

PAPER

2016

Popular Annual Financial Report Fiscal Year Ended December 31, 2016

City of Monroe, Georgia



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ABOUT THIS REPORT

We are pleased to present the 2016 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 2016 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 2016 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	Myoshia Crawford	mcrawford@monroega.gov
District 3	Nathan Purvis	npurvis@monroega.gov
District 4	Larry Bradley	lbradley@monroega.gov
District 5	Norman Garrett	ngarrett@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	Ron Rabun	rrabun@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	Logan Propes	lpropes@monroega.gov	770-266-5114
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



MISCELLANEOUS STATISTICS

Date of Incorporation	1821
Form of Government	Mayor and Council
Population	13,664
Area in Square Miles	15
Miles of Streets	80
Number of Employees	224
Number of Street Lights	1,136
SOLID WASTE CUSTOMERS	
Residential	5,378
Commercial	650
Transfer Station	15
MUNICIPAL UTILITY CUSTOMERS	
Cable	4,119
Electric	6,252
Gas	3,716
Internet	3,149
Telephone	1,375
Wastewater	6,834
Water	9,059

PRINCIPAL EMPLOYERS

EMPLOYER	EMPLOYEES	PERCENTAGE
Hitachi Automotive Systems	787	12.7%
Wal-Mart Distribution Center	703	11.3%
Walton County Government	658	10.6%
Clearview Regional Medical Center	366	5.9%
City of Monroe	224	3.6%
Walton County Board of Education	217	3.5%
Wal-Mart Super Center	210	3.4%
Elite Storage	204	3.3%
State of Georgia	111	1.8%
Walton Press	106	1.7%

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 2016 Budget.

REVENUES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
TAXES	\$ 6,463,737	25,000	
LICENSES & PERMITS	135,000		
FINES & FORFEITURES	450,000	41,000	
CHARGES FOR SERVICES	651,900		
INTERGOVERNMENTAL	189,636		
OTHER REVENUES	198,500		
OTHER FINANCIAL SOURCES	1,154,657		841,150
TOTAL REVENUES	\$ 9,243,430	\$ 66,000	\$ 841,150
EXPENDITURES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
GENERAL GOVERNMENT	\$ 1,295,665		
JUDICIAL	111,092		
PUBLIC SAFETY	4,942,456	41,000	
PUBLIC WORKS	1,711,690		
HEALTH & WELFARE	12,000		
CULTURE & RECREATION	416,425		
HOUSING & DEVELOPMENT	754,102	25,000	
DEBT SERVICE	-		841,150
TOTAL OPERATIONS	\$ 9,243,430	\$ 66,000	\$ 841,150

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2016 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, 2016 totaled \$94.39 million.
- Total revenues for all governmental funds were \$9.68 million.
- Total expenditures for all governmental funds were \$11.05 million.
- Utility Fund operating revenues totaled \$37.48 million.
- Utility Fund operating expenses totaled \$30.42 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.



