

CITY OF MONROE

Combined General-Purpose
Financial Statements
December 31, 1999

Olive

CITY OF MONROE

Combined General-Purpose
Financial Statements
December 31, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

City Council
City of Monroe
Monroe, Ohio

We have reviewed the Independent Auditor's Report of the City of Monroe, Butler County, prepared by Olive LLP, for the audit period January 1, 1999 to December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

August 22, 2000

CITY OF MONROE

Table of Contents

	Page
Independent Auditor's Report	1
General-Purpose Financial Statements	
Combined balance sheet — all fund types, account groups and discretely presented component unit	2
Combined statement of revenues, expenditures and changes in fund balances — all governmental fund types, expendable trust funds and discretely presented component unit	6
Combined statement of revenues, expenditures and changes in fund balances — budget and actual (budget basis) — all governmental fund types and expendable trust funds	7
Combined statement of revenues, expenses and changes in fund equity — all enterprise funds	9
Combined statement of revenues, expenses and changes in fund equity — budget and actual (budget basis) — all enterprise funds	10
Combined statement of cash flows — all enterprise funds	11
Notes to combined general-purpose financial statements	13
Report on compliance and on the internal control over financial reporting based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	43



Independent Auditor's Report

Finance Director
City of Monroe
Monroe, Ohio

We have audited the accompanying combined general-purpose financial statements of the City of Monroe (City) as of December 31, 1999, as listed in the table of contents. These combined general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these combined general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

As discussed in Note 23, the Monroe Firemen's Association (a discretely presented component unit of the City) prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the component unit which prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles, as described in Note 23, the combined general-purpose financial statements referred to above present fairly, in all material respects, the combined general-purpose financial position of the City of Monroe as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2000 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Olive".

Cincinnati, Ohio
June 13, 2000

CITY OF MONROE, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
 DECEMBER 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,396,689	\$558,390	\$88,147	\$234,514
Investments	0	0	1,509	0
Cash and Cash Equivalents with Fiscal Agent	0	0	19,650	0
Investments with Fiscal Agent	0	0	580,000	0
Segregated Accounts:				
Cash and Cash Equivalents	0	0	0	0
Receivables:				
Property and Other Taxes	375,306	940,032	0	0
Income Taxes	174,542	0	0	0
Accounts	1,213	210	0	0
Interfund	334	0	0	0
Special Assessments	0	36,961	2,009,546	0
Accrued Interest	3,249	0	0	0
Due from Other Funds	278,475	0	0	0
Due from Other Governments	49,775	26,409	0	0
Prepaid Items	10,317	0	0	0
Restricted Assets:				
Cash and Cash Equivalents with Trustee	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
	0	0	0	0
Other Debits				
Amount Available in Debt Service				
Fund for Retirement of General				
Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of				
Special Assessment Bonds	0	0	0	0
Amount to be Provided for Retirement				
of General Long Term Obligations	0	0	0	0
Total Assets and Other Debits	\$2,289,900	\$1,562,002	\$2,698,852	\$234,514

See notes to combined general-purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
Enterprise	Trust and Agency					
\$479,422	\$21,285	\$0	\$0	\$2,778,447	\$0	\$2,778,447
0	45,500	0	0	47,009	0	47,009
0	0	0	0	19,650	0	19,650
0	0	0	0	580,000	0	580,000
0	46,911	0	0	46,911	150,357	197,268
0	0	0	0	1,315,338	0	1,315,338
0	0	0	0	174,542	0	174,542
346,176	0	0	0	347,599	0	347,599
0	0	0	0	334	0	334
0	0	0	0	2,046,507	0	2,046,507
0	0	0	0	3,249	0	3,249
0	0	0	0	278,475	0	278,475
0	0	0	0	76,184	0	76,184
0	0	0	0	10,317	0	10,317
141,801	0	0	0	141,801	0	141,801
2,644,415	0	7,640,493	0	10,284,908	0	10,284,908
0	0	0	568,217	568,217	0	568,217
0	0	0	0	0	0	0
0	0	0	5,439,816	5,439,816	0	5,439,816
<u>\$3,611,814</u>	<u>\$113,696</u>	<u>\$7,640,493</u>	<u>\$6,008,033</u>	<u>\$24,159,304</u>	<u>\$150,357</u>	<u>\$24,309,661</u>

CITY OF MONROE, OHIO
COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
 DECEMBER 31, 1999
 (continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$36,377	\$42,243	\$523	\$0
Contracts Payable	11,628	675	1,665	4,888
Retainage Payable	0	0	0	45,000
Interfund Payable	0	0	334	0
Accrued Wages and Benefits	15,870	14,159	0	0
Compensated Absences Payable	3,128	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	45,605	35,815	0	0
Deferred Revenue	355,598	976,993	1,995,829	0
Undistributed Monies	0	0	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Bonds Payable	0	0	32,917	0
Accrued Interest Payable	0	0	13,108	14,707
Notes Payable	0	0	0	738,000
Payable from Restricted Assets:				
General Obligation Bonds Payable	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Governmental Commitment	0	0	0	0
Total Liabilities	468,206	1,069,885	2,044,376	802,595
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Revenue Bond				
Future Debt Service	0	0	0	0
Reserved for Revenue Bond				
Replacement and Improvement	0	0	0	0
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	54,921	78,473	86,259	36,096
Unreserved (Deficit)	1,766,773	413,644	568,217	(604,177)
Total Fund Equity (Deficit) and Other Credits	1,821,694	492,117	654,476	(568,081)
Total Liabilities, Fund Equity and Other Credits	\$2,289,900	\$1,562,002	\$2,698,852	\$234,514

