

POPULAR

ANNUAL

FINANCIAL

REPORT

for fiscal year ended
December 31,

2011



CITY OF MONROE

P.O. BOX 1249

215 NORTH BROAD STREET

MONROE, GA 30655

(770) 267-7536

ABOUT THIS REPORT

We are pleased to present the 2011 Popular Annual Financial Report (PAFR). The PAFR is a brief analysis of where the revenues come from to operate the City and where those same dollars are spent. It is our goal to provide a means of communicating the financial operations of the City in an easy to understand financial report.

The PAFR is a summary of the financial activities for the City of Monroe and was drawn from the 2011 Comprehensive Annual Financial Report (CAFR) and contains information only from selected funds. The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the City's Independent Auditors.

The CAFR received an unqualified, clean opinion.

The City's PAFR is unaudited and is presented on a non-GAAP basis. Non-GAAP means that the statements do not comply with generally accepted accounting principles. The statements include summarizations and combinations of accounting data that would not be allowed by GAAP. Individuals who would prefer to review GAAP basis reports should refer to the City's CAFR for more detailed information.

Copies of the City of Monroe's CAFR are available at City Hall, 215 North Broad Street, Monroe, Georgia 30655 or on the City's website at www.monroega.com.

MISCELLANEOUS STATISTICS

Date of Incorporation	1821
Form of Government	Mayor and Council
Population	13,234
Area in Square Miles	15
Miles of Streets	75
Number of Employees	224
Number of Street Lights	1,134

SOLID WASTE CUSTOMERS

Residential	5,129
Commercial	609
Transfer Station	19

MUNICIPAL UTILITY CUSTOMERS

Cable	4,978
Electric	5,978
Gas	3,720
Internet	1,774
Telephone	424
Wastewater	6,550
Water	8,665

FROM THE MAYOR'S OFFICE...



We at the City of Monroe want to welcome you to our city! We take great pride in our community and the many services that we offer. Located between the metropolitan areas of Atlanta and Athens, our community has its own strong commitment to excellent education, superior health care, and a diversified and growing economic base. We hope this 2011 Popular Annual Financial Report (PAFR) gives you a better understanding of how the City of Monroe operates and manages the city to make it more dynamic for its citizens, and more attractive to its visitors.

ELECTED OFFICIALS

Mayor	Greg Thompson	gthompson@monroega.gov
District 1	Lee Malcom	lmalcom@monroega.gov
District 2	Denise Dixon	ddixon@monroega.gov
District 3	Jerry Smith	jsmith@monroega.gov
District 4	Cliff Peters	cpeters@monroega.gov
District 5	Rita Scott	rscott@monroega.gov
District 6	Wayne Adcock	wadcock@monroega.gov
District 7	Nathan Little	nlittle@monroega.gov
District 8	Jimmy Richardson	jrichardson@monroega.gov

APPOINTED OFFICIALS

City Administrator	Julian Jackson	jjackson@monroega.gov	770-266-5110
Code Enforcement	Knox Bell	kbell@monroega.gov	770-266-5162
Electric & Telecom Director	Brian Thompson	bkthompson@monroega.gov	770-266-5345
Finance Director	Renee Prather	rprather@monroega.gov	770-266-5115
Fire Chief	Stan Dial	sdial@monroega.gov	770-266-5131
Police Chief	Keith Glass	kglass@monroega.gov	770-267-6340
Public Works Director	Steve Worley	sworley@monroega.gov	770-266-5141
Water & Gas Director	Rodney Middlebrooks	rmiddlebrooks@monroega.gov	770-266-5350

GENERAL INFORMATION

The City of Monroe was incorporated in 1821 and is located in Northeast Georgia, approximately 40 miles east of Atlanta. Monroe is the county seat of Walton County. The City operates under a Mayor/Council form of government, elected on a non-partisan basis. The Mayor is elected at-large. The Council is composed of eight members, with six members being elected from individual districts and two members being elected from super districts.

The Mayor and Council are elected to four year terms. The City Administrator is responsible for carrying out the policies and ordinances of the council and overseeing the day-to-day operations of the government.

The City of Monroe provides a full range of municipal services including police and fire protection, maintenance of streets, solid waste, building and zoning, code enforcement, and utilities including; electric, gas, water, wastewater, cable, internet, telephone, library facilities, and airport.



PRINCIPAL EMPLOYERS

<i>EMPLOYER</i>	<i>EMPLOYEES</i>	<i>PERCENTAGE OF CITY EMPLOYMENT</i>
Wal-Mart Distribution Center	771	14.0%
Walton County Government	565	10.2%
Walton County Board of Education	464	8.4%
Monroe HMA	289	5.2%
Angel Food Ministries	264	4.8%
Wal-Mart Super Center	230	4.2%
City of Monroe	224	4.1%
Hitachi Automotive Systems Americas	165	3.0%
Elite Storage	146	2.6%
State of Georgia	107	1.9%

BUDGET PROCESS

Yearly, each department head submits to the City Administrator a proposed annual budget for their respective department. The City Administrator submits to the Mayor and Council a proposed operating and capital budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

The Council holds a public hearing, giving notice in advance in the Walton Tribune thus allowing public comments. The budget is then revised if necessary and adopted by the Council at a subsequent meeting.

