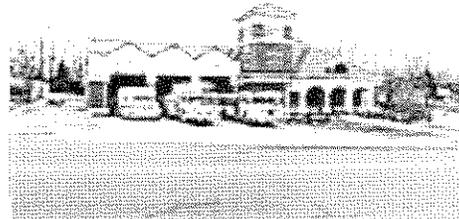
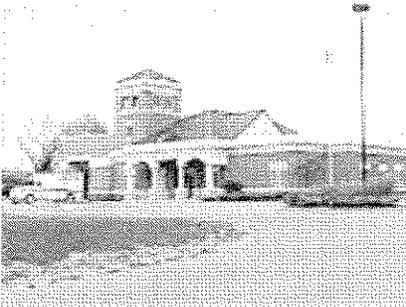


CITY OF MONROE, OHIO
COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE YEAR
ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Mayor and Members of City Council
City of Monroe
P.O. Box 330
Monroe, Ohio 45050

We have reviewed the Independent Auditor's Report of the City of Monroe, Butler County, prepared by BKD LLP, for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

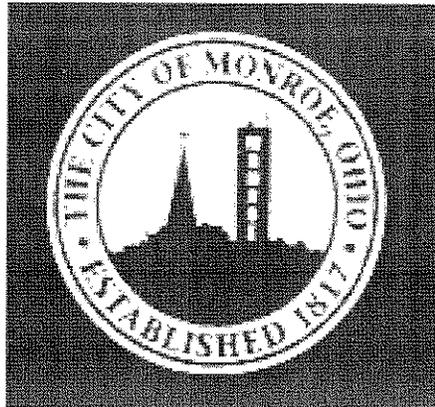
Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 12, 2004

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INTRODUCTORY



SECTION

CITY OF MONROE, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2003

Issued by
Finance Department

City of Monroe, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003

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Robert E. Routson
Mayor

CITY OF MONROE

P.O.Box 330
Monroe, OH 45050

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

August 14, 2004

Citizens of Monroe
Mayor and Members of City Council

We are pleased to submit the City of Monroe's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the City's organizational chart and 2002 certificate of achievement for excellence in financial reporting.
2. The Financial section includes the general-purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the City for the past ten years, as well as information on subjects such as overlapping governments and demographics.

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

THE CITY OF MONROE

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

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

Although once strictly a farming community, the City of Monroe now has a strong industrial base. Currently, the total percentage of land area in Monroe is significantly weighted towards light and heavy industrial acreage. The one percent income tax generated \$2,828,000 with the majority of that revenue derived from an established industrial workforce base. The City offers excellent access to the flourishing Interstate 75 corridor and holds 2,600 acres of prime green field industrial parcels ready for development with full utilities and road access.

CITY ORGANIZATION AND REPORTING ENTITY

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

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

The City is associated with the following jointly governed organizations: The Center for Local Governments and the Ohio-Kentucky-Indiana Regional Council of Governments, which are presented in Note 20 to the general-purpose financial statements. The City is also a member of the Municipal League of Ohio Worker's Compensation Group Rating Plan, an insurance purchasing pool, which is presented in Note 21 to the general-purpose financial statements.

ECONOMIC CONDITION AND MAJOR INITIATIVES

The City of Monroe has become one of the fastest growing communities in southwest Ohio. Monroe's population is currently estimated at 9,300 people in 2003 (above the 7,133 from the 2000 census) and its land area comprises approximately 16.1 square miles of territory. Monroe is located midway between downtown Cincinnati and Dayton. Monroe is served by a full interchange at Interstate 75 as well as two 4-lane state highways, SR 4 and SR 63. Monroe is also served by two major rail lines providing rail served industrial sites.

Monroe has issued an average of 238 single family residential building permits over the past two years. Currently the City contains 16 approved residential subdivisions with an inventory of over 2,023 unbuilt dwelling units as of March 2004. Monroe also has 5 industrial subdivisions under development. Citywide, Monroe has approximately 3,300 acres of vacant industrial and commercially zoned land with direct access to all utilities and road frontage. In the year 2003, new construction brought the City's assessed valuation to \$264,771,478. Monroe is on pace to collect over \$3,000,000 in local income tax based on an earnings tax rate of 1%.

Monroe aggressively attracts and retains business using several different development financing mechanisms. All industrially zoned property within the City has the Rural Enterprise Zone tax incentive program and Community Reinvestment Area program in place. The City also utilizes Tax Increment Financing and special assessment financing to facilitate eligible industrial development. In 2003, Monroe approved over 477,000 sq. ft. of new commercial and industrial space while creating 138 new full time jobs.

MAJOR INITIATIVES

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

Roadway Improvements

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

The State Route 63 widening project will coincide with a State Department of Transportation sponsored project replacing the Interstate 75 bridge and making substantial improvements to the north and south bound ramps onto State Route 63.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's records are maintained on a cash basis for all fund types. Following the year-end closing, necessary adjustments are made to the cash basis records to produce this CAFR. For governmental and related fiduciary funds, the modified accrual basis of accounting is used for reporting purposes. This means that revenues are recognized when both measurable and available and expenditures are recognized when the fund liability is incurred.

The accrual basis of accounting is used for proprietary funds, which recognizes revenues when earned and expenses when incurred. A more detailed explanation of the basis of accounting for various funds is included in the notes to the general-purpose financial statements, located in the financial section of this report.

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

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

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

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

Fund Structure

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The type of funds used is determined by the Ohio Revised Code, by Ordinances and Resolutions of City Council, and by generally accepted accounting principles. The number of individual funds established is determined by prudent financial administration.

General Fixed Assets

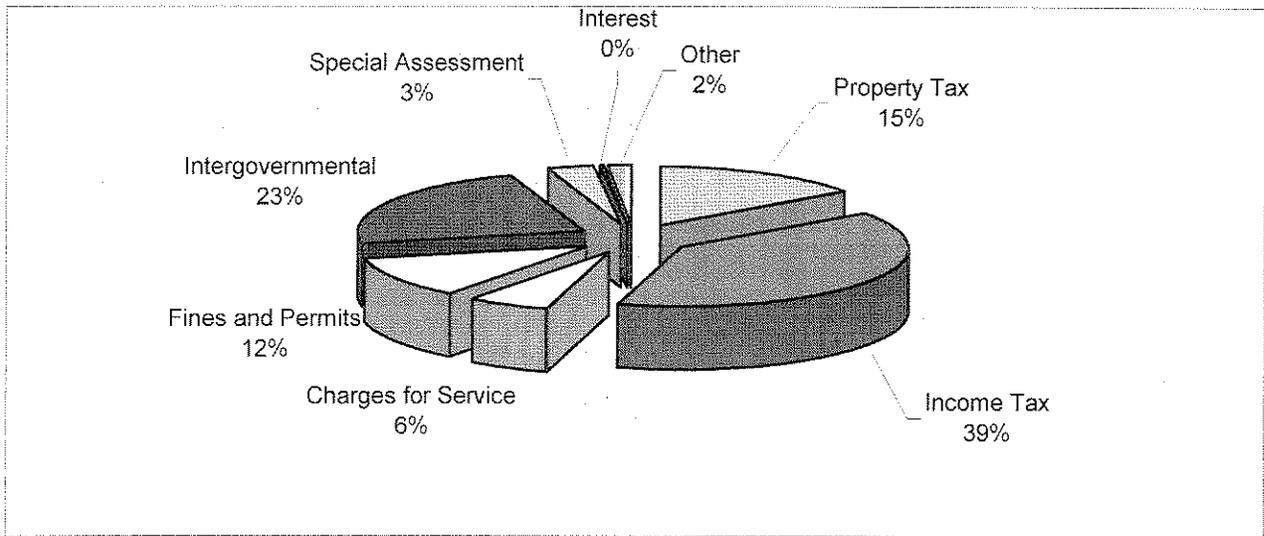
The general fixed assets of the City include all City owned land, buildings, improvements, equipment, vehicles, and construction in progress used in the performance of general government functions. The general fixed assets exclude fixed assets of the Proprietary funds. Infrastructure improvements, such as roads, storm sewers, curbs and sidewalks, are not included in the fixed assets of the General Fixed Assets Account Group. As of December 31, 2003, the general fixed assets of the City amount to \$12,009,310. This amount represents actual cost or estimated actual cost, if actual cost was not available.

General Government Functions

The Governmental funds include the General, Special Revenue, Debt Service and Capital Projects fund types. All financial data for Proprietary and Fiduciary funds is excluded from the following analysis. Governmental Funds' revenues and variances when compared to last year are summarized below:

<u>REVENUES</u>	<u>2003</u>	<u>Variances</u>	<u>Percent of Increase (Decrease)</u>
Property and Other Taxes	\$1,098,020	(\$203,327)	(15.62 %)
Income Taxes	2,891,413	549,571	23.47
Charges for Services	429,184	83,786	24.26
Fines, Licenses and Permits	852,123	33,112	4.04
Intergovernmental	1,690,446	50,555	3.08
Special Assessments	244,479	48,503	24.75
Interest	8,732	(4,419)	(33.60)
Other	127,709	(409,775)	(76.24)
Total Revenues	<u>7,342,106</u>	<u>148,006</u>	<u>2.06</u>
 <u>OTHER FINANCING SOURCES</u>			
Face Value from Sale of Bonds	7,565,000	7,565,000	100.00
Total Revenue and Other Financing Source	<u>\$14,907,106</u>	<u>\$7,713,006</u>	<u>107.21%</u>

2003 Revenues as a Percentage of Total Revenues



Property and other taxes decreased by 16% in fiscal year 2003. The decrease can be attributed to the increase in the number of outstanding delinquents during 2003 as well as reduced income from hotel and motel tax revenue with the difficult economic conditions.

Income tax revenues increased by 23% in fiscal year 2003. The increase can be attributed to the additional industrial and residential in the City that saw over \$264 million in construction during 2003. The increase can also be attributed to .05% tax credit that has since been repealed by the voters.

Charges for services increased by 24% in fiscal year 2003. The increase can be attributed the additional charges for emergency medical services being charged to non-city residents for the service.

Special assessment revenues increased by 25% in fiscal year 2003 as the City increased special assessment collections to match the cost or debt related to the assessment project.

Interest revenues decreased by 34% in fiscal year 2003. The City also had less moneys available for active investment.

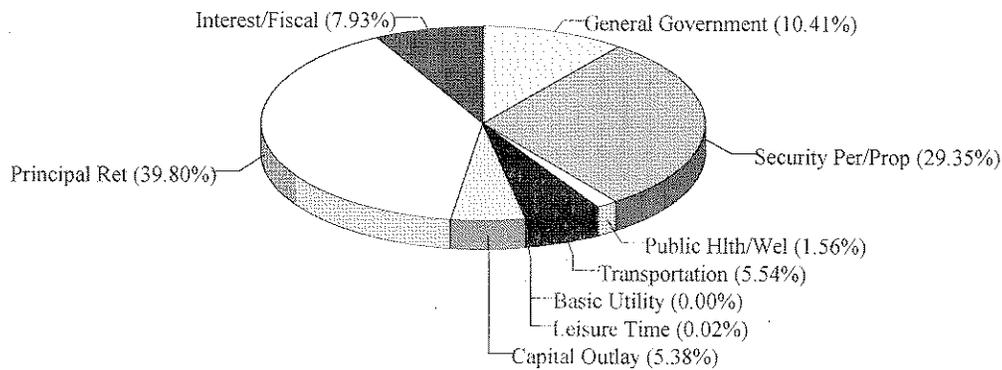
Other revenues decreased by 76% during fiscal year 2003. The decrease can be attributed to the City receiving a large one-time payment from the Bureau of Workers Compensation as a refund during 2002.

The following schedule presents a summary of Governmental funds expenditures and variances as compared to last year:

EXPENDITURES

	2003	Variances	Percent of Increase (Decrease)
Current:			
General Government	\$1,308,932	(\$593,949)	(31.21%)
Security of Persons and Property	3,690,212	(298,417)	(7.48%)
Public Health and Welfare	196,073	143,532	273.18%
Transportation	696,325	66,567	10.57%
Leisure Time Activities	2,936	(88,227)	(96.78%)
Capital Outlay	676,750	(306,922)	(31.20%)
Debt Service:			
Principal Retirement	5,004,913	4,634,423	1250.89%
Interest and Fiscal Charges	997,457	177,974	21.72%
Total	\$12,573,598	\$3,734,981	41.84 %

2003 Expenditures as a Percentage of Total Expenditures



As evidenced in the reduction of expenditures described below, the City was declared in a state of fiscal emergency by the Ohio Auditor of State on August 12, 2004. The City has worked to reduce spending at all levels to help reduce the fund and treasury deficits that have caused the declaration.

The 31% decrease in general government expenditures can be attributed to the reduction of several staff positions and the tighter expenditure controls implemented by the City during 2003.

Expenditures for security of persons and property decreased in 2003 by 7%. The City had implemented a City-wide expenditure control program during 2003

Public health and welfare increase by 273% in 2003. The increase can be attributed to the City's work within the three cemeteries it owns. Although a large percentage, increase overall dollars were not a significant to the City's budget.

Transportation increased by 11% in 2003. The increase can be attributed to the City's maintenance of several streets during 2003 that was delayed in 2002.

Leisure time activity expenditures decreased by 97% in fiscal year 2003 as the City put all expenditures related to parks and community projects on hold during 2003.

Capital Outlay expenditures decreased by 31% in fiscal year 2003. The decrease can be attributed the City's delay in capital related projects.

General Fund Balance

In 2003, revenues and other financing sources were more than expenditures and other financing uses by \$245,171, resulting in a fund of balance of \$1,341,495 at December 31, 2003.

Special Revenue Funds

The Special Revenue funds are created to account for funds from specifically identified sources that must be maintained and accounted for separately. The City's major special Revenue funds consist of the Street fund, Fire Operation and Maintenance fund, Fire 1989 Levy fund, Fire 2000 Levy fund and the Police Law Enforcement fund. The following highlights fiscal year 2003 activity for some major funds:

The Street fund: Revenues and other financing sources were \$326,520, and expenditures were \$281,737. The December 31, 2003 balance was \$36,726. The street fund maintains a positive fund balance for the first time in three years.

The Fire Operation and Maintenance fund: Revenues and other financing sources were \$1,805,580, and expenditures were \$1,940,130. The December 31, 2003 balance was (\$1,716,880). The deficit was created with the City paying for the construction of the new firehouse from the operation account. The City is able to use the moneys related to the two operating levies to help reduce the deficit.

The Fire 1989 Levy fund: Revenues were \$900,459, and expenditures and other financing uses were \$876,739. The December 31, 2003 balance was \$218,137.

The Fire 2000 Levy fund: Revenues and other financing sources were \$2,072,331, and expenditures were \$229,917. The December 31, 2003 balance was \$351,356. The positive balance can be attributed to the City issuing long term debt over bond anticipation notes.

The Police Law Enforcement fund: Revenues and other financing sources were \$1,646,112, and expenditures were \$1,676,062. The December 31, 2003 balance was (\$779,987). The large deficit is a continuation from prior years when the City expended more funds than the levy generated.

Capital Projects Funds

The City maintains three capital projects funds. These funds are the Park Improvement Fund, the Capital Improvement Fund and the Interstate 75 Corridor Fund. Expenditures for the Capital Projects funds were \$35,824, \$61,815, and \$801, respectively. The December 31, 2003 balance in each fund was \$88,495, \$1,111 and \$164,183, respectively.

Proprietary Funds

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City operated five enterprises in 2003.

Enterprise Operations

The City has four Enterprise funds: Sewer, Water, Garbage and Cemetery. Financial statements for these funds are included in this report. The Enterprise funds are user fee supported.

	Total Assets	Total Equity	Net Income (Loss)	Return on Assets	Return on Equity
Sewer	\$320,887	(\$498,978)	(\$27,101)	(8.45%)	(5.43%)
Water	7,226,212	1,932,947	630,935	8.73	32.64
Garbage	60,077	14,527	(18,982)	(31.60)	(130.67)
Stormwater Management	10,975	2,721	2,721	24.79	100.00
Cemetery	143,300	142,905	17,335	12.10	12.13

Fiduciary Funds

The City uses Fiduciary funds to hold assets in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Fiduciary funds are an Expendable Trust and the Mayor's Court Agency fund.

Expendable Trust Funds

The Cemetery Trust fund holds and accounts for monies, which have been donated from various contributors to the City over many years. The only revenues and expenses relate to principal maintenance. The Longstreet Trust fund accounts for a one-time contribution to the City from an owner for improvements on Longstreet. The December 31, 2003 balance was \$66,373 and \$1,000, respectively.

