093
Special Assessments	-	-	-	-	-	-	-
Due from Other Governments	262,717	18,773	38,772	-	-	-	32,771
Total Assets	\$ 667,141	\$ 110,382	\$ 209,585	\$ 2,394	\$ 611,470	\$ 11,712	\$ 788,878
Liabilities:							
Accounts Payable	26,756	423	-	-	-	-	-
Due to Other Governments	4,911	-	-	-	-	-	-
Deferred Revenue	174,236	13,252	30,772	-	-	-	715,864
Total Liabilities	205,903	13,675	30,772	-	-	-	715,864
Fund Balances:							
Reserved for Encumbrances	3,775	4,050	2,033	-	-	-	-
Unreserved, reported in:							
Special Revenue	457,463	92,657	176,780	2,394	611,470	11,712	73,014
Total Fund Balances	461,238	96,707	178,813	2,394	611,470	11,712	73,014
Total Liabilities and fund balances	\$ 667,141	\$ 110,382	\$ 209,585	\$ 2,394	\$ 611,470	\$ 11,712	\$ 788,878

**THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2006**

Street Lighting	Longstreet Trust	Cemetery Trust	Law Enforcement	TASER Fund	Fire Historical Preservation	Total
\$ 27,436	\$ 4,097	\$ 1,115	\$ 7,840	\$ 227	\$ 7,271	\$ 1,413,422
-	62,738	-	-	-	-	62,738
-	-	-	-	-	-	683,093
73,728	-	-	-	-	-	73,728
-	-	-	-	-	-	353,033
<u>\$ 101,164</u>	<u>\$ 66,835</u>	<u>\$ 1,115</u>	<u>\$ 7,840</u>	<u>\$ 227</u>	<u>\$ 7,271</u>	<u>\$ 2,586,014</u>
8,412	-	-	-	-	-	35,591
-	-	-	-	-	-	4,911
73,728	-	-	-	-	-	1,007,852
82,140	-	-	-	-	-	1,048,354
-	-	-	-	-	-	9,858
19,024	66,835	1,115	7,840	227	7,271	1,527,802
19,024	66,835	1,115	7,840	227	7,271	1,537,660
<u>\$ 101,164</u>	<u>\$ 66,835</u>	<u>\$ 1,115</u>	<u>\$ 7,840</u>	<u>\$ 227</u>	<u>\$ 7,271</u>	<u>\$ 2,586,014</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, 2006

	Street	State Highway	Motor Vehicle License	DARE Grant	2000 Fire Levy	Enforcement and Education
Revenues:						
Property and Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	531,285	38,858	84,721	1,894	-	-
Charges for Services	100,373	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	768
Special Assessments	-	-	-	-	-	-
All Other Revenues	5,234	-	-	500	-	-
Total Revenues	636,892	38,858	84,721	2,394	-	768
Expenditures:						
Current:						
Security of Persons and Property	-	-	38,737	-	-	-
Transportation	588,353	16,139	-	-	-	-
Debt Service:						
Principal Retirement	9,037	-	-	-	-	-
Interest and Fiscal Charges	2,964	-	-	-	-	-
Total Expenditures	600,354	16,139	38,737	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,538	22,719	45,984	2,394	-	768
Other Financing Sources (Uses):						
Transfers - In	-	-	-	-	-	-
Transfers - Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)	36,538	22,719	45,984	2,394	-	768
Net Change in Fund Balances	36,538	22,719	45,984	2,394	-	768
Fund Balances at Beginning of Year	424,700	73,988	132,829	-	611,470	10,944
Fund Balances at End of Year	\$ 461,238	\$ 96,707	\$ 178,813	\$ 2,394	\$ 611,470	\$ 11,712

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

2005 Fire Levy	Street Lighting	Longstreet Trust	Cemetery Trust	Law Enforcement	TASER Fund	Fire Historical Preservation	Total
\$ 451,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451,422
62,578	-	-	-	-	-	-	719,336
-	-	-	-	-	-	-	100,373
-	-	-	88	-	-	-	88
-	-	-	-	1,096	-	-	1,864
-	46,572	-	-	-	-	-	46,572
-	-	-	-	-	450	7,271	13,455
<u>514,000</u>	<u>46,572</u>	<u>-</u>	<u>88</u>	<u>1,096</u>	<u>450</u>	<u>7,271</u>	<u>1,333,110</u>
9,573	88,531	-	-	928	434	-	138,203
-	-	-	-	-	-	-	604,492
-	-	-	-	-	-	-	9,037
-	-	-	-	-	-	-	2,964
<u>9,573</u>	<u>88,531</u>	<u>-</u>	<u>-</u>	<u>928</u>	<u>434</u>	<u>-</u>	<u>754,696</u>
504,427	(41,959)	-	88	168	16	7,271	578,414
-	52,260	-	-	-	-	-	52,260
(544,362)	-	-	-	-	-	-	(544,362)
<u>(544,362)</u>	<u>52,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(492,102)</u>
(39,935)	10,301	-	88	168	16	7,271	86,312
112,949	8,723	66,835	1,027	7,672	211	-	1,451,348
<u>\$ 73,014</u>	<u>\$ 19,024</u>	<u>\$ 66,835</u>	<u>\$ 1,115</u>	<u>\$ 7,840</u>	<u>\$ 227</u>	<u>\$ 7,271</u>	<u>\$ 1,537,660</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, 2006

	STREET FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 300,000	\$ 420,000	\$ 522,708	\$ 102,708
Charges for Services	100,000	100,000	100,373	373
Other	-	-	5,234	5,234
Total Revenues	<u>400,000</u>	<u>520,000</u>	<u>628,315</u>	<u>108,315</u>
Expenditures:				
Current:				
Transportation				
Street Maintenance and Repair				
Personal Services	465,000	465,000	406,860	58,140
Other	261,500	261,500	193,008	68,492
Total Transportation	<u>726,500</u>	<u>726,500</u>	<u>599,868</u>	<u>126,632</u>
Total Expenditures	<u>726,500</u>	<u>726,500</u>	<u>599,868</u>	<u>126,632</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(326,500)	(206,500)	28,447	234,947
Fund Balance at Beginning of Year	<u>366,327</u>	<u>366,327</u>	<u>366,327</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 39,827</u>	<u>\$ 159,827</u>	<u>\$ 394,774</u>	<u>\$ 234,947</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, 2006