The adopted budget may be revised during the year only by formal action of the City Council.

Operating and capital budgets are legally adopted each fiscal year for the General Fund, all Special Revenue Funds and the Debt Service Fund. Below is the amended 2011 Budget.

REVENUES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
TAXES	\$ 5,898,000	\$ 25,000	
OTHER REVENUES	1,498,238	30,000	
OTHER FINANCING SOURCES	1,771,130		
FUND BALANCE			
TRANSFERS IN		110,500	682,266
TOTAL REVENUES	\$ 9,167,368	\$ 165,500	\$ 682,266

EXPENDITURES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
GENERAL GOVERNMENT	\$ 821,255	\$ 135,500	
FINANCE	438,569		
PROTECTIVE SERVICE	375,515		
FIRE	1,376,185		
HIGHWAYS & STREETS	1,617,556		
POLICE	3,425,676	30,000	
BUILDINGS & GROUNDS	248,846		
COMBINED UTILITY			
SOLID WASTE			
TOTAL OPERATIONS	8,303,602	165,500	
OTHER FINANCING USES	863,766		
DEBT SERVICE			682,266
TOTAL EXPENDITURES	\$ 9,167,368	\$ 165,500	\$ 682,266

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2011 are as follows:

- The City of Monroe's combined net assets (total assets minus total liabilities) as of December 31, 2011 totaled \$78.98 million.
- Total revenues for all governmental funds were \$8.92 million.
- Total expenditures for all governmental funds were \$10.8 million.
- Utility Fund operating revenues totaled \$31.7 million.
- Utility Fund operating expenses totaled \$27.4 million.



TYPES OF FUNDS

The City of Monroe maintains seven individual governmental funds. Governmental funds are used to account for all tax supported activities of the City. Revenues and expenditures are recorded using the modified accrual basis of accounting which closely resembles how you would record your checkbook.

- General Fund—This is the City's primary operating fund and accounts for revenues and expenditures that are not required to be accounted for in other funds.
- Special Revenue Funds—These are used to account for specific revenues that are legally restricted for particular purposes.

- Capital Project Funds—Used to account for the acquisition and construction of major capital facilities.
- Debt Service Funds—Used to account for the payment of principal and interest on General Obligation Bonds.

The City of Monroe maintains one type of proprietary fund. These funds are used to report operations showing a profit or loss similar to private businesses.

- Enterprise Funds—Used to account for utility and solid waste operations.

This PAFR focuses on the three funds of most interest to citizens: General Fund, Utility Fund, and Solid Waste Fund.

FUND BALANCE

Fund Balance is the difference between assets (what the City owns) and liabilities (what the City owes). Essentially, unassigned fund balance is the spendable portion of net assets in the governmental funds which includes the General Fund. At the end of fiscal year 2011, unassigned fund balance was \$499 thousand. Fund balance of the City's General Fund decreased by \$197 thousand during 2011.

The key factor in this small decrease was due to the increase in employee health insurance expenditures. Figure 1 illustrates this change.

The City's unassigned fund balance represents approximately 6% of total General Fund expenditures, while total fund balance represents 13% of total General Fund Expenditures.

FUND BALANCE - GENERAL FUND

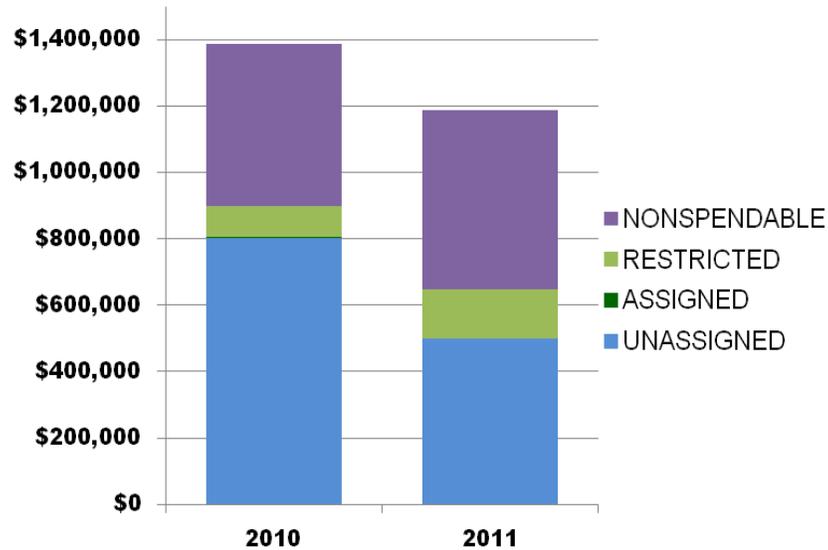


FIGURE 1

GENERAL FUND

The chart below shows trend data for the total revenues and total expenditures for the City of Monroe's General Fund. The General Fund is the chief operating fund of the City and is the only major governmental fund. More detail concerning General Fund revenues and expenditures is contained on the following pages of this Popular Annual Financial Report (PAFR).

