

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

SINGLE AUDIT REPORTS

for the year ended June 30, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Monroe Local School District

We have reviewed the Independent Auditor's Report of the Monroe Local School District, Butler County, prepared by Foxx & Company for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 6, 2005

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Foxx & Company
Certified Public Accountants

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

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

We have audited the financial statements of Monroe Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 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 District's 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 we must report under Government Auditing Standards which are described in the accompanying schedule of findings as items 2004-10409-001 through 2004-10409-004. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated November 19, 2004.

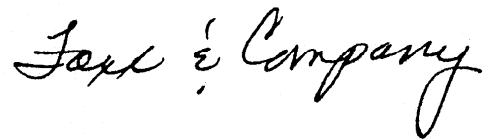
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated November 19, 2004.

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

Cincinnati, Ohio
November 19, 2004

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



Foxx & Company
Certified Public Accountants

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

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

Compliance

We have audited the compliance of the Monroe Local School District, Butler County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and that are described in the accompanying schedule of findings and questioned costs as item 2004-10409-005.

Internal Control Over Compliance

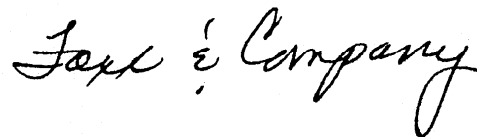
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the District, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 19, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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



Cincinnati, Ohio
November 19, 2004

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Fiscal Year Ended June 30, 2004**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal Non- Cash Receipts	Federal Expendit ures	Federal Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through State Department of Education:						
Food Distribution	10.550	04-PU	\$ -	\$20,744	\$ -	\$20,744
National School Lunch Program	10.555	LLP4-04	58,540	-	58,540	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			58,540	20,744	58,540	20,744
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through State Department of Education:						
Special Education Cluster:						
Grants to States	84.027	6B-SF 03P	12,140	-	17,384	-
Grants to States	84.027	6B-SF 04P	157,581	-	170,658	-
Total Title VI-B			169,721	-	188,042	-
Preschool Grant	84.173	PG-SC 03P	298	-	-	-
Total Preschool Grant			298	-	-	-
Title I Grants to Local Educational Agencies	84.010	C1-S1 03	4,400	-	2,670	-
Title I Grants to Local Educational Agencies	84.010	C1-S1 04	215,783	-	226,536	-
Total Title I			220,183	-	229,206	-
Title VI (Innovative Ed)	84.298	C2-S1-04	5,522	-	-	-
Total Title VI (Innovative Ed)			5,522	-	-	-
Safe and Drug Free Schools	84.186	DR-S1 03	2,657	-	3,623	-
Safe and Drug Free Schools	84.186	DR-S1 04	7,194	-	7,194	-
Total Safe and Drug Free Schools			9,851	-	10,817	-
Class Size Reduction Grant	84.340	CR-S1 03	5,390	-	2,779	-
Technology Literacy Challenge Fund Grant	84.318	TJ-S1 03	1,668	-	-	-
Technology Literacy Challenge Fund Grant	84.318	TJ-S1 04	10,018	-	6,068	-
Total Technology Literacy Challenge Fund Grant			11,686	-	6,068	-
Improving Teacher Quality Enhancement State Grant	84.367	TR-S1 04	64,065	-	43,482	-
TOTAL U.S. DEPARTMENT OF EDUCATION			486,716	-	480,394	-
TOTAL FEDERAL ASSISTANCE			\$545,256	\$20,744	\$538,934	\$20,744

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
fiscal year ended June 30, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule of expenditures of Federal Awards at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued	Unqualified	
	Yes	No
Internal control over financial reporting:		
Material weakness(es) identified?		X
Reportable condition(s) identified that are not considered to be material weakness(es)?	X	
Noncompliance material to financial statements noted?		X

Federal Awards

Internal control over major programs:	Unqualified	
	Yes	No
Material weakness(es) identified?		X
Reportable condition(s) identified that are not considered to be material weakness(es)?		X

Type of auditor's report issued on compliance for major programs:	Unqualified	
	Yes	No
Any audit findings disclosed that are required to be reported in accordance Circular A-133, Subpart __.510(a)?	X	

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Title I	84.010
Title VI-B (Special education, Part B-IDEA)	84.027
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000 or more
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

<i>Finding Number</i>	2004-10409-001
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Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate.

As reflected in the budgetary statements and notes to the District's Comprehensive Annual Financial Report, the Food Service, Building, and Drug Free Funds had appropriations in excess of estimated resources and available balances for the fiscal year ended June 30, 2004.

Fund	Appropriations	Estimated Resources	Variance
Food Service	\$ 542,920	\$ 530,165	\$ (12,755)
Building	\$21,758,705	\$19,951,366	\$(1,807,339)
Drug Free	\$ 12,138	\$ 9,805	\$ (2,333)

Recommendation

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

<i>Finding Number</i>	2004-10409-002
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Ohio Revised Code, Section 5705.1(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

As reflected in the budgetary statements and notes to the District's Comprehensive Annual Financial Report, the Food Service, District Activities, Entry Year Grant, Summer Intervention, Title I Grant, and Schoolnet Individual Funds had expenditures and encumbrances in excess of appropriations for the fiscal year ended June 30, 2004.

Fund	Expenditures & Encumbrances	Appropriations	Variance
Food Service	\$545,030	\$542,920	\$ (2,110)
District Activities	\$105,260	\$104,890	\$ (370)
Entry Year Grant	\$ 7,027	\$ 3,300	\$ (3,727)
Summer Intervention	\$ 5,430	\$ 8,450	\$ (6,980)
Title I Grant	\$232,302	\$195,955	\$(36,347)
Schoolnet Individual	\$ 0	\$ 1,200	\$ (1,200)

Recommendation

We recommend that the District only expend money in funds after proper authorization and approval.

<i>Finding Number</i>	2004-10409-003
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Ohio Revised Code, Section 5705.39, states that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before April 1st, unless a later date is approved by the tax commissioner.

Based upon review of the District’s resolution certifying the necessary tax levies, the District was not in compliance with Ohio Revised Code, Section 5705.39, because its tax levies were certified on April 26th.

Recommendation

We recommend that the District develop and implement procedures to ensure that tax levies are certified in accordance with Ohio Revised Code, Section 5705.39.

<i>Finding Number</i>	2004-10409-004
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Ohio Revised Code, Section 5705.38, states that a board of education shall pass its annual appropriation measure by the first day of October. If a school district’s annual appropriation measure is delayed (delays permitted by law, such as those noted below), the board may pass a temporary measure for meeting the ordinary expense of the district until it passes an annual appropriation measure.

Based upon review of the District’s annual appropriation measure, the District was not in compliance with Ohio Revised Code, Section 5705.38, because its annual appropriation measure was passed on October 27th.

Recommendation

We recommend that the District develop and implement procedures to ensure that the annual appropriation measure is passed in accordance with Ohio Revised Code, Section 5705.38.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

for the year ended June 30, 2004

Section III-Federal Award Findings and Questioned Costs

<i>Finding Number</i>	2004-10409-005
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Title VI-B Questioned Costs

Criteria - OMB Circular A-87 Attachment A, C.1, Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

Condition - The District charged a teacher's FY 2004 salary of \$33,486 to the Title VI- B grant when this individual's salary should have been charged to the General fund. The entire salary of \$ 33,486 is a questioned cost. The teacher did not perform any services under the Title VI-B grant.

Cause - The District erroneously set the individual's salary up to be paid out of Fund 516 (Title VI-B grant) instead of Fund 001 (General).

Effect - This issue resulted in \$33,486 worth of resources targeted for the Title VI-B grant being used for other purposes of the District.

Recommendation - We recommend that the District implement controls that ensure that the correct fund is charged for teacher salaries and resolve the questioned costs of \$33,486.

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS RELATIVE TO FEDERAL AWARDS
for the year ended June 30, 2003**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-10409-001	Semi Annual Signed Certifications	Yes	
2003-10409-002	Questioned Costs- Title I	Yes	

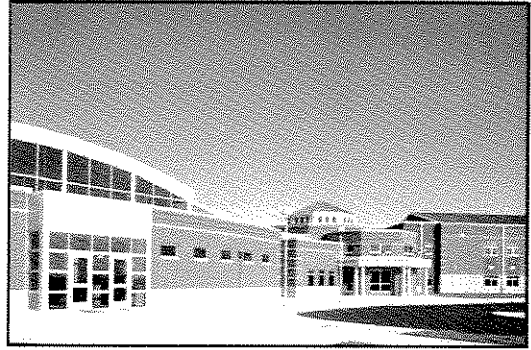
**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
CORRECTIVE ACTION PLAN**

for the year ended June 30, 2004

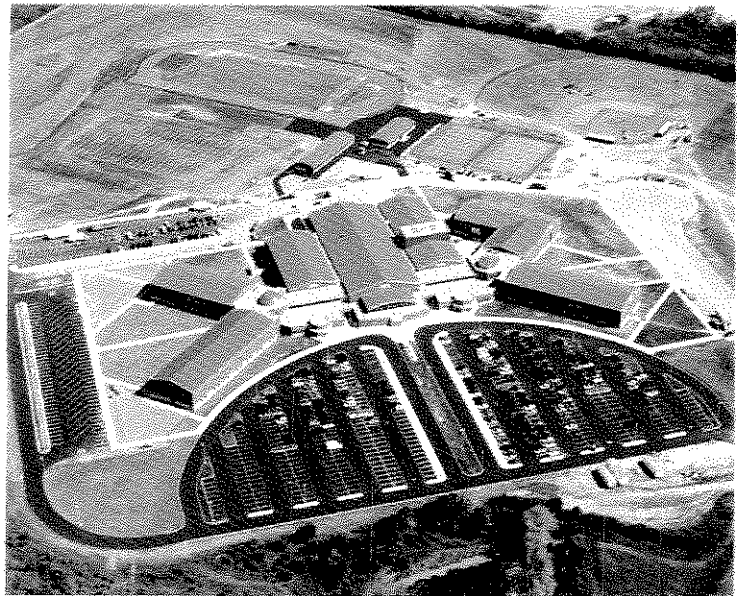
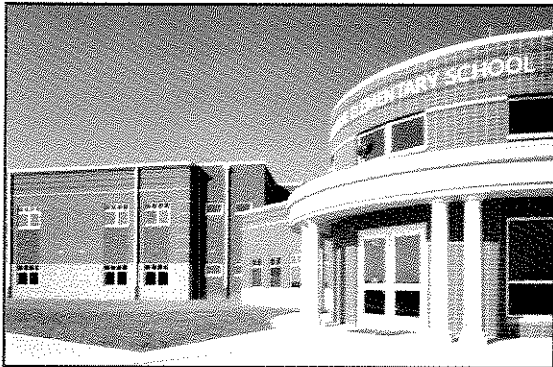
<i>Finding Number</i>	Corrective Action Plan
2004-104099-001	The District will review its budgetary internal control procedures to amend estimated resources in a timelier manner.
2004-104099-002	The District will review its budgetary internal control procedures to regulate expenditures and avoid overspending appropriations.
2004-104099-003	This was an oversight because we did not have the information to have a Board meeting prior to the April 1 st date.
2004-104099-004	This was an oversight. Will make sure the Appropriations are submitted in a timely manner in the future.
2004-104099-005	<p>The District had previously started issuing semi annual certificates and failed to request the information from all Grant Coordinators.</p> <p>Measures have been taken to avoid this occurrence again. We have included all Grant Coordinators in the certification process. Additionally, at the start of the year each Coordinator must prepare a staff roster for the Grant Programs.</p>

Contact Person: Ms. Sharron Moon, CFO/Treasurer

Date: March 4, 2005



COMPREHENSIVE ANNUAL FINANCIAL REPORT



**MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Monroe Local School District
Butler County, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2004

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

INTRODUCTION



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

***Monroe Local School District
Butler County, Ohio
June 30, 2004***

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

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

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Monroe Local Schools

a new tradition in excellence

Arnol Elam, Superintendent
30 Overbrook Drive, Suite D

◆ Monroe, Ohio 45050 ◆ phone (513) 539-2536 ◆ fax (513) 539-2648

Sharron Moon, Treasurer

November 19, 2004

Citizens of Monroe
Members of the School Board

We are pleased to submit the Monroe Local School District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. The CAFR is presented in three sections:

1. The Introductory section includes the table of contents, this transmittal letter, a list of principal officials, the District's organizational chart and 2003 certificates of achievement for excellence in financial reporting from the Government Finance Officers Association of the United States and Canada and Association of School Business Officials.
2. The Financial section includes management's discussion and analysis, the basic financial statements and the combining and individual fund financial statements and schedules, as well as the report of an independent auditor on the financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the District for the past four years, as well as information on subjects such as overlapping governments and demographics.

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

The Reporting Entity and Services Provided

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

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

Growth and Development

Monroe Local Schools encompass the City of Monroe and Lemon Township located in Butler County, just south of Middletown, Ohio. The City of Monroe is located about twenty miles north of Cincinnati and about thirty miles south of Dayton. It is situated between two counties—the northeast corner of Butler County and the western section of Warren County. The City has experienced substantial changes during the past decade. Population has gone from 4,372 in 1990 to 7,133 in 2000. In 1995, the City's population surpassed the 5,000 mark allowing Monroe to achieve city status. The population increase is expected to continue and is projected to be 12,000 by 2020.

The use of the land has also changed dramatically. Currently, the percentage of land area in Monroe is significantly weighted towards light and heavy industrial acreage. The City has an industrial tax base generating almost \$3,000,000 in annual revenue from a one-percent earnings tax. Industrial growth is expected to continue since Monroe boasts 1,800 acres of prime green field industrial parcels with full utilities and road access ready for development.

The continued high level of economic activity in eastern Butler County over the past few years has increased Monroe's economic base. The City offers excellent access to Cincinnati and Dayton via the flourishing Interstate 75 corridor. The travel time to the Monroe interstate interchange is within five minutes from anywhere in the City. Commuters have quick access to the cities of Hamilton and Middletown via State Route 63 and State Route 4.

The District and City Council are working in collaboration on use of the new school facilities. Current plans including use of the library, auditorium, cafeterias and gymnasiums for after-school programs and also as a recreation and learning center for the community.

DISTRICT FOCUS

History of the District

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

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

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

District Mission Statement

The mission of the Monroe Local School District is to provide for excellent educational development of our students in a secure, nurturing environment. We will provide comprehensive, innovative, and challenging learning opportunities that will enable our students to become responsible, contributing members of society. We will provide for the growth and development of all district employees in an effort to contribute both to their personal enrichment, as well as district students. Our curriculum and programs will draw from the multiple strengths of our community, and will find support among a well-informed public.

Board of Education

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

<u>Board Members</u>	<u>Term Ends December 31st of</u>
Jamie Pierce President	2007
Thomas Birdwell Vice President	2005
Carol Brotherton	2005
William "Rocky" Heflin	2005
Chris Snyder	2007

Enrollment

The 2003-04 Enrollment for the Monroe Local School District was 1,506 students.

