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Auditor of State

**City of Monroe**  
**Butler County, Ohio**

**Fiscal Emergency Termination**

**Local Government Services Section**



**City of Monroe - Butler County**

**Fiscal Emergency Termination**

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# Mary Taylor, CPA Auditor of State

## CERTIFICATION

Pursuant to a request submitted to the Auditor of State by the Financial Planning and Supervision Commission of the City of Monroe, the Auditor of State has determined that the City of Monroe no longer meets the fiscal emergency conditions set forth in Section 118.27(A)(1), (2), (3), and (4), Revised Code. Therefore, the existence of the City of Monroe Financial Planning and Supervision Commission and its role in the operation of the City of Monroe is terminated as of August 9, 2007.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Robert Routson, Mayor of the City of Monroe, Steven Tannreuther, Vice Mayor, Ted Strickland, Governor, J. Pari Sabety, Director of the Office of Budget and Management, Richard Cordray, Treasurer of State, Jennifer Brunner, Secretary of State, and Kay Rogers, Butler County Auditor.

At the time of termination of the Commission, an effective financial accounting and reporting system has not been fully implemented. Pursuant to Section 118.27(A)(2), Revised Code, the Auditor of State will monitor the progress of implementation and exercise authority under this section and Chapter 117, Revised Code, to secure full implementation within two years.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 9, 2007

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## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Report on the Termination of the Monroe Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission of the City of Monroe (the Commission), Butler County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code, should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A), Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter, shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) Planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) Corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to section 118.04 of the Ohio Revised Code, and no new emergency conditions have occurred...; (3) Met the objectives of the financial plan described in section 118.06 of the Ohio Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”

Results of our work under section 118.27(A), Ohio Revised Code, are as follows:

Pages four through 18 of our report indicate that the City has effectively implemented or is in the process of implementing corrections to its financial accounting and reporting system in accordance with section 118.10(A) of the Ohio Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under section 118.04, of the Ohio Revised Code. This analysis can be found beginning on page 19.

We have reviewed the objectives of the financial plan and determined that the City has met the objectives in accordance with section 118.06, of the Ohio Revised Code. Specific conclusions can be found on page 24.

We examined and issued a non-adverse report on the five-year forecast prepared by the City. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated. The City has not completed its implementation of an effective financial accounting and reporting system; therefore, the Auditor of State will monitor the City to ensure full implementation of the remaining items within two years.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the City of Monroe, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the City of Monroe, and others as designated by the Auditor of State, and is not to be used for any other purpose. Our procedures and findings follow.

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Section 1 - Financial Accounting and Reporting System

When a City is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the City's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A), Revised Code, assessed the methods, accuracy, and legality of the accounts, records, files and reports of the City of Monroe (the "City") and issued a Report on Accounting Methods, dated May 19, 2006. The report identified areas where the City's financial accounting and reporting system were not in compliance with Section 117.43, Revised Code, and the requirements of the Auditor of State.

The criteria for termination of the Commission includes a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation and is expected to be completed within two years. To reach this determination, we confirmed the actions identified as having been taken by management to address the issues identified in the Report on Accounting Methods. A summary of the actions taken by management to address each issue is presented below:

#### Budgetary System

##### Auditor of State Comment from Report on Accounting Methods:

- For 2004 and 2005, the total amount from all sources which is available for expenditures and the balances existing at the end of the preceding year were not certified to the County Auditor contrary to Section 5705.36, Revised Code. The Finance Director should certify to the County Auditor the actual unencumbered fund balances early in January of each year.

##### Implemented:

The certificate of year-end fund balances for calendar year 2006 was filed with the County Auditor on January 10, 2007.

##### Auditor of State Comment from Report on Accounting Methods:

- The City utilized the tax budget for their estimated resources for 2004. The City should have received a completed copy of the Official Certificate of Estimated Resources from the County Auditor's office.

##### Implemented:

In September 2005 and 2006, the City received a completed copy of the Official Certificate of Estimated Resources from the Butler County Auditor's office.



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### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Auditor of State Comment from Report on Accounting Methods:

- At the end of 2004, actual receipts exceeded estimated receipts in some funds and actual receipts were less than estimated receipts in several other funds. Under Section 5705.36, Revised Code, estimated resources should have been increased as new resources were identified or actual receipts exceeded prior estimates, if Council desired to appropriate the additional resources. Also, estimated resources should have been decreased during the year if comparisons of estimated to actual receipts determined that actual receipts were less than estimated, and Council should have decreased appropriations accordingly to avoid deficit spending.

#### In Process:

At the end of 2006, actual receipts exceeded estimated receipts in some funds and actual receipts were less than estimated receipts in several other funds. Starting in 2007, the new Finance Director compares estimated receipts to actual receipts and obtains new amended certificates and supplemental appropriations whenever necessary. An amended certificate of estimated resources was certified by the County Auditor on March 8, 2007.

#### Auditor of State Comment from Report on Accounting Methods:

- In 2004 and for January through March of 2005, the temporary and permanent appropriation ordinances were not filed with the County Auditor contrary to Section 5705.39, Revised Code. Starting in April of 2005, the City filed their permanent appropriations and any supplemental appropriation ordinances with the County Budget Commission. The Clerk of Council should certify temporary, permanent, and supplemental appropriation ordinances to the budget Commission.

#### In Process:

The permanent appropriation ordinance for calendar year 2007 was certified and sent to the Butler County Budget Commission on December 13, 2006 and the County Auditor's office received the appropriation ordinance on December 18, 2006. No temporary appropriations were adopted for 2007. There are some supplemental appropriations pending and in one instance expenditures exceeded authorized appropriations.

#### Auditor of State Comment from Report on Accounting Methods:

- Appropriations are not in effect until the County Auditor certifies that the total appropriations from each fund do not exceed the official or amended official certificate. The City must allow for sufficient time between the passage of appropriation ordinances and the receipt of a certificate from the County Auditor so that obligations are not authorized against such appropriations until the certificate is received.

#### Not Implemented:

The City received certification from the County Auditor on January 18, 2007 that the 2007 appropriations from the Capital Improvement Fund, adopted on December 12, 2006, exceeded the estimated resources in the official certificate of estimated resources and expenditures were made against these appropriations.

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Auditor of State Comment from Report on Accounting Methods:

- The City's financial activity has generated numerous citations for budgetary violations. In order to develop an understanding of the budgetary requirements, it is recommended that the Finance Director, City Council, City Manager, and any other employee responsible for following these requirements attend a workshop that addresses Ohio budgetary law and the role each has in the budgetary process.

#### Not Implemented:

The Finance Director has suggested that City Council and the Mayor take the Ohio Financial Accountability Certification course offered by the Auditor of State's Office.

#### Auditor of State Comment from Report on Accounting Methods:

- The City Manager presents an expenditure report to Council that excludes encumbrances from the comparison of expenditures to appropriations. The expenditure report should be corrected to include encumbrances so that compliance with budgetary requirements is accurately presented.

#### Not Implemented:

The expenditure report presented to Council does not present encumbrances.

### **Chart of Fund and Account Codes**

#### Auditor of State Comment from Report on Accounting Methods:

- The procedures manual maintained by the Finance Director should include an explanation of the account code structure including updated changes caused by GASB Statement No. 34 and the meaning of the various dimensions used in the account codes.

#### In Process:

The City is in the process of updating its finance policies and procedures manual. The manual will provide guidance for the major aspects of the City's financial and accounting system. The Finance Director is overseeing the process which involves the entire staff of the finance department, the Tax Commissioner, the Mayor's Court Clerk and the front desk receptionist. The Finance Director conducts weekly meetings to work on the manual. The staff works on one major section of the manual at a time and the Finance Committee reviews each section as it is completed. The chart of accounts section has not been updated.

#### Auditor of State Comment from Report on Accounting Methods:

- The City created new funds by including them in an appropriation ordinance. New funds should be created by an ordinance that identifies the purpose of the funds, its revenue sources and allowable expenditures, and the section of the law that allows or requires it to be created.

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### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### In Process:

New funds created during 2006 and 2007 were established by ordinances that identified the purpose of the new fund, its revenue sources and allowable expenditures. The City should also include the section of the law that allows or requires new funds to be created.

#### **Accounting Ledgers**

##### Auditor of State Comment from Report on Accounting Methods:

- The City does not have a disaster recovery plan. The City should develop and implement a disaster recovery plan.

#### Not Implemented:

The City has not developed a disaster recovery plan.

#### **Revenue Activity**

##### Auditor of State Comment from Report on Accounting Methods:

- A procedures manual should be created describing the recording of the receipts in the Police Department, Mayor's Court, and Utility Department. The procedures should include the process of handling delinquent amounts, the safeguarding of receipts, timely deposits, the segregation of duties, and the collection and recording of receipts.

#### In Process:

The City is in the process of updating its finance policies and procedures manual (see comment on page 6). The section of the policy manual for receipts has not yet been updated.

##### Auditor of State Comment from Report on Accounting Methods:

- The Fire Department should use pre-numbered duplicate receipts for all monies collected within their department.

#### Not Implemented:

The Fire Department is not using pre-numbered duplicate receipts for any monies collected.

##### Auditor of State Comment from Report on Accounting Methods:

- In all departments, the same person should not be counting cash, completing daily cash reports and taking the deposit to the Finance Department. The Mayor's Court Clerk counts the cash, inputs the receipts in the computer system, takes the deposit to the bank, and reconciles the bank account. The Mayor should be reviewing and approving all reports and reconciliations for the Mayor's Court. Also, the Mayor's Court Clerk should provide a monthly ticket accountability report to the Mayor for review and approval.

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#### In Process:

There has been a recent software upgrade in the Mayor's Court office and the Finance Director has been working with the Mayor's Court Clerk to improve the reconciliation process and ensure the new system is working properly. After the new process is fully implemented, the Deputy Treasurer will be doing the reconciliation for the Mayor's Court.

The Mayor receives the ticket accountability report but does not sign it to indicate his approval. The Mayor does not receive a copy of the bank reconciliation.

#### Auditor of State Comment from Report on Accounting Methods:

- The Utility Department should require employees to enter initials into the system when entering the data as a safeguard and as an identification of the person processing the transactions. Also, a schedule which shows who will be working the front desk each day should be created.