See notes to combined general-purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations			
Enterprise	Trust and Agency					
\$75,058	\$0	\$0	\$0	\$154,201	\$0	\$154,201
15,099	0	0	0	33,955	0	33,955
0	0	0	0	45,000	0	45,000
0	0	0	0	334	0	334
5,140	0	0	0	35,169	0	35,169
0	0	0	1,933	5,061	0	5,061
240,000	38,475	0	0	278,475	0	278,475
214,588	858	0	0	296,866	0	296,866
0	0	0	0	3,328,420	0	3,328,420
0	6,151	0	0	6,151	0	6,151
0	1,427	0	0	1,427	0	1,427
0	0	0	0	32,917	0	32,917
18,908	0	0	0	46,723	0	46,723
700,000	0	0	0	1,438,000	0	1,438,000
0	0	0	5,205,600	5,205,600	0	5,205,600
60,000	0	0	0	60,000	0	60,000
1,080,000	0	0	800,500	1,880,500	0	1,880,500
<u>2,408,793</u>	<u>46,911</u>	<u>0</u>	<u>6,008,033</u>	<u>12,848,799</u>	<u>0</u>	<u>12,848,799</u>
0	0	7,640,493	0	7,640,493	0	7,640,493
1,978,022	0	0	0	1,978,022	0	1,978,022
8,339	0	0	0	8,339	0	8,339
133,400	0	0	0	133,400	0	133,400
(916,740)	0	0	0	(916,740)	0	(916,740)
0	0	0	0	255,749	0	255,749
0	66,785	0	0	2,211,242	150,357	2,361,599
<u>1,203,021</u>	<u>66,785</u>	<u>7,640,493</u>	<u>0</u>	<u>11,310,505</u>	<u>150,357</u>	<u>11,460,862</u>
<u>\$3,611,814</u>	<u>\$113,696</u>	<u>\$7,640,493</u>	<u>\$6,008,033</u>	<u>\$24,159,304</u>	<u>\$150,357</u>	<u>\$24,309,661</u>

CITY OF MONROE, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND
 DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Fiduciary	Total	Component	Total
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	Primary Government (Memorandum Only)		Unit
Revenues								
Property and Other Taxes	\$528,031	\$983,846	\$500	\$0	\$0	\$1,512,377	\$0	\$1,512,377
Income Taxes	2,168,042	0	0	0	0	2,168,042	0	2,168,042
Charges for Services	40,132	0	0	0	0	40,132	96,029	136,161
Fines, Licenses and Permits	61,522	50	0	51,300	0	112,872	0	112,872
Intergovernmental	488,985	344,191	0	0	0	833,176	1,322,031	2,155,207
Special Assessments	0	34,049	87,840	0	0	121,889	0	121,889
Interest	109,463	0	331	61,784	4,517	176,095	2,317	178,412
Net Decrease in the Fair Value of Investments	(39,326)	0	0	0	0	(39,326)	0	(39,326)
Other	39,638	135,783	0	252,027	0	427,448	32,704	460,152
Total Revenues	3,396,487	1,497,919	88,671	265,111	4,517	5,352,705	1,453,081	6,805,786
Expenditures								
Current								
General Government	1,422,643	0	0	0	0	1,422,643	0	1,422,643
Security of Persons and Property	204,290	2,739,241	0	0	0	2,943,531	1,227,301	4,170,832
Public Health and Welfare	272	0	0	0	1,807	2,079	0	2,079
Transportation	303,902	690,905	0	0	0	994,807	0	994,807
Leisure Time Activities	58,477	0	0	0	0	58,477	0	58,477
Capital Outlay	0	0	0	1,336,158	0	1,336,158	85,011	1,421,169
Debt Service:								
Principal Retirement	0	32,200	45,200	0	0	77,400	38,073	115,473
Interest and Fiscal Charges	24,221	33,649	90,844	382,227	0	531,941	13,143	545,084
Total Expenditures	2,013,805	3,495,995	136,044	1,719,385	1,807	7,367,036	1,363,528	8,730,564
Excess of Revenues Over (Under) Expenditures	(1,382,682)	(1,998,076)	(47,373)	(1,354,274)	2,710	(2,014,331)	89,553	(1,924,778)
Other Financing Sources (Uses)								
Proceeds from Sale of Bonds	0	100,000	0	5,070,000	0	5,170,000	0	5,170,000
Operating Transfers - In	9,208	2,591,000	116,383	169,453	0	2,886,044	0	2,886,044
Operating Transfers - Out	(2,176,585)	(0)	(146,507)	(600,000)	0	(2,923,092)	0	(2,923,092)
Total Other Financing Sources (Uses)	(2,167,377)	2,691,000	(30,124)	4,639,453	0	5,132,952	0	5,132,952
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(784,695)	692,924	(77,497)	3,285,179	2,710	3,118,621	89,553	3,208,174
Fund Balances (Deficit) at Beginning of Year	2,406,389	(200,807)	731,973	(3,853,260)	64,075	(651,630)	60,804	(590,826)
Fund Balances (Deficit) at End of Year	\$1,821,694	\$492,117	\$654,476	(\$568,081)	\$66,785	\$2,466,991	\$150,357	\$2,617,348