Monroe Elementary School	(1-6)	782
Monroe Junior High School	(7-8)	261
Lemon-Monroe High School	(9-12)	463

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

Enrollment Projections K-12 Total (Without Open Enrollment)

2004-05	1,298
2005-06	1,348
2006-07	1,389
2007-08	1,432
2008-09	1,473
2009-10	1,507
2010-11	1,527
2011-12	1,570

District Report Card

In the 2004 report card, Monroe Local School District received an effective rating having met 14 of 18 indicators. The District has improved its rating significantly in the last several years. This rating is given by the Ohio Department of Education based on student's performance on the achievement tests in the 3rd grade and the proficiency tests at grades 4, 6, 9 and 12 as well as student attendance rate.

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

State Indicators: A district meets a state indicator by all student groups being at or above the proficient level on third-, fourth-, sixth- and ninth-grade tests. The two non-test indicators are graduation and attendance rates. Monroe met 14 of these 18 indicators.

Performance Index Score: For each subject in grades four and six, students get one of four performance levels –below basic, basic, proficient and advanced – on a test. The performance index averages the scores for the five subject areas tested in your district and creates a scale of 0-120. The performance index score represents the achievement of all students on all five subject areas of the proficiency tests that apply to your district. Improvement in the performance index over time can result in a higher designation. Monroe's performance index score is 91.7

Adequate Yearly Progress (AYP): The final goal is for all students to reach the proficient level in reading and mathematics by 2013-14. Until then, yearly goals are set requiring a specific percentage of students in 10 student groups, such as African American, Hispanic, and White students, to reach proficiency in these subjects. For the district to meet AYP, goals for each student group must be met. If any goal is missed, the district does not meet AYP for the year. Monroe met AYP for the 2003-04 school year.

Major Initiatives

Continuous Improvement Plan

The District's Continuous Improvement Plan was developed in 2001 in response to the rating of "academic watch" that was inherited when the District was created. The focus is placed in the areas of reading, math and attendance. A committee of staff, parents and community members developed the following goals. The complete plan is available in the Board Office. As a result of the focus on academics, the District has already seen significant improvements. In just four years, Monroe has gone from meeting 9 of the necessary 22 indicators, at that time, to meeting fourteen of the eighteen indicators on the state report card, resulting in a report card grading of "Excellent".

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

Increase student attendance in both Monroe Elementary and Monroe Junior/Senior High School to 95% or above and maintain above 95% in the following years.

Increase student performance in Mathematics to 75% or above on all achievement, OGT, and proficiency tests, as reported from the related Ohio Proficiency Tests by June 2005.

Increase student performance in Reading to 75% or above on all achievement, OGT, and proficiency tests, as reported from the related Ohio Proficiency Tests by June 2005.

Curriculum Initiatives

The goal of the Monroe Local School District is to keep all curriculums as living documents. As such, curriculums have been revised as necessary to keep current with state standards, student needs and emerging technologies. Almost every curriculum has been aligned to state guidelines over the past four years. The most recent adoptions include social studies and fine arts. The District is in the process of updating the foreign language and business.

While Monroe has been improving in all areas of the state report card, Mathematics continues to be Monroe's weakest area on student assessments. An emphasis continues to exist in improving mathematics instruction. New textbooks and materials have been purchased for almost every discipline and will continue to be updated as curriculum requirements dictate. The most recent textbook purchases included health, music and social studies. The District plans to adopt foreign language textbooks this year.

Reading continues to be a major focal area, as well. The District is focusing on improving pedagogy for reading and math through the Monroe Academy. The Monroe Academy was redesigned to facilitate ongoing professional development. Other professional development initiatives have occurred in the following areas: reading in content specific areas, technology, and differentiated instruction. The entry year program is continuing to facilitate new teachers' professional development.

Technology

The District has implemented an Educational Technology Course of Study (COS). The COS serves as a guide to: instruction, the purchase and use of technology hardware and related supporting software and equipment. Along with the new COS, a recommendation was made for professional development and for the use of technology in the classroom.

Building Project

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

The facility was opened in the fall of 2004. The new school has separate wings for the various grade levels with a total of 88 classrooms: 43 elementary; 15 junior high and 30 senior high. The building sits on 187 acres and houses over 1,500 students. This unique school has four gyms: one gym for the elementary students to double for junior high competitions; one for junior high class use; and two gyms for high school classes with bleachers open for competition holding 1,400 spectators. The new facility has two cafeterias, one kitchen, and one auditorium with seating for 570 and one library.

FINANCIAL INFORMATION

Accounting Controls

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Ohio Auditor of State. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Agency Funds and for full accrual basis of accounting for Government-Wide statements. Major information about the District's financial position can be attained by reading the management's discussion and analysis.

Budgetary Controls

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Internal Controls

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

Risk Management

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

Independent Audit

Included in this report is Foxx and Company's unqualified opinion rendered on the District's basic financial statements as of and for the year ended June 30, 2004. An Independent audit of the District's financial statements is part of the annual preparation of a CAFR. This annual Independent audit will continue to review, comment on and thereby strengthen the District's accounting and budgetary control.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Monroe Local Schools for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This is the second consecutive year the District has received the award. The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) for the fiscal year ended June 30, 2004.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements of both organizations and we have submitted it to GFOA and ASBO for their review for the fiscal year ended June 30, 2004.

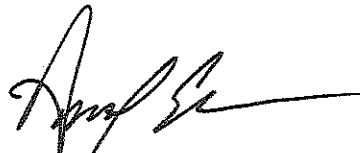
Acknowledgments

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

Sincerely,



Sharron Moon, Treasurer



Arnel Elam, Superintendent

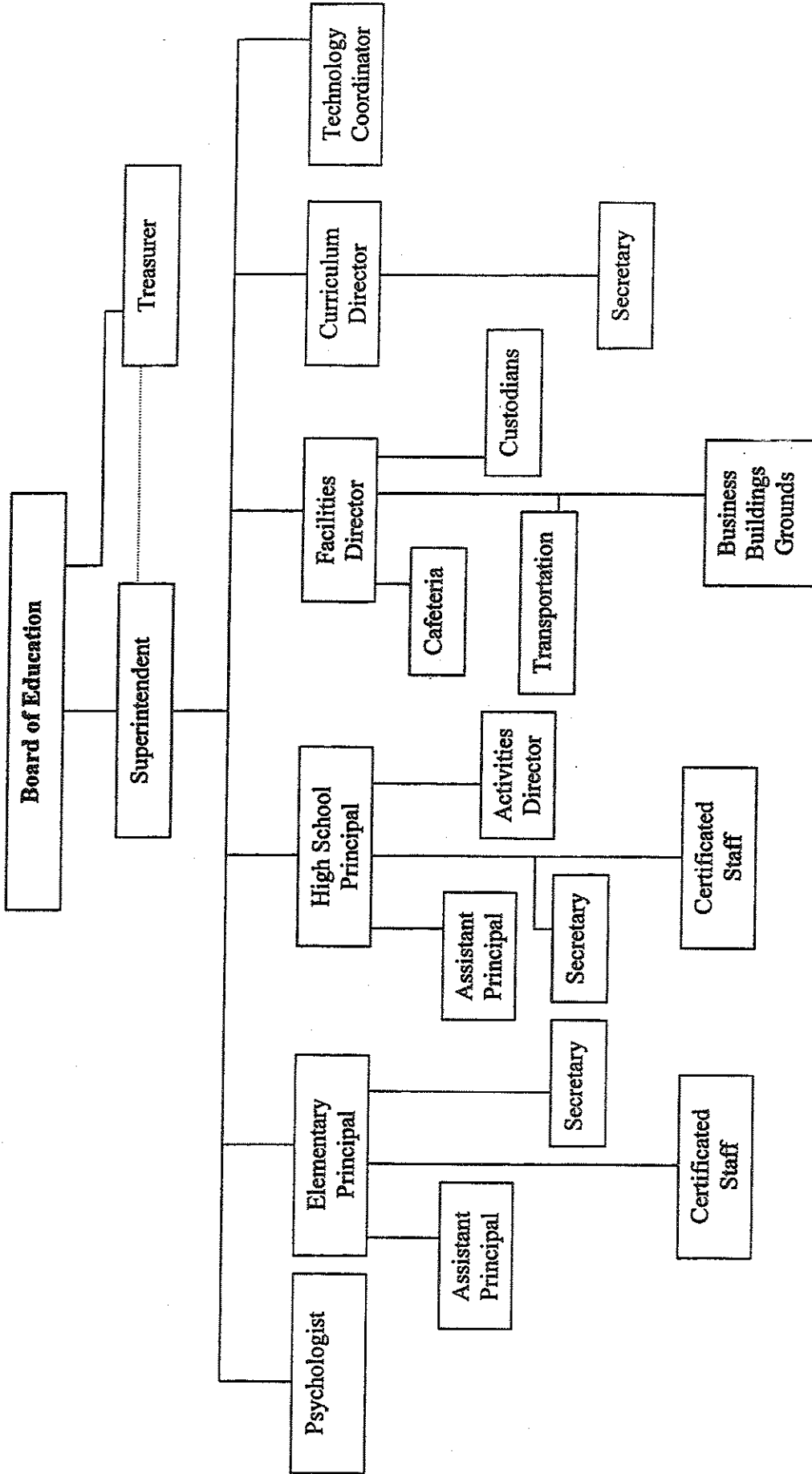
**Monroe Local School District
List of Principal Officials**

Arnol Elam	Superintendent
Sharron Moon	Treasurer
Steve Campbell	Director of Facilities
Judy Long/ Lisa Hodits	Directors of Curriculum

Board of Education Members

Mr. Jamie Pierce	President
Mr. Tom Birdwell	Vice-President
Mrs. Carol Botherton	
Mr. William Heflin	
Mr. Chris Synder	

MONROE LOCAL SCHOOL DISTRICT



Adoption Date: August 28, 2000

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Monroe Local School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emery

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

MONROE LOCAL SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

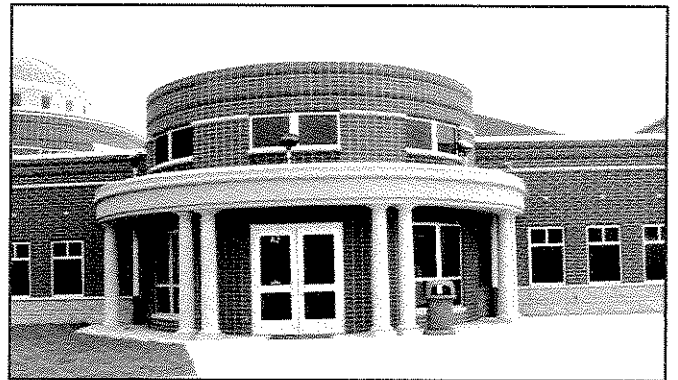
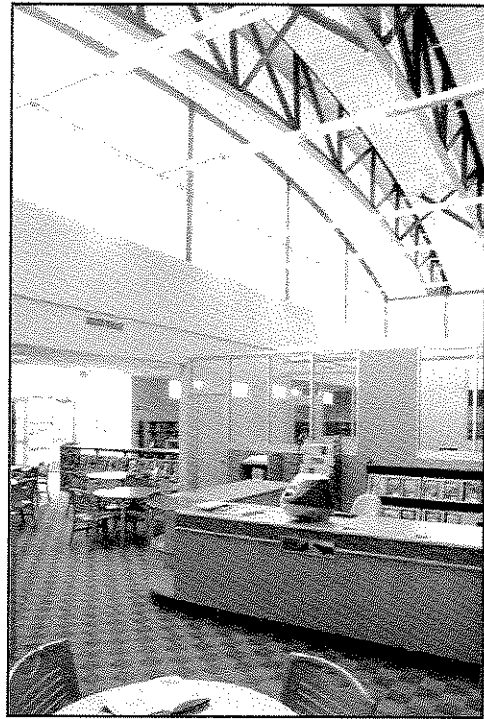
Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William F. Hall
President

Emmanuel Weller
Executive Director

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FINANCIAL



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Monroe Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Monroe Local School District, Butler County, Ohio, as of June 30, 2004, and the respective changes in financial position, and the respective budgetary comparison for the General, Emergency Levy, and Food Service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

Management's Discussion and Analysis on pages 3 to 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Jess & Company

Cincinnati, Ohio
November 19, 2004

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

The management's discussion and analysis of Monroe Local School District's financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the financial statement and financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

Key financial highlights for 2004 are as follows:

- ✓ Current assets were greater than current liabilities at the close of the most recent fiscal year by \$7.30 million.
- ✓ General revenues accounted for \$13.62 million in revenue or 86.75 percent of all revenues. Program specific revenues in charges for services and grants and contributions accounted for \$2.08 million or 13.25 percent of \$15.70 million in total revenues.
- ✓ At the end of the current fiscal year, cash and cash equivalents of \$10.45 million accounting for 50.06 percent of total assets, excluding capital assets.
- ✓ The School District had \$19.45 million in expenses relating to governmental activities; only \$2.08 million of these expenses were offset by program specific revenues. \$13.62 million in general revenues and \$10.40 million in beginning net assets were adequate to cover the cost of these programs.
- ✓ Among major funds, the general fund had \$9.89 million in revenues and \$11.24 in expenditures. The debt service and emergency levy funds had year end balances of \$.88 million and \$4.56, respectively.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The government-wide financial statements can be found on pages 13-15 of this report.

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

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

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

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

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

The School District adopts an annual appropriation budget for all of its governmental funds. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 16-23 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for governmental funds. The basic fiduciary fund financial statement can be found on page 24 of this report.

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 25 of this report.

Individual Fund Statements and Schedules. The individual fund statements and schedules provides more detailed information about each individual fund for the District. These statements and schedules can be found starting on page 57 of this report.

Statistical Information. Statistical information presents a year by year comparison of how the District is doing in several areas. These information can be found starting on page 99 of this report.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net assets from 2003 to 2004.

*Table 1
Net Assets
(in Millions)*

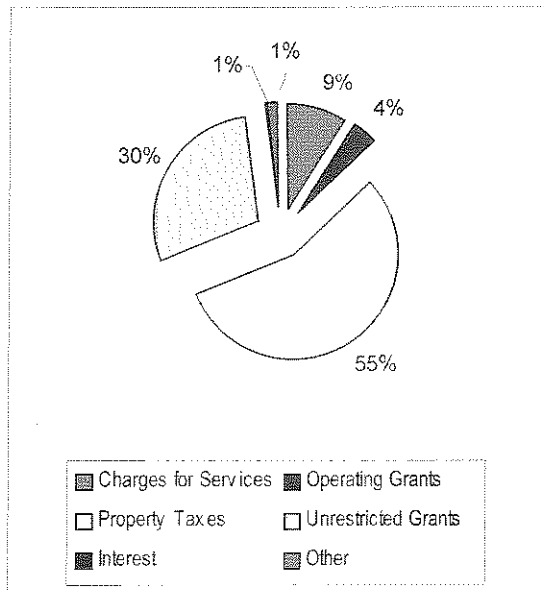
	<u>2003</u>	<u>2004</u>	<u>Change</u>
Assets			
Current and Other Assets	\$35.67	\$20.85	(\$14.82)
Capital Assets, net of Accumulated depreciation	<u>16.92</u>	<u>29.98</u>	<u>13.06</u>
<i>Total Assets</i>	<u>52.59</u>	<u>50.83</u>	<u>(1.76)</u>
Liabilities			
Long-term Liabilities	(30.66)	(30.63)	0.03
Other Liabilities	<u>(11.53)</u>	<u>(13.55)</u>	<u>(2.02)</u>
<i>Total Liabilities</i>	<u>(42.19)</u>	<u>(44.18)</u>	<u>(1.99)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	16.92	1.98	(14.94)
Restricted for:			
Grants	0.04	0.05	0.01
Debt Service	0.71	0.88	0.17
Capital Improvements	17.65	0.50	(17.15)
Unrestricted	<u>(24.92)</u>	<u>3.24</u>	<u>28.16</u>
<i>Total Net Assets</i>	<u>\$10.40</u>	<u>\$6.65</u>	<u>(\$3.75)</u>

The large increase in capital assets and reduction in invested in capital assets, net of related debt deals with the District continuing to construct the new school. More details on the contractual commitments can be found in the notes to the financial statements.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Graph 1 breaks down the School District's revenues into percentages, while Table 2 compares total revenues for fiscal years 2003 and 2004.

