

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

SINGLE AUDIT REPORTS

for the year ended June 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
Monroe Local School District
231 Macready Avenue
Monroe, Ohio 45040

We have reviewed the *Independent Auditor's Report* of the Monroe Local School District, Butler County, prepared by Foxx & Company, for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 15, 2007

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

The Honorable Members of the Board of Education
Monroe Local School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

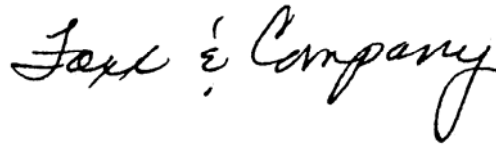
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider a material weakness. In a separate letter to the District's management dated December 15, 2006, we reported other matters related to internal control over financial reporting that we did not deem reportable conditions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-10409-001, 2006-10409-002 and 2006-10409-003. We reported other matters that we deemed immaterial, in a separate letter dated December 15, 2006, to the management of Monroe Local School District.

This report is intended solely for the information and use of management, the Board of Education, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jaxx & Company". The signature is written in black ink and is positioned to the right of the date and location information.

Cincinnati, Ohio
December 15, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Members of the Board of Education
Monroe Local School District

Compliance

We have audited the compliance of the Monroe Local School District, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to each of its major federal programs for the year ended June 30, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2006, and have issued our report thereon dated December 15, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Board of Education, the Ohio Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cincinnati, Ohio
December 15, 2006

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the fiscal year ended June 30, 2006**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal NonCash Receipts	Federal Expenditures	Federal Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Site Department of Education:						
National School Commodities	10.055	06-PU	\$ -	\$ 23,268	\$ -	\$ 23,268
National School Breakfast Program	10.553		19,207	-	19,207	
National School Lunch Program	10.555	LLP4-06	<u>126,511</u>	-	<u>126,512</u>	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>145,718</u>	<u>\$ 23,268</u>	<u>\$ 145,719</u>	<u>23,268</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through State Department of Education:						
Special Education Cluster:						
Grants to States Title VI-B	84.027	6B-SF0 5P	26,837		68,903	
Grants to States Title VI-B	84.027	6B-SF0 6P	320,131		285,128	
Special Education Access	84.027		43,418		49,055	
Vocational Education Act	84.027		10,000		5,301	
Preschool Grant	84.173	PG-SC 06P	<u>4,177</u>		<u>4,156</u>	
Total Special Education Cluster			<u>404,563</u>		<u>412,543</u>	
Title I Grants to Local Educational Agencies	84.010	C1-S1 06	128,575		136,091	
Title V (Innovative Ed)	84.298	C2-S1-06	4,647		4,647	
Safe and Drug Free Schools	84.186	DR-S1 05	-		1,866	
Safe and Drug Free Schools	84.186	DR-S1 06	<u>6,574</u>		<u>6,143</u>	
Total Safe and Drug Free Schools			6,574		8,009	
Class Size Reduction Grant	84.340	CR-S1 06	-		20,963	
Technology Literacy Challenge Fund Grant	84.318	TJ-S1 05	-		2,014	
Technology Literacy Challenge Fund Grant	84.318	TJ-S1 06	<u>2,339</u>		<u>2,392</u>	
Total Technology Literacy Challenge Fund Grant			2,339		4,406	
Improving Teacher Quality Enhancement State Grant	84.367	TR-S1 05	<u>39,829</u>		<u>35,080</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>586,527</u>	<u>-</u>	<u>621,739</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 732,245</u>	<u>\$ 23,268</u>	<u>\$ 767,458</u>	<u>\$ 23,268</u>

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
fiscal year ended June 30, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of Monroe Local school District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule of expenditures of Federal Awards at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2006, the District had no significant food commodities in inventory.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB Circular A-133 § .505
June 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Option	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for its major federal program?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for its major federal program?	No
<i>(d)(1)(v)</i>	Type of Major Program Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Special Education Grants to States CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A:>\$300,000
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB Circular A-133 § .505
June 30, 2006**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAAS

<i>Finding Number</i>	2006-10409-001
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Criteria - Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate.

Condition - As reflected in the budgetary statements and notes to the District's Comprehensive Annual Financial Report, the following funds had appropriations in excess of estimated resources and available balances for the fiscal year ended June 30, 2006:

Fund	Appropriations	Estimated Resources	Variance
General	\$13,743,673	\$12,226,666	\$(1,517,007)
Other Grant	50,608	47,725	(2,883)
Summer Intervention	16,086	13,554	(2,532)
Title VI-B	303,574	300,382	(3,192)
Title I	132,745	108,512	(24,233)
Drug-Free	4,795	3,218	(1,577)
EHA Preschool	8,978	7,512	(1,466)
Reducing Class Size	\$ 79,341	\$ 68,398	\$ (10,943)

Effect – The District's approved legal spending limit is in excess of its resources.

Cause – Procedures were not being followed to monitor and ensure that total appropriations do not exceed estimated revenues and obtain an amended certification of appropriations.

Recommendation - We recommend that the District not approve an appropriation measure until the county auditor files a certificate verifying that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Views of responsible officials and planned corrective actions -

See Corrective Action Plan on page 13.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB Circular A-133 § .505
June 30, 2006**

<i>Finding Number</i>	2006-10409-002
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Criteria - Ohio Revised Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Condition - As reflected in the budgetary statements and notes to the District's Comprehensive Annual Financial Report, the following funds had expenditures and encumbrances in excess of appropriations for the fiscal year ended June 30, 2006:

Fund	Expenditures & Encumbrances	Appropriations	Variance
Debt Service	\$ 3,037,888	\$ 1,357,325	\$ (1,680,563)
Public School Support	50,177	49,223	(954)
District Managed	172,898	146,741	(26,157)
Title VI-B Grant	444,582	303,041	(141,541)
Title I Grant	136,662	132,745	(3,917)
Title VI Grant	17,680	13,573	(4,107)
Drug-Free Grant	8,440	4,795	(3,645)
Permanent Improvement	\$ 356,871	\$ 144,853	\$ (212,018)

Effect – The District has exceeded its legal spending limit for the above funds.

Cause – The District is not following budgetary procedures to monitor expenditures, encumbrances, and appropriations.

Recommendation - We recommend that the District only expend money in funds after proper authorization and approval and implement budgetary procedures to closely monitor expenditures, encumbrances, and appropriations.

Views of responsible officials and planned corrective actions –

See Corrective Action Plan on page 13.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB Circular A-133 § .505
June 30, 2006**

<i>Finding Number</i>	2006-10409-003
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Criteria - Ohio Revised Code, Section 5705.10 states that money paid into a fund must be used only for the purposes for which such fund has been established.

Condition - As reflected in the budgetary statements and notes to the District's Comprehensive Annual Financial Report, the following funds had negative fund balances for the fiscal year ended June 30, 2006:

Fund	Balance
General	\$ (1,131,012)
Food Service	(15,093)
Educational Management Information Systems	(4,687)
Early Entry Programs	(2,730)
Summer Intervention	(7,420)
Miscellaneous State Grants	(549)
Title VI-B	(10,389)
Title I	(86,734)
Title VI	(1,928)
Miscellaneous Federal Grants	(277)
Building	\$ (1,621,444)

Effect - A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Cause - The District did not closely monitor each fund's budget versus expenditures in a timely manner.

Recommendation - We recommend that the District implement procedures to monitor expenditures for all funds and ensure that expenditures do not exceed the amounts appropriated.

Views of responsible officials and planned corrective actions -

See Corrective Action Plan on page 13.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB Circular A-133 § .505
June 30, 2006**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**STATUS OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2006**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-10409-001	Appropriations Exceeded Estimated Revenue	No	Reissued as Finding 2006-10409-001
2005-10409-002	Expenditures and encumbrances exceeded appropriations	No	Reissued as Finding 2006-10409-002

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
CORRECTIVE ACTION PLAN
for the year ended June 30, 2006**

<i>Finding Number</i>	Corrective Action Plan
2006-10409-001	The District has made drastic cuts in programs to address appropriation allocation for next year and will continue to monitor our progress annually to avoid these budgetary violations.
2006-10409-002	The District has made drastic cuts in programs to address appropriation allocation and year-end encumbrances for next year, and will continue to monitor our progress annually to avoid these budgetary violations.
2006-10409-003	<p>As described in Note 4 of the financial statements, and with the exception of the General Fund, the deficits in the various funds were created because of the recognition of accrued wages and benefits, and accounts payable at year end.</p> <p>The general fund deficit has been addressed by the fact that we have drastically reduced programs because of a significant shortfall in current revenues this year that was not anticipated in a timely manner.</p>

Contact Person: Sharron Moon
Date: February 16, 2007

Monroe Local School District Monroe, Ohio



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2006

Introductory Section

Monroe Local School District
Butler County, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Prepared By:
Monroe Local School District's
Treasurer's Office

Monroe Local School District
Butler County, Ohio
June 30, 2006

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***Monroe Local School District
Butler County, Ohio***

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***Monroe Local School District
Butler County, Ohio***

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Monroe Local Schools

a new tradition in excellence

Arnol Elam, Superintendent

Sharron Moon, Treasurer

231 Macready Avenue ♦ Monroe, Ohio 45050 ♦ phone (513) 539-2536 ♦ fax (513) 539-2648

December 19, 2006

Citizens of Monroe
Members of the School Board

We are pleased to submit the Monroe Local School's District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the District's organizational chart and 2005 certificates of achievement for excellence in financial reporting from the Government Finance Officers Association of the United States and Canada and Association of School Business Officials.
2. The Financial section includes management's discussion and analysis, the basic financial statements and the combining and individual fund financial statements and schedules, as well as the independent auditors' report on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the District for the past six years, as well as information on subjects such as overlapping governments and demographics.

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

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

The Reporting Entity and Services Provided

The District provides a full range of traditional and non-traditional educational programs and services. These services include, but are not limited to, elementary and secondary curriculum offerings at the general, college preparatory and career-technical levels in addition to numerous extracurricular and co-curricular activities. Rounding out these major services are adult and community education offerings, special education programs and community recreation facilities.

This report includes all funds of the District. The funds are used to account for the primary government's assets, liabilities, fund balances and results of operations (or revenues over/under expenses) for those activities.

Growth and Development

Monroe Local Schools encompass the City of Monroe and Lemon Township located in Butler County, just south of Middletown, Ohio. The city of Monroe is located about twenty miles north of Cincinnati and about thirty miles south of Dayton. It is situated between two counties-the northeast corner of Butler County and the western section of Warren County. The city has experienced substantial changes during the past decade. Population has gone from 4,372 in 1990 to 7,133 in 2000. In 1995, the city's population surpassed the 5,000 mark allowing Monroe to achieve city status. Monroe's population is currently estimated at 10,200 people in 2006.

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

The District and City Council have worked in collaboration on use of the school facilities. The agreement currently allows for use of the library, auditorium, cafeterias and gymnasiums for after-school programs and gives the City a place to use as a recreation and learning center for the community.

DISTRICT FOCUS

History of the District

The City of Monroe has a long history of dedication to education. In 1881, one of Ohio's first public high schools was opened in an unused room at the elementary school located on the site of the current Lemon-Monroe High School. The Lemon Township School District operated until 1954, when it was consolidated with the Middletown City School District and became the Middletown-Monroe City School District.

In September of 1999, the Ohio State Board of Education approved a resolution to create the Monroe Local School District by consolidating territory located within the Middletown City School District and the neighboring Lebanon City School District. After the State Board of Education's action, citizen committees were formed to lay the groundwork for Monroe residents to vote on the new District. More than 200 citizens developed the blueprint under which the District operates today.

On March 7, 2000, voters again gave overwhelming support to the establishment of the new school district with a 76% approval rate for the Monroe Local School District to split from the Middletown City School District. It became official in April of 2000, when the State Board of Education appointed the five-member Monroe Local School District Board of Education followed by the transfer of assets and liabilities in June of that year.

District Mission Statement

The mission of the Monroe Local School District is to provide for excellent educational development of our students in a secure, nurturing environment. We will provide comprehensive, innovative, and challenging

learning opportunities that will enable our students to become responsible, contributing members of society. We will provide for the growth and development of all district employees in an effort to contribute both to their personal enrichment, as well as district students. Our curriculum and programs will draw from the multiple strengths of our community, and will find support among a well-informed public.

Board of Education

The operations of the Monroe Local School District managed by the Board of Education (the Board) which is made up of five citizens who are elected by school District's voters to serve four-year terms. The Board is a body politic and corporate as defined by Ohio Revised Code Section 3313.02, and derives its authority from federal and state law. The Board's major function is to develop operating policies that will best service the needs of the students. In addition, the Board acts as the taxing authority, contracting body, the approver of the annual appropriations resolution and tax budget, as well as insuring that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars. The Board employs the Superintendent to execute policies and provide leadership to the staff. The Board also employs the Treasurer to act as Chief Financial Officer to maintain financial records and invest funds of the District as specified by Ohio law.

<u>Board Members</u>	<u>Term Ends December 31st of</u>
Chris Snyder President	2007
Jamie Pierce Vice President	2007
Thomas Birdwell	2009
Thomas Leeds	2009
Michael Irwin	2009

Enrollment

The 2005-2006 enrollments for the Monroe Local School District were 1,855 students.

Monroe Elementary School	(1-6)	958
Monroe Junior High School	(7-8)	320
Monroe Senior High School	(9-12)	577

According to the Ohio Department of Education, District enrollment is expected to increase over the next five years and succeeding years.

Enrollment Projections K-12 Total (Without Open Enrollment)

2006-07	2,057
2007-08	2,228
2008-09	2,403
2009-10	2,583
2010-11	2,771
2011-12	2,990

District Report Card

On the 2006 report card, Monroe Local School District received an effective rating having met 23 of 25 indicators. The District has improved its rating significantly during the last several years. This rating is given by the Ohio Department of Education based on student's performance on the achievement tests in the 3rd, 4th, 5th, 6th, 7th and 8th grades. The Ohio Graduation Tests in 10th grade, student attendance rate and the graduation rate.

This Ohio system uses three components to determine the District's designation:

State Indicators: A district meets a state indicator by all student groups scoring at or above the proficient level on tests. The two non-test indicators are graduation and attendance rates. Monroe met 23 of 25 indicators.

Performance Index Score: The performance index score reflects the achievement of every tested student. The score is a weighted average of all tested subjects in grades 3, 4, 5, 6, 7, 8, and 10. The most weight is given to the advanced students (1.2), and the weights decrease for each subsequent performance level. This creates a scale of 0 to 120 points, with 100 being the goal. Monroe's performance index score is 99.3 which is a 2.2 increase from the previous year.

Adequate Yearly Progress (AYP): The final goal is for all students to reach the proficient level in reading and mathematics by 2013-14. Until then, yearly goals are set requiring a specific percentage of students in 10 student groups, such as African American, Hispanic, and Caucasian students, to reach proficiency in these subjects. For the district to meet AYP, goals for each student group must be met. If any goal is missed, the district does not meet AYP for the year. Monroe did not meet AYP for the 2005/2006 school year.

MAJOR INITIATIVES

Continuous Improvement Plan

The District's Continuous Improvement Plan was developed in 2001 in response to the rating of "academic watch" that was inherited when the District was created. The focus is placed in the areas of reading, math and attendance. A committee of staff, parents and community members developed the following goals. The complete plan is available on the Ohio Department of Education Web page in the CCIP section. As a result of the focus on academics, the District has seen significant improvements. In five years, Monroe has gone from meeting 9 of the necessary 27 indicators, at that time, to meeting 23 of the 25 indicators on the state report card, resulting in a report card grading of "Effective".

Monroe's overall goal is to increase student performance on the indicators reported on the Ohio Report Card by focusing on the following Performance Goals:

By 2013-2014, all students will reach high standards, at a minimum attaining proficiency or better in reading/language arts.

By 2013-2014, all students will reach high standards, at a minimum attaining proficiency or better in mathematics.

All students will be educated in learning environments that are safe, drug free, and conducive to learning.

Curriculum Initiatives

The goal of Monroe Local School District is to keep all curriculums as living documents. Curriculums have been revised as necessary to keep current with state standards, student needs, and emerging technologies. All curriculums have been aligned to state guidelines. The most recent adoptions include Foreign Language curriculum, Business curriculum, Preschool curriculum, and exploration classes in the junior high school.

While Monroe has been improving in all areas of the state report card, mathematics continues to be Monroe's weakest area on student assessment. The district is in the process of vertically aligning the math curriculum and investigating research-based materials and instructional strategies.

Reading continues to be a major focal instructional area as well. The district continues to develop the Title I program to meet the needs of primary students. The district has implemented reading intervention programs in grades 5-8. At the high school level, teachers have begun to develop content area reading strategies. The district has started a district wide OISM team to make better use of the data for the district.

Textbooks have been purchased for Foreign Language, Pre-calculus, Business, Sports Medicine, and AP US History. We will begin reviewing Mathematics textbooks that meet the needs of all students K-12. The high school has gone through a major purchasing of textbooks due to the change to a 7-bell schedule.

Technology

The district is beginning to update the technology course of study. This revision focuses on the integration of technology into the curriculum areas. Purchasing and use of technology hardware and related supporting software enables the integration of technology.

Building Project

The Monroe Local Schools broke ground in June of 2002 for a new school facility to house grades K-12. The building was designed through the "School House of Quality Process" with architects Steed●Hammond●Paul. This process enabled the District to gain input on the design from all levels of the school community. Building design teams allowed school employees to work hand in hand with the community to finalize plans for what is now the cornerstone of Monroe.

The facility was opened in the fall of 2004. The new school has separate wings for the various grade levels with a total of 88 classrooms: 43 elementary; 15 junior high and 30 senior high. The building sits on 187 acres and houses over 1,800 students. This unique school has four gyms: one gym for the elementary students to double for junior high competitions; one for junior high class use; and two gyms for high school classes with bleachers open for competition holding 1,400 spectators. The new facility has two cafeterias, one kitchen, one auditorium with seating for 560 and one library.

