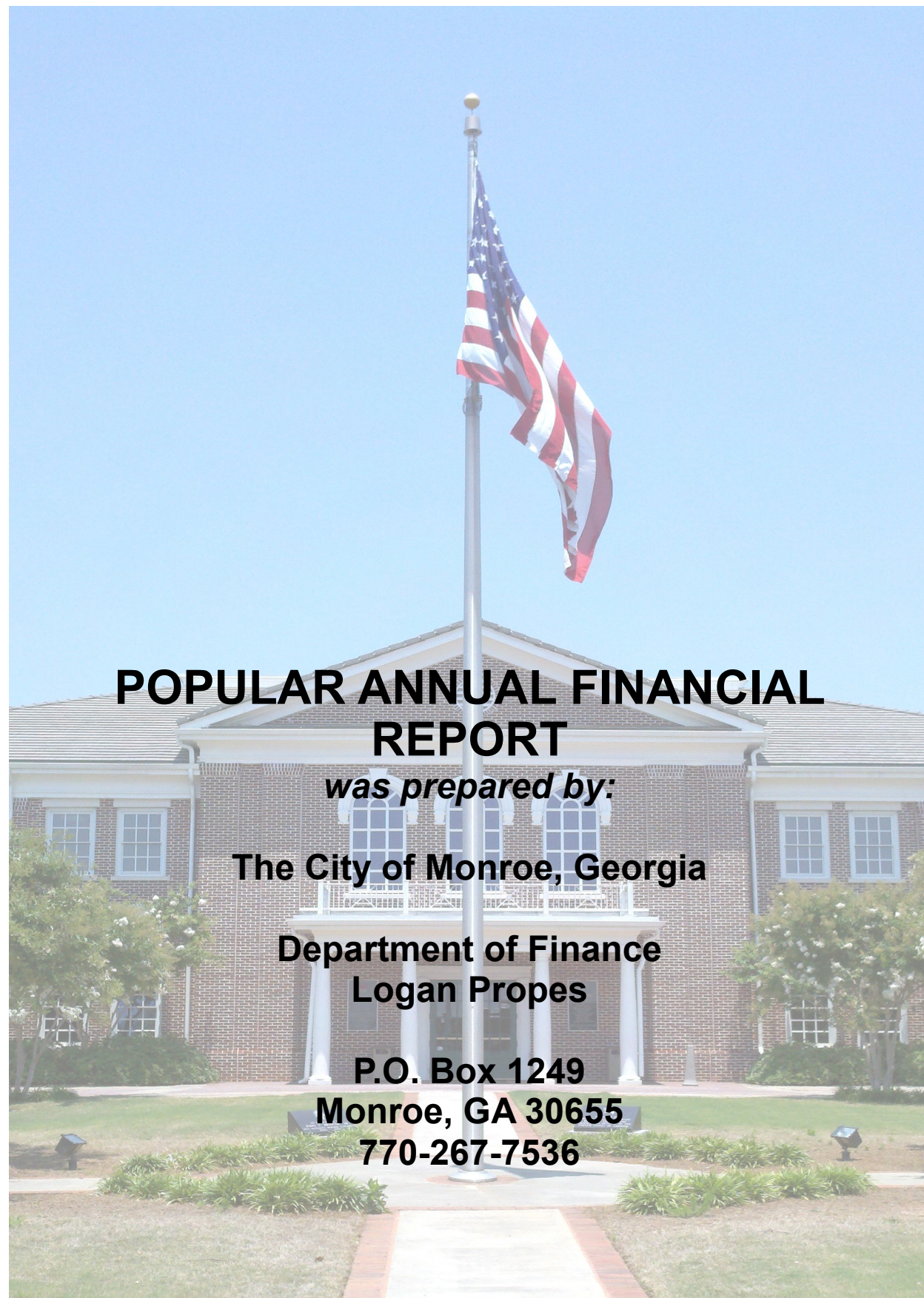


POPULAR ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED DECEMBER 31, 2015

CITY OF MONROE
215 NORTH BROAD STREET
MONROE, GEORGIA 30655



POPULAR ANNUAL FINANCIAL REPORT

was prepared by:

The City of Monroe, Georgia

Department of Finance
Logan Propes

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The City of Monroe Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2015 has been submitted for the fourteenth 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 thirteen 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, 2014. This was the eleventh 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.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Monroe
Georgia**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in black ink, reading "Jeffrey R. Enner".

Executive Director/CEO

MAJOR INITIATIVES

The City of Monroe is working closely with Georgia Department of Transportation (GDOT) and Walton County to improve the area's transportation projects. The continued addition of sidewalks within the City will continue to be a major focus, as will the use of SPLOST funding to better enhance the corridors of Monroe. There is also a current focus to upgrade all lighting fixtures to LED lighting.

The completion of Charlotte Rowell Boulevard has created the need for the expansion of utility services to promote the area's growth of commercial businesses.

The continued growth of the Monroe-Walton County Airport is expected thru the completion of fencing to fully enclose the airport, the installation of an Automated Weather Observing System (AWOS) and the addition of t-hangers for lease.

FUTURE DEVELOPMENT

North TE Grant and Sidewalks - Additional design work is being done, and grant funding being obtained to perform a northern corridor improvement to Broad Street (SR11) in the upcoming years. This will match both the south and north entrances to the city of Monroe.



Charlotte Rowell Boulevard - This extension of SR138 has provided Monroe with a great resource to expand the commercial and business district, thus inviting new businesses to break ground in the city limits of Monroe. Utility infrastructure is currently being installed to precede the expected growth of the area.

Monroe-Walton County Airport - Additions to the airport have provided for additional growth to the community. There has been the installation of a 100LL avgas fuel farm, fencing to complete the enclosure, courtesy car program, and an AWOS system. Future additions will include a jet fuel farm, the construction of 12 t-hangers, a fully operable FBO, and corporate t-hangers.



ABOUT THIS REPORT

We are pleased to present the 2015 Popular Annual Financial Report (PAFR). The PAFR is a brief analysis of where 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 is drawn from the 2015 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 unmodified, 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 financial information presented in this document is based on the same financial data presented in the CAFR. 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.

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 2015 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.



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, fire, streets, solid waste collection, planning and zoning, code enforcement, library facilities, airport and utilities including electric, cable, internet, telephone, gas, water, wastewater, water and wastewater treatment and stormwater.