*Graph 1
Total Revenues*



*Table 2
Total Revenues
(in Millions)*

	<u>2003</u>	<u>2004</u>
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$0.51	\$1.46
Operating Grants	0.46	0.62
<i>General Revenues</i>		
Property Taxes	8.02	8.65
Unrestricted Grants	5.43	4.63
Investment Earnings	0.84	0.08
Other	<u>0.16</u>	<u>0.26</u>
Total Revenues	<u><u>\$15.42</u></u>	<u><u>\$15.70</u></u>

For fiscal year 2004, the District had a \$13,635 revenue per pupil ratio. This compares with the District's \$14,217 expenditure per pupil. The District spent \$13 more per pupil in 2003 than it received in revenues.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Table 3 compare total program expenses for fiscal years 2003 and 2004.

*Table 3
Total Program Expense
(in millions)*

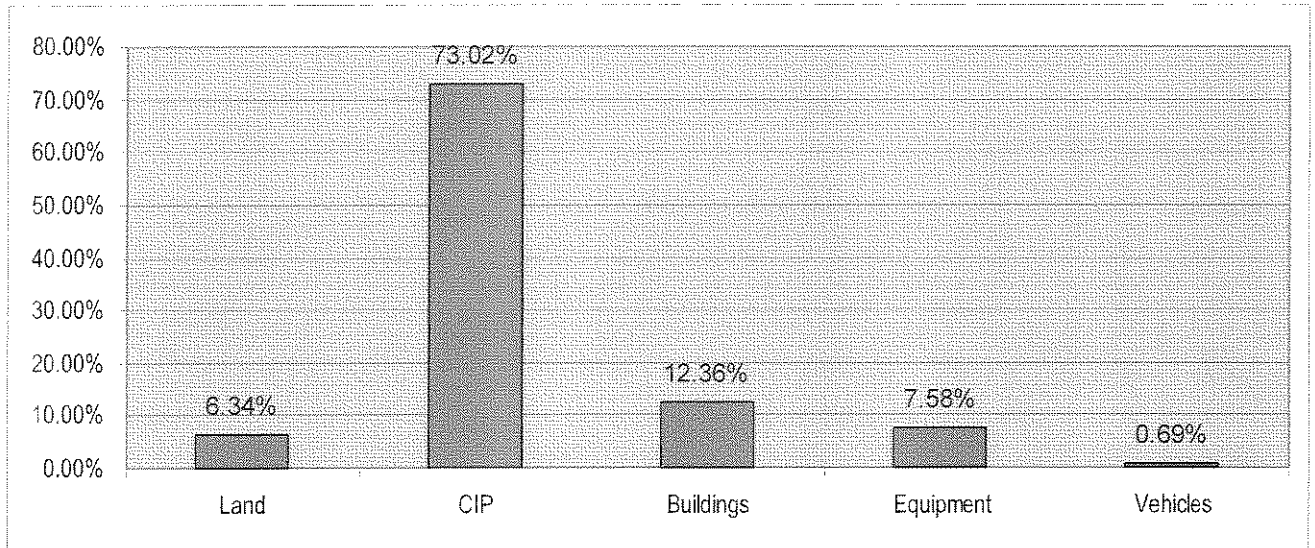
	2003	2004	Change
Program Expenses			
<i>Instruction</i>			
Regular	\$6.10	\$9.36	\$3.26
Special	0.62	0.74	0.12
Other	0.02	0.03	0.01
<i>Support Services:</i>			
Pupil	0.34	0.44	0.10
Instructional Staff	0.49	0.67	0.18
Board of Education	0.04	0.07	0.03
Administration	2.15	1.59	(0.56)
Fiscal	0.36	0.42	0.06
Business	0.03	0.08	0.05
Operation and Maintenance of Plant	1.06	1.48	0.42
Pupil Transportation	0.99	1.59	0.60
Central	0.16	0.34	0.18
Operation on Non-Instructional Services	0.02	0.03	0.01
Food Services	0.41	0.56	0.15
Extracurricular Activities	0.67	0.58	(0.09)
Interest and Fiscal Charges	1.61	1.47	(0.14)
Total Expenses	<u>15.07</u>	<u>19.45</u>	<u>4.38</u>
Change in Net Assets	<u>0.35</u>	<u>(3.75)</u>	<u>(0.63)</u>
Ending Net Assets	<u>\$10.40</u>	<u>\$6.65</u>	<u>(\$3.75)</u>

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Capital Assets

At the end of the fiscal year, the School District had \$29.98 million invested in land, buildings, equipment, construction in progress and vehicles less accumulated depreciation. For more information on the amounts that make up the District's capital assets and related accumulated depreciation review Note 8 to the basic financial statements. Graph 2 shows the breakdown of the individual classes for capital assets:

*Graph 2
Percentage of Capital Assets by Class*



The Major Funds

The School District's major funds start on page 16. These funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of the District. The major funds account for 95.89% of the \$15.70 million in total revenue and 97.73% percent of the \$32.75 million in total expenses. The general fund and emergency levy fund received a majority of their revenues from property taxes and intergovernmental revenues. Revenues were less than expenditures in the general fund and more than expenditures in the emergency levy creating a year end fund balance of (\$0.41) million and \$4.56 million, respectively.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

The general fund recognized a (\$1.02) change in fund balance for the fiscal year as regular instruction increased by \$.94 million with increased staff and increase in benefit costs. The building fund continued to account for the construction of the new school building with over \$15.81 million spent on capital outlay expenditures. These large capital expenditures resulted in the a net change in fund balance of (\$15.80) reducing the ending balance in the fund to \$1.84 million.

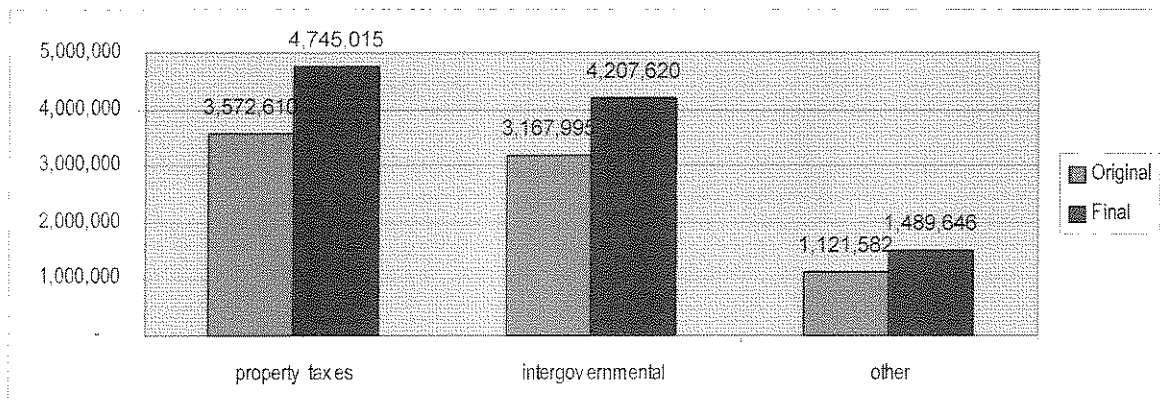
The debt service fund accounted for an increase of \$.17 million in fund balance resulting in an ending fund balance of \$.88 million. The District received \$1.80 million in property taxes related to the bond levy during the year.

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

General Fund Budgetary

Graph 3 depicts the change from the original to the final general fund revenue budget for the fiscal year ended June 30, 2004.

*Graph 3
Original Budget versus Final Budget for General Fund Revenues*



The District had a total increase of 32 percent from original to final budgets for revenues as the District was conservative in the revenue estimates at the beginning of the year.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Table 5 examines the major changes from the original to the final general fund expenditures budget for the fiscal year ended June 30, 2004. The School District was in the process of hiring both certified and non-certified employees from the former combined school district as part of the State Board of Education resolution. The School District also had very little experience with the necessary operational costs the new School District would incur.

*Table 5
Original to Final Budget for Expenditures
(In Millions)*

	Original	Final	Change
Instruction	\$5.91	\$6.13	\$0.22
Support Services:	4.78	4.96	0.18
Other	0.56	0.58	0.02

The District completed their initial budget with a better perspective during 2004. With another year behind them, they were able to evaluate the contracts with the unions and other expenses incurred by the District. The differences can be attributed to District's belief that it needed additional teachers and non-certified staff that were not anticipated before the fiscal year started.

For comparison of final revenues to final budgets, District was able to project within \$.40 million for revenues and \$.72 million for expenditures. These slight differences can be attributed to the timing requirements in which the District is required to complete the final budget documents.

Debt Administration

The District retired \$0.40 million of \$29.46 million general obligation bonds during the fiscal year. The District entered into \$0.35 million of capital lease obligations for copier and printer equipment during the year. The District's overall legal debt margin was \$23,596,848. For more information on the District's long term debt obligation review Note 14 to the basic financial statements.

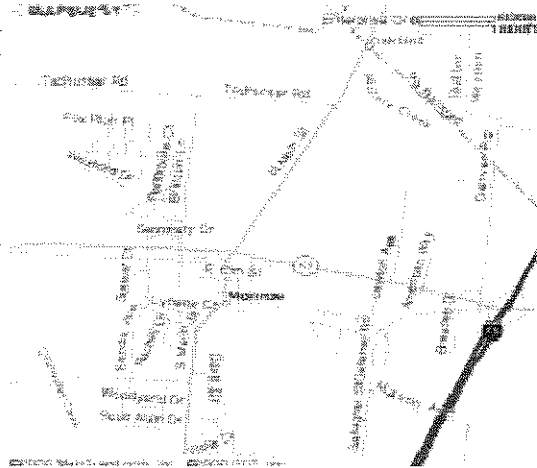
On November 1, 2001, Monroe voters approved a Bond Issue by a 64.1% margin in the amount of \$29,915,000 to construct a new K-12 facility. The tax to be levied began its first collection in 2002. In an effort to lower the borrowing cost, the District applied for and received a rating from Moody's Investors Service. Moody's assigned an "A2" rating with a positive outlook. This solid rating was based upon the District's satisfactory financial position, expanding residential tax base with a favorable wealth profile and manageable but high debt burden. The District sold the Bonds on April 10, 2002 and secured a variable rate, with an average rate of 5.24% over twenty-eight year. Current interest rate for fiscal year 2004 was 2.40%.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
(unaudited)*

Other items impacting the financial strength of the School District

The School District expects to see continued economic growth over the next year as the City's new interstate corridor project develops. The business growth in the areas surrounding Interstate 75 and State Route 63 will increase the School District's assessed value and allow for the School District to continue to improve existing school facilities and broaden services.

The District saw a slight decrease in the net assets during the year but with continued revenue growth and building construction they are proving the District's financial condition has improved over the prior year



Request for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, Monroe Local Schools, 30 Overbrook Drive, Suite D, Monroe, Ohio 45050.

Treasurer
Monroe Local School District

Monroe Local School District
Butler County, Ohio
Statement of Net Assets
June 30, 2004

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,416,658
Cash in Segregated Accounts	579,765
Receivables:	
Property and Other Taxes	9,220,007
Accounts	3,671
Accrued Interest	15,732
Intergovernmental	64,384
Materials and Supplies Inventory	4,051
Issuance Costs	540,663
Nondepreciable Capital Assets	27,885,473
Depreciable Capital Assets	2,098,752
Total Assets	50,829,156
 <u>Liabilities</u>	
Payables:	
Accounts	105,216
Contracts	2,682,109
Intergovernmental	189,122
Interest	115,050
Salaries and Employee Benefits	1,032,111
Retainage	564,896
Deferred Revenue	8,861,664
Noncurrent Liabilities:	
Due within one year	723,345
Due in more than one year	29,908,538
Total Liabilities	44,182,051
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	1,983,542
Restricted for:	
Grants	50,806
Debt Service	876,602
Capital Improvements	498,328
Unrestricted	3,237,827
Total Net Assets	\$6,647,105

See accompanying notes to the basic financial statements

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Monroe Local School District
Butler County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2004

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$9,363,182	\$928,306	\$260,168	(\$8,174,708)
Special	737,684	0	14,339	(723,345)
Other	31,826	0	0	(31,826)
Support Services:				
Pupils	442,508	23,982	7,949	(410,577)
Instructional Staff	678,043	0	178,131	(499,912)
Board of Education	76,029	0	0	(76,029)
Administration	1,588,427	0	0	(1,588,427)
Fiscal	418,860	0	0	(418,860)
Business	81,486	0	0	(81,486)
Operation and Maintenance of Plant	1,481,270	0	0	(1,481,270)
Pupil Transportation	1,594,786	0	0	(1,594,786)
Central	342,049	0	32,104	(309,945)
Operation of Non-Instructional Services	3,610	0	1,396	(2,214)
Food Service	554,387	415,016	127,532	(11,839)
Extracurricular Activities	582,667	92,350	0	(490,317)
Interest and Fiscal Charges	1,474,837	0	0	(1,474,837)
Total	\$19,451,651	\$1,459,654	\$621,619	(17,370,378)

General Revenues:	
Property Taxes	8,646,705
Payment in Lieu of Taxes	35,080
Grants and Contributions not restricted to specific programs	4,633,867
Unrestricted investment earnings	79,041
Miscellaneous	225,871
Total General Revenues	13,620,564
Changes in Net Assets	(3,749,814)
Net Assets-Beginning	10,396,919
Net Assets-Ending	\$6,647,105

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Balance Sheet - Governmental Funds
June 30, 2004