FINANCIAL INFORMATION

Accounting Controls

The District's accounting system is organized on a fund basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Ohio Auditor of State. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of

accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Agency Funds and for full accrual basis of accounting for Government-Wide statements. More information about the District's financial position can be attained by reading the management's discussion and analysis.

Budgetary Controls

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation 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. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Cash Management

The School District Treasurer is in charge of the School District's cash management program. All School District cash is pooled for investment purposes. Longer term investments consist of Certificates of Deposit insured by the Federal Deposit Insurance Corporation or protected by either pledged collateral held in trust by the Federal Reserve Bank or pooled collateral and United States Agency Obligations. During 2005, the School District earned \$113,721 in interest. A majority of the School District's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions hold the collateral. The School District regularly reviews the market value of the pool to insure that adequate collateral is being provided.

Risk Management

The District continues to protect its assets through a comprehensive insurance program. Insurance policies for fleet liability, general liability, excess liability, directors and officers, property loss purchased from Indiana Insurance Company and boiler and machinery coverage are purchased from the Cincinnati Insurance Company. Employee health insurance is provided by Butler County Health Plan. In addition, the District offers a full range of supplementary retirement plans for eligible staff members.

Independent Audit

Included in this report is Foxx and Company's unqualified opinion rendered on the District's basic financial statements as of and for the year ended June 30, 2006. An independent audit of the District's financial

statements is part of the annual preparation of a CAFR. This annual independent audit will continue to review, comment on and thereby strengthen the District's accounting and budgetary control.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Monroe Local Schools for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This is the fourth consecutive year the District has received the award. The District also received, for the third year, the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) for the fiscal year ended June 30, 2005.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements of both organizations and we have submitted it to GFOA and ASBO for their review for the fiscal year ended June 30, 2006.

Acknowledgments

The preparation of this report in made possible through the dedicated service and efforts of the Treasurer's staff and Fraunfelter Accounting Service. Appreciation is also extended to the District's Board of Education and the Monroe School community for its continuing support.

Sincerely,



Sharron Moon, Treasurer



Arnot Elam, Superintendent

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***Monroe Local School District
List of Principal Officials***

Arnol Elam

Superintendent

Sharron Moon

Treasurer

Jody Long/
Lisa Hodits

Directors of Curriculum

Board of Education Members

Mr. Chris Snyder

President

Mr. Jamie Pierce

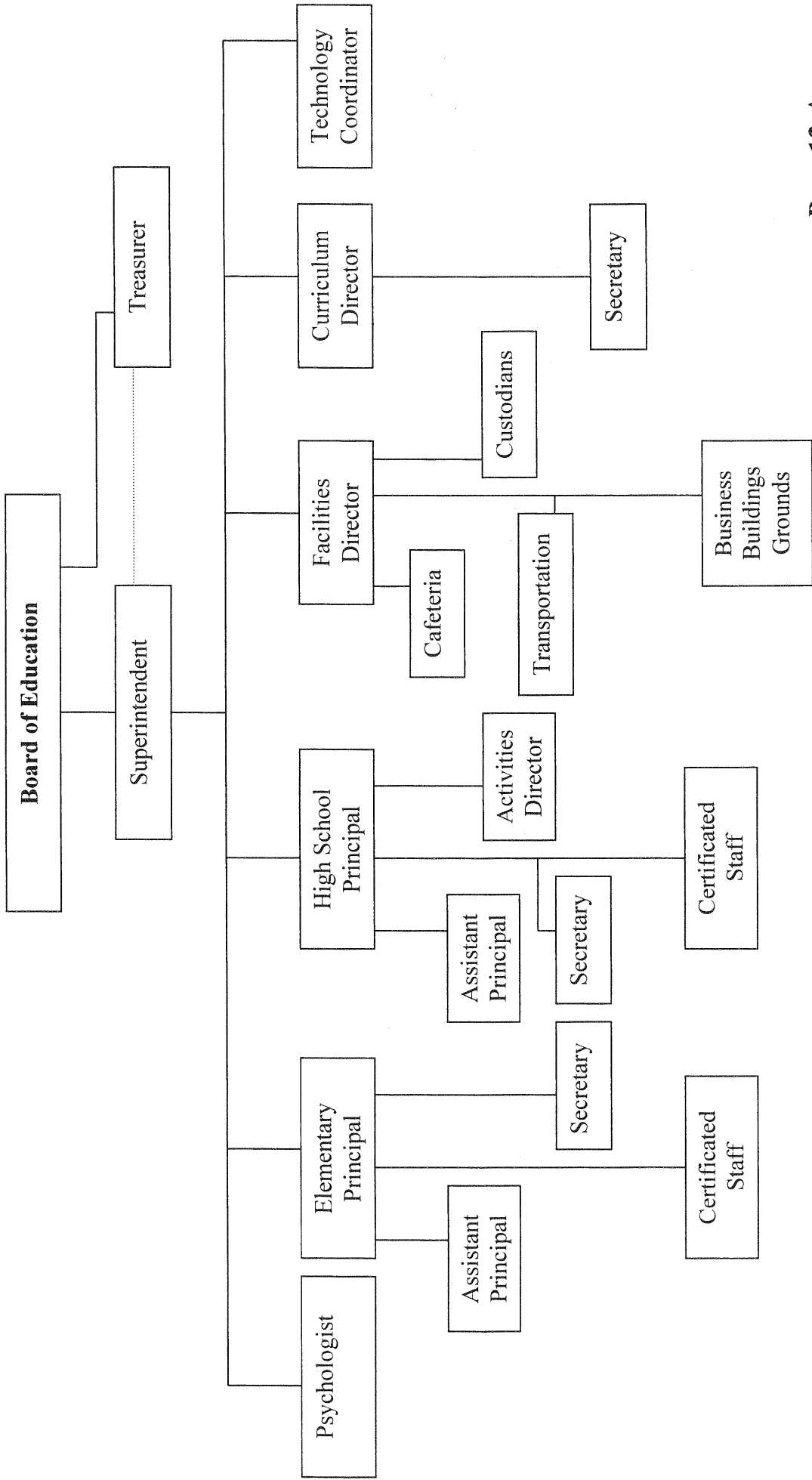
Vice-President

Mr. Tom Birdwell

Mr. Michael R. Irwin

Mr. Thomas Leeds

MONROE LOCAL SCHOOL DISTRICT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Monroe Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

MONROE LOCAL SCHOOL DISTRICT, BUTLER COUNTY, OHIO
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

Financial Section



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Board of Education
Monroe Local School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monroe Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monroe Local School District, Butler County, Ohio, as of June 30, 2006, and the respective changes in financial position, and the respective budgetary comparison for the General, Emergency Levy, and Food Service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation* and GASB Statement No. 47 *Accounting for Termination Benefits*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 to 13 is not a required part of the basic financial statements, but is supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical tables, combining and individual nonmajor fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Fox & Company". The signature is written in dark ink and is positioned above the typed name and date.

Cincinnati, Ohio
December 15, 2006

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)*

The management's discussion and analysis of Monroe Local School District's financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the financial statement and financial statements to enhance their understanding of the School District's financial performance.

The School District was organized in 2000 after splitting from the Middletown City School District. On September 14, 1999, the Ohio State Board of Education approved a resolution that allowed only residents living in the city limits of Monroe and portions of Lemon Townships to decide at the March 7, 2000 election whether to establish a separate Monroe Local School District. The ballot was approved and on April 12, 2000, the State Board of Education appointed, by resolution, the five-member Monroe Local School District Board of Education. The transfer of assets and liabilities was made to the Monroe Local School District on June 30, 2000.

Financial Highlights

Key financial highlights for 2006 are as follows:

- Current assets were greater than current liabilities at the close of the most recent fiscal year by \$0.94 million.
- General revenues accounted for \$15.29 million in revenue or 82.87 percent of all revenues. Program specific revenues in charges for services and grants and contributions accounted for \$3.16 million or 17.13 percent of \$18.45 million in total revenues.
- At the end of the current fiscal year, cash and cash equivalents of \$0.98 million accounted for 8.35 percent of total assets, excluding capital assets.
- The School District had \$19.83 million in expenses relating to governmental activities; only \$3.16 million of these expenses were offset by program specific revenues. \$15.29 million in general revenues and \$6.46 million in beginning net assets were adequate to cover the cost of these programs.
- Among major funds, the general fund had \$11.24 million in revenues and \$12.74 in expenditures. The debt service and emergency levy funds had year end balances of \$1.08 million and \$2.08, respectively.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The government-wide financial statements can be found on pages 15-17 of this report.

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

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

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)

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

The School District maintains twenty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the general fund, debt service, emergency levy fund, food service fund and building fund, which are considered major funds. Data from the other twenty-two governmental funds are combined into a single, aggregate presentation.

The School District adopts an annual appropriation budget for all of its governmental funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 18-25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for governmental funds. The basic fiduciary fund financial statement can be found on page 26 of this report.

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 27 of this report.

Individual Fund Statements and Schedules. The individual fund statements and schedules provide more detailed information about each individual fund for the School District. These statements and schedules can be found starting on page 64 of this report.

Statistical Information. Statistical information presents a year by year comparison of how the School District is doing in several areas. This information can be found starting on page 103 of this report.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net assets from 2005 to 2006.

Table 1
Net Assets
(in Millions)

	<u>2005</u>	<u>2006</u>	<u>Change</u>
Assets			
Current and Other Assets	\$13.19	\$11.76	(\$1.43)
Capital Assets, net of Accumulated depreciation	<u>38.24</u>	<u>38.04</u>	<u>(0.20)</u>
<i>Total Assets</i>	<u>51.43</u>	<u>49.80</u>	<u>(1.63)</u>
Liabilities			
Long-term Liabilities	(33.67)	(33.89)	0.22
Other Liabilities	<u>(11.30)</u>	<u>(10.82)</u>	<u>(0.48)</u>
<i>Total Liabilities</i>	<u>(44.97)</u>	<u>(44.71)</u>	<u>(0.26)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	10.83	4.31	(6.52)
Restricted for:			
Grants	0.07	0.00	(0.07)
Debt Service	1.10	1.08	(0.02)
Unrestricted	<u>(5.54)</u>	<u>(0.30)</u>	<u>5.24</u>
<i>Total Net Assets</i>	<u><u>\$6.46</u></u>	<u><u>\$5.09</u></u>	<u><u>(\$1.37)</u></u>

The slight change in capital assets and reduction in invested in capital assets, net of related debt relates to the School District finishing construction of the new school and having outstanding general obligation debt. As you can see from the statement of net assets, the School District has been able to maintain financial stability through local financing and with the recent passing of a tax levy will see the overall financial position improve.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)

Graph 1 breaks down the School District's revenues into percentages, while Table 2 compares total revenues for fiscal years 2005 and 2006.

Graph 1
Total Revenues

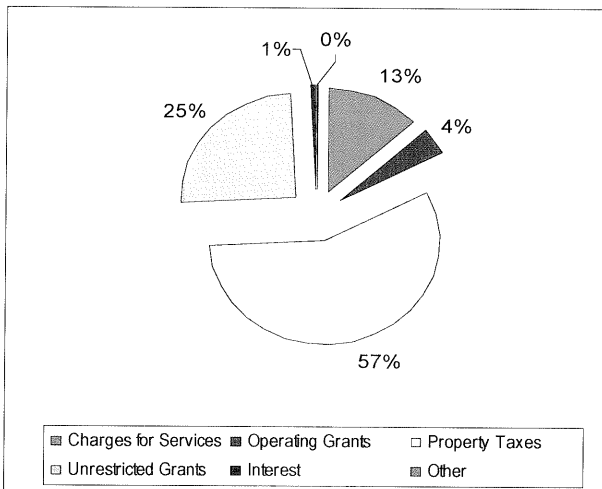


Table 2
Total Revenues
(in Millions)

	<u>2005</u>	<u>2006</u>
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$1.95	\$2.41
Operating Grants	0.74	0.75
<i>General Revenues</i>		
Property Taxes	9.75	10.54
Grants and Contributions not restricted to specific programs	4.56	4.60
Unrestricted Investment Earnings	0.09	0.11
Miscellaneous	0.08	0.04
Total Revenues	<u><u>\$17.17</u></u>	<u><u>\$18.45</u></u>

For fiscal year 2006 the School District had \$9,950 in revenue per pupil ratio. This compares with the School District's \$10,692 expenditure per pupil. The School District spent \$689 more per pupil in 2005 than it received in revenues as it finalized the construction of the new school and stadium facilities.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)

Table 3 compare total program expenses for fiscal years 2005 and 2006.

Table 3
Total Program Expense
(in millions)

	2005	2006	Change
Program Expenses			
<i>Instruction</i>			
Regular	\$6.38	\$8.06	\$1.68
Special	0.98	1.08	0.10
Other	0.04	0.03	(0.01)
<i>Support Services:</i>			
Pupils	0.69	0.76	0.07
Instructional Staff	0.73	0.59	(0.14)
Board of Education	0.04	0.04	0.00
Administration	1.46	1.60	0.14
Fiscal	0.57	0.48	(0.09)
Business	0.08	0.02	(0.06)
Operation and Maintenance of Plant	1.69	1.85	0.16
Pupil Transportation	1.42	1.81	0.39
Central	0.50	0.43	(0.07)
Operation on Non-Instructional Services	0.00	0.02	0.02
Food Service	0.59	0.62	0.03
Extracurricular Activities	0.71	0.73	0.02
Interest and Fiscal Charges	1.48	1.70	0.22
Total Expenses	<u>17.36</u>	<u>19.82</u>	<u>\$2.46</u>
Change in Net Assets	<u>(0.19)</u>	<u>(1.37)</u>	
Ending Net Assets	<u>\$6.46</u>	<u>\$5.09</u>	

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)*

The Major Funds

The School District's major funds start on page 18. These funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of the School District. The major funds account for 92.6% of the \$18.50 million in total revenue and 93.1% percent of the \$20.22 million in total expenditures. The general fund and emergency levy fund received a majority of their revenues from property taxes and intergovernmental revenues. Revenues were less than expenditures in the general fund and revenues were more than expenditures in the emergency levy creating a year end fund balance of (\$1.13) million and \$2.08 million, respectively.

The general fund recognized a (\$1.50) change in fund balance for the fiscal year as School District expended the majority of allowable operating expenditures from the General Fund but is evaluating whether any of those expenditures could have been made from the Emergency Levy Fund per the spending plan causing a significant change in the ending fund balance.

The building fund finalized the construction of the new school building and athletic facilities with \$0.44 million spent on capital outlay expenditures. The building fund did increase the fund balance by 23.45% through long term financing a portion of the athletic facilities.

The debt service fund accounted for a decrease of \$0.02 million in fund balance resulting in an ending fund balance of \$1.08 million. The School District received \$2.05 million in property taxes related to the bond levy during the year.

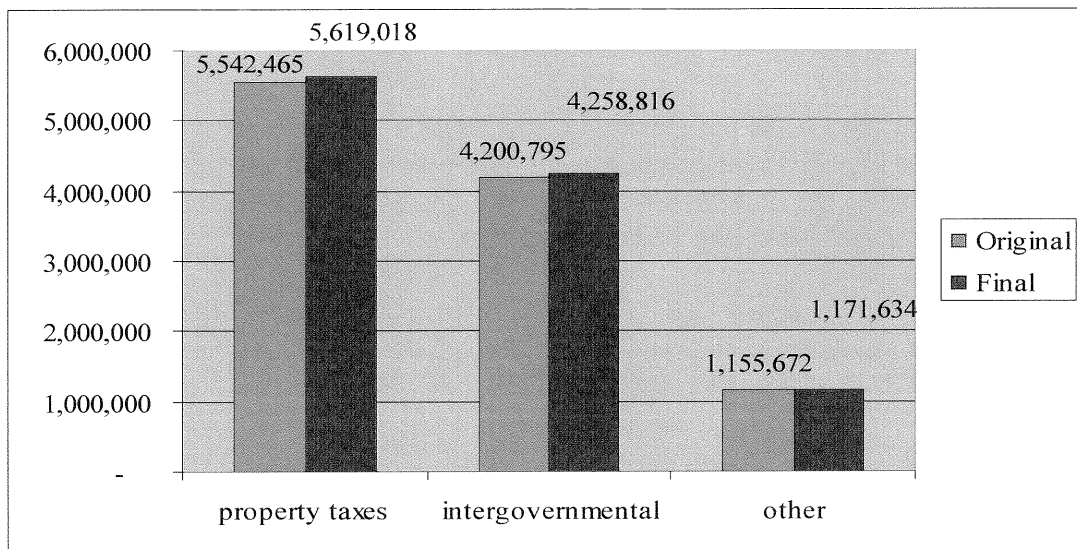
The other major fund for the School District is the food service fund. The School District decided to classify the food service as a major fund even though it did not meet the classification requirements; however, the School District desires to report such activity in a separate fashion. The fund operated at a surplus for the fiscal year compared to a deficit in the prior year. The School District continues analyzing charges for services to insure they adequately cover the administration and contractual services provided by the School District.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)

General Fund Budgetary

Graph 3 depicts the change from the original to the final general fund revenue budget for the fiscal year ended June 30, 2006.

Graph 3
Original Budget versus Final Budget for General Fund Revenues



The School District had a total increase of 1.38 percent from original to final budgets for revenues as the School District worked throughout the year to maintain a strong fiscal management policy.

Table 4 examines the major changes from the original to the final general fund expenditures budget for the fiscal year ended June 30, 2006. The School District was conservative in the original budget instruction figures but saw the need to increase the final budget based on increased staffing costs. The School District also worked to maintain the original budget for the support services in an effort to demonstrate solid management to the taxpayers with the current tax levy.