REVENUES & EXPENDITURES

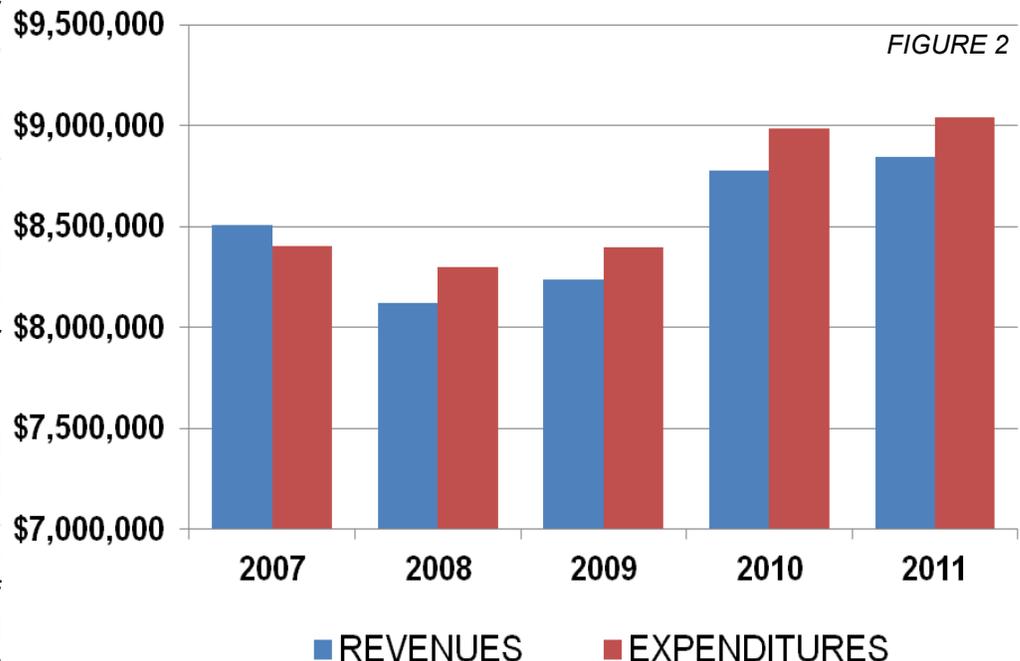


FIGURE 2

GENERAL FUND REVENUES

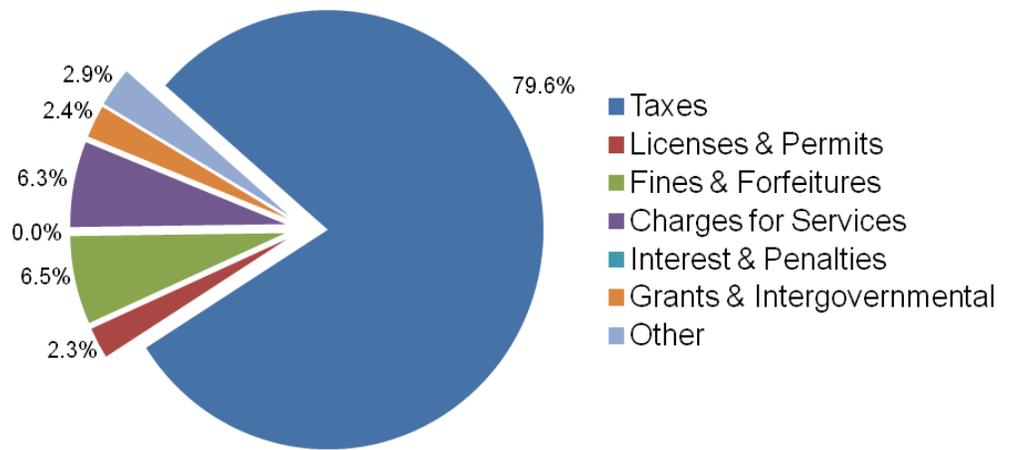
WHERE THE MONEY COMES FROM

REVENUES

General Fund Revenues increased a little less than 0.5% over the prior fiscal year. *Figure 3* shows a breakdown of revenues by source. The main reason for this slight increase is sales tax collections are up, and there was a decrease in grant funds received. We had some increases in revenue collections that offset the decreases which reduced the impact. *Figure 4* shows trend data for the last 5 years for revenues by source. These charts show where the money comes from to support services. Decreases in other revenue was due to the decrease in grant revenues. This trend reflects the leveling off of growth in the local economy for 2011.