	STATE HIGHWAY FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 35,000	\$ 39,766	\$ 4,766
Total Revenues	<u>30,000</u>	<u>35,000</u>	<u>39,766</u>	<u>4,766</u>
Expenditures:				
Current:				
Transportation				
State Highway Maintenance				
Other	<u>53,000</u>	<u>53,000</u>	<u>20,023</u>	<u>32,977</u>
Total State Highway Maintenance	<u>53,000</u>	<u>53,000</u>	<u>20,023</u>	<u>32,977</u>
Total Expenditures	<u>53,000</u>	<u>53,000</u>	<u>20,023</u>	<u>32,977</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,000)	(18,000)	19,743	37,743
Fund Balance at Beginning of Year	<u>67,816</u>	<u>67,816</u>	<u>67,816</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 44,816</u></u>	<u><u>\$ 49,816</u></u>	<u><u>\$ 87,559</u></u>	<u><u>\$ 37,743</u></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, 2006

	MOTOR VEHICLE LICENSE FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 90,000	\$ 255,000	\$ 92,319	\$ (162,681)
Total Revenues	90,000	255,000	92,319	(162,681)
Expenditures:				
Current:				
Security of Persons and Property				
Other	100,000	100,000	69,602	30,398
Total Security of Persons and Property	100,000	100,000	69,602	30,398
Total Expenditures	100,000	100,000	69,602	30,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	155,000	22,717	(132,283)
Other Financing Uses:				
Transfers - Out	(165,000)	(165,000)	-	165,000
Total Other Financing Uses	(165,000)	(165,000)	-	165,000
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	(175,000)	(10,000)	22,717	32,717
Fund Balance at Beginning of Year	146,062	146,062	146,062	-
Fund Balance (Deficit) at End of Year	<u>\$ (28,938)</u>	<u>\$ 136,062</u>	<u>\$ 168,779</u>	<u>\$ 32,717</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, 2006

	DARE GRANT FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,894	\$ 1,894
Other	-	-	500	500
Total Revenues	-	-	2,394	2,394
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	2,394	2,394
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,394</u>	<u>\$ 2,394</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, 2006

	FIRE 2000 LEVY FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt Service:				
Principal Retirement	65,000	65,000	-	65,000
Interest and Fiscal Charges	73,300	73,330	-	73,330
Total Expenditures	138,300	138,330	-	138,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,300)	(138,330)	-	138,330
Fund Balance at Beginning of Year	611,470	611,470	611,470	-
Fund Balance at End of Year	\$ 473,170	\$ 473,140	\$ 611,470	\$ -

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, 2006

	ENFORCEMENT AND EDUCATION FUND			
	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines, Licenses, and Permits	\$ 1,300	\$ 1,000	\$ 768	\$ (232)
Total Revenues	<u>1,300</u>	<u>1,000</u>	<u>768</u>	<u>(232)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Other	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Security of Persons and Property	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess of Revenues Over Expenditures	300	-	768	768
Fund Balance at Beginning of Year	<u>10,944</u>	<u>10,944</u>	<u>10,944</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 11,244</u></u>	<u><u>\$ 10,944</u></u>	<u><u>\$ 11,712</u></u>	<u><u>\$ 768</u></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, 2006

	2005 FIRE LEVY FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 750,000	\$ 485,000	\$ 475,552	\$ (9,448)
Intergovernmental	186,000	135,500	151,397	15,897
Total Revenues	936,000	620,500	626,949	6,449
Expenditures:				
Current:				
Security of Persons and Property	10,500	9,574	9,573	1
Other	10,500	9,574	9,573	1
Total Security of Persons and Property	10,500	9,574	9,573	1
Total Expenditures	10,500	9,574	9,573	1
Excess of Revenues Over Expenditures	925,500	610,926	617,376	6,450
Other Financing Uses:				
Transfers - Out	(600,000)	(601,900)	(544,362)	57,538
Total Other Financing Uses	(600,000)	(601,900)	(544,362)	57,538
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	325,500	9,026	73,014	63,988
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance (Deficit) at End of Year	\$ 325,500	\$ 9,026	\$ 73,014	\$ 63,988

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, 2006

	STREET LIGHTING FUND			Variance Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Special Assessments	\$ -	\$ 81,760	\$ 46,572	\$ (35,188)
Total Revenues	-	81,760	46,572	(35,188)
Expenditures:				
Current:				
Security of Persons and Property				
Other	70,500	87,000	80,119	6,881
Total Security of Persons and Property	70,500	87,000	80,119	6,881
Total Expenditures	70,500	87,000	80,119	6,881
Deficiency of Revenues Under Expenditures	(70,500)	(5,240)	(33,547)	(28,307)
Other Financing Sources:				
Transfers - In	-	20,500	52,260	31,760
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(70,500)	15,260	18,713	3,453
Fund Balance at Beginning of Year	8,723	8,723	8,723	-
Fund Balance (Deficit) at End of Year	<u>\$ (61,777)</u>	<u>\$ 23,983</u>	<u>\$ 27,436</u>	<u>\$ 3,453</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, 2006

	LONGSTREET TRUST FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ 1,000	\$ 16	\$ 88	\$ 72
Total Revenues	<u>1,000</u>	<u>16</u>	<u>88</u>	<u>72</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	1,000	16	88	72
Fund Balance at Beginning of Year	<u>1,027</u>	<u>1,027</u>	<u>1,027</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 2,027</u></u>	<u><u>\$ 1,043</u></u>	<u><u>\$ 1,115</u></u>	<u><u>\$ 72</u></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, 2006