See notes to combined general-purpose financial statements

CITY OF MONROE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Property and Other Taxes	\$330,000	\$535,134	\$205,134	\$890,000	\$983,846	\$93,846
Income Taxes	1,991,750	2,141,007	149,257	0	0	0
Charges for Services	3,000	40,132	37,132	0	0	0
Fines, Licenses and Permits	161,050	35,600	(125,450)	800	50	(750)
Intergovernmental	291,600	541,554	249,954	309,250	342,734	33,484
Special Assessments	0	0	0	16,500	34,049	17,549
Interest	150,000	126,684	(23,316)	50	0	(50)
Other	5,500	238,661	233,161	772,750	136,401	(636,349)
Total Revenues	2,932,900	3,658,772	725,872	1,989,350	1,497,080	(492,270)
Expenditures						
Current						
General Government	1,594,590	1,434,836	159,754	0	0	0
Security of Persons and Property	203,410	200,322	3,088	2,897,771	2,755,175	142,596
Public Health and Welfare	44,533	0	44,533	0	0	0
Transportation	334,900	303,438	31,462	951,323	711,782	239,541
Leisure Time Activities	62,386	58,520	3,866	0	0	0
Capital Outlay	87,118	0	87,118	0	0	0
Debt Service:			0			0
Principal Retirement	0	0	0	32,200	1,232,200	(1,200,000)
Interest and Fiscal Charges	24,221	24,221	0	44,112	44,112	0
Total Expenditures	2,351,158	2,021,337	329,821	3,925,406	4,743,269	(817,863)
Excess of Revenues Over (Under) Expenditures	581,742	1,637,435	1,055,693	(1,936,056)	(3,246,189)	(1,310,133)
Other Financing Sources (Uses)						
Proceeds from Sale of Fixed Assets	1,000	0	(1,000)	0	0	0
Proceeds From Sale of Bonds	0	0	0	0	100,000	100,000
Proceeds From Sale of Notes	0	0	0	0	600,000	600,000
Operating Transfers - In	0	0	0	1,796,000	2,591,000	795,000
Operating Transfers - Out	(1,731,250)	(2,176,585)	(445,335)	0	0	0
Total Other Financing Sources (Uses)	(1,730,250)	(2,176,585)	(446,335)	1,796,000	3,291,000	1,495,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,148,508)	(539,150)	609,358	(140,056)	44,811	184,867
Fund Balances at Beginning of Year	1,754,115	1,754,115	0	373,478	373,478	0
Prior Year Encumbrances Appropriated	102,051	102,051	0	56,163	56,163	0
Fund Balances (Deficit) at End of Year	\$707,658	\$1,317,016	\$609,358	\$289,585	\$474,452	\$184,867

See notes to combined general-purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$500	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	51,600	51,600	0	0	0
0	13	13	0	0	0	0	0	0
131,557	101,544	(30,013)	0	0	0	0	0	0
0	0	0	0	73,105	73,105	5,000	4,517	(483)
0	0	0	4,313,000	151,273	(4,161,727)	0	0	0
132,057	102,057	(30,000)	4,313,000	275,978	(4,037,022)	5,000	4,517	(483)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	3,000	1,807	1,193
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	2,921,727	1,459,151	1,462,576	0	0	0
0	0	0	0	0	0	0	0	0
793,000	100,200	692,800	0	10,076,000	(10,076,000)	0	0	0
339,239	242,237	97,002	217,307	501,011	(283,704)	0	0	0
1,132,239	342,437	789,802	3,139,034	12,036,162	(8,897,128)	3,000	1,807	1,193
(1,000,182)	(240,380)	759,802	1,173,966	(11,760,184)	(12,934,150)	2,000	2,710	710
0	0	0	0	0	0	0	0	0
0	0	0	0	5,070,000	5,070,000	0	0	0
738,000	0	(738,000)	0	5,776,000	5,776,000	0	0	0
130,000	210,363	80,363	73,500	169,453	95,953	0	0	0
(100,586)	(100,586)	0	0	(600,000)	(600,000)	0	0	0
767,414	109,777	(657,637)	73,500	10,415,453	10,341,953	0	0	0
(232,768)	(130,603)	102,165	1,247,466	(1,344,731)	(2,592,197)	2,000	2,710	710
82,707	82,707	0	275,093	275,093	0	64,075	64,075	0
48,501	48,501	0	1,223,056	1,223,056	0	0	0	0
(\$101,560)	\$605	\$102,165	\$2,745,615	\$153,418	(\$2,592,197)	\$66,075	\$66,785	\$710

CITY OF MONROE, OHIO
**COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating Revenues	
Charges for Services	\$2,067,660
Sales	6,175
Other Operating Revenues	7,541
Total Operating Revenues	2,081,376
Operating Expenses	
Personal Services	274,749
Contractual Services	1,170,983
Materials and Supplies	595,638
Depreciation	106,802
Total Operating Expenses	2,148,172
Operating Loss	(66,796)
Non-Operating Revenues (Expenses)	
Other Non-Operating Expenses	(701)
Interest and Fiscal Charges	(119,004)
Interest	7,320
Total Non-Operating Expenses	(112,385)
Loss Before Operating Transfers	(179,181)
Operating Transfers - In	37,048
Net Loss	(142,133)
Accumulated Deficit at Beginning of Year	(632,868)
Accumulated Deficit at End of Year	(775,001)
Contributed Capital at Beginning and End of Year	1,978,022
Total Fund Equity at End of Year	\$1,203,021