Agency Fund

This fund is strictly of custodial nature and as such does not measure the results of operations. The City has only one Agency fund - the Mayor's Court.

DEBT ADMINISTRATION

The Debt Service fund is used to pay the general obligations of the City is used to accumulate resources for the payment of general and special assessment debt principal and interest.

At December 31, 2003, general obligation debt outstanding payable from the Debt Service fund amounted to \$7,565,000, while special assessment bonds totaled \$1,302,700. Special assessment debt is paid from assessments against property owners who benefited from the capital construction financed by the debt issue. In the event property owners fail to make the required payments, the City would be responsible for the debt service. The City also has a revenue bond for \$2,000,000 that is secured with a letter of credit related to the Interstate 75 Corridor Tax Increment Financing Project. The bond first debt service is due in 2009 with revenues from the project development anticipated to cover the required payments.

Debt expected to be paid from the Enterprise fund revenues is reported as a liability in the Enterprise funds. Enterprise fund debt obligations at December 31, 2003, totaled \$5,282,195.

The ratio of general bonded debt to assessed valuation and the amount of bonded debt per capita are considered good indicators of the City's debt position to city manager, citizens, and investors in general governmental debt.

The City's debt position as of December 31, 2003, was as follows:

Overall Legal Debt Margin	\$18,878,705
Unvoted Legal Debt Margin	\$ 5,640,131
Ratio of Net Bonded Debt To Assessed Valuation	3.09%
General Bonded Debt per Capita	\$ 1,148

CASH MANAGEMENT

The City Finance Director is in charge of the City's cash management program. All City cash is pooled for investment purposes. Longer term investments consist of Certificates of Deposit insured by the Federal Deposit Insurance Corporation or protected by either pledged collateral held in trust by the Federal Reserve Bank or pooled collateral, United States Agency Obligations and commercial paper. During 2003, the City earned \$8,732 in interest. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. Trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions hold the collateral. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

RISK MANAGEMENT

The City is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The City is also covered under Ohio Municipal League of Ohio Worker's Compensation Group Rating Plan. Every effort is made by the City Administration to monitor insurance costs and related risk to insure proper fiscal management in this area. A more detailed description of the City's insurance coverage may be found in Note 14 to the general-purpose financial statements.

OTHER INFORMATION

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This is the third consecutive year the City has received the award.

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

Acknowledgements

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

Respectfully submitted,



City Finance Director



City Manager

City of Monroe, Ohio
List of Principal Officials
December 31, 2003

<u>OFFICE HELD</u>	<u>NAME OF OFFICIAL</u>
City Manager	William Brock
Finance Director	Jay Stewart
Law Director	K. Phillip Callahan
Mayor	Michael Morris
Vice Mayor	Robert Routson
Municipal Court Clerk	Rebecca Lewis
Police Chief	Ernest Howard
Fire Chief	Mark Neu
Tax Commissioner	Tracy Vanderman
Public Works Superintendent	Robert Takach
Director of Development	Jay T. Stewart

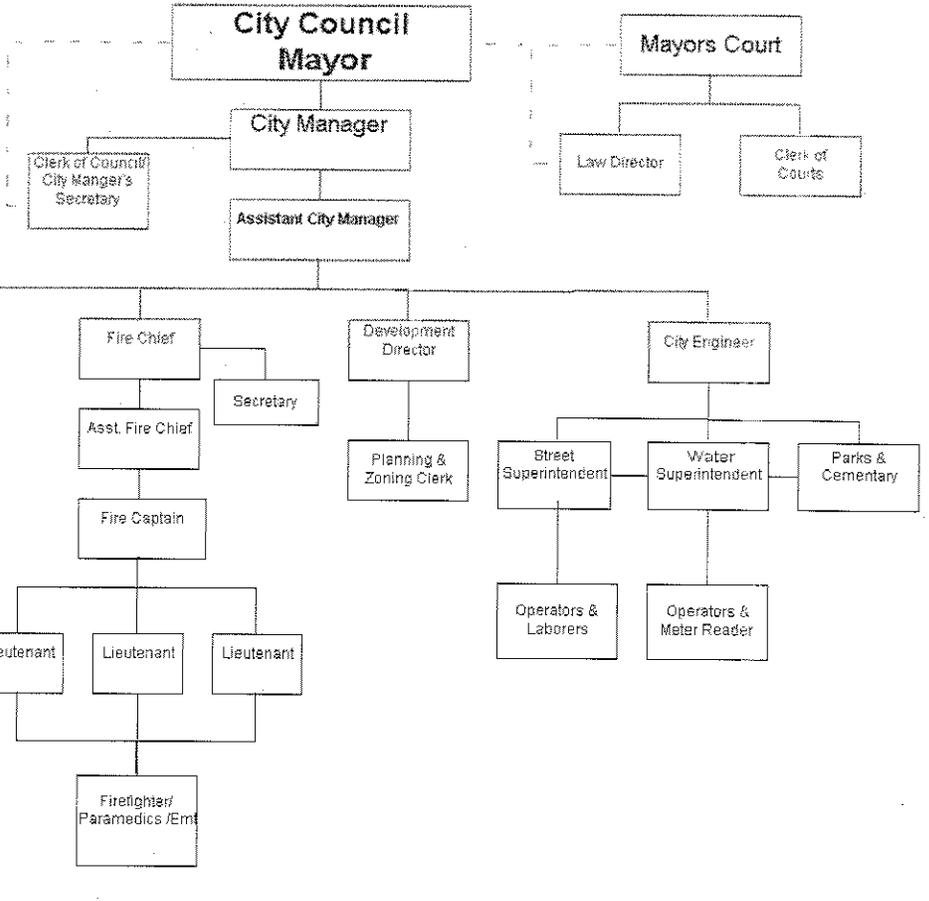
CITY COUNCIL MEMBERS

Steven Campbell
Eric Detcher
Richard Kremer
Robert Youtsler
Steven Tannreuther

City of Monroe

223 South Main Street
 Monroe, Ohio 45050
 (513) 539-7374

YEAR - 2003



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Monroe,
Ohio

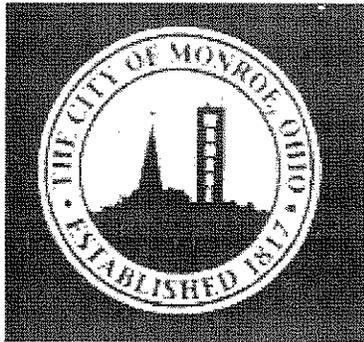
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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.



Edward Hendry
President

Jeffrey R. Emmer
Executive Director



FINANCIAL



SECTION



Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying general purpose financial statements of the City of Monroe, Ohio as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Monroe, Ohio as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

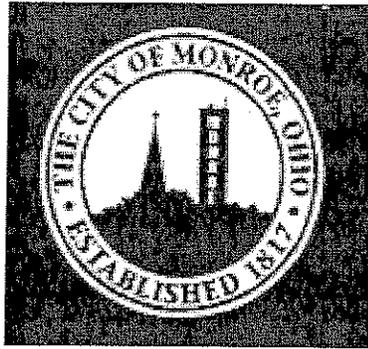
In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the information included in the introductory and statistical sections as listed in the table of contents, and accordingly, we do not express an opinion on it.

BKD, LLP

August 14, 2004



GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City financial position at December 31, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended.

City of Monroe, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$225,789	\$0	\$253,789
Investments	0	0	1,509	0
Cash with Fiscal Agent	0	0	33,946	0
Segregated Accounts:				
Cash and Cash Equivalents	0	0	0	0
Receivables (net allowance for doubtful accounts:)				
Property and Other Taxes	591,951	1,562,009	0	58,033
Income Taxes	250,846	0	0	0
Accounts	24,673	81,866	0	0
Interfund	816,812	612,662	0	0
Special Assessments	0	50,054	1,954,956	0
Due from Other Funds	244,780	0	0	0
Due from Other Governments	158,680	244,893	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount to be Provided for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$2,088,992</u>	<u>\$2,777,273</u>	<u>\$1,990,411</u>	<u>\$311,822</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$830,609	\$60,873	\$0	\$0	\$1,371,060
0	6,500	0	0	8,009
0	0	0	0	33,946
0	6,499	0	0	6,499
0	0	0	0	2,211,993
0	0	0	0	250,846
463,480	0	0	0	570,019
2,510,838	0	0	0	3,940,312
0	0	0	0	2,005,010
0	0	0	0	244,780
44,218	0	0	0	447,791
3,912,306	0	12,009,310	0	15,921,616
0	0	0	1,302,700	1,302,700
0	0	0	9,600,452	9,600,452
<u>\$7,761,451</u>	<u>\$73,872</u>	<u>\$12,009,310</u>	<u>\$10,903,152</u>	<u>\$37,916,283</u>

(continued)

City of Monroe, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2003
(continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$15,749	\$38,383	\$0	\$0
Contracts Payable	16,205	5,479	0	0
Interfund Payable	0	2,397,664	1,104,284	0
Accrued Wages and Benefits	25,359	80,390	0	0
Compensated Absences Payable	11,918	0	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	19,431	65,008	0	0
Deferred Revenue	658,835	1,818,669	1,941,239	58,033
Undistributed Monies	0	0	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Interest Payable	0	0	3,946	0
Matured Bonds Payable	0	0	30,000	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Loans Payable	0	0	0	0
Revenue Bonds Payable	0	0	0	0
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0
Total Liabilities	747,497	4,405,593	3,079,469	58,033
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Water System				
Replacement and Improvement	0	0	0	0
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Unreserved:				
Undesignated (Deficit)	1,341,495	(1,628,320)	(1,089,058)	253,789
Total Fund Equity (Deficit) and Other Credits	1,341,495	(1,628,320)	(1,089,058)	253,789
Total Liabilities, Fund Equity and Other Credits	\$2,088,992	\$2,777,273	\$1,990,411	\$311,822

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$24,554	\$0	\$0	\$0	\$78,686
58,158	0	0	0	79,842
438,364	0	0	0	3,940,312
4,652	0	0	0	110,401
9,464	0	0	35,452	56,834
240,000	4,780	0	0	244,780
72,642	991	0	0	158,072
0	0	0	0	4,476,776
0	120	0	0	120
0	608	0	0	608
0	0	0	0	3,946
0	0	0	0	30,000
37,300	0	0	0	37,300
4,660,000	0	0	0	4,660,000
0	0	0	7,565,000	7,565,000
622,195	0	0	0	622,195
0	0	0	2,000,000	2,000,000
0	0	0	1,302,700	1,302,700
<u>6,167,329</u>	<u>6,499</u>	<u>0</u>	<u>10,903,152</u>	<u>25,367,572</u>
0	0	12,009,310	0	12,009,310
1,978,022	0	0	0	1,978,022
132,963	0	0	0	132,963
(516,863)	0	0	0	(516,863)
0	67,373	0	0	(1,054,721)
<u>1,594,122</u>	<u>67,373</u>	<u>12,009,310</u>	<u>0</u>	<u>12,548,711</u>
<u>\$7,761,451</u>	<u>\$73,872</u>	<u>\$12,009,310</u>	<u>\$10,903,152</u>	<u>\$37,916,283</u>

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City of Monroe, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2003

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
Revenues:						
Property and Other Taxes	\$368,022	\$665,006	\$511	\$64,481	\$0	\$1,098,020
Income Taxes	2,891,413	0	0	0	0	2,891,413
Charges for Services	89,580	339,604	0	0	0	429,184
Fines, Licenses and Permits	497,893	241,547	0	112,683	0	852,123
Intergovernmental	609,367	1,081,079	0	0	0	1,690,446
Special Assessments	0	89,108	155,371	0	0	244,479
Interest	5,145	313	3,274	0	0	8,732
Other	37,850	44,809	45,050	0	0	127,709
Total Revenues	4,499,270	2,461,466	204,206	177,164	0	7,342,106
Expenditures:						
Current:						
General Government	1,308,932	0	0	0	0	1,308,932
Security of Persons and Property	286,921	3,403,291	0	0	0	3,690,212
Public Health and Welfare	196,073	0	0	0	0	196,073
Transportation	414,588	281,737	0	0	0	696,325
Leisure Time Activities	2,936	0	0	0	0	2,936
Capital Outlay	0	578,310	0	98,440	0	676,750
Debt Service:						
Principal Retirement	0	352,513	4,652,400	0	0	5,004,913
Interest and Fiscal Charges	0	52,616	944,841	0	0	997,457
Total Expenditures	2,209,450	4,668,467	5,597,241	98,440	0	12,573,598
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,289,820	(2,207,001)	(5,393,035)	78,724	0	(5,231,492)
Other Financing Sources (Uses):						
Face Value from Sale of Bonds	0	2,280,000	5,285,000	0	0	7,565,000
Transfers - In	0	2,284,015	146,832	102,085	0	2,532,932
Transfers - Out	(2,044,649)	(502,283)	0	0	0	(2,546,932)
Total Other Financing Sources (Uses)	(2,044,649)	4,061,732	5,431,832	102,085	0	7,551,000
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	245,171	1,854,731	38,797	180,809	0	2,319,508
Fund Balances (Deficit) at						
Beginning of Year as Previously Reported	1,607,403	(3,483,051)	(661,327)	72,980	67,373	(2,396,622)
Adjustment applicable to prior years	(511,079)	0	(466,528)	0	0	(977,607)
Fund Balances (Deficit) at Beginning of Year - Restated	1,096,324	(3,483,051)	(1,127,855)	72,980	67,373	(3,374,229)
Fund Balances (Deficit) at End of Year	\$1,341,495	(\$1,628,320)	(\$1,089,058)	\$253,789	\$67,373	(\$1,054,721)

See accompanying notes to the general purpose financial statements

City of Monroe, Ohio
Combined Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended December 31, 2003

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:						
Property and Other Taxes	\$455,000	\$451,887	(\$3,113)	\$1,233,330	\$876,328	(\$357,002)
Income Taxes	2,359,776	2,837,384	477,608	0	0	0
Charges for Services	85,750	89,580	3,830	0	341,255	341,255
Fines, Licenses and Permits	510,000	510,934	934	10	35	25
Intergovernmental	661,250	660,430	(820)	677,187	1,219,637	542,450
Special Assessments	0	0	0	89,108	89,108	0
Interest	30,000	3,881	(26,119)	50	313	263
Other	60,000	32,159	(27,841)	335,751	44,862	(290,889)
Total Revenues	4,161,776	4,586,255	424,479	2,335,436	2,571,538	236,102
Expenditures:						
Current						
General Government	1,732,350	1,340,537	391,813	0	0	0
Security of Persons and Property	363,000	306,182	56,818	4,097,492	3,753,369	344,123
Public Health and Welfare	300,000	196,073	103,927	0	0	0
Transportation	542,000	428,531	113,469	161,500	293,355	(131,855)
Capital Outlay	0	0	0	894,853	522,215	372,638
Debt Service:						
Principal Retirement	0	0	0	3,005,000	1,700,000	1,305,000
Interest and Fiscal Charges	0	0	0	35,352	38,844	(3,492)
Total Expenditures	2,937,350	2,271,323	666,027	8,194,197	6,307,783	1,886,414
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,224,426	2,314,932	1,090,506	(5,858,761)	(3,736,245)	2,122,516
Other Financing Sources (Uses):						
Sale of Fixed Assets	4,000	0	(4,000)	0	0	0
Face Value of Bonds Issued	0	0	0	2,160,000	2,280,000	120,000
Transfers - In	0	0	0	900,000	2,284,015	1,384,015
Transfers - Out	(1,880,000)	(2,044,649)	(164,649)	0	(502,283)	(502,283)
Total Other Financing Sources (Uses)	(1,876,000)	(2,044,649)	(168,649)	3,060,000	4,061,732	1,001,732
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(651,574)	270,283	921,857	(2,798,761)	325,487	3,124,248
Fund Balances (Deficit) at Beginning of Year	548,826	548,826	0	(1,828,905)	(1,828,905)	0
Fund Balances (Deficit) at End of Year	(\$102,748)	\$819,109	\$921,857	(\$4,627,666)	(\$1,503,418)	\$3,124,248