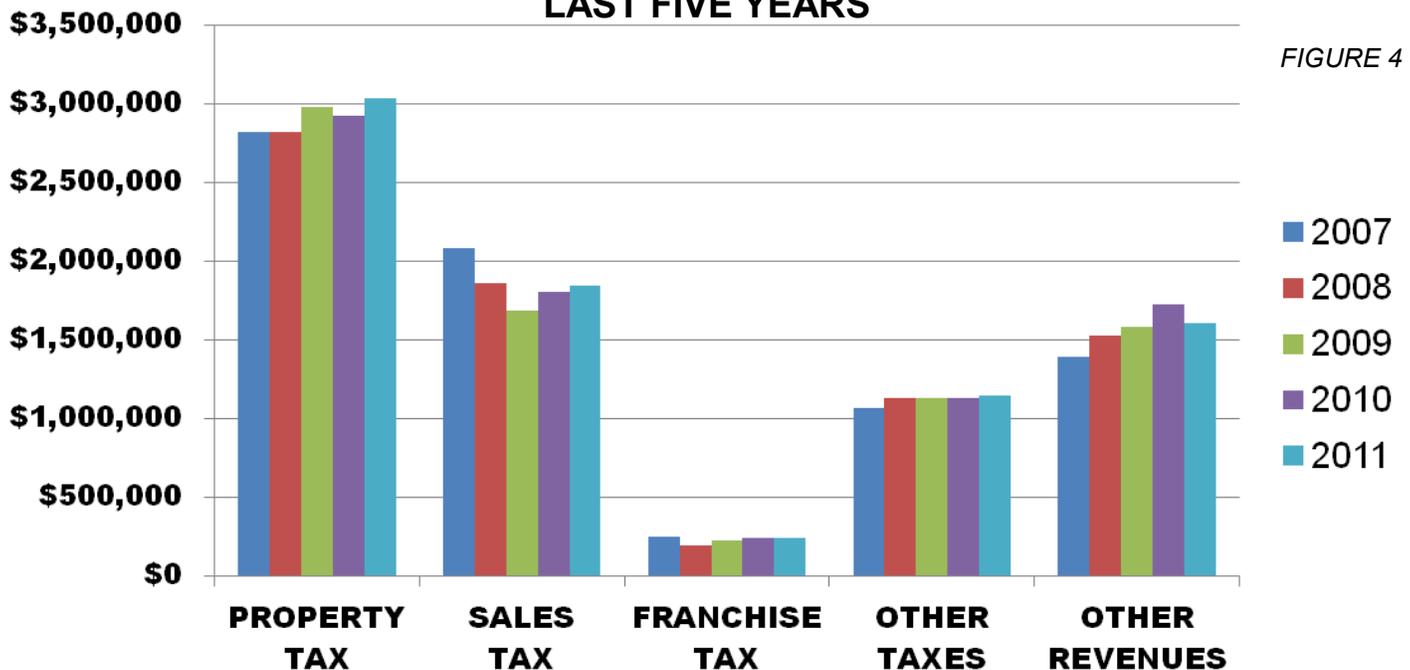
REVENUES BY SOURCE

FIGURE 3



**GENERAL FUND REVENUES BY SOURCE
LAST FIVE YEARS**

FIGURE 4



GENERAL FUND EXPENDITURES

WHERE THE MONEY IS SPENT

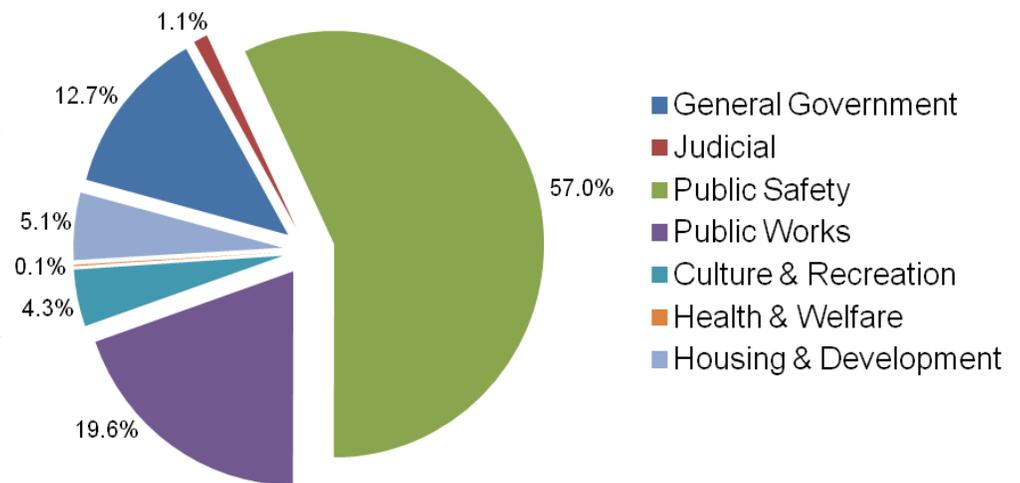
EXPENDITURES

General Fund Expenditures increased 0.6% compared to FY 2010 totaling \$9.0 million in FY 2011. *Figure 5* shows where the money is spent along with the percentage for each city function. The amounts shown include debt service. No department had excesses of actual expenditures over budget for FY 2011. *Figure 6* shows trend data for the last 5 years.

The City continues to provide quality services for our citizens at the lowest cost possible. With a millage rate set at 7.612, Monroe's tax rate continues to be one of the lowest in our area while at the same time offering our citizens some of the best services around.