#### Implemented:

The system now being used by the City requires that each person who is receiving and recording cash receipts log into the central cash system under their name. The person's initials are listed on the daily cash report.

The receptionist's position is now a full-time position so the same person is generally at the front desk. When that person is not working, the person working the front desk must log in under their own name. Since each transaction is listed under whoever processed the receipt, a schedule of who worked the front desk is not necessary and is not maintained.

#### Auditor of State Comment from Report on Accounting Methods:

- The Fire Department receives donations and does not issue a receipt to the donor. Donations should be accepted by Council. Council should review Section 9.20, Revised Code and develop guidelines for the receipt and acceptance of donations.

#### Not Implemented:

The Fire Department does not issue a receipt for any monies collected.

#### Purchasing Process

##### Auditor of State Comment from Report on Accounting Methods:

- The draft procedures manual being prepared by the Finance Director should include the purchasing and competitive bidding processes. These processes should reflect the statutory requirement of Section 5705.41(D), Revised Code for certification of available resources and unencumbered appropriations.

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#### In Process:

The City is in the process of updating its finance policies and procedures manual (see comment on page 6). The Finance Director and the staff of the Finance Department have thoroughly reviewed the purchasing process and have updated this section of the policy and procedures manual. The purchasing policy and procedures are almost ready to be submitted to the Finance Committee for review.

#### Auditor of State Comment from Report on Accounting Methods:

- Purchase order forms should have the wording “Finance Director’s signature” instead of the Treasurer’s signature required for approval.

#### Not Implemented:

The purchase order forms being used have the title “Treasurer” on them.

#### Auditor of State Comment from Report on Accounting Methods:

- The City should use a three-part purchase order form. The original copy should be sent to the originating department. One copy should be sent to the vendor while the Finance Department should retain the other copy of the purchase order.

#### In Process:

The City uses a laser printer to print purchase orders, so a three-part purchase order form cannot be used. The Finance Director is considering the use of color paper to identify the original purchase order form. As part of the new process being developed, the original purchase order form will be sent to the originating department. Purchase order forms should be given to vendors. The purchase order is a written authorization identifying the goods or services to be provided and it assures the vendor that payment will be made upon performance. The Finance Department retains a copy of all purchase orders.

#### Auditor of State Comment from Report on Accounting Methods:

- The City mainly uses then and now certificates to encumber funds. The issuance of then and now certificates should be done on an exception basis and not as a normal operation. All departments should request the approval to purchase an item or service through the Finance Department before the actual acquisition or obligation of the item or service. If there is a need to issue a then and now certificate, it is required that the City Council approve the purchase within 30 days of the receipt when it exceeds \$3,000 ( per Section 5705.41(D), Revised Code).

#### In Process:

The Finance Director is attempting to limit the number of then and now certificates being used. As part of the new process being developed, the Finance Director is revising the then and now certificates. The draft form has a requirement that a reason for not obtaining a standard purchase order must be stated on the form and the form must be initialed by the department head.

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#### Auditor of State Comment from Report on Accounting Methods:

- Contrary to Sections 9.10 to 9.14, Revised Code, the City uses a rubber stamp on purchase orders. This signature stamp is used by the Finance Director and the City Manager. The purchase orders should be signed electronically or manually by the Finance Director.

#### Implemented:

Purchase orders are signed manually by the Finance Director or the Deputy Treasurer. The Deputy Treasurer has authority from Council to sign purchase orders when the Finance Director is absent.

#### Auditor of State Comment from Report on Accounting Methods:

- The City does not use the Auditor of State Findings for Recovery Database when entering into contracts. Section 9.24, Revised Code, prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State, if that finding is unresolved.

#### In Process:

The Finance Specialist in charge of the accounts payable performs a search in the Auditor of State Findings Database when entering purchase orders for amounts over \$25,000 into the system. However, the results of the search are not being printed and retained for verification that the search was performed. The certification will be retained in the future.

#### Auditor of State Comment from Report on Accounting Methods:

- The City does not require new vendors to submit information before a purchase order is completed. The City should not issue purchase orders to a vendor until all appropriate information about the vendor is received, including an IRS Form W-9, and the Finance Director has approved the use of the new vendor.

#### Implemented:

The Finance Department has developed a form for new vendor information. This form must be completed and submitted to the Finance Specialist in the accounts payable department before an encumbrance or payment can be made for a new vendor.

#### Auditor of State Comment from Report on Accounting Methods:

- The City Council, per Section 5705.41(D), Revised Code, should establish, by resolution or ordinance, the maximum amount for blanket purchase orders to be issued by the City Finance Department. Blanket purchase orders used without the City Council having set a limit are not valid because the City does not have the authority to use blanket purchase orders without the action by City Council.

## City of Monroe - Butler County

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#### Implemented:

The City has discontinued the use of blanket purchase orders.

#### Auditor of State Comment from Report on Accounting Methods:

- The City Council, through discussions with the Finance Department and City Manager, requires any purchase over \$2,500 to be let by formal bid. The bidding requirement under Ohio law is \$25,000 and the City Charter specifically states the City Manager is to follow Ohio law. The City Law Director should determine if Council can set a bid limit contrary to the City Charter and, if so, Council should set the bid amount by ordinance.

#### In Process:

Although the above limit for bidding is included in the draft procedures policy, the City has not formally recognized \$2,500 as the limit for purchases not subject to the formal bidding process. The City has routinely made purchases up to \$25,000 without requesting formal bids. The procedures manual is currently being updated and the Finance Director has recommended the City follow Ohio law regarding the formal bidding process.

#### Cash Disbursements

#### Auditor of State Comment from Report on Accounting Methods:

- The draft procedures manual being prepared by the Finance Director should include the cash disbursements process. This process should include the timely payment of obligations, the approval process, and the segregation of duties.

#### In Process:

The City is in the process of updating its finance policies and procedures manual (see comment on page 6). The cash disbursements section of the manual has not yet been updated.

#### Auditor of State Comment from Report on Accounting Methods:

- The Finance Department allows various funds to carry a deficit cash balance. Disbursements should not be made from a fund with an insufficient cash balance. If the timing of receipts is an issue, the Finance Director should request, by resolution, Council approval of an advance from the General Fund. The resolution should identify the anticipated resources from which the advance will be repaid and when the resources are expected to be received.

#### Implemented:

All deficit fund balances have been eliminated. The Finance Director monitors cash balances on an ongoing basis to ensure that no expenditures are made from funds with deficit balances. As part of the month end closing process, the Finance Director checks the cash fund balances to determine if advances are needed.

## City of Monroe - Butler County

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#### Auditor of State Comment from Report on Accounting Methods:

- Quotes obtained for the purpose of completing requisitions were not always filed with the voucher packets. The voucher packets should include quotes, a signed and approved requisition, purchase order, invoice, and shipping documents.

#### In Process:

The Finance Department is in the process of developing written procedures for the purchasing process. The aspects of the purchasing process in this comment will be incorporated into the policy.

#### Auditor of State Comment from Report on Accounting Methods:

- Contrary to Sections 9.10 to 9.14, Revised Code, the City uses a rubber stamp signature on non-payroll checks. This signature stamp is used by the Finance Director. The checks should be signed electronically or manually by authorized personnel.

#### Implemented:

All Non-payroll checks are now signed manually by either the Finance Director or the Deputy Treasurer. Normally, the Finance Director signs all checks; however, the Deputy Treasurer has authority from Council to sign checks when the Finance Director is absent.

#### Auditor of State Comment from Report on Accounting Methods:

- The City does not obtain the Department Head's approval for the payment of invoices for services rendered. To verify that the service has been completed or is in progress, the Finance Department should send a copy of the invoice to the appropriate department and have the Department Head sign the invoice for approval of payment for the billed services.

#### In Process:

Invoices are not always signed by the department heads; however, this step is being incorporated into the new purchasing policy being developed by the Finance Department.

### **Payroll Processing**

#### Auditor of State Comment from Report on Accounting Methods:

- The Street and Water Department should require leave forms to be completed by the employee and approved by the Department Head before leave is taken. The Police Department requires and approves leave forms; however, leave forms are not filed with the Payroll Clerk. Leave forms should be completed by all employees, approved by their Department Head, and should be filed with the payroll records in the Finance Department.



## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### In Process:

All employees are now completing leave forms. The City Manager designed a new leave form which is used for all types of leave and is required to be used by all departments. Whenever an employee requests leave, the form must be completed and signed by the employee and department head and submitted to the City Manager before the leave is taken. At the end of the pay period, the City Manager compares the leave forms to the timesheets to ensure the proper amount of leave was taken.

#### Auditor of State Comment from Report on Accounting Methods:

- Contrary to Sections 9.10 to 9.14, Revised Code, the City uses a rubber-stamp signature on payroll checks. This signature stamp is used by the Payroll Clerk who processes the City's payroll. The payroll checks should be signed electronically or manually by authorized personnel.

#### Implemented:

The Finance Director manually signs all payroll checks.

#### Auditor of State Comment from Report on Accounting Methods:

- The City uses payroll change notice forms to authorize a change in an employee's rate of pay. The City should also implement payroll change notice forms for other employee master file changes, such as a name or a dependent change. Once changes are made to the system, the Finance Director or the City Manager should verify and approve the changes.

#### Implemented:

The City has implemented the use of a form for making changes to the master file. The form includes name, address, phone number, local income tax withholding information, and insurance coverage. The City Manager verifies that the changes were made.

#### Auditor of State Comment from Report on Accounting Methods:

- The only department within the City that does not require employee signatures on timesheets is the Fire Department. The Fire Department should require timesheets to be signed by employees as well as the Fire Chief.

#### Implemented:

The Fire Department employees complete and sign a timesheet. The information from the timesheet is then entered into a spreadsheet for each employee. The spreadsheet is signed by the Fire Chief and then is used by the Finance Department to enter the employees' information into the payroll system.

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Auditor of State Comment from Report on Accounting Methods:

- City Council approved all employees except water and sewer to be paid out of the General Fund in 2005 per the appropriations. In 2006, the City is expected to charge the appropriate funds for employee hours worked. For administrative employees that perform duties for other departments, Council should provide and approve a sound basis for allocating the amount of their wages that will be paid out of funds other than the General Fund. If a non-administrative employee works hours for different departments within the City, the employee should note the hours worked for each department on their time sheet and have the Department Heads' approvals for these hours.

