

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

SINGLE AUDIT REPORTS

for the year ended June 30, 2005



**Auditor of State
Betty Montgomery**

Board of Education
Monroe Local School District
231 Macready Dr.
Monroe, Ohio 45050

We have reviewed the *Independent Auditors' Report* of the Monroe Local School District, Butler County, prepared by Foxx & Company CPAs, for the audit period July 1, 2004 through June 30, 2005. 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

September 27, 2006

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

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

We have audited the financial statements of the governmental activities, the business-type 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, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

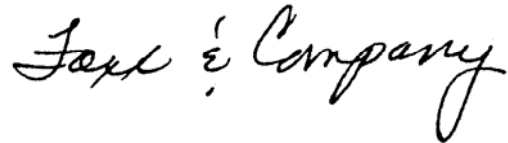
In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its 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 December 2, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2005-10409-001 and 2005-10409-002.

We also noted certain additional matters that we reported to management of Monroe Local School District in a separate letter dated December 2, 2005.

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

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

Cincinnati, Ohio
December 2, 2005



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

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

Compliance

We have audited the compliance of the Monroe Local School District, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to each of its major federal programs for the year ended June 30, 2005. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

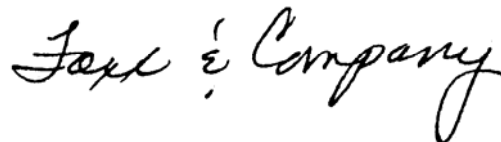
The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 2, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

A handwritten signature in black ink that reads "Jaxx & Company". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
December 2, 2005

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the fiscal year ended June 30, 2005**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal NonCash Receipts	Federal Expenditures	Federal Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed Through Site Department of Education:						
Food Distribution	10.550	05-PU	\$ -	\$ 21,768	\$ -	\$ 21,768
National School Breakfast Program	10.553		7,571	-	7,571	
National School Lunch Program	10.550	LLP4-05	<u>100,665</u>	-	<u>100,665</u>	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			108,236	\$ 21,768	\$ 108,236	21,768
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed Through State Department of Education:						
Special Education Cluster:						
Grants to States Title VI-B	84.027	6B-SF0 4P	2,212		15,121	
Grants to States Title VI-B	84.027	6B-SF0 5P	259,091		208,854	
Preschool Grant	84.173	PG-SC 05P	<u>6,784</u>		<u>4,293</u>	
Total Special Education Cluster			268,087		228,268	
Title I Grants to Local Educational Agencies	84.010	C1-S1 04	2,418		35,345	
Title I Grants to Local Educational Agencies	84.010	C1-S1 05	<u>156,754</u>		<u>140,901</u>	
Total Title I			159,172		176,246	
Title VI (Innovative Ed)	84.298	C2-S1-05	<u>12,281</u>		<u>6,085</u>	
Safe and Drug Free Schools	84.186	DR-S1 04	761		752	
Safe and Drug Free Schools	84.186	DR-S1 05	<u>10,491</u>		<u>5,360</u>	
Total Safe and Drug Free Schools			11,252		6,112	
Class Size Reduction Grant	84.340	CR-S1 05	12,983		3,822	
Technology Literacy Challenge Fund Grant	84.318	TJ-S1 04	2,401		2,401	
Technology Literacy Challenge Fund Grant	84.318	TJ-S1 05	<u>2,923</u>		<u>2,923</u>	
Total Technology Literacy Challenge Fund Grant			5,324		5,324	
Improving Teacher Quality Enhancement State Grant	84.367	TR-S1 05	<u>47,160</u>		<u>31,131</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION			516,259		456,988	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>						
Federal Emergency Management Agency	97.036		<u>5,546</u>		<u>5,546</u>	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			5,546		5,546	
TOTAL FEDERAL ASSISTANCE			<u>\$ 630,041</u>	<u>\$ 21,768</u>	<u>\$ 570,770</u>	<u>\$ 21,768</u>

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
fiscal year ended June 30, 2005**

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, 2005, 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, 2005**

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

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 VI-B (Special education, Part B-IDEA)	84.027	
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000	
Auditee qualified as low-risk auditee?	Yes	

Section II - Financial Statement Findings

<i>Finding Number</i>	2005-10409-001
-----------------------	----------------

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, 2005.

Fund	Appropriations	Estimated Resources	Variance
General	\$12,800,890	\$14,319,050	\$(1,518,160)
Food Service	\$ 602,719	\$ 639,979	\$ (37,260)
District Activities	\$ 104,956	\$ 231,338	\$ (126,382)
OneNet Ohio	\$ 23,590	\$ 24,403	\$ (813)
Misc. Federal Grants	\$ 18,391	\$ 21,440	\$ (3,049)
Building	\$10,550,158	\$11,713,118	\$(1,162,960)

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>	2005-10409-002
-----------------------	----------------

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, 2005.

Fund	Expenditures & Encumbrances	Appropriations	Variance
Emergency Levy	\$7,003,728	\$6,892,622	\$ (111,106)
Entry Year	\$ 41,767	\$ 41,066	\$ (701)
Summer Intervention	\$ 83,207	\$ 61,783	\$ (21,424)
Title I	\$ 220,709	\$ 193,628	\$ 27,081)
Drug Free	\$ 9,377	\$ 7,330	\$ (2,047)
Reducing Class Size	\$ 50,017	\$ 46,021	\$ (3,996)
Debt Service	\$1,892,229	\$1,889,002	\$ (3,227)

Recommendation

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

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2005**

Section III-Federal Award Findings and Questioned Costs

There were no audit findings or questioned costs relative to Federal awards for the audit of the Monroe Local School District for the year ended June 30, 2005.

**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, 2005**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-10409-001	Appropriations Exceeded Estimated Revenue	No	Reissued as Finding 2005-10409-001
2004-10409-002	Expenditures and encumbrances exceeded appropriations	No	Reissued as Finding 2005-10409-002
2004-10409-003	Certification of tax levies	Yes	
2004-10409-004	Annual appropriation measure	Yes	
2004-10409-005	Questioned costs	Yes	

**MONROE LOCAL SCHOOL DISTRICT
BUTLER COUNTY
CORRECTIVE ACTION PLAN
for the year ended June 30, 2005**

<i>Finding Number</i>	Corrective Action Plan
2005-104099-001	The District will review its budgetary internal control procedures to amend estimated resources in a timelier manner.
2005-104099-002	The District will review its budgetary internal control procedures to regulate expenditures and avoid overspending appropriations.

Contact Person: Ms. Sharron Moon, CFO/Treasurer
Date: January 27, 2006

**Comprehensive
Annual
Financial
Report**

***Monroe
Local
School
District***

Monroe, Ohio

For the Fiscal Year Ended June 30, 2005

Monroe Local School District
Butler County, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

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

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INTRODUCTION



Comprehensive Annual Financial Report
Monroe Local School District
Monroe, Ohio
For the Fiscal Year Ended June 30, 2005

Monroe Local School District
Butler County, Ohio
June 30, 2005

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Monroe Local School District
Butler County, Ohio

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Butler County, Ohio

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Monroe Local Schools

a new tradition in excellence

Arnol Elam, Superintendent

Sharron Moon, Treasurer

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

December 2, 2005

Citizens of Monroe
Members of the School Board

We are pleased to submit the Monroe Local School's District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. 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 2004 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>
Chris Snyder President	2007
Jamie Pierce Vice President	2005
Carol Brotherton	2005
William "Rocky" Heflin	2005
Thomas Birdwell	2007

Enrollment

The 2004-2005 enrollment for the Monroe Local School District were 1,685 students.

Monroe Elementary School	(1-6)	903
Monroe Junior High School	(7-8)	275
Lemon-Monroe High School	(9-12)	507

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)

2005-06	1,886
2006-07	2,057
2007-08	2,228
2008-09	2,403
2009-10	2,583
2010-11	2,771
2011-12	2,990

District Report Card

On the 2005 report card, Monroe Local School District received an effective rating having met 19 of 23 indicators. The District has improved its rating significantly during the last several years. This rating is given by the Ohio Department of Education based on student's performance on the achievement tests in the 3rd, 5th, 7th and 8th grades, proficiency tests at grades 4 and 6, The Ohio Graduation Tests in grade 10, student attendance rate and the graduation rate..

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

State Indicators: A district meets a state indicator by all student groups scoring at or above the proficient level on tests. The two non-test indicators are graduation and attendance rates. Monroe met 19 of 23 indicators.

Performance Index Score: The performance index score reflects the achievement of every tested student. The score is a weighted average of all tested subjects in grades 3, 4, 5, 6, 7, 8, and 10. The most weight is given to the advanced students (1.2), and the weights decrease for each subsequent performance level. This creates a scale of 0 to 120 points, with 100 being the goal. Monroe's performance index score is 97.1 which is a 5.4 increase from the previous year.

Adequate Yearly Progress (AYP): The final goal is for all students to reach the proficient level in reading and mathematics by 2013-14. Until then, yearly goals are set requiring a specific percentage of students in 10 student groups, such as African American, Hispanic, and 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 did not meet AYP for the 2004-05 school year.

Major Initiatives

Continuous Improvement Plan

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

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

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

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

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

Curriculum Initiatives

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

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

Reading continues to be a major focal instructional area as well. The district continues to develop the Title I and Extended Day programs to meet the needs of primary students. The district has implemented reading intervention programs in grades 5-8. At the high school level, teachers have begun to develop content area reading strategies.

The Monroe K-12 Media Center has extended its services to provide evening and Saturday hours to staff, students, and community members. This initiative is to facilitate students, staff, and community access to print and non-print information resources and to foster an enjoyment of reading.

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

Monroe Academy has focused on developing instructional practices in math, reading, assessment, climate building, and technology. K-8 teachers have worked with a differentiated instruction specialist to meet the needs of our diverse learners. Our entry year program is continuing to facilitate new teachers' professional development. The administrators of our district have also been involved in a year-long professional development program to develop informal observation strategies of classroom instruction.

Technology

The district is beginning to update the technology course of study. This revision focuses on the integration of technology into the curriculum areas. Purchasing and use of technology hardware and related supporting software enables the integration of technology. Professional development for new technology hardware and software has been provided in Late Arrivals, Monroe Academy and on-line support resources.

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, one auditorium with seating for 560 and one library.

FINANCIAL INFORMATION

Accounting Controls

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

Budgetary Controls

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

Internal Controls

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

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, 2005. 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, 2004. 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 third consecutive year the District has received the award. The District also received, for the second year, 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, 2005.