Table 4
Original to Final Budget for Expenditures
(In Millions)

	Original	Final	Change
Instruction	\$6.34	\$7.40	\$1.06
Support Services	5.75	5.84	0.09
Other	0.56	0.50	(0.06)

For comparison of actual amounts to final budgets, School District was able to project within \$0.03 million

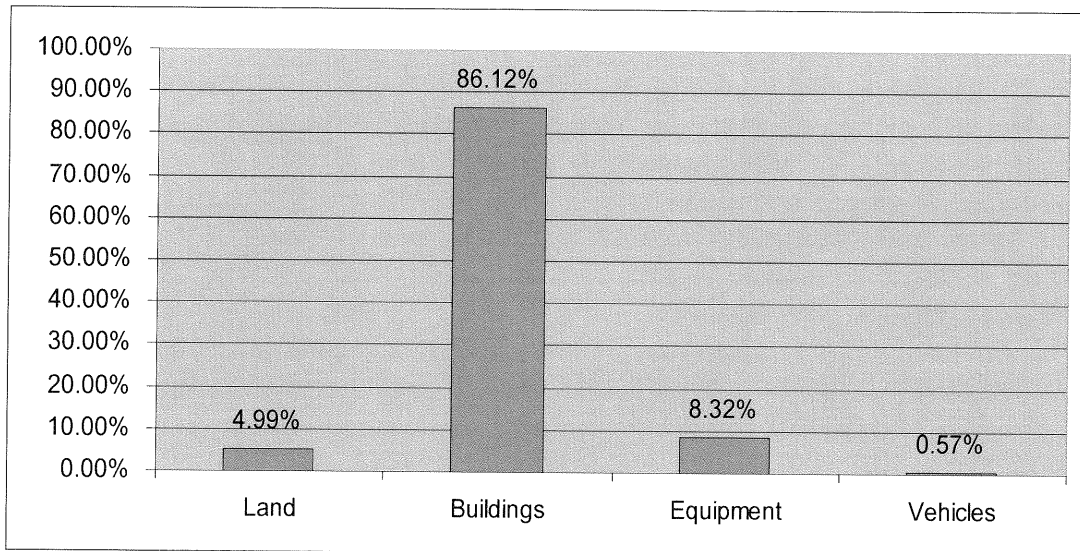
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For the Fiscal Year Ended June 30, 2006
(unaudited)*

for revenues and \$1.03 million for expenditures. The slight difference in revenues can be attributed to the timing requirements in which the School District is required to complete the final budget documents. The large variance in the expenditures resulted from the School District reducing final budgeted expenditures in the operation and maintenance of plant and pupil transportation support services by eliminating all non-essential costs from those functions.

Capital Assets

At the end of the fiscal year, the School District had \$38.04 million invested in land, buildings and improvements, furniture and equipment, and vehicles less accumulated depreciation. The major movement in capital assets for the School District was related to recognizing the completion of the construction projects. The School District expended fewer dollars on other capital assets during the year. For more information on the amounts that make up the School District's capital assets and related accumulated depreciation review Note 8 to the basic financial statements. Graph 2 shows the breakdown of the individual classes for capital assets:

Graph 2
Percentage of Capital Assets by Class



*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
(unaudited)*

Request for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, Monroe Local Schools, 231 Macready Drive, Monroe, Ohio 45050.



Treasurer
Monroe Local School District

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Monroe Local School District
Butler County, Ohio
Statement of Net Assets
June 30, 2006

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$982,337
Cash in Segregated Accounts	6,362
Receivables:	
Property and Other Taxes	10,045,570
Accounts	35,374
Accrued Interest	4,212
Intergovernmental	174,623
Materials and Supplies Inventory	12,693
Issuance Costs	498,539
Nondepreciable Capital Assets	2,228,759
Depreciable Capital Assets	35,812,821
Total Assets	49,801,290
 <u>Liabilities</u>	
Payables:	
Accounts	110,313
Contracts	43,132
Intergovernmental	292,506
Interest	206,178
Salaries and Employee Benefits	1,143,756
Unearned Revenue	9,023,729
Noncurrent Liabilities:	
Due within one year	931,179
Due in more than one year	32,963,719
Total Liabilities	44,714,512
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	4,307,686
Restricted for:	
Grants	3,324
Debt Service	1,079,838
Unrestricted (Deficit)	(304,070)
Total Net Assets	\$5,086,778

See accompanying notes to the basic financial statements

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Monroe Local School District
Butler County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2006

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$8,062,675	\$1,174,781	\$185,152	(\$6,702,742)
Special	1,080,812	0	171,842	(908,970)
Other	27,362	0	0	(27,362)
Support Services:				
Pupils	761,542	20,583	114,785	(626,174)
Instructional Staff	593,733	0	85,734	(507,999)
Board of Education	40,389	0	0	(40,389)
Administration	1,596,018	0	43,917	(1,552,101)
Fiscal	478,179	0	0	(478,179)
Business	19,271	0	0	(19,271)
Operation and Maintenance of Plant	1,851,389	492,504	0	(1,358,885)
Pupil Transportation	1,806,213	0	0	(1,806,213)
Central	434,324	0	15,883	(418,441)
Operation of Non-Instructional Services	15,174	0	0	(15,174)
Food Service	621,102	516,805	131,941	27,644
Extracurricular Activities	730,188	188,852	0	(541,336)
Interest and Fiscal Charges	1,715,492	21,761	0	(1,693,731)
Total	\$19,833,863	\$2,415,286	\$749,254	(16,669,323)

General Revenues:	
Property Taxes	10,537,569
Grants and Contributions not restricted to specific programs	4,596,065
Unrestricted investment earnings	113,721
Miscellaneous	45,953
Total General Revenues	15,293,308
Changes in Net Assets	(1,376,015)
Net Assets-Beginning	6,462,793
Net Assets-Ending	\$5,086,778

See accompanying notes to the basic financial statements

**Monroe Local School District
Butler County, Ohio
Balance Sheet - Governmental Funds
June 30, 2006**

	General	Debt Service	Emergency Levy	Food Service	Building
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$0	\$780,967	\$0	\$50,637	\$0
Cash in Segregated Accounts	0	0	0	0	6,362
Receivables:					
Property and Other Taxes	5,680,249	1,883,237	2,482,084	0	0
Accounts	1,488	0	0	0	0
Interfund	0	104,891	1,950,156	0	0
Accrued Interest	4,212	0	0	0	0
Intergovernmental	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	12,693	0
Total Assets	<u>5,685,949</u>	<u>2,769,095</u>	<u>4,432,240</u>	<u>63,330</u>	<u>6,362</u>
Liabilities and Fund Balances					
Liabilities:					
Payables:					
Accounts	85,143	0	687	0	0
Contracts	9,057	0	26,617	0	0
Due to Local Governments	222,572	0	21,958	20,007	0
Salaries and Employee Benefits	1,026,501	0	72,677	10,631	0
Interfund	367,046	0	0	47,785	1,627,806
Deferred Revenue	5,106,642	1,689,257	2,227,830	0	0
Total Liabilities	<u>6,816,961</u>	<u>1,689,257</u>	<u>2,349,769</u>	<u>78,423</u>	<u>1,627,806</u>
Fund Balances:					
Reserved for:					
Encumbrances	67,051	0	28,588	0	0
Property Taxes	148,358	53,335	68,399	0	0
Unreserved, reported in:					
General (Deficit)	(1,346,421)	0	0	0	0
Debt Service	0	1,026,503	0	0	0
Special Revenue (Deficit)	0	0	1,985,484	(15,093)	0
Capital Projects (Deficit)	0	0	0	0	(1,621,444)
Total Fund Balances (Deficit)	<u>(1,131,012)</u>	<u>1,079,838</u>	<u>2,082,471</u>	<u>(15,093)</u>	<u>(1,621,444)</u>
Total Liabilities and Fund Balances	<u>\$5,685,949</u>	<u>\$2,769,095</u>	<u>\$4,432,240</u>	<u>\$63,330</u>	<u>\$6,362</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Balance Sheet - Governmental Funds
June 30, 2006

Other Governmental Funds	Total Governmental Funds
\$150,733	\$982,337
0	6,362
0	10,045,570
33,886	35,374
222,122	2,277,169
0	4,212
174,623	174,623
0	12,693
<u>581,364</u>	<u>13,538,340</u>
24,483	110,313
7,458	43,132
27,969	292,506
33,947	1,143,756
234,532	2,277,169
0	9,023,729
<u>328,389</u>	<u>12,890,605</u>
77,058	172,697
0	270,092
0	(1,346,421)
0	1,026,503
147,421	2,117,812
28,496	(1,592,948)
<u>252,975</u>	<u>647,735</u>
<u>\$581,364</u>	<u>\$13,538,340</u>

Reconciliation of Total Governmental Fund Balances to

Total Governmental Fund Balances	\$647,735
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,041,580
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	498,539
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(34,101,076)</u>
Net Assets of Governmental Activities	<u>\$5,086,778</u>

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	General	Debt Service	Emergency Levy	Food Service	Building
Revenues:					
Property and Other Taxes	\$5,920,489	\$2,048,619	\$2,568,461	\$0	\$0
Intergovernmental	4,050,745	243,555	301,765	131,941	0
Charges for Services	1,150	0	0	516,805	0
Tuition and Fees	1,139,529	0	0	0	0
Interest	112,644	0	0	0	1,077
Gifts and Donations	4,500	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	8,979	0	0	0	77,402
Total Revenues	11,238,036	2,292,174	2,870,226	648,746	78,479
Expenditures:					
Current:					
Instruction:					
Regular	6,922,247	0	42,624	0	0
Special	357,915	0	551,871	0	0
Other	27,362	0	0	0	0
Support Services:					
Pupils	597,236	0	6,243	0	0
Instructional Staff	323,003	0	158,825	0	0
Board of Education	38,847	0	0	0	0
Administration	1,211,934	79,528	145,939	0	0
Fiscal	369,636	34,227	73,353	0	0
Business	3,891	0	14,603	0	0
Operation and Maintenance of Plant	1,382,930	0	91,961	0	5,930
Pupil Transportation	352,189	0	1,454,024	0	0
Central	303,640	0	94,653	0	0
Operation of Non-Instructional Services	412	0	0	623,195	0
Extracurricular Activities	569,127	0	0	0	0
Capital Outlay	173,544	0	73,404	0	436,887
Debt Service:					
Principal Retirement	78,344	622,000	0	0	0
Interest and Fiscal Charges	24,127	1,572,017	0	0	0
Total Expenditures	12,736,384	2,307,772	2,707,500	623,195	442,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,498,348)	(15,598)	162,726	25,551	(364,338)
Other Financing Sources(Uses):					
Face Value from Long-Term Notes	0	0	0	0	861,000
Transfers - In	0	0	0	0	0
Transfers - Out	(89)	0	(13,196)	0	0
Total Other Financing Sources (Uses)	(89)	0	(13,196)	0	861,000
Net Change in Fund Balances	(1,498,437)	(15,598)	149,530	25,551	496,662
Fund Balances (Deficit) - beginning	367,425	1,095,436	1,932,941	(40,644)	(2,118,106)
Fund Balances (Deficit) - ending	(\$1,131,012)	\$1,079,838	\$2,082,471	(\$15,093)	(\$1,621,444)

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended June 30, 2006

Other Governmental Funds	Total Governmental Funds			
\$0	\$10,537,569	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		
598,368	5,326,374			
492,504	1,010,459			
0	1,139,529			
0	113,721			
26,375	30,875			
233,547	233,547			
19,377	105,758			
<u>1,370,171</u>	<u>18,497,832</u>		Net Change in Governmental Fund Balances	(\$861,188)
			Amounts reported in governmental activities in the statement of activities are different because:	
			Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(200,776)
249,997	7,214,868			
166,680	1,076,466			
0	27,362			
148,057	751,536	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	21,761	
114,484	596,312			
0	38,847			
54,572	1,491,973	Repayment of long-term obligations is reported as an expenditure in governmental funds; however, the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount is:	700,344	
0	477,216			
0	18,494			
347,426	1,828,247	Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,036,156)	
0	1,806,213			
35,925	434,218			
0	623,607			
155,440	724,567			
96,182	780,017	Change in net assets of governmental activities	<u><u>(\$1,376,015)</u></u>	
0	700,344			
<u>33,589</u>	<u>1,629,733</u>			
<u>1,402,352</u>	<u>20,220,020</u>			
(32,181)	(1,722,188)			
0	861,000			
391,140	391,140			
<u>(377,855)</u>	<u>(391,140)</u>			
<u>13,285</u>	<u>861,000</u>			
(18,896)	(861,188)			
271,871	1,508,923			
<u>\$252,975</u>	<u>\$647,735</u>			

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Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual -
General Fund
For the Fiscal Year Ended June 30, 2006

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$5,542,465	\$5,619,018	\$5,736,634	\$117,616
Intergovernmental	4,200,795	4,258,816	4,104,503	(154,313)
Tuition and Fees	1,081,306	1,096,241	1,138,041	41,800
Interest	56,407	57,186	83,872	26,686
Rent	2,121	2,150	1,150	(1,000)
Gifts and Donations	9,545	9,677	4,500	(5,177)
Miscellaneous	6,293	6,380	9,239	2,859
Total Revenues	10,898,932	11,049,468	11,077,939	28,471
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,048,947	7,021,831	6,908,278	113,553
Special	286,755	377,143	306,309	70,834
Other	0	0	27,362	(27,362)
Support Services:				
Pupils	562,995	631,435	592,192	39,243
Instructional Staff	382,993	375,949	331,993	43,956
Board of Education	60,547	51,547	39,437	12,110
Administration	1,342,359	1,387,836	1,376,077	11,759
Fiscal	432,145	432,776	368,691	64,085
Business	10,600	10,600	3,666	6,934
Operation and Maintenance of Plant	1,648,121	1,614,235	1,344,344	269,891
Pupil Transportation	1,000,271	1,012,344	348,624	663,720
Central	321,801	325,414	312,992	12,422
Operation of Non-				
Instructional Services	1,000	1,000	412	588
Extracurricular Activities	551,352	496,563	582,023	(85,460)
Capital Outlay	5,000	5,000	164,487	(159,487)
Total Expenditures	12,654,886	13,743,673	12,706,887	1,036,786
Excess of Revenues (Under) Expenditures	(1,755,954)	(2,694,205)	(1,628,948)	1,065,257
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	55,018	55,018	0
Advances In	0	5,558	169,322	163,764
Advances Out	0	0	(12,022)	(12,022)
Transfers Out	0	0	(89)	(89)
Total Other Financing Sources (Uses)	0	60,576	212,229	151,653
Net Change in Fund Balance	(1,755,954)	(2,633,629)	(1,416,719)	1,216,910
Fund Balances at Beginning of Year	1,104,609	1,104,609	1,104,609	0
Prior Year Encumbrances Appropriated	12,013	12,013	12,013	0
Fund Balances (Deficit) at End of Year	(\$639,332)	(\$1,517,007)	(\$300,097)	\$1,216,910

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual -
Emergency Levy Fund
For the Fiscal Year Ended June 30, 2006

	Emergency Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$2,474,823	\$2,779,535	\$2,489,687	(\$289,848)
Intergovernmental	280,000	279,408	301,765	22,357
Total Revenues	2,754,823	3,058,943	2,791,452	(267,491)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	108,580	62,304	48,850	13,454
Special	284,262	607,347	577,028	30,319
Support Services:				
Pupils	0	41,872	6,243	35,629
Instructional Staff	131,772	231,772	173,850	57,922
Administration	146,343	167,817	153,791	14,026
Fiscal	0	120,004	101,941	18,063
Business	0	14,603	14,603	0
Operation and Maintenance of Plant	0	174,104	91,961	82,143
Pupil Transportation	0	1,346,713	1,466,802	(120,089)
Central	75,591	81,029	90,426	(9,397)
Capital Outlay	0	115,000	78,704	36,296
Total Expenditures	746,548	2,962,565	2,804,199	158,366
Excess of Revenues Over (Under) Expenditures	2,008,275	96,378	(12,747)	(109,125)
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Receipts	0	0	(35,129)	(35,129)
Refund of Prior Year Expenditures	0	42,487	42,487	0
Advance Out	0	0	(10,347)	(10,347)
Transfers Out	0	0	(13,196)	(13,196)
Total Other Financing Sources (Uses)	0	42,487	(16,185)	(58,672)
Net Change in Fund Balance	2,008,275	138,865	(28,932)	(167,797)
Fund Balances at Beginning of Year	214,769	214,769	214,769	0
Fund Balances at End of Year	\$2,223,044	\$353,634	\$185,837	(\$167,797)

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual -
Food Service Fund
For the Fiscal Year Ended June 30, 2006

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$141,584	\$152,353	\$149,931	(\$2,422)
Charges for Services	439,000	516,805	516,805	0
Total Revenues	580,584	669,158	666,736	(2,422)
<u>Expenditures:</u>				
Current:				
Operation of Non-Instructional Services	640,000	617,917	617,400	517
Total Expenditures	640,000	617,917	617,400	517
Net Change in Fund Balance	(59,416)	51,241	49,336	(1,905)
Fund Balances at Beginning of Year	886	886	886	0
Prior Year Encumbrances Appropriated	416	416	416	0
Fund Balances (Deficit) at End of Year	(\$58,114)	\$52,543	\$50,638	(\$1,905)

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Fiduciary Assets and Liabilities -
Fiduciary Fund
June 30, 2006

	Student Activities Fund
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$54,771</u>
<u>Liabilities</u>	
Accounts Payable	8,723
Due to Students	<u>46,048</u>
Total Liabilities	<u>\$54,771</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 1 - Description of the School District and Reporting Entity

Monroe Local School District (the "School District" or "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. On September 14, 1999, the Ohio State Board of Education approved a resolution that allowed only residents living in the city limits of Monroe and portions of Lemon Township to decide at the March 7, 2000 election whether to establish a separate Monroe Local School District. The ballot was approved and on April 12, 2000, the State Board of Education appointed, by resolution, the five-member Monroe Local School District Board of Education. The transfer of assets was made to the Monroe Local School District on June 30, 2000.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's three instructional support facilities staffed by approximately 52 non-certificated personnel, 114 teaching personnel and 10 administrative employees providing education to 1,855 students.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Monroe Local School District, this includes general operations, food service, and student related activities of the School District.