#### In Process:

The City adopted ordinance 2006-56 which provides for employees to be paid from the funds that correspond to the work being performed. For administrative employees, the City should do an analysis to support and document this allocation and it should be reviewed annually. Non-administrative employees who work in different departments indicate on their timesheets the hours worked in each department.

#### Auditor of State Comment from Report on Accounting Methods:

- Pay checks for those employees without direct deposit are being distributed before the scheduled pay date. None of the union agreements with the City denote an early pay check date for any department. The City should distribute all checks on designated pay dates or require direct deposit for all employees.

#### Implemented:

Payroll checks are now being dated as of the Thursday of the payroll week. The Fire Chief and the Police Chief pick up the checks for their departments on Wednesday afternoon and distributes them on Thursday morning. All other employees' checks are distributed on Thursdays.

### **Debt Administration**

#### Auditor of State Comment from Report on Accounting Methods:

- When the City issues notes, the Finance Director should certify the authorizing legislation to the County Auditor and request an amended certificate of estimated resources, if necessary.

#### Implemented:

The City certifies the authorizing legislation to the County Auditor when it issues debt. On August 24, 2006, the Deputy Treasurer certified to the Butler County Auditor ordinance 2006-29, dated July 11, 2006, authorizing the issuance of the Water System Improvement Limited Tax General Obligation Bond Anticipation Notes, Fourth Renewal. On March 15, 2007, the Finance Director certified to the Butler County Auditor, ordinance 2007-5, dated February 27, 2007, authorizing the issuance of the Road Improvement General Obligation Bond Anticipation Notes, First Renewal. When necessary, the City requests an amended certificate of estimated resources.

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Capital Assets and Supplies Inventory

##### Auditor of State Comment from Report on Accounting Methods:

- The draft procedures manual being prepared by the Finance Director should include capital assets and inventory. These processes should include documentation of the asset and how accountability should be maintained.

##### In Process:

The City is in the process of updating its finance policies and procedures manual (see comment on page 6). The capital assets and inventory section of the manual has not yet been updated.

##### Auditor of State Comment from Report on Accounting Methods:

- The responsibilities of the City and American Appraisal Associates, Inc. (AAA) are not clearly defined pertaining to the inventory of the City's capital assets. The contract between the City and AAA should outline and detail the responsibilities of the City and AAA.

##### Implemented:

The contract between the City and AAA outlined the services they were to provide to the City, the costs of those services and what documents were to be provided to the City when the project was finished. According to the contract, AAA performed a physical inventory and tagged all moveable equipment consistent with the City's \$1,000 capitalization threshold. AAA provided the City with a report outlining their analysis and procedures used in the appraisal process to develop AAA's opinion of value. Also, a report was provided to the City presenting the list of capital assets.

##### Auditor of State Comment from Report on Accounting Methods:

- When new assets are purchased or donated to the City, the City should assign a new tag number to the asset.

##### Implemented:

The City developed a list of all assets that were not tagged and tagged any assets that did not have a tag.

##### Auditor of State Comment from Report on Accounting Methods:

- The City does not maintain capital assets or inventory records. The City has obtained a reappraisal of capital assets in both 2000 and 2005 due to the lack of maintaining records. The City should acquire software and maintain accountability over its capital assets, which would reduce the need and cost for repeated reappraisals.

##### In Process:

The City is in the process of acquiring the capital assets management system from the consultant that had been maintaining it for purposes of completing the Comprehensive Annual Finance Report. It is scheduled to be delivered to the City in August 2007. In the future, the City will maintain the system.

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Cash Management and Investing

##### Auditor of State Comment from Report on Accounting Methods:

- The draft procedures manual being prepared by the Finance Director should include cash management and investing.

##### In Process:

The City is in the process of updating its finance policies and procedures manual (see comment on page 6). The investment policy section of the manual has been updated and is being reviewed by the Finance Committee.

##### Auditor of State Comment from Report on Accounting Methods:

- The use of a consultant to perform the monthly bank reconciliations should be terminated and the Finance Director should be completing the monthly reconciliations. Also, the reconciliations should be completed in the following month and presented to Council with the monthly finance reports.

##### Implemented:

The Finance Director completes the monthly reconciliations in the following month and it is included with the financial reports.

##### Auditor of State Comment from Report on Accounting Methods:

- The prior month's ending fund balances on the cash position report are not rolling forward to the beginning fund balances on the next month's cash position report. The Finance Director should review this issue with its software vendor and correct the problem.

##### Implemented:

The system currently being used by the City was designed to present the beginning of year fund balances, month-to-date and year-to-date receipts and month-to-date and year-to-date disbursements. A month-to-date report option can be selected, but once the month is closed out, the report can no longer be retrieved.

##### Auditor of State Comment from Report on Accounting Methods:

- Miscellaneous adjustments on reconciliations need to be documented and posted upon the completion of the reconciliation.

##### In Process:

The bank reconciliations are performed monthly and adjustments are posted to the system within the first two weeks of the month. There is an unknown reconciling difference prior to December 2006 of approximately \$42,800. The Finance Director is in the process of researching this difference and resolving the issue.

## City of Monroe - Butler County

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#### Auditor of State Comment from Report on Accounting Methods:

- The City Finance Director should review all bank accounts in the name of the City and consider the efficiency and savings from consolidating the bank accounts.

#### In Process:

The Finance Director is in the process of consolidating various bank accounts.

#### **Financial Reporting**

#### Auditor of State Comment from Report on Accounting Methods:

- The draft procedures manual that includes financial reporting should be completed and approved by the Finance Director.

#### In Process:

The City is in the process of updating its finance policies and procedures manual (see comment on page 6). The financial reporting section of the manual has not yet been updated.

#### Auditor of State Comment from Report on Accounting Methods:

- Council should identify the monthly reports that they wish to review. The Cash Reconciliation and the Departmental Report should not be the only two reports being presented to Council. The Fund Report, Income Tax Collections Report, Detailed Expenditure Report, and Revenue Report should also be presented to Council monthly.

#### In Process:

The Finance Director has recommended to Council which reports they should review; however, Council has not passed legislation to identify which reports it would like to review.

#### Auditor of State Comment from Report on Accounting Methods:

- The reports reviewed by Council should be acknowledged in the minutes.

#### Implemented:

Council passes a motion and seconds it to accept the financial reports. This is recorded in the section under Administrative Reports/Finance Director.

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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#### Audit Report and Management Letters

The City Council and Officials receive a compliance and management letter at the conclusion of each annual audit. The management letter that accompanied the December 31, 2006 audit included several recommendations. The recommendations included:

- That the City implement procedures to amend the certificate of estimated resources prior to approving additional appropriations. Starting in 2007, the new Finance Director requests an amended certificate before taking supplemental appropriations to Council.
- That the Finance Director certification of the availability of appropriations and funds to pay the obligation when due be obtained before the obligation is incurred. This has not been fully addressed.
- That the City follow the Ohio Revised Code for all significant purchases. This comment stemmed from an incident in which the City made a purchase for more than \$25,000 without receiving formal bids. The bidding process is being addressed to ensure that State law is followed.
- That the same employee should not be responsible for recording and preparing payroll and setting up new employees. The duty of setting up new employees has been reassigned to another employee.
- That the City include the personal use of City vehicles on the employees' annual W-2 as taxable fringe benefits. This has not been addressed.
- That the City improve the control environment for the computer system. This has not been addressed.

The compliance letter that accompanied the December 31, 2006 audit had nothing to report.

**City of Monroe - Butler County**

**Report on the Termination of the City of Monroe  
Financial Planning and Supervision Commission**

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**SECTION 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions**

**Condition One – Default on Any Debt Obligation**

Section 118.03(A)(1) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the City’s outstanding debt as of June 30, 2007 is as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Year Issued</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance at 6/30/07</u>
Waterline Extension I	6.70%	1991	\$530,000	\$205,000
Waterline Extension II	6.61%	1998	152,700	97,600
Garver Road	5.63%	1988	313,532	40,000
American Way	5.25-5.75%	1993	140,000	67,000
Limited Edition	4.45-5.70%	2000	775,000	620,000
TIF- I-75 Corridor	Adjustable Rate	1999	2,000,000	2,000,000
Various Purpose Bonds	2.0-5.25%	2003	7,565,000	6,765,000
Middletown Water Tower	5.02%	2001	675,908	536,688
Various Purpose Improvement BAN	4.25%	2007	3,500,000	3,500,000
Water System Improvement BAN	4.50%	2006	3,380,000	3,380,000
Fire Truck Lease	4.86%	2006	559,287	490,908
Durapatcher Lease	7.76%	2005	50,776	42,517
Copier Lease	7.50%	2005	25,844	16,585
				<u>\$17,761,298</u>

We reviewed the outstanding indebtedness of the City as of June 30, 2007. The City had \$17,761,298 in outstanding debt at June 30, 2007, and has made all debt payments due as of that date.

**Conclusion:** A fiscal emergency condition does not exist under section 118.03(A)(1) of the Ohio Revised Code, as of June 30, 2007. The City has not defaulted on any debt obligations.

**Condition Two – Payment of All Payroll**

Section 118.03(A)(2) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under section 118.04 of the Revised code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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- (a) For more than 30 days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of 90 days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than 30 days by the written consent of at least two thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We obtained an understanding of the payroll process through various discussions with the payroll clerk at the City of Monroe. We obtained payroll reports with a list of employees, pay rate legislation, and bank statements for June 30, 2007. We then verified that payroll checks were issued to employees for the pay date June 28, 2007, by comparing the payroll reports with the bank statements. This procedure was performed to ascertain whether City employees had been paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Ohio Revised Code. Also, we determined that adequate cash was in the bank account and fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(2) of the Ohio Revised Code as of June 30, 2007. All employees have been paid in amounts and at the times required by ordinance and there was adequate fund balance to cover payroll.