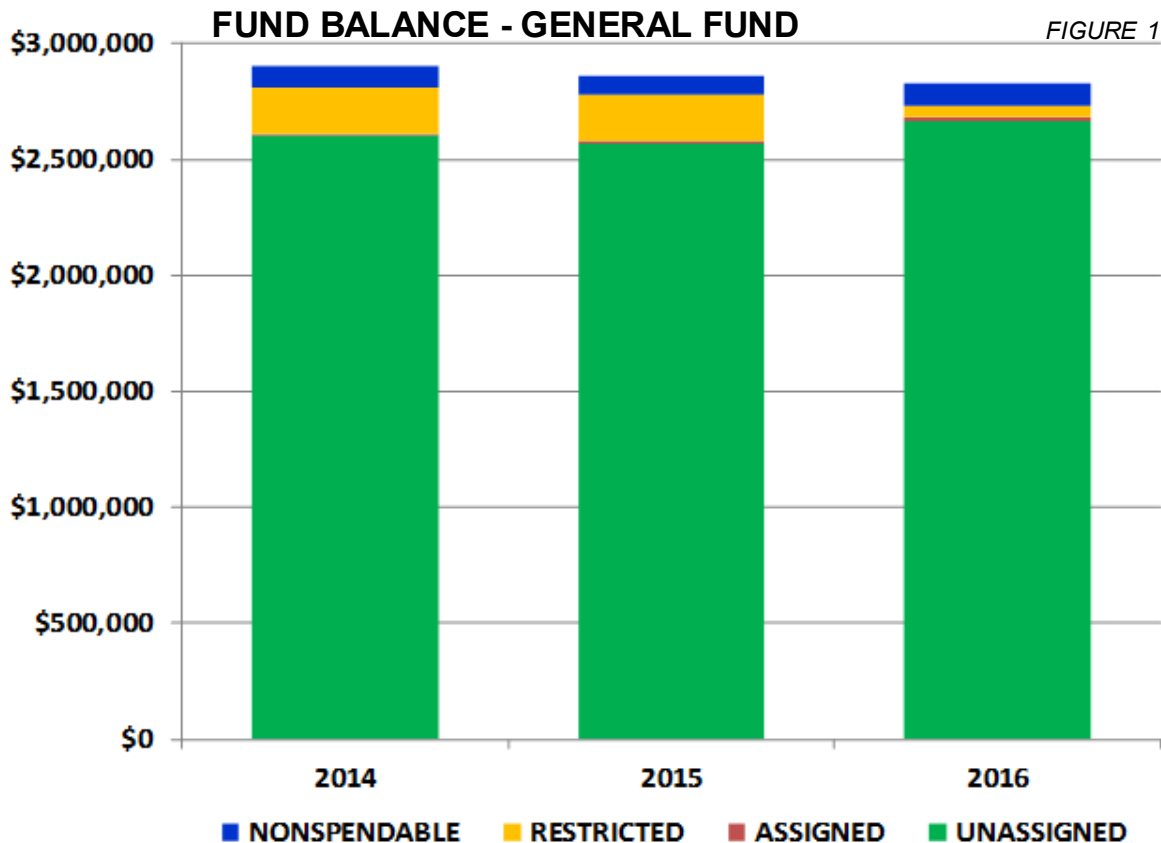
FUND BALANCE

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 FY2016, unassigned fund balance was \$2.66 million. Total fund balance of the General Fund increased slightly by \$100 thousand during 2016.

The City's unassigned fund balance represents approximately 31.5% of total General Fund Expenditures, while total fund balance represents 33.3% of total General Fund Expenditures.



GENERAL FUND

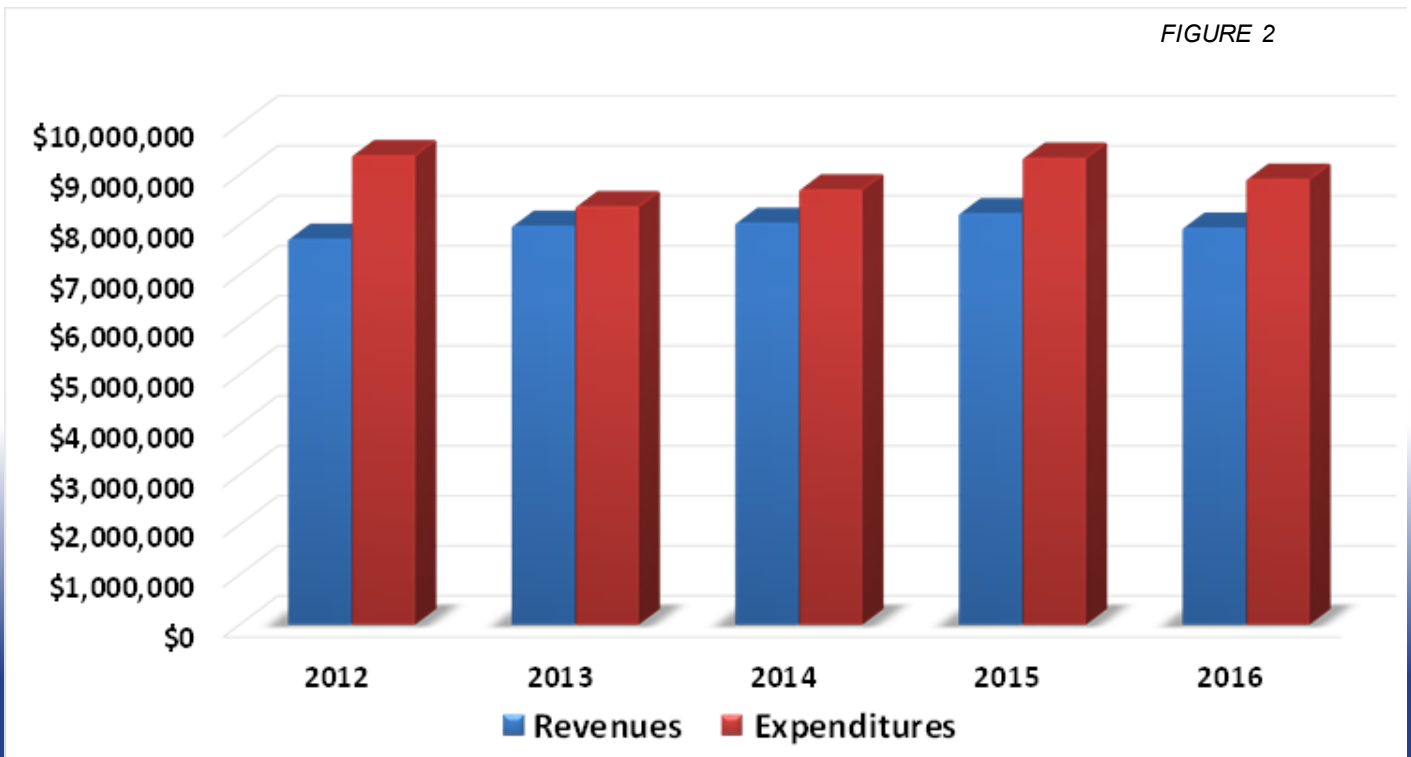
This chart shows trend data over the past five (5) years for the total revenues and total expenditures for the City of Monroe's General Fund. The General Fund is the chief operating fund of the City and is the only major governmental fund. More detail concerning General Fund revenues and expenditures is contained in the following pages of this Popular Annual Financial Report (PAFR).