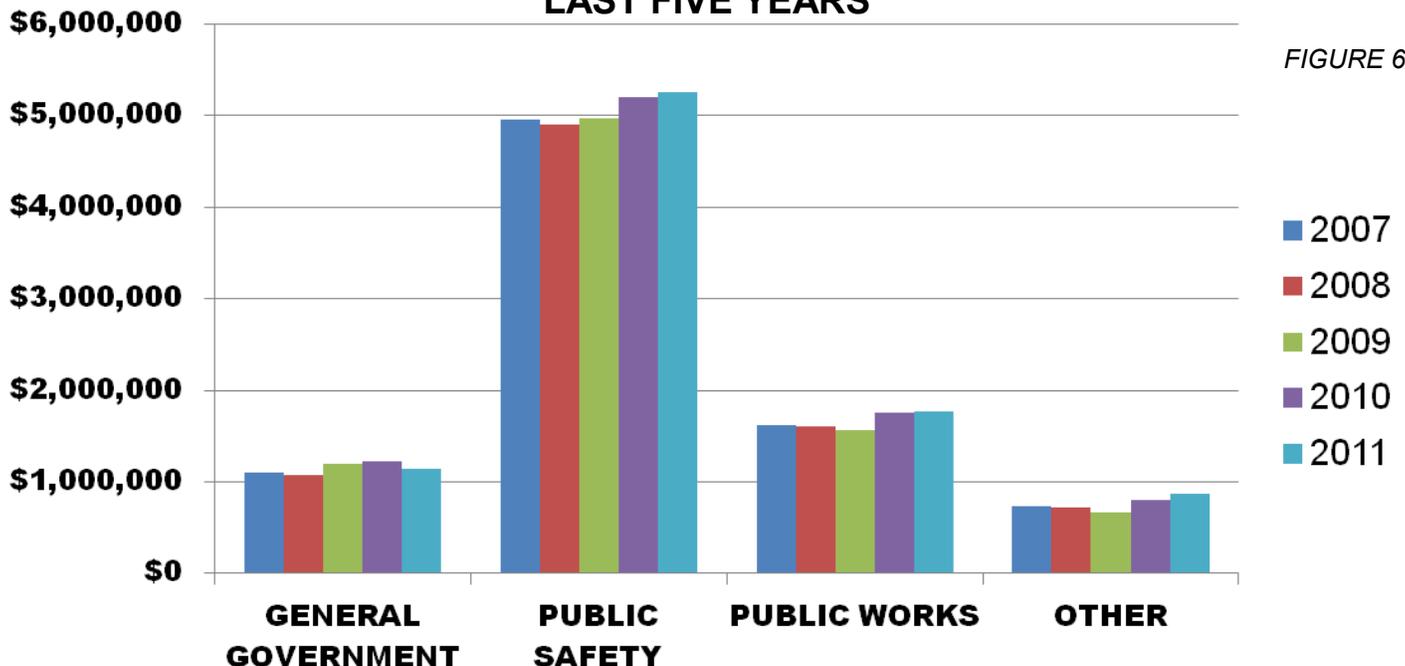
EXPENDITURES BY FUNCTION

FIGURE 5



GENERAL FUND EXPENDITURES BY FUNCTION LAST FIVE YEARS

FIGURE 6



ENTERPRISE FUND OPERATING REVENUE & EXPENSE



FIGURE 7

UTILITY FUND

The City's Utility Fund has remained steady over the past 5 years as shown in *Figure 7*. Revenues remained almost steady with only a slight increase in 2011. General operating expenses also increased in 2011. Several factors influenced this increase and the actual cost to provide the services increased along with continued efforts to keep expenses down. The above factors equate to the \$1.97 million increase in 2011 net assets compared with 2010 net assets.



Water Tower, Wayne Street

SOLID WASTE FUND

Revenues and Expenses for this fund have remained steady for the past 5 years, showing a slight drop in revenue and expenditures in 2011 as shown in *Figure 7*. The Solid Waste Fund has shown a loss in the past with 2011 showing a slight increase in net assets. Efforts to keep expenses down were the major factor for this increase along with a small increase in rates. In the past, the General Fund has subsidized operations of the Solid Waste Fund.

The transfer station provides a way for the City to dispose of solid waste generated by contracting with a private contractor to haul the large quantities of waste out of the City, saving time and money.



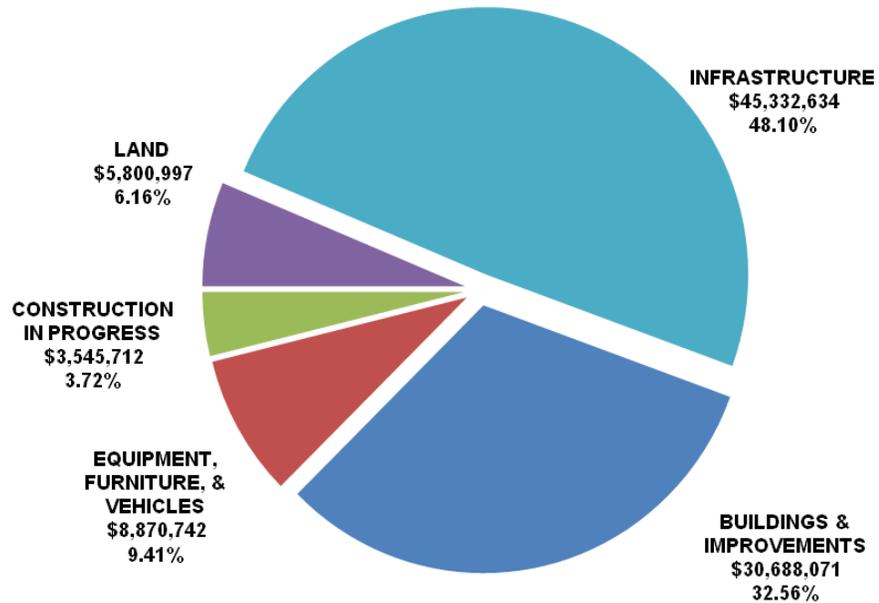
Solid Waste Facility

CAPITAL ASSETS

The City's investment in capital assets (*Figure 8*) for the governmental and business-type activities as of December 31, 2011, amounted to \$94.5 million (net of accumulated depreciation). This investment includes land, infrastructure, buildings & improvements, equipment, furniture & vehicles, and construction in progress. Major additions this year were:

FIGURE 8

- \$1.58 million for land, buildings, infrastructure & improvements.
- Over \$530 thousand in specialized service installation equipment, machinery, and vehicles.
- Construction in progress projects totaling \$6 million in utility service extensions for new or improved service and equipment for property development.
- \$201 thousand in equipment, furniture, and vehicles sold as surplus.