#### **Condition Three – Increase in Minimum Tax Levy**

Section 118.03(A)(3) of the Ohio Revised Code, defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Warren and Butler County Auditors, Chairmen of the County Budget Commission, whether there had been an increase, pursuant to division (D) of section 5705.31 of the Ohio Revised Code, in the minimum levy of the City of Monroe for the year which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Warren and Butler County Auditors indicated that no action had been taken by the Warren or Butler County Budget Commissions to increase the inside millage of the City of Monroe for 2007.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(3), Ohio Revised Code as of June 30, 2007.

#### **Condition Four – Past Due Accounts Payable from the General Fund and all Funds**

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:



## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeding one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We searched for accounts payable as of December 31, 2006, that were due and payable from all funds of the City, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2006, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities including any interest penalties. It was not necessary to proceed further with this analysis since the City did not have any accounts payable that had been due and payable for at least thirty days at December 31, 2006.

Conclusion: A fiscal emergency condition does not exist under section 118.03(A)(4) of the Ohio Revised Code. There were no funds with accounts payable for at least thirty days at December 31, 2006.

#### **Condition Five – Deficit Fund Balances**

Section 118.03(A)(5) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We reviewed the fund balance report for any deficit funds at December 31, 2006. The adjusted aggregate sum of all deficit funds as of December 31, 2006, was computed by subtracting the accounts payable and encumbrances from year-end cash fund balances of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the fund receipts of those deficit funds.

**City of Monroe - Butler County**

**Report on the Termination of the City of Monroe  
Financial Planning and Supervision Commission**

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Schedule I

Deficit Fund Balances  
Ohio Revised Code Section 118.03(A)(5)  
As of December 31, 2006

	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balances	1/6th of the Fund Receipts	Unprovided Portion of Aggregate
Police Fund	\$120,218	\$152,282	(\$32,064)	\$129,161	\$0

**Conclusion:** Schedule I indicates that a fiscal emergency condition does not exist under Section 118.03(A)(5) of the Ohio Revised Code. The adjusted aggregate deficit of the Police Fund did not exceed one-sixth of the receipts of that fund.

**Condition Six – Treasury Balances**

Section 118.03(A)(6) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficit exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City’s reconciliation of its bank balances to its cash book balance as of December 31, 2006, which included subtracting the outstanding checks and other adjusting factors and adding deposits in transit to arrive at the treasury balance. We then determined the aggregate sum of positive cash balances of all funds, the purpose of which the unsegregated treasury is held to meet, to determine if a treasury deficit existed. Since the treasury balance equaled the aggregate of the positive fund cash balances, no further calculations were necessary.

**City of Monroe - Butler County**

**Report on the Termination of the City of Monroe  
Financial Planning and Supervision Commission**

Schedule II

Treasury Balance  
Ohio Revised Code Section 118.03(A)(6)  
As of December 31, 2006

	Amounts at December 31, 2006
<b>Bank Cash Balances:</b>	
First Financial Bank	\$5,515,151
StarOhio	7,068
Fifth Third Bank	2,349,212
Chase Bank	3,385,727
Huntington Trust Bank	25,737
Total Bank Balance	<u>11,282,895</u>
 Adjustments for:	
Outstanding Checks	(139,173)
Deposits in Transit	1,283
Unrecorded Deposits	(24,059)
Unremitted Payroll Deductions	(29,365)
Other Adjusting Factors	(42,841)
Total Adjustments	<u>(234,155)</u>
Total Treasury Balance	<u>\$11,048,740</u>
<b>Less: Total Positive Cash Fund Balances</b>	
General	\$1,505,145
Streets	404,424
State Highway	91,609
Fire Operation and Maintenance	39,428
Fire/EMS	659,701
2000 Levy	611,470
Police	120,218
Motor Vehicle and License	170,812
DARE Grant	2,394
Enforcement and Education	11,711
2005 Fire Levy	73,014
Court Technology	7,420
Park Improvement	580,890
Capital Improvement	1,449,350
Corridor 75 Park	367,106
Special Assessment Street Light	27,436
Water Fund	4,369,180
Sewer Fund	173,507
Storm Water	170,255
Garbage	91,712
Cemetery	32,312
Mound Cemetery	66,836
Long Street Trust	1,115
Law Enforcement Trust	7,838
Employee Flexible Spending	6,359
Taser	227
Fire Historic Preservation	7,271
Total Positive Cash Balances	<u>11,048,740</u>
Treasury Deficit	<u>\$0</u>

## City of Monroe - Butler County

### Report on the Termination of the City of Monroe Financial Planning and Supervision Commission

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Conclusion: Schedule II indicates that a fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code as of December 31, 2006. The aggregate of the positive fund cash balances did not exceed the treasury balance.

#### **Section 3 - Financial Plan Objectives**

We obtained a copy of the financial plan of the City and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Conform to statutes with respect to tax budgets and appropriations measures;
- 3) Do not issues debt obligations in excess of debt limits supported by appropriate certification by the City Manager and the County Auditor; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

#### **Section 4 - Financial Forecast**

Financial forecasting is an important management tool to assist the City in making sound financial decisions for avoiding fiscal crises in the future. A five-year forecast is required under 118.27(A)(4) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

#### **DISCLAIMER**

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

**APPENDIX A**

**City of Monroe  
Butler County**

**Financial Forecast**

**For the Years Ending December 31, 2007 Through December 31, 2011**

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# City of Monroe - Butler County

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# Mary Taylor, CPA

Auditor of State

Members of Council  
City of Monroe  
233 South Main Street  
Monroe, Ohio 45050

Based upon the requirement set forth in Section 118.27 (A)(4), Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures and changes in fund balances for those funds identified in Note 2 – Nature of Presentation which encompass the five years ending December 31, 2011. These statements are presented on the cash basis of accounting used by the City of Monroe rather than on generally accepted accounting principles. The City of Monroe's management is responsible for the forecast. Our responsibility is to determine whether the City has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material.

This report is intended solely for the use of the City of Monroe and the Financial Planning and Supervision Commission of Monroe and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 14, 2007

Local Government Services Section  
88 E. Broad St. / Sixth Floor / Columbus, OH 43215-3506  
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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**City of Monroe, Ohio**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2004 through 2006, Actual  
and Ending December 31, 2007 through 2011, Forecasted

**General Fund**

	2004 Actual	2005 Actual	2006 Actual
<b>Revenues:</b>			
Property Taxes	\$540,000	\$594,000	\$663,000
Intergovernmental	453,000	396,000	831,000
Income Tax	2,895,000	3,324,000	3,899,000
Other Local Taxes	173,000	187,000	195,000
Charges for Services	93,000	97,000	167,000
Fines, Licenses, and Permits	448,000	696,000	695,000
Interest	35,000	154,000	385,000
Other	33,000	265,000	30,000
<i>Total Revenues</i>	<u>4,670,000</u>	<u>5,713,000</u>	<u>6,865,000</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Personal services	1,011,000	1,016,000	0
Fringe Benefits	390,000	387,000	0
<i>Total Police</i>	<u>1,401,000</u>	<u>1,403,000</u>	<u>0</u>
Fire:			
Personal services	1,386,000	1,327,000	0
Fringe Benefits	538,000	503,000	0
<i>Total Fire</i>	<u>1,924,000</u>	<u>1,830,000</u>	<u>0</u>
Dispatch:			
Personal services	152,000	167,000	168,000
Fringe Benefits	33,000	33,000	43,000
Materials and Supplies	0	0	0
Contractual Services	0	0	0
<i>Total Dispatch</i>	<u>185,000</u>	<u>200,000</u>	<u>211,000</u>
<i>Total Security of Persons and Property</i>	<u>3,510,000</u>	<u>3,433,000</u>	<u>211,000</u>
General Government:			
Court:			
Personal services	47,000	47,000	27,000
Fringe Benefits	12,000	13,000	4,000
Materials and Supplies	0	1,000	2,000
Contractual Services	11,000	13,000	12,000
<i>Total Court</i>	<u>70,000</u>	<u>74,000</u>	<u>45,000</u>
Intergovernmental:			
Contractual Services	11,000	18,000	22,000
<i>Total Intergovernmental</i>	<u>\$11,000</u>	<u>\$18,000</u>	<u>\$22,000</u>

2007 Forecasted	2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$640,000	\$638,000	\$679,000	\$697,000	\$692,000
405,000	425,000	447,000	449,000	436,000
5,063,000	5,603,000	5,917,000	6,142,000	6,372,000
210,000	227,000	247,000	269,000	294,000
167,000	175,000	182,000	190,000	199,000
723,000	747,000	725,000	725,000	730,000
393,000	400,000	408,000	417,000	424,000
30,000	30,000	30,000	30,000	30,000
<u>7,631,000</u>	<u>8,245,000</u>	<u>8,635,000</u>	<u>8,919,000</u>	<u>9,177,000</u>

0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

193,000	214,000	224,000	236,000	248,000
56,000	74,000	77,000	84,000	92,000
3,000	3,000	3,000	3,000	3,000
22,000	23,000	23,000	24,000	24,000
<u>274,000</u>	<u>314,000</u>	<u>327,000</u>	<u>347,000</u>	<u>367,000</u>

<u>274,000</u>	<u>314,000</u>	<u>327,000</u>	<u>347,000</u>	<u>367,000</u>
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25,000	27,000	28,000	29,000	31,000
6,000	8,000	8,000	9,000	9,000
12,000	3,000	3,000	3,000	3,000
21,000	22,000	22,000	23,000	23,000
<u>64,000</u>	<u>60,000</u>	<u>61,000</u>	<u>64,000</u>	<u>66,000</u>

<u>20,000</u>	<u>21,000</u>	<u>21,000</u>	<u>22,000</u>	<u>22,000</u>
<u>\$20,000</u>	<u>\$21,000</u>	<u>\$21,000</u>	<u>\$22,000</u>	<u>\$22,000</u>

(continued)

**City of Monroe, Ohio**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2004 through 2006, Actual  
and Ending December 31, 2007 through 2011, Forecasted