	CEMETERY TRUST FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Total Revenues	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Fund Balance at Beginning of Year	66,836	66,836	66,836	-
Fund Balance at End of Year	\$ 66,836	\$ 66,836	\$ 66,836	\$ -

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, 2006

	LAW ENFORCEMENT FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Fines, licenses, and permits	\$ -	\$ -	\$ 1,096	\$ 1,096
Total Revenues	-	-	1,096	1,096
Expenditures:				
Current:				
Security of Persons and Property				
Other	1,000	1,000	928	72
Total Security of Persons and Property	1,000	1,000	928	72
Total Expenditures	1,000	1,000	928	72
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	168	1,168
Fund Balance at Beginning of Year	7,670	7,670	7,670	-
Fund Balance at End of Year	<u>\$ 6,670</u>	<u>\$ 6,670</u>	<u>\$ 7,838</u>	<u>\$ 1,168</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, 2006

	TASER FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 450	\$ 450
Total Revenues	-	-	450	450
Expenditures:				
Current:				
Security of Persons and Property				
Other	-	-	434	(434)
Total Security of Persons and Property	-	-	434	(434)
Total Expenditures	-	-	434	(434)
Excess of Revenues Over Expenditures	-	-	16	16
Fund Balance at Beginning of Year	211	211	211	-
Fund Balance at End of Year	<u>\$ 211</u>	<u>\$ 211</u>	<u>\$ 227</u>	<u>\$ 16</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, 2006

	FIRE HISTORICAL PRESERVATION FUND			
	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 7,271	\$ 7,271
Total Revenues	-	-	7,271	7,271
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	7,271	7,271
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 7,271	\$ 7,271

THE CITY OF MONROE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2006

	Park Improvement	Court Technology Improvement	Corridor I - 75	Total
Assets:				
Equity in Pooled Cash and Investments	\$ 580,891	\$ 7,420	\$ 367,106	\$ 955,417
Receivables (net of allowance for doubtful accounts):				
Taxes-Real & Personal Property	-	-	70,878	70,878
Total Assets	\$ 580,891	\$ 7,420	\$ 437,984	\$ 1,026,295
Liabilities:				
Accounts Payable	872	-	-	872
Contracts Payable	23,111	-	-	23,111
Deferred Revenue	-	-	70,878	70,878
Total Liabilities	23,983	-	70,878	94,861
Fund Balances:				
Reserved for Encumbrances	7,508	-	-	7,508
Unreserved, reported in:				
Capital Projects	549,400	7,420	367,106	923,926
Total Fund Balances	556,908	7,420	367,106	931,434
Total Liabilities and Fund Balances	\$ 580,891	\$ 7,420	\$ 437,984	\$ 1,026,295

THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Park Improvement	Court Technology Improvement	Corridor I - 75	Total Governmental Funds
<u>Revenues:</u>				
Payment in Lieu of Taxes	\$ -	\$ -	\$ 70,878	\$70,878
Licenses and Permits	151,261	-	-	151,261
Fines and Forfeitures	-	7,420	-	7,420
Total Revenues	<u>151,261</u>	<u>7,420</u>	<u>70,878</u>	<u>229,559</u>
<u>Expenditures:</u>				
Capital Outlay	<u>64,614</u>	<u>-</u>	<u>-</u>	<u>64,614</u>
Total Expenditures	<u>64,614</u>	<u>-</u>	<u>-</u>	<u>64,614</u>
Change in Net Assets	86,647	7,420	70,878	164,945
Fund Balances at Beginning of Year	470,261	-	296,228	766,489
Fund Balances at End of Year	<u>\$ 556,908</u>	<u>\$ 7,420</u>	<u>\$ 367,106</u>	<u>\$ 931,434</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, 2006

	PARK IMPROVEMENT FUND			
	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Fines, Licenses, and Permits	\$ 175,000	\$ 200,000	\$ 152,813	\$ (47,187)
Total Revenues	<u>175,000</u>	<u>200,000</u>	<u>152,813</u>	<u>(47,187)</u>
Expenditures:				
Capital Outlay	<u>195,000</u>	<u>195,000</u>	<u>71,250</u>	<u>123,750</u>
Total Expenditures	<u>195,000</u>	<u>195,000</u>	<u>71,250</u>	<u>123,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	5,000	81,563	76,563
Fund Balance at Beginning of Year	<u>468,709</u>	<u>468,709</u>	<u>468,709</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 448,709</u>	<u>\$ 473,709</u>	<u>\$ 550,272</u>	<u>\$ 76,563</u>

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, 2006

	CAPITAL IMPROVEMENT FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 700,000	\$ -	\$ (700,000)
Special Assessments	-	1,400	1,856	
Other	-	-	22,528	22,528
Total Revenues	-	701,400	24,384	(677,472)
Expenditures:				
Capital Outlay	1,910,000	2,010,000	1,705,346	304,654
Total Expenditures	1,910,000	2,010,000	1,705,346	304,654
Deficiency of Revenues Under Expenditures	(1,910,000)	(1,308,600)	(1,680,962)	(372,818)
Other Financing Sources:				
Other Financing Sources	-	-	14,310	14,310
Face Value from Sale of Notes	1,500,000	3,000,000	3,000,000	-
Transfers - In	-	-	180,000	180,000
Total Other Financing Sources	1,500,000	3,000,000	3,194,310	194,310
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(410,000)	1,691,400	1,513,348	(178,508)
Fund Balance (Deficit) at Beginning of Year	(63,998)	(63,998)	(63,998)	-
Fund Balance (Deficit) at End of Year	\$ (473,998)	\$ 1,627,402	\$ 1,449,350	\$ (178,508)

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, 2006

	MAYOR'S COURT TECHNOLOGY IMPROVEMENT FUND			Variance Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Fines, Licenses and Permits	\$ -	\$ -	\$ 7,420	\$ 7,420
Total Revenues	-	-	7,420	7,420
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	7,420	7,420
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 7,420	\$ 7,420