Transfers are not included in revenue totals in this report.

Expenditures decreased by approximately \$400 thousand during 2016 due to a focus leading to slight overall reductions in expenditures by the operations of the General Government and Public Safety, and a large reduction in expenditures by Public Works in FY2016.

REVENUES & EXPENDITURES

FIGURE 2

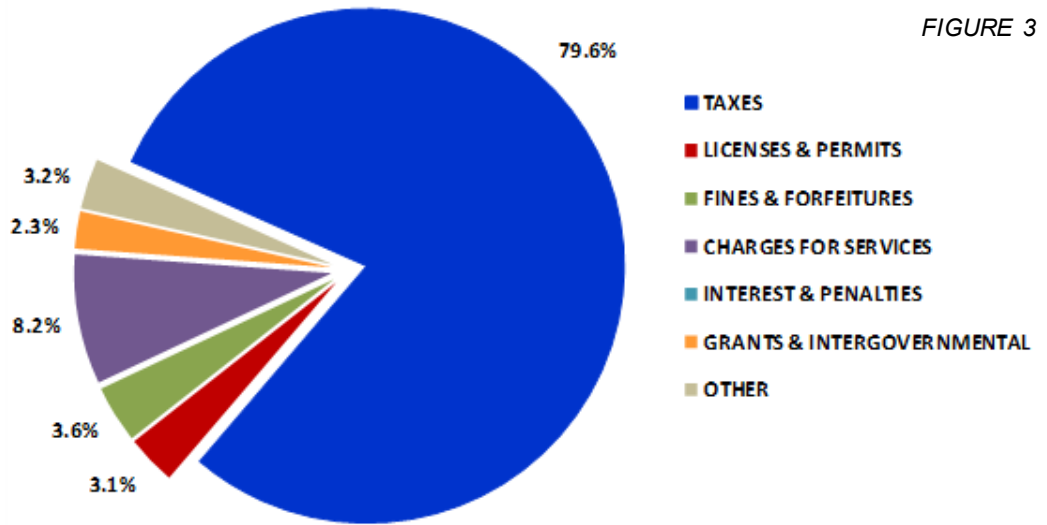


GENERAL FUND REVENUES

General Fund Revenues decreased slightly by approximately \$290 thousand over the prior fiscal year. Figure 3 shows a breakdown of revenues by source. The main reason for this decrease is due to the decrease in the local property revenue with a lowered millage rate for FY2016. There were increases in franchise and other taxes, and other revenue collections that lessened the overall decrease 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.