ELECTED OFFICIALS

| | | |
|------------|------------------|--------------------------|
| Mayor | Greg Thompson | gthompson@monroega.gov |
| District 1 | Lee Malcom | lmalcom@monroega.gov |
| District 2 | Denise Dixon | ddixon@monroega.gov |
| District 3 | Nathan Purvis | npurvis@monroega.gov |
| District 4 | Larry Bradley | lbradley@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 | Matthew Chancey | mchancey@monroega.gov | 770-266-5110 |
| Code Enforcement | Pat Kelley | pkelley@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 |
| Public Safety Director | Keith Glass | kglass@monroega.gov | 770-267-6340 |
| Solid Waste Director | Danny Smith | dsmith@monroega.gov | 770-266-5149 |
| Street & Transportation Director | Jeremiah Still | jstill@monroega.gov | 770-266-5144 |
| Water & Gas Director | Rodney Middlebrooks | rmiddlebrooks@monroega.gov | 770-266-5350 |

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. 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.

The City of Monroe's population is estimated at 13,466 residents. Among the top ten employers in the City, four are governments accounting for 18.4% of all jobs in the city and 19.6% of the utility revenue of the city. There are currently eight (8) antiques stores with over 300,000 square feet of floor space making Monroe and Walton County the antiques capital of Georgia.

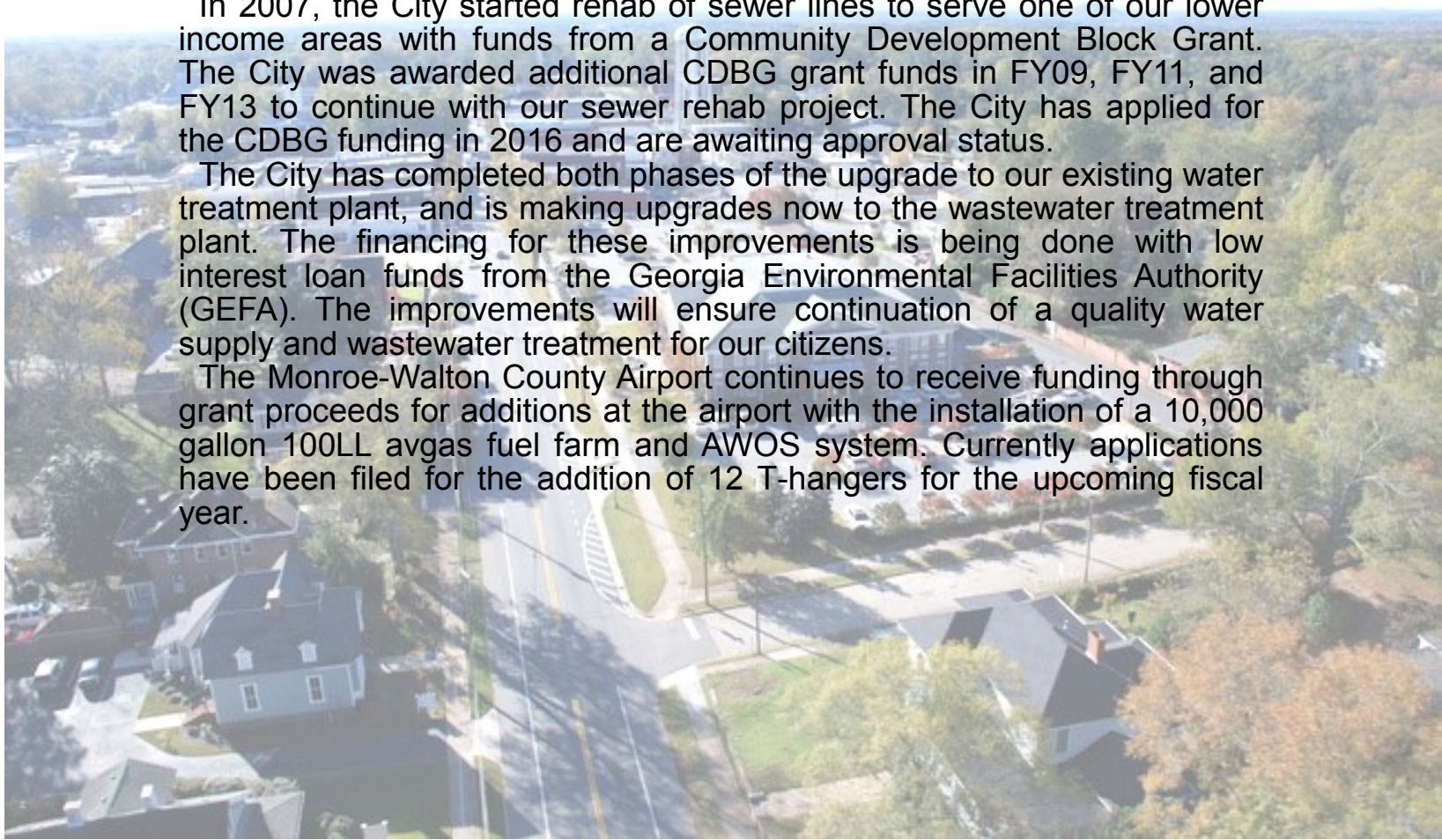
LONG-TERM FINANCIAL PLANNING

The City is currently in the planning and redeveloping stages of an area just north of the downtown area. Monroe will receive Transportation Enhancement (TE) program funds for the Broad Street (SR 11) Streetscape. Combined with City funds, this project will improve both sides of Broad Street with sidewalk, retaining walls, pavers, landscaping and lighting from Marable Street through the Carwood Drive intersection. This project is a continuation of a previously funded TE project and will complement on-going efforts within the Broad Street Corridor. Application This project will continue the improvements into the northern entrance of Monroe.

In 2007, the City started rehab of sewer lines to serve one of our lower income areas with funds from a Community Development Block Grant. The City was awarded additional CDBG grant funds in FY09, FY11, and FY13 to continue with our sewer rehab project. The City has applied for the CDBG funding in 2016 and are awaiting approval status.