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, 2006

	CORRIDOR I-75 FUND			Variance Positive (Negative)
	Budget Original	Final	Actual	
Revenues:				
Payment in Lieu of Taxes	\$ 67,000	\$ 67,000	\$ 70,878	\$ 3,878
Total Revenues	67,000	67,000	70,878	3,878
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	67,000	67,000	70,878	3,878
Fund Balance at Beginning of Year	296,228	296,228	296,228	-
Fund Balance at End of Year	<u>\$ 363,228</u>	<u>\$ 363,228</u>	<u>\$ 367,106</u>	<u>\$ 3,878</u>

THE CITY OF MONROE
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2006

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Stormwater Management	Garbage	Cemetery	Totals
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 170,255	\$ 91,711	\$ 32,312	\$ 294,278
Receivables (net of allowances for doubtful accounts)				
Accounts	38,478	105,807	624	144,909
Due from Other Governments	-	3,331	-	3,331
Total Current Assets	<u>208,733</u>	<u>200,849</u>	<u>32,936</u>	<u>442,518</u>
Capital Assets:				
Property, Plant and Equipment	134,129	-	-	134,129
Total Capital Assets (net of (accumulated depreciation)	<u>134,129</u>	<u>-</u>	<u>-</u>	<u>134,129</u>
Total Noncurrent Assets	<u>134,129</u>	<u>-</u>	<u>-</u>	<u>134,129</u>
Total Assets	<u>\$ 342,862</u>	<u>\$ 200,849</u>	<u>\$ 32,936</u>	<u>\$ 576,647</u>
Liabilities				
Current Liabilities:				
Contracts Payable	\$ 29,478	\$ 83,214	\$ -	\$ 112,692
Due to Other Governments	533	266	-	799
Capital Lease Payable - Current	53,777	-	-	53,777
Total Current Liabilities	<u>83,788</u>	<u>83,480</u>	<u>-</u>	<u>167,268</u>
Noncurrent Liabilities:				
Capital Lease Payable	80,352	-	-	80,352
Total Noncurrent Liabilities	<u>80,352</u>	<u>-</u>	<u>-</u>	<u>80,352</u>
Total Liabilities	<u>164,140</u>	<u>83,480</u>	<u>-</u>	<u>247,620</u>
Net Assets				
Invested in capital assets, net of related debt	134,129	-	-	134,129
Unrestricted	44,593	117,369	32,936	194,898
Total Net Assets	<u>178,722</u>	<u>117,369</u>	<u>32,936</u>	<u>329,027</u>
Total Net Assets and Liabilities	<u>\$ 342,862</u>	<u>\$ 200,849</u>	<u>\$ 32,936</u>	<u>\$ 576,647</u>

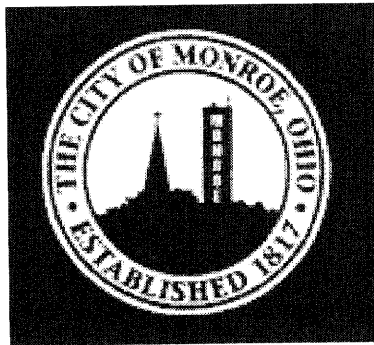
**THE CITY OF MONROE
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	Stormwater Management	Garbage	Cemetery	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$ 236,087	\$ 626,929	\$ 18,838	\$ 881,854
Sales	-	-	9,649	9,649
Other Operating Revenues	2	-	85	87
	<u>236,089</u>	<u>626,929</u>	<u>28,572</u>	<u>891,590</u>
<u>Operating Expenses:</u>				
Personal Services	54,015	25,416	-	79,431
Materials and Supplies	54,105	-	872	54,977
Contractual Services	29,576	535,991	12,059	577,626
Bad Debt Expense	1,788	4,412	-	6,200
	<u>139,484</u>	<u>565,819</u>	<u>12,931</u>	<u>718,234</u>
Operating Income	96,605	61,110	15,641	173,356
<u>Non-Operating Revenues:</u>				
Interest Income	-	-	987	987
Grants	-	3,331	-	3,331
	<u>-</u>	<u>3,331</u>	<u>987</u>	<u>4,318</u>
Income Before Transfers	96,605	64,441	16,628	177,674
<u>Transfers:</u>				
Transfers Out	-	-	(22,500)	(22,500)
	<u>-</u>	<u>-</u>	<u>(22,500)</u>	<u>(22,500)</u>
Change in Net Assets	96,605	64,441	(5,872)	155,174
Total Net Assets - Beginning	<u>82,117</u>	<u>52,928</u>	<u>38,808</u>	<u>173,853</u>
Total Net Assets - Ending	<u>\$ 178,722</u>	<u>\$ 117,369</u>	<u>\$ 32,936</u>	<u>\$ 329,027</u>

THE CITY OF MONROE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Stormwater Management	Garbage	Cemetery	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 221,004	\$ 592,757	\$ 28,463	\$ 842,224
Cash Paid to Suppliers for Goods and Services	(113,393)	(546,398)	(12,931)	(672,722)
Other Receipts	2	-	85	87
Other Payments	(123)	(73)	(600)	(796)
Net Cash Provided by Operating Activities	107,490	46,286	15,017	168,793
Cash Flows from Noncapital Financing Activities:				
Transfers-out to Other Funds	-	-	(22,500)	(22,500)
Net Cash Used for Noncapital Financing Activities	-	-	(22,500)	(22,500)
Cash Flows from Investing Activities:				
Interest and Dividends	-	-	987	987
Net Cash Provided By Investing Activities	-	-	987	987
Net Increase (Decrease) in Cash and Cash Equivalents	107,490	46,286	(6,496)	147,280
Cash and Cash Equivalents at Beginning of Year	62,765	45,425	38,808	146,998
Cash and Cash Equivalents at End of Year	\$ 170,255	\$ 91,711	\$ 32,312	\$ 294,278
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 96,728	\$ 61,183	\$ 16,241	\$ 174,152
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Other	(123)	(73)	(600)	(796)
Change in Assets and Liabilities:				
(Increase) in Accounts Receivable	(13,418)	(29,833)	(624)	(43,875)
Increase (Decrease) in Accounts Payables	(5,218)	14,865		9,647
Increase in Contracts Payables	29,478	-		29,478
Increase in Due to Other Governments	43	144		187
Total Adjustments	10,762	(14,897)	(1,224)	(5,359)
Net Cash Provided by Operating Activities	\$ 107,490	\$ 46,286	\$ 15,017	\$ 168,793