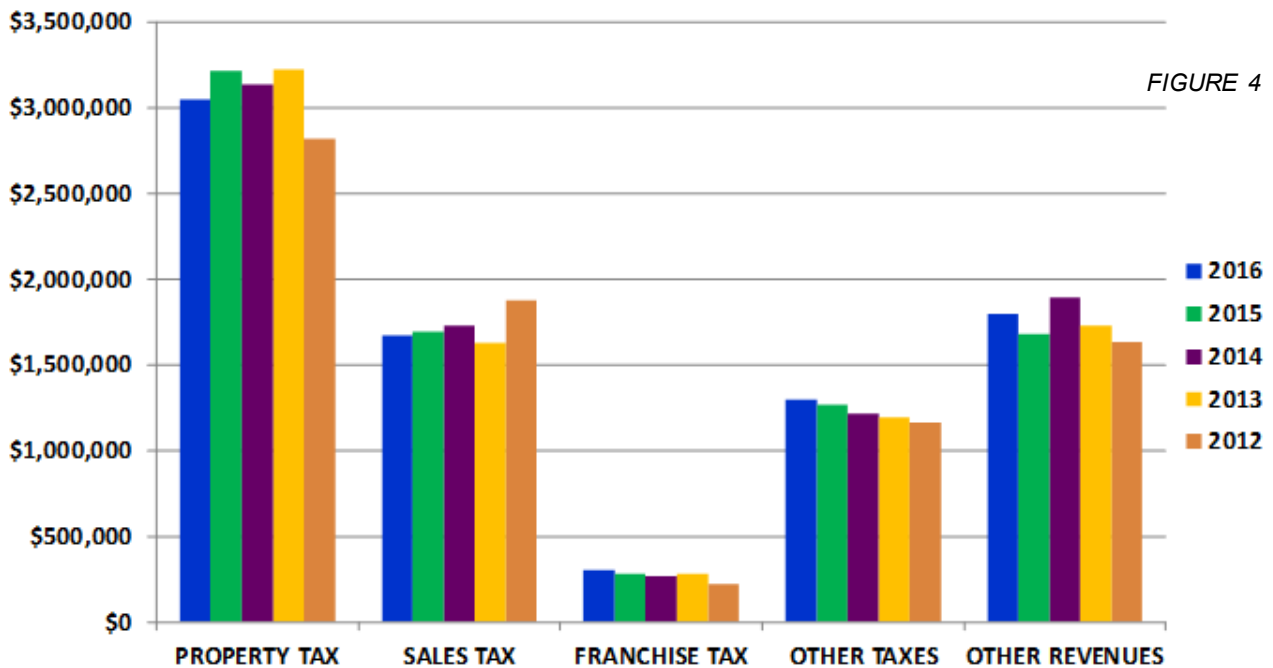
REVENUES BY SOURCE

FIGURE 3



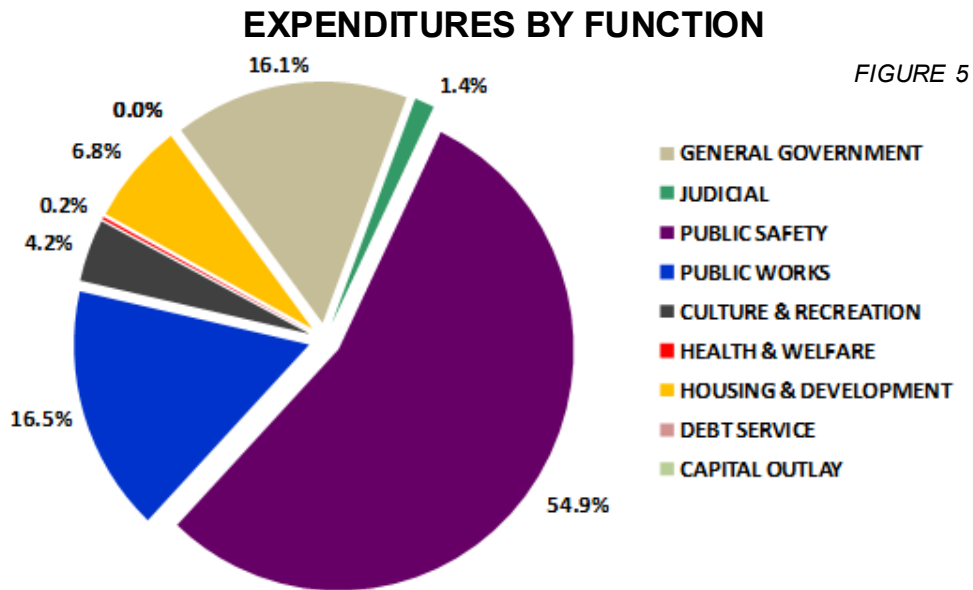
GENERAL FUND REVENUES BY SOURCE

FIGURE 4



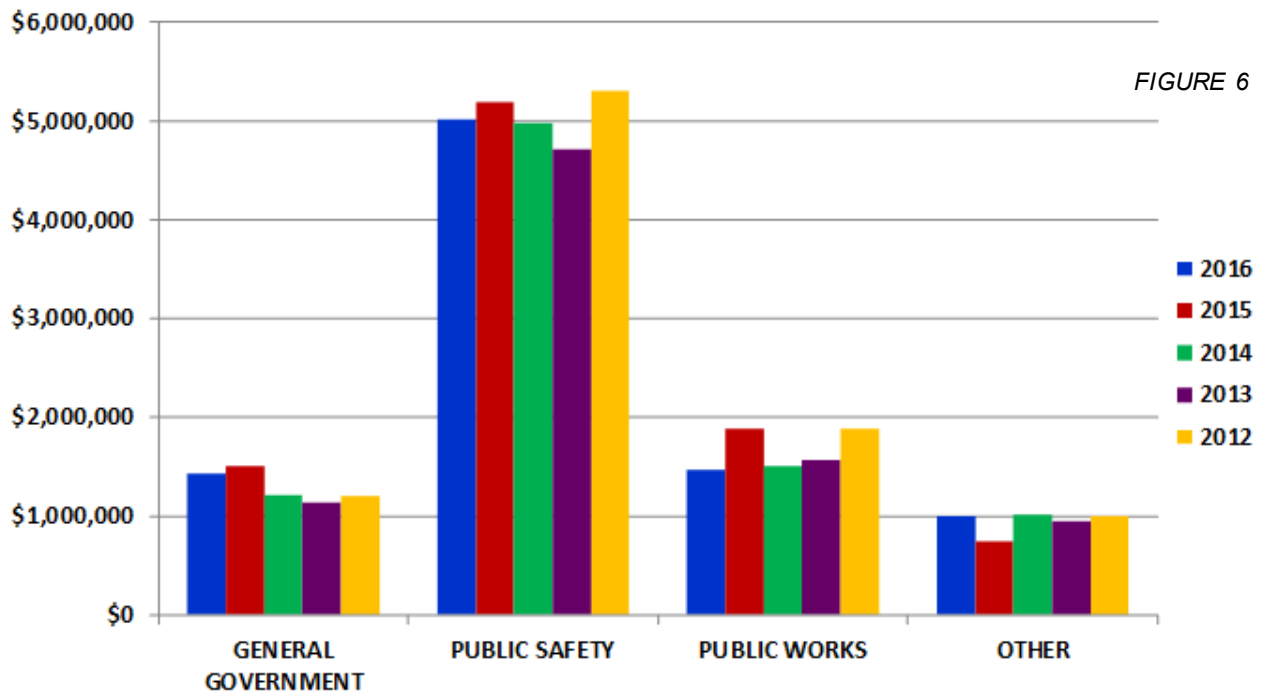
GENERAL FUND EXPENDITURES

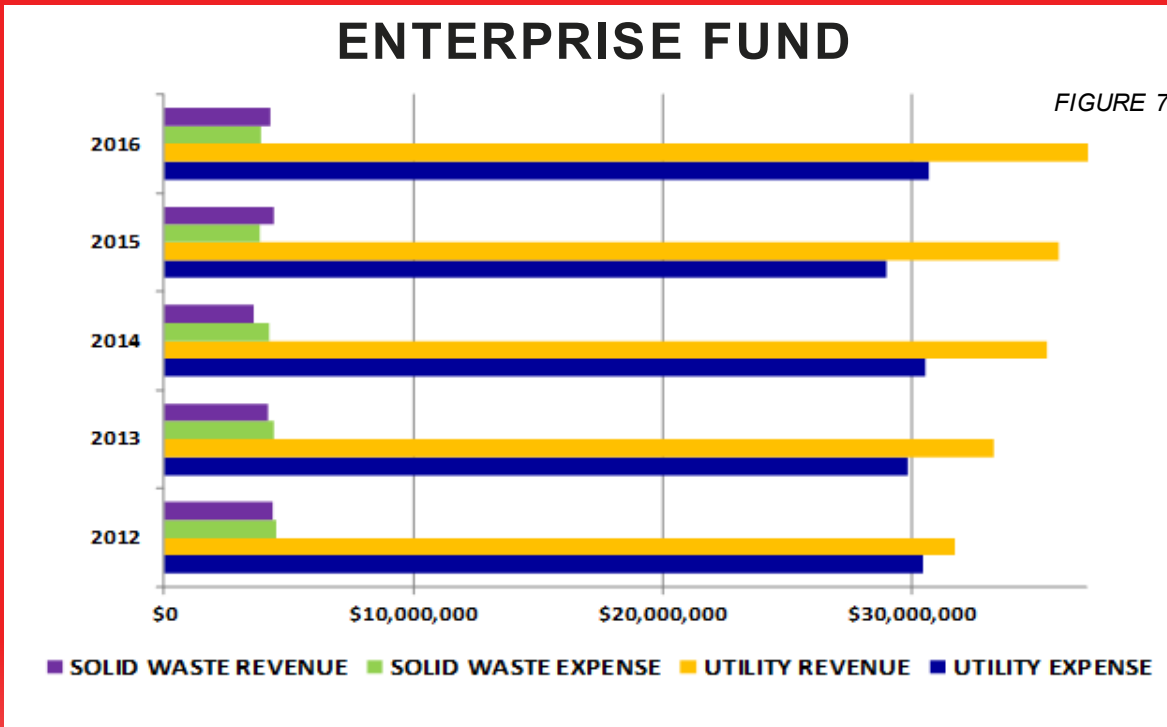
General Fund Expenditures decreased by approximately \$400 thousand compared to FY2015 totaling \$8.91 million in FY2016. Figure 5 shows where the money is spent along with the percentage for each city function. The amounts shown includes debt service. All department's expenditures for FY2016 were slightly below expenditures in FY2015, with Public Works reducing expenditures by a larger amount. 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 EXPENDITURES BY FUNCTION





UTILITY FUND

The City's Utility Fund revenues have steadily increased over the past five (5) years, while expenditures have remained steady as shown in Figure 7. Revenues continued to show an increase in FY2016. General operating expenses increased in FY2016 by approximately \$1.7 million. This increase in expenditures was due to providing an increased level of services and was mirrored with an equal increase in revenues.

The above factors equate to the \$4.3 million increase in 2016 net position compared with 2015 net position.