**General Fund  
(Continued)**

	2004 Actual	2005 Actual	2006 Actual
<b>Administration:</b>			
Personal services	\$361,000	\$408,000	\$349,000
Fringe Benefits	104,000	109,000	113,000
Materials and Supplies	14,000	17,000	20,000
Contractual Services	100,000	114,000	88,000
Capital Outlay	18,000	23,000	17,000
<i>Total Administration</i>	<u>597,000</u>	<u>671,000</u>	<u>587,000</u>
<b>City Manager's Office</b>			
Personal services	0	0	0
Fringe Benefits	0	0	0
Materials and Supplies	7,000	4,000	3,000
Contractual Services	89,000	105,000	130,000
<i>Total City Manager's Office</i>	<u>96,000</u>	<u>109,000</u>	<u>133,000</u>
<b>Development</b>			
Personal services	0	0	0
Fringe Benefits	0	0	0
Materials and Supplies	1,000	0	0
Contractual Services	359,000	537,000	559,000
<i>Total Development</i>	<u>360,000</u>	<u>537,000</u>	<u>559,000</u>
<b>Council</b>			
Personal services	15,000	15,000	33,000
Fringe Benefits	3,000	2,000	20,000
Materials and Supplies	0	0	1,000
Contractual Services	0	8,000	10,000
<i>Total Council</i>	<u>18,000</u>	<u>25,000</u>	<u>64,000</u>
<b>Finance and Accounting</b>			
Personal services	0	0	0
Fringe Benefits	0	0	0
Materials and Supplies	0	0	0
Contractual Services	122,000	116,000	119,000
<i>Total Finance and Accounting</i>	<u>122,000</u>	<u>116,000</u>	<u>119,000</u>
<b>Tax</b>			
Personal services	0	0	0
Fringe Benefits	0	0	0
Materials and Supplies	8,000	8,000	7,000
Contractual Services	155,000	68,000	177,000
<i>Total Tax</i>	<u>163,000</u>	<u>76,000</u>	<u>184,000</u>
<i>Total General Government</i>	<u>\$1,437,000</u>	<u>\$1,626,000</u>	<u>\$1,713,000</u>

2007 Forecasted	2008 Forecasted	2009 Forecasted	2010 Forecasted	2011 Forecasted
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
26,000	26,000	27,000	28,000	28,000
139,000	143,000	146,000	150,000	154,000
50,000	50,000	50,000	50,000	50,000
<u>215,000</u>	<u>219,000</u>	<u>223,000</u>	<u>228,000</u>	<u>232,000</u>
64,000	67,000	71,000	74,000	78,000
14,000	17,000	17,000	18,000	20,000
7,000	7,000	7,000	8,000	8,000
143,000	147,000	151,000	154,000	158,000
<u>228,000</u>	<u>238,000</u>	<u>246,000</u>	<u>254,000</u>	<u>264,000</u>
111,000	177,000	186,000	195,000	205,000
30,000	58,000	62,000	67,000	74,000
0	2,000	2,000	2,000	2,000
611,000	628,000	651,000	672,000	697,000
<u>752,000</u>	<u>865,000</u>	<u>901,000</u>	<u>936,000</u>	<u>978,000</u>
33,000	33,000	33,000	33,000	33,000
12,000	15,000	15,000	17,000	18,000
2,000	2,000	2,000	2,000	2,000
3,000	4,000	5,000	6,000	7,000
<u>50,000</u>	<u>54,000</u>	<u>55,000</u>	<u>58,000</u>	<u>60,000</u>
73,000	77,000	81,000	85,000	89,000
17,000	21,000	22,000	23,000	25,000
1,000	1,000	1,000	1,000	1,000
143,000	147,000	150,000	154,000	158,000
<u>234,000</u>	<u>246,000</u>	<u>254,000</u>	<u>263,000</u>	<u>273,000</u>
118,000	160,000	168,000	177,000	185,000
35,000	41,000	42,000	47,000	53,000
12,000	12,000	13,000	13,000	13,000
100,000	126,000	126,000	127,000	128,000
<u>265,000</u>	<u>339,000</u>	<u>349,000</u>	<u>364,000</u>	<u>379,000</u>
<u>\$1,828,000</u>	<u>\$2,042,000</u>	<u>\$2,110,000</u>	<u>\$2,189,000</u>	<u>\$2,274,000</u>

(continued)

**City of Monroe, Ohio**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2004 through 2006, Actual  
and Ending December 31, 2007 through 2011, Forecasted

**General Fund**

	2004 Actual	2005 Actual	2006 Actual
Public Works:			
Grounds and Facilities:			
Personal services	\$0	\$0	\$39,000
Fringe Benefits	0	0	12,000
Materials and Supplies	2,000	2,000	6,000
Contractual Services	43,000	97,000	118,000
Capital Outlay	8,000	0	0
<i>Total Grounds and Facilities</i>	<u>53,000</u>	<u>99,000</u>	<u>175,000</u>
Transportation:			
Personal services	295,000	292,000	0
Fringe Benefits	99,000	98,000	0
Materials and Supplies	0	6,000	0
Contractual Services	23,000	0	0
<i>Total Transportation</i>	<u>417,000</u>	<u>396,000</u>	<u>0</u>
<i>Total Public Works</i>	<u>470,000</u>	<u>495,000</u>	<u>175,000</u>
<i>Total Expenditures</i>	<u>5,417,000</u>	<u>5,554,000</u>	<u>2,099,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(747,000)</u>	<u>159,000</u>	<u>4,766,000</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	526,000	611,000	23,000
Transfers Out	(76,000)	(736,000)	(3,825,000)
Sale of Capital Assets	0	0	8,000
<i>Total Other Financing Sources (Uses)</i>	<u>450,000</u>	<u>(125,000)</u>	<u>(3,794,000)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(297,000)</u>	<u>34,000</u>	<u>972,000</u>
<i>Beginning Cash Balance</i>	<u>796,000</u>	<u>499,000</u>	<u>533,000</u>
<i>Ending Cash Balance</i>	<u>\$499,000</u>	<u>\$533,000</u>	<u>\$1,505,000</u>

See accompanying summary of significant forecast assumptions and accounting policies  
See accountant's report

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>	<u>Forecasted</u>
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
10,000	10,000	11,000	11,000	11,000
180,000	185,000	189,000	194,000	199,000
<u>10,000</u>	<u>10,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
<u>200,000</u>	<u>205,000</u>	<u>211,000</u>	<u>216,000</u>	<u>221,000</u>
42,000	44,000	46,000	49,000	51,000
18,000	40,000	45,000	48,000	52,000
1,000	1,000	1,000	1,000	1,000
52,000	53,000	55,000	56,000	57,000
<u>113,000</u>	<u>138,000</u>	<u>147,000</u>	<u>154,000</u>	<u>161,000</u>
<u>313,000</u>	<u>343,000</u>	<u>358,000</u>	<u>370,000</u>	<u>382,000</u>
<u>2,415,000</u>	<u>2,699,000</u>	<u>2,795,000</u>	<u>2,906,000</u>	<u>3,023,000</u>
<u>5,216,000</u>	<u>5,546,000</u>	<u>5,840,000</u>	<u>6,013,000</u>	<u>6,154,000</u>
23,000	23,000	23,000	23,000	23,000
(3,694,000)	(5,655,000)	(5,041,000)	(5,601,000)	(6,272,000)
0	0	0	0	0
<u>(3,671,000)</u>	<u>(5,632,000)</u>	<u>(5,018,000)</u>	<u>(5,578,000)</u>	<u>(6,249,000)</u>
1,545,000	(86,000)	822,000	435,000	(95,000)
<u>1,505,000</u>	<u>3,050,000</u>	<u>2,964,000</u>	<u>3,786,000</u>	<u>4,221,000</u>
<u>\$3,050,000</u>	<u>\$2,964,000</u>	<u>\$3,786,000</u>	<u>\$4,221,000</u>	<u>\$4,126,000</u>

**City of Monroe, Ohio**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2004 through 2006, Actual  
and Ending December 31, 2007 through 2011, Forecasted

**Police Special Revenue Fund**

	2004	2005	2006
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues:</b>			
Property Taxes	\$427,000	\$468,000	\$501,000
Intergovernmental	68,000	65,000	56,000
Charges for Services	196,000	116,000	203,000
Other	0	0	9,000
<i>Total Revenues</i>	<u>691,000</u>	<u>649,000</u>	<u>769,000</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Personal Services	0	0	1,025,000
Fringe Benefits	0	0	369,000
Materials and Supplies	64,000	75,000	96,000
Contractual Services	194,000	161,000	153,000
Capital Outlay	40,000	48,000	102,000
<i>Total Expenditures</i>	<u>298,000</u>	<u>284,000</u>	<u>1,745,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>393,000</u>	<u>365,000</u>	<u>(976,000)</u>
<b>Other Financing Sources:</b>			
Transfers In	0	35,000	1,066,000
Sale of Capital Assets	0	0	6,000
<i>Total Other Financing Sources</i>	<u>0</u>	<u>35,000</u>	<u>1,072,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	393,000	400,000	96,000
<i>Beginning Cash Balance (Deficit)</i>	<u>(769,000)</u>	<u>(376,000)</u>	<u>24,000</u>
<i>Ending Cash Balance (Deficit)</i>	<u><u>(\$376,000)</u></u>	<u><u>\$24,000</u></u>	<u><u>\$120,000</u></u>

See accompanying summary of significant forecast assumptions and accounting policies  
See accountant's report



<u>2007</u> <u>Forecasted</u>	<u>2008</u> <u>Forecasted</u>	<u>2009</u> <u>Forecasted</u>	<u>2010</u> <u>Forecasted</u>	<u>2011</u> <u>Forecasted</u>
\$460,000	\$450,000	\$442,000	\$453,000	\$437,000
67,000	83,000	99,000	100,000	83,000
208,000	213,000	218,000	223,000	228,000
0	0	0	0	0
<u>735,000</u>	<u>746,000</u>	<u>759,000</u>	<u>776,000</u>	<u>748,000</u>
1,161,000	1,298,000	1,464,000	1,571,000	1,665,000
422,000	560,000	635,000	702,000	772,000
133,000	137,000	140,000	144,000	147,000
271,000	278,000	285,000	292,000	299,000
100,000	200,000	200,000	200,000	200,000
<u>2,087,000</u>	<u>2,473,000</u>	<u>2,724,000</u>	<u>2,909,000</u>	<u>3,083,000</u>
<u>(1,352,000)</u>	<u>(1,727,000)</u>	<u>(1,965,000)</u>	<u>(2,133,000)</u>	<u>(2,335,000)</u>
1,252,000	1,727,000	1,965,000	2,133,000	2,335,000
0	0	0	0	0
<u>1,252,000</u>	<u>1,727,000</u>	<u>1,965,000</u>	<u>2,133,000</u>	<u>2,335,000</u>
(100,000)	0	0	0	0
<u>120,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