LONG-TERM DEBT

At fiscal year end 2011, the City had \$30.5 million in long-term debt outstanding, of which \$2.99 million will mature during 2011. We had no increase in long-term debt from the previous year. The City levies a property tax, general obligation bond tax (bonds issued to finance projects requiring prior voter approval with funds to repay them coming from taxes levied by the City). The General Fund has 2000 and 2006 (advance refunding) GO Bonds and the Enterprise Fund has 2003, 2006 (refund) and 2011 (refund) outstanding Utility Revenue Bonds. The City of Monroe's GO bond rating from Standard & Poor's is an "A" with the Revenue Bonds rated "A -". Bond credit ratings assess the credit worthiness of the City much like an individual's credit rating. Our rating says we have above average creditworthiness relative to other municipal issuers. The City's rating is Upper Medium Grade with High Quality being the next level and Best Quality being the highest rating.

SUMMARY OF DEBT ACTIVITY

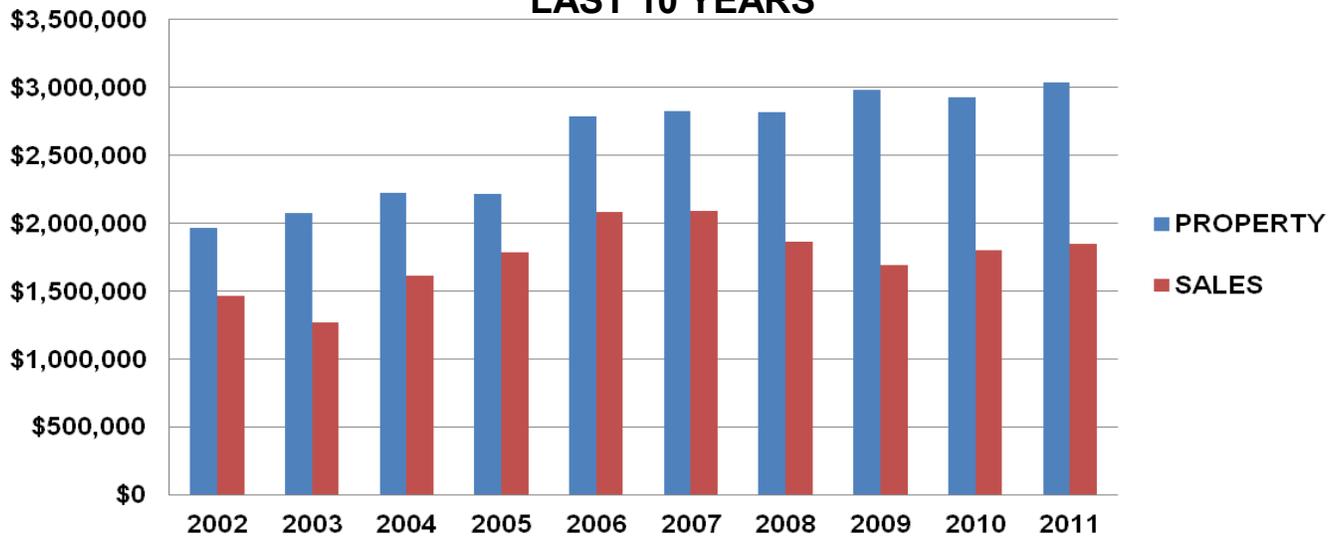
	1/1/2011	INCREASES	DECREASES	12/31/2011	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS	5,734,610		(410,422)	5,324,188	470,000
COMPENSATED ABSCENCES	709,054	1,068,477	(983,576)	793,955	793,955
REVENUE BONDS	23,478,282	2,980,521	(4,459,051)	21,999,752	1,659,900
NOTES PAYABLE	987,931	1,444,555	(92,265)	2,340,221	70,416
	30,909,877	5,493,553	(5,945,314)	30,458,116	2,994,271

SALES & PROPERTY TAXES

The City of Monroe receives a portion of Walton County's 1¢ Local Option Sales Tax along with a portion of their Special Local Option Sales Tax to make sales tax the second largest source of revenue for the City's General Fund. *Figure 9* shows property tax revenues staying steady the last 5 years with sales taxes showing a slight increase in 2011.