See notes to combined general-purpose financial statements

CITY OF MONROE, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Revised Budget	Actual	Favorable (Unfavorable)
Revenues			
Charges for Services	\$1,742,850	\$1,939,980	\$197,130
Interest	2,000	1,496	(504)
Sales	9,000	5,300	(3,700)
Other Operating Revenues	702,400	7,783	(694,617)
Proceeds From Sale of Notes	0	700,000	700,000
Total Revenues	2,456,250	2,654,559	198,309
Expenses			
Personal Services	287,547	271,792	15,755
Contractual Services	1,135,410	1,094,894	40,516
Materials and Supplies	350,150	303,520	46,630
Capital Outlay	1,241,482	366,369	875,113
Other Non-Operating Expenses	16,900	15,701	1,199
Debt Service:			
Principal Retirement	0	700,000	(700,000)
Interest and Fiscal Charges	33,080	33,080	0
Total Expenses	3,064,569	2,785,356	279,213
Excess of Revenues			
Under Expenses Before Operating Transfers	(608,319)	(130,797)	477,522
Operating Transfers - In	125,500	335	(125,165)
Operating Transfers - Out	(180,000)	(93,980)	86,020
Excess of Revenues			
Under Expenses and Operating Transfers	(662,819)	(224,442)	438,377
Fund Equity Beginning of Year	579,620	579,620	0
Prior Year Encumbrances Appropriated	17,379	17,379	0
Fund Equity at End of Year	(\$65,820)	\$372,557	\$438,377

See notes to combined general-purpose financial statements

**CITY OF MONROE, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,946,104
Cash Paid for Employee Services and Benefits	(271,792)
Cash Paid to Suppliers for Goods and Services	(1,678,748)
Other Operating Revenues	7,783
Other Non-Operating Expenses	(701)
	2,646
Net Cash Provided by Operating Activities	2,646
Cash Flows from Noncapital Financing Activity - Operating Transfers-In	37,048
Cash Flows from Capital and Related Financing Activities	
Proceeds From Sale of Notes	700,000
Acquisition of Capital Assets	(3,295)
Interest Paid on General Obligation Notes Payable	(33,080)
Principal Paid on General Obligation Notes Payable	(700,000)
Interest Paid on Mortgage Revenue Bonds Payable	(83,053)
Principal Paid on Mortgage Revenue Bonds Payable	(55,000)
	(174,428)
Net Cash Used for Capital and Related Financing Activities	(174,428)
Cash Flows from Investing Activity - Interest	7,427
Net Decrease in Cash and Cash Equivalents	(127,307)
Cash and Cash Equivalents at Beginning of Year	748,530
Cash and Cash Equivalents at End of Year	\$621,223

See notes to combined general-purpose financial statements

**CITY OF MONROE, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999
 (continued)**

	Enterprise
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$66,796)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	106,802
Other Non-Operating Expenses	(701)
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(127,489)
Increase in Contracts Payable	15,099
Increase in Accounts Payable	(16,959)
Increase in Accrued Wages and Benefits	2,545
Decrease in Compensated Absences Payable	(567)
Increase in Due to Other Governments	90,712
	69,442
Total Adjustments	69,442
Net Cash Provided By Operating Activities	\$2,646
Noncash Investing, Capital, and Financing Activities	
Purchase of Equipment on Account	\$54,062

See notes to combined general-purpose financial statements

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Note 1 — Reporting Entity and Basis of Presentation

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

The Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments that are not legally separate from the City. Services provided include police and fire protection, street maintenance and repair force, planning and zoning departments, a parks and recreation system, a water and sewer system, a contracting service for trash collection 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 has included, as a discretely presented component unit, the Monroe Volunteer Firemen's Association (Association). The Association is financially dependent upon the City because the Finance Director approves the Association's budget. The City also makes substantial contributions to the Association. Further disclosures for the component unit can be found in Note 23.

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

The City is also associated with two jointly governed organizations, The Center for Local Governments and the Ohio-Kentucky-Indiana Regional Council of Governments, which are presented in Note 21 to the combined general-purpose financial statements. The City is also a member the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan, an insurance purchasing pool, which is presented in Note 22 to the combined general-purpose financial statements.

Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund

This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal, interest and related assets.

Capital Projects Funds

These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following is the City's proprietary fund type:

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include expendable trust funds and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

The general fixed assets account group is used to account for all general fixed assets of the City, other than those accounted for in enterprise or trust funds.

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all unmatured general long-term obligations of the City that is not a specific liability of the enterprise funds, including special assessment debt for which the City is obligated in some manner.

Note 2 — Summary of Significant Accounting Policies

The financial statements of the City of Monroe have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its enterprise fund activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies followed in the preparation of these financial statements are summarized below.

Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

All governmental fund types, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is sixty days after year-end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, state-levied locally shared taxes (including gasoline tax), fines, licenses and permits, amounts due from other funds for goods or services, and income tax withheld by employers.

The City reports deferred revenue in its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 1999, whose availability is indeterminable and which are intended to finance 2000 operations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside the available period, the entire amount has been deferred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The cost of accumulated unpaid vacation is reported as fund liabilities in the period in which it will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable.

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 County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Estimated Resources

The County 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 1999.

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.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures and encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and expendable trust funds and are reported in the notes to the financial statements for enterprise funds.

Lapsing of Appropriations

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

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

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 balance sheet. 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 combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts." The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent." The debt service fund expended more than its share of pooled cash and cash equivalents. This fund had a negative cash balance at year-end that was eliminated by a short-term loan from the general fund. This loan is classified as an "Interfund Receivable" and an "Interfund Payable."

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 1999, investments were limited to STAR Ohio, certificates of deposit, City owned debt issues, and a money market mutual fund. Investments with original maturities of three months or more that are held for bonded debt as principal and interest come due, are presented on the balance sheet as "Investments with Fiscal Agents."

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, 1999.

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 1999 amounted to \$109,463, which includes \$7,426, assigned from other City funds. Interest was also credited to the debt service fund, capital projects funds, expendable trust funds and enterprise funds in the amounts of \$331, \$61,784, \$4,517 and \$7,320, respectively.

Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans for a negative cash balance in a fund are classified as "Interfund Receivables" and "Interfund Payables."