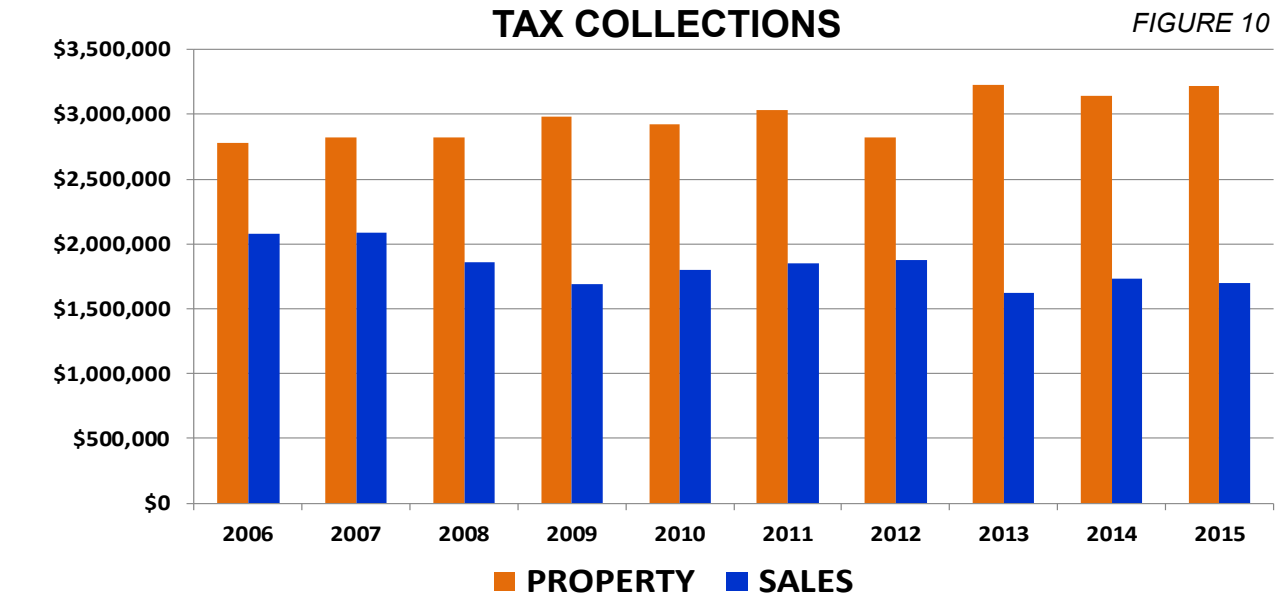
The City has completed both phases of the upgrade to our existing water treatment plant, and is making upgrades now to the wastewater treatment plant. The financing for these improvements is being done with low interest loan funds from the Georgia Environmental Facilities Authority (GEFA). The improvements will ensure continuation of a quality water supply and wastewater treatment for our citizens.

The Monroe-Walton County Airport continues to receive funding through grant proceeds for additions at the airport with the installation of a 10,000 gallon 100LL avgas fuel farm and AWOS system. Currently applications have been filed for the addition of 12 T-hangers for the upcoming fiscal year.

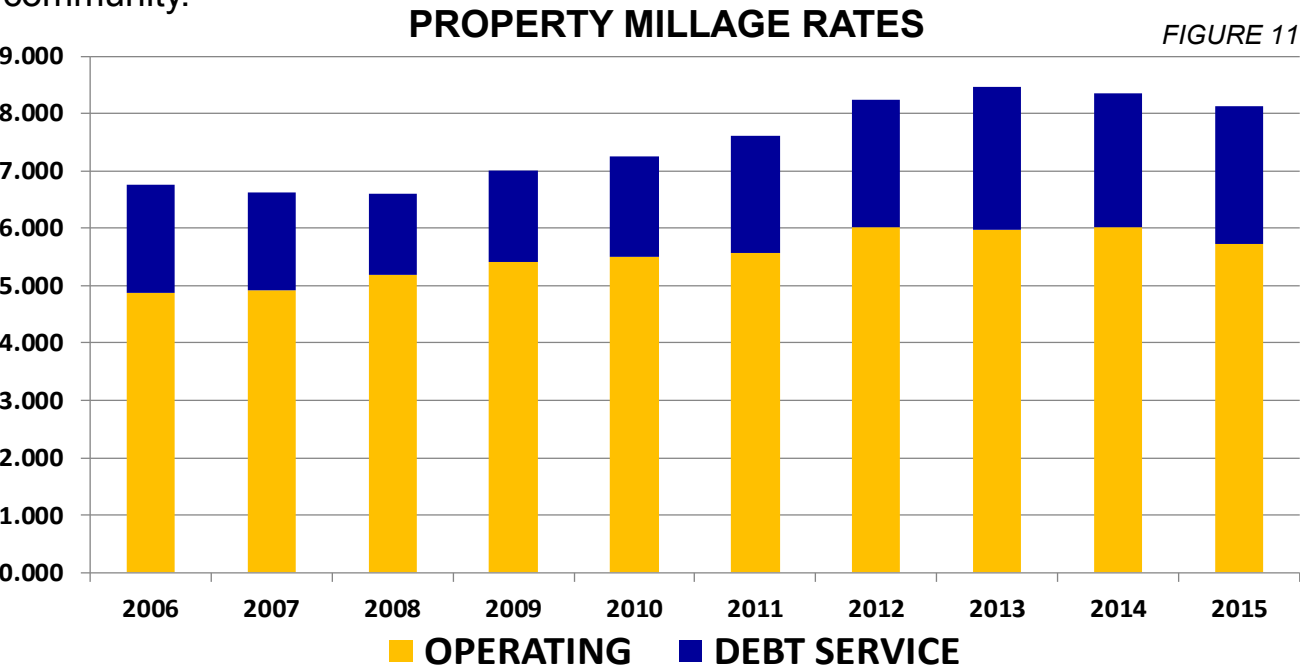


SALES & PROPERTY TAXES

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 10* shows property tax revenues increasing slightly with sales taxes showing a slight decrease in 2015.



The millage rate for 2015 property taxes shown in *Figure 11* remains steady with a slight decrease for 2015 due to increased property values and the decrease in the operating 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 while maintaining the level of services provided to our community.



MISCELLANEOUS STATISTICS

| | |
|-------------------------|-------------------|
| Date of Incorporation | 1821 |
| Form of Government | Mayor and Council |
| Population | 13,466 |
| Area in Square Miles | 15 |
| Miles of Streets | 80 |
| Number of Employees | 210 |
| Number of Street Lights | 1,136 |

SOLID WASTE CUSTOMERS

| | |
|------------------|-------|
| Residential | 5,361 |
| Commercial | 625 |
| Transfer Station | 15 |

MUNICIPAL UTILITY CUSTOMERS

| | |
|------------|-------|
| Cable | 4,390 |
| Electric | 6,191 |
| Gas | 3,692 |
| Internet | 2,912 |
| Telephone | 1,405 |
| Wastewater | 6,804 |
| Water | 8,986 |

PRINCIPAL EMPLOYERS

| EMPLOYER | EMPLOYEES | PERCENTAGE |
|-----------------------------------|-----------|------------|
| Wal-Mart Distribution Center | 721 | 11.9% |
| Walton County Government | 592 | 10.2% |
| Hitachi Automotive Systems | 549 | 9.1% |
| Clearview Regional Medical Center | 316 | 5.2% |
| Elite Storage | 238 | 3.9% |
| Wal-Mart Super Center | 224 | 3.7% |
| City of Monroe | 210 | 3.5% |
| Walton County Board of Education | 176 | 2.9% |
| State of Georgia | 111 | 1.8% |
| Walton Press | 95 | 1.6% |