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, 2006

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for Services	\$ 2,206,000	\$ 2,301,100	\$ 2,282,068	\$ (19,032)
Premium from Sale of Notes	-	-	9,627	9,627
Face Value from Sale of Notes	-	3,600,000	3,380,000	(220,000)
Other Operating Revenues	-	1,200	82,574	81,374
Total Revenues	2,206,000	5,902,300	5,754,269	(148,031)
Expenses:				
Personal Services	1,425,805	512,000	430,539	81,461
Contractual Services	3,227,307	1,158,911	1,003,582	155,329
Materials and Supplies	451,134	162,000	150,797	11,203
Deposits Refunded	42,019	15,089	15,089	-
Capital Outlay	1,420,235	510,000	202,648	307,352
Debt Service:				
Principal Retirement	-	4,054,478	4,041,614	12,864
Interest and Fiscal Charges	-	160,022	172,823	(12,801)
Total Expenses	6,566,500	6,572,500	6,017,092	555,408
Change in Fund Equity	(4,360,500)	(670,200)	(262,823)	407,377
Fund Equity at Beginning of Year	4,529,624	4,529,624	4,529,624	-
Fund Equity at End of Year	\$ 169,124	\$ 3,859,424	\$ 4,266,801	\$ 407,377

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, 2006

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 1,250,000	\$ 1,200,000	\$ 1,137,596	\$ (62,404)
Other Operating Revenues	-	-	3	3
Total Revenues	1,250,000	1,200,000	1,137,599	(62,401)
Expenses:				
Personal Services	42,462	33,500	25,852	7,648
Contractual Services	1,432,316	1,130,000	1,056,730	73,270
Materials and Supplies	6,338	5,000	-	5,000
Deposits Refunded	634	500	-	500
Debt Service:				
Principal Retirement	-	300,000	300,000	-
Interest and Fiscal Charges	-	12,750	12,750	-
Total Expenses	1,481,750	1,481,750	1,395,332	86,418
Change in Fund Equity	(231,750)	(281,750)	(257,733)	24,017
Fund Equity at Beginning of Year	431,240	431,240	431,240	-
Fund Equity at End of Year	\$ 199,490	\$ 149,490	\$ 173,507	\$ 24,017

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, 2006

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 200,000	\$ 210,000	\$ 221,004	\$ 11,004
Other Operating Revenues	-	-	2	2
Total Revenues	200,000	210,000	221,006	11,006
Expenses:				
Personal Services	66,000	66,000	53,972	12,028
Contractual Services	70,000	70,000	34,794	35,206
Materials and Supplies	75,000	75,000	24,627	50,373
Deposits Refunded	1,000	1,000	123	877
Capital Outlay	40,000	40,000	-	40,000
Total Expenses	252,000	252,000	113,516	138,484
Change in Fund Equity	(52,000)	(42,000)	107,490	149,490
Fund Equity at Beginning of Year	62,765	62,765	62,765	-
Fund Equity at End of Year	\$ 10,765	\$ 20,765	\$ 170,255	\$ 149,490

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, 2006

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 450,000	\$ 581,000	\$ 592,757	\$ 11,757
Total Revenues	450,000	581,000	592,757	11,757
Expenses:				
Personal Services	33,000	33,000	25,272	7,728
Contractual Services	523,000	523,000	521,126	1,874
Deposits Refunded	1,000	1,000	73	927
Total Expenses	557,000	557,000	546,471	10,529
Change in Fund Equity	(107,000)	24,000	46,286	22,286
Fund Equity at Beginning of Year	45,425	45,425	45,425	-
Fund Equity (Deficit) at End of Year	\$ (61,575)	\$ 69,425	\$ 91,711	\$ 22,286

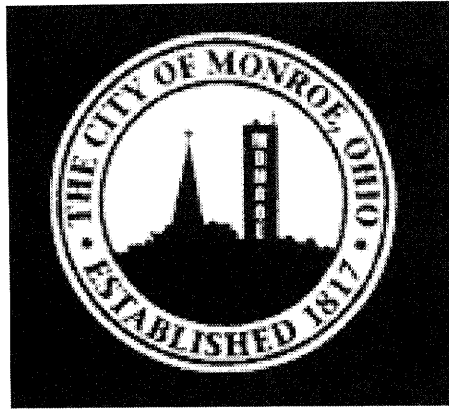
City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budgetary Basis)
Cemetery Fund
For the Year Ended December 31, 2006

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Charges for Services	\$ 27,500	\$ 27,500	\$ 19,438	\$ (8,062)
Sales	20,000	20,000	9,025	(10,975)
Interest	-	-	987	987
Other Operating Revenues	1,000	1,000	85	(915)
Total Revenues	48,500	48,500	29,535	(18,965)
Expenses:				
Contractual Services	19,800	19,800	12,059	7,741
Materials and Supplies	5,000	5,000	872	4,128
Deposits Refunded	1,200	1,200	600	600
Total Expenses	26,000	26,000	13,531	12,469
Excess of Revenues Over Expenses before Transfers	22,500	22,500	16,004	(6,496)
Transfers - Out	(22,500)	(22,500)	(22,500)	-
Total Transfers	(22,500)	(22,500)	(22,500)	-
Change in Fund Equity	-	-	(6,496)	(6,496)
Fund Equity at Beginning of Year	38,808	38,808	38,808	-
Fund Equity at End of Year	\$ 38,808	\$ 38,808	\$ 32,312	\$ (6,496)