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

Note 2 - Summary of Significant Accounting Policies

The School District is associated with four organizations of which two are defined as jointly governed organizations and two as insurance purchasing pools. These organizations are the Southwestern Ohio Computer Association (SWOCA), Butler County Joint Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and Butler County Health Plan, respectively. These organizations are presented in Notes 16 and 17.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 2 - Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been removed from these statements except interfund services, such as administrative services, provided and used in the normal course of business.

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 2 - Summary of Significant Accounting Policies (continued)

Property taxes, grants and entitlements, tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the District.

Fund Accounting

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

Governmental Funds

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

The District reports the following major governmental funds:

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

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

The *emergency levy fund* accounts for the revenues and expenditures of emergency operating levies. There are two levies in effect: a 2000 levy which has been renewed through 2005 and a 2001 levy active through 2006.

The *food service fund* accounts for the financial transactions related to food service operation. It accounts for all food service charges for services, state and federal grants specific to the fund service activity, as well as related food service expenditures.

The *building fund* accounts for the revenue and expenditures related to the acquisition and construction of capital facilities including real property. Debt proceeds related to this activity are recorded in this fund, except premium or accrued interest.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Fund

Fiduciary fund reporting focuses on net assets and changes in net assets. The District maintains one fiduciary fund, an agency fund known as the Student Activities Fund. The fund was established to account for revenues generated by student managed activities. The District's agency fund is custodial in nature (assets equal liabilities) and are reported on the accrual basis of accounting; however, they do not involve the measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements except interfund services, such as administrative services, provided and used in the normal course of business. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (although no such grants or contributions were received for the year ending June 30, 2006). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use the restricted resources first, then unrestricted resources as they are needed.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation 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. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 2 - Summary of Significant Accounting Policies (continued)

By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer.

The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at board level. For management purposes, the budget is monitored at the object level.

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted and they were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 2 - Summary of Significant Accounting Policies (continued)

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the statement of net assets and governmental fund balance sheet.

During fiscal year 2006 investments were limited to funds invested in federal mortgage backed agencies securities, United States treasury obligations, money market mutual funds, commercial paper and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2006.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, during fiscal year 2006 amounted to \$112,644 which includes \$91,273 assigned from other District funds. The building capital projects fund also received interest of \$1,077.

E. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 2 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

Capital assets, which include land, buildings and improvement, furniture and equipment, and vehicles, are reported on the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The School District reviewed possible infrastructure assets (roads, bridges, culverts, etc.) which could be required to be capitalized. The School District has no infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Furniture and Equipment	5
Vehicles	5

G. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on sick leave accumulated by June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable that they will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employee's wages rates at fiscal year end, taking into consideration any limits specified in union contracts.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 2 - Summary of Significant Accounting Policies (continued)

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Matured leave payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The District had no such fund liability at year end. The entire liability is reported on the government-wide statement of net assets.

H. Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of capital leases, compensated absences, long term notes payable and general obligation bonds payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be expected to be liquidated with expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources.

I. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally separated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure in the governmental fund balance sheet. Fund balances represent the difference between assets and liabilities in the Balance Sheet - Governmental Funds, while unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

J. Net Assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include federal and state grants restricted to expenditures for specific purposes and payment of principal or interest on debt obligations.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 2 - Summary of Significant Accounting Policies (continued)

K. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchase funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from transaction-like activities between a government's various funds are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net assets and consolidated columns for the governmental balance sheet.

M. Deferred Revenues/Unearned Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenues on the governmental balance sheet or unearned revenues on the statement of net assets. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenues.

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

N. Exchange/Non-Exchange Transactions

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 2 - Summary of Significant Accounting Policies (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

O. Estimates

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

P. Reconciliation of government-wide and fund financial statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$34,101,076) difference are as follows:

Capital Lease Payable	(\$220,582)
Long Term Notes Payable including Discount	(4,464,478)
General Obligation Bonds Payable including Premium	(28,550,295)
Accrued Interest Payable	(206,178)
Compensated Absences	<u>(659,543)</u>
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$34,101,076)</u></u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 2 - Summary of Significant Accounting Policies (continued)

Another element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund." The details of \$38,041,580 difference are as follows:

Capital Assets	\$44,644,189
Accumulated Depreciation	<u>(6,602,609)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$38,041,580</u></u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states that "Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds." The details of this (\$1,036,156) are as follows:

Change in Leave Balances	(\$27,652)
Net Interest on Bonds	(64,697)
Proceeds from Sale of Long Term Notes	(922,745)
Amortization of Issuance Costs	<u>(21,062)</u>
Net Adjustment - current financial resources focus to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$1,036,156)</u></u>

Another element of that reconciliation states that "Capital additions are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense." The details of this (\$200,776) are as follows:

Current capital additions	\$690,413
Depreciation Expense	<u>(891,189)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$200,776)</u></u>

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 3 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for major funds with required budgetary supplemental information. Only the general fund and major special revenue funds are reported for comparison.

Net Change in Fund Balance
Major Funds

	General Fund	Emergency Levy Fund	Food Service Fund
GAAP Basis	(\$1,498,437)	\$149,530	\$25,551
Adjustments:			
Revenue Accrual	(105,079)	(36,287)	17,990
Expenditure Accrual	119,849	(97,090)	5,795
Advances	157,300	(10,347)	0
Encumbrances	(90,352)	(34,738)	0
Budget Basis	<u>(\$1,416,719)</u>	<u>(\$28,932)</u>	<u>\$49,336</u>

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2006, the general, food service, educational management information systems, early entry program, summer intervention, miscellaneous state grants, title vi-b grant, title i grant, title vi grant and miscellaneous federal grants special revenue funds and building capital projects fund had deficit fund balances of \$1,131,012; \$15,093; \$4,687; \$2,730; \$7,420; \$549; \$10,389; \$86,734; \$1,928; \$277; and \$1,621,444, respectively. The deficits in the special revenue funds were created through recognition of amounts owed but not yet paid by the funds (accounts payable). The School District advances monies to these funds only when required and transfers funds only to the extent that the amount issued between funds cannot be repaid. School District management is reviewing charges to insure that food service revenues are adequate and that encumbrance policies are followed.

The deficit in the capital projects fund is the result of long term notes issued in connection with additional capital needs for two field houses and the new school building. The School District's deficit in the general fund was due to over allocating expenditures paid into this fund; whereas, many of the expenditures could have been paid from the emergency levy special revenue fund. The School District is evaluating the expenditure allocation policy for the next fiscal year.

B. Compliance

The following funds had appropriations in excess of estimated resources and available balances:

Major Funds:	
General Fund	\$1,517,007
Non Major Funds:	
Other Grant	2,883
Summer Intervention Grant	2,532
Title VI-B Grant	3,192
Title I Grant	24,233
Drug-Free Grant	1,577
EHA Preschool Grant	1,466
Reducing Class Size Grant	10,943

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 4 - Accountability and Compliance (continued)

The following funds had expenditures and encumbrances in excess of appropriations:

Major Funds:

Debt Service	\$1,680,563
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Non Major Funds:

Public School Support	954
District Managed Activities	26,157
Title VI-B Grant	141,541
Title I Grant	3,917
Title VI Grant	4,107
Drug-Free Grant	3,645
Permanent Improvement	212,018

The following funds had negative cash balances at the end of the fiscal year:

Major Funds:

General	\$209,747
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Non Major Funds:

Title VI-B Grant	103,237
Title I Grant	27,579

The District is able to advance monies from the major Emergency Levy special revenue fund and the nonmajor Special Collections special revenue fund. After all available funds were advanced, the School District's General Fund had a negative cash balance of \$104,891. In order to remove the negative balance, the School District created an interfund liability with Debt Service Fund. The General Fund will repay the short term cash advance early in the next fiscal year with the passage of new levy revenue.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 5 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 5 - Deposits and Investments (continued)

4. Bonds; and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in numbers (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At fiscal year-end, the carrying value of the School District's deposits was \$270,596 and the bank balance was \$273,375. \$166,277 of the School District's deposits was insured by federal depository insurance. Based on criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$107,098 of the School District's bank balance of \$273,375 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 5 - Deposits and Investments (continued)

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

Investments

As of June 30, 2006, the School District had the following investments.

	Carrying and Fair Value	Average Maturity (years)
Federal Home Loan Bank Bonds	\$294,749	2.66
Federal National Mortgage Association Notes	197,437	1.00
United States Treasury Note	47,906	3.00
Money Market Mutual Funds	27,030	< 1 year
STAR Ohio	205,752	< 1 year
Total Investments	\$772,874	

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

Credit Risk - The School District has no investment policy that would further limit its investment choices. The District limits their investments to securities in STAR Ohio, Federal Home Loan Bank Notes, United States Treasury Notes, and Federal National Mortgage Association Notes. Below are the credit ratings of the School District's investments:

Security	Rating Agency	
	Moody's	Standard & Poor's
STAR Ohio	N/A	AAAm
United States Treasury Note	N/A	N/A
Federal Home Loan Bank Bonds	Aaa	AAA
Federal National Mortgage Association Notes	Aaa	AAA

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 5 - Deposits and Investments (continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes and the Federal Home Loan Bank Bonds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issuer. The School District's investment in Federal Home Loan Bank Bonds and Federal National Mortgage Association Notes represent 39% and 26%, respectively, of the School District's total investments.

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2006 for real and public utility property taxes represents collections of calendar 2006 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) is for calendar 2006 taxes.

2006 real property taxes are levied after April 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2006 public utility property taxes became a lien December 31, 2006, are levied after April 1, 2006 and are collected in 2006 with real property taxes.

2006 tangible personal property taxes are levied after April 1, 2006, on the value as of December 31, 2006. Collections are made in 2006. Tangible personal property assessments are twenty-five percent of true value.

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

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 6 - Property Taxes (continued)

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

The assessed values upon which fiscal year 2006 taxes were collected are as follows:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$193,759,870	79.27%	\$220,220,720	80.41%
Public Utility	16,170,540	6.62	16,293,870	5.95
Tangible Personal Property	34,495,894	14.11	37,369,161	13.64
Total Assessed Value	<u>\$244,426,304</u>	<u>100.00%</u>	<u>\$273,883,751</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 40.05		 40.32	

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2006. Although total property tax collections for the next fiscal year are measurable, the amount available as an advance at June 30 and delinquent taxes is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Delinquency is considered immaterial and all taxes are reasonably expected to be received within one year. The amount available as an advance at June 30, 2006, was \$148,358 in the general fund, \$53,335 in the debt service fund and \$68,399 in the emergency levy fund.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 7 - Receivables

Receivables at June 30, 2006, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. All amounts recorded as a receivable are reasonably expected to be received within one year and any amounts beyond one year are immaterial.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivable</u>	<u>Amount</u>
Nonmajor Funds	
Title VI-B Grant	\$134,536
Title I Grant	21,864
Title VI Grant	1,479
Drug-Free Grant	5,259
EHA Preschool Grant	1,584
Reducing Class Size	9,901
Total All Funds	<u><u>\$174,623</u></u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance 7/01/05	Increases	Decreases	Balance 6/30/06
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$2,228,759	\$0	\$0	\$2,228,759
Construction in Progress	33,471,267	0	33,471,267	0
Capital Assets, being depreciated				
Buildings and Improvements	4,343,455	34,103,984	0	38,447,439
Furniture and Equipment	3,657,146	57,696	0	3,714,842
Vehicles	253,149	0	0	253,149
Total at Historical Cost	<u>43,953,776</u>	<u>34,161,680</u>	<u>33,471,267</u>	<u>44,644,189</u>
Accumulated Depreciation				
Buildings and Improvements	3,331,309	416,922	0	3,748,231
Furniture and Equipment	2,164,501	470,835	0	2,635,336
Vehicles	215,610	3,432	0	219,042
Total Accumulated Depreciation	<u>5,711,420</u>	<u>891,189</u>	<u>0</u>	<u>6,602,609</u>
Governmental Activities				
Capital Assets, Net	<u>\$38,242,356</u>	<u>\$33,270,491</u>	<u>\$33,471,267</u>	<u>\$38,041,580</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$703,395
Special	2,832
Support Services:	
Pupils	1,060
Instructional Staff	667
Board of Education	1,542
Administration	101,984
Fiscal	817
Business	777
Operation and Maintenance of Plant	23,688
Central	43,513
Food Services	2,900
Extracurricular Activities	8,014
Total Depreciation Expense	<u>\$891,189</u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the School District contracted with Indiana Insurance Company for general commercial, fleet and employee benefits liability and Cincinnati Insurance Company for boiler and machinery coverage. Coverages provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$39,223,459
Boiler and Machinery (\$500 deductible)	15,000,000
Automobile Liability (\$500 deductible)	3,000,000
Uninsured Motorists	300,000
Employee Benefits	
Aggregate	3,000,000
Per occurrence	1,000,000
General Liability	
Aggregate	2,000,000
Per occurrence	1,000,000
Errors and Omissions	
Aggregate	1,000,000
Per occurrence	1,000,000

Settled claims have not exceeded this commercial coverage in the past three years. There has been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2006, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%. A portion of the School District's contribution is used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2006, 2005, and 2004, were \$180,561, \$193,190, and \$104,066, respectively; 62 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$67,960 representing the unpaid contribution for fiscal year 2006, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 10 - Defined Benefit Pension Plans (continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance. Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%; 1% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2006, 2005, and 2004, were \$945,647, \$983,085, and \$799,114, respectively; 84 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$148,843 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. The District had the following contributions under the new plan: defined contribution had \$9,043 member and \$14,170 District contributions and the members contributed \$11,803 to the combined plan for the current fiscal year.

Note 11 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employee Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 11 - Postemployment Benefits (continued)

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$72,742 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$106,928.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113 and the target level was \$267.5 million. At June 30, 2005 (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has 58,123 participants currently receiving health care benefits.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits were derived from negotiated agreements and State laws. Classified employees can earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated vacation time must be used within one year from when it is earned. Accumulated unused vacation time earned in the preceding year is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 220 days. Upon retirement, payment is made for one fourth of the total sick leave accumulation. After fifteen years of total service, the School District assumes an employee will retire from the School District for reporting purposes.

B. Health, Dental and Life Insurance

The School District provides health and dental insurance coverage to employees through the Butler County Health Plan (an Insurance Purchasing Pool - See Note 17.) The School District provides for the payment of 95% of the single plan participant health insurance premium and funds 90% of the family plan participant health insurance premium. The School District further funds 85% of the annual premium for dental insurance coverage. All amounts not paid by the District are passed along to the employee through payroll deduction.

The School District provides life insurance and accidental death and dismemberment insurance to all employees who work more than twenty hours per week through Canadian Life Insurance. The amount of insurance coverage provided to each employee is \$30,000.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 13 - Capital Leases

The School District entered into capitalized leases for copy machines during fiscal year 2001. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copiers have been capitalized on the statement of net assets in the amount of \$487,385 book value. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was also recorded. Principal payments in fiscal year 2006 totaled \$78,344 in the general fund.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Furniture and Equipment	\$487,385
Less: Accumulated Depreciation	(288,577)
Total	<u><u>\$198,808</u></u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 13 - Capital Leases (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2006.

Fiscal Year Ending June 30,	Capital Lease
2007	\$88,706
2008	88,706
2009	76,049
Total	253,461
Less: Amount Representing Interest	(32,879)
Present Value of Net Minimum Lease Payments	\$220,582

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

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2007	\$70,507	\$18,199	\$88,706
2008	77,322	11,384	88,706
2009	72,753	3,296	76,049
Total	\$220,582	\$32,879	\$253,461

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 14 - Long-Term Liabilities

The changes in the School District's long-term obligations (non-current liabilities) during the year consist of the following:

	Obligation Outstanding 7/01/05	Additions	Reductions	Obligation Outstanding 6/30/06	Amounts Due in One Year
Governmental Activities					
Compensated Absences	\$631,891	\$649,572	\$621,920	\$659,543	\$38,995
Long Term Notes	3,724,000	861,000	62,000	4,523,000	103,000
Note Discount/Premium	(120,267)	61,745	0	(58,522)	(3,084)
General Obligation Bonds	28,595,229	0	560,000	28,035,229	700,000
Bond Premium	536,827	0	21,761	515,066	21,761
Capital Leases Payable	298,926	0	78,344	220,582	70,507
Total Governmental	<u>\$33,666,606</u>	<u>\$1,572,317</u>	<u>\$1,344,025</u>	<u>\$33,894,898</u>	<u>\$931,179</u>

General Obligation Bonds - On April 15, 2002 the School District issued \$29,910,228 in general obligation bonds for the purpose of constructing a new high school building and related land purchases. The bonds were issued for a twenty-eight year period with a final maturity of December 1, 2029. The bonds will be retired from the debt service fund.

Long Term Notes - On August 19, 2004 and March 28, 2005, the School District issued a total of \$3,603,733 in general long term notes for the purpose of constructing two new field houses for athletic facilities of the District. The School District issued the remaining \$861,000 long term notes on November 2005. The notes were issued for thirty years with a final maturity in 2034. The notes will be retired from the debt service fund.

Compensated absences will be paid from the fund where the employee's salary is paid. The General Obligation Bonds and Long Term Notes will be paid from the Debt Service fund with a special tax levy. Capital leases will be paid from the General fund.