BUDGET PROCESS

Yearly, each department director 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 2015 Budget.

| REVENUES | GENERAL FUND | SPECIAL REVENUE FUNDS | DEBT SERVICE FUNDS |
|-------------------------|---------------------|-----------------------------|--------------------------|
| TAXES | \$ 6,271,037 | 25,000 | |
| LICENSES & PERMITS | 130,000 | | |
| FINES & FORFEITURES | 390,000 | 54,000 | |
| CHARGES FOR SERVICES | 638,900 | | |
| INTERGOVERNMENTAL | 190,170 | | |
| OTHER REVENUES | 154,250 | | |
| OTHER FINANCIAL SOURCES | 1,082,942 | | 818,400 |
| TOTAL REVENUES | \$ 8,857,299 | \$ 79,000 | \$ 818,400 |

| EXPENDITURES | GENERAL FUND | SPECIAL REVENUE FUNDS | DEBT SERVICE FUNDS |
|-------------------------|---------------------|-----------------------------|--------------------------|
| GENERAL GOVERNMENT | \$ 1,245,034 | | |
| JUDICIAL | 96,879 | | |
| PUBLIC SAFETY | 4,775,508 | 54,000 | |
| PUBLIC WORKS | 1,740,070 | | |
| HEALTH & WELFARE | 12,000 | | |
| CULTURE & RECREATION | 396,945 | | |
| HOUSING & DEVELOPMENT | 590,863 | 25,000 | |
| DEBT SERVICE | | | 818,400 |
| TOTAL OPERATIONS | \$ 8,857,299 | \$ 79,000 | \$ 818,400 |

LONG-TERM DEBT

At fiscal year end 2015, the City had 23.80 million in outstanding long-term debt, of which \$2.77 million will mature during 2016. 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 (refunding) and 2012 (refunding) 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 an 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.

The below Summary of Debt Activity reflects the Net Pension Liability reporting requirements as outlined in the Governmental Accounting Standards Board (GASB) Statement 68. This revision became effective for any fiscal years beginning after June 15, 2014.

| SUMMARY OF DEBT ACTIVITY | 1/1/2015 | INCREASES | DECREASES | 12/31/2015 | DUE WITHIN ONE YEAR |
|---------------------------------|-------------------|------------------|--------------------|-------------------|------------------------|
| GENERAL OBLIGATION BONDS | 3,795,000 | - | (645,000) | 3,150,000 | 700,000 |
| ORIGINAL ISSUE PREMIUM | 58,240 | - | (19,219) | 39,021 | - |
| BONDS PAYABLE, NET | 3,853,240 | - | (664,219) | 3,189,021 | 700,000 |
| CAPITAL LEASES | 518,861 | - | (257,070) | 261,791 | 261,791 |
| COMPENSATED ABSCENCES | 599,802 | 518,557 | (516,303) | 602,056 | 518,243 |
| NET PENSION LIABILITY | 3,824,223 | 1,252,779 | (1,658,809) | 3,418,193 | - |
| GOVERNMENT ACTIVITY | 8,796,126 | 1,771,336 | (3,096,401) | 7,471,061 | 1,480,034 |
| REVENUE BONDS | 17,280,000 | - | (1,635,000) | 15,645,000 | 1,715,000 |
| ORIGINAL ISSUE PREMIUM | 265,917 | - | (46,942) | 218,975 | - |
| BONDS PAYABLE, NET | 17,545,917 | - | (1,681,942) | 15,863,975 | 1,715,000 |
| NOTES PAYABLE | 3,707,085 | 305,751 | (14,513) | 3,998,323 | 89,080 |
| COMPENSATED ABSENCES | 353,924 | 566,541 | (592,793) | 327,672 | 327,672 |
| NET PENSION LIABILITY | 4,040,692 | 1,303,912 | (1,732,925) | 3,611,679 | - |
| BUSINESS TYPE ACTIVITY | 25,647,618 | 2,176,204 | (4,022,173) | 23,801,649 | 2,131,752 |

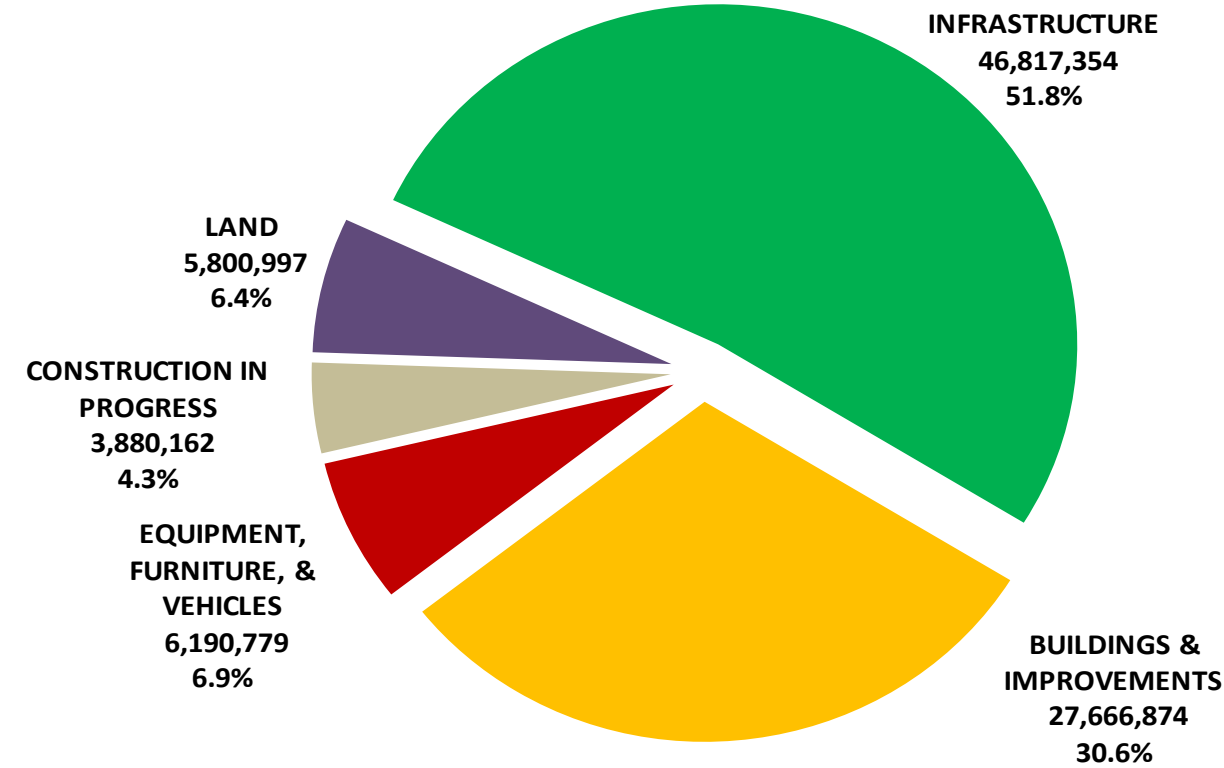
CAPITAL ASSETS

The City's investment in capital assets as shown in *Figure 9* for the governmental activities (financed through taxes, intergovernmental revenues and other nonexchange revenues) and business-type activities (financed in whole or in part by fees charged to external parties for goods or services) as of December 31, 2015 amounted to \$90.36 million (net of accumulated depreciation). This investment includes land, infrastructure, buildings & improvements, equipment, furniture & vehicles and construction in progress. Major additions this year were:

- Approximately \$561 thousand in specialized utility service installation equipment, machinery, and vehicles.
- Construction in progress projects totaling \$2.26 million in utility service and \$790 thousand for government activity projects.