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$511	\$511	\$0	\$64,481	\$64,481	\$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	118,000	117,483	(517)	0	0	0
0	0	0	0	0	0	0	0	0
155,371	155,371	0	0	0	0	0	0	0
0	3,265	3,265	0	0	0	0	0	0
0	45,050	45,050	0	0	0	0	0	0
155,882	204,197	48,315	182,481	181,964	(517)	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	10,000	0	10,000
0	0	0	0	0	0	0	0	0
0	0	0	137,930	149,621	(11,691)	0	0	0
4,677,400	4,677,400	0	0	0	0	0	0	0
919,950	919,950	0	0	0	0	0	0	0
5,597,350	5,597,350	0	137,930	149,621	(11,691)	10,000	0	10,000
(5,441,468)	(5,393,153)	48,315	44,551	32,343	(12,208)	(10,000)	0	10,000
0	0	0	0	0	0	0	0	0
48,314	5,285,000	5,236,686	0	0	0	0	0	0
0	146,832	146,832	0	102,085	102,085	0	0	0
0	0	0	0	0	0	0	0	0
48,314	5,431,832	5,383,518	0	102,085	102,085	0	0	0
(5,393,154)	38,679	5,431,833	44,551	134,428	89,877	(10,000)	0	10,000
(1,142,962)	(1,142,962)	0	119,361	119,361	0	67,374	67,374	0
(\$6,536,116)	(\$1,104,283)	\$5,431,833	\$163,912	\$253,789	\$89,877	\$57,374	\$67,374	\$10,000

*City of Monroe, Ohio
 Combined Statement of Revenues, Expense and
 Changes in Fund Equity
 Proprietary Fund Type
 For the Year Ended December 31, 2003*

	Enterprise
<u>Operating Revenues:</u>	
Charges for Services	\$3,357,926
Sales	6,625
Other Operating Revenues	24,426
Total Operating Revenues	3,388,977
<u>Operating Expenses:</u>	
Personal Services	374,621
Contractual Services	2,244,208
Materials and Supplies	140,863
Bad Debt	35,355
Depreciation	322,469
Total Operating Expenses	3,117,516
Operating Income	271,461
<u>Non-Operating Revenues (Expenses):</u>	
Construction Grants	489,243
Deposits Refunded	(2,242)
Interest and Fiscal Charges	(167,554)
Total Non-Operating Revenues (Expenses)	319,447
Income Before Transfers	590,908
Transfers - In	1,230,605
Transfers - Out	(1,216,605)
Net Income	604,908
Fund Equity at Beginning of Year as Previously Reported	150,518
Adjustment applicable to Prior Years	838,696
Fund Equity at Beginning of Year - Restated	989,214
Fund Equity at End of Year	\$1,594,122

See accompanying notes to the general purpose financial statements

City of Monroe, Ohio
Combined Statement of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	\$2,952,413	\$3,197,719	\$245,306
Interest	2,000	0	(2,000)
Grants	121,755	445,025	323,270
Sales	10,000	7,525	(2,475)
Face Value from Sale of Notes	4,660,000	4,660,000	0
Other Operating Revenues	9,823	24,426	14,603
Total Revenues	<u>7,755,991</u>	<u>8,334,695</u>	<u>578,704</u>
Expenses:			
Personal Services	424,000	375,292	48,708
Contractual Services	2,164,500	1,861,479	303,021
Materials and Supplies	316,500	159,388	157,112
Deposits Refunded	2,750	2,242	508
Capital Outlay	1,341,339	1,188,489	152,850
Debt Service:			
Principal Retirement	0	3,925,000	(3,925,000)
Interest and Fiscal Charges	0	84,731	(84,731)
Total Expenses	<u>4,249,089</u>	<u>7,596,621</u>	<u>(3,347,532)</u>
Excess of Revenues Over Expenses before Transfers	3,506,902	738,074	(2,768,828)
Transfers - In	1,050,000	1,230,605	180,605
Transfers - Out	<u>(119,569)</u>	<u>(1,216,605)</u>	<u>(1,097,036)</u>
Excess of Revenues Over Expenses and Transfers	4,437,333	752,074	(3,685,259)
Fund Equity Beginning of Year	<u>2,083,567</u>	<u>2,083,567</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$6,520,900</u></u>	<u><u>\$2,835,641</u></u>	<u><u>(\$3,685,259)</u></u>

See accompanying notes to the general purpose financial statements

City of Monroe, Ohio
Combined Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2003

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$3,205,244
Cash Paid for Employee Services and Benefits	(375,292)
Cash Paid to Suppliers for Goods and Services	(2,562,708)
Utility Deposits Returned	24,426
	291,670
<u>Cash Flows from Noncapital Financing Activities:</u>	
Short Term Loan	(870,563)
Transfers-Out	(1,216,605)
Transfers-In	1,230,605
	(856,563)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds from Sale of General Obligation Notes Payable	4,660,000
Construction Grants	445,025
Deposits Refunded	(2,242)
Acquisition of Capital Assets	(530,264)
Principal Paid on Water Tower Loan	(22,936)
Interest Paid on Water Tower Loan	(31,005)
Principal Paid on General Obligation Notes Payable	(3,925,000)
Interest Paid on General Obligation Notes Payable	(84,731)
Interest Paid on Mortgage Revenue Bonds Payable	(18,934)
Principal Paid on Mortgage Revenue Bonds Payable	(950,000)
	(460,087)
Net Cash Used for Capital and Related Financing Activities	(460,087)
Net Decrease in Cash and Cash Equivalents	(1,024,980)
Cash and Cash Equivalents at Beginning of Year	1,855,589
Cash and Cash Equivalents at End of Year	\$830,609
See accompanying notes to the general purpose financial statements	(continued)

*City of Monroe, Ohio
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Year Ended December 31, 2003
 (continued)*

	Enterprise
Reconciliation of Operating Income to <u>Net Cash Provided by Operating Activities:</u>	
Operating Income	\$271,461
Adjustments to Reconcile Operating Income to <u>Net Cash Provided by Operating Activities:</u>	
Depreciation Expense	322,469
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(123,952)
Increase in Accounts Payable	16,012
Increase in Contracts Payable	6,654
Increase in Accrued Wages and Benefits Payable	26,104
Increase in Compensated Absences Payable	337
Decrease in Due to Other Governments	(227,415)
	(227,415)
Total Adjustments	20,209
Net Cash Provided by Operating Activities	\$291,670

See accompanying notes to the general purpose financial statements

Notes to the General-Purpose Financial Statements

Note 1 — Reporting Entity and Basis of Presentation

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

The Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City had no component units at December 31, 2003.

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

The City is also associated with two jointly governed organizations, The Center for Local Governments and the Ohio-Kentucky-Indiana Regional Council of Governments, which are presented in Note 20 to the general-purpose financial statements. The City is also a member the Municipal League of Ohio Workers' Compensation Group Rating Plan, an insurance purchasing pool, which is presented in Note 21 to the general-purpose financial statements.

Basis of Presentation — Fund Accounting

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

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

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Funds

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

Enterprise Funds

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Fiduciary Funds

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

Account Groups

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

Note 2 — Summary of Significant Accounting Policies

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

Measurement Focus and Basis of Accounting

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

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

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

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

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

The City reports deferred revenue in its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2003, whose availability is indeterminable and which are intended to finance 2004 operations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside the available period, the entire amount has been deferred.

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

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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. For the City, available means expected to be received within sixty days after year-end.

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

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Budgetary Process

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

Tax Budget

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

Estimated Resources

The City Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer and the Budget Commission agree that the estimate needs to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

Appropriations

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

Encumbrances

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Lapsing of Appropriations

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

Cash and Cash Equivalents

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

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and funds within the cash management pool are considered to be cash equivalents. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts, such as certificates of deposit, are reported at cost. During fiscal year 2003, investments were limited to STAR Ohio, certificates of deposit and money market mutual funds. Investments with original maturities of three months or more that are held for bonded debt as principal and interest come due, are presented on the balance sheet as "Investments with Fiscal Agents."

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2003.

Following Ohio statutes, the City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2003 amounted to \$5,145, which includes \$0, assigned from other City funds as the majority of the funds operated at a deficit balance during year. Interest was also credited to the 1989 Fire Levy Special Revenue fund and Debt Service fund in the amounts of \$313 and \$3,274, respectively.

Interfund Assets/Liabilities

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Restricted Assets

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

Capital Assets and Depreciation

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

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

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

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized.

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

	Years
Land improvements	20
Infrastructure	20
Buildings	40
Vehicles, furniture and equipment	8—20

Interfund Transactions

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

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

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

Obligation	Fund
Compensated Absences	Will be paid by the fund from which the employee's salary is paid.
General Obligation Bonds	Will be paid from the fire 1989 levy fund and the debt service fund.
Loans Payable	Will be paid from the water fund, which is utilizing the water tower associated with the loan.
Revenue Bonds	Will be paid from the debt service fund once payment is required to be made starting in 2008
Special Assessment Bonds	Will be paid from the debt service fund.

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Capitalization of Interest

The City's policy is to capitalize net interest on enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2003, interest costs incurred on construction projects in enterprise funds were not material.

Contributed Capital

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

Because the City had not prepared its financial statements in accordance with generally accepted accounting principles in years prior to 1996, the exact amount of contributed capital at December 31, 2003, cannot be determined. Only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise funds are classified as retained earnings.

Reservations of Fund Equity

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

Estimates

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

Total Columns on Combined General-Purpose Financial Statements

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

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Note 3 — Budget to GAAP Reconciliation

Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. For enterprise funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended December 31, 2003, on the GAAP basis to the budget basis are as follows:

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$245,171	\$1,854,731	\$38,797	\$180,809
Adjustments:				
Revenue Accruals	86,985	110,072	(9)	4,800
Expenditure Accruals	(61,873)	(1,639,316)	24,891	(51,181)
Debt principal retirement	0	0	(25,000)	0
Budget basis	<u>\$270,283</u>	<u>\$325,487</u>	<u>\$38,679</u>	<u>\$134,428</u>

CITY OF MONROE
Notes to the General-Purpose Financial Statements

**Net Income/ Excess of
Revenues Over Expenses
Proprietary Fund Type**

	<u>Enterprise</u>
GAAP Basis	\$604,908
Adjustments:	
Revenue Accruals	(201,283)
Expense Accruals	(178,756)
Capital Outlay	(530,264)
Proceeds from sale of notes	4,660,000
Debt principal retirement	(3,925,000)
Depreciation	<u>322,469</u>
Budget Basis	<u><u>\$752,074</u></u>

Note 4 — Compliance and Accountability

Statutory Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$102,748
Special Revenue Funds	
Street	134,429
Fire Operation and Maintenance	3,244,686
1989 Fire Levy	966,079
Police Law Enforcement	706,435
Street Lighting	83,754
Debt Service Fund	6,536,118
Capital Projects Fund	
Capital Improvement	102,086
Enterprise Fund	
Sewer	524,344
Garbage	31,005

CITY OF MONROE
 Notes to the General-Purpose Financial Statements

The following funds had expenditures plus encumbrances in excess of appropriations at the end of the fiscal year ended December 31, 2003:

Fund Type/Fund/Function	Excess
Capital Projects Funds	
Park Improvement	\$22,002
Enterprise Funds	
Sewer	337,857
Water	2,999,190
Garbage	15,466
Stormwater Management	17,618

Fund Deficits

The following funds had fund balance/retained earnings deficits at December 31, 2003:

Fund Type/Fund	Fund Deficit
Special Revenue Funds	
Fire Operation and Maintenance	\$1,716,880
Police Law Enforcement	779,987
Debt Service Fund	1,089,058
Enterprise Fund	
Sewer	498,978

The deficits in the Fire Operation and Maintenance and Police Law Enforcement special revenue funds, debt service fund, and Sewer enterprise fund resulted because the City expended resources from other pooled cash. The City is working on correcting fund deficits through cost saving efficiencies developed during the current year . The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 — Deposits and Investments

Policies and Procedures

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

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

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bond, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this section are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

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

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

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

Deposits

At year-end, the carrying amount of the City's deposits was \$933,807 and the bank balance was \$1,167,460 \$200,000 was covered by federal deposit insurance. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

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

	Fair Value
STAR Ohio	\$10,045
Money Market Mutual Funds	475,662
Total	<u>\$485,707</u>

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$1,411,505	\$8,009
Investments:		
STAR Ohio	(10,045)	10,045
Money Market Mutual Funds	(475,662)	475,662
Certificate of Deposits	8,009	(8,009)
GASB Statement No. 3	<u>\$933,807</u>	<u>\$485,707</u>

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Note 6 — Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for tax year 2003. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semi-annually, the first payment is due by February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

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

<u>Category</u>	<u>Assessed Value</u>
Real Property Tax	\$208,560,150
Tangible Personal Property	39,576,788
Public Utility Tangible Personal Property	16,634,540
Total	<u>\$264,771,478</u>

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

Note 7 — Income Tax

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

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2003, the proceeds were allocated to the general fund. Income tax revenue for 2003 was \$2,891,413.

Note 8 — Receivables

Receivables at December 31, 2003 consisted of property and other taxes, income taxes, utility accounts (shown net of an allowance for uncollectible accounts), special assessments, interest on investments, and intergovernmental receivables and shared revenues arising from entitlements. A summary of due from other governments follows:

	Amount
General Fund	
Local Government Assistance	\$158,262
Deregulation	264
Cigarette tax	74
Liquor Permit Tax	80
Total General Fund	<u>158,680</u>
Special Revenue Funds	
Street	
Gas Tax	101,378
Auto Registration Tax	3,993
Lemon Township	900
Total Street Fund	<u>106,271</u>
State Highway	
Auto Registration Tax	324
Gas Tax	8,322
Total State Highway	<u>8,646</u>
1989 Fire Levy	
US Grant	<u>727</u>
Police Law Enforcement	
Department of Justice	35,268
Lemon Township	57,665
City of Oxford	1,283
Total Police Law Enforcement	<u>94,216</u>
Motor Vehicle License	
Permissive Tax	<u>35,033</u>
Total Special Revenue Funds	<u>244,893</u>
Sewer	
Butler County – OPWC Match	<u>44,218</u>
Total All Funds	<u><u>\$447,791</u></u>

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Note 9 — Capital Assets

A summary of the changes in general capital assets during the year ended December 31, 2003, follows:

Class	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Land and Improvements	\$1,555,042	\$4,816	\$0	\$1,559,858
Buildings	6,486,002	5,574	0	6,491,576
Vehicles, Furniture and Equipment	3,875,501	82,375	0	3,957,876
Totals	\$11,916,545	\$92,765	\$0	\$12,009,310

A summary of the changes in the enterprise fund's fixed assets during the year ended December 31, 2003, follows:

Class	Balance December 31, 2002	Additions	Deletions	Balance December 31, 2003
Land and Improvements	\$714,150	\$0	\$0	\$714,150
Infrastructure	2,785,263	499,726	0	3,284,989
Buildings	514,000	0	0	514,000
Vehicles, Furniture and Equipment	2,307,650	29,697	0	2,337,347
Subtotal	6,321,063	529,423	0	6,850,486
Accumulated depreciation	(2,616,552)	(321,628)	0	(2,938,180)
Total	\$3,704,511	\$207,795	\$0	\$3,912,306

Note 10 — Defined Benefit Pension Plans

Public Employees Retirement System

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

During 2003, PERS expanded the retirement options for covered employees. PERS administers three separate pension plans as described below:

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2003, 2002, and 2001 were \$105,330, \$144,745, and \$138,356, respectively. The full amount has been contributed for 2002 and 2001. 81 percent has been contributed for 2003 with the remainder being reported as a liability within the respective funds.

Police and Firemen's Disability and Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 and 24 percent respectively for police officers and firefighters. Contributions are authorized by State statute. The City's required contributions to the Fund for the years ended December 31, 2003, 2002, and 2001 were \$321,486, \$292,866, and \$149,706 respectively. The full amount has been contributed for 2002 and 2001. 95 percent has been contributed for 2003 with the remainder being reported as a liability within the respective funds.

Note 11 — Post Employment Benefits

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 employer contribution rate was 13.55 percent of covered payroll; 5 percent was the portion that was used to fund health care for 2003.

CITY OF MONROE

Notes to the General-Purpose Financial Statements

For 2003, benefits are advanced-funded on an actuarially determined basis. The Ohio Revised Code provides the statutory authority requiring public employees to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2003, the unaudited estimated net assets available for future OPEB payments were \$10 million. The actuarially accrued liability and the unfunded actuarial accrued liability based on the actuarial cost method used, were \$18.7 million and \$8.7 million, respectively. At December 31, 2003, the total number of benefit recipients eligible for OPEB through PERS was 364,881. The City's actual contributions for 2003 that were used to fund OPEB were \$63,032.