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents with a fiscal agent, which have been set aside to satisfy bond indenture requirements for current and future debt payments, and cash and cash equivalents set aside for replacement and improvement of fixed assets originally acquired with bond proceeds.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets are assets used in providing services accounted for in enterprise funds. They are accounted for within the enterprise funds.

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. An improvement to a fund fixed asset is depreciated over the remaining useful life of the related asset.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of the enterprise funds' fixed assets is computed using the straight-line method over the following useful lives:

	Years
Land improvements	20
Infrastructure	45
Buildings	50
Vehicles, furniture and equipment	8—20

Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as grants and entitlements awarded on a non-reimbursement basis, are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

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 makes no payments for accrued sick leave to any employee leaving service with the City. Sick leave benefits are not accrued as a liability.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. This amount is recorded in the account, "Compensated Absences Payable" in the fund from which the person is paid. The remainder is reported in the general long-term obligations account group. In enterprise funds, the entire amount of unpaid compensated absences is reported as a fund liability.

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. However, compensated absences that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds.

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Will be paid from the fire 1989 levy fund and the debt service fund.
Special Assessment Bonds	Will be paid from the debt service fund.
Compensated Absences	Will be paid by the fund from which the employee's salary is paid.
Mortgage Revenue Bonds	Will be paid from the water fund, which utilized the proceeds of the debt.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Capitalization of Interest

The City's policy is to capitalize net interest on enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, interest costs incurred on construction projects in enterprise funds were not material.

Contributed Capital

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the City's enterprise funds which are not subject to repayment. There were no changes in contributed capital during the year.

Because the City had not prepared its financial statements in accordance with generally accepted accounting principles in years prior to 1996, the exact amount of contributed capital at December 31, 1999, cannot be determined. Only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise funds are classified as retained earnings.

Reservations of Fund Equity

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. Retained earnings are reserved for future debt service and revenue bond replacement and improvement.

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.

Total Columns on Combined General-Purpose Financial Statements

Total columns on the combined general-purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

When the title of a statement indicates that component units are included, two columns are presented. The first is captioned "Total — Primary Government" to indicate that only those activities that comprise the City's legal entity have been included. The second is captioned "Total - Reporting Entity (Memorandum Only)" and includes the activities and operations of the City's legally separate discretely presented component unit. The total column on the statements which do not include component units have no additional caption.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 3 — Budget to GAAP Reconciliation

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance and retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual (Budget Basis) — All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity — Budget and Actual (Budget Basis) — All Enterprise 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/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure for enterprise funds (GAAP basis).
4. For enterprise funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

The adjustments necessary to convert the results of operations for the year ended December 31, 1999, on the GAAP basis to the budget basis are as follows:

**Excess of Revenues and
Other Financing Sources Over (Under)
Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$(784,695)	\$692,924	\$ (77,497)	\$ 3,285,179	\$2,710
Adjustments:					
Revenue Accruals	262,285	(839)	26,836	11,621	0
Expenditure Accruals	72,475	36,664	5,037	(260,435)	0
Encumbrances	(80,007)	(83,938)	(87,925)	(81,096)	0
Reallocation of debt	0	0	(130,963)	0	0
Unrecorded cash	0	0	(792)	0	0
Debt principal retirement	0	(1,200,000)	(5,200)	(10,076,000)	0
Proceeds from sale of notes	0	600,000	0	5,776,000	0
Transfers	(9,208)	0	139,901	0	0
Budget basis	<u>\$(539,150)</u>	<u>\$ 44,811</u>	<u>\$(130,603)</u>	<u>\$(1,344,731)</u>	<u>\$2,710</u>

**Net Loss/Excess of Revenues Under
Expenses and Operating Transfers
Enterprise Funds**

GAAP Basis	\$(142,133)
Adjustments:	
Revenue Accruals	(125,012)
Expense Accruals	46,061
Encumbrances	(97,740)
Operating transfers	(130,693)
Capital Outlay	(3,295)
Proceeds from sale of notes	700,000
Reallocation of debt service requirement	130,693
Debt principal retirement	(700,000)
Unrecorded cash	(9,125)
Depreciation	106,802
Budget Basis	<u><u>\$(224,442)</u></u>

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 4 — Compliance and Accountability

Statutory Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 1999:

<u>Fund Type/Fund</u>	<u>Excess</u>
Special Revenue Funds:	
Fire Operation and Maintenance	\$47,162
Fire 1989 Levy	39,935
Police Law Enforcement	252,328
Motor Vehicle License Tax	75,211
Street Lighting	14,687
Debt Service Fund	101,560
Enterprise Funds:	
Water	34,441
Sewer	93,172

Fund Deficits

The following funds had fund deficits at December 31, 1999:

<u>Fund Type/Fund</u>	<u>Fund Deficit</u>
Special Revenue Fund:	
Police Law Enforcement	\$26,884
Capital Projects Fund:	
Mount Pleasant	752,707
Enterprise Fund:	
Sewer	6,650
Debt Service Fund:	
Bond Retirement Fund	12,607

The deficit in the Mount Pleasant capital projects fund resulted from the issuance of short-term bond anticipation notes, which are used to finance projects until bonds are issued. The deficit will be eliminated when long-term bonds are issued. The deficit in the police law enforcement special revenue fund is a result of the 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. The deficit in the sewer enterprise fund is a result of user charges not covering operational costs. The City will continue to monitor this deficit and raise user rates so that the deficit will be eliminated.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Note 5 — 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).