	General	Debt Service	Emergency Levy	Food Service	Building
<u>Assets and Other Debits</u>					
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$476,136	\$800,987	\$4,526,920	\$0	\$4,517,400
Cash in Segregated Accounts	0	0	0	0	579,765
Receivables:					
Property and Other Taxes	4,893,381	1,866,208	2,460,418	0	0
Accounts	3,671	0	0	0	0
Interfund	0	0	61,619	0	0
Accrued Interest	15,732	0	0	0	0
Intergovernmental	0	0	0	13,874	0
Materials and Supplies Inventory	0	0	0	4,051	0
Total Assets	\$5,388,920	\$2,667,195	\$7,048,957	\$17,925	\$5,097,165
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Payables:					
Accounts	\$84,542	\$0	\$3,276	\$0	\$4,780
Contracts	0	0	0	0	2,682,109
Due to Local Governments	144,752	0	19,058	1,862	0
Salaries and Employee Benefits	865,586	0	96,455	8,175	0
Interfund	0	0	0	16,205	0
Retainage	0	0	0	0	564,896
Deferred Revenue	4,702,236	1,790,593	2,368,835	0	0
Total Liabilities	5,797,116	1,790,593	2,487,624	26,242	3,251,785
<u>Fund Balances:</u>					
Reserved for:					
Encumbrances	10,006	0	0	0	1,462,351
Property Taxes	129,145	48,615	61,583	0	0
Unreserved, reported in:					
General (Deficit)	(547,347)	0	0	0	0
Debt Service	0	827,987	0	0	0
Special Revenue (Deficit)	0	0	4,499,750	(8,317)	0
Capital Projects (Deficit)	0	0	0	0	383,029
Total Fund Balances (Deficit)	(408,196)	876,602	4,561,333	(8,317)	1,845,380
Total Liabilities and Fund Balances	\$5,388,920	\$2,667,195	\$7,048,957	\$17,925	\$5,097,165

See accompanying notes to the basic financial statements

Monroe Local School District
 Butler County, Ohio
 Balance Sheet - Governmental Funds
 June 30, 2004

Other Governmental Funds	Total Governmental Funds		
\$95,215	\$10,416,658		
0	579,765		
0	9,220,007		
0	3,671		
908	62,527		
0	15,732		
50,510	64,384		
0	4,051		
<u>\$146,633</u>	<u>\$20,366,795</u>		
\$12,618	\$105,216		
0	2,682,109		
23,450	189,122		
61,895	1,032,111		
46,322	62,527		
0	564,896		
29,911	8,891,575		
<u>174,196</u>	<u>13,527,556</u>		
9,098	1,481,455		
0	239,343		
0	(547,347)		
0	827,987		
(37,598)	4,453,835		
937	383,966		
<u>(27,563)</u>	<u>6,839,239</u>		
<u>\$146,633</u>	<u>\$20,366,795</u>		
		Reconciliation of Total Governmental Fund Balances to Net asset of Governmental Activities	
		Total Governmental Fund Balances	\$6,839,239
		Amounts reported for governmental activities in the statement of net assets are different because:	
		Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	29,984,225
		Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	570,574
		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(30,746,933)</u>
		Net Assets of Governmental Activities	<u>\$6,647,105</u>

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2004

	General	Debt Service	Emergency Levy	Food Service	Building
Revenues:					
Property and Other Taxes	\$4,584,934	\$1,802,691	\$2,293,281	\$0	\$0
Intergovernmental	4,280,600	174,415	203,568	127,532	0
Charges for Services	38,947	0	0	415,016	0
Tuition and Fees	912,526	0	0	0	0
Interest	(59,647)	0	0	0	149,049
Gifts and Donations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	127,829	0	0	0	0
Total Revenues	9,885,189	1,977,106	2,496,849	542,548	149,049
Expenditures:					
Current:					
Instruction:					
Regular	6,574,921	0	78,778	0	27,252
Special	102,160	0	607,984	0	0
Other	31,826	0	0	0	0
Support Services:					
Pupils	313,188	0	49,312	0	0
Instructional Staff	387,478	0	137,560	0	0
Board of Education	82,719	0	0	0	0
Administration	1,116,428	0	93,526	0	0
Fiscal	362,737	23,755	30,646	0	0
Business	23,010	0	57,698	0	0
Operation and Maintenance of Plant	1,106,166	0	47,809	0	55,289
Pupil Transportation	23,340	0	1,221,713	0	0
Central	248,855	0	41,691	0	54,227
Operation of Non-Instructional Services	300	0	2,050	543,254	0
Extracurricular Activities	472,634	0	0	0	0
Capital Outlay	348,684	0	91,993	0	15,815,769
Debt Service:					
Principal Retirement	34,489	400,000	0	0	0
Interest and Fiscal Charges	10,279	1,385,402	0	0	0
Total Expenditures	11,239,214	1,809,157	2,460,760	543,254	15,952,537
Excess (deficiency) of Revenues Over (Under) Expenditures	(1,354,025)	167,949	36,089	(706)	(15,803,488)
Other Financing Sources					
Inception of Capital Leases	348,684	0	0	0	0
Transfers - In	0	0	0	0	0
Transfers - Out	(13,768)	0	0	0	0
Total Other Financing Sources (Uses)	334,916	0	0	0	0
Net Change in Fund Balances	(1,019,109)	167,949	36,089	(706)	(15,803,488)
Fund Balances (Deficit) - beginning	610,913	708,653	4,525,244	(7,611)	17,648,868
Fund Balances (Deficit) - ending	(\$408,196)	\$876,602	\$4,561,333	(\$8,317)	\$1,845,380

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2004

Other Governmental Funds	Total Governmental Funds			
\$0	\$8,680,906	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		
507,468	5,293,583			
0	453,963			
0	912,526			
0	89,402			
10,306	10,306			
121,737	121,737			
5,102	132,931			
644,613	15,695,354		Net Change in Governmental Fund Balances	(\$16,704,315)
			Amounts reported in governmental activities in the statement of activities are different because:	
		Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,066,306	
342,695	7,023,646	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,483	
43,103	753,247	Repayment of long-term obligations is reported as an expenditure in governmental funds, the the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount is:	434,489	
0	31,826	Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds.	(552,777)	
76,346	438,846	Change in net assets of governmental activities	(\$3,749,814)	
139,729	664,767			
0	82,719			
66	1,210,020			
0	417,138			
0	80,708			
0	1,209,264			
0	1,245,053			
30,985	375,758			
1,260	546,864			
109,247	581,881			
0	16,256,446			
0	434,489			
0	1,395,681			
743,431	32,748,353			
(98,818)	(17,052,999)			
0	348,684			
16,249	16,249			
(2,481)	(16,249)			
13,768	348,684			
(85,050)	(16,704,315)			
57,487	23,543,554			
(\$27,563)	\$6,839,239			

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Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual -
General Fund
For the Fiscal Year Ended June 30, 2004

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$3,572,610	\$4,745,015	\$4,562,994	(\$182,021)
Intergovernmental	3,167,995	4,207,620	4,280,600	72,980
Tuition and Fees	699,321	928,814	910,233	(18,581)
Interest	208,062	276,340	124,643	(151,697)
Customer Service	29,326	38,950	38,947	(3)
Miscellaneous	184,873	245,542	126,451	(119,091)
Total Revenues	7,862,187	10,442,281	10,043,868	(398,413)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,680,530	5,892,676	6,619,998	(727,322)
Special	196,730	204,077	105,887	98,190
Other	30,679	31,825	31,825	0
Support Services:				
Pupils	393,218	407,903	306,169	101,734
Instructional Staff	417,924	433,532	390,674	42,858
Board of Education	84,265	87,412	82,721	4,691
Administration	2,098,793	2,177,175	1,202,787	974,388
Fiscal	361,384	374,880	364,426	10,454
Business	35,769	37,105	21,135	15,970
Operation and Maintenance of Plant	1,132,850	1,175,158	1,080,852	94,306
Pupil Transportation	9,837	10,204	8,614	1,590
Central	244,877	254,022	252,337	1,685
Operation of Non-	0			
Instructional Services	0	0	300	(300)
Extracurricular Activities	479,546	497,455	476,716	20,739
Capital Outlay	82,388	85,465	0	85,465
Total Expenditures	11,248,789	11,668,889	10,944,441	724,448
Excess of Revenues (Under) Expenditures	(3,386,602)	(1,226,608)	(900,573)	326,035
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	25,202	33,472	33,472	0
Refund of Prior Year Receipts	(7,418)	(7,695)	0	7,695
Operating Transfers In	177,068	235,175	235,175	0
Operating Transfers Out	(30,098)	(31,222)	(232,694)	(201,472)
Total Other Financing Sources (Uses)	164,753	229,730	35,953	(193,777)
Net Change in Fund Balance	(3,221,849)	(996,878)	(864,620)	132,258
Fund Balances at Beginning of Year	1,213,734	1,213,734	1,213,734	0
Prior Year Encumbrances Appropriated	134,795	134,795	134,795	0
Fund Balances (Deficit) at End of Year	(\$1,873,320)	\$351,651	\$483,909	\$132,258

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual -
Emergency Levy Fund
For the Fiscal Year Ended June 30, 2004

	Emergency Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$3,087,019	\$2,244,148	\$2,284,948	\$40,800
Intergovernmental	147,492	107,221	203,568	96,347
Total Revenues	3,234,511	2,351,369	2,488,516	137,147
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	80,924	68,383	77,611	(9,228)
Special	717,268	606,108	598,681	7,427
Support Services:				
Pupils	63,175	53,384	49,312	4,072
Instructional Staff	72,314	61,107	123,669	(62,562)
Administration	139,605	117,969	97,494	20,475
Fiscal	34,986	29,564	30,647	(1,083)
Business	72,363	61,148	57,698	3,450
Operation and Maintenance of Plant	64,894	54,837	50,858	3,979
Pupil Transportation	1,409,812	1,191,323	1,191,323	0
Central	69,573	58,791	41,691	17,100
Operation of Non-Instruction	2,661	2,249	2,050	199
Capital Outlay	181,060	153,000	88,944	64,056
Total Expenditures	2,908,636	2,457,863	2,409,978	47,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	325,875	(106,494)	78,538	185,032
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Receipts	0	(30,389)	(30,389)	0
Advances In	0	67,948	142,441	74,493
Advance Out	0	(9,705)	(185,487)	(175,782)
Total Other Financing Sources (Uses)	0	27,854	(73,435)	(101,289)
Net Change in Fund Balance	325,875	(78,640)	5,103	83,743
Fund Balances at Beginning of Year	4,508,288	4,508,288	4,508,288	0
Prior Year Encumbrances Appropriated	9,705	9,705	9,705	0
Fund Balances at End of Year	\$4,843,868	\$4,439,353	\$4,523,096	\$83,743

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual -
Food Service Fund
For the Fiscal Year Ended June 30, 2004

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$87,192	\$113,658	\$113,658	\$0
Charges for Services	318,469	415,137	415,146	9
Total Revenues	405,661	528,795	528,804	9
<u>Expenditures:</u>				
Current:				
Operation of Non-Instructional Services	573,431	542,920	545,030	(2,110)
Total Expenditures	573,431	542,920	545,030	(2,110)
Deiciency of Revenues Under Expenditures	(167,770)	(14,125)	(16,226)	(2,101)
<u>Other Financing Sources:</u>				
Advances In	0	1,348	16,205	14,857
Total Other Financing Sources	0	1,348	16,205	14,857
Net Change in Fund Balance	(167,770)	(12,777)	(21)	12,756
Fund Balances at Beginning of Year	(3,326)	(3,326)	(3,326)	0
Prior Year Encumbrances Appropriated	3,348	3,348	3,348	0
Fund Balances (Deficit) at End of Year	<u>(\$167,748)</u>	<u>(\$12,755)</u>	<u>\$1</u>	<u>\$12,756</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2004

Assets

Equity in Pooled Cash and Cash Equivalents

Student
Activities Fund

\$37,141

Liabilities

Accounts Payable
Due to Students

749

36,392

Total Liabilities

\$37,141

See accompanying notes to the basic financial statements

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's three instructional support facilities staffed by approximately 45 non-certificated personnel, 114 teaching personnel and 10 administrative employees providing education to 1,506 students.

A. Reporting Entity

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

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

Note 2 - Summary of Significant Accounting Policies

The School District is associated with four organizations of which two are defined as jointly governed organizations and two as insurance purchasing pools. These organizations are the Southwestern Ohio Computer Association (SWOCA), Butler County Joint Vocational School, Butler County Health Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, respectively. These organizations are presented in Notes 17 and 18.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Accounting

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

Governmental Funds

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

The District reports the following major governmental funds:

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

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

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

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

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Fund

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (although no such grants or contributions were received for the year ending June 30, 2004). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

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

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

Estimated Resources:

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

The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

Appropriations:

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

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

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

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

During fiscal year 2004 investments were limited to funds invested in a repurchase agreement, federal mortgage backed agencies securities, United States treasury obligations, money market mutual funds, commercial paper and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, during fiscal year 2004 amounted to (\$59,647) which results from the change in the fair value of the District's investments. The building capital projects fund also received interest of \$149,049.

E. Inventory

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

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

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

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

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

G. Compensated Absences

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Matured leave payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The entire liability is reported on the government-wide statement of net assets.

H. Long-Term Obligations

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

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

I. Fund Balance Reserves

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

J. Net Assets

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

K. Interfund Activity

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

L. Interfund Balances

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

M. Deferred Revenues

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenues. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenues.

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

N. Exchange/Non-Exchange Transactions

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

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

O. Estimates

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

P. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$30,746,933) difference are as follows:

Capital Lease Payable	(\$387,351)
General Obligation Bonds Payable	(29,060,228)
General Obligation Bonds - Premium	(558,589)
Accrued Interest Payable	(115,050)
Long Term Pension Obligation	(116,878)
Compensated Absences	(508,837)
	(508,837)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	(\$30,746,933)

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies (continued)

Another element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund." The details of \$29,984,225 difference are as follows:

Capital Assets	\$35,134,750
Accumulated Depreciation	<u>(5,150,525)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$29,984,225</u></u>

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

An element of that reconciliation states that "Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds." The details of this (\$552,777) are as follows:

Change in SERS Obligation and Leave Balances	(\$124,937)
Interest on Bonds	(58,094)
Inception of Capital Lease	(348,684)
Amortization of Issuance Costs	<u>(21,062)</u>
Net Adjustment - current financial resources focus to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>(\$552,777)</u></u>

Another element of that reconciliation states that "Capital additions are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense." The details of this \$13,066,306 are as follows:

Current capital additions	\$13,358,155
Depreciation Expense	<u>(291,849)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$13,066,306</u></u>

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 3 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance
Major Funds

	General Fund	Emergency Levy Fund	Food Service Fund
GAAP Basis	(\$1,019,109)	\$36,089	(\$706)
Adjustments:			
Revenue Accrual	192,151	(8,333)	(13,744)
Expenditure Accrual	(187,311)	20,393	(1,776)
Transfers	16,249	0	0
Advances	0	(43,046)	16,205
Encumbrances	(35,180)	0	0
Budget Basis	<u>(\$864,620)</u>	<u>\$5,103</u>	<u>(\$21)</u>

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2004, the general fund, food service, early entry program, summer intervention, title vi-b, title i, drug free grant, and reducing class size special revenue funds had deficit fund balances of \$408,196; \$8,317; \$21,838; \$14,151; \$7,181; \$64,524; \$1,715; and \$6,637, respectively. The deficits were created through recognition of amounts owed but not yet paid by the funds (accounts payable). The District advances monies to these funds only when required and transfers funds only to the extent that the amount issued between funds cannot be repaid. School District management is reviewing charges to insure that food service revenues are adequate and that encumbrance policies are followed.