THE CITY OF MONROE
STATEMENT OF CHANGE IN FIDUCIARY
ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006
Assets:				
Cash and Cash Equivalents	\$10,862	\$13,480	\$10,862	\$13,480
Total Assets	\$10,862	\$13,480	\$10,862	\$13,480
Liabilities:				
Accounts Payable	\$6,129	\$9,509	\$6,129	\$9,509
Due to Other Governments	1,080	0	1,080	0
Due to Others	3,301	2,168	3,301	2,168
Undistributed Monies	352	1,803	352	1,803
Total Liabilities	\$10,862	\$13,480	\$10,862	\$13,480

STATISTICAL



SECTION

**CITY OF MONROE, OHIO
STATISTICAL SECTION DESCRIPTIONS
DECEMBER 31, 2006**

This part of the City's report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and situation have changed over time.	104-108
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax and income tax.	109-113
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114-116
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within in which the City's financial activities takes place.	117
Operating Information These schedules contain operational data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	118-119

CITY OF MONROE, OHIO

Net Assets by Component

Last Three Years

(accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$34,500,283	\$36,129,538	\$31,947,148
Restricted	3,042,662	2,691,443	1,826,135
Unrestricted (Deficit)	<u>7,059,463</u>	<u>(1,013,088)</u>	<u>(3,292,253)</u>
<i>Total Governmental Activities Net Assets</i>	<u>44,602,408</u>	<u>37,807,893</u>	<u>30,481,030</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	314,256	(587,825)	(812,502)
Unrestricted	<u>4,774,927</u>	<u>5,122,206</u>	<u>3,734,030</u>
<i>Total Business-Type Activities Net Assets</i>	<u>5,089,183</u>	<u>4,534,381</u>	<u>2,921,528</u>
Primary government			
Invested in Capital Assets, Net of Related Debt	34,814,539	35,100,684	31,134,646
Restricted	3,042,662	2,691,443	1,826,135
Unrestricted	<u>11,834,390</u>	<u>1,469,125</u>	<u>441,777</u>
<i>Total Primary Government Net Assets</i>	<u>\$49,691,591</u>	<u>\$39,261,252</u>	<u>\$33,402,558</u>

Source: City financial records

CITY OF MONROE, OHIO

Changes in Net Assets

Last Three Years

(accrual basis of accounting)

	2006	2005	2004
Program Revenues			
Governmental Activities:			
Charges for Services:			
Security of Persons and Property	\$ 868,901	\$ 639,503	\$ 750,807
Leisure Time Activities	151,261	180,810	220,320
General Government	744,910	726,831	444,834
Operating Grants and Contributions	869,476	564,110	609,432
Capital Grants and Contributions*	2,802,248	7,069,000	5,268,350
<i>Total Governmental Activities Program Revenues</i>	<u>5,436,796</u>	<u>9,180,254</u>	<u>7,293,743</u>
Business-Type Activities:			
Charges for Services:			
Water	2,379,490	2,478,159	2,125,254
Sewer	1,153,178	1,162,147	1,087,713
Stormwater Management	236,089	151,470	171,658
Garbage	626,929	415,125	378,350
Cemetery	28,572	44,682	42,609
Operating Grants and Contributions	3,331	115,056	241,365
Capital Grants and Contributions	0	0	749,045
<i>Total Business-Type Activities Program Revenues</i>	<u>4,427,589</u>	<u>4,366,639</u>	<u>4,795,994</u>
<i>Total Primary Government Program Revenues</i>	<u>9,864,385</u>	<u>13,546,893</u>	<u>12,089,737</u>
Expenses			
Governmental Activities:			
Security of Persons and Property	4,398,101	4,540,694	4,486,282
Public Health Services	165,722	108,616	53,679
Leisure Time Activities	607	7,560	10,968
Transportation	1,854,390	1,759,235	1,522,048
General Government	1,616,468	1,806,973	1,358,457
Interest and Fiscal Charges	479,432	375,973	384,403
<i>Total Governmental Activities Expenses</i>	<u>8,514,720</u>	<u>8,599,051</u>	<u>7,815,837</u>
Business-Type Activities:			
Water	2,020,068	1,674,742	1,372,394
Sewer	1,112,972	1,073,010	1,190,572
Stormwater Management	139,484	46,082	89,250
Garbage	565,819	398,179	341,895
Cemetery	12,931	31,255	110,633
<i>Total Business-Type Activities Expenses</i>	<u>3,851,274</u>	<u>3,223,268</u>	<u>3,104,744</u>
<i>Total Primary Government Expenses</i>	<u>\$ 12,365,994</u>	<u>\$ 11,822,319</u>	<u>\$ 10,920,581</u>

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

	2006	2005	2004
Net (Expense)/Revenue			
Governmental Activities	\$ (3,077,924)	\$ 581,203	\$ (522,094)
Business-Type Activities	576,315	1,143,371	1,691,250
<i>Total Primary Government Net Expense</i>	<u>\$ (2,501,609)</u>	<u>\$ 1,724,574</u>	<u>\$ 1,169,156</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes:			
Income Taxes	\$ 3,892,969	\$ 3,345,238	\$ 2,791,808
Property Taxes	2,544,831	2,361,985	2,661,305
Estate Taxes	254,576	230,709	34,616
Franchise Fee Taxes	119,311	90,056	120,177
Hotel Taxes	82,372	95,149	58,931
Payment in Lieu of Taxes	70,878	65,573	66,472
Premissive Sales Taxes	85,805	91,646	83,815
Grants and Entitlements not Restricted to Specific Programs	820,158	536,684	592,552
Investment Earnings	396,848	180,184	38,624
Miscellaneous	128,832	216,968	51,899
Transfers	22,500	(468,532)	363,844
<i>Total Governmental Activities</i>	<u>8,419,080</u>	<u>6,745,660</u>	<u>6,864,043</u>
Business-Type Activities:			
Investment Earnings	987	950	0
Transfers	(22,500)	468,532	(363,844)
<i>Total Business-Type Activities</i>	<u>(21,513)</u>	<u>469,482</u>	<u>(363,844)</u>
<i>Total Primary Government</i>	<u>8,397,567</u>	<u>7,215,142</u>	<u>6,500,199</u>
Change in Net Assets			
Governmental Activities	5,341,156	7,326,863	6,341,949
Business-Type Activities	554,802	1,612,853	1,327,406
<i>Total Primary Government Change in Net Assets</i>	<u>\$ 5,895,958</u>	<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.
In 2006, the City received \$2,945,025 in donated infrastructure.