CITY OF MONROE
Notes to Combined General-Purpose 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, county, 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 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits

At year-end, the carrying amount of the City's deposits was \$2,459,545 and the bank balance was \$2,595,278. Of the bank balance, \$358,500 was covered by federal deposit insurance, and \$2,236,778 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified in categories of risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The money market mutual fund and STAR Ohio investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Category I	Unclassified	Fair Value
STAR Ohio	\$ 0	\$422,029	\$ 422,029
City Owned Debt Issues	580,000	0	580,000
Money Market Mutual Fund	0	141,801	141,801
Total	\$580,000	\$563,830	\$1,143,830

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined general-purpose financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,986,809	\$ 627,009
Investments:		
STAR Ohio	(422,029)	422,029
Certificate of Deposit	47,009	(47,009)
Money Market Mutual Fund	(141,801)	141,801
GASB Statement No. 3	<u>\$2,469,988</u>	<u>\$1,143,830</u>

Note 6 — Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 1999 for real and public utility property taxes is for 1998 taxes and property tax revenue received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

Real property taxes for 1999 are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes are collected in and intended to finance 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes for 1999 that became a lien on December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

Tangible personal property taxes for 1999 are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of assessed valuations.

The full tax rate for all City operations for the year ended December 31, 1999, was \$17.02 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Category	Assessed Value
Real Property Tax	\$ 83,580,670
Tangible Personal Property	39,658,292
Public Utility Tangible Personal Property	68,164,220
Total	<u>\$191,403,182</u>

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Monroe. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represent real tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is offset by deferred revenue.

Note 7 — 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 1999, the proceeds were allocated to the general fund. Income tax revenue for 1999 was \$2,168,042.

Note 8 — Receivables

Receivables at December 31, 1999 consisted of property and other taxes, income taxes, utility accounts, special assessments, interest on investments, and intergovernmental receivables and shared revenues arising from entitlements. All receivables are considered fully collectible.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

A summary of intergovernmental receivables follows:

	Amount
<u>General Fund</u>	
Local Government Assistance	\$16,832
Undivided Local Government	32,943
Total General Fund	<u>49,775</u>
<u>Special Revenue Funds</u>	
<u>Street</u>	
Auto Registration Tax	3,438
Gas Tax	3,555
Local Government	14,626
Total Street	<u>21,619</u>
<u>State Highway</u>	
Auto Registration Tax	279
Gas Tax	288
Local Government	1,186
Total State Highway	<u>1,753</u>
<u>Permissive Tax</u>	
Permissive Tax	3,037
Total Special Revenue Funds	<u>26,409</u>
Total All Funds	<u>\$76,184</u>

Note 9 — Fixed Assets

A summary of the changes in general fixed assets during the year ended December 31, 1999, were as follows:

Class	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Land and Improvements	\$ 980,019	\$ 167,400	\$ 0	\$1,147,419
Buildings	1,896,500	2,946,600	0	4,843,100
Vehicles, Furniture and Equipment	1,056,691	593,283	0	1,649,974
Construction in Progress	4,133,001	0	4,133,001	0
Totals	<u>\$8,066,211</u>	<u>\$3,707,283</u>	<u>\$4,133,001</u>	<u>\$7,640,493</u>

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

A summary of the enterprise fund's fixed assets at December 31, 1999, follows:

Class	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Land Improvements	\$ 417,962	\$ 0	\$0	\$ 417,962
Infrastructure	1,960,147	0	0	1,960,147
Buildings	514,000	0	0	514,000
Vehicles, Furniture and Equipment	1,351,926	57,357	0	1,409,283
Sub-total	4,244,035	57,357	0	4,301,392
Accumulated Depreciation	(1,550,175)	(106,802)	0	(1,656,977)
Total	\$2,693,860	\$(49,445)	\$0	\$2,644,415

Note 10 — Defined Benefit Pension Plans

Public Employees Retirement System

The City contributes to the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS 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. PERS 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).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$137,177, \$125,401, and \$114,012, respectively. The full amount has been contributed for 1998 and 1997. 93 percent has been contributed for 1999 with the remainder being reported as a liability within the respective funds.

CITY OF MONROE

Notes to Combined General-Purpose 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 contributions to the Fund for the years ended December 31, 1999, 1998, and 1997 were \$92,678, \$83,567, and \$63,993, respectively. The full amount has been contributed for 1998 and 1997. 92 percent has been contributed for 1999 with the remainder being reported as a liability within the respective funds.

Note 11 — Post Employment Benefits

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) 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 PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care for 1999.

For 1999, benefits are funded on a pay-as-you-go basis. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to PERS. 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. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 that were used to fund OPEB were \$61,620.

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 receives 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 Combined General-Purpose 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 percent of covered payroll is applied to the postemployment health care program. The total firefighter employer contribution rate is 24 percent of covered payroll. 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, 1998 (the latest information available) was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$51,728 for police. The Fund's total health care expenses for the year ended December 31, 1998, were \$78,596,790, which was net of member contributions of \$5,331,515.

Note 12 — Other Employee Benefits

Compensated Absence

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. Unused sick leave cannot be converted into compensation for any reason.

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, 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 MacDonald Insurance Agency. Some employees share the cost of the dismemberment monthly premium with the City; the City pays the full premium on all other benefits premiums. The premium varies with employee depending on the terms of the union contract. The City provides dental insurance to all employees through MacDonald Insurance Agency.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 13 — Related Party Transactions

During 1999, the Monroe Volunteer Firemen's Association, a discretely presented component unit, received \$1,233,888 from the City for general operating expenses.

Note 14 — Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees and natural disasters. During 1999, the City contracted with MacDonald Insurance Agency for vehicle, property, equipment and machinery, police and professional and general liability insurance.

Equipment and machinery hold a \$1,000 deductible. Vehicle deductible levels vary with vehicles while property and general liability deductibles range from \$1,000 to \$2,000. The City carries a \$5,000 deductible for both police and professional liability insurance.