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

Jody Long/
Lisa Hodits

Directors of Curriculum

Board of Education Members

Mr. Chris Snyder

President

Mr. Jamie Pierce

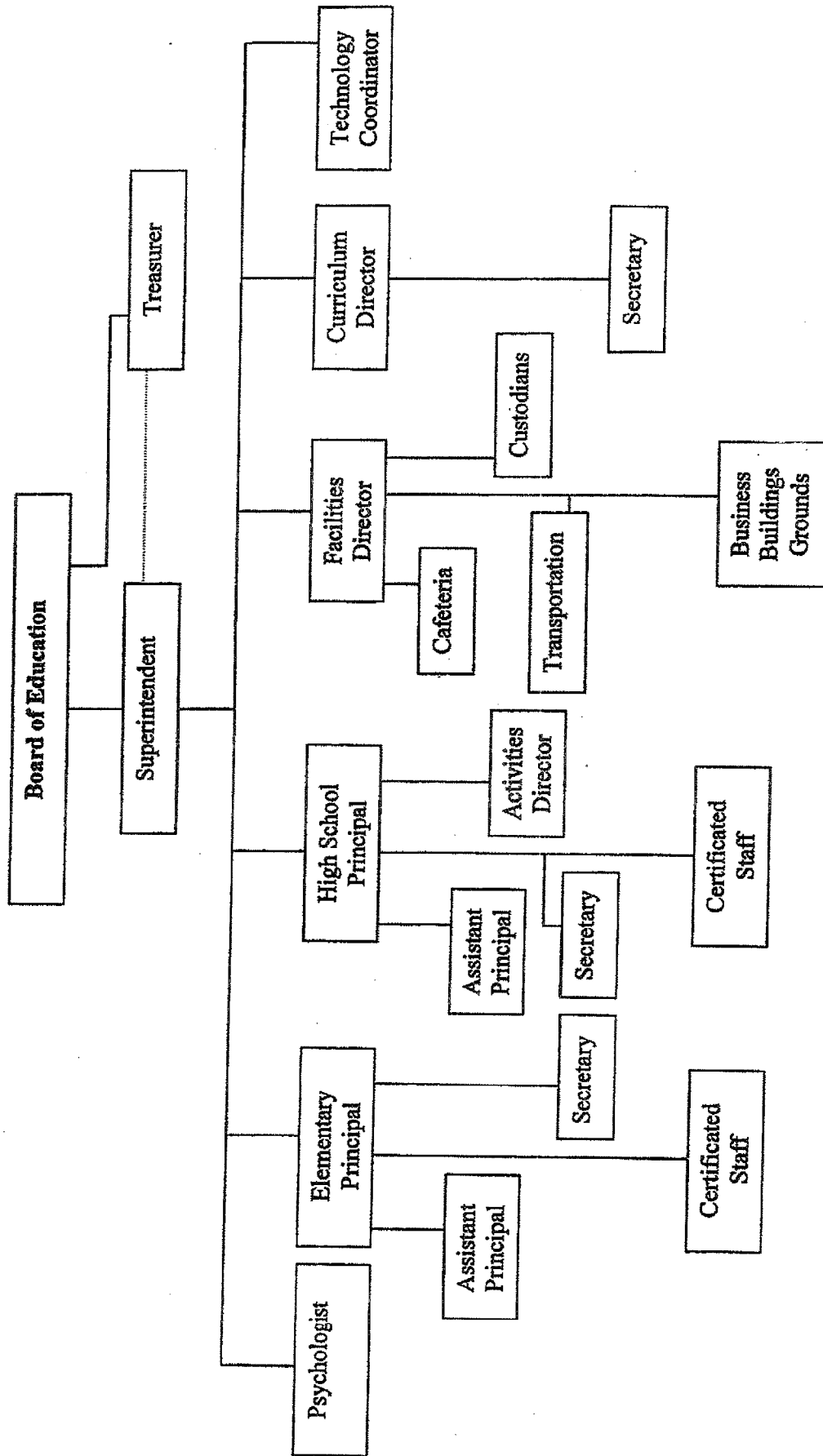
Vice-President

Mr. Tom Birdwell

Mrs. Carol Brotherton

Mr. William Heflin

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, 2004

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, Butler County, Ohio

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

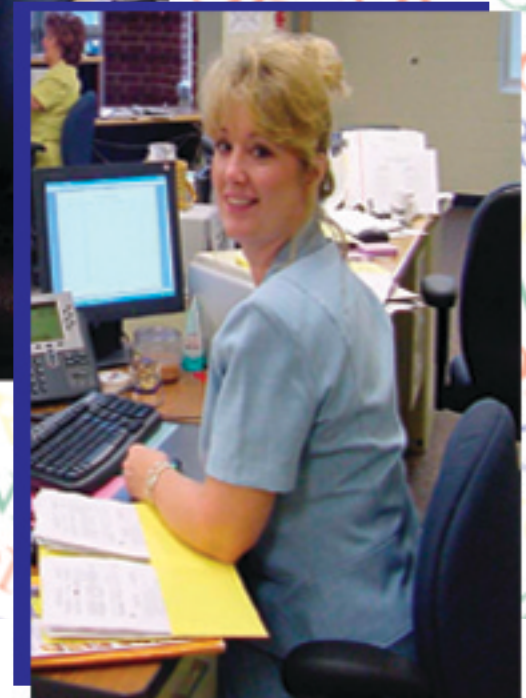
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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FINANCIAL



Comprehensive Annual Financial Report
Monroe Local School District
Monroe, Ohio
For the Fiscal Year Ended June 30, 2005



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, 2005, 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, 2005, and the respective changes in financial position, and the respective budgetary comparison for the General, Emergency Levy, and Food Service funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

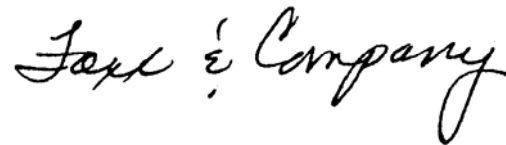
As described in Note 21 to the basic financial statements, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section* and GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2005, 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.

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.

Cincinnati, Ohio
December 2, 2005

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(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, 2005. 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 2005 are as follows:

- ✓ Current assets were greater than current liabilities at the close of the most recent fiscal year by \$1.89 million.
- ✓ General revenues accounted for \$14.48 million in revenue or 84.33 percent of all revenues. Program specific revenues in charges for services and grants and contributions accounted for \$2.69 million or 15.67 percent of \$17.17 million in total revenues.
- ✓ At the end of the current fiscal year, cash and cash equivalents of \$2.65 million accounting for 20.09 percent of total assets, excluding capital assets.
- ✓ The School District had \$17.36 million in expenses relating to governmental activities; only \$2.69 million of these expenses were offset by program specific revenues. \$14.48 million in general revenues and \$6.65 million in beginning net assets were adequate to cover the cost of these programs.
- ✓ Among major funds, the general fund had \$10.73 million in revenues and \$11.88 in expenditures. The debt service and emergency levy funds had year end balances of \$1.10 million and \$1.93, respectively.

*Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(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, 2005
(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 59 of this report.

Statistical Information. Statistical information presents a year by year comparison of how the District is doing in several areas. This 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, 2005
(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 2004 to 2005.

*Table 1
Net Assets
(in Millions)*

	2004	2005	Change
Assets			
Current and Other Assets	\$20.85	\$13.19	(\$7.66)
Capital Assets, net of Accumulated depreciation	29.98	38.24	8.26
<i>Total Assets</i>	<u>50.83</u>	<u>51.43</u>	<u>0.60</u>
Liabilities			
Long-term Liabilities	(30.63)	(33.67)	(3.04)
Other Liabilities	(13.55)	(11.30)	2.25
<i>Total Liabilities</i>	<u>(44.18)</u>	<u>(44.97)</u>	<u>0.79</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1.98	10.83	8.85
Restricted for:			
Grants	0.05	0.07	0.02
Debt Service	0.88	1.10	0.22
Capital Improvements	0.50	0.00	(0.50)
Unrestricted	3.24	(5.54)	(8.78)
<i>Total Net Assets</i>	<u>\$6.65</u>	<u>\$6.46</u>	<u>(\$0.19)</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, 2005
(unaudited)

Graph 1 breaks down the School District's revenues into percentages, while Table 2 compares total revenues for fiscal years 2004 and 2005.

Graph 1
Total Revenues

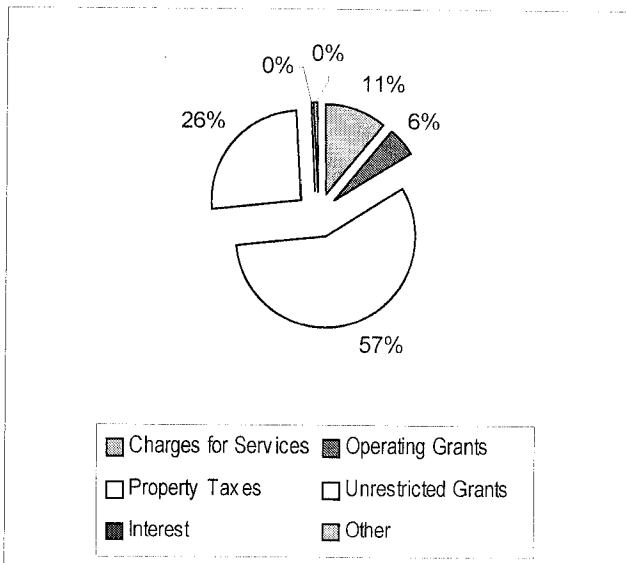


Table 2
Total Revenues
(in Millions)

	2004	2005
Revenues		
<i>Program Revenues</i>		
Charges for Services	\$1.46	\$1.95
Operating Grants	0.62	0.74
<i>General Revenues</i>		
Property Taxes	8.65	9.75
Unrestricted Grants	4.63	4.56
Investment Earnings	0.08	0.09
Other	0.26	0.08
Total Revenues	\$15.70	\$17.17

For fiscal year 2005 the District had a \$10,191 revenue per pupil ratio. This compares with the District's \$10,880 expenditure per pupil. The District spent \$582 more per pupil in 2004 than it received in revenues.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(unaudited)

Table 3 compare total program expenses for fiscal years 2004 and 2005.

Table 3
Total Program Expense
(in millions)

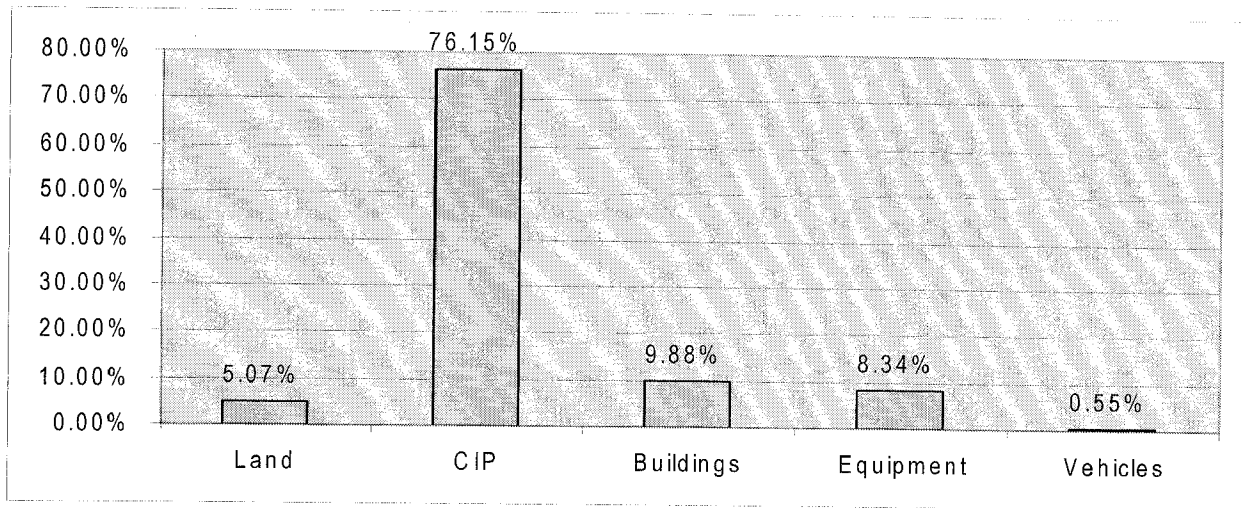
	<u>2004</u>	<u>2005</u>	<u>Change</u>
Program Expenses			
<i>Instruction</i>			
Regular	\$9.36	\$6.38	(\$2.98)
Special	0.74	0.98	0.24
Other	0.03	0.04	0.01
<i>Support Services:</i>			
Pupil	0.44	0.69	0.25
Instructional Staff	0.67	0.73	0.06
Board of Education	0.07	0.04	(0.03)
Administration	1.59	1.46	(0.13)
Fiscal	0.42	0.57	0.15
Business	0.08	0.08	0.00
Operation and Maintenance of Plant	1.48	1.69	0.21
Pupil Transportation	1.59	1.42	(0.17)
Central	0.34	0.50	0.16
Operation on Non-Instructional Services	0.03	0.00	(0.03)
Food Services	0.56	0.59	0.03
Extracurricular Activities	0.58	0.71	0.13
Interest and Fiscal Charges	1.47	1.48	0.01
Total Expenses	<u>19.45</u>	<u>17.36</u>	<u>(2.09)</u>
Change in Net Assets	<u>(3.75)</u>	<u>(0.19)</u>	<u>3.56</u>
Ending Net Assets	<u>\$6.65</u>	<u>\$6.46</u>	<u>(\$0.19)</u>

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(unaudited)

Capital Assets

At the end of the fiscal year, the School District had \$38.24 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 93.6% of the \$17.18 million in total revenue and 96.76% percent of the \$26.00 million in total expenditures. The general fund and emergency levy fund received a majority of their revenues from property taxes and intergovernmental revenues. Revenues were greater than expenditures in the general fund and less than expenditures in the emergency levy creating a year end fund balance of \$0.37 million and \$1.93 million, respectively.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(unaudited)

The general fund recognized a \$0.87 million change in fund balance for the fiscal year as the School District moved money from the emergency levy fund to the general fund to cover expenditures through a transfer. The building fund continued to account for the construction of the new school building with \$7.45 million spent on capital outlay expenditures. These large capital expenditures resulted in the a net change in fund balance of (\$3.96) million reducing the ending balance in the fund to (\$2.12) million and the School District expending long term note proceeds on the construction of a new field house.