**City of Monroe, Ohio**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2004 through 2006, Actual  
and Ending December 31, 2007 through 2011, Forecasted

**Fire Special Revenue Fund**

	2004 Actual	2005 Actual	2006 Actual
<b>Revenues:</b>			
Property Taxes	\$1,172,000	\$1,272,000	\$1,416,000
Intergovernmental	106,000	104,000	152,000
Charges for Services	468,000	511,000	506,000
Interest	4,000	22,000	15,000
Other	13,000	1,000	0
<i>Total Revenues</i>	<u>1,763,000</u>	<u>1,910,000</u>	<u>2,089,000</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Fire:			
Personal Services	0	0	1,367,000
Fringe Benefits	0	0	624,000
Materials and Supplies	62,000	97,000	79,000
Contractual Services	262,000	297,000	268,000
Capital Outlay	27,000	42,000	54,000
<i>Total Fire Department</i>	<u>351,000</u>	<u>436,000</u>	<u>2,392,000</u>
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Debt Service</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures</i>	<u>351,000</u>	<u>436,000</u>	<u>2,392,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,412,000</u>	<u>1,474,000</u>	<u>(303,000)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	437,000	0	1,317,000
Transfers Out	(1,168,000)	(394,000)	(872,000)
Proceeds from Capital Lease	0	0	560,000
<i>Total Other Financing Sources (Uses)</i>	<u>(731,000)</u>	<u>(394,000)</u>	<u>1,005,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	681,000	1,080,000	702,000
<i>Beginning Cash Balance (Deficit)</i>	<u>(1,080,000)</u>	<u>(399,000)</u>	<u>681,000</u>
<i>Ending Cash Balance (Deficit)</i>	<u>(\$399,000)</u>	<u>\$681,000</u>	<u>\$1,383,000</u>

See accompanying summary of significant forecast assumptions and accounting policies  
See accountant's report

<u>2007</u> <u>Forecasted</u>	<u>2008</u> <u>Forecasted</u>	<u>2009</u> <u>Forecasted</u>	<u>2010</u> <u>Forecasted</u>	<u>2011</u> <u>Forecasted</u>
\$993,000	\$981,000	\$971,000	\$997,000	\$978,000
139,000	169,000	198,000	199,000	169,000
547,000	577,000	609,000	643,000	680,000
12,000	12,000	13,000	13,000	13,000
0	0	0	0	0
<u>1,691,000</u>	<u>1,739,000</u>	<u>1,791,000</u>	<u>1,852,000</u>	<u>1,840,000</u>
1,555,000	1,746,000	1,875,000	1,980,000	2,076,000
675,000	857,000	917,000	1,002,000	1,091,000
103,000	106,000	109,000	111,000	114,000
347,000	356,000	365,000	374,000	383,000
759,000	300,000	300,000	50,000	50,000
<u>3,439,000</u>	<u>3,365,000</u>	<u>3,566,000</u>	<u>3,517,000</u>	<u>3,714,000</u>
68,000	72,000	76,000	79,000	84,000
29,000	25,000	21,000	18,000	13,000
<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>	<u>97,000</u>
<u>3,536,000</u>	<u>3,462,000</u>	<u>3,663,000</u>	<u>3,614,000</u>	<u>3,811,000</u>
<u>(1,845,000)</u>	<u>(1,723,000)</u>	<u>(1,872,000)</u>	<u>(1,762,000)</u>	<u>(1,971,000)</u>
757,000	1,859,000	2,011,000	1,824,000	1,971,000
(275,000)	(136,000)	(139,000)	(62,000)	0
0	0	0	0	0
<u>482,000</u>	<u>1,723,000</u>	<u>1,872,000</u>	<u>1,762,000</u>	<u>1,971,000</u>
(1,363,000)	0	0	0	0
<u>1,383,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

**City of Monroe, Ohio**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2004 through 2006, Actual  
and Ending December 31, 2007 through 2011, Forecasted

**Bond Retirement Debt Service Fund**

	<u>2004</u> Actual	<u>2005</u> Actual	<u>2006</u> Actual
<b>Revenues:</b>			
Special Assessments	\$155,000	\$162,000	\$162,000
<i>Total Revenues</i>	<u>155,000</u>	<u>162,000</u>	<u>162,000</u>
<b>Expenditures:</b>			
Debt Services:			
Principal Retirement	84,000	484,000	505,000
Interest and Fiscal Charges	471,000	365,000	353,000
<i>Total Expenditures</i>	<u>555,000</u>	<u>849,000</u>	<u>858,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(400,000)</u>	<u>(687,000)</u>	<u>(696,000)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	657,000	668,000	2,082,000
Transfers Out	0	(520,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>657,000</u>	<u>148,000</u>	<u>2,082,000</u>
<i>Excess of Revenues and Other Financing Sources Over     (Under) Expenditures and Other Financing Uses</i>	257,000	(539,000)	1,386,000
<i>Beginning Cash Balance (Deficit)</i>	<u>(1,104,000)</u>	<u>(847,000)</u>	<u>(1,386,000)</u>
<i>Ending Cash Balance (Deficit)</i>	<u>(\$847,000)</u>	<u>(\$1,386,000)</u>	<u>\$0</u>

See accompanying summary of significant forecast assumptions and accounting policies  
See accountant's report

<u>2007</u> <u>Forecasted</u>	<u>2008</u> <u>Forecasted</u>	<u>2009</u> <u>Forecasted</u>	<u>2010</u> <u>Forecasted</u>	<u>2011</u> <u>Forecasted</u>
<u>\$160,000</u>	<u>\$165,000</u>	<u>\$139,000</u>	<u>\$139,000</u>	<u>\$139,000</u>
<u>160,000</u>	<u>165,000</u>	<u>139,000</u>	<u>139,000</u>	<u>139,000</u>
<u>511,000</u>	<u>527,000</u>	<u>518,000</u>	<u>538,000</u>	<u>569,000</u>
<u>337,000</u>	<u>321,000</u>	<u>303,000</u>	<u>284,000</u>	<u>264,000</u>
<u>848,000</u>	<u>848,000</u>	<u>821,000</u>	<u>822,000</u>	<u>833,000</u>
<u>(688,000)</u>	<u>(683,000)</u>	<u>(682,000)</u>	<u>(683,000)</u>	<u>(694,000)</u>
<u>688,000</u>	<u>683,000</u>	<u>682,000</u>	<u>683,000</u>	<u>694,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>688,000</u>	<u>683,000</u>	<u>682,000</u>	<u>683,000</u>	<u>694,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Monroe, Ohio  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2007 through 2011

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**Note 1 – The City**

The City of Monroe (the “City”) is located in Butler County, Ohio, midway between Cincinnati and Dayton and has a population of approximately 10,200. The City is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own charter which provides for a Council/Manager form of government. 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 and Law Director.

On August 12, 2004, the Auditor of State’s office declared the City of Monroe to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the City Manager (designee of the Mayor), a Council member, three individuals whose residency or principal place of business is within the City, and a designee from both the State Treasurer’s Office and the Office of Budget and Management. This Commission is required to adopt a financial recovery plan for the City. Once the plan has been adopted, the City’s discretion is limited in that all financial activity of the City must be in accordance with the plan.

The City of Monroe includes departments in the following areas: police and fire protection, street maintenance and repair, planning and zoning, parks and recreation, water and sewer, and community development. The Council and the City Manager have direct responsibility for these departments and supervise the staff essential to maintaining these functions.

**Note 2 – Nature of Presentation**

This financial forecast presents, to the best of the City’s knowledge and belief, the expected revenues and expenditures and changes in fund balances for the forecast period. Accordingly, the forecast reflects the City’s judgment, as of June 14, 2007, the date of the forecast, the expected conditions, and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the City. These funds include:

General Fund – This fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Police Fund – This fund accounts for property taxes levied, charges for services, and other revenue received to maintain the operational and capital needs of the City’s police department.

Fire Fund – This fund accounts for property taxes levied for payment of general operating expenditures and capital costs of the City’s fire department. Included in the Fire fund are the Fire Operation/Maintenance, Fire 1989 Levy, Fire 2000 Levy, and Fire 2005 Levy funds.

Bond Retirement Fund – This fund accounts for the resources that are used for payment of principal and interest and fiscal charges on general obligation debt and special assessment debt.

City of Monroe, Ohio  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2007 through 2011

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**Note 3 – Summary of Significant Accounting Policies**

**A. Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts, disbursements and encumbrances, which is consistent with the budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the City is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**B. Fund Accounting**

The City maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**General Fund**

The General 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 disbursed or transferred in accordance with Ohio Law.

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to disbursements for specified purposes.

**Debt Service Funds**

Debt service funds are used to account for financial resources used to pay principal and interest on long-term debt.

**Capital Projects Funds**

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

**Proprietary Funds**

**Enterprise Funds**

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

City of Monroe, Ohio  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2007 through 2011

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Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution 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.

Tax Budget – A budget of estimated cash receipts and disbursements is submitted to the Butler County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the succeeding year.

Estimated Resources – The county budget commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any funds 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 annual appropriation measure.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the City. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances – The City uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.