Police and Firemen's Disability and Pension Fund

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

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

The number of participants eligible to receive health care benefits as of December 31, 2002 (the latest information available) was 13,527 for police and 10,396 for firefighters. The City's actual contributions for 2003 that were used to fund postemployment benefits were \$70,399 for police and \$99,416 for fire. The Fund's total health care expenses for the year ended December 31, 2002, were \$141,028,006, which was net of member contributions of \$12,623,875.

Note 12 — Other Employee Benefits

Compensated Absences

Accumulated Unpaid Sick Leave

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

Accumulated Unpaid Vacation

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

Health Care Benefits

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

Note 13 — Capital Leases

The leases meet 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 Fire Operation and Maintenance and Police Law Enforcement special revenue funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$642,316. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2003 totaled \$352,513 in the Fire Operation and Maintenance and Police Law Enforcement special revenue fund. The City retired the capital lease obligation two years early with the various purpose debt issue (see note 15). The City reduced their interest expense through the early retirement of the obligation.

Note 14 — Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees and natural disasters. During 2003, the City contracted with MacDonald Insurance Agency for vehicle, property, equipment and machinery, police and professional and general liability insurance.

Equipment and machinery hold a \$1,000 deductible. Vehicle deductible levels vary with vehicles while property and general liability deductibles range from \$1,000 to \$2,000. The City carries a \$10,000 deductible for both police and professional liability insurance.

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Note 15 — Long-Term Obligations

Long-term obligations at December 31, 2003, were as follows:

	Balance December 31, 2002	Increase	Decrease	Balance December 31, 2003
Special Assessment Bonds				
6.70% 1991 Waterline Extension I	\$325,000	\$0	\$25,000	\$300,000
6.61% 1998 Waterline Extension II	125,100	0	6,400	118,700
5.625% 1988 Garver Road	105,000	0	15,000	90,000
5.25% — 5.75% 1993 American Way	95,000	0	6,000	89,000
4.45% — 5.70% 2002 Limited Edition	730,000	0	25,000	705,000
TOTAL — Special Assessment Bonds	1,380,100	0	77,400	1,302,700
Revenue Obligation Bonds				
1999 Adjustable Rate Tax Incremental	2,000,000	0	0	2,000,000
General Obligation Bonds (Unvoted)				
2.00% - 5.25% 2003 Various Purpose Bonds	0	7,565,000	0	7,565,000
4.00% -5.50% 2000 Various Purpose Bonds	4,575,000	0	4,575,000	0
TOTAL – General Obligation Bonds	4,575,000	7,565,000	4,575,000	7,565,000
Compensated Absences	31,540	3,912	0	35,452
Capital leases	352,513	0	352,513	0
TOTAL — General Long-Term Obligations	8,339,153	7,568,912	5,004,913	10,903,152
Enterprise Funds				
3.45%-6.05% 1992 Mortgage Revenue Bonds	\$950,000	\$0	\$950,000	\$0
5.02% 2003 Loan Payable	645,131	0	22,936	622,195
TOTAL Enterprise Funds	1,595,131	0	972,936	622,195
TOTAL ALL FUNDS	\$9,934,284	\$7,568,912	\$5,977,849	\$11,525,347

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

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

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

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

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

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

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

The various purpose general obligation bonds were issued at varying interest rates from 4 to 5.5 percent on December 1, 1999. The bonds were issued for numerous items in the City. The City refunded the bonds during 2003 with the issuance of various purpose general obligation bonds at varying interest rates from 2.00% to 5.25%. The 2003 Various Purpose Bonds are financed bond anticipation notes and repaid the outstanding balance on the capital leases in the special revenue funds.

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

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

The Mortgage Revenue bonds were issued at varying interest rates from 3.45 to 6.05 percent on October 6, 1992 for the purpose of improvements to the waterworks system. The bonds were synthetically refunded in December 2002 with final execution occurring in January 2003 (see note 16).

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

CITY OF MONROE

Notes to the General-Purpose Financial Statements

As of December 31, 2003, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$18,878,705 for total debt and \$5,640,131 for unvoted debt. Principal and interest requirements to retire the City's long-term obligations outstanding (except the revenue bonds) at December 31, 2003 are:

Year	Special Assessments Bonds	General Obligation Bonds	Loans Payable	Revenue Bonds	Total
2004	\$159,483	\$380,330	\$53,942	\$0	\$593,755
2005	159,679	688,818	53,942	0	902,439
2006	157,431	690,918	53,942	0	902,291
2007	159,809	687,818	53,942	0	901,569
2008	165,009	683,182	53,942	0	902,133
2009-13	592,358	3,439,470	269,710	840,000	5,141,538
2014-18	359,158	3,150,357	269,710	1,160,000	4,939,225
2019-23	130,230	1,152,250	134,855	0	1,417,335
2024	0	136,500	0	0	136,500
Total	\$1,883,157	\$11,009,643	\$943,985	\$2,000,000	\$15,836,785

Note 16 — Water Mortgage Revenue Refunding Bonds

The City synthetically retired the mortgage revenue bonds during December 2002 as it issued \$825,000 of bond anticipation notes plus available balances in the debt service trust accounts. The final execution occurred in January 2003 as the bonds were completely redeemed. The reacquisition price exceeded the net carrying amount of the old debt by \$19,532. The amount is being expensed as fiscal charges since the City only issued a one year note to retire the old bonds. The overall savings and economic gain can not be determined based on timing issues associated with issuing short term notes over consecutive periods to retire the long term obligation.

Note 17 — Short-Term Obligations

A summary of the short-term note transactions for the year ended December 31, 2003, follows:

Fund Type	Balance December 31, 2002	Increase	Decrease	Balance December 31, 2003
Special Revenue	\$1,700,000	\$0	\$1,700,000	\$0
Enterprise	3,925,000	4,660,000	3,925,000	4,660,000
Total	\$5,625,000	\$4,660,000	\$5,625,000	\$4,660,000

CITY OF MONROE
Notes to the General-Purpose Financial Statements

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

Issue	Principal Outstanding	Annualized Rate
<i>Enterprise Funds</i>		
Water System Improvements	\$3,925,000	2.16%
Water System Improvements VP	435,000	1.80
Sewer System Improvements VP	300,000	1.80

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

Note 18 — Interfund Transactions

Interfund asset and liability balances at December 31, 2003, were as follows:

	Due From Other Funds	Due To Other Funds	Interfund Receivable	Interfund Payable
General Fund	\$244,780	\$0	\$816,812	\$0
Special Revenue Funds				
Fire Operation and Maintenance	0	0	0	1,628,259
Fire 1989 Levy	0	0	200,082	0
Fire 2002 Levy	0	0	228,757	0
Police Law Enforcement	0	0	0	769,405
Motor Vehicle	0	0	183,823	0
Total Special Revenue Funds	0	0	612,662	2,397,664
Debt Service Fund	0	0	0	1,104,284
Enterprise Funds				
Sewer	0	0	0	419,106
Water	0	240,000	2,510,838	0
Garbage	0	0	0	19,258
Total Enterprise Funds	0	240,000	2,510,838	438,364
Agency Fund				
Mayor's Court	0	4,780	0	0
Total	\$244,780	\$244,780	\$3,940,312	\$3,940,312

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Note 19 — Segment Information

The City's enterprise funds account for the provision of water, sewer, garbage and cemetery services. Key financial information as of and for the year ended December 31, 2003, for each enterprise fund is as follows:

	Water Fund	Sewer Fund	Garbage Fund	Stormwater Management Fund	Cemetery Fund	Total
Operating Revenues	\$1,949,811	\$1,066,339	\$323,944	\$18,593	\$30,290	\$3,388,977
Depreciation Expense	314,836	7,633	0	0	0	322,469
Operating Income (Loss)	847,030	(512,662)	(18,963)	(47,279)	3,335	271,461
Non-Operating Revenues and (Expenses)	(166,095)	485,561	(19)	0	0	319,447
Income (Loss)						
Before Transfers	680,935	(27,101)	(18,982)	(47,279)	3,335	590,908
Net Transfers	(50,000)	0	0	50,000	14,000	14,000
Net Income (Loss)	630,935	(27,101)	(18,982)	2,721	17,335	604,908
Fixed Assets Additions	530,264	0	0	0	0	530,264
Net Working Capital	(2,016,653)	(602,070)	14,527	2,721	52,052	(2,549,423)
Total Assets	7,226,212	320,887	60,077	10,975	143,300	7,761,457
Bonds and Other Long- Term Liabilities Payable from Revenues	607,557	0	0	0	0	607,557
Total Fund Equity (Deficit)	1,932,947	(498,978)	14,527	2,721	142,905	1,594,122

Note 20 — Jointly Governed Organizations

The Center for Local Governments, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of eight members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made no financial contribution during 2003. Information can be obtained from the Center by writing to Director of the Center for Local Governments, 9600 Colerain Avenue, Cincinnati, Ohio 45251.

CITY OF MONROE

Notes to the General-Purpose Financial Statements

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

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. The City made no financial contribution during 2003. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way Suite 420, Cincinnati, Ohio, 45202.

Note 21 — Insurance Purchasing Pool

For 2003, the City participated in the Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. In order to allocate the savings derived by formation of the GRP, and to maximize the number of participants in the GRP, the GRP's executive committee annually calculates the total savings that accrued to the GRP through its information. This savings is then compared to the overall savings percentage of the GRP. The GRP's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP. Each year, the City pays an enrollment fee to the GRP to cover the costs of administering the program. The City may withdraw from the GRP if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to assess less experience for three years following the last year of participation. The City paid \$5,253 for membership during 2003.

CITY OF MONROE
Notes to the General-Purpose Financial Statements

Note 22 — Restatement of Fund Balance

Fund balance for the Debt Service Fund at December 31, 2002 has been restated for a reporting error of \$460,000 in investments with fiscal agents. This restatement had no effect on 2002 Deficiency of Revenues Under Expenditures for the Debt Service Fund. Fund balance for the General Fund, Debt Service Fund and Enterprise fund at December 31, 2002 has been restated for cash reporting errors of \$(511,079), \$28,053 and \$838,796, respectively. These restatements increased (decreased) the Excess of Revenues and Other Financing Sources over Expenditures and other financing sources in 2002 by \$(511,079), \$28,053 and \$838,796 in the General Fund, Debt Service Fund and Enterprise Fund, respectively.

Note 23 — Contingent Liabilities

Litigation

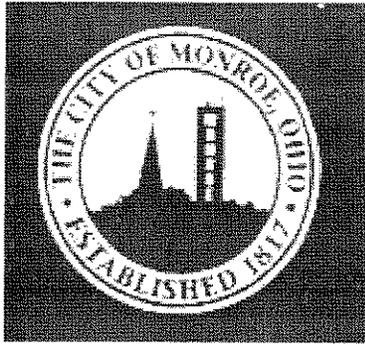
The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2003 to December 31, 2003, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 24 — Subsequent Events

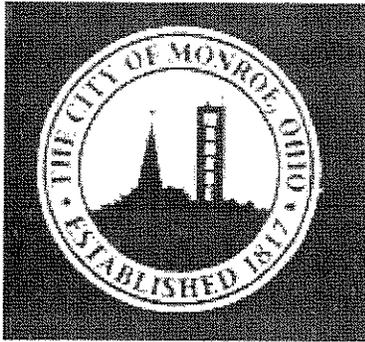
On August 12, 2004, the Ohio Auditor of State declared a state of fiscal emergency, as defined by Ohio Revised Code, for the City of Monroe. The City's deficit fund balances and treasury deficiency required the State auditor to declare the fiscal emergency which results in the appointment of a state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



FINANCIAL STATEMENTS AND SCHEDULES
OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for governmental resources which are not accounted for in any other fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter and/or the general laws of Ohio.



City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$455,000	\$451,887	(\$3,113)
Income Taxes	2,359,776	2,837,384	477,608
Charges for Services	85,750	89,580	3,830
Fines, Licenses, and Permits	510,000	510,934	934
Intergovernmental	661,250	660,430	(820)
Interest	30,000	3,881	(26,119)
Other	60,000	32,159	(27,841)
Total Revenues	4,161,776	4,586,255	424,479
Expenditures:			
Current:			
General Government			
Council			
Personal Services	94,000	68,489	25,511
Total Clerk and Council	94,000	68,489	25,511
Mayor's Court			
Personal Services	62,100	52,991	9,109
Other	16,500	12,001	4,499
Total Mayor's Court	78,600	64,992	13,608
Administrative Offices			
Personal Services	336,500	266,365	70,135
Other	694,250	459,814	234,436
Total Administrative Office	1,030,750	726,179	304,571
Treasurer			
Personal Services	31,500	21,756	9,744
Total Treasurer	31,500	21,756	9,744
Income Tax Department			
Personal Services	172,000	150,231	21,769
Other	100,500	68,406	32,094
Total Income Tax Department	272,500	218,637	53,863
Board of Zoning			
Other	225,000	240,484	(15,484)
Total Board of Zoning	225,000	240,484	(15,484)
Total General Government	1,732,350	1,340,537	391,813

(continued)

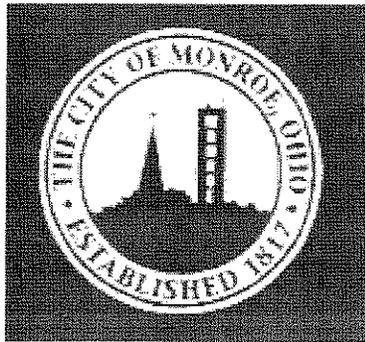
City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Security of Persons and Property			
Police Law Enforcement			
Personal Services	\$171,000	\$217,706	(\$46,706)
Total Police Law Enforcement	171,000	217,706	(46,706)
Fire Department			
Personal Services	192,000	88,476	103,524
Total Fire Department	192,000	88,476	103,524
Total Security of Persons and Property	363,000	306,182	56,818
Public Health and Welfare			
Cemetery			
Personal Services	107,000	62,936	44,064
Other	6,000	3,144	2,856
Total Cemetery	113,000	66,080	46,920
Parks			
Personal Services	107,000	85,793	21,207
Other	80,000	44,200	35,800
Total Cemetery	187,000	129,993	57,007
Total Public Health and Welfare	300,000	196,073	103,927
Transportation			
Transportation Administration			
Personal Services	542,000	428,531	113,469
Total Transportation	542,000	428,531	113,469
Total Expenditures	2,937,350	2,271,323	666,027
Excess of Revenues Over Expenditures	1,224,426	2,314,932	1,090,506

(continued)

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses):			
Sale of Fixed Assets	\$4,000	\$0	(\$4,000)
Transfers - Out	(1,880,000)	(2,044,649)	(164,649)
Total Other Financing Sources (Uses)	(1,876,000)	(2,044,649)	(168,649)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(651,574)	270,283	921,857
Fund Balance at Beginning of Year	548,826	548,826	0
Fund Balance (Deficit) at End of Year	(\$102,748)	\$819,109	\$921,857



SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditure for specified purposes.

Street

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

State Highway

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

Fire Operation and Maintenance

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

Fire 1989 Levy

To account for the property tax levied in 1989 for payment of a portion of the general operating expenses of the department and capital expenditures.