B. Compliance

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

Major Funds:	
Food Service	\$12,755
Building	1,807,339
Non Major Funds:	
Drug Free Act	2,333

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

Major Funds:	
Food Service	\$2,110
Non Major Funds:	
District Managed Activities	370
Entry Year Grant	3,727
Summer Intervention Grant	6,980
Title I Grant	36,347
Schoolnet Individual Development	1,200

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 5 - Deposits and Investments

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

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

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

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

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

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

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 5 - Deposits and Investments (continued)

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

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

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

Deposits At year end, the carrying amount of the School District's deposits was \$5,022,738 and the bank balance was \$5,133,042. Of the bank balance:

1. \$752,094 was covered by federal depository insurance; and
2. \$4,380,948 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004

Note 5 - Deposits and Investments (continued)

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Unclassified	Fair Value
Federal Home Loan Bank	\$2,289,425	\$0	\$2,289,425
Federal Home Loan Mortgage Corporation	1,289,172	0	1,289,172
Federal National Mortgage Association	1,295,692	0	1,295,692
United States Treasury Note	600,000	0	600,000
Money Market Mutual Funds	87,548	0	87,548
STAR Ohio	0	448,989	448,989
Total	<u>\$5,561,837</u>	<u>\$448,989</u>	<u>\$6,010,826</u>

Cash and cash equivalents and investments are pooled for balance sheet classification on the basic financial statements because the pool consists of deposits, short-term investments or long-term investments that can be converted to liquid assets. A reconciliation between the classifications of cash and investments on the fund financial statements and classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
Equity in Pooled Cash - Basic Financial Statements	\$11,033,564	\$0
Investments:		
Federal Home Loan Bank	(2,289,425)	2,289,425
Federal Home Loan Mortgage Corporation	(1,289,172)	1,289,172
Federal National Mortgage Association	(1,295,692)	1,295,692
United States Treasury Note	(600,000)	600,000
Money Market Mutual Funds	(87,548)	87,548
STAR Ohio	(448,989)	448,989
GASB Statement No. 3	<u>\$5,022,738</u>	<u>\$6,010,826</u>

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2004 for real and public utility property taxes represents collections of calendar 2004 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) is for calendar 2004 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2004 public utility property taxes became a lien December 31, 2004, are levied after April 1, 2004 and are collected in 2004 with real property taxes.

2004 tangible personal property taxes are levied after April 1, 2004, on the value as of December 31, 2004. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2004 taxes were collected are as follows:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$185,913,360	75.71%	\$196,489,230	77.83%
Public Utility	17,055,300	6.94	16,628,630	6.58
Tangible Personal Property	42,599,402	17.35	39,359,323	15.59
Total Assessed Value	<u>\$245,568,062</u>	<u>100.00%</u>	<u>\$252,447,183</u>	<u>100.00%</u>

Tax rate per \$1,000 of
assessed valuation

43.81

42.61

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 6 - Property Taxes (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, the amount available as an advance at June 30 and delinquent taxes is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Delinquency is considered immaterial and all taxes are reasonably expected to be received within one year. The amount available as an advance at June 30, 2004, was \$129,145 in the general fund, \$48,615 in the debt service fund and \$61,583 in the emergency levy fund.

Note 7 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. All amounts recorded as a receivable are reasonably expected to be received within one year and any amounts beyond one year are immaterial.

A summary of the principal items of intergovernmental receivables follows:

<u>Net Assets</u>	<u>Amount</u>
Major Funds:	
Food Service	\$13,874
Nonmajor Funds	
Ohio Reads Grant	2,000
Summer Intervention Grant	6,970
Title VI-B	1,357
Title I	7,603
Title VI	6,196
Drug Free Act	761
EHA Preschool Grant	1,700
Reducing Class Size	21,522
Miscellaneous Federal Grants	2,401
Total All Funds	<u>\$64,384</u>

*Monroe Local School District
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Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance 7/01/03	Increases	Decreases	Balance 6/30/04
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$2,228,759	\$0	\$0	\$2,228,759
Construction in Progress	12,808,482	12,848,232	0	25,656,714
*Capital Assets, being depreciated				
Buildings and Improvements	4,343,455	0	0	4,343,455
Furniture and Equipment	2,153,123	509,923	0	2,663,046
Vehicles	242,776	0	0	242,776
Total at Historical Cost	<u>21,776,595</u>	<u>13,358,155</u>	<u>0</u>	<u>35,134,750</u>
Buildings and Improvements	3,223,056	58,281	0	3,281,337
Furniture and Equipment	1,447,575	219,336	0	1,666,911
Vehicles	188,045	14,232	0	202,277
Total Accumulated Depreciation	<u>4,858,676</u>	<u>291,849</u>	<u>0</u>	<u>5,150,525</u>
Governmental Activities				
Capital Assets, Net	<u>\$16,917,919</u>	<u>\$13,066,306</u>	<u>\$0</u>	<u>\$29,984,225</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$196,987
Special	1,553
Support Services:	
Pupils	280
Instructional Staff	666
Board of Education	1,028
Administration	31,268
Fiscal	657
Business	778
Operation and Maintenance of Plant	17,093
Pupil Transportation	10,801
Central	25,023
Food Services	4,426
Extracurricular Activities	1,289
Total Depreciation Expense	<u>\$291,849</u>

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted with Indiana Insurance Company for general commercial, fleet and employee benefits liability and Cincinnati Insurance Company for boiler and machinery coverage. Coverages provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$22,110,216
Boiler and Machinery (\$500 deductible)	15,000,000
Automobile Liability (\$500 deductible)	3,000,000
Uninsured Motorists	300,000
Employee Benefits	
Aggregate	3,000,000
Per occurrence	1,000,000
General Liability	
Aggregate	2,000,000
Per occurrence	1,000,000
Errors and Omissions	
Aggregate	1,000,000
Per occurrence	1,000,000

Settled claims have not exceeded this commercial coverage in the past three years.

B. Workers' Compensation

For fiscal year 2004, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. A portion of the School District's contribution is used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2004, 2003, and 2002, were, \$104,066, \$144,194, and \$62,121, respectively; 43.82 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$58,469 representing the unpaid contribution for fiscal year 2004, is recorded as a liability within the respective funds and the entire liability on the government-wide statements.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 10 - Defined Benefit Pension Plans (continued)

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance. Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14%; 1% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2004, 2003, and 2002, were \$799,114, \$865,662, and \$515,165, respectively; 90.73 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. \$74,085 represents the unpaid contribution for fiscal year 2004 and is recorded as a liability within the respective funds. The District had the following contributions under the new plan: defined contribution had \$10,948 member and \$11,495 District contributions and the members contributed \$36 to the combined plan for the current fiscal year.

Note 11 - Postemployment Benefits

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 11 - Postemployment Benefits (continued)

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$61,470 during the 2004 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2003, (the latest information available) the balance in the Fund was \$47.6 billion. At June 30, 2003, net health care costs paid by STRS were \$34.2 billion and STRS had 105,000 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$92,958.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003 SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has 50,000 participants currently receiving health care benefits.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 12 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health, Dental and Life Insurance

The School District provides health and dental insurance coverage to employees through the Butler County Health Plan (an Insurance Purchasing Pool - See Note 18.) The School District provides for the payment of 95% of the single plan participant health insurance premium and funds 90% of the family plan participant health insurance premium. The School District further funds 85% of the annual premium for dental insurance coverage. All amounts not paid by the District are passed along to the employee through payroll deduction.

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 13 - Operating/Capital Leases

A. Operating Lease

The government leases eight modular classroom units and office space under noncancellable operating leases. Total costs for such leases were \$125,259 for the year ended June 30, 2004. The School District has paid up-front costs associated with the modular units and prior years payments of \$453,921. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2005	\$61,957

B. Capital Lease

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

General capital assets consisting of copiers have been capitalized on the statement of net assets in the amount of \$487,385 book value. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was also recorded. Principal payments in fiscal year 2004 totaled \$34,489 in the general fund.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Furniture and Equipment	\$487,385
Less: Accumulated Depreciation	(93,623)
Total	\$393,762

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 13 - Operating/Capital Leases (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

Fiscal Year Ending June 30,	Capital Lease
2005	\$119,031
2006	102,470
2007	88,706
2008	88,706
2009	76,049
Total	474,962
Less: Amount Representing Interest	(87,611)
Present Value of Net Minimum Lease Payments	\$387,351

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

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2005	\$88,426	\$30,605	\$119,031
2006	78,344	24,126	102,470
2007	70,507	18,199	88,706
2008	77,322	11,384	88,706
2009	72,752	3,297	76,049
Total	\$387,351	\$87,611	\$474,962

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 14 - Long-Term Liabilities

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

	Obligation Outstanding 7/01/03	Additions	Reductions	Obligation Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities					
Compensated Absences	\$472,213	\$469,342	\$432,718	\$508,837	\$33,294
Pension Liability	75,093	116,878	75,093	116,878	116,878
General Obligation Bonds	29,460,228	0	400,000	29,060,228	465,000
Bond Premium	580,350	0	21,761	558,589	21,761
Capital Leases Payable	73,156	348,684	34,489	387,351	86,412
Total Governmental	<u><u>\$30,661,040</u></u>	<u><u>\$934,904</u></u>	<u><u>\$964,061</u></u>	<u><u>\$30,631,883</u></u>	<u><u>\$723,345</u></u>

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

Pension liability and compensated absences will be paid from the fund where the employee's salary is paid. The General Obligation Bond will be paid from the Debt Service fund with a special tax levy. Capital leases will be paid from the General fund.

At June 30, 2004, the School District's overall legal debt margin was \$23,596,848, an energy conservation debt margin of \$2,272,025 and an unvoted debt margin of \$252,447.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 14 - Long-Term Liabilities (continued)

General Obligation Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$465,000	\$1,374,208	\$1,839,208
2006	560,000	1,358,994	1,918,994
2007	700,000	1,338,274	2,038,274
2008	680,000	1,313,794	1,993,794
2009	830,000	1,285,236	2,115,236
2010-2014	2,290,355	6,047,906	8,338,261
2015-2019	1,814,873	8,241,542	10,056,415
2020-2024	7,250,000	4,612,713	11,862,713
2025-2029	11,570,000	2,272,750	13,842,750
2030	2,900,000	72,500	2,972,500
Totals	\$29,060,228	\$27,917,917	\$56,978,145

Note 15 - Interfund Balances/Transfers

Interfund balances at June 30, 2004, consist of the following individual receivables and payables and transfers in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	\$0	\$0	\$0	\$13,768
Special Revenue Funds:				
Emergency Levy	61,619	0	0	0
Food Service	0	16,205	0	0
Nonmajor Funds	908	46,322	16,249	2,481
Total All Funds	\$62,527	\$62,527	\$16,249	\$16,249

During the year the Emergency Levy fund advanced the Early Entry Programs Grant, Summer Intervention Grant, Title I Grant, Title VI Grant, Drug Free Grant, Reducing Class Size, and Miscellaneous Federal Grant special revenue funds monies for expenditures related to the program. These advances will be repaid within one year or less after the revenues for the next program year are received.

*Monroe Local School District
Butler County, Ohio
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For the Year Ended June 30, 2004*

Note 15 - Interfund Balances/Transfers (continued)

The District transferred monies from one nonmajor special revenue fund to the other to close out the balances in those grants. The transfer from the General fund to the Title I Grant nonmajor Special Revenue fund was to cover grant expenditures.

Note 16 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

Note 17 - Jointly Governed Organizations

A. Southwestern Ohio Computer Association

The Southwestern Ohio Computer Association (SWOCA), a jointly governed organization, was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the three county consortium supports SWOCA based upon per pupil charge dependent upon the software package utilized. SWOCA is governed by a board of directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating School District is limited to its representation on the Board. During the 2004 fiscal year, the School District paid \$33,850 to SWOCA for services. The District has no ongoing financial interest in nor responsibility for the Association. To obtain financial information, write to SWOCA, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

B. Butler County Joint Vocational School District

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 18 - Insurance Purchasing Pools

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

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

B. Butler County Health Plan

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

Note 19 - Set-aside calculations and fund reserves

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

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 19 - Set-aside calculations and fund reserves (continued)

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

	Textbooks	Capital Acquisition	Totals
Set-aside Cash Balance as of June 30, 2003	(\$403,683)	\$0	(\$403,683)
Current Year Set-aside Requirement	192,613	192,613	385,226
Qualifying Disbursements	(337,232)	(18,544,293)	(18,881,525)
Total	(548,302)	(18,351,680)	(18,899,982)
Set-Aside Offset Carried Forward to FY 2005	(\$548,302)	\$0	
Total Restricted Assets			\$0

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

Note 20 - Contractual Commitments

The District is in the process of building several new school buildings. The following is a list of the significant contractual commitments of the District.

Contractor	Remaining Balance as of June 30, 2004
Sunesis Construction	\$864,042
Monarch Construction	3,083,909
Feldkamp Enterprises	1,030,745
Rapier Electric	501,365
Dalmation Fire Protection	76,992
S.H.P	301,706
Progressive Plumbing	427,000
GC Contracting	814,436

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2004*

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

B. Litigation

As of June 30, 2004, the School District did not have any pending litigation.

Monroe Local School District

Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

Monroe Local School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

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

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

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

EESA/NDEA Grant – This fund accounts for federal funds used to provide for strengthening instruction in science, mathematics, modern foreign languages, English, the arts, and computer learning.

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

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

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

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

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

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

Monroe Local School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

Goals 2000 Grant – A fund used to account for monies to support a broad range of education improvement goals. Competitive grants are used to establish a network of schools that have developed a systematic improvement plan. Funding is targeted at school districts where student performance on the fourth and ninth grade State Proficiency test scores are significantly below the State average. Competitive grants are used to support partnerships between school districts and colleges of education to improve teacher education and school instruction simultaneously.

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

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

Capital Projects Funds

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

Nonmajor Capital Projects Funds

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

SchoolNet Professional Development – This fund accounts for a limited number of professional development subsidy grants.