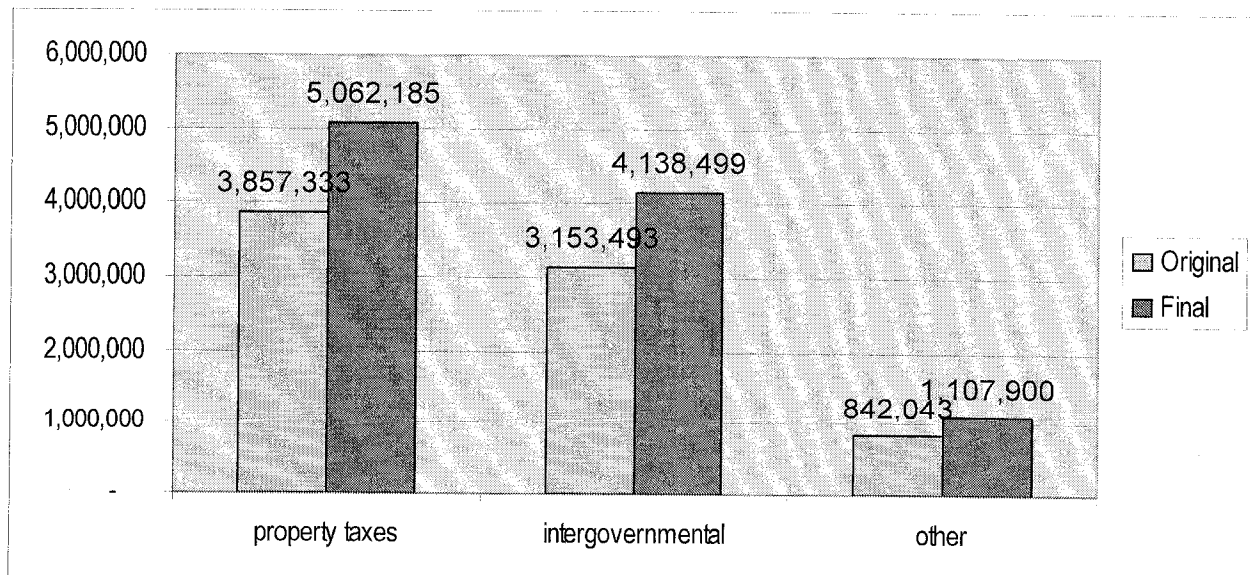
The debt service fund accounted for an increase of \$.22 million in fund balance resulting in an ending fund balance of \$1.10 million. The District received \$1.93 million in property taxes related to the bond levy during the year.

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 slight deficit for the fiscal year. The School District continues 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, 2005

Graph 3
Original Budget versus Final Budget for General Fund Revenues



Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(unaudited)

The District had a total increase of 31 percent from original to final budgets for revenues as the District increased the property taxes and intergovernmental budgets by \$2.19 million from original to final budget with passing of the operating levy and more accurate property tax information.

Table 4 examines the major changes from the original to the final general fund expenditures budget for the fiscal year ended June 30, 2005. 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 little experience with the necessary operational costs the new School District would incur.

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

	Original	Final	Change
Instruction	\$7.71	\$8.12	\$0.41
Support Services:	5.01	5.29	0.28
Other	0.87	0.80	(0.07)

The District completed their initial budget with a better perspective during 2005. 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 \$.15 million for revenues and \$2.43 million for expenditures. These slight differences revenues can be attributed to the timing requirements in which the District is required to complete the final budget documents. The large variance in the expenditures is a result of the District managing year end expenditures.

Debt Administration

The District retired \$0.46 million of \$29.01 million general obligation bonds during the fiscal year. The District retired \$0.09 million of capital lease obligations for copier and printer equipment during the year. The District's overall legal debt margin was \$19,521,874. For more information on the District's long term liabilities review Note 14 to the basic financial statements.

Monroe Local School District
Butler County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
(unaudited)

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%.

During 2005, the School District issued \$3,603,733 in long term notes that be used to construct several new fieldhouses for athletic facilities. The notes were issued for thirty years.

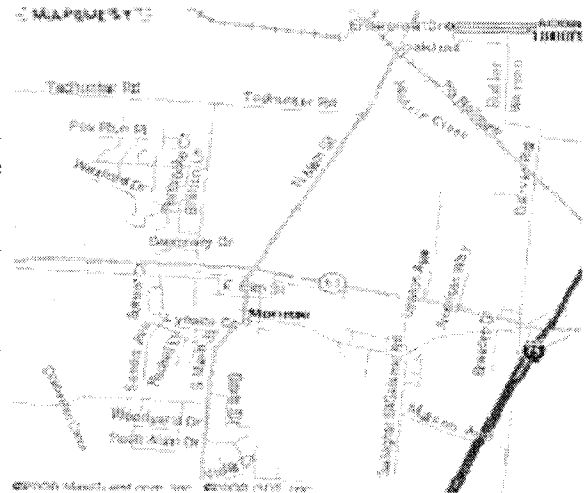
Other items impacting the financial strength of the School District

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, 231 Macready Avenue, Monroe, Ohio 45050.



Sharon G. Moon

Treasurer
Monroe Local School District

Monroe Local School District
Butler County, Ohio
Statement of Net Assets
June 30, 2005

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,646,134
Cash in Segregated Accounts	295,414
Receivables:	
Property and Other Taxes	9,515,798
Accounts	132,611
Accrued Interest	17,676
Intergovernmental	42,470
Materials and Supplies Inventory	19,067
Issuance Costs	519,601
Nondepreciable Capital Assets	35,700,026
Depreciable Capital Assets	2,542,330
Total Assets	51,431,127
<u>Liabilities</u>	
Payables:	
Accounts	93,733
Contracts	581,187
Intergovernmental	306,557
Interest	141,481
Salaries and Employee Benefits	1,097,085
Retainage	273,108
Unearned Revenue	8,808,577
Noncurrent Liabilities:	
Due within one year	759,645
Due in more than one year	32,906,961
Total Liabilities	44,968,334
<u>Net Assets</u>	
Invested in capital assets, net of related debt	10,825,911
Restricted for:	
Grants	67,958
Debt Service	1,095,436
Unrestricted (Deficit)	(5,526,512)
Total Net Assets	6,462,793

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, 2005

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	\$6,384,722	\$1,040,129	\$212,583	(\$5,132,010)
Special	978,066	0	108,766	(869,300)
Other	35,871	0	0	(35,871)
Support Services:				
Pupils	693,616	16,347	68,592	(608,677)
Instructional Staff	726,411	0	188,463	(537,948)
Board of Education	40,411	0	0	(40,411)
Administration	1,462,075	0	0	(1,462,075)
Fiscal	570,726	0	0	(570,726)
Business	75,072	0	0	(75,072)
Operation and Maintenance of Plant	1,692,149	333,337	4,300	(1,354,512)
Pupil Transportation	1,419,220	0	0	(1,419,220)
Central	496,279	0	39,159	(457,120)
Food Service	592,179	450,691	119,635	(21,853)
Extracurricular Activities	712,576	107,632	1,124	(603,820)
Interest and Fiscal Charges	1,477,542	0	0	(1,477,542)
Total	\$17,356,915	\$1,948,136	\$742,622	(14,666,157)

General Revenues:	
Property Taxes	9,753,240
Payment in Lieu of Taxes	31,179
Grants and Contributions not restricted to specific programs	4,528,070
Unrestricted investment earnings	86,970
Miscellaneous	82,386
Total General Revenues	14,481,845
Changes in Net Assets	(184,312)
Net Assets-Beginning	6,647,105
Net Assets-Ending	\$6,462,793

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Balance Sheet - Governmental Funds
June 30, 2005

	General	Debt Service	Emergency Levy	Food Service	Building
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,074,389	\$953,447	\$212,706	\$1,301	\$0
Cash in Segregated Accounts	0	0	0	0	295,414
Receivables:					
Property and Other Taxes	5,059,516	1,922,166	2,534,116	0	0
Accounts	132,611	0	0	0	0
Interfund	0	0	1,721,297	0	0
Accrued Interest	17,676	0	0	0	0
Intergovernmental	19,758	0	0	17,990	0
Materials and Supplies Inventory	0	0	0	19,067	0
Total Assets	6,303,950	2,875,613	4,468,119	38,358	295,414
Liabilities and Fund Balances					
Liabilities:					
Payables:					
Accounts	65,486	0	14,103	1,027	4,688
Contracts	0	0	32,982	0	548,205
Due to Local Governments	251,030	0	22,183	22,084	0
Salaries and Employee Benefits	950,245	0	107,274	8,106	0
Interfund	0	0	0	47,785	1,587,519
Retainage	0	0	0	0	273,108
Deferred Revenue	4,669,764	1,780,177	2,358,636	0	0
Total Liabilities	5,936,525	1,780,177	2,535,178	79,002	2,413,520
Fund Balances:					
Reserved for:					
Encumbrances	10,352	0	0	0	0
Property Taxes	161,617	59,031	71,782	0	0
Unreserved, reported in:					
General	195,456	0	0	0	0
Debt Service	0	1,036,405	0	0	0
Special Revenue (Deficit)	0	0	1,861,159	(40,644)	0
Capital Projects (Deficit)	0	0	0	0	(2,118,106)
Total Fund Balances (Deficit)	367,425	1,095,436	1,932,941	(40,644)	(2,118,106)
Total Liabilities and Fund Balances	\$6,303,950	\$2,875,613	\$4,468,119	\$38,358	\$295,414

See accompanying notes to the basic financial statements

**Monroe Local School District
Butler County, Ohio
Balance Sheet - Governmental Funds
June 30, 2005**

Other Governmental Funds	Total Governmental Funds
\$404,291	\$2,646,134
0	295,414
0	9,515,798
0	132,611
908	1,722,205
0	17,676
4,722	42,470
0	19,067
<u>409,921</u>	<u>14,391,375</u>
8,429	93,733
0	581,187
11,260	306,557
31,460	1,097,085
86,901	1,722,205
0	273,108
0	8,808,577
<u>138,050</u>	<u>12,882,452</u>
18,754	29,106
0	292,430
0	195,456
0	1,036,405
251,917	2,072,432
1,200	(2,116,906)
<u>271,871</u>	<u>1,508,923</u>
<u>\$409,921</u>	<u>\$14,391,375</u>

Reconciliation of Total Governmental Fund Balances to

Total Governmental Fund Balances \$1,508,923

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 38,242,356

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. 519,601

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (33,808,087)

Net Assets of Governmental Activities \$6,462,793

Monroe Local School District
Butler County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2005

	General	Debt Service	Emergency Levy	Food Service	Building
Revenues:					
Property and Other Taxes	\$5,422,361	\$1,930,748	\$2,400,131	\$0	\$0
Intergovernmental	4,154,521	180,315	224,413	119,635	0
Charges for Services	0	0	0	450,691	0
Tuition and Fees	1,019,506	0	0	0	0
Interest	79,533	0	0	0	7,437
Gifts and Donations	14,050	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Miscellaneous	40,579	0	0	0	26,516
Total Revenues	10,730,550	2,111,063	2,624,544	570,326	33,953
Expenditures:					
Current:					
Instruction:					
Regular	6,775,192	0	85,317	0	1,030
Special	124,942	0	779,757	0	0
Other	35,871	0	0	0	0
Support Services:					
Pupils	544,985	0	59,455	0	0
Instructional Staff	373,083	0	233,652	0	0
Board of Education	36,428	0	0	0	1,326
Administration	1,181,930	0	125,348	0	0
Fiscal	359,832	27,786	171,312	0	11,810
Business	21,314	0	52,981	0	0
Operation and Maintenance of Plant	1,545,889	0	32,106	0	7,681
Pupil Transportation	16,716	0	1,392,603	0	0
Central	206,390	0	94,635	0	132,377
Operation of Non-Instructional Services	0	0	0	586,423	0
Extracurricular Activities	533,705	0	25,443	0	0
Capital Outlay	200	0	147,798	0	7,446,948
Debt Service:					
Principal Retirement	88,425	465,000	0	0	0
Interest and Fiscal Charges	30,606	1,399,443	0	0	0
Total Expenditures	11,875,508	1,892,229	3,200,407	586,423	7,601,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,144,958)	218,834	(575,863)	(16,097)	(7,567,219)
Other Financing Sources					
Proceeds from Sale of Assets	1,000	0	0	0	0
Face Value from Long-Term Notes	0	0	0	0	3,603,733
Transfers - In	2,015,128	0	0	0	0
Transfers - Out	0	0	(2,050,000)	0	0
Total Other Financing Sources (Uses)	2,016,128	0	(2,050,000)	0	3,603,733
Net Change in Fund Balances	871,170	218,834	(2,625,863)	(16,097)	(3,963,486)
Fund Balances (Deficit) - beginning	(503,745)	876,602	4,558,804	(24,547)	1,845,380
Fund Balances (Deficit) - ending	<u>\$367,425</u>	<u>\$1,095,436</u>	<u>\$1,932,941</u>	<u>(\$40,644)</u>	<u>(\$2,118,106)</u>