SOLID WASTE FUND

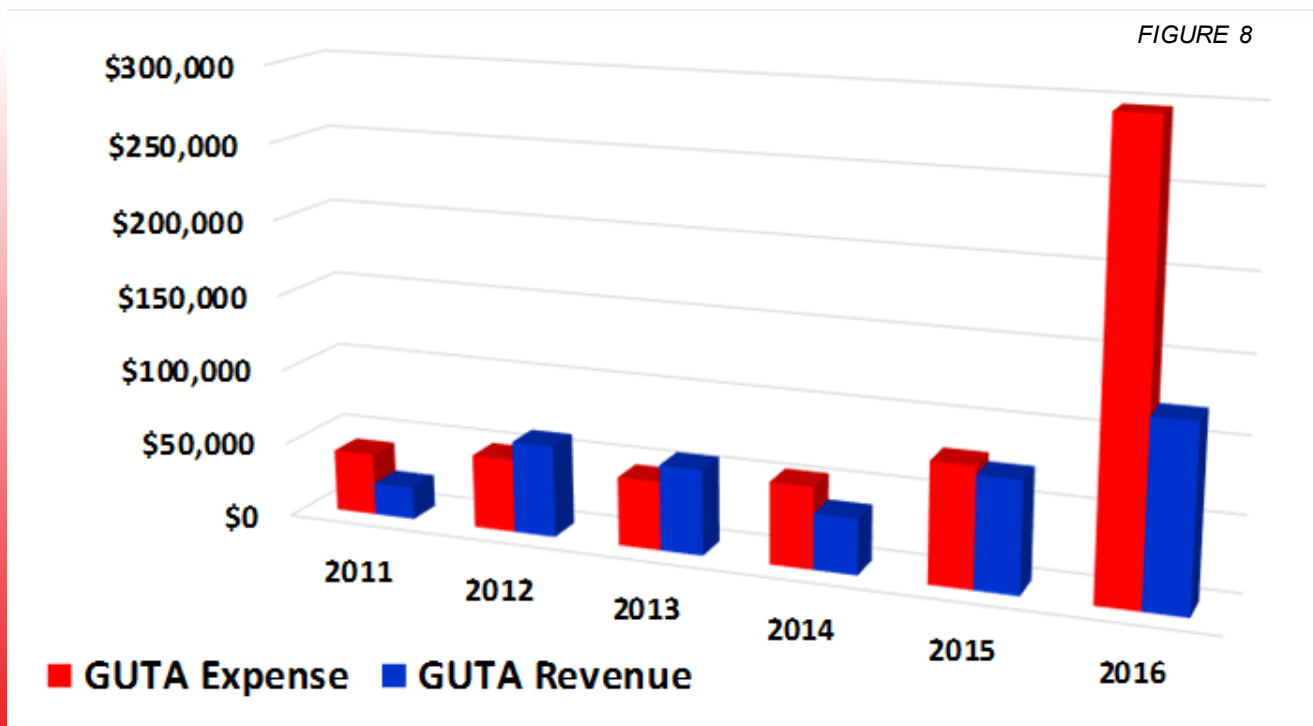
Revenues and Expenses for this fund have remained steady for the past five (5) years, showing a decrease in revenues of 3.18%, or \$140 thousand and a slight increase in expenses of .33%, or \$12 thousand in 2016 as shown in Figure 7. The Solid Waste Fund has shown a gain in the past two (2) years with 2016 showing an increase in net position of \$322 thousand. Efforts to keep expenses down through efficient schedules was again 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.

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 2016 as shown in Figure 8. Expenses increased by 274.9%, or \$217 thousand in 2016, while revenues increased by \$64.5%, or \$47 thousand in 2016. 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 an increase of \$41 thousand in FY2016.