Overall investments in capital assets decreased by \$60 thousand from FY2014 to FY2015 due to accumulated depreciation of infrastructure, buildings & improvements, and equipment, furniture & vehicles.

FIGURE 9



FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2015 are as follows:

- The City of Monroe's combined net position (total assets and deferred outflows of resources minus total liabilities) as of December 31, 2015 totaled \$89.05 million.
- Total revenues for all governmental funds were \$12.11 million.
- Total expenditures for all governmental funds were \$11.62 million.
- Utility Fund operating revenues totaled \$35.90 million.
- Utility Fund operating expenses totaled \$28.97 million.



TYPES OF FUNDS

The City of Monroe maintains seven (7) 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 personal 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 that of private businesses.

- Enterprise Funds - Used to account for Utility, Solid Waste operations and Georgia Utility Training Academy.

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

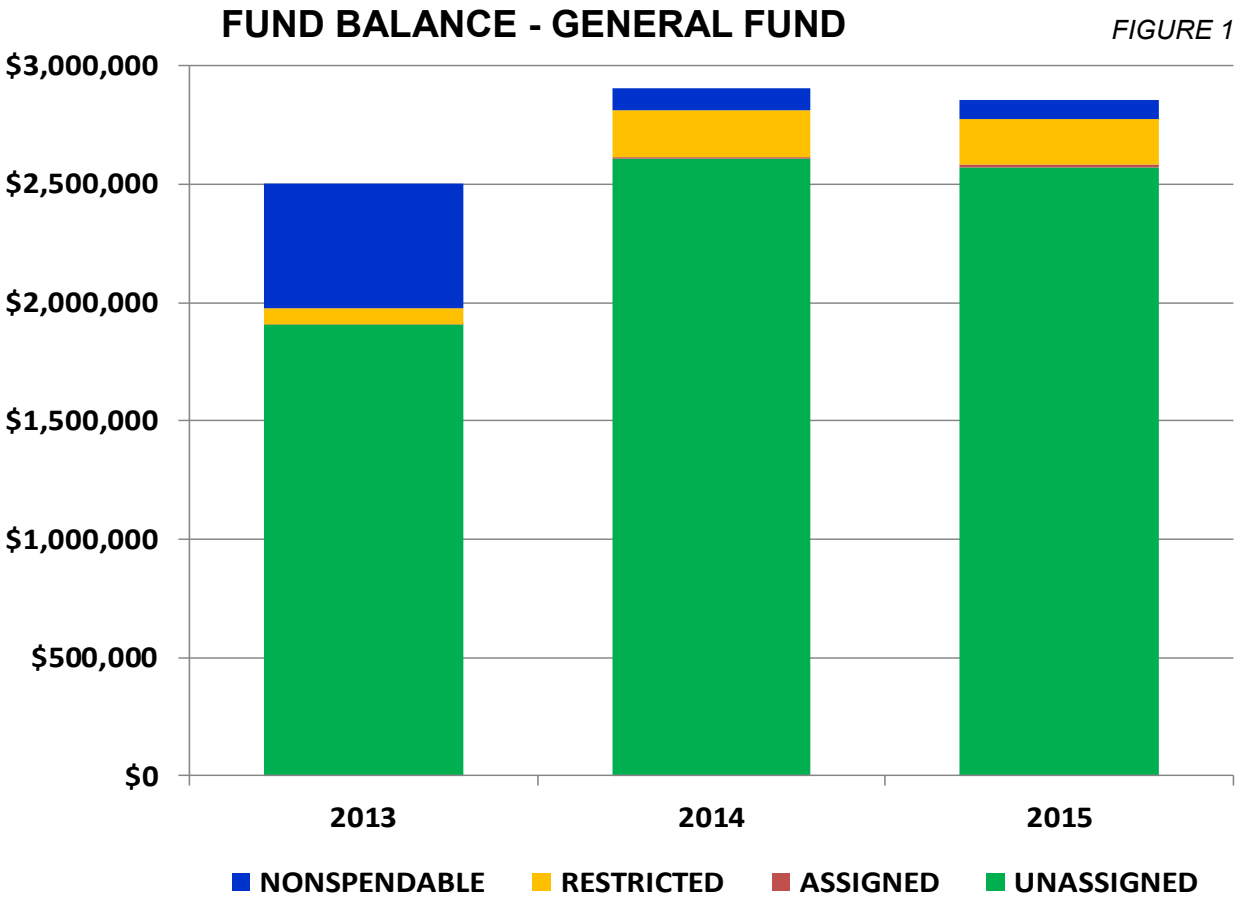
FUND BALANCE

Fund Balance is the difference between assets (what the City owns) and liabilities (what the City owes). Fund balances are classified as follows:

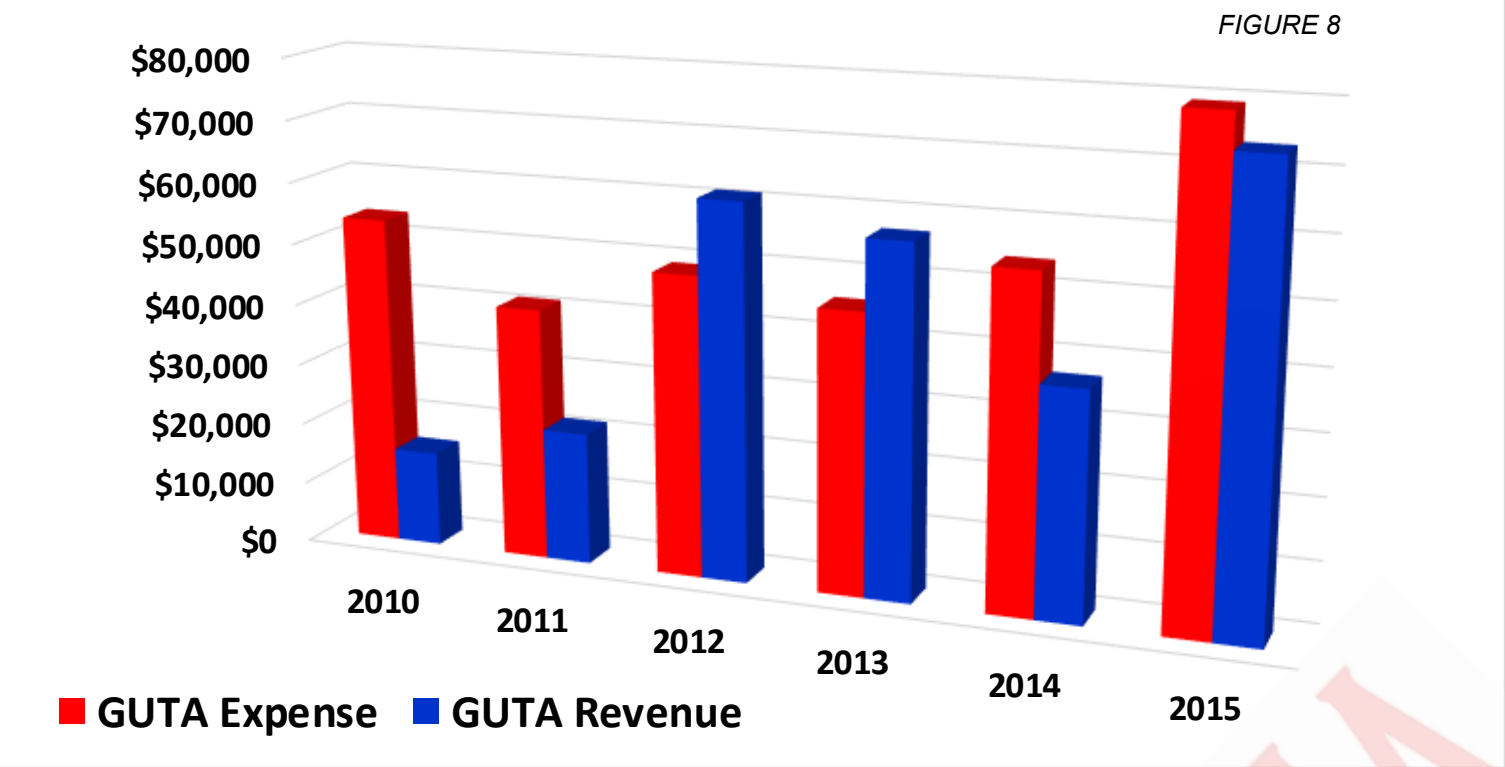
- Nonspendable which is an amount that cannot be spent because it either cannot be converted to cash or are legally or contractually required to be maintained intact.
- Restricted fund balance is the amount to be only used for specific purposes stipulated by legislation.
- Assigned fund balance is the amount intended to be used for a specific purpose.
- Unassigned fund balance is the spendable portion of fund balance that is available for any purpose and is reported only in the General Fund.

At the end of FY2015, unassigned fund balance was \$2.57 million. Total fund balance of the General Fund decreased slightly by \$50 thousand during 2015.

The City's unassigned fund balance represents approximately 27.5% of total General Fund Expenditures, while total fund balance represents 30.6%% of total General Fund Expenditures.



GEORGIA UTILITY TRAINING ACADEMY



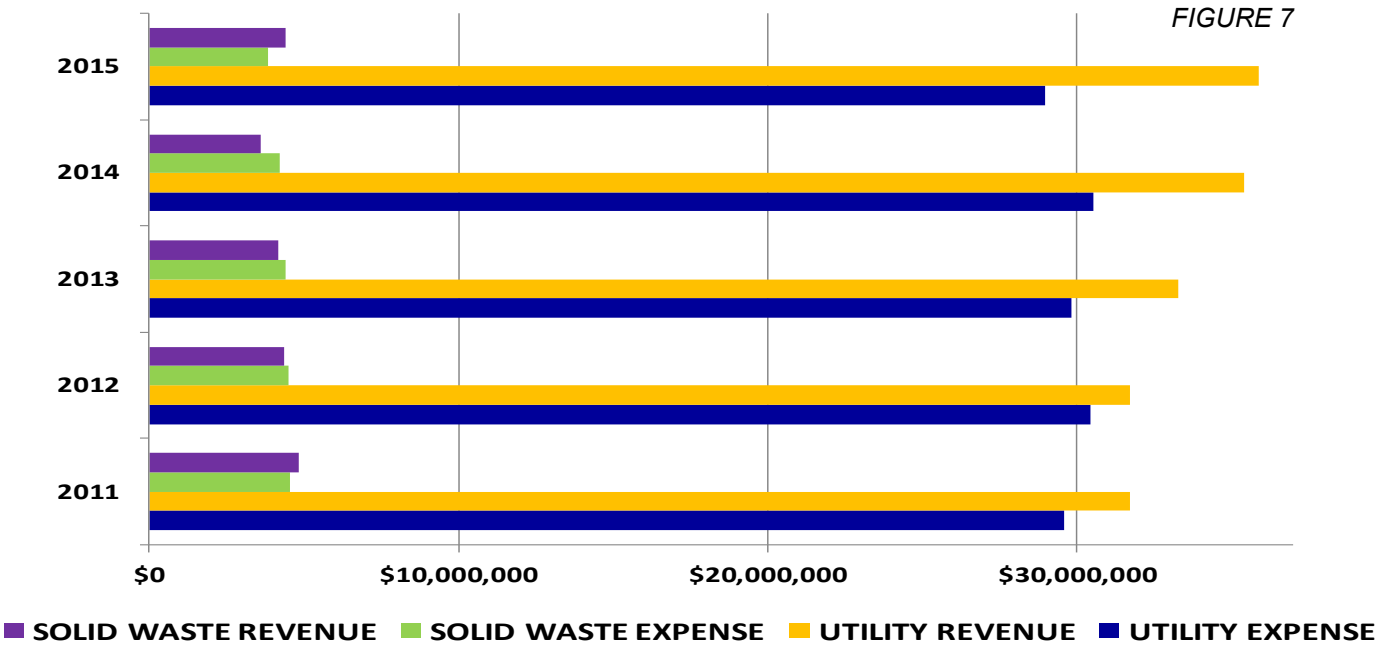
The Georgia Utility Training Academy (GUTA) is a state of the art training facility set on 4 ½ acres, specializing in natural gas, water, wastewater, soil erosion, confined space, and flagging.