At June 30, 2006, the School District's overall legal debt margin was \$21,264,898, an energy conservation debt margin of \$2,464,954 and an unvoted debt margin of \$273,884.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 14 - Long-Term Liabilities (continued)

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2007	\$700,000	\$1,338,274	\$2,038,274
2008	680,000	1,313,794	1,993,794
2009	830,000	1,285,236	2,115,236
2010	900,000	1,251,259	2,151,259
2011	325,000	1,226,515	1,551,515
2012-2016	1,679,998	6,967,710	8,647,708
2017-2021	3,660,231	6,913,427	10,573,658
2022-2026	8,855,000	3,792,625	12,647,625
2027-2030	10,405,000	1,095,875	11,500,875
Totals	\$28,035,229	\$25,184,715	\$53,219,944

Fiscal Year Ending June 30,	Long Term Notes		
	Principal	Interest	Total
2007	\$103,000	\$198,430	\$301,430
2008	109,000	193,831	302,831
2009	115,000	189,019	304,019
2010	120,000	181,396	301,396
2011	129,000	176,196	305,196
2012-2016	745,000	794,213	1,539,213
2017-2021	948,000	616,984	1,564,984
2022-2026	998,000	379,542	1,377,542
2027-2031	727,000	200,548	927,548
2032-2034	529,000	36,785	565,785
Totals	\$4,523,000	\$2,966,944	\$7,489,944

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 15 - Interfund Balances/Transfers

Interfund balances at June 30, 2006, consist of the following individual receivables and payables and transfers in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
Major Funds:				
General Fund	\$0	\$367,046	\$0	\$89
Debt Service	104,891	0	0	0
Emergency Levy	1,950,156	0	0	13,196
Food Service	0	47,785	0	0
Building	0	1,627,806	0	0
Nonmajor Funds	222,122	234,532	391,140	377,855
Total All Funds	<u>\$2,277,169</u>	<u>\$2,277,169</u>	<u>\$391,140</u>	<u>\$391,140</u>

During the year the Emergency Levy fund advanced the General Fund, Food Service, Other Grants, District Managed Activities, Educational Management Information Systems, Early Entry Programs Grant, Summer Intervention Grant, Miscellaneous State Grants, Title VI-B Grant, Title I Grant, Title VI Grant, Drug Free Act, EHA Preschool Grant, Reducing Class Size, and Miscellaneous Federal Grant special revenue funds monies for expenditures related to the program. The advance to the building capital projects fund was for additional expenditures related to the construction of the fieldhouse. These advances will be repaid within one year or less after the revenues for the next program year are received.

The District transferred monies from one nonmajor special revenue fund to the other to close out the balances in those grants. The transfers from the General and Emergency Levy funds were for Title I Grant nonmajor Special Revenue fund unreimbursed grant expenditures.

The District advanced on a GAAP basis \$104,891 from the Debt Service Fund to the General Fund to cover the remaining fund's cash deficit as of June 30, 2006. The District will be able to repay the short term loan shortly into the next fiscal year from additional tax revenue expected to be received from passage of a new levy.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006

Note 16 - Jointly Governed Organizations

A. Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA), a jointly governed organization, was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. During the 2006 fiscal year, the School District paid \$38,961 to SWOCA for services. The District has no ongoing financial interest in nor responsibility for the Association. To obtain financial information, write to SWOCA, at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

B. Butler County Joint Vocational School District

The Butler County Joint Vocational School District (BCJVSD), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected boards. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. BCJVSD was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for the Joint Vocational School. To obtain financial information, write to the BCJVSD, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Note 17 - Insurance Purchasing Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 17 - Insurance Purchasing Pools (continued)

B. Butler County Health Plan

The School District participates in the Butler County Health Plan (BCHP), an insurance purchasing pool. The BCHP was formed to provide affordable medical, dental and vision insurance to member's employees, eligible dependents and designated beneficiaries. The Board of Trustees is composed of seven representatives from the participating members, five of whom shall be administrative employees (at least one superintendent and one treasurer), one shall be a certificated employee and one shall be a classified employee. Each representative is elected to serve a three year staggered term. To obtain financial information write to BCHP at 6025 Dixie Highway, Suite 250, Fairfield, Ohio 45014.

Note 18 - Set-aside calculations and fund reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition	Totals
Set-aside Cash Balance as of June 30, 2005	(\$776,842)	\$0	(\$776,842)
Current Year Set-aside Requirement	235,040	235,040	470,080
Qualifying Disbursements	(308,231)	(1,175,282)	(1,483,513)
Total	<u>(850,033)</u>	<u>(940,242)</u>	<u>(1,790,275)</u>
Set-Aside Offset Carried Forward to FY 2006	<u>(\$850,033)</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$0</u>

Although the School District had qualifying disbursements during the year that reduced the capital acquisition and textbook set-aside amounts to below zero, only the amount for the textbooks set-aside may be used to reduce the set-aside requirement of future years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2006*

Note 19 - Change in Accounting Principles and Restatement of Net Assets

During fiscal year 2006, the School District implemented GASB Statements Nos. 46 and 47.

GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. This Statement also requires government to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation (See Note 2 J).

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

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

B. Litigation

As of June 30, 2006, there were no pending cases.

Note 21 - Subsequent Events

The School District completed a partial refunding for \$19,640,000 of the \$28,035,299 General Obligation Bonds 2002 on October 12, 2006. The School District expects to generate \$691,665 in cost savings through reduced effective interest rates.

On October 19, 2006, the School District issued \$1,190,000 in tax anticipation notes. The notes were issued for one year with a 4.25% interest rate.

Monroe Local School District

Fund Descriptions

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. The following are descriptions of the School District's nonmajor special revenue funds:

Nonmajor Special Revenue Funds

Special Trust – A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

Public School Support – This fund is used to account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e., sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Other Grant – This fund accounts for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

Special Collections – This fund accounts for the rent and operational costs of the old high school building being used by various County departments.

District Managed Activities – This fund accounts for those student activity programs that have student participation in the activity, but do not have student management of the programs.

Educational Management Information Systems – This fund accounts for hardware and software development, or other costs associated with the requirements of the management information system.

Early Entry Program – To implement entry-year programs pursuant to division (T) of section 3317.024 of the Revised Code.

OneNet Ohio – A fund provided to account for money appropriated for Ohio Educational Computer Network Connections.

School Net Professional Development – This fund accounts for the revenue and expenditures associated with a limited number of professional development subsidy grants.

Monroe Local School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

Ohio Reads – This fund accounts for state monies and operating expenditures associated with the OhioReads Program. The OhioReads Program is intended to improve reading outcomes, especially on the fourth grade reading proficiency test.

Summer Intervention – To account for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

Miscellaneous State Grants – This fund accounts for various monies received from State agencies that are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

Title VI-B Grant – This fund accounts for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels and to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Vocational Education Grant – This fund accounts for federal funds under the Carl D. Perkins Vocational Education Act of 1984. The monies may be used for cooperation of development of vocational education programs.

Title I Grant – This fund accounts for federal funds expended for services provided to meet special educational needs of educationally deprived children.

Title VI Grant – This fund accounts for federal funds used to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; and programs to enhance personal excellence of students and student achievement.

Drug-Free Grant – This fund accounts for federal funds used to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

EHA Preschool Grant – The Preschool Grant Program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

E-Rate Grant – This fund accounts for monies refunded from telecommunications vendors. This money will be used to pay future telecommunications bills or will be transferred to the general fund.

Monroe Local School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

Reducing Class Size Grant – This fund accounts for federal funds to be used to support the teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants – This fund accounts for the proceeds of specific federal grants that are legally restricted to expenditures for specific purposes.

Capital Projects Funds

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases. The following are descriptions of the School District's nonmajor project funds:

Nonmajor Capital Projects Funds

SchoolNet – This fund accounts for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

SchoolNet Video Distance Learning – This fund accounts for State money used to finance interactive video distance learning project.

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$117,709	\$33,024	\$150,733
Receivables:			
Accounts	33,886	0	33,886
Interfund	222,122	0	222,122
Intergovernmental	174,623	0	174,623
Total Assets	548,340	33,024	581,364
<u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Payables:			
Accounts	24,483	0	24,483
Contracts	2,930	4,528	7,458
Due to Local Governments	27,969	0	27,969
Salaries and Employee Benefits	33,947	0	33,947
Interfund	234,532	0	234,532
Total Liabilities	323,861	4,528	328,389
<u>Fund Balances:</u>			
Reserved for:			
Encumbrances	77,058	0	77,058
Unreserved, reported in:			
Special Revenue	147,421	0	147,421
Capital Projects	0	28,496	28,496
Total Fund Balances	224,479	28,496	252,975
Total Liabilities and Fund Balances	\$548,340	\$33,024	\$581,364

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$598,368	\$0	\$598,368
Charges for Services	492,504	0	492,504
Gifts and Donations	26,375	0	26,375
Extracurricular Activities	233,547	0	233,547
Miscellaneous	11,865	7,512	19,377
Total Revenues	<u>1,362,659</u>	<u>7,512</u>	<u>1,370,171</u>
Expenditures:			
Current:			
Instruction:			
Regular	249,997	0	249,997
Special	166,680	0	166,680
Support Services:			
Pupils	148,057	0	148,057
Instructional Staff	114,484	0	114,484
Administration	54,572	0	54,572
Operation and Maintenance of Plant	130,462	216,964	347,426
Central	24,977	10,948	35,925
Extracurricular Activities	153,840	1,600	155,440
Capital Outlay	1,212	94,970	96,182
Debt Service:			
Interest and Fiscal Charges	0	33,589	33,589
Total Expenditures	<u>1,044,281</u>	<u>358,071</u>	<u>1,402,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	318,378	(350,559)	(32,181)
Other Financing Sources (Uses)			
Transfers - In	13,285	377,855	391,140
Transfers - Out	(377,855)	0	(377,855)
Total Other Financing Sources (Uses)	<u>(364,570)</u>	<u>377,855</u>	<u>13,285</u>
Net Change in Fund Balances	(46,192)	27,296	(18,896)
Fund Balances - beginning	270,671	1,200	271,871
Fund Balances - ending	<u>\$224,479</u>	<u>\$28,496</u>	<u>\$252,975</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2006

	Special Trust	Public School Support	Other Grant	Special Collections	District Managed Activities
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$9,960	\$38,976	\$15,215	\$0	\$43,651
Receivables:					
Accounts	0	667	0	33,124	95
Interfund	0	0	0	221,214	0
Intergovernmental	0	0	0	0	0
Total Assets	9,960	39,643	15,215	254,338	43,746
Liabilities and Fund Balances					
Liabilities:					
Payables:					
Accounts	0	7,003	412	328	9,186
Contracts	0	2,793	0	137	0
Due to Local Governments	0	0	5,776	285	0
Salaries and Employee Benefits	0	0	0	0	0
Interfund	0	0	311	0	8,064
Total Liabilities	0	9,796	6,499	750	17,250
Fund Balances:					
Reserved for:					
Encumbrances	50	4,431	494	600	17,953
Unreserved, reported in:					
Special Revenue (Deficit)	9,910	25,416	8,222	252,988	8,543
Total Fund Balances (Deficit)	9,960	29,847	8,716	253,588	26,496
Total Liabilities and Fund Balances	\$9,960	\$39,643	\$15,215	\$254,338	\$43,746

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2006

Educational Management Information Systems	Early Entry Programs	School Net Professional Development	Summer Intervention	Miscellaneous State Grants	Title VI-B Grant	Vocational Education Grant
\$0	\$997	\$420	\$0	\$81	\$0	\$4,699
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	134,536	0
<u>0</u>	<u>997</u>	<u>420</u>	<u>0</u>	<u>81</u>	<u>\$134,536</u>	<u>4,699</u>
0	0	50	0	0	\$7,475	29
0	0	0	0	0	\$0	0
0	0	0	0	0	15,091	2,338
0	0	0	0	0	19,117	0
4,687	3,727	0	7,420	630	103,242	0
<u>4,687</u>	<u>3,727</u>	<u>50</u>	<u>7,420</u>	<u>630</u>	<u>144,925</u>	<u>2,367</u>
0	0	0	0	0	34,164	4,680
(4,687)	(2,730)	370	(7,420)	(549)	(44,553)	(2,348)
<u>(4,687)</u>	<u>(2,730)</u>	<u>370</u>	<u>(7,420)</u>	<u>(549)</u>	<u>(10,389)</u>	<u>2,332</u>
<u>\$0</u>	<u>\$997</u>	<u>\$420</u>	<u>\$0</u>	<u>\$81</u>	<u>\$134,536</u>	<u>\$4,699</u>

(continued)

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2006
(continued)

	Title I Grant	Title VI Grant	Drug-Free Grant	EHA Preschool Grant	E-Rate Grant
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,313	\$37	\$0	\$1,180
Receivables:					
Accounts	0	0	0	0	0
Interfund	0	0	0	0	0
Intergovernmental	21,864	1,479	5,259	1,584	0
Total Assets	<u>21,864</u>	<u>2,792</u>	<u>5,296</u>	<u>1,584</u>	<u>1,180</u>
Liabilities and Fund Balances					
Liabilities:					
Payables:					
Accounts	0	0	0	0	0
Contracts	0	0	0	0	0
Due to Local Governments	4,479	0	0	0	0
Salaries and Employee Benefits	14,830	0	0	0	0
Interfund	89,289	4,720	4,828	1,563	0
Total Liabilities	<u>108,598</u>	<u>4,720</u>	<u>4,828</u>	<u>1,563</u>	<u>0</u>
Fund Balances:					
Reserved for:					
Encumbrances	571	1,314	431	21	0
Unreserved, reported in:					
Special Revenue (Deficit)	(87,305)	(3,242)	37	0	1,180
Total Fund Balances (Deficit)	<u>(86,734)</u>	<u>(1,928)</u>	<u>468</u>	<u>21</u>	<u>1,180</u>
Total Liabilities and Fund Balances	<u>\$21,864</u>	<u>\$2,792</u>	<u>\$5,296</u>	<u>\$1,584</u>	<u>\$1,180</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2006

Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$1,180	\$0	\$117,709
0	0	33,886
0	908	222,122
9,901	0	174,623
11,081	908	548,340
0	0	24,483
0	0	2,930
0	0	27,969
0	0	33,947
4,866	1,185	234,532
4,866	1,185	323,861
12,349	0	77,058
(6,134)	(277)	147,421
6,215	(277)	224,479
\$11,081	\$908	\$548,340

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006

	Special Trust	Public School Support	Other Grant	Special Collections	District Managed Activities
Revenues:					
Intergovernmental	\$0	\$0	\$17,688	\$0	\$0
Rent	0	0	0	492,504	0
Gifts and Donations	7,430	0	18,945	0	0
Extracurricular Activities	0	45,917	0	0	187,630
Miscellaneous	2,488	8,155	0	0	1,222
Total Revenues	9,918	54,072	36,633	492,504	188,852
Expenditures:					
Current:					
Instruction:					
Regular	7,030	25,229	8,407	0	0
Special	0	0	16,484	0	0
Support Services:					
Pupils	1,133	20,679	0	0	0
Instructional Staff	0	9,274	2,683	0	0
Administration	0	0	904	0	0
Operation and Maintenance of Plant	0	0	9,123	119,473	0
Central	0	0	0	0	0
Extracurricular Activities	330	0	0	0	153,510
Capital Outlay	0	0	0	1,212	0
Total Expenditures	8,493	55,182	37,601	120,685	153,510
Excess (deficiency) of Revenues Over (Under) Expenditures	1,425	(1,110)	(968)	371,819	35,342
Other Financing Sources (Uses)					
Transfers - In	0	0	0	0	0
Transfers - Out	0	0	0	(377,855)	0
Total Other Financing Sources (Uses)	0	0	0	(377,855)	0
Net Change in Fund Balances	1,425	(1,110)	(968)	(6,036)	35,342
Fund Balances (Deficit) - beginning	8,535	30,957	9,684	259,624	(8,846)
Fund Balances (Deficit) - ending	<u>\$9,960</u>	<u>\$29,847</u>	<u>\$8,716</u>	<u>\$253,588</u>	<u>\$26,496</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006

Educational Management Information Systems	Early Entry Program	OneNet Ohio	School Net Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants
\$6,883	\$800	\$9,000	\$3,200	\$2,000	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>6,883</u>	<u>800</u>	<u>9,000</u>	<u>3,200</u>	<u>2,000</u>	<u>0</u>	<u>0</u>
0	0	0	2,830	2,000	4,511	0
0	0	0	0	0	0	0
0	159	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
11,570	0	9,000	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>11,570</u>	<u>159</u>	<u>9,000</u>	<u>2,830</u>	<u>2,000</u>	<u>4,511</u>	<u>0</u>
(4,687)	641	0	370	0	(4,511)	0
0	89	0	0	0	5,558	0
0	0	0	0	0	0	0
<u>0</u>	<u>89</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,558</u>	<u>0</u>
(4,687)	730	0	370	0	1,047	0
0	(3,460)	0	0	0	(8,467)	(549)
<u>(\$4,687)</u>	<u>(\$2,730)</u>	<u>\$0</u>	<u>\$370</u>	<u>\$0</u>	<u>(\$7,420)</u>	<u>(\$549)</u>

(continued)

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006
(continued)

	Title VI-B Grant	Vocational Education Grant	Title I Grant	Title VI Grant	Drug-Free Grant
Revenues:					
Intergovernmental	\$365,506	\$10,000	\$128,575	\$4,647	\$6,574
Rent	0	0	0	0	0
Gifts and Donations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	365,506	10,000	128,575	4,647	6,574
Expenditures:					
Current:					
Instruction:					
Regular	5,400	7,668	120,829	16,366	6,143
Special	145,059	0	0	0	0
Support Services:					
Pupils	122,947	0	0	0	0
Instructional Staff	83,757	0	5,986	0	0
Administration	48,036	0	4,929	0	0
Operation and Maintenance of Plant	0	0	0	0	1,866
Central	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Expenditures	405,199	7,668	131,744	16,366	8,009
Excess (deficiency) of Revenues Over (Under) Expenditures	(39,693)	2,332	(3,169)	(11,719)	(1,435)
Other Financing Sources (Uses)					
Transfers - In	7,638	0	0	0	0
Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	7,638	0	0	0	0
Net Change in Fund Balances	(32,055)	2,332	(3,169)	(11,719)	(1,435)
Fund Balances (Deficit) - beginning	21,666	0	(83,565)	9,791	1,903
Fund Balances (Deficit) - ending	(\$10,389)	\$2,332	(\$86,734)	(\$1,928)	\$468