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets and Other Debits</u>			
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$93,078	\$2,137	\$95,215
Receivables:			
Interfund	908	0	908
Intergovernmental	50,510	0	50,510
Total Assets	\$144,496	\$2,137	\$146,633
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Payables:			
Accounts	\$12,618	\$0	\$12,618
Due to Local Governments	23,450	0	23,450
Salaries and Employee Benefits	61,895	0	61,895
Interfund	46,322	0	46,322
Deferred Revenue	29,911	0	29,911
Total Liabilities	174,196	0	174,196
<u>Fund Balances:</u>			
Reserved for:			
Encumbrances	7,898	1,200	9,098
Unreserved, reported in:			
Special Revenue (deficit)	(37,598)	0	(37,598)
Capital Projects	0	937	937
Total Fund Balances (Deficit)	(29,700)	2,137	(27,563)
Total Liabilities and Fund Balances	\$144,496	\$2,137	\$146,633

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$507,468	\$0	\$507,468
Gifts and Donations	10,306	0	10,306
Extracurricular Activities	121,737	0	121,737
Miscellaneous	5,102	0	5,102
Total Revenues	644,613	0	644,613
Expenditures:			
Current:			
Instruction:			
Regular	342,695	0	342,695
Special	43,103	0	43,103
Support Services:			
Pupils	76,346	0	76,346
Instructional Staff	139,729	0	139,729
Administration	66	0	66
Central	30,985	0	30,985
Operation of Non-Instructional Services	1,260	0	1,260
Extracurricular Activities	109,247	0	109,247
Total Expenditures	743,431	0	743,431
Deficiency of Revenues			
Under Expenditures	(98,818)	0	(98,818)
Other Financing Sources (Uses)			
Transfers - In	16,249	0	16,249
Transfers - Out	(2,481)	0	(2,481)
Total Other Financing Sources (Uses)	13,768	0	13,768
Net Change in Fund Balances	(85,050)	0	(85,050)
Fund Balances - beginning	55,350	2,137	57,487
Fund Balances - ending (deficit)	(\$29,700)	\$2,137	(\$27,563)

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2004

	Special Trust	Public School Support	Other Grant	District Managed Activities
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,681	\$25,366	\$1,904	\$7,900
Receivables:				
Interfund	0	0	0	0
Intergovernmental	0	0	0	0
Total Assets	<u>\$7,681</u>	<u>\$25,366</u>	<u>\$1,904</u>	<u>\$7,900</u>
Liabilities and Fund Balances				
Liabilities				
Payables:				
Accounts	\$0	\$617	\$0	\$4,557
Due to Local Governments	0	0	0	0
Salaries and Employee Benefits	0	0	0	0
Interfund	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	<u>0</u>	<u>617</u>	<u>0</u>	<u>4,557</u>
Fund Balances:				
Reserved for:				
Encumbrances	0	1,217	0	343
Unreserved, reported in:				
Special Revenue (Deficit)	7,681	23,532	1,904	3,000
Total Fund Balances (Deficit)	<u>7,681</u>	<u>24,749</u>	<u>1,904</u>	<u>3,343</u>
Total Liabilities and Fund Balances	<u>\$7,681</u>	<u>\$25,366</u>	<u>\$1,904</u>	<u>\$7,900</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2004

Educational Management Information Systems	Early Entry Programs	OneNet Ohio	School Net Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Title VI-B Grant
\$2,224	\$0	\$14,590	\$2,136	\$0	\$326	\$1,751	\$8,345
0	0	0	0	0	0	0	0
0	0	0	0	2,000	6,970	0	1,357
<u>\$2,224</u>	<u>\$0</u>	<u>\$14,590</u>	<u>\$2,136</u>	<u>\$2,000</u>	<u>\$7,296</u>	<u>\$1,751</u>	<u>\$9,702</u>
\$0	\$0	\$0	\$0	\$0	\$6,868	\$0	\$0
0	3,412	0	0	0	9,854	0	2,596
0	14,699	0	0	0	0	0	13,501
0	3,727	0	0	0	4,725	0	0
0	0	0	0	0	0	0	786
0	21,838	0	0	0	21,447	0	16,883
0	0	0	0	0	122	0	0
2,224	(21,838)	14,590	2,136	2,000	(14,273)	1,751	(7,181)
2,224	(21,838)	14,590	2,136	2,000	(14,151)	1,751	(7,181)
<u>\$2,224</u>	<u>\$0</u>	<u>\$14,590</u>	<u>\$2,136</u>	<u>\$2,000</u>	<u>\$7,296</u>	<u>\$1,751</u>	<u>\$9,702</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2004
(continued)

	Title I Grant	Title VI Grant	Drug-Free Grant	EHA Preschool Grant	E-Rate Grant
<u>Assets and Other Debits</u>					
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$0	\$5,522	\$789	\$4,955	\$1,180
Receivables:					
Interfund	0	0	0	0	0
Intergovernmental	7,603	6,196	761	1,700	0
Total Assets	<u>\$7,603</u>	<u>\$11,718</u>	<u>\$1,550</u>	<u>\$6,655</u>	<u>\$1,180</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Payables:					
Accounts	\$162	\$0	\$0	\$414	\$0
Due to Local Governments	6,900	0	0	0	0
Salaries and Employee Benefits	30,835	0	0	0	0
Interfund	26,627	1,927	3,265	0	0
Deferred Revenue	7,603	0	0	0	0
Total Liabilities	<u>72,127</u>	<u>1,927</u>	<u>3,265</u>	<u>414</u>	<u>0</u>
<u>Fund Balances:</u>					
Reserved for:					
Encumbrances	2,934	0	0	2,008	0
Unreserved, reported in:					
Special Revenue (Deficit)	(67,458)	9,791	(1,715)	4,233	1,180
Total Fund Balances (Deficit)	<u>(64,524)</u>	<u>9,791</u>	<u>(1,715)</u>	<u>6,241</u>	<u>1,180</u>
Total Liabilities and Fund Balances	<u>\$7,603</u>	<u>\$11,718</u>	<u>\$1,550</u>	<u>\$6,655</u>	<u>\$1,180</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2004

Goals 2000 Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$6,525	\$1,777	\$107	\$93,078
908	0	0	908
0	21,522	2,401	50,510
<u>\$7,433</u>	<u>\$23,299</u>	<u>\$2,508</u>	<u>\$144,496</u>
\$0	\$0	\$0	\$12,618
0	688	0	23,450
0	2,860	0	61,895
0	4,866	1,185	46,322
0	21,522	0	29,911
0	29,936	1,185	174,196
0	1,274	0	7,898
7,433	(7,911)	1,323	(37,598)
7,433	(6,637)	1,323	(29,700)
<u>\$7,433</u>	<u>\$23,299</u>	<u>\$2,508</u>	<u>\$144,496</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Special Trust	Public School Support	Other Grant	District Managed Activities
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Gifts and Donations	6,425	500	1,896	1,485
Extracurricular Activities	0	31,837	0	89,900
Miscellaneous	1,500	2,637	0	965
Total Revenues	7,925	34,974	1,896	92,350
Expenditures:				
Current:				
Instruction:				
Regular	6,775	8,822	1,086	0
Special	0	0	0	0
Support Services:				
Pupils	1,425	24,674	0	0
Instructional Staff	0	0	0	0
Administration	0	0	66	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	1,260	0
Extracurricular Activities	0	0	0	109,247
Total Expenditures	8,200	33,496	2,412	109,247
Excess (deficiency) of Revenues Over (Under) Expenditures	(275)	1,478	(516)	(16,897)
Other Financing Sources				
Transfers - In	0	0	0	0
Transfers - Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(275)	1,478	(516)	(16,897)
Fund Balances (Deficit) - beginning	7,956	23,271	2,420	20,240
Fund Balances (Deficit) - ending	<u>\$7,681</u>	<u>\$24,749</u>	<u>\$1,904</u>	<u>\$3,343</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

Educational Management Information Systems	Early Entry Program	OneNet Ohio	School Net Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants
\$5,304	\$3,300	\$16,380	\$2,925	\$2,000	\$11,011	\$1,550
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>5,304</u>	<u>3,300</u>	<u>16,380</u>	<u>2,925</u>	<u>2,000</u>	<u>11,011</u>	<u>1,550</u>
0	0	0	1,932	0	25,162	0
0	0	0	0	0	0	0
0	0	0	0	0	0	1,550
0	25,138	0	0	0	0	0
0	0	0	0	0	0	0
9,133	0	13,995	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>9,133</u>	<u>25,138</u>	<u>13,995</u>	<u>1,932</u>	<u>0</u>	<u>25,162</u>	<u>1,550</u>
(3,829)	(21,838)	2,385	993	2,000	(14,151)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(3,829)</u>	<u>(21,838)</u>	<u>2,385</u>	<u>993</u>	<u>2,000</u>	<u>(14,151)</u>	<u>0</u>
6,053	0	12,205	1,143	0	0	1,751
<u>\$2,224</u>	<u>(\$21,838)</u>	<u>\$14,590</u>	<u>\$2,136</u>	<u>\$2,000</u>	<u>(\$14,151)</u>	<u>\$1,751</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004
(continued)

	EESA/NDEA Grant	Title VI-B Grant	Title I Grant	Title VI Grant	Drug-Free Grant
Revenues:					
Intergovernmental	\$0	\$188,639	\$197,835	\$11,718	\$5,434
Gifts and Donations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	0	0	0	0	0
Total Revenues	0	188,639	197,835	11,718	5,434
Expenditures:					
Current:					
Instruction:					
Regular	0	0	258,354	0	9,471
Special	0	43,103	0	0	0
Support Services:					
Pupils	0	47,311	0	0	0
Instructional Staff	2,641	100,332	5,073	0	0
Administration	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	2,641	190,746	263,427	0	9,471
Excess (deficiency) of Revenues Over (Under) Expenditures	(2,641)	(2,107)	(65,592)	11,718	(4,037)
Other Financing Sources					
Transfers - In	0	0	16,249	0	0
Transfers - Out	(2,481)	0	0	0	0
Total Other Financing Sources (Uses)	(2,481)	0	16,249	0	0
Net Change in Fund Balances	(5,122)	(2,107)	(49,343)	11,718	(4,037)
Fund Balances (Deficit) - beginning	5,122	(5,074)	(15,181)	(1,927)	2,322
Fund Balances (Deficit) - ending	<u>\$0</u>	<u>(\$7,181)</u>	<u>(\$64,524)</u>	<u>\$9,791</u>	<u>(\$1,715)</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

EHA Preschool Grant	E-Rate Grant	Goals 2000 Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$3,998	\$0	\$0	\$49,812	\$7,562	\$507,468
0	0	0	0	0	10,306
0	0	0	0	0	121,737
0	0	0	0	0	5,102
<u>3,998</u>	<u>0</u>	<u>0</u>	<u>49,812</u>	<u>7,562</u>	<u>644,613</u>
0	0	0	31,093	0	342,695
0	0	0	0	0	43,103
1,386	0	0	0	0	76,346
0	0	0	477	6,068	139,729
0	0	0	0	0	66
0	0	0	7,857	0	30,985
0	0	0	0	0	1,260
0	0	0	0	0	109,247
<u>1,386</u>	<u>0</u>	<u>0</u>	<u>39,427</u>	<u>6,068</u>	<u>743,431</u>
2,612	0	0	10,385	1,494	(98,818)
0	0	0	0	0	16,249
0	0	0	0	0	(2,481)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,768</u>
2,612	0	0	10,385	1,494	(85,050)
3,629	1,180	7,433	(17,022)	(171)	55,350
<u>\$6,241</u>	<u>\$1,180</u>	<u>\$7,433</u>	<u>(\$6,637)</u>	<u>\$1,323</u>	<u>(\$29,700)</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2004

	SchoolNet	SchoolNet Professional Development	Total Nonmajor Capital Projects Funds
<u>Assets and Other Debits</u>			
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$937	\$1,200	\$2,137
Total Assets	<u>\$937</u>	<u>\$1,200</u>	<u>\$2,137</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Fund Balances:</u>			
Reserved for:			
Encumbrances	0	1,200	1,200
Unreserved, reported in:			
Capital Projects	<u>937</u>	<u>0</u>	<u>937</u>
Total Fund Balances	<u>937</u>	<u>1,200</u>	<u>2,137</u>
Total Liabilities and Fund Balances	<u>\$937</u>	<u>\$1,200</u>	<u>\$2,137</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2004

	SchoolNet	SchoolNet Professional Development	Total Nonmajor Capital Projects Funds
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Total Expenditures	0	0	0
Net Change in Fund Balances	0	0	0
Fund Balances - beginning	937	1,200	2,137
Fund Balances - ending	<u>\$937</u>	<u>\$1,200</u>	<u>\$2,137</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Special Trust			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$6,903	\$6,425	\$6,425	\$0
Miscellaneous	1,612	1,500	1,500	0
Total Revenues	8,515	7,925	7,925	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,253	7,447	6,775	672
Support Services:				
Pupils	747	1,711	1,581	130
Total Expenditures	4,000	9,158	8,356	802
Excess of Revenues Over (Under) Expenditures	4,515	(1,233)	(431)	802
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	0	156	156	0
Total Other Financing Sources (Uses)	0	156	156	0
Net Change in Fund Balance	4,515	(1,077)	(275)	802
Fund Balances at Beginning of Year	7,956	7,956	7,956	0
Fund Balances at End of Year	\$12,471	\$6,879	\$7,681	\$802

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Public School Support			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$29,097	\$31,938	\$31,837	(\$101)
Gifts and Donations	456	500	500	0
Miscellaneous	2,402	2,637	2,637	0
Total Revenues	<u>31,955</u>	<u>35,075</u>	<u>34,974</u>	<u>(101)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,669	13,802	8,822	4,980
Support Services:				
Pupils	15,925	28,662	25,466	3,196
Pupil Transportation	1,806	3,250	0	3,250
Total Expenditures	<u>25,400</u>	<u>45,714</u>	<u>34,288</u>	<u>11,426</u>
Net Change in Fund Balance	6,555	(10,639)	686	11,325
Fund Balances at Beginning of Year	22,960	22,960	22,960	0
Prior Year Encumbrances Appropriated	503	503	503	0
Fund Balances at End of Year	<u>\$30,018</u>	<u>\$12,824</u>	<u>\$24,149</u>	<u>\$11,325</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Other Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$3,909	\$1,896	\$1,896	\$0
Total Revenues	\$3,909	\$1,896	\$1,896	\$0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,003	1,982	1,161	821
Support Services:				
Instructional Staff	253	500	0	500
Administration	33	66	66	0
Operation of Non- Instructional Services	711	1,405	1,260	145
Total Expenditures	2,000	3,953	2,487	1,466
Net Change in Fund Balance	1,909	(2,057)	(591)	(1,466)
Fund Balances at Beginning of Year	2,495	2,495	2,495	0
Fund Balances at End of Year	\$4,404	\$438	\$1,904	(\$1,466)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	District Managed Activities			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$94,223	\$89,900	\$89,900	\$0
Gifts and Donations	1,556	1,485	1,485	0
Miscellaneous	1,011	965	965	0
Total Revenues	96,790	92,350	92,350	0
<u>Expenditures:</u>				
Extracurricular Activities	129,952	104,890	105,260	(370)
Total Expenditures	129,952	104,890	105,260	(370)
Net Change in Fund Balance	(33,162)	(12,540)	(12,910)	(370)
Fund Balances at Beginning of Year	20,240	20,240	20,240	0
Prior Year Encumbrances Appropriated	226	226	226	0
Fund Balances (Deficit) at End of Year	(\$12,696)	\$7,926	\$7,556	(\$370)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Educational Management Information Systems			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$5,134	\$5,304	\$5,304	\$0
Total Revenues	5,134	5,304	5,304	0
<u>Expenditures:</u>				
Support Services:				
Central	5,000	9,133	9,133	0
Total Expenditures	5,000	9,133	9,133	0
Net Change in Fund Balance	134	(3,829)	(3,829)	0
Fund Balances at Beginning of Year	6,053	6,053	6,053	0
Fund Balances at End of Year	\$6,187	\$2,224	\$2,224	\$0