The GUTA fund is a non-major fund that showed an increase in expenses and revenues in 2015 as shown in *Figure 8*. Expenses increased by 46.21%, or \$25 thousand in 2015, while revenues increased by 98.75%, or \$36 thousand in 2015. Increases were due to the addition of classes and trainers to the facility and should continue to reflect growth in the upcoming years.

The net position showed a decrease of \$5.7 thousand in FY2015.

ENTERPRISE FUND

FIGURE 7



UTILITY FUND

The City's Utility Fund has remained steady over the past five (5) years as shown in *Figure 7*. Revenues continued to show a slight increase in FY2015. General operating expenses decreased in FY2015 by approximately \$1.57 million. A more efficient approach to operations were among several factors that influenced this decrease in expenses, while counteracting the continued increase to provide services.

The above factors equate to the \$5.00 million increase in 2015 net position compared with 2014 net position.

SOLID WASTE FUND

Revenues and Expenses for this fund have remained steady for the past five (5) years, showing an increase in revenue of 22.45%, or \$809 thousand and a decrease in expenses of 8.46%, or \$356 thousand in 2015 as shown in *Figure 7*. The Solid Waste Fund has shown a loss in the past three (3) years with 2015 showing an increase in net position of \$571 thousand. Efforts to keep expenses down through efficient schedules was the major factor for this net increase.

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.

GENERAL FUND

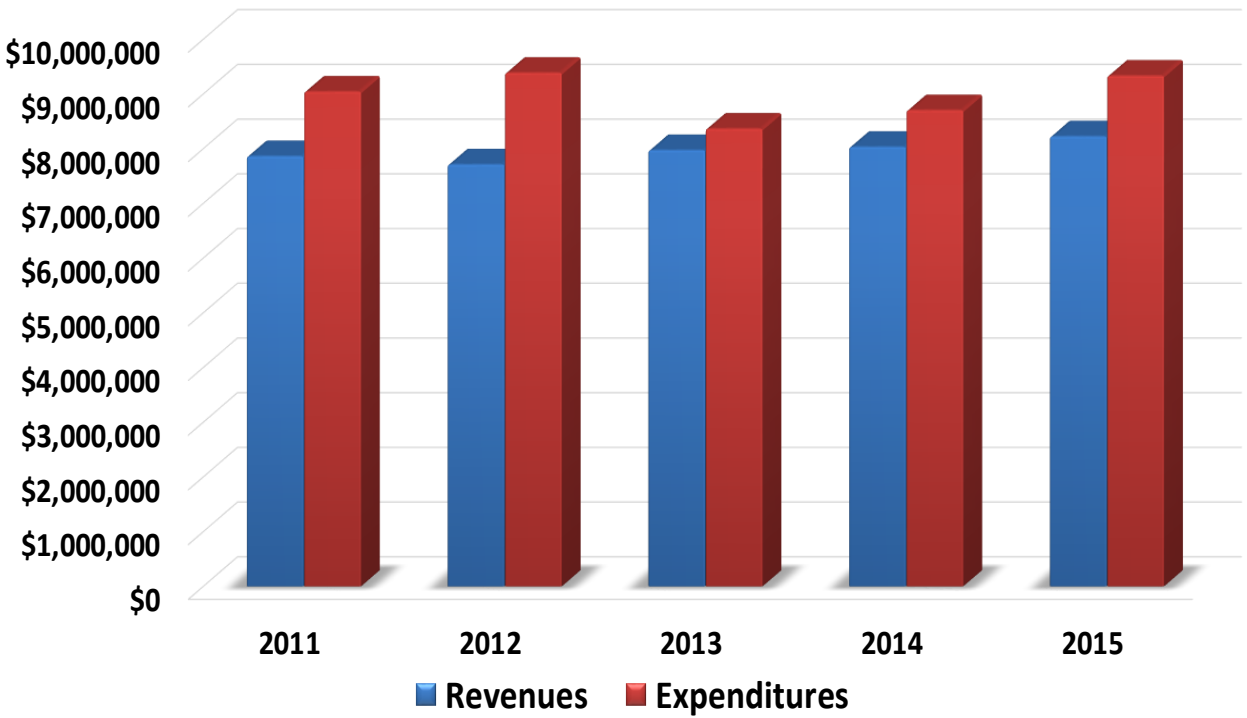
This chart shows trend data over the past five (5) years for the total revenues and total expenditures for the City of Monroe's General Fund. The General Fund is the chief operating fund of the City and is the only major governmental fund. More detail concerning General Fund revenues and expenditures is contained in the following pages of this Popular Annual Financial Report (PAFR). Transfers are not included in revenue totals in this report.

Expenditures increased by approximately \$600 thousand during 2015 due to Net Pension Liability reporting requirements as outlined in the Governmental Accounting Standards Board (GASB) Statement 68. This revision became effective for any fiscal years beginning after June 15, 2014.