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006

EHA Preschool Grant	E-Rate Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$4,177	\$0	\$39,063	\$255	\$598,368
0	0	0	0	492,504
0	0	0	0	26,375
0	0	0	0	233,547
0	0	0	0	11,865
<u>4,177</u>	<u>0</u>	<u>39,063</u>	<u>255</u>	<u>1,362,659</u>
0	0	41,722	1,862	249,997
5,137	0	0	0	166,680
3,139	0	0	0	148,057
0	0	12,784	0	114,484
703	0	0	0	54,572
0	0	0	0	130,462
0	0	0	4,407	24,977
0	0	0	0	153,840
0	0	0	0	1,212
<u>8,979</u>	<u>0</u>	<u>54,506</u>	<u>6,269</u>	<u>1,044,281</u>
(4,802)	0	(15,443)	(6,014)	318,378
0	0	0	0	13,285
0	0	0	0	(377,855)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(364,570)</u>
(4,802)	0	(15,443)	(6,014)	(46,192)
4,823	1,180	21,658	5,737	270,671
<u>\$21</u>	<u>\$1,180</u>	<u>\$6,215</u>	<u>(\$277)</u>	<u>\$224,479</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2006

	Permanent Improvement	Total Nonmajor Capital Projects Funds
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$33,024	\$33,024
Total Assets	\$33,024	33,024
Liabilities and Fund Balances		
Liabilities:		
Payables:		
Contracts	4,528	4,528
Total Liabilities	4,528	4,528
Fund Balances:		
Unreserved, reported in:		
Capital Projects	28,496	28,496
Total Fund Balances	28,496	28,496
Total Liabilities and Fund Balances	\$33,024	\$33,024

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2006

	Permanent Improvement	SchoolNet Video Distance Learning	Total Nonmajor Capital Projects Funds
Revenues:			
Miscellaneous	\$7,512	\$0	\$7,512
Total Revenues	7,512	0	7,512
Expenditures:			
Support Services:			
Operation and Maintenance of Plant	216,964	0	216,964
Central	9,748	1,200	10,948
Extracurricular Activities	1,600	0	1,600
Capital Outlay	94,970	0	94,970
Debt Service:			
Interest and Fiscal Charges	33,589	0	33,589
Total Expenditures	356,871	1,200	358,071
Deficiency of Revenues			
Under Expenditures	(349,359)	(1,200)	(350,559)
Other Financing Sources:			
Transfers - In	377,855	0	377,855
Total Other Financing Sources	377,855	0	377,855
Net Change in Fund Balances	28,496	(1,200)	27,296
Fund Balances - beginning	0	1,200	1,200
Fund Balances - ending	\$28,496	\$0	\$28,496

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Debt Service Fund
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$1,800,174	\$1,690,749	\$1,996,628	\$305,879
Intergovernmental	250,000	168,871	243,555	74,684
Total Revenues	<u>2,050,174</u>	<u>1,859,620</u>	<u>2,240,183</u>	<u>380,563</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Administration	0	79,528	79,528	0
Fiscal	0	33,890	34,227	(337)
Debt Service:				
Principal Retirement	560,000	560,000	622,000	(62,000)
Interest and Fiscal Charges	<u>1,329,002</u>	<u>683,907</u>	<u>2,302,133</u>	<u>(1,618,226)</u>
Total Expenditures	<u>1,889,002</u>	<u>1,357,325</u>	<u>3,037,888</u>	<u>(1,680,563)</u>
Net Change in Fund Balance	161,172	502,295	(797,705)	(1,300,000)
Fund Balances at Beginning of Year	<u>953,450</u>	<u>953,450</u>	<u>953,450</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$1,114,622</u></u>	<u><u>\$1,455,745</u></u>	<u><u>\$155,745</u></u>	<u><u>(\$1,300,000)</u></u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Special Trust			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$7,000	\$7,000	\$7,430	\$430
Miscellaneous	2,000	2,092	2,488	396
Total Revenues	9,000	9,092	9,918	826
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,500	7,850	7,080	770
Support Services:				
Pupils	0	1,384	1,133	251
Extracurricular Activities	0	1,742	330	1,412
Total Expenditures	7,500	10,976	8,543	2,433
Net Change in Fund Balance	1,500	(1,884)	1,375	3,259
Fund Balances at Beginning of Year	8,534	8,534	8,534	0
Fund Balances at End of Year	<u>\$10,034</u>	<u>\$6,650</u>	<u>\$9,909</u>	<u>\$3,259</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Public School Support			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$29,349	\$45,331	\$45,917	\$586
Miscellaneous	7,021	5,740	7,488	1,748
Total Revenues	<u>36,370</u>	<u>51,071</u>	<u>53,405</u>	<u>2,334</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,931	19,069	18,355	714
Support Services:				
Pupils	21,319	25,873	22,548	3,325
Instructional Staff	0	1,281	9,274	(7,993)
Pupil Transportation	3,000	3,000	0	3,000
Total Expenditures	<u>34,250</u>	<u>49,223</u>	<u>50,177</u>	<u>(954)</u>
Net Change in Fund Balance	2,120	1,848	3,228	1,380
Fund Balances at Beginning of Year	29,974	29,974	29,974	0
Prior Year Encumbrances Appropriated	<u>1,282</u>	<u>1,282</u>	<u>1,282</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$33,376</u></u>	<u><u>\$33,104</u></u>	<u><u>\$34,484</u></u>	<u><u>\$1,380</u></u>

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Butler County, Ohio
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Nonmajor Special Revenue Funds
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	Other Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$30,000	\$17,687	\$17,688	\$1
Gifts and Donations	21,600	18,945	18,945	0
Total Revenues	51,600	36,632	36,633	1
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,000	8,502	8,502	0
Special	20,000	28,057	16,566	11,491
Support Services:				
Instructional Staff	2,000	3,193	2,791	402
Administration	371	799	795	4
Operation and Maintenance of Plant	4,000	8,590	9,123	(533)
Total Expenditures	34,371	49,141	37,777	11,364
Excess of Revenues Over (Under) Expenditures	17,229	(12,509)	(1,144)	11,365
<u>Other Financing Sources (Uses):</u>				
Advances In	0	1,778	1,778	0
Advances Out	0	0	(1,467)	(1,467)
Transfers Out	0	(1,467)	0	1,467
Total Other Financing Sources (Uses)	0	311	311	0
Net Change in Fund Balance	17,229	(12,198)	(833)	(11,365)
Fund Balances at Beginning of Year	8,907	8,907	8,907	0
Prior Year Encumbrances Appropriated	408	408	408	0
Fund Balances (Deficit) at End of Year	\$26,544	(\$2,883)	\$8,482	(\$11,365)

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	Special Collections			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Charges for Services	\$440,000	\$464,167	\$475,004	\$10,837
Total Revenues	440,000	464,167	475,004	10,837
<u>Expenditures:</u>				
Current:				
Support Services:				
Operation and Maintenance of Plant	227,900	139,251	134,947	4,304
Capital Outlay	0	1,212	1,212	0
Total Expenditures	227,900	140,463	136,159	4,304
Excess of Revenues Over Expenditures	212,100	323,704	338,845	15,141
<u>Other Financing Uses:</u>				
Advances Out		(200,000)	(204,050)	(4,050)
Transfers Out	0	(377,000)	(377,855)	(855)
Total Other Financing (Uses)	0	(577,000)	(581,905)	(4,905)
Net Change in Fund Balance	212,100	(253,296)	(243,060)	10,236
Fund Balances at Beginning of Year	259,625	259,625	259,625	0
Fund Balances at End of Year	<u>\$471,725</u>	<u>\$6,329</u>	<u>\$16,565</u>	<u>\$10,236</u>

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	District Managed Activities			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$57,423	\$178,825	\$187,535	\$8,710
Gifts and Donations	1,742	1,742	0	(1,742)
Miscellaneous	200	2,364	1,222	(1,142)
Total Revenues	<u>59,365</u>	<u>182,931</u>	<u>188,757</u>	<u>5,826</u>
<u>Expenditures:</u>				
Extracurricular Activities	152,789	146,741	168,726	(21,985)
Total Expenditures	<u>152,789</u>	<u>146,741</u>	<u>168,726</u>	<u>(21,985)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,424)	36,190	20,031	(16,159)
<u>Other Financing Sources:</u>				
Advances In	0	5,000	828	(4,172)
Total Other Financing Sources	<u>0</u>	<u>5,000</u>	<u>828</u>	<u>(4,172)</u>
Net Change in Fund Balance	(93,424)	41,190	20,859	(20,331)
Fund Balances at Beginning of Year	(791)	(791)	(791)	0
Prior Year Encumbrances Appropriated	791	791	791	0
Fund Balances (Deficit) at End of Year	<u>(\$93,424)</u>	<u>\$41,190</u>	<u>\$20,859</u>	<u>(\$20,331)</u>

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	Educational Management Information Systems			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$5,000	\$5,866	\$6,883	\$1,017
Total Revenues	5,000	5,866	6,883	1,017
<u>Expenditures:</u>				
Support Services:				
Central	5,000	11,570	11,570	0
Total Expenditures	5,000	11,570	11,570	0
Excess of Revenues Over (Under) Expenditures	0	(5,704)	(4,687)	1,017
<u>Other Financing Sources:</u>				
Advances In	0	4,687	4,687	0
Total Other Financing Sources	0	4,687	4,687	0
Net Change in Fund Balance	0	(1,017)	0	1,017
Fund Balances at Beginning of Year	4,687	4,687	4,687	0
Fund Balances at End of Year	<u>\$4,687</u>	<u>\$3,670</u>	<u>\$4,687</u>	<u>\$1,017</u>

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	Early Entry Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$700	\$800	\$800	\$0
Total Revenues	700	800	800	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff	20,000	848	230	618
Total Expenditures	20,000	848	230	618
Excess of Revenues Over (Under) Expenditures	(19,300)	(48)	570	618
<u>Other Financing Sources:</u>				
Transfers In	89	89	89	0
Total Other Financing Sources	89	89	89	0
Net Change in Fund Balance	(19,211)	41	659	618
Fund Balances at Beginning of Year	290	290	290	0
Prior Year Encumbrances Appropriated	48	48	48	0
Fund Balances (Deficit) at End of Year	<u>(\$18,873)</u>	<u>\$379</u>	<u>\$997</u>	<u>\$618</u>

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	OneNet Ohio			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$9,000	\$9,000	\$9,000	\$0
Total Revenues	9,000	9,000	9,000	0
<u>Expenditures:</u>				
Support Services:				
Central	9,000	9,000	9,000	0
Total Expenditures	9,000	9,000	9,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

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	School Net Professional Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,700	\$3,200	\$3,200	\$0
Total Revenues	2,700	3,200	3,200	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,000	3,200	2,830	370
Total Expenditures	5,000	3,200	2,830	370
Net Change in Fund Balance	(2,300)	0	370	370
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	(\$2,300)	\$0	\$370	\$370

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	Ohio Reads Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$2,000	\$2,000	\$0
Total Revenues	0	2,000	2,000	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,000	2,000	2,000	0
Total Expenditures	2,000	2,000	2,000	0
Net Change in Fund Balance	(2,000)	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	<u>(\$2,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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	Summer Intervention Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$2,438	\$2,438	\$0
Total Revenues	0	2,438	2,438	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	20,000	16,086	7,996	8,090
Total Expenditures	20,000	16,086	7,996	8,090
Deficiency of Revenues Under Expenditures	(20,000)	(13,648)	(5,558)	8,090
<u>Other Financing Sources (Uses):</u>				
Advances In	0	5,558	5,558	0
Advances Out	0	0	(5,558)	(5,558)
Transfers In	0	5,558	5,558	0
Total Other Financing Sources (Uses)	0	11,116	5,558	(5,558)
Net Change in Fund Balance	(20,000)	(2,532)	0	2,532
Fund Balances (Deficit) at Beginning of Year	(4,253)	(4,253)	(4,253)	0
Prior Year Encumbrances Appropriated	4,253	4,253	4,253	0
Fund Balances (Deficit) at End of Year	(\$20,000)	(\$2,532)	\$0	\$2,532

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	Miscellaneous State Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	4,750	0	0	0
Total Expenditures	4,750	0	0	0
Net Change in Fund Balance	(4,750)	0	0	0
Fund Balances at Beginning of Year	81	81	81	0
Fund Balances (Deficit) at End of Year	<u>(\$4,669)</u>	<u>\$81</u>	<u>\$81</u>	<u>\$0</u>

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	Title VI-B Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$369,600	\$230,970	\$230,970	\$0
Total Revenues	369,600	230,970	230,970	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,790	5,388	5,388	0
Special	72,078	66,877	148,456	(81,579)
Support Services:				
Pupils	82,180	29,828	122,880	(93,052)
Instructional Staff	165,976	140,759	121,549	19,210
Administration	46,576	60,189	46,309	13,880
Total Expenditures	369,600	303,041	444,582	(141,541)
Excess of Revenues Over (Under) Expenditures	0	(72,071)	(213,612)	(141,541)
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures		19,175	19,175	0
Transfers In	0	8,171	8,171	0
Transfers Out	0	(533)	(533)	0
Total Other Financing Sources (Uses)	0	26,813	26,813	0
Net Change in Fund Balance	0	(45,258)	(186,799)	(141,541)
Fund Balances at Beginning of Year	41,886	41,886	41,886	0
Prior Year Encumbrances Appropriated	180	180	180	0
Fund Balances (Deficit) at End of Year	\$42,066	(\$3,192)	(\$144,733)	(\$141,541)

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	Vocational Education Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$10,000	\$10,000	\$0
Total Revenues	0	10,000	10,000	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	10,010	9,981	29
Total Expenditures	0	10,010	9,981	29
Net Change in Fund Balance	0	(10)	19	29
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	\$0	(\$10)	\$19	\$29

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	Title I Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$128,575	\$106,711	\$106,711	\$0
Total Revenues	128,575	106,711	106,711	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	117,789	119,610	124,315	(4,705)
Support Services:				
Instructional Staff	6,053	5,803	7,173	(1,370)
Administration	9,158	7,332	5,174	2,158
Total Expenditures	133,000	132,745	136,662	(3,917)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,425)	(26,034)	(29,951)	(3,917)
<u>Other Financing Sources:</u>				
Advances In	0	1,801	1,801	0
Total Other Financing Sources	0	1,801	1,801	0
Net Change in Fund Balance	(4,425)	(24,233)	(28,150)	(3,917)
Fund Balances (Deficit) at Beginning of Year	(3,009)	(3,009)	(3,009)	0
Prior Year Encumbrances Appropriated	3,009	3,009	3,009	0
Fund Balances (Deficit) at End of Year	<u>(\$4,425)</u>	<u>(\$24,233)</u>	<u>(\$28,150)</u>	<u>(\$3,917)</u>

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	Title VI Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$4,647	\$3,168	\$3,168	\$0
Total Revenues	4,647	3,168	3,168	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,647	13,573	17,680	(4,107)
Total Expenditures	4,647	13,573	17,680	(4,107)
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(10,405)	(14,512)	(4,107)
<u>Other Financing Sources:</u>				
Advances In	0	2,793	2,793	0
Total Other Financing Sources	0	2,793	2,793	0
Net Change in Fund Balance	0	(7,612)	(11,719)	(4,107)
Fund Balances at Beginning of Year	11,719	11,719	11,719	0
Fund Balances at End of Year	<u>\$11,719</u>	<u>\$4,107</u>	<u>\$0</u>	<u>(\$4,107)</u>

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	Drug-Free Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$6,574	\$1,315	\$1,315	\$0
Total Revenues	6,574	1,315	1,315	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,574	2,929	6,574	(3,645)
Support Services:				
Operation and Maintenance of Plant	0	1,866	1,866	0
Total Expenditures	6,574	4,795	8,440	(3,645)
Excess of Revenues Over (Under) Expenditures	0	(3,480)	(7,125)	(3,645)
<u>Other Financing Sources:</u>				
Advances In	0	0	4,828	4,828
Total Other Financing Sources	0	0	4,828	4,828
Net Change in Fund Balance	0	(3,480)	(2,297)	1,183
Fund Balances at Beginning of Year	1,903	1,903	1,903	0
Fund Balances (Deficit) at End of Year	\$1,903	(\$1,577)	(\$394)	\$1,183

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	EHA Preschool Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$4,177	\$2,593	\$2,593	\$0
Total Revenues	4,177	2,593	2,593	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	798	6,578	5,157	1,421
Support Services:				
Pupils	1,600	1,600	3,139	(1,539)
Administration	800	800	703	97
Total Expenditures	3,198	8,978	8,999	(21)
Excess (Deficiency) of Revenues Over (Under) Expenditures	979	(6,385)	(6,406)	(21)
<u>Other Financing Sources:</u>				
Advances In	0	96	1,563	1,467
Total Other Financing Sources	0	96	1,563	1,467
Net Change in Fund Balance	979	(6,289)	(4,843)	1,446
Fund Balances at Beginning of Year	4,823	4,823	4,823	0
Fund Balances (Deficit) at End of Year	\$5,802	(\$1,466)	(\$20)	\$1,446

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	E-Rate Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
 <u>Expenditures:</u>				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	1,180	1,180	1,180	0
Fund Balances at End of Year	<u>\$1,180</u>	<u>\$1,180</u>	<u>\$1,180</u>	<u>\$0</u>

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	Reducing Class Size Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$39,829	\$30,339	\$30,339	\$0
Total Revenues	39,829	30,339	30,339	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	33,894	66,341	55,489	10,852
Support Services:				
Instructional Staff	12,206	13,000	12,906	94
Total Expenditures	46,100	79,341	68,395	10,946
Excess of Revenues Over (Under) Expenditures	(6,271)	(49,002)	(38,056)	10,946
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	11,091	11,091	0
Transfers Out	0	0	(11,091)	(11,091)
Total Other Financing Sources (Uses)	0	11,091	0	(11,091)
Net Change in Fund Balance	(6,271)	(37,911)	(38,056)	(145)
Fund Balances at Beginning of Year	14,762	14,762	14,762	0
Prior Year Encumbrances Appropriated	12,206	12,206	12,206	0
Fund Balances (Deficit) at End of Year	<u>\$20,697</u>	<u>(\$10,943)</u>	<u>(\$11,088)</u>	<u>(\$145)</u>