Coverage provided by the insurance agency follows:

Public Official Liability	\$1,000,000
Police Professional Liability	1,000,000
Equipment and Machinery	100,000
Disability Liability	1,000,000
Uninsured Motorists Bodily Injury	100,000
Fire Damage Liability — per occurrence	100,000
Medical Expense Liability — per person	5,000
Comprehensive General Liability — each occurrence	1,000,000
General Aggregate	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant decline in the level of coverage from the prior year.

For 1999, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan, (GRP), an insurance purchasing pool (Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

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.

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 access less experience for three years following the last year of participation.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 15 — Long-Term Obligations

Long-term obligations at December 31, 1999, were as follows:

	Balance December 31, 1998	Increase	Decrease	Balance December 31, 1999
Special Assessment Bonds				
6.70% 1991 Waterline Extension I	\$ 415,000	\$ 0	\$ 20,000	\$ 395,000
6.61% 1998 Waterline Extension II	147,700	0	5,200	142,500
5.625% 1988 Garver Road	165,000	0	15,000	150,000
5.25% — 5.75% 1993 American Way	118,000	0	5,000	113,000
TOTAL — Special Assessment Bonds	845,700	0	45,200	800,500
General Obligation Bonds (Unvoted)				
4.00% — 5.50% 1999 Various Purpose Bonds	0	5,070,000	0	5,070,000
4.79% 1998 Life Squad Bonds	67,800	0	32,200	35,600
5.95% 1999 Ambulance Acquisition Bonds	0	100,000	0	100,000
TOTAL — General Obligations Bonds	67,800	5,170,000	32,200	5,205,600
Compensated Absences	2,501	0	568	1,933
TOTAL — General Long-Term Obligations	916,001	5,170,000	77,968	6,008,033
Enterprise Funds				
3.45% — 6.05% 1992 Mortgage Revenue Bonds	1,195,000	0	55,000	1,140,000
Compensated Absences	567	0	567	0
TOTAL — Enterprise Funds	1,195,567	0	55,567	1,140,000
TOTAL — All Types	\$2,111,568	\$5,170,000	\$133,535	\$7,148,033

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.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

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

The 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 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 Life Squad general obligation bonds were issued at an interest rate of 4.79 percent on January 1, 1998 for the purpose of acquiring a life squad vehicle for the City.

The Ambulance Acquisition general obligation bonds were issued at an interest rate of 5.95 percent on December 1, 1999 for the purpose of acquiring an ambulance for the City.

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

The Mortgage Revenue bonds were issued at varying interest rates from 3.45 to 6.05 percent on October 6, 1992 for the purpose of improvements to the waterworks system. The Mortgage Revenue bonds will be paid from the water fund revenues via transfers to the debt service fund.

The enterprise fund's related bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

The compensated absences will be paid from the fund from which the employees' salaries are paid.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

As of December 31, 1999, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$14,834,609 for total debt and \$5,264,450 for unvoted debt. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 1999 are:

Year	Special Assessments Bonds	General Obligation Bonds	Mortgage Revenue Bonds	Total
2000	\$ 98,067	\$ 498,373	\$ 132,938	\$ 729,378
2001	100,266	466,650	134,518	701,434
2002	97,115	411,745	130,682	639,542
2003	94,599	414,350	131,750	640,699
2004	97,366	411,340	132,200	640,906
2005-09	463,392	2,067,251	661,375	3,192,018
2010-14	209,839	2,062,747	396,475	2,669,061
2015-19	25,403	2,068,225	0	2,093,628
Total	\$1,186,047	\$8,400,681	\$1,719,938	\$11,306,666

Note 16 — Defeasance of General Obligation Bonds

Effective June 1, 1982, the City entered into an Escrow Trust Agreement with First National Trust Company. The agreement provided for the deposit by the City of \$100,000 into an irrevocable trust with the bank for the payment to final maturity of outstanding General Obligation Bonds. The funds deposited, together with interest earned thereon, shall be sufficient to pay annual bond principal and semiannual interest payments, thus providing an in-substance defeasance. As of December 31, 1999, the principal remaining was \$8,000.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 17 — Short-Term Obligations

A summary of the short-term note transactions for the year ended December 31, 1999, follows:

<u>Fund Type</u>	<u>Balance December 31, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 1999</u>
Special Revenue	\$ 600,000	\$ 600,000	\$1,200,000	\$ 0
Capital Projects	5,038,000	5,776,000	10,076,000	738,000
Enterprise	700,000	700,000	700,000	700,000
Total	<u>\$6,338,000</u>	<u>\$7,076,000</u>	<u>\$11,976,000</u>	<u>\$1,438,000</u>

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

<u>Issue</u>	<u>Principal Outstanding</u>	<u>Annualized Rate</u>
<u>Capital Projects Funds</u>		
Mount Pleasant Special Assessment	\$738,000	4.22%
<u>Enterprise Funds</u>		
Water System Improvements	700,000	4.09

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

Note 18 — Leases

The City leases a copier under an operating lease arrangement with a lease term of 3 years. At the end of the lease term, the lease will renew on a month-to-month basis unless otherwise notified.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Minimal annual rental payments required under the operating lease which has a remaining term in excess of one year as of December 31, 1999 are as follows:

2000	\$3,335
2001	3,335
2002	3,057
	<u>\$9,727</u>

Rent expense for the period was \$278.