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Entry Year Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$3,300	\$3,300	\$0
Total Revenues	0	3,300	3,300	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	3,300	7,027	(3,727)
Total Expenditures	0	3,300	7,027	(3,727)
Deficiency of Revenues Under Expenditures	0	0	(3,727)	(3,727)
<u>Other Financing Sources:</u>				
Advances In		0	3,727	3,727
Total Other Financing Sources	0	0	3,727	3,727
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	OneNet Ohio			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$12,205	\$15,000	\$16,380	\$1,380
Total Revenues	12,205	15,000	16,380	1,380
<u>Expenditures:</u>				
Support Services:				
Central	0	15,000	13,995	1,005
Total Expenditures	0	15,000	13,995	1,005
Net Change in Fund Balance	12,205	0	2,385	2,385
Fund Balances at Beginning of Year	12,205	12,205	12,205	0
Fund Balances at End of Year	\$24,410	\$12,205	\$14,590	\$2,385

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	School Net Professional Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$6,700	\$2,925	\$2,925	\$0
Total Revenues	6,700	2,925	2,925	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	2,054	1,932	122
Support Services:				
Central	0	1,143	0	1,143
Total Expenditures	0	3,197	1,932	1,265
Excess of Revenues Over (Under) Expenditures	6,700	(272)	993	1,265
<u>Other Financing Sources (Uses):</u>				
Advances In	0	369	369	0
Advances Out	0	0	(369)	(369)
Total Other Financing Sources (Uses)	0	369	0	(369)
Net Change in Fund Balance	6,700	97	993	896
Fund Balances at Beginning of Year	1,143	1,143	1,143	0
Fund Balances at End of Year	\$7,843	\$1,240	\$2,136	\$896

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Ohio Reads Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,000	0	0	0
Total Expenditures	4,000	0	0	0
Net Change in Fund Balance	(4,000)	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	(\$4,000)	\$0	\$0	\$0

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Summer Intervention Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$4,041	\$4,041	\$0
Total Revenues	0	4,041	4,041	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	8,450	15,430	(6,980)
Total Expenditures	0	8,450	15,430	(6,980)
Excess of Revenues Over (Under) Expenditures	0	(4,409)	(11,389)	(6,980)
<u>Other Financing Sources:</u>				
Advances In	0	4,725	4,725	0
Total Other Financing Sources	0	4,725	4,725	0
Net Change in Fund Balance	0	316	(6,664)	(6,980)
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	\$0	\$316	(\$6,664)	(\$6,980)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Miscellaneous State Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,660	\$1,550	\$1,550	\$0
Total Revenues	2,660	1,550	1,550	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	1,724	1,550	1,550	0
Total Expenditures	1,724	1,550	1,550	0
Net Change in Fund Balance	936	0	0	0
Fund Balances at Beginning of Year	1,751	1,751	1,751	0
Fund Balances at End of Year	<u>\$2,687</u>	<u>\$1,751</u>	<u>\$1,751</u>	<u>\$0</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	EESA/NDEA Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	0	219	219	0
Total Expenditures	0	219	219	0
Excess of Revenues Over (Under) Expenditures	0	(219)	(219)	0
<u>Other Financing Uses:</u>				
Refund of Prior Year Receipts	0	0	(2,422)	(2,422)
Operating Transfers Out	0	(2,481)	(2,481)	0
Total Other Financing Uses	0	(2,481)	(4,903)	(2,422)
Net Change in Fund Balance	0	(2,700)	(5,122)	(2,422)
Fund Balances at Beginning of Year	5,122	5,122	5,122	0
Fund Balances at End of Year	\$5,122	\$2,422	\$0	(\$2,422)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Title VI-B Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$88,327	\$192,297	\$188,068	(\$4,229)
Total Revenues	88,327	192,297	188,068	(4,229)
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	68,102	100,611	43,198	57,413
Support Services:				
Pupils	36,078	53,300	47,311	5,989
Instructional Staff	68,263	100,850	97,533	3,317
Total Expenditures	172,443	254,761	188,042	66,719
Excess of Revenues Over (Under) Expenditures	(84,116)	(62,464)	26	62,490
<u>Other Financing Sources (Uses):</u>				
Advances In	0	85,822	85,822	0
Advances Out	0	(7,036)	(85,822)	(78,786)
Total Other Financing Sources (Uses)	0	78,786	0	(78,786)
Net Change in Fund Balance	(84,116)	16,322	26	(16,296)
Fund Balances at Beginning of Year	6,631	6,631	6,631	0
Prior Year Encumbrances Appropriated	1,688	1,688	1,688	0
Fund Balances (Deficit) at End of Year	(\$75,797)	\$24,641	\$8,345	(\$16,296)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Title I Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$172,521	\$212,729	\$197,835	(\$14,894)
Total Revenues	<u>172,521</u>	<u>212,729</u>	<u>197,835</u>	<u>(14,894)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	260,992	194,783	226,049	(31,266)
Special	1,570	1,172	1,181	(9)
Support Services:				
Instructional Staff	<u>0</u>	<u>0</u>	<u>5,072</u>	<u>(5,072)</u>
Total Expenditures	<u>262,562</u>	<u>195,955</u>	<u>232,302</u>	<u>(36,347)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,041)	16,774	(34,467)	(51,241)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	50,595	50,595	0
Advances Out	<u>0</u>	<u>(9,336)</u>	<u>(35,473)</u>	<u>(26,137)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>41,259</u>	<u>15,122</u>	<u>(26,137)</u>
Net Change in Fund Balance	(90,041)	58,033	(19,345)	(77,378)
Fund Balances (Deficit) at Beginning of Year	(2,795)	(2,795)	(2,795)	0
Prior Year Encumbrances Appropriated	<u>2,795</u>	<u>2,795</u>	<u>2,795</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u><u>(\$90,041)</u></u>	<u><u>\$58,033</u></u>	<u><u>(\$19,345)</u></u>	<u><u>(\$77,378)</u></u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Title VI Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$12,463	\$5,522	\$5,522	\$0
Total Revenues	12,463	5,522	5,522	0
<u>Expenditures:</u>				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	12,463	5,522	5,522	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	<u>\$12,463</u>	<u>\$5,522</u>	<u>\$5,522</u>	<u>\$0</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Drug-Free Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$570	\$4,817	\$4,673	(\$144)
Total Revenues	570	4,817	4,673	(144)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	9,432	12,138	10,225	1,913
Total Expenditures	9,432	12,138	10,225	1,913
Excess of Revenues Over (Under) Expenditures	(8,862)	(7,321)	(5,552)	1,769
<u>Other Financing Sources (Uses):</u>				
Advances In	0	1,913	5,178	3,265
Advances Out	0	0	(1,913)	(1,913)
Total Other Financing Sources (Uses)	0	1,913	3,265	1,352
Net Change in Fund Balance	(8,862)	(5,408)	(2,287)	3,121
Fund Balances at (Deficit) Beginning of Year	(1,504)	(1,504)	(1,504)	0
Prior Year Encumbrances Appropriated	4,579	4,579	4,579	0
Fund Balances (Deficit) at End of Year	(\$5,787)	(\$2,333)	\$788	\$3,121

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	EHA Preschool Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,447	\$2,298	\$2,298	\$0
Total Revenues	2,447	2,298	2,298	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	2,015	4,970	3,394	1,576
Total Expenditures	2,015	4,970	3,394	1,576
Net Change in Fund Balance	432	(2,672)	(1,096)	1,576
Fund Balances at Beginning of Year	3,629	3,629	3,629	0
Fund Balances at End of Year	<u>\$4,061</u>	<u>\$957</u>	<u>\$2,533</u>	<u>\$1,576</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	E-Rate Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$7,167	\$0	\$0	\$0
Total Revenues	7,167	0	0	0
<u>Expenditures:</u>				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	7,167	0	0	0
Fund Balances at Beginning of Year	1,088	1,088	1,088	0
Fund Balances at End of Year	<u>\$8,255</u>	<u>\$1,088</u>	<u>\$1,088</u>	<u>\$0</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Goals 2000 Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$6,525	\$0	\$0	\$0
Total Revenues	6,525	0	0	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,525	0	0	0
Total Expenditures	6,525	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

*Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004*

	Reducing Class Size Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$7,804	\$59,122	\$49,812	(\$9,310)
Total Revenues	7,804	59,122	49,812	(9,310)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	52,808	50,888	41,645	9,243
Central	0	0	7,664	(7,664)
Total Expenditures	52,808	50,888	49,309	1,579
Excess of Revenues Over (Under) Expenditures	(45,004)	8,234	503	(7,731)
<u>Other Financing Sources:</u>				
Advances In	0	18,865	18,865	0
Advances Out	0	0	(18,865)	(18,865)
Total Other Financing Sources (Uses)	0	18,865	0	(18,865)
Net Change in Fund Balance	(45,004)	27,099	503	(26,596)
Fund Balances at (Deficit) Beginning of Year	(6,279)	(6,279)	(6,279)	0
Prior Year Encumbrances Appropriated	6,279	6,279	6,279	0
Fund Balances (Deficit) at End of Year	(\$45,004)	\$27,099	\$503	(\$26,596)

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Miscellaneous Federal Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$1,025	\$11,686	\$5,161	(\$6,525)
Total Revenues	1,025	11,686	5,161	(6,525)
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff	6,541	7,397	6,068	1,329
Central	0	500	0	500
Total Expenditures	6,541	7,897	6,068	1,829
Net Change in Fund Balance	(5,516)	3,789	(907)	(4,696)
Fund Balances at Beginning of Year	7,539	7,539	7,539	0
Fund Balances at End of Year	<u>\$2,023</u>	<u>\$11,328</u>	<u>\$6,632</u>	<u>(\$4,696)</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Debt Service Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$2,351,918	\$1,860,943	\$1,799,919	(\$61,024)
Intergovernmental	224,330	177,500	174,415	(3,085)
Total Revenues	<u>2,576,248</u>	<u>2,038,443</u>	<u>1,974,334</u>	<u>(64,109)</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Fiscal	18,892	23,078	23,755	(677)
Debt Service:				
Principal Retirement	400,000	400,000	400,000	0
Interest and Fiscal Charges	1,386,599	1,782,413	1,385,402	397,011
Total Expenditures	<u>1,805,491</u>	<u>2,205,491</u>	<u>1,809,157</u>	<u>396,334</u>
Net Change in Fund Balance	770,757	(167,048)	165,177	332,225
Fund Balances at Beginning of Year	635,810	635,810	635,810	0
Fund Balances at End of Year	<u>\$1,406,567</u>	<u>\$468,762</u>	<u>\$800,987</u>	<u>\$332,225</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Building			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Interest	\$553,740	\$187,418	\$188,179	\$761
Miscellaneous	146,222	49,490	2,499	(46,991)
Total Revenues	<u>699,962</u>	<u>236,908</u>	<u>190,678</u>	<u>(46,230)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	21,747	27,252	27,252	0
Support Services:				
Operation and Maintenance of Plant	44,927	56,300	55,489	811
Central	109,421	137,122	98,863	38,259
Capital Outlay	<u>17,187,016</u>	<u>21,538,031</u>	<u>21,053,609</u>	<u>484,422</u>
Total Expenditures	<u>17,363,111</u>	<u>21,758,705</u>	<u>21,235,213</u>	<u>523,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,663,149)	(21,521,797)	(21,044,535)	477,262
<u>Other Financing Uses:</u>				
Refund of Prior Year Receipts	<u>0</u>	<u>0</u>	<u>(51,990)</u>	<u>(51,990)</u>
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>(51,990)</u>	<u>(51,990)</u>
Net Change in Fund Balance	(16,663,149)	(21,521,797)	(21,096,525)	425,272
Fund Balances at Beginning of Year	10,362,438	10,362,438	10,362,438	0
Prior Year Encumbrances Appropriated	<u>9,352,020</u>	<u>9,352,020</u>	<u>9,352,020</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$3,051,309</u>	<u>(\$1,807,339)</u>	<u>(\$1,382,067)</u>	<u>\$425,272</u>

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Schoolnet			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$17,692	\$0	\$0	\$0
Total Revenues	17,692	0	0	0
<u>Expenditures:</u>				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	17,692	0	0	0
Fund Balances at Beginning of Year	937	937	937	0
Fund Balances at End of Year	\$18,629	\$937	\$937	\$0

Monroe Local School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

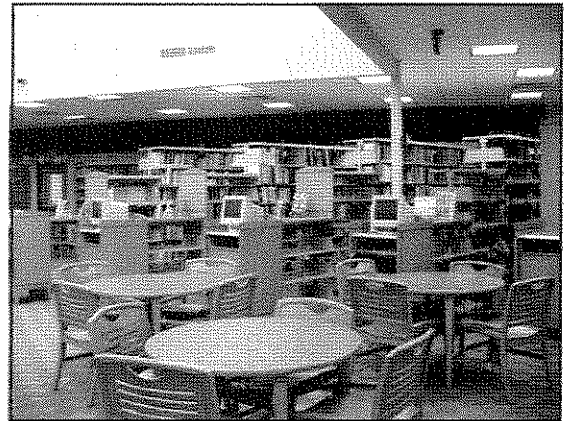
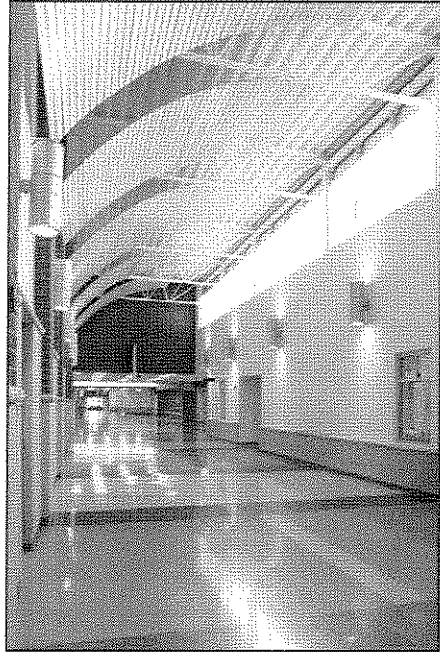
	Schoolnet Professional Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$1,200	\$0	\$0	\$0
Total Revenues	1,200	0	0	0
<u>Expenditures:</u>				
Current:				
Central	0	0	1,200	(1,200)
Total Expenditures	0	0	1,200	(1,200)
Net Change in Fund Balance	1,200	0	(1,200)	(1,200)
Fund Balances at Beginning of Year	1,200	1,200	1,200	0
Fund Balances at End of Year	<u>\$2,400</u>	<u>\$1,200</u>	<u>\$0</u>	<u>(\$1,200)</u>

Monroe Local School District
Butler County, Ohio
Combining Statement of Changes
in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2004

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Student Activities				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$33,564	\$37,141	\$33,564	\$37,141
Total Assets	\$33,564	\$37,141	\$33,564	\$37,141
<u>Liabilities:</u>				
Accounts Payable	\$2,103	\$749	\$2,103	\$749
Due to Students	31,461	36,392	31,461	36,392
Total Liabilities	\$33,564	\$37,141	\$33,564	\$37,141