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	Miscellaneous Federal Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,339	\$3,670	\$1,362	(\$2,308)
Total Revenues	2,339	3,670	1,362	(2,308)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,590	1,863	1,862	1
Support Services:				
Central	2,410	4,487	4,406	81
Total Expenditures	4,000	6,350	6,268	82
Net Change in Fund Balance	(1,661)	(2,680)	(4,906)	(2,226)
Fund Balances at Beginning of Year	4,826	4,826	4,826	0
Prior Year Encumbrances Appropriated	80	80	80	0
Fund Balances at End of Year	<u>\$3,245</u>	<u>\$2,226</u>	<u>\$0</u>	<u>(\$2,226)</u>

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in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
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	Permanent Improvement			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Miscellaneous	\$0	\$5,975	\$7,512	\$1,537
Total Revenues	0	5,975	7,512	1,537
<u>Expenditures:</u>				
Current:				
Support Services:				
Operation and Maintenance of Plant	0	51,691	216,964	(165,273)
Central	0	9,748	9,748	0
Extracurricular Activities	0	1,600	1,600	0
Capital Outlay	0	48,225	94,970	(46,745)
Debt Service:				
Interest and Fiscal Charges	0	33,589	33,589	0
Total Expenditures	0	144,853	356,871	(212,018)
Excess of Revenues Over (Under) Expenditures	0	(138,878)	(349,359)	(210,481)
<u>Other Financing Sources</u>				
Transfers In	0	377,855	377,855	0
Total Other Financing Sources	0	377,855	377,855	0
Net Change in Fund Balance	0	238,977	28,496	(210,481)
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$238,977	\$28,496	(\$210,481)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2006

	Building			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Miscellaneous	\$0	\$15,658	\$15,658	\$0
Total Revenues	0	15,658	15,658	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Operation and Maintenance of Plant	0	0	5,930	(5,930)
Capital Outlay	2,000,000	1,204,373	1,198,443	5,930
Total Expenditures	2,000,000	1,204,373	1,204,373	0
Deficiency of Revenues Under Expenditures	(2,000,000)	(1,188,715)	(1,188,715)	0
<u>Other Financing Sources:</u>				
Proceeds from Sale of Long Term Notes	0	922,745	922,745	0
Refund of Prior Year Expenditures	0	225,684	225,684	0
Advances In	0	40,286	40,286	0
Total Other Financing Sources	0	1,188,715	1,188,715	0
Net Change in Fund Balance	(2,000,000)	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	(\$2,000,000)	\$0	\$0	\$0

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006

	<u>Schoolnet Video Distance Learning</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Current:				
Central	0	1,200	1,200	0
Total Expenditures	0	1,200	1,200	0
Net Change in Fund Balance	0	(1,200)	(1,200)	0
Fund Balances at Beginning of Year	1,200	1,200	1,200	0
Fund Balances at End of Year	<u>\$1,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Monroe Local School District
Butler County, Ohio
Combining Statement of Changes
in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2006**

Student Activities	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$42,064	\$139,383	\$126,676	\$54,771
Total Assets	<u>\$42,064</u>	<u>\$139,383</u>	<u>\$126,676</u>	<u>\$54,771</u>
<u>Liabilities:</u>				
Accounts Payable	\$5,623	\$8,723	\$5,623	\$8,723
Due to Students	36,441	130,660	121,053	46,048
Total Liabilities	<u>\$42,064</u>	<u>\$139,383</u>	<u>\$126,676</u>	<u>\$54,771</u>

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Statistical Section

Monroe Local School District

Net Assets by Component

Last Six Years

(*accrual basis of accounting*)

	2006	2005	2004	2003	2002	2001
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$ 4,307,686	\$ 10,825,911	\$ 1,983,542	\$ 16,917,919	\$ 4,622,375	\$ 1,134,589
Restricted	1,083,162	1,163,394	1,425,736	18,398,174	30,690,231	333,123
Unrestricted	(304,070)	(5,526,512)	3,237,827	(24,919,174)	(25,265,125)	6,222,817
<i>Total Governmental Activities Net Assets</i>	<u>\$ 5,086,778</u>	<u>\$ 6,462,793</u>	<u>\$ 6,647,105</u>	<u>\$ 10,396,919</u>	<u>\$ 10,047,481</u>	<u>\$ 7,690,529</u>

Note: The School District's first fiscal year was 2001.

Monroe Local School District

Changes in Net Assets.

Last Six Years

(accrual basis of accounting)

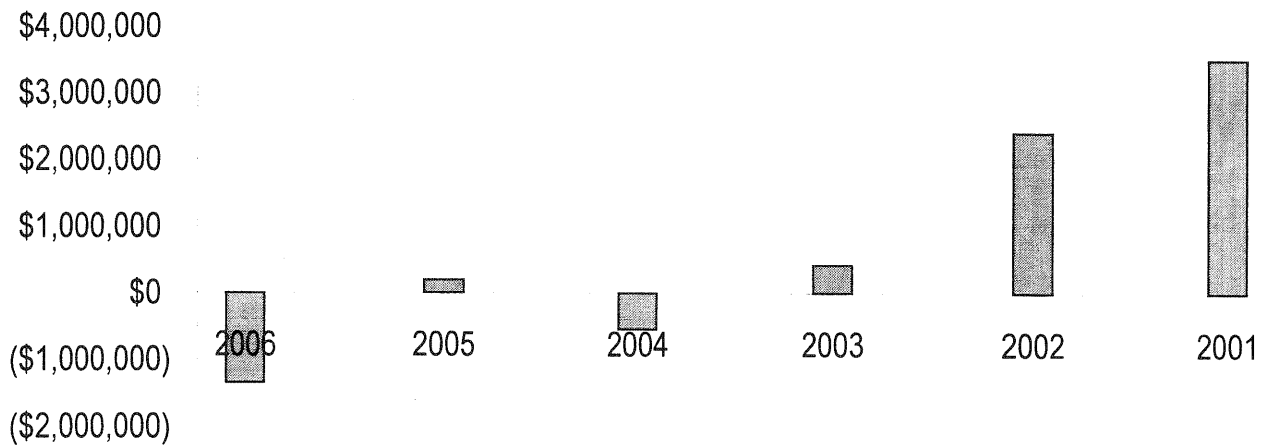
	2006	2005	2004	2003	2002	2001
Expenses						
Governmental Activities:						
Instruction:						
Regular	\$ 8,062,675	\$ 6,384,722	\$ 9,363,182	\$ 6,100,248	\$ 5,657,380	\$ 5,416,205
Special	1,080,812	978,066	737,684	621,551	617,886	491,787
Other	27,362	35,871	31,826	26,022	4,423	14,274
Support Services:						
Pupils	761,542	693,616	442,508	338,215	337,391	272,452
Instructional Staff	593,733	726,411	678,043	492,059	384,017	303,573
Administration	1,596,018	1,462,075	1,588,427	2,148,592	1,522,336	2,129,566
Fiscal	478,179	570,726	418,860	364,544	382,097	323,677
Operation and Maintenance of Plant	1,851,389	1,692,149	1,481,270	1,061,756	966,552	1,377,148
Pupil Transportation	1,806,213	1,419,220	1,594,786	987,331	1,068,600	826,485
Other	493,984	611,762	499,564	220,623	237,209	132,119
Operation of Non-Instructional Services	15,174	0	3,610	22,704	0	26,859
Food Service	621,102	592,179	554,387	408,692	482,777	495,290
Extracurricular Activities	730,188	712,576	582,667	668,963	482,164	451,839
Interest and Fiscal Charges	1,715,492	1,477,542	1,474,837	1,610,865	505,843	5,500
<i>Total Governmental Activities Expenses</i>	<u>19,833,863</u>	<u>17,356,915</u>	<u>19,451,651</u>	<u>15,072,165</u>	<u>12,648,675</u>	<u>12,266,774</u>
Program Revenues						
Governmental Activities:						
Charges for Services:						
Instruction	1,174,781	1,040,129	928,306	16,801	2,411	5,861
Support Services	513,087	349,684	23,982	30,150	0	4,611
Other	727,418	558,323	507,366	463,493	466,356	475,934
Operating Grants and Contributions						
Instruction	356,994	321,349	274,507	238,212	89,681	277,746
Support Services	260,319	300,514	218,184	148,459	96,897	45,315
Other	131,941	120,759	128,928	69,156	65,067	111,994
<i>Total Governmental Activities Program Revenues</i>	<u>3,164,540</u>	<u>2,690,758</u>	<u>2,081,273</u>	<u>966,271</u>	<u>720,412</u>	<u>921,461</u>
Net (Expense)/Revenue	<u>(16,669,323)</u>	<u>(14,666,157)</u>	<u>(17,370,378)</u>	<u>(14,105,894)</u>	<u>(11,928,263)</u>	<u>(11,345,313)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property Taxes	10,537,569	9,753,240	8,646,705	8,015,885	6,681,543	6,581,007
Payments in Lieu of Taxes	-	31,179	35,080	72,974	-	-
Grants and Entitlements not Restricted						
to Specific Programs	4,596,065	4,528,070	4,633,867	5,435,116	5,733,149	9,527,201
Investment Earnings	113,721	86,970	79,041	844,174	758,245	186,759
Miscellaneous	45,953	82,386	225,871	87,183	60,777	49,879
<i>Total Governmental Activities</i>	<u>15,293,308</u>	<u>14,481,845</u>	<u>13,620,564</u>	<u>14,455,332</u>	<u>13,233,714</u>	<u>16,344,846</u>
Change in Net Assets	<u>\$ (1,376,015)</u>	<u>\$ (184,312)</u>	<u>\$ (3,749,814)</u>	<u>\$ 349,438</u>	<u>\$ 1,305,451</u>	<u>\$ 4,999,533</u>

Note: The School District's first fiscal year was 2001.

Monroe Local School District
Fund Balances, Governmental Funds
Last Six Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001
General Fund						
Reserved	\$215,409	\$171,969	\$139,151	\$187,065	\$185,919	\$1,079,485
Unreserved	(1,346,421)	195,456	(547,347)	423,848	2,415,346	3,515,117
<i>Total General Fund</i>	<u>(1,131,012)</u>	<u>367,425</u>	<u>(408,196)</u>	<u>610,913</u>	<u>2,601,265</u>	<u>4,594,602</u>
All Other Governmental Funds						
Reserved	227,380	149,567	1,581,647	7,409,493	232,404	251,842
Undesignated, Reported in:						
Special Revenue funds	2,117,812	2,072,432	4,453,835	4,495,145	3,357,394	2,100,462
Debt Service funds	1,026,503	1,036,405	827,987	662,243	30,824,664	0
Capital Projects funds	(1,592,948)	(2,116,906)	383,966	10,365,743	(1,022,742)	176,821
<i>Total All Other Governmental Funds</i>	<u>1,778,747</u>	<u>1,141,498</u>	<u>7,247,435</u>	<u>22,932,624</u>	<u>33,391,720</u>	<u>2,529,125</u>
<i>Total Governmental Funds</i>	<u>\$647,735</u>	<u>\$1,508,923</u>	<u>\$6,839,239</u>	<u>\$23,543,537</u>	<u>\$35,992,985</u>	<u>\$7,123,727</u>

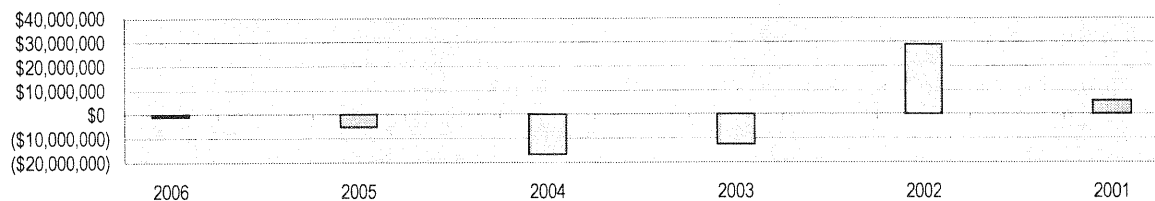
Unreserved General Fund Balance



Monroe Local School District
 Changes in Fund Balances, Governmental Funds
 Last Six Years
 (modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001
Revenues						
Property and Other Local Taxes	\$10,537,569	\$9,753,240	\$8,680,906	\$8,034,776	\$6,681,543	\$6,581,007
Intergovernmental	5,326,374	5,269,429	5,293,583	5,816,112	5,984,794	9,889,474
Charges for Services	1,010,459	784,028	453,963	408,320	350,578	366,444
Tuition and Fees	1,139,529	1,019,506	912,526	6,677	2,411	6,328
Interest	113,721	86,970	89,402	844,174	753,474	186,759
Gifts and Donations	30,875	41,149	10,306	16,627	14,687	50,158
Extracurricular Activities	233,547	138,125	121,737	104,877	89,402	107,791
Miscellaneous	44,013	87,306	132,931	119,090	674,577	52,891
<i>Total Revenues</i>	<u>18,436,087</u>	<u>17,179,753</u>	<u>15,695,354</u>	<u>15,350,653</u>	<u>14,551,466</u>	<u>17,240,852</u>
Expenditures						
Current:						
Instruction:						
Regular	7,214,868	7,109,915	7,023,646	5,861,774	5,386,537	4,781,600
Special	1,076,466	978,126	753,247	598,984	587,916	458,044
Vocational/Other	27,362	35,871	31,826	26,022	4,423	14,274
Support Services						
Pupils	751,536	676,156	438,846	336,859	327,142	247,835
Instructional Staff	596,312	724,719	664,767	492,659	370,613	288,894
Administration	1,491,973	1,333,233	1,210,020	2,024,427	1,445,747	1,854,058
Fiscal	477,216	570,740	417,138	368,790	370,993	299,270
Operation and Maintenance of Plant	1,828,247	1,667,537	1,209,264	1,054,552	929,507	1,321,619
Pupil Transportation	1,806,213	1,409,319	1,245,053	969,154	1,009,525	772,940
Other	491,559	597,373	539,185	296,076	224,359	131,567
Operation of Non-Instructional Services	412	0	3,610	39,630	52,971	26,859
Food Service	623,195	586,423	543,254	413,088	413,290	447,957
Extracurricular Activities	724,567	730,093	581,881	667,678	464,305	436,892
Capital Outlay	780,017	7,594,946	16,256,446	12,518,946	3,035,468	717,091
Debt service:						
Principal Retirement	700,344	553,425	434,489	476,800	24,975	13,770
Interest and Fiscal Charges	1,629,733	1,430,049	1,395,681	1,671,763	949,714	5,500
<i>Total Expenditures</i>	<u>20,220,020</u>	<u>25,997,925</u>	<u>32,748,353</u>	<u>27,817,202</u>	<u>15,597,485</u>	<u>11,818,170</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,783,933)</u>	<u>(8,818,172)</u>	<u>(17,052,999)</u>	<u>(12,466,549)</u>	<u>(1,046,019)</u>	<u>5,422,682</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Assets	0	1,000	0	4,000	0	0
Face Value from Sale of Bonds and Long-Term Notes	922,745	3,603,733	0	0	29,915,000	0
Inception of Capital Lease	0	0	348,684	0	0	138,701
Transfers In	391,140	2,050,000	16,249	30,299,930	1,981,770	0
Transfers Out	(391,140)	(2,050,000)	(16,249)	(30,299,930)	(1,981,770)	0
<i>Total Other Financing Sources (Uses)</i>	<u>922,745</u>	<u>3,604,733</u>	<u>348,684</u>	<u>4,000</u>	<u>29,915,000</u>	<u>138,701</u>
<i>Net Change in Fund Balances</i>	<u>(\$861,188)</u>	<u>(\$5,213,439)</u>	<u>(\$16,704,315)</u>	<u>(\$12,462,549)</u>	<u>\$28,868,981</u>	<u>\$5,561,383</u>
Debt Service as a Percentage of Noncapital Expenditures	13.6%	8.5%	6.0%	8.6%	6.9%	0.2%

Net Change in Fund Balance, Governmental Funds



Monroe Local School District
 Assessed and Estimated Actual Value of Taxable Property
 Last Six Collection (Calendar) Years (1)

District Fiscal Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2001	\$ 140,816,870	\$ 402,333,914	\$ 46,137,078	\$ 184,548,312	\$ 27,046,052	\$ 77,274,434	\$ 214,000,000	\$ 664,156,660
2002	151,923,850	434,068,143	46,656,747	186,626,988	16,426,920	46,934,057	215,007,517	667,629,188
2003	185,913,360	531,181,029	42,599,402	170,397,608	17,055,300	68,221,200	245,568,062	769,799,837
2004	196,489,230	561,397,800	39,359,323	157,437,292	16,628,630	66,514,520	252,477,183	785,349,612
2005	193,759,870	553,599,628	34,495,894	137,983,576	16,170,540	64,682,160	244,426,304	756,265,364
2006	220,220,720	629,202,057	37,369,161	149,476,644	16,293,870	65,175,480	273,883,751	843,854,181

Source: Butler County Auditor

(1) Butler County Auditor property tax records are maintained on a calendar year basis.

(2) Ratio represents total assessed value/total estimated actual value.