City of Monroe, Ohio  
 Summary of Significant Accounting Policies and Forecast Assumptions  
 For the Years Ending December 31, 2007 through 2011

**Note 4 – General Revenue Assumptions – All Funds**

**A. Property Taxes**

Property Tax revenues consist of real property, public utility real and personal property, manufactured home and tangible personal property taxes. The City may request advances from the Butler County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the City are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues. The City uses property tax levies to finance general operations and police and fire operations.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the City for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”. Beginning in 2006, the State of Ohio eliminated the ten percent rollback on commercial and industrial real property. This change increased real property taxes collected against commercial and industrial property.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise real property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2005 for taxes collected in 2006. The next triennial update will take place in 2008 for taxes collected in 2009. Based on past years, the City anticipates a three percent increase each year in real property assessed valuation. The City’s assessed values upon which property tax receipts were based for the current and last three years are as follows:

Class of Property	2004	2005	2006	2007
Real Property:				
Residential and Agriculture	\$135,050,870	\$150,099,930	\$170,772,510	\$185,821,220
Commercial and Industrial	68,797,240	72,158,590	73,732,390	81,853,840
Public Utility Personal Property	16,622,390	16,942,860	17,016,940	17,080,040
Tangible Personal Property	39,277,088	42,721,652	43,676,631	38,248,035
Total Assessed Value	<u>\$259,747,588</u>	<u>\$281,923,032</u>	<u>\$305,198,471</u>	<u>\$323,003,135</u>

The property tax revenues are generated from several levies. The levy type, the fund in which the proceeds are received, and the full tax rate are as follows:

Levy Type	Fund	Last Year of Collection	Butler County Total Rate (Per \$1,000 of Assessed Valuation)	Warren County Total Rate (Per \$1,000 of Assessed Valuation)
Inside Millage	General	n/a	\$2.32	\$1.66
Voted Levies:				
Operating	Police	Continuing	2.50	2.50
Operating	Fire 1989 Levy	Continuing	2.50	2.50
Operating	Fire 2005 Levy	Continuing	2.00	2.00
Total			<u>\$9.32</u>	<u>\$8.66</u>

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Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. For all voted levies except debt levies, increases in revenues are restricted to amounts generated from new construction. Debt levies are intended to generate a set revenue amount annually. The revenue generated by debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural real property and commercial/industrial real property. Reduction factors are not applied to inside millage (an unvoted levy) nor to tangible personal or public utility personal property levy rates. The effective residential and agricultural real property tax rates and the effective commercial and industrial real property tax rates for the current and last three years are as follows:

Levy Type	Full Tax Rate	Effective Rates for Collection Years							
		Residential and Agricultural				Commercial and Industrial			
		2004	2005	2006	2007	2004	2005	2006	2007
Inside Millage									
Butler County	2.3200	2.3200	2.3200	2.3200	2.3200	2.3200	2.3200	2.3200	2.3200
Warren County	1.6600	1.6600	1.6600	1.6600	1.6600	1.6600	1.6600	1.6600	1.6600
Outside Millage									
Police	2.5000	1.1518	1.1332	1.0514	1.0255	2.1490	2.1466	2.1556	2.1176
Fire 1989 Levy	2.5000	1.1518	1.1332	1.0514	1.0255	2.1490	2.1466	2.1556	2.1176
Fire 2005 Levy	2.0000	0.0000	0.0000	1.8557	1.8101	0.0000	0.0000	2.0000	1.9647

**Tangible Personal Property:** Tangible Personal Property taxes have had several changes in the past several years. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Effective for tax years 2005 and 2006, the assessment rate on inventory was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it was completely phased out regardless of the growth in collections.

Beginning in 2006, House Bill 66 phased out, over a four year period, tangible personal property tax on most businesses' inventory, manufacturing machinery and equipment, and furniture and fixtures, by reducing the assessment rate on the property each year. This change supersedes the changes and phase-out periods addressed above. No tangible personal property taxes will be levied or collected in 2009. Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The State of Ohio will reimburse the City for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations (see Intergovernmental Revenue below). Once the phase out is complete, the annual lost of tangible personal property tax revenue, based on 2005 collections, will be approximately \$110,000 in the General Fund, \$122,000, in the Police Fund and \$243,000 in the Fire Fund.

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***Real Property:*** Real Property Taxes are expected to increase due to the triennial update scheduled in 2008 and due to new construction within the City. The City has received plans from developers that detail the number of new homes and commercial property to be built per year.

The increases in Real Property Taxes factored in with the phase out of the Tangible Personal Property Tax caused Property Tax Revenues to slightly increase or decrease during the forecasted period.

**B. Intergovernmental Revenues**

Intergovernmental Revenues include local government monies, local government revenue assistance, and property tax allocations for rollback, homestead and tangible personal property. The local government and local government revenue assistance funds are distributed monthly by the State to the City and by the county auditor to the City. The property tax allocations for rollbacks, homestead and tangible personal property are received from the State and are based on information provided by the county auditor. Several of the allocations are being eliminated during the forecasted period.

Beginning in 2006, the State reimburses the City for lost revenue due to the phase out of tangible personal property tax. In the first five years, the City will be reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by House Bill 66. Over the next seven years, the reimbursements are phased out. The reimbursement will be made for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the City is only reimbursed for the difference between the amounts that would have been received under the prior law and amounts actually received as the phase-outs in House Bill 66 are implemented.

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the City for the loss of real property taxes caused by the homestead and rollback tax relief programs. In 2006, the State eliminated the ten percent rollback on commercial and industrial real property.

The State exempts the first \$10,000 in personal property from taxation. The State reimburses the City for the lost revenue. In 2004, the State began to phase out the reimbursement by 10 percent each year. Under House Bill 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October 2008.

Section 503.12(B) of House Bill 66 (126<sup>th</sup> General Assembly) established a Task Force to study potential sources of State funding for the local government and the local government revenue assistance programs that have the capacity for growth and stability in the funding levels and that considers the changes to the Ohio tax code. House Bill 119 (127<sup>th</sup> General Assembly), extended the freeze on local government and local government revenue assistance funds through calendar year 2007 equal to the amounts funded during calendar year 2006. Beginning in calendar year 2008, the local government and the local government revenue assistance programs will be consolidated into one local government fund. Also beginning in 2008, funds will be distributed based on a designated percentage of General Revenue Fund tax revenues. The forecast assumes the continuation of the local government and local government revenue assistance programs at the same amount as received in prior years as the State General Revenue Fund is expected to grow less the one percent annually.

Other intergovernmental revenue consists of inheritance tax, cigarette tax, and liquor permits. Based upon historical data, cigarette tax and liquor permits revenue will remain constant throughout the forecasted period. Inheritance tax is uncertain and is therefore not included in the forecasted revenue.

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**Note 5 – Specific Fund Revenue Assumptions**

**A. General Fund**

**Municipal Income Tax**

The City levies a municipal income tax of one and a half percent on all income earned within the City as well as income of residents earned outside the City. The City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate. The entire amount of the tax is voter approved. 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 and return annually.

All income tax money is receipted into the General Fund and 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. Income tax revenues are expected to increase throughout the forecasted period based on several factors. The City's population is increasing which increases the tax base by those new residents who work in the City. Commercial development is also increasing with new businesses and industrial parks are being developed which also increases the tax base. Several new businesses are expected to open in 2008 causing a large increase in income tax revenue during that year.

**Other Local Taxes**

Other Local Taxes consists of hotel/motel tax and cable franchise fees. Based upon historical data, hotel/motel tax is expected to remain constant throughout the forecast period. Cable franchise fees are anticipated to increase approximately 13 percent each year of the forecasted period based upon historical data.

**Charges for Services**

Charges for Services receipts are generated from cell phone tower rental and zoning fees. The City receives cell phone tower rent from Verizon and Nextel. The City has historically received \$14,400 from Verizon and this amount is anticipated to remain constant throughout the forecasted period. The City is anticipating a four percent increase in rent per year from Nextel.

There was a large increase in zoning fees in 2006 due to new development within the City. Based upon current plans for future development within the City, charges for services related to zoning fees are expected to increase approximately five percent per year of the forecasted period.

**Fines, Licenses and Permits**

Fines, Licenses and Permits receipts represent building permits and police fines. Building permits are increasing due to new development within the City. The City has received plans from developers that detail the number of new homes and commercial property to be built per year. During 2008 the City anticipates several new businesses to open, including an outlet mall, causing the projected revenue increase.

Police fines are estimated to increase approximately two percent per year of the forecasted period. The City believes this is a conservative estimate considering the addition of new police officers during the forecasted period.

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Interest

Interest receipts are anticipated to increase throughout the forecasted period as fund balances increase and more money is available to invest. The City's only investment is STAROhio.

Other

Other revenue is immaterial to this fund and is anticipated to remain constant throughout the forecast period.

Transfers In

Transfers In during the forecasted period are from the Cemetery Fund to pay personal services for the Transportation employees who spend some of there time working on the cemetery grounds.

B. Police Fund

Charges for Services

Charges for Services consists of revenue received from Lemon Township as a result of an agreement in which the City of Monroe provides police protection services to the Township, revenue received from Monroe City School District for police services, and other miscellaneous services such as charges for copies of police reports. The City entered into a new agreement with Lemon Township for 2007. The contract is anticipated to be renewed each year of the forecasted period with a three percent increase in charges every year based upon increases for current contracts for similar services. The Monroe City School District has historically paid the City approximately \$32,000 in charges for services and that revenue is expected to remain constant throughout the forecasted period. Miscellaneous charges for services are also expected to remain constant throughout the forecasted period.

Transfers In

Transfers In during the forecasted period are operational subsidies from the General Fund. The amount of Transfers In is forecasted to maintain a fund balance of \$20,000 each year.

C. Fire Fund

Charges for Services

Charges for Services consists of revenue received from Lemon Township as a result of an agreement in which the City of Monroe provides fire and emergency medical services to the Township as well as charges for emergency medical transportation services. The City entered into a new agreement with Lemon Township in 2007 which expires in 2009. The current agreement provides for a three percent increase in charges for services each year, therefore a three percent increase has been assumed for each year of the forecasted period. Based upon historical data, the emergency medical transportation services are anticipated to increase approximately six percent per year.

Interest

Interest receipts are anticipated to remain stable throughout the forecast period.

Transfers In

Transfers In during the forecasted period are operational subsidies from the General Fund. The amount of Transfers In is the amount needed to maintain a fund balance of \$20,000 each year.

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D. Bond Retirement Fund

Special Assessments

Special Assessment revenue is derived from assessments levied for the following projects: Waterline Extension I, Waterline Extension II, Garver Road, American Way, and Limited Edition. Each year the City assesses the property owners an amount equal to the required principal and interest debt payments.

Transfers In

Transfers In during the forecasted period are from the General Fund and the Fire Fund in amounts needed to make the required general obligation debt principal and interest payments. The Transfers In from the Fire Fund are to pay a portion of the various purpose bonds that paid for a fire station.