Fire 2000 Levy

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

Police Law Enforcement

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

Motor Vehicle License

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

Enforcement and Education

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

Street Lighting

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

Law Enforcement

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

City of Monroe, Ohio
Combining Balance Sheet
All Special Revenue Funds
December 31, 2003

	<u>Street</u>	<u>State Highway</u>	<u>Fire Operation and Maintenance</u>	<u>Fire 1989 Levy</u>
Assets				
Cash and Cash Equivalents	\$9,355	\$25,709	\$0	\$18,055
Receivables:				
Property Taxes	0	0	517,188	293,433
Accounts	0	0	0	81,866
Interfund	0	0	0	200,082
Special Assessments	0	0	0	0
Due from Other Governments	106,271	8,646	0	727
Total Assets	<u>\$115,626</u>	<u>\$34,355</u>	<u>\$517,188</u>	<u>\$594,163</u>
Liabilities				
Accounts Payable	\$10,317	\$0	\$9,667	\$0
Contracts Payable	0	0	0	0
Interfund Payable	0	0	1,628,259	0
Accrued Wages and Benefits	0	0	45,283	0
Due to Other Governments	0	0	33,671	0
Deferred Revenue	68,583	5,668	517,188	376,026
Total Liabilities	<u>78,900</u>	<u>5,668</u>	<u>2,234,068</u>	<u>376,026</u>
Fund Equity				
Fund Balances:				
Unreserved:				
Undesignated (Deficit)	36,726	28,687	(1,716,880)	218,137
Total Fund Equity (Deficit)	<u>36,726</u>	<u>28,687</u>	<u>(1,716,880)</u>	<u>218,137</u>
Total Liabilities and Fund Equity	<u>\$115,626</u>	<u>\$34,355</u>	<u>\$517,188</u>	<u>\$594,163</u>

<u>Fire 2000 Levy</u>	<u>Police Law Enforcement</u>	<u>Motor Vehicle License</u>	<u>Enforcement and Education</u>	<u>Street Lighting</u>	<u>Law Enforcement</u>	<u>Total</u>
\$122,599	\$18	\$0	\$9,673	\$27,681	\$12,699	\$225,789
336,414	414,974	0	0	0	0	1,562,009
0	0	0	0	0	0	81,866
228,757	0	183,823	0	0	0	612,662
0	0	0	0	50,054	0	50,054
0	94,216	35,033	0	0	0	244,893
<u>\$687,770</u>	<u>\$509,208</u>	<u>\$218,856</u>	<u>\$9,673</u>	<u>\$77,735</u>	<u>\$12,699</u>	<u>\$2,777,273</u>
\$0	\$14,828	\$0	\$0	\$3,571	\$0	\$38,383
0	0	0	0	0	5,479	5,479
0	769,405	0	0	0	0	2,397,664
0	35,107	0	0	0	0	80,390
0	31,337	0	0	0	0	65,008
336,414	438,518	26,218	0	50,054	0	1,818,669
336,414	1,289,195	26,218	0	53,625	5,479	4,405,593
351,356	(779,987)	192,638	9,673	24,110	7,220	(1,628,320)
351,356	(779,987)	192,638	9,673	24,110	7,220	(1,628,320)
<u>\$687,770</u>	<u>\$509,208</u>	<u>\$218,856</u>	<u>\$9,673</u>	<u>\$77,735</u>	<u>\$12,699</u>	<u>\$2,777,273</u>

City of Monroe, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Special Revenue Funds
For the Year Ended December 31, 2003

	Street	State Highway	Fire Operation and Maintenance	Fire 1989 Levy
Revenues:				
Property and Other Taxes	\$0	\$0	\$33,517	\$257,871
Charges for Services	0	0	55,000	284,604
Fines, Licenses and Permits	0	0	0	0
Intergovernmental	306,922	25,237	193,351	197,099
Interest	0	0	0	313
Special Assessment	0	0	0	0
Other	7,598	0	30,715	572
Total Revenues	314,520	25,237	312,583	740,459
Expenditures:				
Current:				
Security of Persons and Property	0	0	1,747,080	190,167
Transportation	281,737	0	0	0
Capital Outlay	0	0	0	178,842
Debt Service:				
Principal Retirement	0	0	176,256	0
Interest and Fiscal Charges	0	0	16,794	5,447
Total Expenditures	281,737	0	1,940,130	374,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,783	25,237	(1,627,547)	366,003
Other Financing Sources (Uses):				
Face Value from Sale of Bonds	0	0	120,000	160,000
Transfers - In	12,000	0	1,372,997	0
Transfers - Out	0	0	0	(502,283)
Total Other Financing Sources (Uses)	12,000	0	1,492,997	(342,283)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	44,783	25,237	(134,550)	23,720
Fund Balances (Deficit) at Beginning of Year	(8,057)	3,450	(1,582,330)	194,417
Fund Balances (Deficit) at End of Year	\$36,726	\$28,687	(\$1,716,880)	\$218,137

<u>Fire 2000 Levy</u>	<u>Police Law Enforcement</u>	<u>Motor Vehicle License</u>	<u>Enforcement and Education</u>	<u>Street Lighting</u>	<u>Law Enforcement</u>	<u>Total</u>
\$161,221	\$212,397	\$0	\$0	\$0	\$0	\$665,006
0	0	0	0	0	0	339,604
0	241,512	0	35	0	0	241,547
208,149	70,672	77,062	0	0	2,587	1,081,079
0	0	0	0	0	0	313
0	0	0	0	89,108	0	89,108
<u>2,961</u>	<u>3,016</u>	<u>(53)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,809</u>
<u>372,331</u>	<u>527,597</u>	<u>77,009</u>	<u>35</u>	<u>89,108</u>	<u>2,587</u>	<u>2,461,466</u>
17,029	1,282,850	107,291	0	53,395	5,479	3,403,291
0	0	0	0	0	0	281,737
199,306	200,162	0	0	0	0	578,310
0	176,257	0	0	0	0	352,513
<u>13,582</u>	<u>16,793</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,616</u>
<u>229,917</u>	<u>1,676,062</u>	<u>107,291</u>	<u>0</u>	<u>53,395</u>	<u>5,479</u>	<u>4,668,467</u>
<u>142,414</u>	<u>(1,148,465)</u>	<u>(30,282)</u>	<u>35</u>	<u>35,713</u>	<u>(2,892)</u>	<u>(2,207,001)</u>
1,700,000	300,000	0	0	0	0	2,280,000
0	818,515	0	503	80,000	0	2,284,015
0	0	0	0	0	0	(502,283)
<u>1,700,000</u>	<u>1,118,515</u>	<u>0</u>	<u>503</u>	<u>80,000</u>	<u>0</u>	<u>4,061,732</u>
1,842,414	(29,950)	(30,282)	538	115,713	(2,892)	1,854,731
<u>(1,491,058)</u>	<u>(750,037)</u>	<u>222,920</u>	<u>9,135</u>	<u>(91,603)</u>	<u>10,112</u>	<u>(3,483,051)</u>
<u>\$351,356</u>	<u>(\$779,987)</u>	<u>\$192,638</u>	<u>\$9,673</u>	<u>\$24,110</u>	<u>\$7,220</u>	<u>(\$1,628,320)</u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Fund
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$282,000	\$285,541	\$3,541
Interest	50	0	(50)
Other	7,950	7,598	(352)
	<u>290,000</u>	<u>293,139</u>	<u>3,139</u>
Total Revenues			
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	0	(875)	875
Other	142,000	294,230	(152,230)
Capital Outlay	280,000	0	280,000
	<u>422,000</u>	<u>293,355</u>	<u>128,645</u>
Total Expenditures			
Deficiency of Revenues			
Under Expenditures	(132,000)	(216)	131,784
Other Financing Sources:			
Transfers - In	0	12,000	12,000
Excess (Deficiency) of Revenues and			
Other Financing Sources			
Over (Under) Expenditures	(132,000)	11,784	143,784
Fund Balance (Deficit) at Beginning of Year	<u>(2,429)</u>	<u>(2,429)</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>(\$134,429)</u>	<u>\$9,355</u>	<u>\$143,784</u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
State Highway Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$23,500	\$23,151	(\$349)
Total Revenues	<u>23,500</u>	<u>23,151</u>	<u>(349)</u>
Expenditures:			
Current:			
Transportation			
State Highway Maintenance			
Other	19,500	0	19,500
Excess of Revenues Over Expenditures	4,000	23,151	19,151
Fund Balance at Beginning of Year	<u>2,558</u>	<u>2,558</u>	<u>0</u>
Fund Balance at End of Year	<u>\$6,558</u>	<u>\$25,709</u>	<u>\$19,151</u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Fire Operation and Maintenance Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$340,417	\$166,514	(\$173,903)
Charges for Services	0	55,000	55,000
Intergovernmental	184,320	193,351	9,031
Other	0	30,715	30,715
Total Revenues	<u>524,737</u>	<u>445,580</u>	<u>(79,157)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	1,896,000	1,796,263	99,737
Other	224,035	121,185	102,850
Total Expenditures	<u>2,120,035</u>	<u>1,917,448</u>	<u>202,587</u>
Deficiency of Revenues Under Expenditures	(1,595,298)	(1,471,868)	123,430
Other Financing Sources:			
Face Value from Sale of Bonds	0	120,000	120,000
Transfers - In	0	1,372,997	1,372,997
Total Other Financing Sources:	0	1,492,997	1,492,997
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures	(1,595,298)	21,129	1,616,427
Fund Balance (Deficit) at Beginning of Year	<u>(1,649,388)</u>	<u>(1,649,388)</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$3,244,686)</u></u>	<u><u>(\$1,628,259)</u></u>	<u><u>\$1,616,427</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Fire 1989 Levy Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$117,796	\$257,871	\$140,075
Charges for Services	0	286,255	286,255
Intergovernmental	87,700	197,099	109,399
Interest	0	313	313
Other	240,000	572	(239,428)
Total Revenues	445,496	742,110	296,614
Expenditures:			
Current:			
Security of Persons and Property			
Other	206,657	197,483	9,174
Capital Outlay	260,000	178,842	81,158
Debt Service			
Principal Retirement	1,305,000	0	1,305,000
Interest and Fiscal Charges	0	5,447	(5,447)
Total Expenditures	1,771,657	381,772	1,389,885
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,326,161)	360,338	1,686,499
Other Financing Source (Uses):			
Face Value from Sale of Bonds	160,000	160,000	0
Transfers Out	0	(502,283)	(502,283)
Total Other Financing Sources (Uses)	160,000	(342,283)	(502,283)
Deficiency of Revenues and Other Financing Sources			
Under Expenditures and Other Financing Uses	(1,166,161)	18,055	1,184,216
Fund Balance at Beginning of Year	200,082	200,082	0
Fund Balance (Deficit) at End of Year	(\$966,079)	\$218,137	\$1,184,216

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Fire 2000 Levy Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$369,370	\$161,221	(\$208,149)
Intergovernmental	0	208,149	208,149
Other	2,961	2,961	0
Total Revenues	\$372,331	\$372,331	\$0
Expenditures:			
Current:			
Security of Persons and Property			
Other	17,029	17,029	0
Capital Outlay	247,353	199,306	48,047
Debt Service:			
Principal Retirement	1,700,000	1,700,000	0
Interest and Fiscal Charges	35,352	33,397	1,955
Total Expenditures	1,999,734	1,949,732	50,002
Deficiency of Revenues			
Under Expenditures	(1,627,403)	(1,577,401)	50,002
Other Financing Sources:			
Face Value from Sale of Bonds	1,700,000	1,700,000	0
Total Other Financing Sources	1,700,000	1,700,000	0
Excess of Revenues and Other Financing Sources Over Expenditures	72,597	122,599	50,002
Fund Balance at Beginning of Year	228,757	228,757	0
Fund Balance at End of Year	<u>\$301,354</u>	<u>\$351,356</u>	<u>\$50,002</u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Police Law Enforcement Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$405,747	\$290,722	(\$115,025)
Intergovernmental	32,000	241,512	209,512
Other	84,840	3,016	(81,824)
Total Revenues	<u>522,587</u>	<u>535,250</u>	<u>12,663</u>
Expenditures:			
Current:			
Security of Persons and Property			
Personal Services	1,215,465	1,213,880	1,585
Other	336,355	239,705	96,650
Total Security of Persons and Property	<u>1,551,820</u>	<u>1,453,585</u>	<u>98,235</u>
Capital Outlay	<u>107,500</u>	<u>200,162</u>	<u>(92,662)</u>
Total Expenditures	<u>1,659,320</u>	<u>1,653,747</u>	<u>5,573</u>
Deficiency of Revenues Under Expenditures	(1,136,733)	(1,118,497)	18,236
Other Financing Sources:			
Face Value from Sale of Bonds	300,000	300,000	0
Transfers - In	900,000	818,515	(81,485)
Total Other Financing Sources	<u>1,200,000</u>	<u>1,118,515</u>	<u>(81,485)</u>
Excess of Revenues and Other Financing Sources Over Expenditures	63,267	18	(63,249)
Fund Balance (Deficit) at Beginning of Year	<u>(769,702)</u>	<u>(769,702)</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$706,435)</u></u>	<u><u>(\$769,684)</u></u>	<u><u>(\$63,249)</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Motor Vehicle License Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$65,080	\$68,247	\$3,167
Total Revenues	65,080	68,247	3,167
Expenditures:			
Current:			
Security of Persons and Property			
Other	118,701	118,000	701
Total Expenditures	118,701	118,000	701
Deficiency of Revenues			
Under Expenditures	(53,621)	(49,753)	3,868
Fund Balance at Beginning of Year	233,575	233,575	0
Fund Balance at End of Year	\$179,954	\$183,822	\$3,868

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Enforcement and Education Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Total Revenues	\$10	\$35	\$25
Expenditures:			
Current:			
Security of Persons and Property			
Other	2,000	0	2,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,990)	35	2,025
Other Financing Sources:			
Transfers - In	0	503	(503)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,990)	538	1,522
Fund Balance at Beginning of Year	9,135	9,135	0
Fund Balance at End of Year	\$7,145	\$9,673	\$1,522

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Lighting Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Special Assessments	\$89,108	\$89,108	\$0
Expenditures:			
Current:			
Security of Persons and Property			
Other	81,250	49,824	31,426
Excess of Revenues Over Expenditures	7,858	39,284	31,426
Other Financing Sources:			
Transfers - In	0	80,000	(80,000)
Excess of Revenues and Other Financing Sources Over Expenditures	7,858	119,284	(48,574)
Fund Balance (Deficit) at Beginning of Year	(91,603)	(91,603)	0
Fund Balance (Deficit) at End of Year	(\$83,745)	\$27,681	(\$48,574)

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Law Enforcement Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$2,587	\$2,587	\$0
Total Revenues	2,587	2,587	0
Total Expenditures	0	0	0
Excess of Revenues Over Expenditures	2,587	2,587	0
Fund Balance at Beginning of Year	10,110	10,110	0
Fund Balance at End of Year	<u>\$12,697</u>	<u>\$12,697</u>	<u>\$0</u>

City of Monroe, Ohio
Combining Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
All Special Revenue Funds
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$1,233,330	\$876,328	(\$357,002)
Charges for Services	0	341,255	341,255
Intergovernmental	677,187	1,219,637	542,450
Special Assessments	89,108	89,108	0
Interest	50	313	263
Other	335,751	44,862	(290,889)
Total Revenues	2,335,436	2,571,538	236,102
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	0	(875)	875
Other	142,000	294,230	(152,230)
State Highway Maintenance			
Other	19,500	0	19,500
Total Transportation	161,500	293,355	(131,855)
Security of Persons and Property			
Fire Operation and Maintenance			
Personal Services	1,896,000	1,796,263	99,737
Other	224,035	121,185	102,850
Fire Levy			
Other	223,686	214,512	9,174
Police Law Enforcement			
Personal Services	1,215,465	1,213,880	1,585
Other	457,056	357,705	99,351
Street Lighting			
Other	81,250	49,824	31,426
Total Security of Persons and Property	4,097,492	3,753,369	344,123
Capital Outlay	694,853	578,310	316,543
Debt Service:			
Principal Retirement	3,005,000	1,700,000	1,305,000
Interest and Fiscal Charges	35,352	38,844	(3,492)
Total Expenditures	8,194,197	6,363,878	1,830,319
Deficiency of Revenues			
Under Expenditures	(5,858,761)	(3,792,340)	2,066,421
Other Financing Sources (Uses):			
Face Value from Sale of Bonds	2,160,000	2,280,000	120,000
Transfers - In	900,000	2,284,015	1,384,015
Transfers - Out	0	(502,283)	(502,283)
Total Other Financing Sources (Uses)	3,060,000	4,061,732	1,001,732
Excess (Deficiency) of Revenues and			
Other Financing Sources Over (Under)			
Expenditures and Other Financing Uses	(2,798,761)	269,392	3,068,153
Fund Balances (Deficit) at Beginning of Year	(1,828,905)	(1,828,905)	0
Fund Balance (Deficit) at End of Year	(\$4,627,666)	(\$1,559,513)	\$3,068,153

DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

CAPITAL PROJECTS FUNDS

To account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Park Improvement

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

Capital Improvement

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

Corridor I-75

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

City of Monroe, Ohio
Combining Balance Sheet
All Capital Projects Funds
December 31, 2003

	Park Improvement	Capital Improvement	Corridor I-75	Total
Assets				
Cash and Cash Equivalents	\$88,495	\$1,111	\$164,183	\$253,789
Receivables:				
Property Taxes	0	0	58,033	58,033
Total Assets	\$88,495	\$1,111	\$222,216	\$311,822
Liabilities				
Deferred Revenue	\$0	\$0	\$58,033	\$58,033
Total Liabilities	0	0	58,033	58,033
Fund Equity				
Fund Balances:				
Unreserved:				
Undesignated	88,495	1,111	164,183	253,789
Total Fund Equity	88,495	1,111	164,183	253,789
Total Liabilities and Fund Equity	\$88,495	\$1,111	\$222,216	\$311,822

City of Monroe, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Capital Project Funds
For the Year Ended December 31, 2003