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, 2005

Other Governmental Funds	Total Governmental Funds
\$0	\$9,753,240
590,545	5,269,429
333,337	784,028
0	1,019,506
0	86,970
27,099	41,149
138,125	138,125
20,211	87,306
<u>1,109,317</u>	<u>17,179,753</u>
248,376	7,109,915
73,427	978,126
0	35,871
71,716	676,156
117,984	724,719
1,115	38,869
25,955	1,333,233
0	570,740
0	74,295
81,861	1,667,537
0	1,409,319
50,807	484,209
0	586,423
170,945	730,093
0	7,594,946
0	553,425
0	1,430,049
<u>842,186</u>	<u>25,997,925</u>
267,131	(8,818,172)
0	1,000
0	3,603,733
50,000	2,065,128
(15,128)	(2,065,128)
<u>34,872</u>	<u>3,604,733</u>
302,003	(5,213,439)
(30,132)	6,722,362
<u>\$271,871</u>	<u>\$1,508,923</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net Change in Governmental Fund Balances (\$5,213,439)

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. 8,258,131

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (8,150)

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: 553,425

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. (3,774,279)

Change in net assets of governmental activities (\$184,312)

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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, 2005

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$3,857,333	\$5,062,185	\$5,223,754	\$161,569
Intergovernmental	3,153,493	4,138,499	4,134,763	(3,736)
Tuition and Fees	780,519	1,024,317	1,021,799	(2,518)
Interest	43,154	56,633	58,015	1,382
Rent	686	900	1,815	915
Gifts and Donations	12,230	16,050	14,050	(2,000)
Miscellaneous	5,454	7,158	5,882	(1,276)
Total Revenues	7,852,869	10,305,742	10,460,078	154,336
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,427,493	7,825,098	6,686,090	1,139,008
Special	248,024	261,301	126,324	134,977
Other	34,047	35,870	35,871	(1)
Support Services:				
Pupils	526,176	554,343	512,821	41,522
Instructional Staff	441,258	464,879	378,429	86,450
Board of Education	59,495	62,680	36,363	26,317
Administration	1,425,295	1,501,593	1,305,430	196,163
Fiscal	390,910	411,836	368,419	43,417
Business	44,090	46,450	23,189	23,261
Operation and Maintenance of Plant	1,862,003	1,961,679	1,668,222	293,457
Pupil Transportation	16,162	17,027	12,174	4,853
Central	246,958	260,178	201,418	58,760
Extracurricular Activities	786,011	828,087	530,851	297,236
Capital Outlay	83,556	88,029	200	87,829
Total Expenditures	13,591,477	14,319,050	11,885,801	2,433,249
Excess of Revenues (Under) Expenditures	(5,738,608)	(4,013,308)	(1,425,723)	2,587,585
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Assets	0	1,000	1,000	0
Refund of Prior Year Expenditures	7,802	10,239	10,239	0
Transfers In	1,523,979	2,000,000	2,000,000	0
Total Other Financing Sources (Uses)	1,531,781	2,011,239	2,011,239	0
Net Change in Fund Balance	(4,206,827)	(2,002,069)	585,516	2,587,585
Fund Balances at Beginning of Year	483,909	483,909	483,909	0
Prior Year Encumbrances Appropriated	35,180	35,180	35,180	0
Fund Balances (Deficit) at End of Year	(\$3,687,738)	(\$1,482,980)	\$1,104,605	\$2,587,585

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, 2005

	Emergency Levy Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$2,459,138	\$2,357,816	\$2,316,234	(\$41,582)
Intergovernmental	234,058	224,414	224,413	(1)
Total Revenues	2,693,196	2,582,230	2,540,647	(41,583)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	61,557	76,651	84,773	(8,122)
Special	612,667	762,892	777,816	(14,924)
Support Services:				
Pupils	121,707	151,549	59,454	92,095
Instructional Staff	104,093	129,616	224,176	(94,560)
Administration	285,809	355,889	117,723	238,166
Fiscal	16,098	20,045	171,312	(151,267)
Business	42,548	52,981	52,981	0
Operation and Maintenance of Plant	23,710	29,524	32,106	(2,582)
Pupil Transportation	1,175,213	1,463,374	1,359,621	103,753
Central	161,755	201,417	89,293	112,124
Extracurricular Activities	20,433	25,443	25,443	0
Capital Outlay	193,519	240,970	144,596	96,374
Total Expenditures	2,819,109	3,510,351	3,139,294	371,057
Deficiency of Revenues Under Expenditures	(125,913)	(928,121)	(598,647)	329,474
<u>Other Financing Sources (Uses):</u>				
Advances In	0	145,000	154,753	9,753
Advance Out	0	(1,382,270)	(1,814,432)	(432,162)
Transfers Out	0	(2,000,000)	(2,050,000)	(50,000)
Total Other Financing Sources (Uses)	0	(3,237,270)	(3,709,679)	(472,409)
Net Change in Fund Balance	(125,913)	(4,165,391)	(4,308,326)	(142,935)
Fund Balances at Beginning of Year	4,523,096	4,523,096	4,523,096	0
Fund Balances at End of Year	\$4,397,183	\$357,705	\$214,770	(\$142,935)

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, 2005

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$104,184	\$130,810	\$115,519	(\$15,291)
Charges for Services	357,916	449,388	450,691	1,303
Total Revenues	<u>462,100</u>	<u>580,198</u>	<u>566,210</u>	<u>(13,988)</u>
<u>Expenditures:</u>				
Current:				
Operation of Non-Instructional Services	547,981	623,774	596,905	26,869
Total Expenditures	<u>547,981</u>	<u>623,774</u>	<u>596,905</u>	<u>26,869</u>
Deficiency of Revenues Under Expenditures	(85,881)	(43,576)	(30,695)	12,881
<u>Other Financing Sources (Uses):</u>				
Advances In	0	22,520	47,785	25,265
Advances Out	0	(16,206)	(16,205)	1
Total Other Financing Sources (Uses)	<u>0</u>	<u>6,314</u>	<u>31,580</u>	<u>25,266</u>
Net Change in Fund Balance	(85,881)	(37,262)	885	38,147
Fund Balances at Beginning of Year	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>(\$85,880)</u>	<u>(\$37,261)</u>	<u>\$886</u>	<u>\$38,147</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, 2005

	<u>Student Activities Fund</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$42,064</u>
<u>Liabilities</u>	
Accounts Payable	5,623
Due to Students	<u>36,441</u>
Total Liabilities	<u>\$42,064</u>

See accompanying notes to the basic financial statements

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's three instructional support facilities staffed by approximately 52 non-certificated personnel, 120 teaching personnel and 10 administrative employees providing education to 1,685 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, 2005***

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, 2005

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

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

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Fund

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. 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, 2005). 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, 2005***

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 2005.

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, 2005***

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 2005 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, 2005.

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 2005 amounted to \$79,533 which includes \$51,681 assigned from other District funds. The building capital projects fund also received interest of \$7,437.

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, 2005*

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 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, 2005

Note 2 - Summary of Significant Accounting Policies (continued)

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

H. Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of capital leases, compensated absences, 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, 2005*

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, 2005, but which were levied to finance fiscal year 2006 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, 2005

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 (\$33,808,087) difference are as follows:

Capital Lease Payable	(\$298,926)
Long Term Notes Payable	(3,603,733)
General Obligation Bonds Payable including Premium	(29,132,056)
Accrued Interest Payable	(141,481)
Compensated Absences	(631,891)
	(631,891)
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	(\$33,808,087)

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 2 - Summary of Significant Accounting Policies (continued)

Another element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund." The details of \$38,242,356 difference are as follows:

Capital Assets	\$43,953,776
Accumulated Depreciation	<u>(5,711,420)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$38,242,356</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 (\$3,774,279) are as follows:

Change in Leave Balances	(\$123,053)
Net Interest on Bonds	(26,431)
Proceeds from Long Term Notes	(3,603,733)
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>(\$3,774,279)</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 \$8,258,131 are as follows:

Current capital additions	\$8,819,026
Depreciation Expense	<u>(560,895)</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>\$8,258,131</u></u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

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	Emergency	Food
	Fund	Levy	Service
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
GAAP Basis	\$871,170	(\$2,625,863)	(\$16,097)
Adjustments:			
Revenue Accrual	(260,233)	(83,897)	(4,116)
Expenditure Accrual	1,722	275,882	(9,180)
Transfers	(15,128)	0	0
Advances	0	(1,659,679)	31,580
Encumbrances	(12,015)	(214,769)	(1,302)
Budget Basis	<u>\$585,516</u>	<u>(\$4,308,326)</u>	<u>\$885</u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2005, food service, district managed activities, early entry program, summer intervention, miscellaneous state grants, and title i special revenue funds and building capital projects fund had deficit fund balances of \$40,644; \$8,846; \$3,460; \$8,467; \$549; \$83,565; and \$2,118,106, respectively. The deficits in the special revenue funds were created through recognition of amounts owed but not yet paid by the funds (accounts payable). The District advances monies to these funds only when required and transfers funds only to the extent that the amount issued between funds cannot be repaid. School District management is reviewing charges to insure that food service revenues are adequate and that encumbrance policies are followed. The deficit in the capital projects fund is the result of long term notes issued in connection with additional capital needs for two field houses and the new school building.

B. Compliance

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

Major Funds:

General Fund	\$1,483,980
Food Service	37,261

Non Major Funds:

District Managed Activities	126,038
OneNet Ohio	812
Miscellaneous Federal Grants	3,050

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 4 - Accountability and Compliance (continued)

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

Major Funds:

Emergency Levy	\$111,105
Debt Service	3,227

Non Major Funds:

Entry Year Grant	701
Summer Intervention Grant	21,422
Title I Grant	27,082
Drug-Free Act	2,047
Reducing Class Size	3,996

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.

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005*

Note 5 - Deposits and Investments (continued)

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;
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.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 5 - Deposits and Investments (continued)

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 \$1,225,218 and the bank balance was \$809,871. Of the bank balance:

1. \$752,094 was covered by federal depository insurance; and
2. \$57,777 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.

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.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 5 - Deposits and Investments (continued)

	Category 3	Unclassified	Fair Value
Federal Home Loan Bank	\$355,421	\$0	\$355,421
Federal National Mortgage Association	581,104	0	581,104
United States Treasury Note	372,109	0	372,109
Money Market Mutual Funds	15,673	0	15,673
STAR Ohio	0	434,087	434,087
Total	<u>\$1,324,307</u>	<u>\$434,087</u>	<u>\$1,758,394</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	\$2,983,612	\$0
Investments:		
Federal Home Loan Bank	(355,421)	355,421
Federal National Mortgage Association	(581,104)	581,104
United States Treasury Note	(372,109)	372,109
Money Market Mutual Funds	(15,673)	15,673
STAR Ohio	(434,087)	434,087
GASB Statement No. 3	<u>\$1,225,218</u>	<u>\$1,758,394</u>

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

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 2005 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2005 for tangible personal property (other than public utility property) is for calendar 2005 taxes.

2005 real property taxes are levied after April 1, 2005, on the assessed value as of January 1, 2005, 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. 2005 public utility property taxes became a lien December 31, 2005, are levied after April 1, 2005 and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after April 1, 2005, on the value as of December 31, 2005. Collections are made in 2005. 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 2005 taxes were collected are as follows:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$196,489,230	77.83%	\$193,759,870	79.27%
Public Utility	16,628,630	6.58	16,170,540	6.62
Tangible Personal Property	39,359,323	15.59	34,495,894	14.11
Total Assessed Value	<u>\$252,447,183</u>	<u>100.00%</u>	<u>\$244,426,304</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 42.61		 42.61	

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005*

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, 2005. 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, 2005, was \$161,617 in the general fund, \$59,031 in the debt service fund and \$71,782 in the emergency levy fund.