Source: City financial records

CITY OF MONROE, OHIO

Fund Balances, Governmental Funds
Last Nine Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund									
Reserved	\$51,762	\$4,800	\$6,583	\$0	\$0	\$58,365	\$118,050	\$54,921	\$77,999
Unreserved	2,165,344	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>	2,217,106	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	762,925	1,961	21,713	0	0	202,204	1,296,427	199,828	1,247,072
Undesignated, Reported in:									
Special Revenue funds	1,336,376	1,582,971	29,242	(1,560,947)	(3,415,678)	(3,258,658)	(1,779,784)	480,429	(187,499)
Debt Service funds	7,563	(1,375,241)	(831,250)	(1,089,058)	(661,327)	(28,454)	627,481	568,217	685,709
Capital Projects funds	(823,597)	629,222	529,165	253,789	72,980	10,925	46,606	(604,177)	(5,003,301)
<i>Total All Other Governmental Funds</i>	1,283,267	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>	\$3,500,373	\$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

Source: City financial records

CITY OF MONROE, OHIO
 Changes in Fund Balances, Governmental Funds
 Last Nine Years
 (modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues									
Income Taxes	\$3,909,004	\$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	2,197,086	2,423,332	2,793,454	1,098,020	1,301,347	2,114,226	1,634,291	1,512,377	1,385,205
Payment in Lieu of Taxes	70,878	0	0	0	0	0	0	0	0
Intergovernmental	1,702,514	1,139,297	1,281,053	1,690,446	1,639,891	1,298,110	856,883	833,176	795,949
Charges for Services	1,081,891	706,307	683,024	429,184	345,398	154,848	122,531	40,132	3,415
Licenses and Permits	718,573	798,943	616,013	852,123	819,011	397,482	444,092	112,872	200,967
Investment Earnings	396,848	180,184	38,657	8,732	13,160	100,886	308,143	136,769	198,120
Fines and Forfeitures	112,789	71,580	62,073	0	0	0	0	0	0
Special Assessments	210,722	197,673	203,396	244,479	195,976	135,505	130,974	121,889	137,813
Miscellaneous	125,345	241,688	75,900	127,709	537,484	170,372	187,987	427,448	220,661
Total Revenues	10,525,650	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	4,366,684	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	165,722	108,616	53,679	196,073	52,541	211,458	138,936	2,079	33,335
Transportation	608,078	597,737	595,673	696,325	629,758	808,002	719,173	994,807	1,180,075
General Government	1,503,590	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	607	0	0	2,936	91,163	78,362	28,850	58,477	46,537
Basic Utility Services	0	0	0	0	15,302	17,402	7,112	0	0
Intergovernmental	22,721	17,876	10,811	0	0	0	0	0	0
Capital Outlay	1,945,597	273,949	108,156	676,750	983,672	1,549,043	2,241,541	1,336,158	2,168,982
Debt service:									
Principal Retirement	518,412	485,148	83,700	5,004,913 (a)	370,490	403,498	341,814	77,400	77,200
Interest and Fiscal Charges	483,450	371,295	457,722	997,457	819,483	482,585	474,871	531,941	776,813
Total Expenditures	9,614,861	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	910,789	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	17,584	0	211,052	0	12,384	825	9,152	0	1,868
Proceeds from Lease Purchase Agreement/Inception of Capital Lease	559,287	76,620	0	0	0	0	642,316	0	0
Face Value from the Sale of Bonds	0	0	0	7,565,000	0	0	775,000	5,170,000	0
Transfers In	4,719,513	2,772,370	1,640,614	2,532,932	4,268,105	1,071,255	4,744,697	2,886,044	1,568,307
Transfers Out	(4,697,013)	(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)	599,371	(391,912)	574,896	7,551,000	681,701	(81,119)	1,864,132	5,132,952	(10,132)
Net Change in Fund Balances	\$1,510,160	\$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	15.0%	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	
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%
2006	232,771,170	665,060,486	37,698,431	150,793,724	16,295,740	18,517,886	286,765,341	834,372,096	34.37%

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
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
2006	11.17	9.44	40.32	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 Six Years Ago

Name of Taxpayer	2006			2000		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Cincinnati Gas and Electric Company	\$ 14,962,320	1	5.22%			0.00%
Ohio Presbyterian	6,354,710	2	2.22%	2,535,350	3	1.22%
Crystal Partners LLC	4,537,940	3	1.58%	1,110,250	10	0.53%
Reserve at Monroe	3,398,010	4	1.18%			0.00%
Dayton Technologies	3,373,090	5	1.18%	1,894,190	7	0.91%
Kohls Department Stores Inc.	3,145,540	6	1.10%			0.00%
Worthington Steel	3,105,010	7	1.08%	3,041,960	2	1.47%
EPHS Investments LLC	2,782,620	8	0.97%	3,419,420	1	1.65%
Duke Realty Ohio	2,492,130	9	0.87%	2,512,740	4	1.21%
Monroe Crossings, Inc.	2,453,760	10	0.86%			0.00%
Mount Pleasant Nursing Home				2,097,160	5	1.01%
Sulzer EscherWyess, Inc.				2,049,760	6	0.99%
Drees, Inc.				1,179,810	8	0.57%
Teazak, Inc.				1,146,150	9	0.55%
Total	\$ 46,605,130		16.25%	\$ 20,986,790		10.11%
Total Assessed Valuation	\$ 286,765,341			\$ 207,545,278		

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
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%
2006	2,424,899	2,236,846	138,056	2,374,902	97.94%	518,936	21.40%