	<u>Park Improvement</u>	<u>Capital Improvement</u>	<u>Corridor I-75</u>	<u>Total</u>
Revenues:				
Property Taxes	\$0	\$0	\$64,481	\$64,481
Fines, Licenses and Permits	112,683	0	0	112,683
Total Revenues	<u>112,683</u>	<u>0</u>	<u>64,481</u>	<u>177,164</u>
Expenditures:				
Capital Outlay	35,824	61,815	801	98,440
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>76,859</u>	<u>(61,815)</u>	<u>63,680</u>	<u>78,724</u>
Other Financing Sources:				
Transfers - In	0	102,085	0	102,085
Excess of Revenues and Other Financing Sources Over Expenditures	76,859	40,270	63,680	180,809
Fund Balances (Deficits) at Beginning of Year	<u>11,636</u>	<u>(39,159)</u>	<u>100,503</u>	<u>72,980</u>
Fund Balances at End of Year	<u><u>\$88,495</u></u>	<u><u>\$1,111</u></u>	<u><u>\$164,183</u></u>	<u><u>\$253,789</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Park Improvement Fund
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Fines, Licenses, Permits	<u>\$118,000</u>	<u>\$117,483</u>	<u>(\$517)</u>
Expenditures:			
Capital Outlay	<u>23,600</u>	<u>45,602</u>	<u>(22,002)</u>
Excess of Revenues Over Expenditures	<u>94,400</u>	<u>71,881</u>	<u>(22,519)</u>
Fund Balance at Beginning of Year	<u>16,614</u>	<u>16,614</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$111,014</u></u>	<u><u>\$88,495</u></u>	<u><u>(\$22,519)</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Capital Improvement Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Total Revenues	\$0	\$0	\$0
Expenditures:			
Capital Outlay	104,330	103,218	1,112
Deficiency of Revenues Under Expenditures	(104,330)	(103,218)	1,112
Other Financing Sources:			
Transfers - In	0	102,085	102,085
Deficiency of Revenues and Other Financing Sources Under Expenditures	(104,330)	(1,133)	103,197
Fund Balance at Beginning of Year	2,244	2,244	0
Fund Balance (Deficit) at End of Year	(\$102,086)	\$1,111	\$103,197

City of Monroe, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Corridor I-75 Fund
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property and Other Taxes	<u>\$64,481</u>	<u>\$64,481</u>	<u>\$0</u>
Total Revenues	<u>64,481</u>	<u>64,481</u>	<u>0</u>
Expenditures:			
Capital Outlay	<u>10,000</u>	<u>801</u>	<u>9,199</u>
Excess of Revenues Over Expenditures	54,481	63,680	9,199
Fund Balance at Beginning of Year	<u>100,503</u>	<u>100,503</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$154,984</u></u>	<u><u>\$164,183</u></u>	<u><u>\$9,199</u></u>

City of Monroe, Ohio
Combining Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budget Basis)
All Capital Project Funds
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$64,481	\$64,481	\$0
Fines, Licenses, Permits	<u>118,000</u>	<u>117,483</u>	<u>(517)</u>
Total Revenues	<u>182,481</u>	<u>181,964</u>	<u>(517)</u>
Expenditures:			
Capital Outlay	<u>137,930</u>	<u>149,621</u>	<u>(11,691)</u>
Excess of Revenues Over Expenditures	<u>44,551</u>	<u>32,343</u>	<u>(12,208)</u>
Other Financing Sources:			
Transfers - In	<u>0</u>	<u>102,085</u>	<u>102,085</u>
Excess of Revenues and Other Financing Sources Over Expenditures	44,551	134,428	89,877
Fund Balance at Beginning of Year	<u>119,361</u>	<u>119,361</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$163,912</u></u>	<u><u>\$253,789</u></u>	<u><u>\$89,877</u></u>

ENTERPRISE FUNDS

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

Sewer

To account for the provision of sanitary sewer service to the residents and commercial users in the City.

Water

To account for the provision of water treatment and distribution to residential and commercial users in the City.

Garbage

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

Storm Water Management

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

Cemetery

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

City of Monroe, Ohio
Combining Balance Sheet
All Enterprise Funds
December 31, 2003

	Sewer	Water	Garbage	Storm Water Management	Cemetery	Totals
Assets						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$0	\$767,187	\$0	\$10,975	\$52,447	\$830,609
Receivables:						
Accounts	173,577	229,826	60,077	0	0	463,480
Interfund	0	2,510,838	0	0	0	2,510,838
Due from Other Governments	44,218	0	0	0	0	44,218
Total Current Assets	217,795	3,507,851	60,077	10,975	52,447	3,849,145
Capital Assets (Net of Accumulated Depreciation)						
	103,092	3,718,361	0	0	90,853	3,912,306
Total Assets	\$320,887	\$7,226,212	\$60,077	\$10,975	\$143,300	\$7,761,451
Liabilities						
Current Liabilities:						
Accounts Payable	\$0	\$22,559	\$0	\$1,600	\$395	\$24,554
Contracts Payable	25,212	0	26,292	6,654	0	58,158
Interfund Payable	419,106	0	19,258	0	0	438,364
Accrued Wages and Benefits	0	4,652	0	0	0	4,652
Due to Other Funds	0	240,000	0	0	0	240,000
Due to Other Governments	71,857	785	0	0	0	72,642
Accrued Interest Payable	3,690	33,610	0	0	0	37,300
Notes Payable	300,000	4,360,000	0	0	0	4,660,000
Current Portion of Loans Payable	0	24,102	0	0	0	24,102
Total Current Liabilities	819,865	4,685,708	45,550	8,254	395	5,559,772
Long-Term Liabilities:						
Compensated Absences Payable	0	9,464	0	0	0	9,464
Loans Payable (Net of Current Portion)	0	598,093	0	0	0	598,093
Total Long-Term Liabilities	0	607,557	0	0	0	607,557
Total Liabilities	819,865	5,293,265	45,550	8,254	395	6,167,329
Fund Equity						
Contributed Capital	0	1,978,022	0	0	0	1,978,022
Retained Earnings:						
Reserved for Revenue Bond Replacement and Improvement	0	132,963	0	0	0	132,963
Unreserved (Deficit)	(498,978)	(178,036)	14,527	2,721	142,905	(516,863)
Total Fund Equity (Deficit)	(498,978)	1,932,947	14,527	2,721	142,905	1,594,122
Total Liabilities and Fund Equity	\$320,887	\$7,226,212	\$60,077	\$10,975	\$143,300	\$7,761,451

City of Monroe, Ohio
Combining Statement of Revenues, Expense and
Changes in Fund Equity
All Enterprise Funds
For the Year Ended December 31, 2003

	Sewer	Water	Garbage	Storm Water Management	Cemetery	Totals
<u>Operating Revenues:</u>						
Charges for Services	\$1,066,339	\$1,925,715	\$323,944	\$18,593	\$23,335	\$3,357,926
Sales	0	0	0	0	6,625	6,625
Other Operating Revenues	0	24,096	0	0	330	24,426
Total Operating Revenues	<u>1,066,339</u>	<u>1,949,811</u>	<u>323,944</u>	<u>18,593</u>	<u>30,290</u>	<u>3,388,977</u>
<u>Operating Expenses:</u>						
Personal Services	17,348	333,811	23,462	0	0	374,621
Contractual Services	1,540,790	301,358	314,868	65,872	21,320	2,244,208
Materials and Supplies	0	135,228	0	0	5,635	140,863
Bad Debt Expense	13,230	17,548	4,577	0	0	35,355
Depreciation	7,633	314,836	0	0	0	322,469
Total Operating Expenses	<u>1,579,001</u>	<u>1,102,781</u>	<u>342,907</u>	<u>65,872</u>	<u>26,955</u>	<u>3,117,516</u>
Operating Income (Loss)	<u>(512,662)</u>	<u>847,030</u>	<u>(18,963)</u>	<u>(47,279)</u>	<u>3,335</u>	<u>271,461</u>
<u>Non-Operating Revenues (Expenses):</u>						
Construction Grants	489,243	0	0	0	0	489,243
Deposits Refunded	8	(2,231)	(19)	0	0	(2,242)
Interest and Fiscal Charges	(3,690)	(163,864)	0	0	0	(167,554)
Total Non-Operating Revenues (Expenses)	<u>485,561</u>	<u>(166,095)</u>	<u>(19)</u>	<u>0</u>	<u>0</u>	<u>319,447</u>
Income (Loss) Before Transfers	<u>(27,101)</u>	<u>680,935</u>	<u>(18,982)</u>	<u>(47,279)</u>	<u>3,335</u>	<u>590,908</u>
Transfers - In	0	1,166,605	0	50,000	14,000	1,230,605
Transfers - Out	0	(1,216,605)	0	0	0	(1,216,605)
Net Income (Loss)	<u>(27,101)</u>	<u>630,935</u>	<u>(18,982)</u>	<u>2,721</u>	<u>17,335</u>	<u>604,908</u>
Fund Equity (Deficit) at Beginning of Year as Previously Reported	<u>(471,877)</u>	<u>463,316</u>	<u>33,509</u>	<u>0</u>	<u>125,570</u>	<u>150,518</u>
Adjustment applicable to Prior Years	<u>0</u>	<u>838,696</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>838,696</u>
Fund Equity (Deficit) at Beginning of Year - Restated	<u>(471,877)</u>	<u>1,302,012</u>	<u>33,509</u>	<u>0</u>	<u>125,570</u>	<u>989,214</u>
Fund Equity (Deficit) at End of Year	<u>(\$498,978)</u>	<u>\$1,932,947</u>	<u>\$14,527</u>	<u>\$2,721</u>	<u>\$142,905</u>	<u>\$1,594,122</u>

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$1,703,952	\$1,845,351	\$141,399
Face Value from Sale of Notes	4,360,000	4,360,000	0
Other Operating Revenues	5,933	24,096	18,163
Total Revenues	<u>6,069,885</u>	<u>6,229,447</u>	<u>159,562</u>
Expenses:			
Personal Services	374,000	334,482	39,518
Contractual Services	697,500	360,736	336,764
Materials and Supplies	308,500	153,516	154,984
Deposits Refunded	2,500	2,231	269
Capital Outlay	984,339	505,333	479,006
Debt Service:			
Principal Retirement	0	3,925,000	(3,925,000)
Interest and Fiscal Charges	0	84,731	(84,731)
Total Expenses	<u>2,366,839</u>	<u>5,366,029</u>	<u>(2,999,190)</u>
Excess of Revenues Over Expenses before Transfers	<u>3,703,046</u>	<u>863,418</u>	<u>(2,839,628)</u>
Transfers - In	1,000,000	1,166,605	166,605
Transfers - Out	<u>(119,569)</u>	<u>(1,216,605)</u>	<u>(1,097,036)</u>
Excess of Revenues Over Expenses and Transfers	4,583,477	813,418	(3,770,059)
Fund Equity at Beginning of Year	<u>2,459,607</u>	<u>2,459,607</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$7,043,084</u></u>	<u><u>\$3,273,025</u></u>	<u><u>(\$3,770,059)</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
Sewer Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$950,000	\$1,007,383	\$57,383
Grants	121,755	445,025	323,270
Face Value from Sale of Notes	300,000	300,000	0
Total Revenues	<u>1,371,755</u>	<u>1,752,408</u>	<u>380,653</u>
Expenses:			
Personal Services	25,000	17,348	7,652
Contractual Services	1,110,000	1,109,770	230
Deposits Refunded	200	(8)	208
Capital Outlay	337,000	682,947	(345,947)
Total Expenses	<u>1,472,200</u>	<u>1,810,057</u>	<u>(337,857)</u>
Deficiency of Revenues			
Under Expenses	(100,445)	(57,649)	42,796
Fund Equity (Deficit) at Beginning of Year	<u>(423,899)</u>	<u>(423,899)</u>	<u>0</u>
Fund Equity (Deficit) at End of Year	<u><u>(\$524,344)</u></u>	<u><u>(\$481,548)</u></u>	<u><u>\$42,796</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
Garbage Fund
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	<u>\$275,844</u>	<u>\$303,057</u>	<u>\$27,213</u>
Expenses:			
Personal Services	25,000	23,462	1,538
Contractual Services	295,000	312,035	(17,035)
Deposits Refunds	<u>50</u>	<u>19</u>	<u>31</u>
Total Expenses	<u>320,050</u>	<u>335,516</u>	<u>(15,466)</u>
Deficiency of Revenues			
Under Expenses	(44,206)	(32,459)	11,747
Fund Equity at Beginning of Year	<u>13,201</u>	<u>13,201</u>	<u>0</u>
Fund Equity (Deficit) at End of Year	<u><u>(\$31,005)</u></u>	<u><u>(\$19,258)</u></u>	<u><u>\$11,747</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
Stormwater Management Fund
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for Services	<u>\$7,617</u>	<u>\$18,593</u>	<u>\$10,976</u>
Expenses:			
Contractual Services	<u>40,000</u>	<u>57,618</u>	<u>(17,618)</u>
Deficiency of Revenues Under Expenses before Transfers	<u>(32,383)</u>	<u>(39,025)</u>	<u>(6,642)</u>
Transfers - In	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess of Revenues Over Expenses and Transfers	17,617	10,975	(6,642)
Fund Equity at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$17,617</u></u>	<u><u>\$10,975</u></u>	<u><u>(\$6,642)</u></u>

City of Monroe, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
Cemetery Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$15,000	\$23,335	\$8,335
Sales	10,000	7,525	(2,475)
Interest	2,000	0	(2,000)
Other Operating Revenues	3,890	330	(3,560)
Total Revenues	30,890	31,190	300
Expenses:			
Contractual Services	22,000	21,320	680
Materials and Supplies	8,000	5,872	2,128
Capital Outlay	20,000	209	19,791
Total Expenses	50,000	27,401	22,599
Excess (Deficiency) of Revenues Over (Under) Expenses	(19,110)	3,789	22,899
Transfers - In	0	14,000	14,000
Excess (Deficiency) of Revenues Over (Under) Expenses and Transfers	(19,110)	17,789	36,899
Fund Equity at Beginning of Year	34,658	34,658	0
Fund Equity at End of Year	<u>\$15,548</u>	<u>\$52,447</u>	<u>\$36,899</u>

City of Monroe, Ohio
Combining Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Budget Basis)
All Enterprise Funds
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$2,952,413	\$3,197,719	\$245,306
Deposits Received	0	0	0
Grants	121,755	445,025	323,270
Sales	10,000	7,525	(2,475)
Interest	2,000	0	(2,000)
Face Value from Sale of Notes	4,660,000	4,660,000	0
Other Operating Revenues	9,823	24,426	14,603
Total Revenues	7,755,991	8,334,695	578,704
Expenses:			
Personal Services	424,000	375,292	48,708
Contractual Services	2,164,500	1,861,479	303,021
Materials and Supplies	316,500	159,388	157,112
Deposits Refunded	2,750	2,242	508
Capital Outlay	1,341,339	1,188,489	152,850
Debt Service:			
Principal Retirement	0	3,925,000	(3,925,000)
Interest and Fiscal Charges	0	84,731	(84,731)
Total Expenses	4,249,089	7,596,621	(3,347,532)
Excess of Revenues Over			
Expenses before Transfers	3,506,902	738,074	(2,768,828)
Transfers - In			
Transfers - In	1,050,000	1,230,605	180,605
Transfers - Out			
Transfers - Out	(119,569)	(1,216,605)	(1,097,036)
Excess of Revenues Over			
Expenses and Transfers	4,437,333	752,074	(3,685,259)
Fund Equity at Beginning of Year	2,083,567	2,083,567	0
Fund Equity at End of Year	\$6,520,900	\$2,835,641	(\$3,685,259)