Note 7 - Receivables

Receivables at June 30, 2005, 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:

Net Assets	Amount
Major Funds:	
General Fund	\$19,758
Food Service	17,990
Nonmajor Funds	
Summer Intervention Grant	2,438
Reducing Class Size	1,177
Miscellaneous Federal Grants	1,107
Total All Funds	\$42,470

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance 7/01/04	Increases	Decreases	Balance 6/30/05
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$2,228,759	\$0	\$0	\$2,228,759
Construction in Progress	25,656,714	7,814,553	0	33,471,267
Capital Assets, being depreciated				
Buildings and Improvements	4,343,455	0	0	4,343,455
Furniture and Equipment	2,663,046	994,100	0	3,657,146
Vehicles	242,776	10,373	0	253,149
Total at Historical Cost	35,134,750	8,819,026	0	43,953,776
Accumulated Depreciation				
Buildings and Improvements	3,281,337	49,972	0	3,331,309
Furniture and Equipment	1,666,911	497,590	0	2,164,501
Vehicles	202,277	13,333	0	215,610
Total Accumulated Depreciation	5,150,525	560,895	0	5,711,420
Governmental Activities				
Capital Assets, Net	\$29,984,225	\$8,258,131	\$0	\$38,242,356

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$376,690
Special	2,225
Support Services:	
Pupils	583
Instructional Staff	667
Board of Education	1,542
Administration	198,675
Fiscal	657
Business	777
Operation and Maintenance of Plant	23,605
Pupil Transportation	9,901
Central	34,854
Food Services	3,663
Extracurricular Activities	4,533
Total Depreciation Expense	\$560,895

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

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 2005, the School District contracted with Indiana Insurance Company for general commercial, fleet and employee benefits liability and Cincinnati Insurance Company for boiler and machinery coverage. Coverages provided are as follows:

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

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

B. Workers' Compensation

For fiscal year 2005, 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, 2005

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 10% of their annual covered salary and the District is required to contribute 14%. A portion of the School District's contribution is used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2005, 2004, and 2003, were \$193,190, \$104,066 and, \$144,194, respectively; 62 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. \$74,321 representing the unpaid contribution for fiscal year 2005, is recorded as a liability within the respective funds.

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, 2005***

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, 2005, 2004, and 2003, were \$983,085, \$799,114, and \$865,662, respectively; 86 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. \$132,805 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds. The District had the following contributions under the new plan: defined contribution had \$15,390 member and \$16,159 District contributions and the members contributed \$11,362 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, 2005

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, 2005, 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 \$75,622 during the 2005 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$54.6 billion. At June 30, 2005, net health care costs paid by STRS were \$37 billion and STRS had 111,000 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 \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$110,012.

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, 200 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004 SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has 62,000 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, 2005*

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, 2005

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, 2005. The School District has paid up-front costs associated with the modular units and prior years payments of \$515,878. The District has fulfilled their obligation under the original operating lease and now are operating on a month by month basis.

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 2005 totaled \$88,425 in the general fund.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Furniture and Equipment	\$487,385
Less: Accumulated Depreciation	(191,100)
Total	\$296,285

*Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005*

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, 2005.

Fiscal Year Ending June 30,	Capital Lease
2006	\$102,470
2007	88,706
2008	88,706
2009	76,049
Total	355,931
Less: Amount Representing Interest	(57,005)
Present Value of Net Minimum Lease Payments	\$298,926

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
2006	\$78,344	\$24,126	\$102,470
2007	70,507	18,199	88,706
2008	77,322	11,384	88,706
2009	72,753	3,296	76,049
Total	\$298,926	\$57,005	\$355,931

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

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:

	Restated Obligation Outstanding 7/01/04	Additions	Reductions	Obligation Outstanding 6/30/05	Amounts Due in One Year
Governmental Activities					
Compensated Absences	\$508,837	\$734,408	\$611,354	\$631,891	\$37,540
Long Term Notes	0	3,603,733	0	3,603,733	62,000
General Obligation Bonds	29,060,229	0	465,000	28,595,229	560,000
Bond Premium	558,588	0	21,761	536,827	21,761
Capital Leases Payable	387,351	0	88,425	298,926	78,344
Total Governmental	\$30,515,005	\$4,338,141	\$1,186,540	\$33,666,606	\$759,645

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

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

Compensated absences will be paid from the fund where the employee's salary is paid. The General Obligation 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, 2005, the School District's overall legal debt margin was \$19,490,070, an energy conservation debt margin of \$2,199,837 and an unvoted debt margin of \$244,426.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 14 - Long-Term Liabilities (continued)

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
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	900,000	1,251,259	2,151,259
2011-2015	1,865,355	6,425,080	8,290,435
2016-2020	2,534,874	7,683,203	10,218,077
2021-2025	7,975,000	4,218,119	12,193,119
2026-2030	12,550,000	1,669,750	14,219,750
Totals	\$28,595,229	\$26,543,709	\$55,138,938

Fiscal Year Ending June 30,	Long Term Notes		
	Principal	Interest	Total
2006	\$62,000	\$164,756	\$226,756
2007	103,000	198,430	301,430
2008	109,000	193,831	302,831
2009	115,000	189,019	304,019
2010	120,000	181,396	301,396
2011-2015	710,000	824,082	1,534,082
2016-2020	904,000	659,437	1,563,437
2021-2025	1,080,000	426,005	1,506,005
2026-2030	400,733	153,762	554,495
Totals	\$3,603,733	\$2,990,718	\$6,594,451

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 15 - Interfund Balances/Transfers

Interfund balances at June 30, 2005, consist of the following individual receivables and payables and transfers in the governmental fund balance sheet (such amounts are removed in the statement of net assets):

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
Major Funds:				
General Fund	\$0	\$0	\$2,015,128	\$0
Emergency Levy	1,721,297	0	0	2,050,000
Food Service	0	47,785	0	0
Building	0	1,587,519	0	0
Nonmajor Funds	908	86,901	34,872	0
Total All Funds	<u>\$1,722,205</u>	<u>\$1,722,205</u>	<u>\$2,050,000</u>	<u>\$2,050,000</u>

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

The District transferred monies from one nonmajor special revenue fund to the other to close out the balances in those grants. The 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.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

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 2005 fiscal year, the School District paid \$30,675 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.

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.

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 18 - Insurance Purchasing Pools (continued)

B. Butler County Health Plan

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

Note 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.

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, 2004	(\$548,302)	\$0	(\$548,302)
Current Year Set-aside Requirement	208,614	208,614	417,228
Qualifying Disbursements	(437,154)	(10,137,190)	(10,574,344)
Total	<u>(776,842)</u>	<u>(9,928,576)</u>	<u>(10,705,418)</u>
Set-Aside Offset Carried Forward to FY 2005	<u>(\$776,842)</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$0</u>

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

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 20 - Contractual Commitments

The District is in the process of building a stadium. The following is a list of the significant contractual commitments of the District for that project.

Contractor	Remaining Balance as of June 30, 2005
Dave York Sports	\$1,359,769
Motz Group	683,124
Butler County Electric	165,456

Note 21 - Change in Accounting Principle

During fiscal year 2005, the School District was required to implement GASB 40, "Deposit and Investment Risk Disclosures". The statement requires additional disclosures for credit risk, concentration risk and interest rate risk in relation to the School District's investments. The School District realized no impact from the implementation of GASB 40 for the fiscal year as there were no investments subject to the additional disclosures owned by the School District. The District also had no impact from the implementation of GASB 42, "Accounting for Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries."

The District also implemented GASB 44, "Economic Condition Reporting: Statistical Section". The statement requires additional statistical information disclosure for government wide statement information and additional fiscal year comparatives. The new statistical tables can be found in the supplemental section of the report.

The District also implemented GASB Technical Bulletin No. 2004-02 "Recognition of Pension and Other Postemployment Benefit Expenditure/Expense and Liabilities by Cost-Sharing Employers." The implementation of this bulletin had the following effect on the following fund balances at June 30, 2004:

	General Fund	Emergency Levy Fund	Food Service Fund	Non-Major Funds
Fund Balance at June 30, 2004	(\$408,196)	\$4,561,333	(\$8,317)	(\$27,563)
Impact of Technical Bulletin	(95,549)	(2,529)	(16,230)	(2,569)
Restated Fund Balance at June 30, 2004	(\$503,745)	\$4,558,804	(\$24,547)	(\$30,132)

Monroe Local School District
Butler County, Ohio
Notes to the Basic Financial Statements
For the Year Ended June 30, 2005

Note 22 - 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, 2005.

B. Litigation

As of June 30, 2005, the School District had two possible litigation cases against them. Both cases dealt with work completed by contractors engaged to complete the construction of the new school building.

Note 23 - Subsequent Events

On September 28, 2005, the School District filed suit against Feldkamp Enterprises Inc. and Rapier Electric Inc. and their respective sureties, St. Paul Fire and Marine Insurance Company and Ohio Farmers Insurance Company. The District is seeking to recover liquidating damages and damages from Feldkamp and Rapier and their respective sureties and to have Feldkamp and Rapier and their respective sureties indemnify the School District from claims asserted by Feldkamp and Rapier.

Feldkamp has filed a counterclaim against the School District and asserted a claim for alleged delay and acceleration costs in the amount of \$336,642. Rapier has filed a similar claim for alleged delay and lost productivity in excess of \$25,000 while also having filed a previous claim for \$216,000 for the same reason. The School District will file a denial of Feldkamp's claim and has already denied Rapier's claim.

Monroe Local School District

Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

Monroe Local School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$403,091	\$1,200	\$404,291
Receivables:			
Interfund	908	0	908
Intergovernmental	4,722	0	4,722
Total Assets	408,721	1,200	409,921
<u>Liabilities and Fund Balances</u>			
<u>Liabilities:</u>			
Payables:			
Accounts	8,429	0	8,429
Due to Local Governments	11,260	0	11,260
Salaries and Employee Benefits	31,460	0	31,460
Interfund	86,901	0	86,901
Total Liabilities	138,050	0	138,050
<u>Fund Balances:</u>			
Reserved for:			
Encumbrances	18,754	0	18,754
Unreserved, reported in:			
Special Revenue	251,917	0	251,917
Capital Projects	0	1,200	1,200
Total Fund Balances	270,671	1,200	271,871
Total Liabilities and Fund Balances	\$408,721	\$1,200	\$409,921

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$577,840	\$12,705	\$590,545
Gifts and Donations	27,099	0	27,099
Extracurricular Activities	138,125	0	138,125
Miscellaneous	20,211	0	20,211
Total Revenues	<u>1,096,612</u>	<u>12,705</u>	<u>1,109,317</u>
Expenditures:			
Current:			
Instruction:			
Regular	248,376	0	248,376
Special	73,427	0	73,427
Support Services:			
Pupils	71,716	0	71,716
Instructional Staff	117,984	0	117,984
Board of Education	1,115	0	1,115
Administration	25,955	0	25,955
Operation and Maintenance of Plant	81,861	0	81,861
Central	37,165	13,642	50,807
Extracurricular Activities	170,945	0	170,945
Total Expenditures	<u>828,544</u>	<u>13,642</u>	<u>842,186</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	268,068	(937)	267,131
Other Financing Sources (Uses)			
Transfers - In	50,000	0	50,000
Transfers - Out	(15,128)	0	(15,128)
Total Other Financing Sources (Uses)	<u>34,872</u>	<u>0</u>	<u>34,872</u>
Net Change in Fund Balances	302,940	(937)	302,003
Fund Balances - beginning (deficit)	(32,269)	2,137	(30,132)
Fund Balances - ending	<u>\$270,671</u>	<u>\$1,200</u>	<u>\$271,871</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2005

	Special Trust	Public School Support	Other Grant	Speical Collections	District Managed Activities
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$8,535	\$31,256	\$9,779	\$259,624	\$0
Receivables:					
Interfund	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Total Assets	<u>8,535</u>	<u>31,256</u>	<u>9,779</u>	<u>259,624</u>	<u>0</u>
Liabilities and Fund Balances					
Liabilities:					
Payables:					
Accounts	0	299	95	0	1,610
Due to Local Governments	0	0	0	0	0
Salaries and Employee Benefits	0	0	0	0	0
Interfund	0	0	0	0	7,236
Total Liabilities	<u>0</u>	<u>299</u>	<u>95</u>	<u>0</u>	<u>8,846</u>
Fund Balances:					
Reserved for:					
Encumbrances	0	1,282	314	0	680
Unreserved, reported in:					
Special Revenue (Deficit)	8,535	29,675	9,370	259,624	(9,526)
Total Fund Balances (Deficit)	<u>8,535</u>	<u>30,957</u>	<u>9,684</u>	<u>259,624</u>	<u>(8,846)</u>
Total Liabilities and Fund Balances	<u>\$8,535</u>	<u>\$31,256</u>	<u>\$9,779</u>	<u>\$259,624</u>	<u>\$0</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2005

Educational Management Information Systems	Early Entry Programs	OneNet Ohio	School Net Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants	Title VI-B Grant
\$0	\$338	\$0	\$0	\$0	\$1	\$81	\$42,063
0	0	0	0	0	0	0	0
0	0	0	0	0	2,438	0	0
0	338	0	0	0	2,439	81	42,063
0	0	0	0	0	2,934	0	3,367
0	71	0	0	0	552	0	4,810
0	0	0	0	0	0	0	12,220
0	3,727	0	0	0	7,420	630	0
0	3,798	0	0	0	10,906	630	20,397
0	48	0	0	0	1,319	0	180
0	(3,508)	0	0	0	(9,786)	(549)	21,486
0	(3,460)	0	0	0	(8,467)	(549)	21,666
\$0	\$338	\$0	\$0	\$0	\$2,439	\$81	\$42,063