**TAX COLLECTIONS
LAST 10 YEARS**

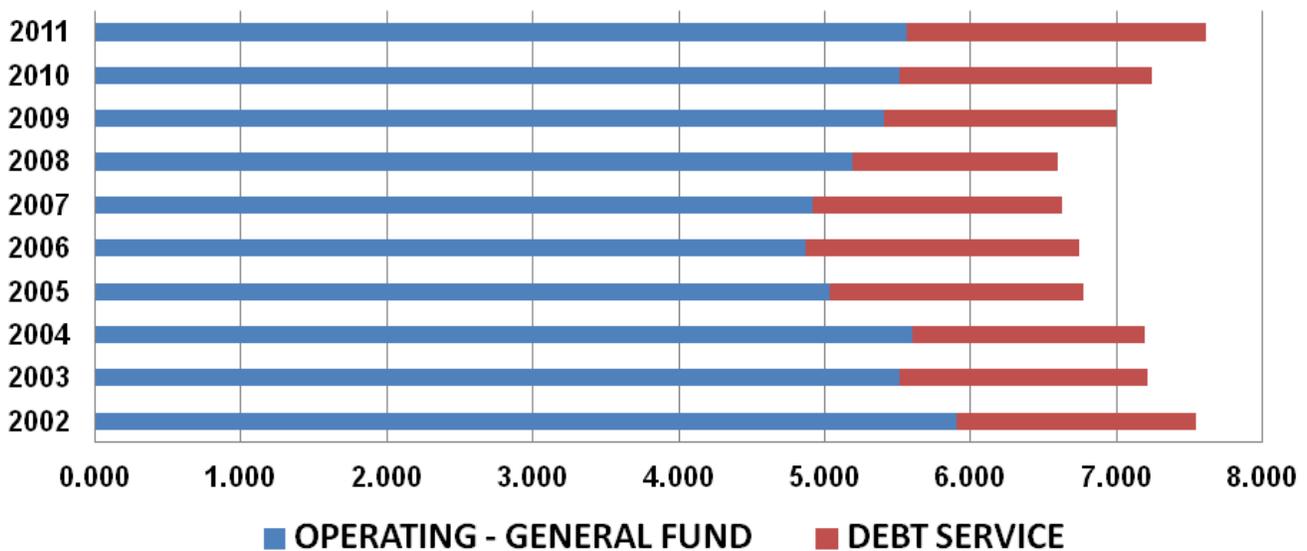
FIGURE 9



The millage rate for 2011 property taxes shown in *Figure 10* remains steady with a slight increase for 2011 due to decreased property values and the increase in the debt service rate. We have experienced some economic growth in the commercial sector allowing us to keep our rates down. We are very proud to be able to accomplish this without impacting the level of services provided to our community.

**PROPERTY MILLAGE RATES
LAST 10 YEARS**

FIGURE 10



LOCAL ECONOMY

While the north Georgia economy has felt the same economic downturn as the rest of the nation, the City of Monroe continues to maintain a stable financial environment. Monroe is the county seat of Walton County.

Although residential development has been slow, some commercial development continues. The majority of the City's commercial development lies along the Highway US 78/GA 138 corridor. With the opening of the new Clearview Regional

Medical Center hospital in the spring of 2012, the City expects this commercial growth to continue.

Recent code rewrite meetings have been held with the help of the Atlanta Regional Commission (ARC) to give the downtown area a more uniform appearance.

With the hiring of a new Main Street Coordinator, our downtown area expects to continue its growth and revitalization drawing new business and tourism.

LONG-TERM FINANCIAL PLANNING

The City is currently in the planning and redeveloping stages of an area just south of the downtown area. Monroe will receive Transportation Enhancement (TE) program funds in the amount of \$500,000 for the Broad Street (GA Highway 11) Streetscape. Combined with \$250,000 of City funds, this project will improve both sides of Broad Street with sidewalks, retaining walls, pavers, landscaping and lighting from Alcovy Street through the Walker Street intersection. This project is a continuation of a previously funded TE project and will complement ongoing efforts within the Broad Street Corridor. Application for additional TE grant funds to continue this project was made in 2011 and the city was awarded the grant for this project. This project will continue the improvements into

the old "Monroe Mill" district.

In 2011, the City started rehab of sewer lines to serve one of our lower income areas with funds from a Community Development Block Grant (CDBG FY09). The City was awarded additional CDBG grant funds (CDBG FY11) to continue with our sewer rehab project.

The City has completed Phase I of the upgrade to our existing water treatment plant and is near completion of Phase II. The financing for these improvements is being done with low interest loan funds from the Georgia Environmental Facilities Authority (GEFA). The improvements will ensure continuation of a quality water supply for our citizens and improve the operation of the City's water treatment plant.

MAJOR INITIATIVES

The City of Monroe is working closely with Georgia DOT and Walton County to improve the area's transportation projects. As mentioned above, the Highway US 78/GA 138 area's growth has seen the need to extend GA Highway 138 to alleviate some of the traffic issues. Charlotte Rowell Boulevard, an extension of GA Highway 138 north of US Highway 78 to Highway 11, remains on schedule and the project will go out for contract letting in 2012 according to Georgia Department of Transportation (DOT). This is one example of the partnership to improve our local transportation network. Another example is the partnership between Monroe and Walton County to complete a truck by-pass

around the historic downtown area. Engineering is underway and negotiations continue with Georgia DOT for approval and eventually the construction of this much needed connector.

The City has also taken on the responsibility of building and opening the Georgia Utility Training Academy (GUTA) which will provide an additional revenue source though the training of utility service workers across the southeast.