**Note 6 – General Expenditure Assumptions – All Funds**

A. Personal Services

Personal Services include salaries and wages paid to employees and elected officials of the City. All employees receive their compensation on a bi-weekly basis. City Council, by ordinance sets the salary and hourly rates for elected officials and employees.

The City has labor agreements with the Fraternal Order of Police, Ohio Labor Council, INC, Monroe Firefighters IAFF Local 3824, and the Truck Drivers, Chauffeurs and Helpers, Public Employees, Construction Division, Airlines-Greater Cincinnati/Northern Kentucky Airport and Miscellaneous Jurisdiction, Greater Cincinnati, Ohio Local Union Number 100, and affiliate of the International Brotherhood of Teamsters. The Police and Firefighters agreements do not give any rate or step increases while the City is in fiscal emergency and allow for a two percent increase once the City is moved from fiscal emergency to fiscal watch and a three percent increase once the City is removed from fiscal watch. The agreement with the Teamsters does not give any increase during the first year of the contract and allows for a two percent increase on July 1, 2007 and a three percent increase on July 1, 2008. Step increases will be reinstated starting July 1, 2007. The police agreement expires on May 30, 2008, the firefighters' agreement expires on December 31, 2007 and the Teamsters agreement expires on June 30, 2009.

The City Council includes seven elected members. Council members are paid \$1,800, the Vice Mayor is paid \$2,100 and the Mayor is paid \$4,200 per year, payable in equal monthly installments from the General Fund.

The General Fund has administrative employees in the City Manager, Dispatch, Finance, Development, and Tax departments. A two percent increase was given to these employees beginning January 1, 2007 and it is anticipated that all employees will be given a three percent increase once the City is removed from fiscal emergency. For 2008 through 2011, the City anticipates these employees receiving a two percent cost-of-living increase each year, and a three percent increase based on performance each year. The City anticipates hiring one new employee in the Dispatch department during 2007 and one new employee in both the Development and Tax departments during 2008.

A portion of the Transportation department employees are paid from the General Fund. These employees are covered by the labor agreement with the Teamsters. It is anticipated that a three percent increase will be given and step increases will continue for employees each year beginning June 1, 2009, the same increase given in the last year of the current labor agreement.

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During 2004 and 2005 the Police and Fire departments personal services were paid from the General Fund. Starting in 2006 the Police and Fire departments personal services were paid from their respected funds. Prior to 2007, personal services for the City Manager's Office, Development, Finance and Accounting, and Tax departments were paid from the Administration departments. Beginning in 2007 the City began recording personal service expenses in the appropriate department. During 2006, the City paid all Transportation expenses in the Street Fund, but beginning in 2007 moved these expenditures back into the Transportation department.

All employees of the Police department, except for three administrative employees, are covered by the labor agreements. All employees were given a two percent increase beginning January 1, 2007, except for the sergeants who received four percent, and step increases were also reinstated. The department anticipates hiring four new officers during 2007 and four during 2008. The labor agreements expire on May 30, 2008, and the City anticipates increases of 10 percent in 2008, five percent in 2009 and 2010, and three percent in 2011. The large anticipated increases in 2008, 2009 and 2010 are due to salaries being frozen while the City was in fiscal emergency. The administrative employee's increases are anticipated to be the same as the administrative employees in the General Fund.

All employees of the Fire department, except for three administrative employees, are covered by the labor agreement. All employees were given a two percent increase beginning January 1, 2007, and step increases were also reinstated. The department anticipates hiring seven new employees during 2007. The labor agreement expires on December 31, 2007 and the City anticipates 10 percent increases in 2008 and 2009, and five percent in 2010 and 2011. The large anticipated increases are due to salaries being frozen while the City was in fiscal emergency. The administrative employees' increases are anticipated to be the same as the administrative employees in the General Fund.

#### B. Fringe Benefits

Fringe benefits include employer contributions to the State pension systems, health care benefits, life insurance, workers' compensation, Medicare, and other benefits arising from labor agreements.

All full-time employees, other than police and firefighters participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 9.00 percent of their annual-covered wages and the City is required to contribute 13.70 percent of annual-covered wages for 2006. Starting in 2007 both the employee and employer rates will increase annually. The employee share will be 9.50 percent in 2007 and 10.00 percent (the maximum) thereafter. The employer rate will be 13.85 percent in 2007 and 14.00 percent (the maximum) thereafter.

All full-time police and firefighters contribute to the Ohio Police and Fire Pension Fund (OP&F). OP&F provides retirement and disability benefits 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. Police and firefighters are required to contribute 10 percent of their annual-covered wages and the City is required to contribute 19.5 percent for police and 24 percent for firefighters of the annual-covered wages.

Salaried employees earn sick leave at the rate of one day for each full month of employment with the City. Hourly employees receive seven days of sick leave per year. City employees can receive payment of accrued sick leave up to 240 hours after 10 years of service with the City. City employees earn vacation based upon years of service. There is no limit on the amount of vacation time that can be accrued. Upon departure from City employment, an employee will be paid for unused vacation leave. Severance payments are made from the fund in which the employee is compensated.

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The City provides medical insurance benefits through United Healthcare, dental insurance benefits through the Dental Care Plus Group, vision insurance benefits through VSP, and life insurance through Anthem Life. The City does not anticipate an increase in vision or life insurance premiums over the forecasted period. Premiums for dental insurance are anticipated to increase two percent per year of the forecasted period. The City anticipates the medical insurance premiums to increase approximately 22 percent in 2008 due to the insurance carrier underbidding 2007 rates and a 15 percent increase each remaining year of the forecasted period based on industry trends. The City charges the premiums for medical benefits to the same fund and department as the individual's compensation.

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

**Note 7 – Specific Fund Expenditure Assumptions**

**A. General Fund**

Materials and Supplies

Materials and Supplies expenditures include uniforms, dues and subscriptions, and various office supplies. Materials and Supplies increased in 2007 due to the City being in a better financial condition to purchase supplies but are anticipated to remain stable over the remainder of the forecasted period.

Contractual Services

Contractual Services consist of utilities, liability insurance, and professional services. Contractual Services are anticipated to increase slightly each year of the forecast period due to inflation.

The City Manager's department expenditures consist of legal fees, information technology services, and development studies. The Development department expenditures include inspections fees. The City contracts with National Inspection Corporation to perform all building and safety inspections. These expenditures are expected to increase each year with the new residential and commercial development expected within the City. The Finance department expenditures include the accounting software support, GAAP services and audit fees.

Capital Outlay

Capital Outlay expenditures are anticipated to be \$50,000 each year for the purchase of computers and other miscellaneous administrative equipment that needs replaced.

Transfers Out

Transfers Out are made to the Police, Fire, Bond Retirement, Capital Improvement, and Special Assessment Street Light Funds.

**B. Police Fund**

Material and Supplies

Material and Supplies expenditures include gasoline, uniforms and various supplies and were appropriated at \$133,000 for 2007, an increase of \$37,000 from 2006. The increase was due the hiring of additional officers and the increase in gasoline prices. For the rest of the forecast period, expenditures are anticipated to increase due to inflation.



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Contractual Services

Contractual Services expenditures consist of utilities, communications, professional services and repairs and maintenance. Contractual Services are anticipated to increase slightly each year of the forecast period due to inflation. Contractual services were appropriated at \$271,000 for 2007, an increase of \$118,000 from 2006. The large increase was due to the City upgrading the communications system, including phone and security, starting in 2007. For the rest of the forecast period, expenditures are anticipated to increase due to inflation.

Capital Outlay

For 2007, Capital Outlay expenditures are expected to be \$100,000 and \$200,000 for 2008 through 2011. The City anticipates purchasing two police cruisers during 2007 and three police cruisers each year for 2008 through 2011. Also during 2008, the City anticipates replacing a detective car and a multipurpose van. During 2009 through 2011, the Police department also anticipates expanding and remodeling the current station, or building a satellite office to accommodate the new officers.

C. Fire Fund

Material and Supplies

Material and Supplies expenditures include gasoline, uniforms and various supplies and were appropriated at \$103,000 for 2007. Materials and Supplies increased in 2007 due to the City being in a better financial condition to purchase supplies but are anticipated to increase slightly each year due to inflation.

Contractual Services

Contractual services expenditures consist of utilities, communications, professional services and repairs and maintenance. Contractual Services are anticipated to increase slightly each year of the forecast period due to inflation.

Capital Outlay

Capital outlay expenditures are forecasted at \$759,000 for 2007, \$300,000 for 2008 and 2009, and \$50,000 for 2010 and 2011. During 2007 the Fire Department purchased a new fire truck and a car for the assistant chief. The City also anticipates refurbishing a fire truck during 2007. The Fire Department anticipates purchasing a new medic and other equipment during 2008 and 2009. No major purchases are expected during 2010 and 2011 other than miscellaneous equipment.

Debt Service

Debt service expenditures are for a lease purchase agreement the City entered into during 2006 for the purchase of a fire truck.

Transfers Out

Transfers out are made to the Bond Retirement Fund to pay a portion of the various purpose bonds that paid for a fire station.

D. Bond Retirement Fund

Debt Service

Debt service expenditures include principal and interest payments for special assessment debt as related to the Waterline I, Waterline II, Garver Road, American Way, and Limited Edition projects as well as various purpose general obligation debt.

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E. Other Funds

The City has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period. Within these funds, there are several capital projects fund where the City does and is planning various capital improvements throughout the City. In addition, there are certain funds that annually rely upon a subsidy from the General Fund to meet their obligations. These subsidies are reported as transfers out and have been addressed in Note 6.

The City has Water, Sewer, Garbage, Storm Water and Cemetery Enterprise funds. The City's Enterprise funds other than the Cemetery Fund are self-sufficient and do not require subsidies from the General Fund revenues. The City sets the rates charged to residents for Water, Garbage, and Storm Water. The Sewer rates are determined by Butler County annually. The City bills sewer on behalf of Butler County based on water usage per month. Collections are sent to Butler County monthly minus an administrative fee of \$1.50 per account. The Garbage rates are determined at the same time a new contract is entered into between a refuse collection provider and the City to ensure the contract and administrative costs are covered. The City is scheduled to do a Water rate study and Cemetery sales study later this year. The public works director is currently preparing an RFP for consulting services.



**Mary Taylor, CPA**  
Auditor of State

**CITY OF MONROE**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 9, 2007**