(continued)

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2005
(continued)

	Title I Grant	Title VI Grant	Drug-Free Grant	EHA Preschool Grant	E-Rate Grant
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$0	\$11,718	\$1,903	\$4,823	\$1,180
Receivables:					
Interfund	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Total Assets	0	11,718	1,903	4,823	1,180
Liabilities and Fund Balances					
Liabilities:					
Payables:					
Accounts	114	0	0	0	0
Due to Local Governments	4,358	0	0	0	0
Salaries and Employee Benefits	19,183	0	0	0	0
Interfund	59,910	1,927	0	0	0
Total Liabilities	83,565	1,927	0	0	0
Fund Balances:					
Reserved for:					
Encumbrances	2,645	0	0	0	0
Unreserved, reported in:					
Special Revenue (Deficit)	(86,210)	9,791	1,903	4,823	1,180
Total Fund Balances (Deficit)	(83,565)	9,791	1,903	4,823	1,180
Total Liabilities and Fund Balances	\$0	\$11,718	\$1,903	\$4,823	\$1,180

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2005

Goals 2000 Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$0	\$26,883	\$4,907	\$403,091
0	0	908	908
0	1,177	1,107	4,722
<u>0</u>	<u>28,060</u>	<u>6,922</u>	<u>408,721</u>
0	10	0	8,429
0	1,469	0	11,260
0	57	0	31,460
0	4,866	1,185	86,901
<u>0</u>	<u>6,402</u>	<u>1,185</u>	<u>138,050</u>
0	12,206	80	18,754
0	9,452	5,657	251,917
<u>0</u>	<u>21,658</u>	<u>5,737</u>	<u>270,671</u>
<u>\$0</u>	<u>\$28,060</u>	<u>\$6,922</u>	<u>\$408,721</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, 2005

	Special Trust	Public School Support	Other Grant	District Managed Activities	Special Collections
Revenues:					
Intergovernmental	\$0	\$0	\$5,895	\$0	\$0
Charges for Services	0	0	0	333,337	0
Gifts and Donations	5,275	210	20,490	0	1,124
Extracurricular Activities	0	30,695	0	0	107,430
Miscellaneous	1,000	8,331	0	0	202
Total Revenues	<u>6,275</u>	<u>39,236</u>	<u>26,385</u>	<u>333,337</u>	<u>108,756</u>
Expenditures:					
Current:					
Instruction:					
Regular	5,325	15,784	1,090	0	0
Special	0	0	10,992	0	0
Support Services:					
Pupils	96	17,244	0	0	0
Instructional Staff	0	0	3,695	0	0
Board of Education	0	0	1,115	0	0
Administration	0	0	0	0	0
Operation and Maintenance of Plant	0	0	1,713	73,713	0
Central	0	0	0	0	0
Extracurricular Activities	0	0	0	0	170,945
Total Expenditures	<u>5,421</u>	<u>33,028</u>	<u>18,605</u>	<u>73,713</u>	<u>170,945</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	854	6,208	7,780	259,624	(62,189)
Other Financing Sources (Uses)					
Transfers - In	0	0	0	0	50,000
Transfers - Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Net Change in Fund Balances	854	6,208	7,780	259,624	(12,189)
Fund Balances (Deficit) - beginning	7,681	24,749	1,904	0	3,343
Fund Balances (Deficit) - ending	<u>\$8,535</u>	<u>\$30,957</u>	<u>\$9,684</u>	<u>\$259,624</u>	<u>(\$8,846)</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, 2005

Educational Management Information Systems	Early Entry Program	OneNet Ohio	School Net Professional Development	Ohio Reads	Summer Intervention	Miscellaneous State Grants
\$5,000	\$7,700	\$9,000	\$2,945	\$2,000	\$35,821	\$1,451
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	10,678	0	0	0	0	0
<u>5,000</u>	<u>18,378</u>	<u>9,000</u>	<u>2,945</u>	<u>2,000</u>	<u>35,821</u>	<u>1,451</u>
0	0	0	5,081	4,000	30,137	2,300
0	0	0	0	0	0	0
0	0	0	0	0	0	1,451
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
7,224	0	23,590	0	0	0	0
0	0	0	0	0	0	0
<u>7,224</u>	<u>0</u>	<u>23,590</u>	<u>5,081</u>	<u>4,000</u>	<u>30,137</u>	<u>3,751</u>
(2,224)	18,378	(14,590)	(2,136)	(2,000)	5,684	(2,300)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(2,224)	18,378	(14,590)	(2,136)	(2,000)	5,684	(2,300)
2,224	(21,838)	14,590	2,136	2,000	(14,151)	1,751
<u>\$0</u>	<u>(\$3,460)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$8,467)</u>	<u>(\$549)</u>

(continued)

Monroe Local School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2005
(continued)

	Title VI-B Grant	Title I Grant	Title VI Grant	Drug-Free Grant
Revenues:				
Intergovernmental	\$258,755	\$159,212	\$6,085	\$9,730
Charges for Services				
Gifts and Donations	0	0	0	0
Extracurricular Activities	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	258,755	159,212	6,085	9,730
Expenditures:				
Current:				
Instruction:				
Regular	8,478	161,381	6,085	1,342
Special	59,824	0	0	0
Support Services:				
Pupils	51,441	32	0	681
Instructional Staff	82,952	1,712	0	4,089
Board of Education	0	0	0	0
Administration	25,458	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	228,153	163,125	6,085	6,112
Excess (deficiency) of Revenues Over (Under) Expenditures	30,602	(3,913)	0	3,618
Other Financing Sources (Uses)				
Transfers - In	0	0	0	0
Transfers - Out	0	(15,128)	0	0
Total Other Financing Sources (Uses)	0	(15,128)	0	0
Net Change in Fund Balances	30,602	(19,041)	0	3,618
Fund Balances (Deficit) - beginning	(8,936)	(64,524)	9,791	(1,715)
Fund Balances (Deficit) - ending	<u>\$21,666</u>	<u>(\$83,565)</u>	<u>\$9,791</u>	<u>\$1,903</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, 2005

EHA Preschool Grant	E-Rate Grant	Goals 2000 Grant	Reducing Class Size Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$2,461	\$0	\$0	\$61,320	\$10,465	\$577,840
					333,337
0	0	0	0	0	27,099
0	0	0	0	0	138,125
0	0	0	0	0	20,211
<u>2,461</u>	<u>0</u>	<u>0</u>	<u>61,320</u>	<u>10,465</u>	<u>1,096,612</u>
0	0	0	1,915	5,458	248,376
2,611	0	0	0	0	73,427
771	0	0	0	0	71,716
0	0	0	25,336	200	117,984
0	0	0	0	0	1,115
497	0	0	0	0	25,955
0	0	0	0	6,435	81,861
0	0	0	4,960	1,391	37,165
0	0	0	0	0	170,945
<u>3,879</u>	<u>0</u>	<u>0</u>	<u>32,211</u>	<u>13,484</u>	<u>828,544</u>
(1,418)	0	0	29,109	(3,019)	268,068
0	0	0	0	0	50,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,128)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,872</u>
(1,418)	0	0	29,109	(3,019)	302,940
6,241	1,180	0	(7,451)	8,756	(32,269)
<u>\$4,823</u>	<u>\$1,180</u>	<u>\$0</u>	<u>\$21,658</u>	<u>\$5,737</u>	<u>\$270,671</u>

Monroe Local School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2005

	<u>SchoolNet</u>	<u>SchoolNet Professional Development</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,200	\$1,200
Total Assets	<u>0</u>	<u>1,200</u>	<u>1,200</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>			
Unreserved, reported in:			
Capital Projects	<u>0</u>	<u>1,200</u>	<u>1,200</u>
Total Fund Balances	<u>0</u>	<u>1,200</u>	<u>1,200</u>
Total Liabilities and Fund Balances	<u>\$0</u>	<u>\$1,200</u>	<u>\$1,200</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, 2005

	SchoolNet	SchoolNet Professional Development	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental	\$12,705	\$0	\$12,705
Total Revenues	12,705	0	12,705
Expenditures:			
Support Services:			
Central	13,642	0	13,642
Total Expenditures	13,642	0	13,642
Net Change in Fund Balances	-937	0	-937
Fund Balances - beginning	937	1,200	2,137
Fund Balances - ending	\$0	\$1,200	\$1,200

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$16,941,883	\$1,909,284	\$1,864,375	(\$44,909)
Intergovernmental	1,599,958	180,309	180,315	6
Total Revenues	<u>18,541,841</u>	<u>2,089,593</u>	<u>2,044,690</u>	<u>(44,903)</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Fiscal	7,743	10,575	27,786	(17,211)
Debt Service:				
Principal Retirement	358,931	490,235	490,235	0
Interest and Fiscal Charges	<u>1,016,381</u>	<u>1,388,192</u>	<u>1,374,208</u>	<u>13,984</u>
Total Expenditures	<u>1,383,055</u>	<u>1,889,002</u>	<u>1,892,229</u>	<u>(3,227)</u>
Net Change in Fund Balance	17,158,786	200,591	152,461	(48,130)
Fund Balances at Beginning of Year	<u>800,988</u>	<u>800,988</u>	<u>800,988</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$17,959,774</u></u>	<u><u>\$1,001,579</u></u>	<u><u>\$953,449</u></u>	<u><u>(\$48,130)</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, 2005

	Special Trust			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$1,235	\$7,000	\$5,275	(\$1,725)
Miscellaneous	265	1,500	1,000	(500)
Total Revenues	<u>1,500</u>	<u>8,500</u>	<u>6,275</u>	<u>(2,225)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,681	5,681	5,325	356
Support Services:				
Pupils	<u>2,000</u>	<u>2,000</u>	<u>96</u>	<u>1,904</u>
Total Expenditures	<u>7,681</u>	<u>7,681</u>	<u>5,421</u>	<u>2,260</u>
Net Change in Fund Balance	(6,181)	819	854	35
Fund Balances at Beginning of Year	<u>7,681</u>	<u>7,681</u>	<u>7,681</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$1,500</u></u>	<u><u>\$8,500</u></u>	<u><u>\$8,535</u></u>	<u><u>\$35</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, 2005

	Public School Support			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$15,968	\$6,400	\$30,694	\$24,294
Gifts and Donations	2,021	810	210	(600)
Miscellaneous	8,311	3,331	8,331	5,000
Total Revenues	<u>26,300</u>	<u>10,541</u>	<u>39,235</u>	<u>28,694</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	13,020	16,941	16,911	30
Support Services:				
Pupils	13,510	17,579	17,717	(138)
Total Expenditures	<u>26,530</u>	<u>34,520</u>	<u>34,628</u>	<u>(108)</u>
Net Change in Fund Balance	(230)	(23,979)	4,607	28,586
Fund Balances at Beginning of Year	24,149	24,149	24,149	0
Prior Year Encumbrances Appropriated	1,217	1,217	1,217	0
Fund Balances at End of Year	<u>\$25,136</u>	<u>\$1,387</u>	<u>\$29,973</u>	<u>\$28,586</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, 2005

	Other Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Gifts and Donations	\$3,900	\$32,950	\$26,385	\$6,565
Total Revenues	3,900	32,950	26,385	6,565
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	604	1,358	1,340	18
Special	5,942	13,350	10,992	2,358
Support Services:				
Instructional Staff	1,669	3,750	3,695	55
Administration	500	1,124	1,115	9
Operation and Maintenance of Plant	3,784	8,500	1,778	6,722
Total Expenditures	12,500	28,082	18,920	9,162
Excess of Revenues Over (Under) Expenditures	(8,600)	4,868	7,465	(2,597)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	6,290	6,290	0
Advances Out	0	(6,290)	(6,290)	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(8,600)	4,868	7,465	(2,597)
Fund Balances at Beginning of Year	1,904	1,904	1,904	0
Fund Balances (Deficit) at End of Year	(\$6,696)	\$6,772	\$9,369	(\$2,597)

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, 2005

	Special Collections			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Charges for Services	\$0	\$440,004	\$333,337	(\$106,667)
Total Revenues	0	440,004	333,337	(106,667)
<u>Expenditures:</u>				
Current:				
Support Services:				
Operation and Maintenance of Plant	0	102,920	73,713	29,207
Total Expenditures	0	102,920	73,713	29,207
Net Change in Fund Balance	0	337,084	259,624	(77,460)
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$337,084	\$259,624	(\$77,460)