The City has launched a City owned phone system which has grown rapidly in 2011 and we expect this growth to continue. This system is providing phone service to customers through the existing cable and internet system.

FUTURE DEVELOPMENT

Clearview Regional Medical Center is set to open on April 22, 2012.



The AMR (automated meter reading) meter change out program continues to progress with the installation of electric, gas, and water meters into 2012 .



Our Community Development Block Grant (CDBG FY09) program begins early construction stages with the project scheduled for completion in 2012.



The project between Georgia DOT and City of Monroe to bury power lines near the Airport is primarily completed with final construction to be finished early in 2012.



The Water Treatment Plant upgrade continues with the construction of a blower building and lime silo, as a part of the ongoing expansion process.



The City of Monroe Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011 has been submitted for the tenth consecutive year. The award of the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association (GFOA) has been received for the past nine years. An award is valid for a period of one year only. We believe our CAFR continues to meet the program requirements.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Monroe for its Popular Annual Report for the fiscal year ended December 31, 2010. This was the seventh year that the City has received this prestigious award. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Financial Reporting, a government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe that our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**City of Monroe
Georgia**

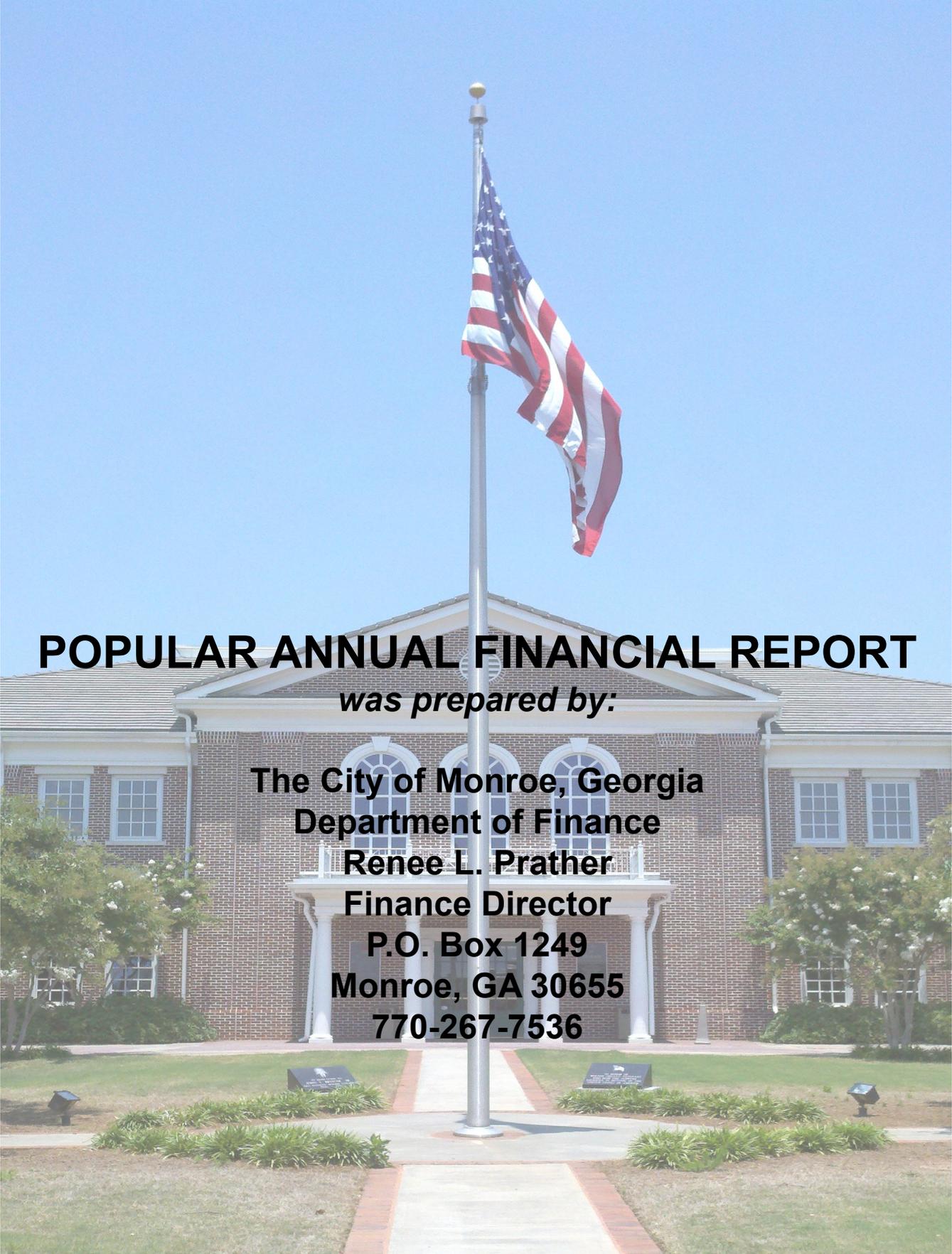
for the Fiscal Year Ended

December 31, 2010



Linda C. Davison
President

Jeffrey L. Esser
Executive Director



POPULAR ANNUAL FINANCIAL REPORT

was prepared by:

**The City of Monroe, Georgia
Department of Finance**

Renee L. Prather

Finance Director

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