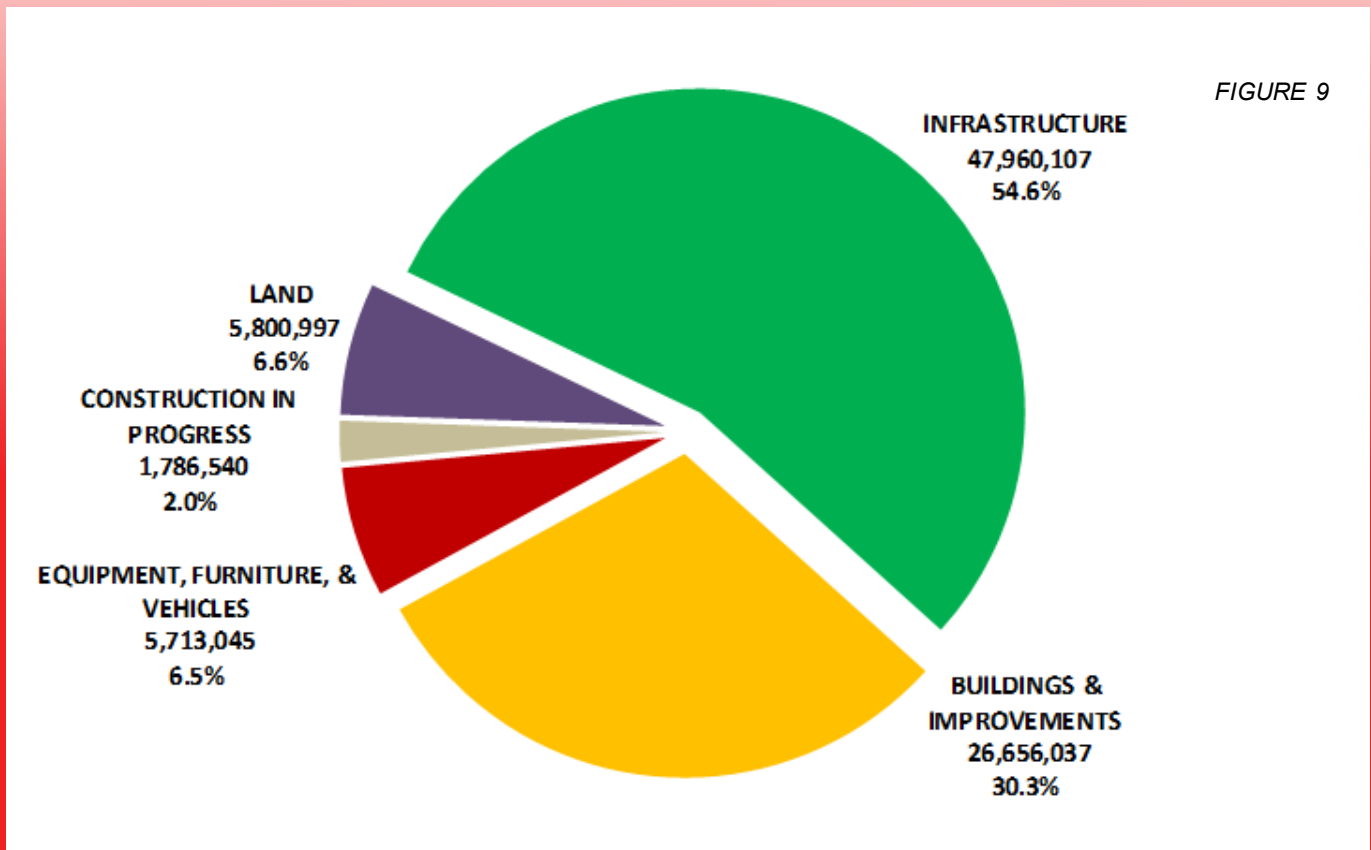
CAPITAL ASSETS

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, 2016 amounted to \$87,92 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 \$4.6 million in depreciation increases to infrastructure, buildings and improvements, and equipment, furniture, and vehicles.
- Construction in progress projects totaling \$1.18 million in utility service and \$642 thousand for government activity projects.

Overall investments in capital assets decreased by \$2.4 million from FY2015 to FY2016 due to accumulated depreciation of infrastructure, buildings & improvements, and equipment, furniture & vehicles.

FIGURE 9



LONG-TERM DEBT

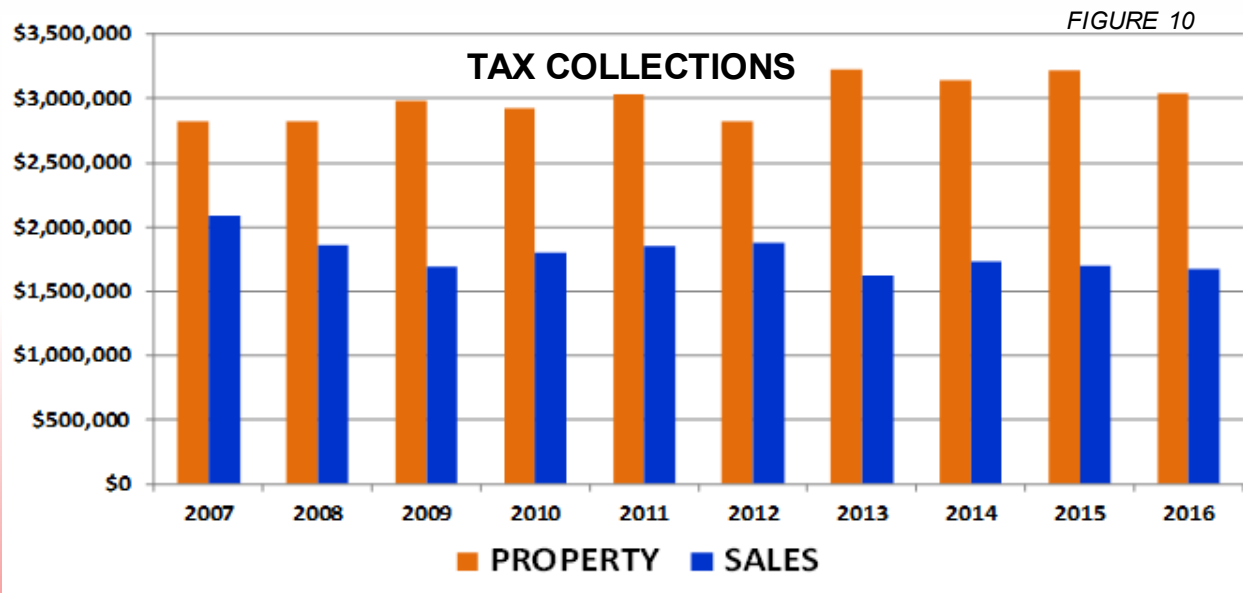
At fiscal year end 2016, the City had 23.40 million in outstanding long-term debt, of which \$2.44 million will mature during 2017. We had no increase in long-term debt from the previous year. The City levies a property tax, general obligation bond tax (bonds issued to finance projects requiring prior 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.