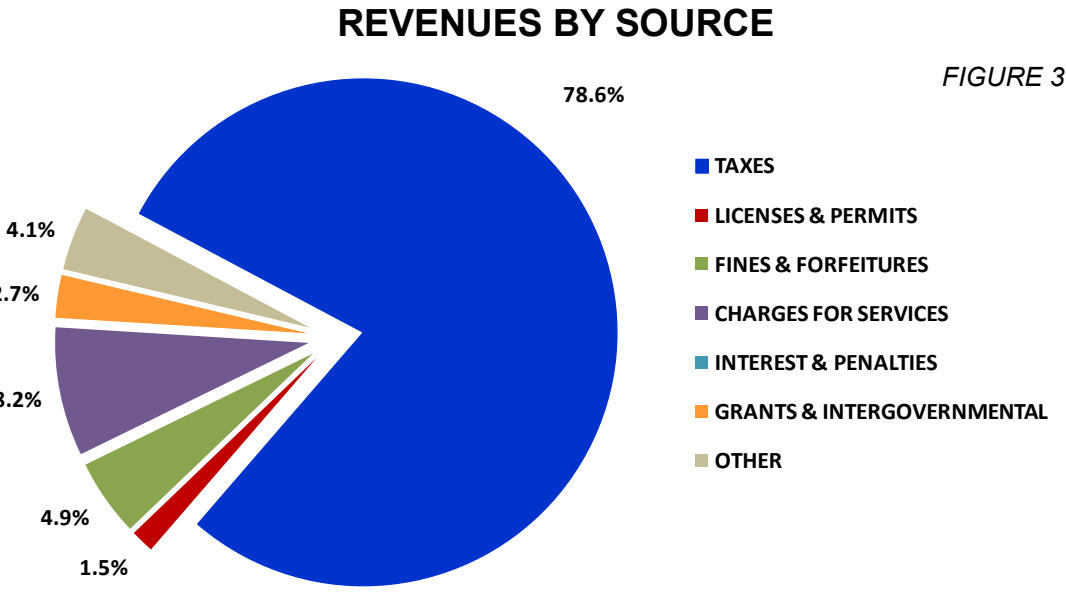
REVENUES & EXPENDITURES

FIGURE 2



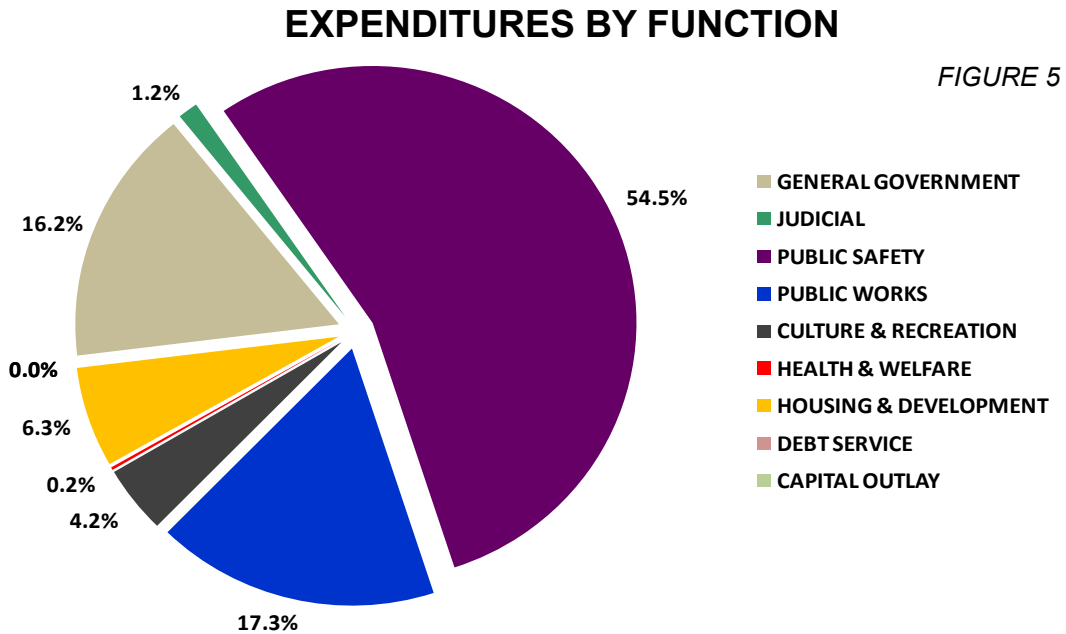
GENERAL FUND REVENUES

General Fund Revenues increased by approximately \$190 thousand over the prior fiscal year. *Figure 3* shows a breakdown of revenues by source. The main reason for this increase is the increase in the local property tax digest or values. There were also some increases in other revenue collections that affected the overall increase in revenues. *Figure 4* shows trend data for the last five (5) years for revenues by source. These charts show where the money comes from to support services. This trend continues to reflect some growth in the local economy for 2015.

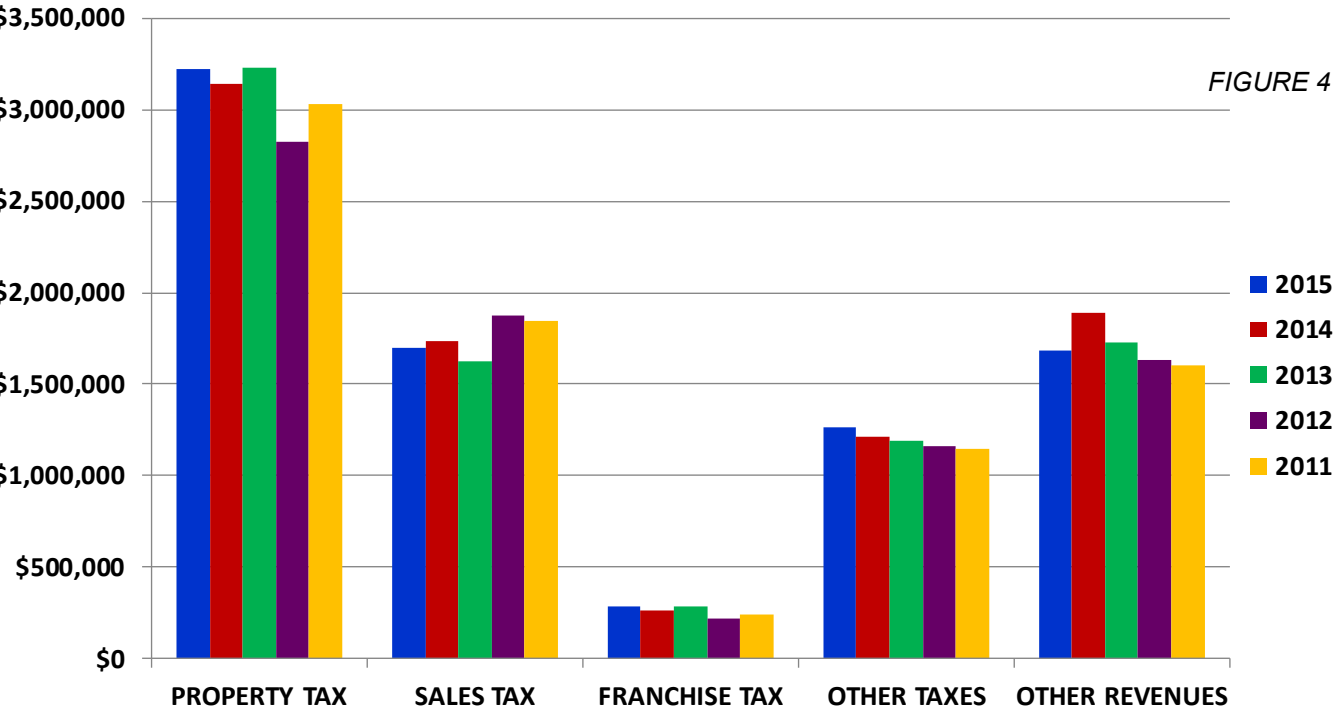


GENERAL FUND EXPENDITURES

General Fund Expenditures increased 7.3% or approximately \$600 thousand compared to FY2014 totaling \$9.34 million in FY2015. *Figure 5* shows where the money is spent along with the percentage for each city function. The amounts shown includes debt service. All department's actual expenditures were slightly above approved budgetary expenditures for FY2015. *Figure 6* shows trend data for the last five (5) years for expenditures by function. The City continues to provide quality services for our citizens at the lowest cost possible.



GENERAL FUND REVENUES BY SOURCE



GENERAL FUND EXPENDITURES BY FUNCTION