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Butler County, Ohio
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in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	District Managed Activities			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$93,975	\$93,400	\$107,431	\$14,031
Gifts and Donations	3,018	3,000	1,124	(1,876)
Miscellaneous	1,006	1,000	202	(798)
Total Revenues	<u>97,999</u>	<u>97,400</u>	<u>108,757</u>	<u>11,357</u>
<u>Expenditures:</u>				
Extracurricular Activities	168,536	231,338	174,685	56,653
Total Expenditures	<u>168,536</u>	<u>231,338</u>	<u>174,685</u>	<u>56,653</u>
Deficiency of Revenues Under Expenditures	(70,537)	(133,938)	(65,928)	68,010
<u>Other Financing Sources:</u>				
Advances In	0	0	7,236	7,236
Transfers In	0	0	50,000	50,000
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>57,236</u>	<u>57,236</u>
Net Change in Fund Balance	(70,537)	(133,938)	(8,692)	125,246
Fund Balances at Beginning of Year	7,557	7,557	7,557	0
Prior Year Encumbrances Appropriated	343	343	343	0
Fund Balances (Deficit) at End of Year	<u>(\$62,637)</u>	<u>(\$126,038)</u>	<u>(\$792)</u>	<u>\$125,246</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, 2005

	Educational Management Information Systems			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$5,000	\$6,061	\$5,000	(\$1,061)
Total Revenues	5,000	6,061	5,000	(1,061)
<u>Expenditures:</u>				
Support Services:				
Central	5,000	7,224	7,224	0
Total Expenditures	5,000	7,224	7,224	0
Net Change in Fund Balance	0	(1,163)	(2,224)	(1,061)
Fund Balances at Beginning of Year	2,224	2,224	2,224	0
Fund Balances at End of Year	<u>\$2,224</u>	<u>\$1,061</u>	<u>\$0</u>	<u>(\$1,061)</u>

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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, 2005

	Early Entry Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$9,058	\$7,700	(\$1,358)
Total Revenues	0	9,058	7,700	(1,358)
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff	25,000	28,799	24,374	4,425
Total Expenditures	25,000	28,799	24,374	4,425
Deficiency of Revenues Under Expenditures	(25,000)	(19,741)	(16,674)	3,067
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	16,965	16,965	0
Advances In	0	16,965	17,393	428
Advances Out	0	(12,267)	(17,393)	(5,126)
Total Other Financing Sources (Uses)	0	21,663	16,965	(4,698)
Net Change in Fund Balance	(25,000)	1,922	291	(1,631)
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances (Deficit) at End of Year	(\$25,000)	\$1,922	\$291	(\$1,631)

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Butler County, Ohio
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	OneNet Ohio			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$12,000	\$9,000	\$9,000	\$0
Total Revenues	12,000	9,000	9,000	0
<u>Expenditures:</u>				
Support Services:				
Central	14,590	24,402	23,590	812
Total Expenditures	14,590	24,402	23,590	812
Net Change in Fund Balance	(2,590)	(15,402)	(14,590)	812
Fund Balances at Beginning of Year	14,590	14,590	14,590	0
Fund Balances (Deficit) at End of Year	<u>\$12,000</u>	<u>(\$812)</u>	<u>\$0</u>	<u>\$812</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, 2005

	School Net Professional Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$3,000	\$2,956	\$2,945	(\$11)
Total Revenues	3,000	2,956	2,945	(11)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,000	5,092	5,081	11
Total Expenditures	2,000	5,092	5,081	11
Net Change in Fund Balance	1,000	(2,136)	(2,136)	0
Fund Balances at Beginning of Year	2,136	2,136	2,136	0
Fund Balances at End of Year	<u>\$3,136</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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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, 2005

	Ohio Reads Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,000	\$25,506	\$4,000	(\$21,506)
Total Revenues	2,000	25,506	4,000	(21,506)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	0	4,000	4,000	0
Total Expenditures	0	4,000	4,000	0
Net Change in Fund Balance	2,000	21,506	0	(21,506)
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	<u>\$2,000</u>	<u>\$21,506</u>	<u>\$0</u>	<u>(\$21,506)</u>

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Butler County, Ohio
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Summer Intervention Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$24,382	\$30,353	\$40,353	\$10,000
Total Revenues	24,382	30,353	40,353	10,000
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	40,000	34,774	47,626	(12,852)
Total Expenditures	40,000	34,774	47,626	(12,852)
Deficiency of Revenues Under Expenditures	(15,618)	(4,421)	(7,273)	(2,852)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	38,276	38,276	0
Advances Out		(27,010)	(35,580)	(8,570)
Total Other Financing Sources (Uses)	0	11,266	2,696	(8,570)
Net Change in Fund Balance	(15,618)	6,845	(4,577)	(11,422)
Fund Balances (Deficit) at Beginning of Year	0	(6,664)	(6,664)	0
Prior Year Encumbrances Appropriated	6,990	6,990	6,990	0
Fund Balances (Deficit) at End of Year	(\$8,628)	\$7,171	(\$4,251)	(\$11,422)

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Butler County, Ohio
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Miscellaneous State Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$3,000	\$3,093	\$1,451	(\$1,642)
Total Revenues	3,000	3,093	1,451	(1,642)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,300	3,751	2,300	1,451
Support Services:				
Pupils	0	0	1,451	(1,451)
Total Expenditures	3,300	3,751	3,751	0
Deficiency of Revenues Under Expenditures	(300)	(658)	(2,300)	(1,642)
<u>Other Financing Sources:</u>				
Advances In	0	630	630	0
Total Other Financing Sources	0	630	630	0
Net Change in Fund Balance	(300)	(28)	(1,670)	(1,642)
Fund Balances at Beginning of Year	1,751	1,751	1,751	0
Fund Balances at End of Year	\$1,451	\$1,723	\$81	(\$1,642)

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Title VI-B Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$159,400	\$261,309	\$259,326	(\$1,983)
Total Revenues	159,400	261,309	259,326	(1,983)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	8,000	8,000	8,476	(476)
Special	78,818	78,818	56,431	22,387
Support Services:				
Pupils	70,456	70,456	51,440	19,016
Instructional Staff	66,635	66,635	87,827	(21,192)
Administration	34,946	34,946	21,611	13,335
Total Expenditures	258,855	258,855	225,785	33,070
Excess of Revenues Over (Under) Expenditures	(99,455)	2,454	33,541	31,087
<u>Other Financing Sources (Uses):</u>				
Advances In	0	31,706	31,706	0
Advances Out	0	0	(31,706)	(31,706)
Total Other Financing Sources (Uses)	0	31,706	0	(31,706)
Net Change in Fund Balance	(99,455)	34,160	33,541	(619)
Fund Balances at Beginning of Year	8,345	8,345	8,345	0
Fund Balances (Deficit) at End of Year	(\$91,110)	\$42,505	\$41,886	(\$619)

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Title I Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$181,000	\$159,212	\$159,212	\$0
Total Revenues	181,000	159,212	159,212	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	144,322	144,322	177,856	(33,534)
Support Services:				
Pupils	2,200	2,200	649	1,551
Instructional Staff	8,000	8,000	750	7,250
Administration	6,500	6,500	0	6,500
Total Expenditures	161,022	161,022	179,255	(18,233)
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,978	(1,810)	(20,043)	(18,233)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	74,738	74,738	0
Advances Out	0	(32,606)	(41,455)	(8,849)
Total Other Financing Sources (Uses)	0	42,132	33,283	(8,849)
Net Change in Fund Balance	19,978	40,322	13,240	(27,082)
Fund Balances (Deficit) at Beginning of Year	(19,345)	(19,345)	(19,345)	0
Prior Year Encumbrances Appropriated	3,096	3,096	3,096	0
Fund Balances (Deficit) at End of Year	<u>\$3,729</u>	<u>\$24,073</u>	<u>(\$3,009)</u>	<u>(\$27,082)</u>

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Title VI Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$7,550	\$12,281	\$12,281	\$0
Total Revenues	7,550	12,281	12,281	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,085	6,085	6,085	0
Total Expenditures	6,085	6,085	6,085	0
Net Change in Fund Balance	1,465	6,196	6,196	0
Fund Balances at Beginning of Year	5,522	5,522	5,522	0
Fund Balances at End of Year	<u>\$6,987</u>	<u>\$11,718</u>	<u>\$11,718</u>	<u>\$0</u>

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Drug-Free Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$6,100	\$6,722	\$10,491	\$3,769
Total Revenues	6,100	6,722	10,491	3,769
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,749	2,989	1,342	1,647
Support Services:				
Pupils	2,613	2,841	681	2,160
Instructional Staff	1,379	1,500	4,089	(2,589)
Total Expenditures	6,741	7,330	6,112	1,218
Excess of Revenues Over (Under) Expenditures	(641)	(608)	4,379	4,987
<u>Other Financing Uses:</u>				
Advances Out	0	0	(3,265)	(3,265)
Total Other Financing Uses	0	0	(3,265)	(3,265)
Net Change in Fund Balance	(641)	(608)	1,114	1,722
Fund Balances at Beginning of Year	789	789	789	0
Fund Balances at End of Year	\$148	\$181	\$1,903	\$1,722

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	EHA Preschool Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$1,655	\$6,668	\$4,160	(\$2,508)
Total Revenues	1,655	6,668	4,160	(2,508)
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	2,803	2,803	2,611	192
Support Services:				
Pupils	2,922	2,922	1,185	1,737
Administration	500	500	497	3
Total Expenditures	6,225	6,225	4,293	1,932
Net Change in Fund Balance	(4,570)	443	(133)	(576)
Fund Balances at Beginning of Year	2,533	2,533	2,533	0
Prior Year Encumbrances Appropriated	2,422	2,422	2,422	0
Fund Balances at End of Year	<u>\$385</u>	<u>\$5,398</u>	<u>\$4,822</u>	<u>(\$576)</u>

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For the Fiscal Year Ended June 30, 2005

	E-Rate Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$1,500	\$0	\$0	\$0
Total Revenues	1,500	0	0	0
<u>Expenditures:</u>				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	1,500	0	0	0
Fund Balances at Beginning of Year	0		0	0
Fund Balances at End of Year	<u>\$1,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Reducing Class Size Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$35,650	\$60,144	\$60,143	(\$1)
Total Revenues	35,650	60,144	60,143	(1)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,357	2,781	3,309	(528)
Support Services:				
Instructional Staff	33,610	39,663	37,989	1,674
Central	2,901	3,424	5,861	(2,437)
Total Expenditures	38,868	45,868	47,159	(1,291)
Excess of Revenues Over (Under) Expenditures	(3,218)	14,276	12,984	(1,292)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	2,858	2,858	0
Advances Out	0	(153)	(2,858)	(2,705)
Total Other Financing Sources (Uses)	0	2,705	0	(2,705)
Net Change in Fund Balance	(3,218)	16,981	12,984	(3,997)
Fund Balances at Beginning of Year	503	503	503	0
Prior Year Encumbrances Appropriated	1,274	1,274	1,274	0
Fund Balances (Deficit) at End of Year	(\$1,441)	\$18,758	\$14,761	(\$3,997)

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Butler County, Ohio
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Miscellaneous Federal Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$3,881	\$11,759	\$11,759	\$0
Total Revenues	3,881	11,759	11,759	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,000	11,714	5,458	6,256
Support Services:				
Instructional Staff	0	0	200	(200)
Operation and Maintenance of Plant Central	5,000	5,546	6,435	(889)
	895	4,181	1,471	2,710
Total Expenditures	15,895	21,441	13,564	7,877
Net Change in Fund Balance	(12,014)	(9,682)	(1,805)	7,877
Fund Balances at Beginning of Year	6,632	6,632	6,632	0
Fund Balances (Deficit) at End of Year	(\$5,382)	(\$3,050)	\$4,827	\$7,877

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, 2005

	Building			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Miscellaneous	\$100,000	\$26,516	\$26,516	\$0
Total Revenues	100,000	26,516	26,516	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,189	2,030	1,030	1,000
Support Services:				
Board of Education	777	1,326	1,326	0
Fiscal	17,191	29,345	11,810	17,535
Operation and Maintenance of Plant	4,531	7,735	7,680	55
Central	100,147	170,949	148,657	22,292
Capital Outlay	6,738,058	11,501,733	9,966,686	1,535,047
Total Expenditures	6,861,895	11,713,118	10,137,189	1,575,929
Deficiency of Revenues				
Under Expenditures	(6,761,895)	(11,686,602)	(10,110,673)	1,575,929
<u>Other Financing Sources:</u>				
Proceeds from Sale of Long Term Notes	0	4,646,147	3,603,733	(1,042,414)
Refund of Prior Year Expenditures	0	5,076,058	3,593,205	(1,482,853)
Advances In	0	1,201,462	1,587,519	386,057
Transfers In	0	982,042	0	(982,042)
Total Other Financing Sources	0	11,905,709	8,784,457	(3,121,252)
Net Change in Fund Balance	(6,761,895)	219,107	(1,326,216)	(1,545,323)
Fund Balances (Deficit) at Beginning of Year	(1,382,067)	(1,382,067)	(1,382,067)	0
Prior Year Encumbrances Appropriated	2,708,284	2,708,284	2,708,284	0
Fund Balances (Deficit) at End of Year	(\$5,435,678)	\$1,545,324	\$1	(\$1,545,323)