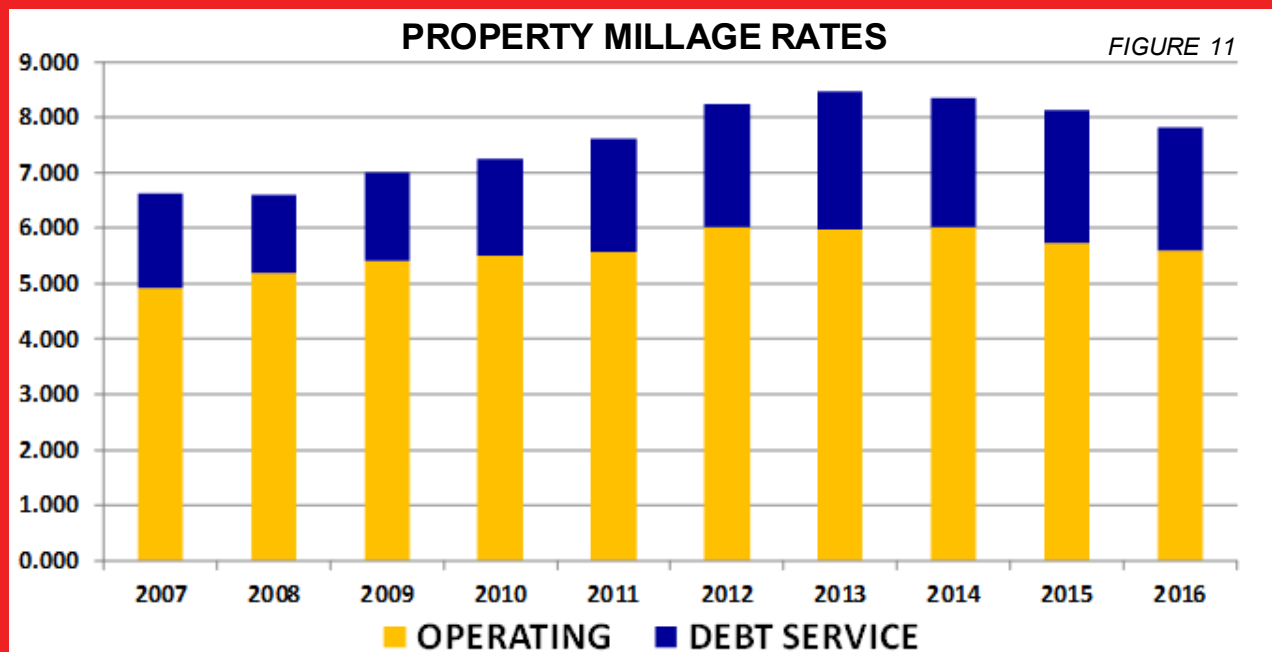
SUMMARY OF DEBT ACTIVITY					DUE WITHIN
	1/1/2016	INCREASES	DECREASES	12/31/2016	ONE YEAR
GENERAL OBLIGATION BONDS	3,150,000	2,513,000	(3,150,000)	2,513,000	810,000
ORIGINAL ISSUE PREMIUM	39,021	-	(39,021)	-	-
BONDS PAYABLE, NET	3,189,021	2,513,000	(3,189,021)	2,513,000	810,000
CAPITAL LEASES	261,791	-	(261,791)	-	-
COMPENSATED ABSENCES	602,056	497,301	(455,674)	643,683	487,180
NET PENSION LIABILITY	3,418,193	1,736,513	(706,237)	4,448,469	-
GOVERNMENT ACTIVITY	7,471,061	4,746,814	(4,612,723)	7,605,152	1,297,180
REVENUE BONDS	15,645,000	16,770,000	(15,645,000)	16,770,000	1,960,000
ORIGINAL ISSUE PREMIUM	218,975	-	(218,975)	-	-
BONDS PAYABLE, NET	15,863,975	16,770,000	(15,863,975)	16,770,000	1,960,000
NOTES PAYABLE	3,998,323	264,146	(2,618,953)	1,643,516	106,389
COMPENSATED ABSENCES	327,672	580,063	(529,245)	378,490	378,490
NET PENSION LIABILITY	3,611,679	1,799,657	(801,110)	4,610,226	-
BUSINESS TYPE ACTIVITY	23,801,649	19,413,866	(19,813,283)	23,402,232	2,444,879

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 decreasing with sales taxes showing a slight decrease in 2016.



The millage rate for 2016 property taxes shown in Figure 11 remains steady with a slight decrease for 2016 due to increased property values and a slight 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.



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, 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 13,664 residents. Among the top ten employers in the City, four are governments accounting for 19.5% of all jobs in the city. There are currently over 1,200 antique booths with over 300,000 square feet of antiques, vintage, and repurposed items making Monroe and Walton County the Antiques Capital of Georgia.

LONG-TERM FINANCIAL PLANNING

The City will receive Transportation Enhancement (TE) program funds for the Broad Street (SR 11) Streetscape for the planning, redeveloping, and construction stages of an area just north of the downtown area. Combined with City funds, this project will improve both sides of Broad Street with sidewalks, 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. 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, FY13, and FY16 to continue with our sewer rehab projects. The City has applied for the CDBG funding in 2018 and are awaiting approval status.

The Monroe-Walton County Airport continues to receive funding through grant proceeds for additions at the airport with the installation of an Automated Weather Observation System (AWOS) system and completion of an enclosure fence around the airport property. Currently, applications have been filed for the addition of 8 T-hangars and the repaving and reconditions of all apron areas for the upcoming fiscal year.

Economic Development and Downtown Development Authority (DDA) have been awarded grants and funding to continue efforts to make the downtown areas and Monroe more attractive to families and businesses, to help grow the City and its revenue base.



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 continued 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 to continue to help drive the local economy through business and commercial development.

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.



The City of Monroe Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016 has been submitted for the fifteenth 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, 2015. This was the twelfth 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, 2015

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

Executive Director/CEO

POPULAR ANNUAL FINANCIAL REPORT

was prepared by:

The City of Monroe, Georgia

Department of Finance
Logan Propes

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