SOURCE: Butler County Auditor's Office

Note: Includes only Butler County Information

CITY OF MONROE, OHIO

Income Tax Statistics

Last Four Years

Income Averages For Monroe Tax Years 2002-2005

<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>
2005	0-19,999	2,240	43.61 %	\$7,846,745	3.88 %
2005	20,000-49,999	1,040	20.25	36,560,483	18.06
2005	50,000-74,999	860	16.74	53,688,280	26.53
2005	75,000-99,999	616	11.99	53,032,287	26.20
2005	Over 100,000	381	7.42	51,277,174	25.33
	Total	5,137	100.00	202,404,969	
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	336	7.16	41,355,775	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	277	6.16	32,897,200	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	242	5.89	28,989,805	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 Ten Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Bonded Debt Outstanding:										
General Obligation Notes/Bonds	\$6,765,000	\$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	1,029,600	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	3,928,543	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	2,000,000	0	0	0	0
Total	13,723,143	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	4.79%	5.91%	6.22%	6.10%	5.88%	6.84%	4.88%	4.12%	4.72%	2.50%
Total Debt Per Capita	1,924	2,130	2,264	2,264	2,127	2,186	1,419	1,939	1,923	946
Less:										
Special Assessment Bonds	(1,029,600)	(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	(3,928,543)	(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)	(2,000,000)	0	0	0	0
Total Net Debt Applicable to Debt Limit	6,765,000	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										
10 1/2% of Assessed Valuation	30,110,361	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
Legal Debt Margin Within 10 1/2% Limitations	\$23,345,361	\$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 as a Percentage of the Debt Limit	77.53%	73.41%	72.26%	72.79%	76.83%	72.24%	68.75%	72.98%	69.68%	91.95%
Unvoted Debt Limitation										
5 1/2% of Assessed Valuation	\$15,772,094	\$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
Total Debt Approved by Council	13,723,143	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
Less:										
Special Assessment Bonds	(1,029,600)	(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	(3,928,543)	(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)	(2,000,000)	0	0	0	0
Net Debt Within 5 1/2% Limitations	6,765,000	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	\$9,007,094	\$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	57.11%	49.25%	47.05%	48.05%	55.77%	47.00%	40.34%	48.41%	42.12%	84.64%

Source: City Financial Records
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

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
1997	4,375	\$ 165,731,706	Not Available	NA	\$ 36,715	\$ 1,250,000	\$ 1,286,715	0.78%	\$ 294
1998	4,375	178,151,737	Not Available	67,800	731,973	1,195,000	1,994,773	1.12%	456
1999	4,375	205,957,072	Not Available	3,025,600	654,476	1,840,000	5,520,076	2.68%	1,262
2000	7,133	207,545,278	Not Available	4,910,000	N/A	1,780,000	6,690,000	3.22%	938
2001	7,133	227,968,634	Not Available	4,745,000	N/A	1,690,908	6,435,908	2.82%	902
2002	7,133	257,939,138	149,221,383	4,575,000	N/A	1,595,131	6,170,131	2.39%	865
2003	7,133	264,771,478	164,412,661	7,565,000	N/A	622,195	8,187,195	3.09%	1,148
2004	7,133	259,747,588	183,353,605	7,565,000	N/A	599,259	8,164,259	3.14%	1,145
2005	7,133	256,849,024	202,404,969	7,170,000	N/A	575,157	7,745,157	3.02%	1,086
2006	7,133	286,765,341	212,525,217	6,765,000	7,563	548,543	7,313,543	2.55%	1,025

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

(1) From the City's tax department for taxable income. Information for the City is not available before 2002. Information for 2006 is estimated to increase at 5.00 percent.

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

N/A means not applicable as the City had no bonded debt or a negative debt service balance.

CITY OF MONROE, OHIO
Demographic Statistics
Last Ten Years

YEAR	POPULATION (1)	SCHOOL ENROLLMENT (2)	UNEMPLOYMENT RATE BUTLER COUNTY (3)	COUNTY BANK DEPOSITS
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
2006	7,133	1,855	4.8%	2,920,714,000

(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

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

2006		
Employer	Employees	Percentage of Total City Employment
Kohl's Department Stores	1,041	5.23 %
Ohio Presbyterian Retirement	417	2.09
Deceuninck North America LLC	392	1.97
Precision Packaging	392	1.97
Monroe Local Schools	317	1.59
Krispy Kreme Doughnut	218	1.09
Worthington Industries	195	0.98
Hawthorn Glen Nursing Center	187	0.94
Clark Cincinnati	182	0.91
Xerox	158	0.79
Total	3,499	17.57 %
Total City Employees	19,917	

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

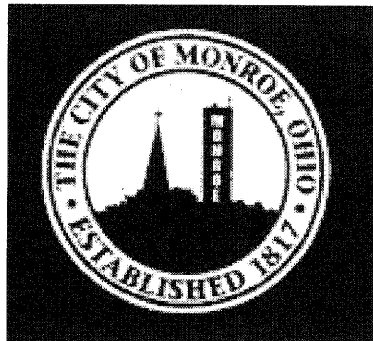
Full-Time Equivalent City Government Employees by Function/Program
Last Seven Years

<u>Function/program</u>	<u>2006</u>	<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	6.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	2.0	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	1.0
Purchasing/Adm. Services	6.5	5.0	5.0	4.5	5.0	8.0	6.0
Planning	2.0	2.0	0.5	1.5	2.0	2.0	2.5
Police	29.0	29.0	29.5	31.0	29.0	30.0	29.5
Fire	30.0	32.5	31.5	32.5	31.5	32.5	32.5
Engineering	0.0	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	1.0
Service	4.0	4.0	4.0	4.0	5.0	5.0	4.0
Service:							
Administration	2.0						
Street Maintenance	9.0	8.0	7.0	7.0	8.0	11.0	8.5
Cemetery	1.0	1.0	1.0	1.0	2.0	1.0	1.0
Clerk of Courts	0.5	0.5	0.5	1.0	1.0	1.0	1.0
Totals:	<u>95.0</u>	<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





Mary Taylor, CPA
Auditor of State

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
JULY 31, 2007**