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STATISTICAL



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
MONROE LOCAL SCHOOL DISTRICT
MONROE, OHIO
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Monroe Local School District
 Government-wide Expenses by Function
 Last Four Fiscal Years

TABLE 1

<u>Fiscal Year (1)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Current:				
Instruction:				
Regular	\$ 5,416,205	\$ 5,657,380	\$ 6,100,248	\$ 9,363,182
Special	491,787	617,886	621,551	737,684
Vocational	14,274	-	-	-
Other	-	4,423	26,022	31,826
Support Services:				
Pupil	272,452	337,391	338,215	442,508
Instructional Staff	303,573	384,017	492,059	678,043
Board of Education	29,696	18,211	37,293	76,029
Administration	2,129,566	1,522,336	2,148,592	1,588,427
Fiscal	323,677	382,097	364,544	418,860
Business	46,061	94,301	25,769	81,486
Operation and Maintenance				
of Plant	1,377,148	966,552	1,061,756	1,481,270
Pupil Transportation	826,485	1,068,600	987,331	1,594,786
Central	56,362	109,683	157,561	342,049
Non-Instructional Services	26,859	-	22,704	3,610
Food Service	495,290	482,777	408,692	554,387
Extracurricular Activities	451,839	482,164	668,963	582,667
Intergovernmental	-	15,004	-	-
Interest and Fiscal Charges	5,500	505,843	1,610,865	1,474,837
Total	\$ 12,266,774	\$ 12,648,665	\$ 15,072,165	\$ 19,451,651

Source: Monroe Local School District records

Monroe Local School District
 Government-wide Revenues
 Last Four Fiscal Years

TABLE 2

Fiscal Year (1)	2001	2002	2003	2004
Program Revenues				
Charges for Service	\$ 486,406	\$ 468,767	\$ 510,444	\$ 1,459,654
Operating Grants and Contributions	435,055	251,645	455,827	621,619
General Revenues				
Property Taxes	6,581,007	6,681,543	8,015,885	8,646,705
Payment in Lieu of Taxes	-	-	72,974	35,080
Grants and Contributions not restricted for specific programs	9,527,201	5,733,149	5,435,116	4,633,867
Unrestricted investment earnings	186,759	758,245	844,174	79,041
Miscellaneous	49,879	60,777	87,183	225,871
Total	\$ 17,266,307	\$ 13,954,126	\$ 15,421,603	\$ 15,701,837

Source:

Monroe Local School District records

(1) Fiscal year 2001 was the first year for the school district.

Monroe Local School District

General Government Expenditures by Function(1)
Last Four Fiscal Years

TABLE 3

Fiscal Year (2)	2001	2002	2003	2004
Current:				
Instruction:				
Regular	\$ 4,781,600	\$ 5,386,537	\$ 5,861,774	\$ 7,023,646
Special	458	587,916	598,984	753,247
Vocational	14,274	-	-	-
Other	-	4,423	26,022	31,826
Support Services:				
Pupil	247,835	327,142	336,859	438,846
Instructional Staff	288,894	370,613	492,659	664,767
Board of Education	29,144	17,864	37,425	82,719
Administration	1,854,058	1,445,747	2,024,427	1,210,020
Fiscal	299,270	370,993	368,790	417,138
Business	46,061	83,188	24,992	80,708
Operation and Maintenance of Plant	1,321,619	929,507	1,054,552	1,209,264
Pupil Transportation	772,940	1,009,525	969,154	1,245,053
Central	56,362	108,303	233,659	375,758
Non-Instructional Services	474,816	466,261	452,718	546,864
Extracurricular Activities	436,892	464,305	667,678	581,881
Capital Outlay	717,091	3,035,468	12,518,946	16,256,446
Intergovernmental	-	15,004	-	-
Debt Service	19,270	974,689	2,148,563	1,830,170
Total	\$ 11,360,584	\$ 15,597,485	\$ 27,817,202	\$ 32,748,353

Source: Monroe Local School District records

(1) Includes general, special revenue, capital projects and debt service funds

(2) Fiscal year 2001 was the first year for the school district.

Monroe Local School District

General Government Revenue by Source(1)
Last Four Fiscal Years

Table 4

<u>Fiscal Year (2)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Property and Other Taxes	\$ 6,581,007	\$ 6,681,543	\$ 8,034,776	\$ 8,680,906
Intergovernmental	9,889,474	5,984,794	5,816,095	5,293,583
Charges for Services	366,444	350,578	408,320	453,963
Tuition and Fees	6,328	2,411	6,677	912,526
Interest	186,759	753,474	844,174	89,402
Gifts and Donations	50,158	14,687	16,627	10,306
Extracurricular Activities	107,791	89,402	104,877	121,737
Miscellaneous	52,891	674,577	119,090	132,931
Total	\$ 17,240,852	\$ 14,551,466	\$ 15,350,636	\$ 15,695,354

Source:

Monroe Local School District records

- (1) Includes general, special revenue, capital projects and debt service funds
- (2) Fiscal year 2001 was the first year for the school district.

Monroe Local School District

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

Table 5

Collection Year	Tax Levied (1)	Current Tax Collection (2)	Percent Collected	Delinquent Collected	Total Tax Collected	Percent of Total Collections to Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levied
2001	\$ 6,817,618	\$ 6,041,296	88.61%	\$ 241,124	\$ 6,282,420	92.15%	\$ 272,801	4.00%
2002	7,862,646	7,051,228	89.68%	197,000	7,248,228	92.19%	118,044	1.50%
2003	8,072,603	7,154,201	88.62%	215,052	7,369,253	91.29%	504,511	6.25%

Source:

Butler County Auditor

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

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

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

Table 6

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Ratio (2)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000	\$ 140,816,870	\$ 402,333,914	\$ 46,137,078	\$ 184,548,312	\$ 27,046,052	\$ 77,274,434	\$ 214,000,000	\$ 664,156,660	32.22%
2001	151,923,850	434,068,143	46,656,747	186,626,988	16,426,920	46,934,057	215,007,517	667,629,188	32.20%
2002	185,913,360	531,181,029	42,599,402	170,397,608	17,055,300	68,221,200	245,568,062	769,799,837	31.90%
2003	196,489,230	561,387,800	39,359,323	157,437,292	16,628,630	66,514,520	252,477,183	785,349,612	32.15%

Source: Butler County Auditor

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

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

Monroe Local School District

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

Direct and Overlapping Governments

Last Three Collection (Calendar) Years

Table 7

<u>Collection Year</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Monroe Local School District	\$ 43.36	\$ 41.88	\$ 40.68
Butler County	8.75	8.75	8.74
City of Monroe	11.17	11.17	11.17
Butler County JVS	<u>1.93</u>	<u>1.93</u>	<u>1.93</u>
Total	<u>\$ 65.21</u>	<u>\$ 63.73</u>	<u>\$ 62.52</u>

Source:

Butler County Auditor

Monroe Local School District

Ratio of Net General Bonded Debt to Assessed Value
And Net Bonded Debt per Capita
Last Four Fiscal Years

Table 8

Year	Population (1)	Total Assessed Value	Gross Bonded Debt (2)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%) (3)	Net Bonded Debt per Capita (3)
2000	7,133	\$ 214,000,000	\$ -	\$ -	\$ -	0.00%	\$ -
2001	7,133	215,007,517	29,910,228	30,903,555	(993,327)	0.00%	-
2002	7,133	245,568,062	29,460,228	708,653	28,751,575	11.71%	4,031
2003	7,133	252,477,183	29,060,228	876,602	28,183,626	11.16%	3,951

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

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

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

Monroe Local School District
 Computation of Legal Debt Margin
 June 30, 2004

Table 9

Assessed Valuation of District		\$ <u>252,447,183</u>
 <u>Overall Direct Debt Limit</u>		
Direct Debt Limitation		
9% of assessed valuation (1)		\$ 22,720,246
Amount available in Debt Service Fund	876,602	876,602
Gross Indebtedness	29,060,228	
Less Exempt Debt:		
General Obligation Bonds paid with Special Levy	<u>(29,060,228)</u>	
Net Indebtedness	-	<u>-</u>
Legal Debt Margin within 9% Limitation		<u>\$ 23,596,848</u>
 <u>Energy Conservation Debt Limitation</u>		
Debt Limitation		
0.9% of assessed valuation (1)		<u>\$ 2,272,025</u>
 <u>Unvoted Direct Debt Limitation</u>		
Unvoted Debt Limitation		
0.1% of assessed valuation (1)		<u>\$ 252,447</u>

Source: Monroe Local School District records

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

Monroe Local School District

Computation of Direct and Overlapping Debt
June 30, 2004

Table 10

<u>Governmental Unit</u>	<u>Gross General Obligation Bonds (1)</u>	<u>Percent Applicable to District</u>	<u>Amount Applicable to District</u>
Direct:			
Monroe Local School District	<u>\$ 29,060,228</u>	100%	<u>\$ 29,060,228</u>
Overlapping:			
Butler County (1)	45,480,000	3%	1,555,416
City of Monroe (1)	<u>7,565,000</u>	100%	<u>7,565,000</u>
Total Overlapping	<u>53,045,000</u>		<u>9,120,416</u>
Total Direct and Overlapping Debt	<u>\$ 82,105,228</u>		<u>\$ 38,180,644</u>

Source: (1) Monroe Local School District records, Butler County and City of Monroe 2003 financial reports

(1) Only reflects bonded debt.

Monroe Local School District

Ratio of Annual Debt Service Expenditures

For General Bonded Debt to Total General Government Expenditures

Last Four Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Principal(1)</u>	<u>Interest(1)</u>	<u>Total Debt Service</u>	<u>Total Expenditures</u>	<u>Ratio of Debt Service to General Expenditures (%)</u>
2001	\$ -	\$ -	\$ -	\$ 10,412,911	0.00%
2002	-	941,649	941,649	9,943,124	9.47%
2003	450,000	1,602,219	2,052,219	27,817,202	7.38%
2004	400,000	1,385,402	1,785,402	32,748,353	5.45%

Source: Monroe Local School District records

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

Monroe Local School District

Demographic Statistics

Last Four Calendar Years

Table 12

Year	Butler County Population (1)	Population of District (1)	School Enrollment (2)	Unemployment Rate Butler County (3)	Unemployment Rate State of Ohio (3)	Unemployment Rate U.S.A. (3)
2000	332,807	7,133	1,466	3.00%	4.10%	4.00%
2001	337,013	7,133	1,381	3.20	4.30	4.80
2002	340,543	7,133	1,245	4.40	5.60	5.80
2003	343,207	7,133	1,149	4.50	5.80	5.60

Sources: (1) City of Monroe records

(2) Monroe Local School District records

(3) Butler County Auditor, Ohio Bureau of Employment Services

Monroe Local School District

Construction, Bank Deposits and Property Values
Last Four Calendar Years

Table 13

<u>Year</u>	<u>Construction (1)</u>	<u>County Bank Deposits (2) (in thousands)</u>	<u>Property Values (3)</u>
2000	\$ 31,880,585	\$ 1,152,810,000	\$ 664,156,660
2001	24,025,902	1,136,994,000	667,629,188
2002	16,680,540	1,257,078,000	769,799,837
2003	35,679,795	1,355,739,000	252,477,183

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

Monroe Local School District

Top Ten Principal Taxpayers
Real and Personal Property

Table 14

<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Cincinnati Gas and Electric Company	\$ 14,205,200	5.63%
Worthington Steel	12,921,010	5.12%
Butler County Commissioners	10,045,160	3.98%
Deceuninck North America	6,416,910	2.54%
Ohio Presbyterian	5,909,120	2.34%
Kohls Department Stores	5,790,210	2.29%
Dayton Technologies	5,035,270	1.99%
EPHA Investments LLC	2,782,620	1.10%
Duke Realty Ohio	2,492,590	0.99%
Monroe Board of Education	2,029,850	0.80%
Clark Cincinnati Inc.	1,866,660	0.74%
Total	<u>\$ 69,494,600</u>	<u>27.53%</u>
Total Assessed Valuation	\$ 252,477,183	

Source: Butler County Auditor's Office

Monroe Local School District

Miscellaneous Statistical Data

June 30, 2004

TABLE 15

Total Population	7,133
Original Charter:	1999
Area of District:	20 square miles
Number of Miles Traveled by Transportation Fleet for the Fiscal 2004 School Year:	218,164
Number of Meals Served by Food Service Department for the Fiscal 2004 School Year:	299,459

<u>School</u>	<u>Grade Level</u>	<u>Enrollment</u>
Monroe Elementary	K - 8	1043
Monroe Junior/Senior High	9 - 12	463
Total		<u>1,506</u>

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor	32	29.09%
Bachelor + 20	4	3.64%
Masters	54	49.09%
Masters + 20	7	6.36%
Masters + 30	13	11.82%
Total	<u>110</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	42	35.01%
6 - 10	30	25.00%
11 - 15	19	15.83%
16 - 20	13	10.83%
21 - 25	6	5.00%
26 and over	10	8.33%
Total	<u>120</u>	<u>100.00%</u>

Sources:

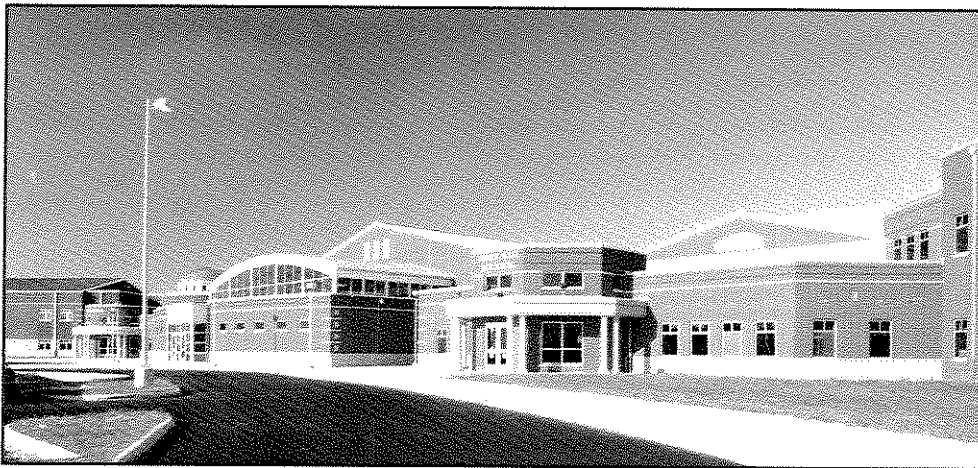
Monroe Local School District records

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THANK YOU

The Monroe Local School District Board of Education, Administration, Staff and Students are appreciative to our community for the support which has enabled us to build these wonderful new facilities. We are also proud of our staff and students who have achieved an "Excellent" rating on the Ohio Department of Education report Card.

Monroe Local School District...a new tradition of excellence!



Prepared by the Treasurer's Office
Sharron Moon, Treasurer
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**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 5, 2005**