City of Monroe, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2003

	Sewer	Water	Garbage	Storm Water Management	Cemetery	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents</u>						
<u>Cash Flows from Operating Activities:</u>						
Cash Received from Customers	\$1,007,383	\$1,845,351	\$303,057	\$18,593	\$30,860	\$3,205,244
Cash Paid for Employee Services and Benefits	(17,348)	(334,482)	(23,462)	0	0	(375,292)
Cash Paid to Suppliers for Goods and Services	(1,730,274)	(436,221)	(312,035)	(57,618)	(26,560)	(2,562,708)
Cash Received from Miscellaneous Revenues	0	24,096	0	0	330	24,426
Net Cash Provided by (Used for) Operating Activities	<u>(740,239)</u>	<u>1,098,744</u>	<u>(32,440)</u>	<u>(39,025)</u>	<u>4,630</u>	<u>291,670</u>
<u>Cash Flows from Noncapital Financing Activities:</u>						
Short Term Loan Received (Repaid)	(4,794)	(885,027)	19,258	0	0	(870,563)
Transfers-out	0	(1,216,605)	0	0	0	(1,216,605)
Transfers-In	0	1,166,605	0	50,000	14,000	1,230,605
Net Cash Provided by (Used by) Noncapital Financing Activities:	<u>(4,794)</u>	<u>(935,027)</u>	<u>19,258</u>	<u>50,000</u>	<u>14,000</u>	<u>(856,563)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>						
Proceeds from Sale of General Obligation Notes Payable	300,000	4,360,000	0	0	0	4,660,000
Construction Grants	445,025	0	0	0	0	445,025
Deposits Refunded	8	(2,231)	(19)	0	0	(2,242)
Acquisition of Capital Assets	0	(529,423)	0	0	(841)	(530,264)
Principal Paid on Water Tower Loan	0	(22,936)	0	0	0	(22,936)
Interest Paid on Water Tower Loan	0	(31,005)	0	0	0	(31,005)
Principal Paid on General Obligation Notes Payable	0	(3,925,000)	0	0	0	(3,925,000)
Interest Paid on General Obligation Notes Payable	0	(84,731)	0	0	0	(84,731)
Interest Due on Mortgage Revenue Bonds Payable	0	(18,934)	0	0	0	(18,934)
Principal Paid on Mortgage Revenue Bonds Payable	0	(950,000)	0	0	0	(950,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>745,033</u>	<u>(1,204,260)</u>	<u>(19)</u>	<u>0</u>	<u>(841)</u>	<u>(460,087)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0	(1,040,543)	(13,201)	10,975	17,789	(1,024,980)
Cash and Cash Equivalents at Beginning of Year	0	1,807,730	13,201	0	34,658	1,855,589
Cash and Cash Equivalents at End of Year	<u>\$0</u>	<u>\$767,187</u>	<u>\$0</u>	<u>\$10,975</u>	<u>\$52,447</u>	<u>\$830,609</u>
<u>Reconciliation of Operating Income (Loss) to</u>						
<u>Net Cash Provided by (Used for) Operating Activities:</u>						
Operating Income (Loss)	(\$512,662)	\$847,030	(\$18,963)	(\$47,279)	\$3,335	\$271,461
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>						
Depreciation Expense	7,633	314,836	0	0	0	322,469
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(45,726)	(62,816)	(16,310)	0	900	(123,952)
Increase in Accounts Payable	0	11,184	2,833	1,600	395	16,012
Increase in Contracts Payable	0	0	0	6,654	0	6,654
Increase in Accrued Wages and Benefits	25,212	892	0	0	0	26,104
Increase in Compensated Absences Payable	0	337	0	0	0	337
(Decrease) in Due to Other Governments	(214,696)	(12,719)	0	0	0	(227,415)
Total Adjustments	<u>(227,577)</u>	<u>251,714</u>	<u>(13,477)</u>	<u>8,254</u>	<u>1,295</u>	<u>20,209</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$740,239)</u>	<u>\$1,098,744</u>	<u>(\$32,440)</u>	<u>(\$39,025)</u>	<u>\$4,630</u>	<u>\$291,670</u>

FIDUCIARY FUNDS

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

EXPENDABLE TRUST FUND

Longstreet Trust Fund

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

Cemetery Trust Fund

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

AGENCY FUNDS

Mayor's Court

To account for the collection and distribution of court fines and forfeitures.

CITY OF MONROE, OHIO
 COMBINING BALANCE SHEET
 ALL FIDUCIARY FUNDS
 DECEMBER 31, 2003

	EXPENDABLE TRUST		AGENCY	Total
	LONGSTREET TRUST	CEMETERY TRUST	MAYOR'S COURT	
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$60,873	\$0	\$60,873
Investments	1,000	5,500	0	6,500
Cash and Cash Equivalents in Segregated Accounts	0	0	6,499	6,499
Total Assets	\$1,000	\$66,373	\$6,499	\$73,872
<u>Liabilities:</u>				
Due to Other Funds	\$0	\$0	\$4,780	\$4,780
Due to Other Governments	0	0	991	991
Undistributed Monies	0	0	120	120
Deposits Held and Due to Others	0	0	608	608
Total Liabilities	0	0	6,499	6,499
<u>Fund Equity</u>				
Fund Balance:				
Unreserved:				
Undesignated	1,000	66,373	0	67,373
Total Fund Equity	1,000	66,373	0	67,373
Total Liabilities and Fund Equity	\$1,000	\$66,373	\$6,499	\$73,872

City of Monroe, Ohio
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Expendable Trust Funds
For the Year Ended December 31, 2003

	<u>LONGSTREET TRUST</u>	<u>CEMETERY TRUST</u>	<u>Total</u>
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>1,000</u>	<u>66,373</u>	<u>67,373</u>
Fund Balances at End of Year	<u><u>\$1,000</u></u>	<u><u>\$66,373</u></u>	<u><u>\$67,373</u></u>

City of Monroe, Ohio
Combining Statement of Changes
in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2003

	BALANCE DECEMBER 31 2002	ADDITIONS	REDUCTIONS	BALANCE DECEMBER 31 2003
MAYOR'S COURT				
<u>Assets:</u>				
Cash and Cash Equivalents in Segregated Accounts	\$11,765	\$6,499	\$11,765	\$6,499
Total Assets	<u>\$11,765</u>	<u>\$6,499</u>	<u>\$11,765</u>	<u>\$6,499</u>
<u>Liabilities:</u>				
Due to Other Funds	\$6,501	\$4,780	\$6,501	\$4,780
Due to Other Governments	2,791	991	2,791	991
Undistributed Monies	2,405	120	2,405	120
Deposits Held and Due to Others	68	608	68	608
Total Liabilities	<u>\$11,765</u>	<u>\$6,499</u>	<u>\$11,765</u>	<u>\$6,499</u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Longstreet Trust Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenue	\$0	\$0	\$0
Expenditures	0	0	0
Excess of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	1,000	1,000	0
Fund Balance at End of Year	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$0</u>

City of Monroe, Ohio
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Cemetery Trust Fund
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues	\$0	\$0	\$0
Expenditures	0	0	0
Excess of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	66,374	66,374	0
Fund Balance at End of Year	<u>\$66,374</u>	<u>\$66,374</u>	<u>\$0</u>

City of Monroe, Ohio
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
All Expendable Trust Funds
For the Year Ended December 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:	\$0	\$0	\$0
Total Expenditures	0	0	0
Excess of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	67,374	67,374	0
Fund Balance at End of Year	<u>\$67,374</u>	<u>\$67,374</u>	<u>\$0</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets other than those accounted for in the proprietary funds.

CITY OF MONROE, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCES
DECEMBER 31, 2003

General Fixed Assets:	
Land and Improvements	\$1,559,858
Buildings	6,491,576
Vehicles, Furniture and Equipment	<u>3,957,876</u>
Total General Fixed Assets	<u><u>\$12,009,310</u></u>

Investment in General Fixed Assets
from:

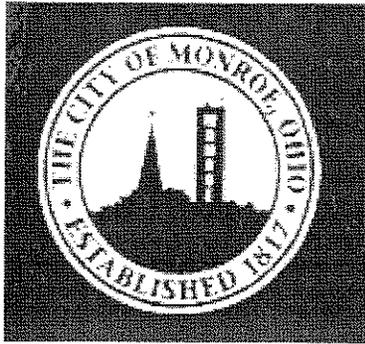
General Fund Revenues	\$1,185,575
Special Revenue Fund Revenues	7,548,501
Capital Project Fund Revenues	<u>3,275,234</u>
Total General Fixed Assets	<u><u>\$12,009,310</u></u>

CITY OF MONROE, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2003

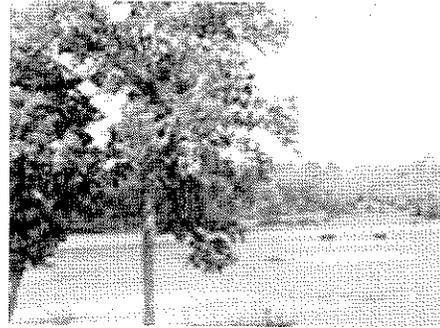
<u>FUNCTION AND ACTIVITY</u>	<u>LAND AND IMPROVEMENTS</u>	<u>BUILDINGS</u>	<u>VEHICLES, FURNITURE, AND EQUIPMENT</u>	<u>Total</u>
GENERAL GOVERNMENT:				
Administration	\$136,769	\$1,435,046	\$93,598	\$1,665,413
City Hall	12,319	375,522	3,967	391,808
Municipal Court	6,160	187,761	0	193,921
Finance	12,319	375,522	0	387,841
Tax	12,319	375,522	0	387,841
Total General Government	<u>179,886</u>	<u>2,749,373</u>	<u>97,565</u>	<u>3,026,824</u>
SECURITY OF PERSONS AND PROPERTY:				
Police Protection	441,749	1,035,031	948,373	2,425,153
Fire Department	208,601	2,294,798	1,093,614	3,597,013
Total Security of Persons and Property	<u>650,350</u>	<u>3,329,829</u>	<u>2,041,987</u>	<u>6,022,166</u>
TRANSPORTATION:				
Street Department	563,726	394,062	1,245,558	2,203,346
LEISURE TIME ACTIVITIES:				
Recreation Department	165,896	18,312	572,766	756,974
TOTAL GENERAL FIXED ASSETS	<u>\$1,559,858</u>	<u>\$6,491,576</u>	<u>\$3,957,876</u>	<u>\$12,009,310</u>

CITY OF MONROE, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>FUNCTION AND ACTIVITY</u>	<u>GENERAL FIXED ASSETS DECEMBER 31 2002</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>GENERAL FIXED ASSETS DECEMBER 31 2003</u>
GENERAL GOVERNMENT:				
Administration	\$1,653,869	\$11,544	\$0	\$1,665,413
City Hall	391,808	0	0	391,808
Municipal Court	193,921	0	0	193,921
Finance	387,841	0	0	387,841
Tax	387,841	0	0	387,841
Total General Government	<u>3,015,280</u>	<u>11,544</u>	<u>0</u>	<u>3,026,824</u>
SECURITY OF PERSONS AND PROPERTY:				
Police Protection	2,425,153	0	0	2,425,153
Fire Department	3,553,787	43,226	0	3,597,013
Total Security of Persons and Property	<u>5,978,940</u>	<u>43,226</u>	<u>0</u>	<u>6,022,166</u>
TRANSPORTATION:				
Street Department	2,192,018	11,328	0	2,203,346
LEISURE TIME ACTIVITIES:				
Recreation Department	730,307	26,667	0	756,974
TOTAL GENERAL FIXED ASSETS	<u><u>\$11,916,545</u></u>	<u><u>\$92,765</u></u>	<u><u>\$0</u></u>	<u><u>\$12,009,310</u></u>



STATISTICAL



SECTION

**CITY OF MONROE, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

YEAR	GENERAL GOVERNMENT	SECURITY OF PERSONS AND PROPERTY	PUBLIC HEALTH AND WELFARE	TRANSPORTATION	BASIC UTILITY SERVICES	LEISURE TIME ACTIVITIES	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
1994	\$367,612	\$132,989	\$23,377	\$124,494	\$0	\$32,213	\$68,514	\$0	\$749,199
1995	603,842	136,730	25,978	145,252	0	36,511	0	0	948,313
1996	528,840	192,618	25,001	241,833	0	39,750	42,575	0	1,070,617
1997	677,859	222,580	27,281	308,707	0	61,643	5,103	0	1,303,173
1998	868,314	133,954	33,247	297,266	0	46,537	15,985	0	1,395,303
1999	1,422,643	204,290	272	303,902	0	58,477	0	24,221	2,013,805
2000	605,308	201,959	138,846	356,461	7,112	28,850	178,919	0	1,517,455
2001	1,987,587	216,608	211,458	371,035	17,402	78,362	127,309	0	3,009,761
2002	1,902,881	431,434	52,541	421,844	15,302	91,163	24,936	0	2,940,101
2003	1,308,932	286,921	196,073	414,588	0	2,936	0	0	2,209,450

SOURCE: City of Monroe's Finance Office

CITY OF MONROE, OHIO
 GENERAL FUND REVENUES BY SOURCE
 LAST TEN YEARS

YEAR	PROPERTY TAXES	INCOME TAXES	CHARGES FOR SERVICES	FINES, LICENSES AND PERMITS	INTER-GOVERNMENTAL	SPECIAL ASSESSMENTS	INTEREST(1)	OTHER	TOTAL
1994	\$241,643	\$966,570	\$64,026	\$54,939	\$230,972	\$0	\$0	\$44,894	\$1,603,044
1995	329,898	1,319,592	32,835	57,476	421,760	0	0	142,775	2,304,336
1996	389,415	1,559,035	0	135,604	576,965	0	182,069	43,338	2,886,426
1997	365,839	1,516,745	0	96,592	344,505	13,534	169,353	7,360	2,513,928
1998	463,230	1,821,890	3,415	177,980	465,343	0	172,772	37,657	3,142,287
1999	528,031	2,168,042	40,132	61,522	488,985	0	70,137	39,638	3,396,487
2000	580,235	2,085,001	77,529	267,022	546,719	0	302,755	124,301	3,983,562
2001	659,086	2,456,779	4,793	295,225	813,921	0	99,544	95,654	4,425,002
2002	332,365	2,341,842	702	494,187	812,440	0	12,778	353,495	4,347,809
2003	368,022	2,891,413	89,580	497,893	609,367	0	5,145	37,850	4,499,270

SOURCE: City of Monroe's Finance Office

(1) The City had previously recorded interest revenue as other revenue before 1996

CITY OF MONROE, OHIO
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN YEARS

COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENTAGE OF TOTAL TAX COLLECTIONS TO TAX LEVY	ACCUMULATED OUTSTANDING DELINQUENT TAXES (1)	PERCENTAGE OF ACCUMULATED DELINQUENT TAXES TO TOTAL TAX LEVY
1994	\$817,103	\$803,050	\$8,125	\$811,175	99.27%	\$11,396	1.39%
1995	856,862	841,092	21,763	862,855	100.70%	5,403	0.63%
1996	868,452	809,386	20,704	830,090	95.58%	43,765	5.04%
1997	964,737	917,724	22,278	940,002	97.44%	68,500	7.10%
1998	964,738	942,953	19,631	962,584	99.78%	70,654	7.32%
1999	1,028,258	983,837	20,448	1,004,285	97.67%	94,627	9.20%
2000	1,109,108	1,069,616	21,983	1,091,599	98.42%	112,135	10.11%
2001	2,052,000	2,220,467	32,054	2,252,521	109.77%	120,440	5.87%
2002	2,495,498	2,229,330	87,200	2,316,530	92.83%	299,408	12.00%
2003	2,694,962	1,881,682	68,594	1,950,276	72.37%	1,044,094	38.74%

SOURCE: Butler County Auditor's Office

(1) Due to timing of billings from the Butler County Auditor's Office, the City has a large accumulated outstanding delinquent taxes at 12/31/03

**CITY OF MONROE, OHIO
 ASSESSED VALUATION AND ESTIMATED
 ACTUAL VALUES OF TAXABLE PROPERTY
 LAST TEN YEARS**

YEAR	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC UTILITY PERSONAL		TOTAL		PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1994	\$80,496,740	\$229,990,686	\$16,462,248	\$65,848,992	\$35,099,740	\$39,886,068	\$132,058,728	\$335,725,746	39.34%
1995	86,472,170	247,063,343	24,401,527	97,606,108	27,600,730	31,364,466	138,474,427	376,033,917	36.82%
1996	103,626,960	296,077,029	32,197,072	128,788,288	28,103,550	31,935,852	163,927,582	456,801,169	35.89%
1997	106,770,630	305,058,943	31,678,926	126,715,704	27,282,150	31,002,443	165,731,706	462,777,090	35.81%
1998	112,994,990	322,842,829	37,461,497	149,845,988	27,695,250	31,471,875	178,151,737	504,160,692	35.34%
1999	134,954,330	385,583,800	43,318,762	173,275,048	27,683,980	31,459,068	205,957,072	590,317,916	34.89%
2000	139,839,110	399,540,314	41,865,628	167,462,512	25,840,540	29,364,250	207,545,278	596,367,076	34.80%
2001	164,645,170	464,700,486	46,894,834	187,579,336	16,428,630	18,668,898	227,968,634	670,948,720	33.98%
2002	197,975,700	565,644,857	42,906,468	171,625,872	17,056,970	19,382,920	257,939,138	756,653,649	34.09%
2003	208,560,150	595,886,143	39,576,788	158,307,152	16,634,540	18,902,886	264,771,478	773,096,181	34.25%