Monroe Local School District

Property Tax Rates (Per \$1,000 of Assessed Value)

Direct and Overlapping Governments

Last Five Fiscal Years

<u>District Fiscal Year</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Monroe Local School District	\$ 43.36	\$ 41.88	\$ 40.68	\$ 40.05	\$ 40.32
Butler County	8.75	8.75	8.74	8.74	9.44
City of Monroe	11.17	11.17	11.17	11.17	11.17
Butler County JVS	<u>1.93</u>	<u>1.93</u>	<u>1.93</u>	<u>1.93</u>	<u>1.93</u>
Total	<u>\$ 65.21</u>	<u>\$ 63.73</u>	<u>\$ 62.52</u>	<u>\$ 61.89</u>	<u>\$ 62.86</u>

Source:

Butler County Auditor

Monroe Local School District

Property Tax Levies and Collections - Real and Public Utility Property
Last Five Collection (Calendar) Years

District Fiscal Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Collections from Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levied
		Amount (2)	Percentage of Levy		Amount	Percent of Levy		
2002	\$ 6,817,618	\$ 6,041,296	88.61%	\$ 241,124	\$ 6,282,420	92.15%	\$ 272,801	4.00%
2003	7,862,646	7,051,228	89.68%	197,000	7,248,228	92.19%	118,044	1.50%
2004	8,072,603	7,154,201	88.62%	215,052	7,369,253	91.29%	504,511	6.25%
2005	8,803,893	8,524,186	96.82%	216,339	8,740,525	99.28%	567,879	6.45%
2006	9,186,205	8,925,516	97.16%	573,968	9,499,484	103.41%	254,600	2.77%

Source: Butler County Auditor

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Note: The District was part of the Middletown-Monroe School District until tax year 2000 (collection 2001).
No information is obtainable for the District separately before 2001

Monroe Local School District

Top Ten Principal Taxpayers
Real and Personal Property

Current Year and Four Years Ago

Name of Taxpayer	2006			2002		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Cincinnati Gas and Electric Company	\$ 14,983,980	1	5.47%	\$ 13,622,110	1	6.34%
Ohio Presbyterian	6,403,820	2	2.34%	2,639,570	5	1.23%
Dayton Technologies	3,373,090	3	1.23%	12,327,950	2	5.73%
Worthington Steel	3,105,010	4	1.13%	3,428,730	4	1.59%
EPHS Investments LLC	2,782,620	5	1.02%	2,389,920	6	1.11%
Duke Realty Ohio	2,492,130	6	0.91%	2,085,101	8	0.97%
KP Properties of Ohio	2,328,650	7	0.85%	-	-	0.00%
Monroe Crossing Inc.	1,975,280	8	0.72%	2,053,360	9	0.96%
Kohls Department Stores Inc.	1,852,750	9	0.68%	-	-	0.00%
Baker Monroe Properties	1,669,050	10	0.61%	1,988,627	10	0.92%
Deceuninck North America	-	-	0.00%	7,190,540	3	3.34%
Mount Pleasant Nursing Home	-	-	0.00%	2,100,320	7	0.98%
Total	\$ 40,966,380		14.96%	\$ 49,826,228		23.17%
Total Assessed Valuation	\$ 273,883,751			\$ 215,007,517		

Source: Butler County Auditor's Office

Note: The School District's first year was 2001 but the statistical section was not prepared and information is unknown.

Monroe Local School District

Ratio of Net General Bonded Debt to Assessed Value
And Net Bonded Debt per Capita and Personal Income
Last Six Fiscal Years

Year	Population (1)	Total Assessed Value	Gross Bonded Debt (2)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%) (3)	Ratio of Net Bonded Debt to Estimated Value (%) (3)	Net Bonded Debt per Capita	Net Bonded Debt per Personal Income
2001	7,133	\$ 214,000,000	\$ -	\$ -	\$ -	0.00%	0.00%	N/A	N/A
2002	7,133	215,007,517	29,910,228	30,903,555	(993,327)	0.00%	0.00%	N/A	N/A
2003	7,133	245,568,062	29,460,228	708,653	28,751,575	11.71%	3.73%	4,031	1,214
2004	7,133	252,477,183	29,060,228	876,602	28,183,626	11.16%	3.59%	3,951	1,095
2005	7,133	244,426,304	32,198,962	1,127,240	31,071,722	12.71%	4.11%	4,356	1,110
2006	7,133	273,883,751	32,558,229	1,079,838	31,478,391	11.49%	3.73%	4,413	Not Available

Sources: (1) Population within the City of Monroe. Figures are from the previous December 31 reporting date

(2) Gross bonded indebtedness does not include short term bond anticipation notes

(3) Ratio is less than \$0 and therefore not presented as such

Monroe Local School District

Computation of Direct and Overlapping Debt

June 30, 2006

<u>Governmental Unit</u>	<u>Gross General Obligation Bonds (1)</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Direct:			
Monroe Local School District	<u>\$ 32,558,229</u>	100%	<u>\$ 32,558,229</u>
Overlapping:			
Butler County (1)	64,515,000	3%	2,206,413
City of Monroe (1)	<u>7,170,000</u>	100%	<u>7,170,000</u>
Total Overlapping	<u>71,685,000</u>		<u>9,376,413</u>
Total Direct and Overlapping Debt	<u>\$ 104,243,229</u>		<u>\$ 41,934,642</u>

Source: (1) Monroe Local School District records, Butler County and City of Monroe 2005 financial reports.

(1) Only reflects bonded debt.

Monroe Local School District
 Computation of Legal Debt Margin
 Last Five Years

	2006	2005	2004	2003	2002
Assessed Valuation of District	\$ 273,883,751	\$ 244,426,304	\$ 252,447,183	\$ 245,568,062	\$ 215,007,517
<u>Overall Direct Debt Limit</u>					
Direct Debt Limitation					
9% of assessed valuation (1)	\$ 24,649,538	\$ 21,998,367	\$ 22,720,246	\$ 22,101,126	\$ 19,350,677
Amount available in Debt Service Fund	1,079,838	1,095,436	876,602	708,653	30,903,555
Gross Indebtedness	32,499,707	32,191,769	29,060,228	29,460,228	59,825,228
Less Exempt Debt:					
General Obligation Bonds paid with Special Levy	(28,035,229)	(28,588,036)	(29,060,228)	(29,460,228)	(29,910,228)
Net Indebtedness	4,464,478	3,603,733	-	-	29,915,000
Legal Debt Margin within 9% Limitation	<u>\$ 21,264,898</u>	<u>\$ 19,490,070</u>	<u>\$ 23,596,848</u>	<u>\$ 22,809,779</u>	<u>\$ 20,339,232</u>
Total Net Debt Applicable to the Limit as a Percentage of the Limit	17.35%	15.60%	0.00%	0.00%	59.53%
<u>Energy Conservation Debt Limitation</u>					
Debt Limitation					
0.9% of assessed valuation (1)	<u>\$ 2,464,954</u>	<u>\$ 2,199,837</u>	<u>\$ 2,272,025</u>	<u>\$ 2,210,113</u>	<u>\$ 1,935,068</u>
<u>Unvoted Direct Debt Limitation</u>					
Unvoted Debt Limitation					
0.1% of assessed valuation (1)	<u>\$ 273,884</u>	<u>\$ 244,426</u>	<u>\$ 252,447</u>	<u>\$ 245,568</u>	<u>\$ 215,008</u>

Source: Monroe Local School District records

(1) Ohio Bond Law sets a limit of 9% for overall debt, 0.9% for Energy Conservation measures and 1/10 of 1% for unvoted debt.

Monroe Local School District

Ratio of Annual Debt Service Expenditures

For General Bonded Debt to Total General Government Expenditures

Last Six Fiscal Years

<u>Fiscal Year</u>	<u>Principal(1)</u>	<u>Interest(1)</u>	<u>Total Debt Service</u>	<u>Total Expenditures</u>	<u>Ratio of Debt Service to General Expenditures (%)</u>
2001	\$ -	\$ -	\$ -	\$ 10,412,911	0.00%
2002	-	941,649	941,649	9,943,124	9.47%
2003	450,000	1,602,219	2,052,219	27,817,202	7.38%
2004	400,000	1,385,402	1,785,402	32,748,353	5.45%
2005	465,000	1,399,443	1,864,443	25,997,925	7.17%
2006	622,000	1,572,017	2,194,017	20,220,020	10.85%

Source: Monroe Local School District records

(1) Does not include capital lease payments recorded in the general fund

Monroe Local School District
 Ratios of Outstanding Debt by Type,
 Last Six Fiscal Years

Fiscal Year	General Obligation Bonds	Long Term Notes	Capital Leases	Total Primary Government	Percentage of Personal Income (a)	Percentage of Taxable Property Value (b)	Per Capita (a)
2001	\$ -	\$ -	\$ 124,931	\$ 124,931	0.10%	0.06%	\$ 17.51
2002	29,910,228	-	99,956	30,010,184	21.77%	13.96%	4,207.23
2003	29,460,228	-	73,156	29,533,384	19.61%	12.03%	4,140.39
2004	29,060,228	-	387,351	29,447,579	17.44%	11.66%	4,128.36
2005	28,595,229	3,603,733	298,926	32,497,888	17.70%	13.30%	4,555.99
2006	28,035,229	4,523,000	220,582	32,778,811	16.42%	11.97%	4,595.38

Source: Monroe Local School District records

- (a) Personal Income and population figures can be found on the Demographics Table
- (b) Taxable Property Values can be found on the Assessed and Estimated Actual Value of Taxable Property Table

Monroe Local School District

Demographic Statistics
Last Six Calendar Years

Year	Butler County Population (1)	Population of District (1)	School Enrollment (2)	Personal Income (4)	Personal Income Per Capita	Unemployment Rate Butler County (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate U.S.A. (3)
2000	332,807	7,133	1,466	\$ 119,008,609	\$ 16,684	3.00%	4.10%	4.00%
2001	337,013	7,133	1,381	137,822,902	19,322	3.20	4.30	4.80
2002	340,543	7,133	1,245	150,632,594	21,118	4.40	5.60	5.80
2003	343,207	7,133	1,149	168,867,201	23,674	4.50	5.80	5.60
2004	346,560	7,133	1,699	183,647,145	25,746	5.70	6.10	5.00
2005	350,412	7,133	1,885	199,615,526	27,985	6.00	5.10	4.60

- Sources:
- (1) City of Monroe records
 - (2) Monroe Local School District records
 - (3) Ohio Bureau of Employment Services as of June
 - (4) City of Monroe Income Tax Department

Monroe Local School District
Principal Employers
Current Year and Four Years Ago

2005		
Employer	Employees	Percentage of Total City Employment
Kohl's Department Stores	549	3.73 %
Deceuninck North America LLC	409	2.78
Ohio Presbyterian Retirement	356	2.42
Monroe Local Schools	327	2.22
Precision Packaging	254	1.72
Krispy Kreme Doughnut	237	1.61
Innatech LLC	234	1.59
Worthington Industries	223	1.51
Hawthorn Glen Nursing Center	189	1.28
Clark Cincinnati	172	1.17
Total	2,950	20.02 %
Total City Employees	14,733	

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

Source: City of Monroe, Ohio, Department of Income Tax

Note: The information is only available at calendar year-end. Calendar 2005 is the latest information available from the City of Monroe

Monroe Local School District

Full-Time Equivalent School Employees by Function/Program

Last Five Fiscal Years

<u>Function/program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Current:					
Instruction:					
Regular	101	97	116	99	94
Special	12	13	11	11	1
Support Services					
Pupils	8	7	5	5	3
Instructional Staff	11	11	9	9	11
Administration	7	12	16	16	18
Fiscal	4	4	3	3	3
Operation and Maintenance of Plant	13	14	10	10	10
Pupil Transportation	0	1	1	0	0
Other	2	5	5	5	5
Food Service	16	17	14	14	12
Extracurricular Activities	2	2	2	2	1
Totals:	<u>176</u>	<u>183</u>	<u>192</u>	<u>174</u>	<u>158</u>

Source: Monroe Local School District Payroll Department

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

Monroe Local School District
School Building Information
Last Five Fiscal Years

	Fiscal Year				
	2006	2005	2004	2003*	2002
CAPITAL ASSETS USED BY FUNCTION					
Current:					
Instruction:					
Regular	\$ 703,395	\$ 376,690	\$ 196,987	\$ 191,107	\$ 196,081
Special	2,832	2,225	1,553	28	17,592
Support Services					
Pupils	1,060	583	280	280	9,868
Instructional Staff	667	667	666	55	10,727
Administration	4,507	3,721	3,528	2,532	72,941
Fiscal	817	657	657	55	11,585
Operation and Maintenance of Plant	23,688	23,605	17,093	5,002	49,771
Pupil Transportation	-	9,901	10,801	20,847	28,318
Other	45,832	37,173	26,829	4,316	-
Food Service	2,900	3,663	4,426	1,839	16,733
Extracurricular Activities	8,014	4,533	1,289	73	15,446
Totals	<u>\$ 793,712</u>	<u>\$ 463,418</u>	<u>\$ 264,109</u>	<u>\$ 226,134</u>	<u>\$ 429,062</u>

* The District completed an appraisal during 2003 to properly reflect the asset split from the joint Middletown-Monroe District

	Fiscal Year				
	2006	2005	2004	2003	2002
COST PER STUDENT					
Current:					
Instruction:					
Regular	\$ 4,788	\$ 4,185	\$ 6,113	\$ 4,708	\$ 3,900
Special	714	576	656	481	426
Vocational/Other	18	21	28	21	3
Support Services					
Pupils	499	398	382	271	237
Instructional Staff	396	427	579	396	268
Administration	990	785	1,053	1,626	1,047
Fiscal	317	336	363	296	269
Operation and Maintenance of Plant	1,213	981	1,052	847	673
Pupil Transportation	1,199	829	1,084	778	731
Other	326	352	469	238	162
Operation of Non-Instructional Services	-	-	3	32	38
Food Service	414	345	473	332	299
Extracurricular Activities	481	430	506	536	336
Capital Outlay	518	4,470	14,148	10,055	2,198
Debt service:					
Principal Retirement	465	326	378	383	18
Interest and Fiscal Charges	1,081	842	1,215	1,343	688
Totals	<u>\$ 13,417</u>	<u>\$ 15,302</u>	<u>\$ 28,502</u>	<u>\$ 22,343</u>	<u>\$ 11,294</u>

Monroe Local School District

Construction, Bank Deposits and Property Values

Last Six Calendar Years

<u>Year</u>	<u>Construction (1)</u>	<u>County Bank Deposits (2) (in thousands)</u>	<u>Property Values (3)</u>
2000	\$ 31,880,585	\$ 1,152,810,000	\$ 664,156,660
2001	24,025,902	1,136,994,000	667,629,188
2002	16,680,540	1,257,078,000	769,799,837
2003	35,679,795	1,355,739,000	252,477,183
2004	44,298,038	1,466,791,000	244,426,304
2005	55,121,930	3,053,270,000	273,883,751

- Sources:
- (1) City of Monroe records. Figures are for December 31 of year
 - (2) Federal Reserve Bank of Cleveland
 - (3) Butler County Auditor, calendar year basis - assessed value of real property only.

Monroe Local School District
 Miscellaneous Statistical Data
 June 30, 2006

Total Population	7,133	<u>Building Information</u>	<u>Square Footage</u>
Original Charter:	1999		
Area of District:	20 square miles	Elementary School	48,000
Number of Miles Traveled by Transportation Fleet for the Fiscal 2006 School Year:	218,164	Junior High School	15,000
		High School	160,000
		Central Office	3,000
Number of Meals Served by Food Service Department for the Fiscal 2006 School Year:	299,459		
Percentage of Students with Free Lunch	4%		
Percentage of Students with Reduced Lunch	12%		
Student to Teacher Ratio	17.7 to 1		

<u>School</u>	<u>Grade Level</u>	<u>Enrollment</u>
Monroe Elementary	K - 8	1278
Monroe Junior/Senior High	9 - 12	577
Total		<u>1,855</u>

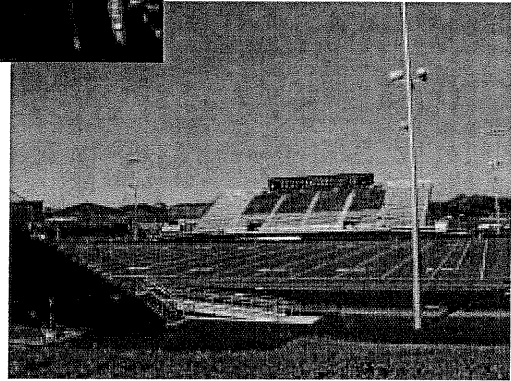
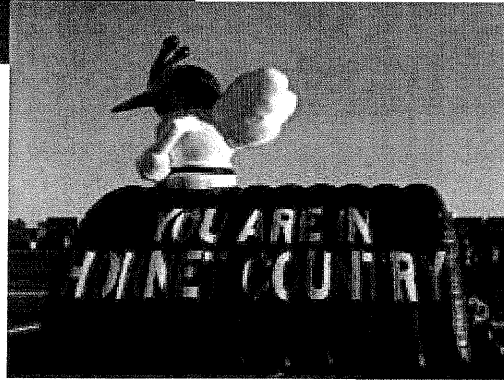
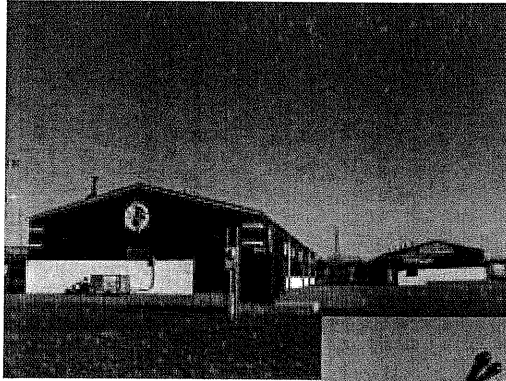
<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor	24	21.05%
Bachelor + 1	9	7.89%
Bachelor + 30	14	12.28%
Masters	47	41.23%
Masters + 20	8	7.02%
Masters + 30	12	10.53%
Total	<u>114</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	30	26.33%
6 - 10	32	28.07%
11 - 15	19	16.67%
16 - 20	14	12.28%
21 - 25	11	9.65%
26 and over	8	7.02%
Total	<u>114</u>	<u>100.00%</u>

Sources: Monroe Local School District records

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*Monroe Local Schools
a new tradition in excellence*



Issued by the Treasurer's Office
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Mary Taylor, CPA
Auditor of State

MONROE LOCAL SCHOOL DISTRICT

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
MAY 29, 2007**