Note 19 — Interfund Receivables and Payables

Interfund asset and liability balances at December 31, 1999, were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$278,475	\$0
Water Enterprise Fund	0	240,000
Municipal Court Agency Fund	0	38,475
Total	<u>\$278,475</u>	<u>\$278,475</u>

The general fund advanced \$334 to the debt service fund due to an overdrawn cash balance in the debt service fund. The result of this is a \$334 interfund receivable in the general fund and an interfund payable in the debt service fund.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 20 — Segment Information

The City's enterprise funds account for the provision of water, sewer, garbage and cemetery services. Key financial information as of and for the year ended December 31, 1999, for each enterprise fund is as follows:

	Water Fund	Sewer Fund	Garbage Fund	Cemetery Fund	Total
Operating Revenues	\$937,661	\$885,221	\$241,197	\$17,297	\$2,081,376
Depreciation Expense	103,044	0	0	3,758	106,802
Operating Income (Loss)	(33,186)	(20,961)	10,356	(23,005)	(66,796)
Non-Operating Revenues and Expenses	(113,480)	(284)	(10)	1,389	(112,385)
Income (Loss) before Operating Transfers	(146,666)	(21,245)	10,346	(21,616)	(179,181)
Operating Transfers - In	36,713	0	0	335	37,048
Net Income	(\$109,953)	(\$21,245)	\$10,346	(\$21,281)	(\$142,133)
Fixed Asset Additions	\$57,320	\$0	\$0	\$0	\$57,320
Net Working Capital	(354,179)	(6,650)	57,416	56,081	(247,332)
Total Assets	3,217,767	201,448	58,417	134,182	3,611,814
Bonds and Other Long-Term Liabilities Payable from Revenues	1,140,000	0	0	0	1,140,000
Total Equity (Deficit)	1,018,478	(6,650)	57,416	133,777	1,203,021
Encumbrances at 12/31/99	80,470	15,000	0	2,270	97,740

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Note 21 — Jointly Governed Organizations

The Center for Local Governments, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of eight members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made no financial contribution during 1999. Information can be obtained from the Center by writing to Lee Meyer, Director of the Center for Local Governments, 4144 Crossgate Drive, Cincinnati, Ohio 45236.

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 county and municipal corporation, one individual selected by each county planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member county. 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 1999. To obtain financial information, write to Barry Blank, Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 801-B W. Eighth St., Suite 400, Cincinnati, Ohio, 45203.

CITY OF MONROE

Notes to Combined General-Purpose Financial Statements

Note 22 — Insurance Purchasing Pool

For 1999, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. In order to allocate the savings derived by formation of the GRP, and to maximize the number of participants in the GRP, the GRP's executive committee annually calculates the total savings that accrued to the GRP through its information. This savings is then compared to the overall savings percentage of the GRP. The GRP's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP. Each year, the City pays an enrollment fee to the GRP to cover the costs of administering the program. The City may withdraw from the GRP if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to access less experience for three years following the last year of participation.

Note 23 — Discretely Presented Component Unit

Basis of Accounting

The Monroe Volunteer Firemen's Association (Association) prepares its financial statements under the accrual basis system of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the Association is sixty days after year-end.

Deposits and Investments

The Association had a bank balance as of December 31, 1999, of \$171,723; \$100,000 of the bank balance was covered by federal deposit insurance, with the remainder of \$71,723 being uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Association to a successful claim by the Federal Deposit Insurance Corporation. The Association has no investments at year-end.

Notes Payable

The Association has one note that was issued in 1994. The Association receives monies from the City to pay the debt service requirements of the note. The Association paid \$38,073 towards the principal remaining on the obligation during the fiscal year. The principal remaining at December 31, 1999, was \$29,408 at an interest rate of 6.20%. The note matures on February 10, 2001.

CITY OF MONROE
Notes to Combined General-Purpose Financial Statements

Note 24 — 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, 1999 to December 31, 1999, 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.



**Report on Compliance and on the Internal Control over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

City Council
City of Monroe
Monroe, Ohio

We have audited the combined general-purpose financial statements of City of Monroe (City), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's combined general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to the management of the City in Exhibit A.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Olive LLP

Cincinnati, Ohio
June 13, 2000

EXHIBIT A

Ohio Revised Code Section 5705.39 prohibits a City from appropriating amounts in excess of estimated resources. The following were in excess for the year:

<u>Fund Type/Fund</u>	<u>Amount</u>
<u>Special Revenue Funds:</u>	
Fire Operation and Maintenance	\$47,162
Fire 1989 Levy	39,935
Police Law Enforcement	252,328
Motor Vehicle License Tax	75,211
Street Lighting	14,687
<u>Debt Service Fund</u>	101,560
<u>Enterprise Fund:</u>	
Water	34,441
Sewer	93,172

Ohio Revised Code Section 5705.41b prohibits a City from operating a fund with a deficit balance. The following funds had deficit balances for the year:

<u>Fund Type/Fund</u>	<u>Amount</u>
<u>Special Revenue Fund:</u>	
Police Law Enforcement	\$26,884
<u>Capital Projects Fund:</u>	
Mount Pleasant	752,707
<u>Enterprise Fund:</u>	
Sewer	6,650
<u>Debt Service Fund:</u>	
Bond Retirement Fund	12,607

Ohio Rev. Code Section 5704.41(D) states no orders or contracts are to be made unless a certificate for the amount required has been lawfully appropriated. There is evidence that purchase orders relating to the purchase of furniture were backdated and not signed by the Treasurer prior to the obligation. This is considered an isolated incidence.

Ohio Rev. Code Section 731.14 requires that all contracts which exceed \$10,000 (increased to \$15,000 effective March 30, 1999) are subject to bidding procedures unless the government is purchasing from a vendor on the approved vendor list. Furniture was purchased from The Office Furniture Store, which is not on the approved vendor list. This purchase of furniture should have been put out for bid. This is also deemed an isolated occurrence.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF MONROE

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 3, 2000