SOURCE: Butler County Auditor's Office

**CITY OF MONROE, OHIO
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS**

<u>YEAR</u>	<u>CITY OF MONROE</u>		<u>BUTLER COUNTY</u>		<u>SCHOOL DISTRICT</u>		<u>OTHER (1)</u>	
	<u>OPERATING</u>		<u>OPERATING</u>		<u>OPERATING</u>		<u>OPERATING</u>	
1994	7.85		7.45		32.88		1.93	
1995	7.85		7.44		38.20		1.93	
1996	9.17		8.44		37.03		1.93	
1997	9.17		8.45		36.63		1.93	
1998	9.17		8.44		36.56		1.93	
1999	9.17		8.45		35.33		1.93	
2000	11.17		8.45		34.98		1.93	
2001	11.17		8.75		43.36		1.93	
2002	11.17		8.75		41.88		1.93	
2003	11.17		8.75		40.68		1.93	

SOURCE: City of Monroe's Operating Budget

SOURCE: Butler County Auditor's Office

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

**CITY OF MONROE, OHIO
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2003**

	TAXPAYER	2003 REAL PROPERTY ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION REAL PROPERTY
1.	Cincinnati Gas and Electric	\$14,205,200	5.37%
2.	Worthington Steel	12,921,010	4.88
3.	Butler County Board of Commission	10,045,160	3.79
4.	Deceunick North America	6,419,610	2.42
5.	Kohls Department Stores, Inc.	6,268,680	2.37
6.	Ohio Presbyterian Retirement	5,909,120	2.23
7.	Dayton Technologies Inc.	5,035,270	1.90
8.	EPHS Investments, LLC	2,782,620	1.05
9.	Duke Realty Ohio	2,492,590	0.94
10.	TE Products Pipeline, Co.	2,381,720	0.90

SOURCE: Butler County Auditor's Office

**CITY OF MONROE, OHIO
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS**

<u>COLLECTION YEAR</u>	<u>BILLED</u>	<u>AMOUNT COLLECTED</u>	<u>PERCENT COLLECTED</u>
1995	\$130,682	\$118,611	90.76%
1996	119,151	118,257	99.25%
1997	125,021	125,924	100.72%
1998	131,689	131,464	99.83%
1999	128,595	127,048	98.80%
2000	126,139	130,974	103.83%
2001	196,135	191,362	97.57%
2002	235,644	195,976	83.17%
2003	277,406	263,011	94.81%

SOURCE: Billed column was obtained from the Butler County Auditor's Office.

**CITY OF MONROE, OHIO
 COMPUTATION OF OVERALL LEGAL DEBT MARGIN
 VOTED AND UNVOTED DEBT LIMIT (10 1/2%)
 DECEMBER 31, 2003**

ASSESSED VALUE		<u>\$264,771,478</u>
TOTAL DEBT LIMIT-10 1/2% OF ASSESSED VALUATION		\$27,801,005
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2003	16,150,000	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(1,302,700)	
GENERAL OBLIGATION REVENUE BONDS TO BE PAID BY TIF FUND REVENUE	(2,000,000)	
GENERAL OBLIGATION NOTES TO BE PAID BY ENTERPRISE FUND REVENUES	<u>(3,925,000)</u>	
TOTAL	8,922,300	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>0</u>	
NET SUBJECT TO 10 1/2% LIMITATION		<u>8,922,300</u>
LEGAL DEBT MARGIN WITHIN 10 1/2% LIMITATION		<u>\$18,878,705</u>

(1) BOND RETIREMENT FUND BALANCE DOES NOT INCLUDE AMOUNT AVAILABLE FOR SPECIAL ASSESSMENTS

CITY OF MONROE, OHIO
COMPUTATION OF UNVOTED LEGAL DEBT MARGIN
UNVOTED DEBT LIMIT (5 1/2%)
DECEMBER 31, 2003

ASSESSED VALUE		<u>\$264,771,478</u>
TOTAL DEBT LIMIT- 5 1/2% OF ASSESSED VALUATION		\$14,562,431
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2003	16,150,000	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(1,302,700)	
GENERAL OBLIGATION REVENUE BONDS TO BE PAID BY TIF FUND REVENUE	(2,000,000)	
GENERAL OBLIGATION NOTES TO BE PAID ENTERPRISE FUND REVENUES	(3,925,000)	

TOTAL	8,922,300	
(1) LESS: BOND RETIREMENT FUND BALANCE	0	

NET SUBJECT TO 5 1/2% LIMITATION		8,922,300

		\$5,640,131
		=====

(1) BOND RETIREMENT FUND BALANCE DOES NOT INCLUDE AMOUNT AVAILABLE FOR SPECIAL ASSESSMENTS

**CITY OF MONROE, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT (1)	DEBT SERVICE BALANCE(2)	DEBT PAYABLE FROM ENTERPRISE REVENUES	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUATION	NET BONDED DEBT PER CAPITA
1994	4,375	\$132,058,728	NA	NA	\$1,395,000	\$1,395,000	1.06%	\$319
1995	4,375	138,474,427	NA	NA	1,345,000	1,345,000	0.97%	307
1996	4,375	163,927,582	NA	39,062	1,305,000	1,344,062	0.82%	307
1997	4,375	165,731,706	NA	36,715	1,250,000	1,286,715	0.78%	294
1998	4,375	178,151,737	67,800	731,973	1,195,000	1,994,773	1.12%	456
1999	4,375	205,957,072	3,025,600	654,476	1,840,000	5,520,076	2.68%	1,262
2000	7,133	207,545,278	4,910,000	N/A	1,780,000	6,690,000	3.22%	938
2001	7,133	227,968,634	4,745,000	N/A	1,690,908	6,435,908	2.82%	902
2002	7,133	257,939,138	4,575,000	N/A	1,595,131	6,170,131	2.39%	865
2003	7,133	264,771,478	7,565,000	N/A	622,195	8,187,195	3.09%	1,148

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

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

(2) Before 1996, the City had no Debt Service Fund or Debt Payable from Property Taxes

**CITY OF MONROE, OHIO
 RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
 LAST TEN YEARS**

YEAR	DEBT PRINCIPAL (1)	DEBT INTEREST	TOTAL DEBT SERVICE	GENERAL FUND EXPENDITURES	RATIO OF DEBT PRINCIPAL AND INTEREST TO GENERAL FUND EXPENDITURES
1994	NA	NA	0	\$749,199	0.00%
1995	NA	NA	0	948,313	0.00
1996	NA	NA	0	1,070,617	0.00
1997	NA	NA	0	1,303,173	0.00
1998	45,000	54,527	99,527	1,395,303	7.13
1999	45,200	90,844	136,044	2,013,805	6.76
2000	245,600	262,663	508,263	1,517,455	33.49
2001	286,800	415,605	702,405	3,009,761	23.34
2002	247,100	728,523	975,623	2,940,101	33.18
2003 (2)	4,575,000	837,352	5,412,352	2,209,450	244.96

SOURCE: City of Monroe's Finance Office

(1) Includes only general obligation bonded debt payable from property taxes.

(2) The City refinanced \$4,575,000 general obligation bonds during the year.

Note: The City did not issues bonded debt payable from property taxes until 1998

**CITY OF MONROE, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2003**

JURISDICTION	NET DEBT OUTSTANDING (1)	PERCENTAGE APPLICABLE TO CITY OF MONROE (2)	AMOUNT APPLICABLE TO CITY OF MONROE
CITY OF MONROE	\$7,565,000	100.00%	\$7,565,000
BUTLER COUNTY	45,480,000	3.42%	1,555,416

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

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

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

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

**CITY OF MONROE, OHIO
REVENUE BOND COVERAGE
WATER FUND
LAST TEN YEARS**

YEAR	OPERATING REVENUES	OPERATING EXPENSES (1)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1996	\$1,680,796	\$1,863,738	(\$182,942)	N/A	N/A	N/A	N/A
1997	1,693,610	1,671,530	22,080	N/A	N/A	N/A	N/A
1998	788,353	550,488	237,865	55,000	78,878	133,878	1.78
1999	937,661	581,756	355,905	55,000	75,693	130,693	2.72
2000	860,884	697,245	163,639	60,000	72,938	132,938	1.23
2001	1,097,565	981,617	115,948	65,000	69,518	134,518	0.86
2002	1,742,172	1,311,139	431,033	65,000	65,683	130,683	3.30
2003	1,949,811	787,945	1,161,866	950,000	18,934	968,934	1.20

SOURCE: City of Monroe's Finance Office

(1) Operating Expenses less Depreciation Expense

**CITY OF MONROE, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS**

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>SCHOOL ENROLLMENT (2)</u>	<u>UNEMPLOYMENT RATE BUTLER COUNTY (3)</u>
1994	4,375	9,895	5.4
1995	4,375	9,935	4.2
1996	4,375	9,780	3.6
1997	4,375	9,816	3.7
1998	4,375	9,656	3.3
1999	4,375	9,466	3.0
2000	7,133	9,260	2.3
2001	7,133	1,466	2.6
2002	7,133	1,381	3.7
2003	7,133	1,245	4.0

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

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

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

**CITY OF MONROE, OHIO
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUE
LAST TEN YEARS**

YEAR	RESIDENTIAL CONSTRUCTION (1)		NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	COMMERCIAL CONSTRUCTION (1)	VALUE	COUNTY BANK DEPOSITS (2)	REAL PROPERTY VALUE			
	NUMBER OF PERMITS	VALUE							RESIDENTIAL/ AGRICULTURAL	INDUSTRIAL/ COMMERCIAL	EXEMPT	
1992	38	\$2,660,000	N/A	N/A	N/A	\$904,381,000	\$159,593,600	\$65,111,604	\$38,840,989			
1993	24	1,728,000	N/A	N/A	724,213,000	209,564,457	68,275,764	40,146,159				
1994	26	1,872,000	N/A	N/A	711,686,000	229,990,686	65,848,992	39,886,068				
1995	54	4,018,558	11	3,361,676	737,683,000	247,063,343	97,606,108	31,364,466				
1996	62	5,212,279	16	5,782,888	800,556,000	296,077,029	128,788,288	31,935,852				
1997	73	6,810,170	25	10,846,158	783,398,000	305,058,943	126,715,704	31,002,443				
1998	67	6,918,480	23	11,317,246	815,435,000	322,842,829	149,845,988	31,471,875				
1999	144	13,462,960	6	1,482,000	913,169,000	385,583,800	173,275,048	31,459,068				
2000	153	15,500,000	17	16,380,585	1,152,810,000	399,540,314	167,462,512	29,364,256				
2001	193	20,646,402	7	3,379,500	1,136,994,000	464,700,486	187,579,336	18,968,634				
2002	255	26,442,216	5	29,584,000	1,257,078,000	565,644,857	171,625,872	19,362,920				
2003	221	26,600,210	91	9,079,585	1,355,739,000	595,886,143	158,307,152	19,362,920				

(1) SOURCE: City of Monroe Building Department

(2) SOURCE: Federal Reserve Bank of Cleveland

**CITY OF MONROE, OHIO
 MISCELLANEOUS STATISTICS
 DECEMBER 31, 2003**

DATE OF INCORPORATION	1907
CITY STATUS	1995
FORM OF GOVERNMENT	CHARTER - MANAGER/COUNCIL
AREA (SQUARE MILES)	16.10
POLICE PROTECTION	
NUMBER OF STATIONS	1
NUMBER OF POLICEMEN AND OFFICERS	35
EDUCATION (K-12) (PUBLIC ONLY)	
ADMINISTRATION BUILDINGS	1
BUS GARAGE	1
ATTENDANCE CENTERS	2
NUMBER OF CLASSROOMS	82
NUMBER OF TEACHERS	114
NUMBER OF STUDENTS	1,245
MUNICIPAL WATER DEPARTMENT	
MILES OF WATER MAINS	58
SEWERS	
MILES OF SANITARY SEWERS	58
BUILDING PERMITS ISSUED IN 2003	312
EMPLOYEES	
FULL-TIME	76
PART-TIME	32
FIRE	15
POLICE	17

SOURCE: Various departments within the City of Monroe



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

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

We have audited the general purpose financial statements of the City of Monroe, Ohio (City) as of and for the year ended December 31, 2003, and have issued our report thereon dated August 14, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 03-1, 03-2, 03-3 and 03-4. We also noted other matters involving compliance in a separate letter dated August 14, 2004

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-5 and 03-6.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting and its operation that we have reported in a separate letter dated August 14, 2004.

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

BKD, LLP

August 14, 2004

City of Monroe
Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

Reference Number	Finding
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#03-1 Appropriations

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

Fund Type/Fund	Excess
General Fund	\$ 102,748
Special Revenue Funds	
Street	134,429
1989 Fire Levy	966,079
Fire Operation and Maintenance	3,244,686
Police Law Enforcement	706,435
Street Lighting	83,754
Debt Service Fund	6,536,118
Capital Projects Funds	
Capital Improvement	102,086
Enterprise Funds	
Sewer	524,344
Garbage	31,005

#03-2 Expenditure excess over appropriations

Ohio Revised Code Section 5704.41(B) prohibits a City from having expenditures plus encumbrances in excess of appropriations at the end of the fiscal year. The following funds had expenditures plus encumbrances in excess of appropriations at the end of the year:

Fund Type/Fund	Excess
Capital Projects Funds	
Park Improvement	
Park Improvement	\$ 22,002
Enterprise Funds	
Sewer	337,857
Water	2,999,190
Garbage	15,466
Stormwater Management	17,618

#03-3 Deficit Balances

Ohio Revised Code Section 5705.10 prohibits a City from operating a fund with a deficit balance. The following funds had deficit balances at December 31, 2003:

Fund Type/Fund	Fund Deficit
Special Revenue Fund	
Fire Operation and Maintenance	\$ 1,716,880
Police Law Enforcement	779,987
Debt Service Fund	1,061,005
Enterprise Fund	
Sewer	498,978

Amounts from other funds were used to cover the deficits identified.

#03-4 Fiscal Officer Certificates

Ohio Revised Code Section 5705.41 prohibits the expenditure of money unless there is a certificate of the fiscal officer that the amount required for the order has been lawfully appropriated and is in the treasury or in the process of collection. There is an exception to this rule for amounts less than \$3,000 (\$1,000 until April 7, 2003) if a “Then and Now” certification is completed by the fiscal officer at the time of the payment. This certificate, completed prior to payment of the invoice must indicate that both at the time the order was made and at the time he is completing his certification, sufficient funds were available or in the process of collection, to the credit of the appropriate fund and free of encumbrance for the payment. In our random sample of 30 disbursements, we noted two which did not comply with this section.

Specifically, check number 14523 to Hall Signs was issued on February 6, 2003 for the purchase of a railroad crossing sign at an amount of \$93.34. The invoice was dated January 6, 2003 and the purchase order was dated January 28, 2003. Also, check number 16317 to Tokay Software was issued on December 18, 2003 for management software in the amount of \$320.00. The invoice was dated December 9, 2003 and the purchase order was dated December 16, 2003.

Additionally, this code section allows “Blanket” and “Super Blanket” fiscal officer certificates. Based on our review, most purchase orders which include the fiscal officer certificates were blankets that were issued in January, 2003. The City was in violation of this section for several reasons:

- Council should establish a limitation of the sum of money for which the City can issue a blanket certificate. We are aware of no such limitation.
- Blanket certificates need not be limited to a specific vendor, but only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. The City’s blanket certificates were not restricted to one line item.

- Super blanket certificates can be issued for any amount for specific recurring and reasonably predictable operating expenses, but again only for a specific line item appropriation. More than one super blanket certificate may be outstanding at one particular time for a particular line-item. The City's certificates which could be classified as super-blankets were not identified as such and many were not for routine items.

#03-5 Segregation of Duties

Segregation of accounting duties is an essential element of effective internal control, involving the separation of custody of assets from related recording and of transactions. Currently, the Mayor's Court Clerk receives payments in cash and checks, as well as records the receipt of these payments. Additionally, the Mayor's Court Clerk is responsible for reconciling the cash receipts to the bank statements. The Mayor's Court Clerk's accounting duties conflict since she is responsible for the custody of assets and recording and monitoring of related transactions. Also, the Tax Department Clerk receives and is responsible for recording payments.

#03-6 Safeguarding of Assets

We noted that the Clerk of Council and the accounts payable clerk have nearly unlimited access to the signature stamp for writing checks.



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CITY OF MONROE

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 30, 2004**