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Butler County, Ohio
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Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2005

	Schoolnet			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$15,000	\$12,705	\$12,705	\$0
Total Revenues	15,000	12,705	12,705	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Central	12,000	13,642	13,642	0
Total Expenditures	12,000	13,642	13,642	0
Net Change in Fund Balance	3,000	(937)	(937)	0
Fund Balances at Beginning of Year	937	937	937	0
Fund Balances at End of Year	<u>\$3,937</u>	<u>\$0</u>	<u>\$0</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 Capital Projects Funds
For the Fiscal Year Ended June 30, 2005

	Schoolnet Professional Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$10,500	\$0	\$0	\$0
Total Revenues	10,500	0	0	0
<u>Expenditures:</u>				
Current:				
Central	1,200	0		0
Total Expenditures	1,200	0	0	0
Net Change in Fund Balance	9,300	0	0	0
Fund Balances at Beginning of Year	1,200	1,200	1,200	0
Fund Balances at End of Year	<u>\$10,500</u>	<u>\$1,200</u>	<u>\$1,200</u>	<u>\$0</u>

**Monroe Local School District
Butler County, Ohio
Combining Statement of Changes
in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2005**

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Student Activities				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$37,141	\$42,064	\$37,141	\$42,064
Total Assets	<u>\$37,141</u>	<u>\$42,064</u>	<u>\$37,141</u>	<u>\$42,064</u>
<u>Liabilities:</u>				
Accounts Payable	\$749	\$5,623	\$749	\$5,623
Due to Students	36,392	36,441	36,392	36,441
Total Liabilities	<u>\$37,141</u>	<u>\$42,064</u>	<u>\$37,141</u>	<u>\$42,064</u>

STATISTICAL



Comprehensive Annual Financial Report
Monroe Local School District
Monroe, Ohio
For the Fiscal Year Ended June 30, 2005

Monroe Local School District

Net Assets by Component

Last Five Years

(accrual basis of accounting)

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

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

Monroe Local School District

Changes in Net Assets

Last Five Years

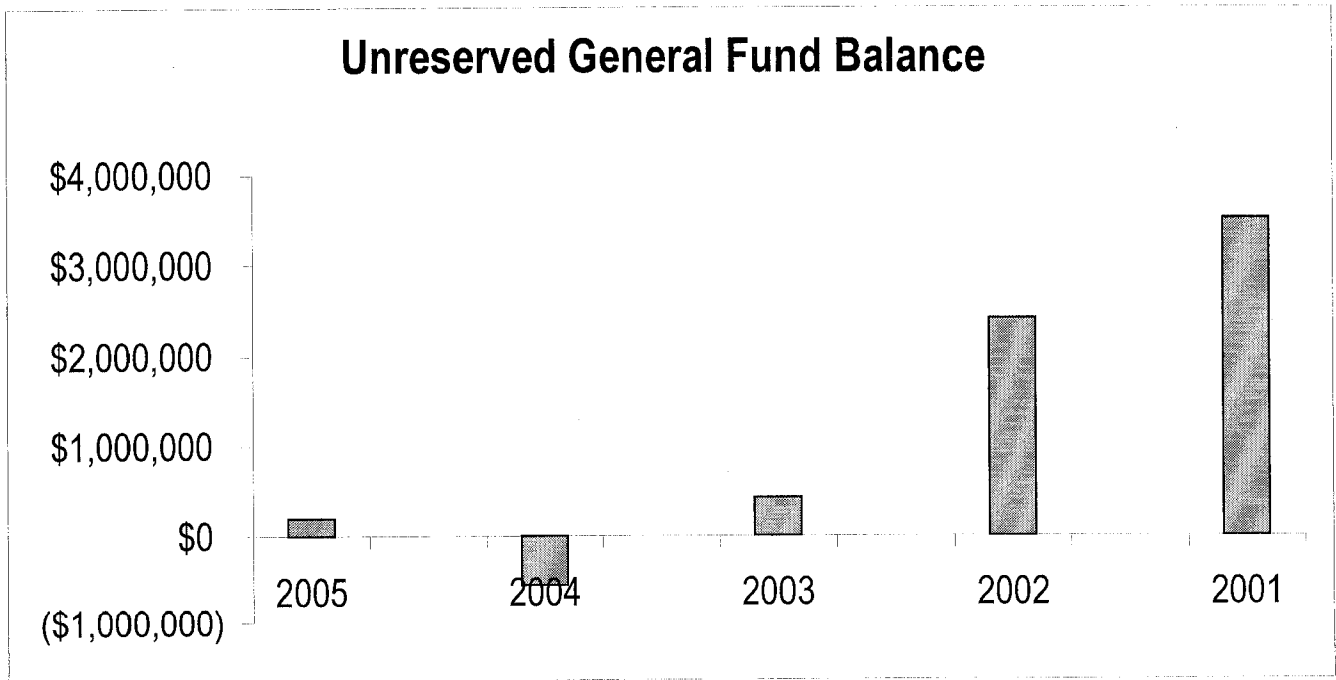
(accrual basis of accounting)

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

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

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

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



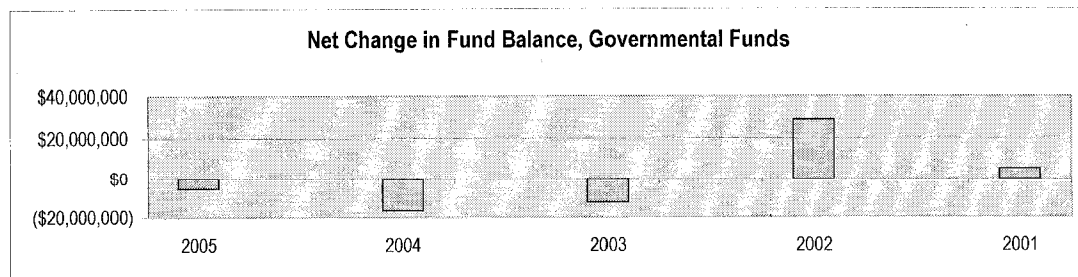
Monroe Local School District

Changes in Fund Balances, Governmental Funds

Last Five Years

(modified accrual basis of accounting)

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



Monroe Local School District

Assessed and Estimated Actual Value of Taxable Property
Last Five Collection (Calendar) Years (1)

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	561,397,800	39,359,323	157,437,292	16,628,630	66,514,520	252,477,183	785,349,612	32.15%
2004	193,759,870	553,599,628	34,495,894	137,983,576	16,170,540	64,682,160	244,426,304	756,265,364	

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 Four Collection (Calendar) Years

<u>Collection Year</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Monroe Local School District	\$ 43.36	\$ 41.88	\$ 40.68	\$ 40.05
Butler County	8.75	8.75	8.74	8.74
City of Monroe	11.17	11.17	11.17	11.17
Butler County JVS	<u>1.93</u>	<u>1.93</u>	<u>1.93</u>	<u>1.93</u>
Total	<u>\$ 65.21</u>	<u>\$ 63.73</u>	<u>\$ 62.52</u>	<u>\$ 61.89</u>

Source:

Butler County Auditor

Monroe Local School District

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

Collection Year	Taxes Levied for the Calendar Year (1)		Collected within the Calendar Year of the Levy		Collections from Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levied
	Amount	Percentage of Levy	Amount (2)	Percentage of Levy		Amount	Percent of Levy		
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%
2004	8,803,893		8,524,186	96.82%	216,339	8,740,525	99.28%	567,879	6.45%

Source: Butler County Auditor

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

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

Monroe Local School District
 Top Ten Principal Taxpayers
 Real and Personal Property

Current Year and Three Years Ago

Name of Taxpayer	2005			2002		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Cincinnati Gas and Electric Company	\$ 14,514,060	1	5.94%	\$ 13,622,110	1	6.34%
Ohio Presbyterian	7,575,870	2	3.10%	2,639,570	5	1.23%
Worthington Steel	3,104,770	3	1.27%	12,327,950	2	5.73%
EPHS Investments LLC	2,782,620	4	1.14%	3,428,730	4	1.59%
Duke Realty Ohio	2,492,590	5	1.02%	2,389,920	6	1.11%
Dayton Technologies	2,307,840	6	0.94%	2,085,101	8	0.97%
Kohls Department Stores Inc.	1,846,220	7	0.76%	-	9	0.00%
Baker Monroe Properties LLC	1,665,180	8	0.68%	2,053,360	9	0.96%
Crystal Partners LLC	1,588,320	9	0.65%	-	10	0.00%
Precision Packaging and Services	1,586,430	10	0.65%	1,988,627	3	0.92%
Deceuninck North America	-		0.00%	7,190,540	7	3.34%
Mount Pleasant Nursing Home	-		0.00%	2,100,320		0.98%
Total	\$ 39,463,900		16.15%	\$ 49,826,228		23.17%
Total Assessed Valuation	\$ 244,426,304			\$ 215,007,517		

Source: Butler County Auditor's Office

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

Monroe Local School District

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

Year	Population (1)	Total Assessed Value	Gross Bonded Debt (2)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (%) (3)	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
2004	7,133	244,426,304	32,198,962	1,127,240	31,071,722	12.71%	4,356

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

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

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

Monroe Local School District

Computation of Direct and Overlapping Debt
June 30, 2005

<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	\$ 32,198,962	100%	\$ 32,198,962
Overlapping:			
Butler County (1)	56,695,000	3%	1,938,969
City of Monroe (1)	7,565,000	100%	7,565,000
Total Overlapping	<u>64,260,000</u>		<u>9,503,969</u>
Total Direct and Overlapping Debt	<u>\$ 96,458,962</u>		<u>\$ 41,702,931</u>

Source: (1) Monroe Local School District records, Butler County and City of Monroe 2004 financial reports

(1) Only reflects bonded debt.

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

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

Source: Monroe Local School District records

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

Monroe Local School District

Ratio of Annual Debt Service Expenditures

For General Bonded Debt to Total General Government Expenditures

Last Five Fiscal Years

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

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 Five Calendar Years

<u>Year</u>	<u>Butler County Population (1)</u>	<u>Population of District (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Butler County (3)</u>	<u>Unemployment Rate State of Ohio (3)</u>	<u>Unemployment Rate U.S.A. (3)</u>
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
2004	343,207	7,133	1,699	5.70	6.10	5.00

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

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

2004		
Employer	Employees	Percentage of Total City Employment
Kohl's Department Stores	789	5.36 %
Dayton Technologies LLC	465	3.16
Ohio Presbyterian Retirement	359	2.44
Monroe Local Schools	321	2.18
Precision Packaging	232	1.57
Worthington Industries	210	1.43
Xerox Corporation	179	1.22
Clark Cincinnati	170	1.15
Baker Concrete Construction	102	0.69
Dickerson Distributing	79	0.54
Total	2,906	19.72 %
Total City Employees	14,733	

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

Source: City of Monroe, Ohio, Department of Income Tax
Note: The information is only available at calendar year-end. Calendar
2004 is the latest information available from the City of Monroe

Monroe Local School District

Full-Time Equivalent School Employees by Function/Program

Last Four Years

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

Source: Monroe Local School District Payroll Department

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

Monroe Local School District

Construction, Bank Deposits and Property Values
Last Five Calendar Years

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

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

Monroe Local School District

Miscellaneous Statistical Data
June 30, 2005

Total Population	7,133
Original Charter:	1999
Area of District:	20 square miles
Number of Miles Traveled by Transportation Fleet for the Fiscal 2005 School Year:	218,164
Number of Meals Served by Food Service Department for the Fiscal 2005 School Year:	299,459

<u>School</u>	<u>Grade Level</u>	<u>Enrollment</u>
Monroe Elementary	K - 8	903
Monroe Junior/Senior High	9 - 12	<u>782</u>
Total		<u><u>1,685</u></u>

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor	42	35.00%
Bachelor + 20	4	3.33%
Masters	54	45.00%
Masters + 20	7	5.83%
Masters + 30	13	10.83%
Total	<u>120</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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**Issued by the Treasurer's Office
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Sharron Moon, Treasurer
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(513) 539-2536
www.monroelocalschools.com**



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Betty Montgomery**

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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
OCTOBER 10, 2006**