

POPULAR ANNUAL Financial Report



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From the Finance Department



We at the City of Monroe want to welcome you to our city! We take great pride in our community and the services we offer.

We are pleased to present the City of Monroe's 2017 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 for the year. 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 2017 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, Mauldin & Jenkins. The CAFR received an unmodified, clean opinion.

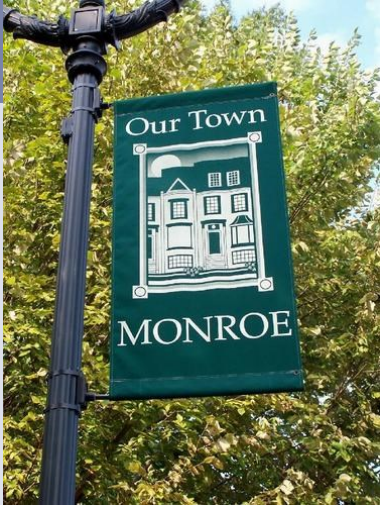
The City's PAFR is unaudited and is presented on a non-GAAP basis for simplicity. Non-GAAP means that the statements do not comply with generally accepted accounting principles. The financial information presented in this document is based on the same financial data presented in the CAFR. The statements 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. 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. We hope this PAFR gives you a better understanding of how the City of Monroe operates.



Beth Thompson

Finance Director

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, natural gas, water, wastewater, storm water as well as water and wastewater treatment.

2017 Elected Officials

Mayor	Greg Thompson	gthompson@monroega.gov
District 1	Lee Malcom	lmalcom@monroega.gov
District 2	Myoshia Crawford	mcrawford@monroega.gov
District 3	Ross Bradley	rbradley@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	Logan Propes	lpropes@monroega.gov	770-266-5114
Code Enforcement	Patrick Kelley	pkelley@monroega.gov	770-266-5162
Electric & Telecom Director	Brian Thompson	bkthompson@monroega.gov	770-266-5345
Finance Director	Beth Thompson	bthompson@monroega.gov	770-266-5321
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

City Statistics

Date of Incorporation.....	1821
Form of Government.....	Mayor & Council
Number of Employees.....	228
Population.....	13,478
Area in Square Miles.....	15
Miles of Streets.....	81

Customer Data

Cable.....	3,891
Electric.....	6,286
Garbage.....	6,152
Internet.....	3,303
Natural Gas.....	3,756
Telephone.....	1,365
Water.....	9,136
Wastewater.....	6,863



Top Employers

Hitachi Automotive Systems.....	862
Wal-Mart Distribution.....	725
Walton County Government.....	667
Clearview Regional Medical.....	390
City of Monroe.....	228
Elite Storage Solutions.....	227
Wal-Mart Super Center.....	198
Ridgeview Institute.....	110
Walton County Board of Education.....	180
Walton Press Inc.....	106

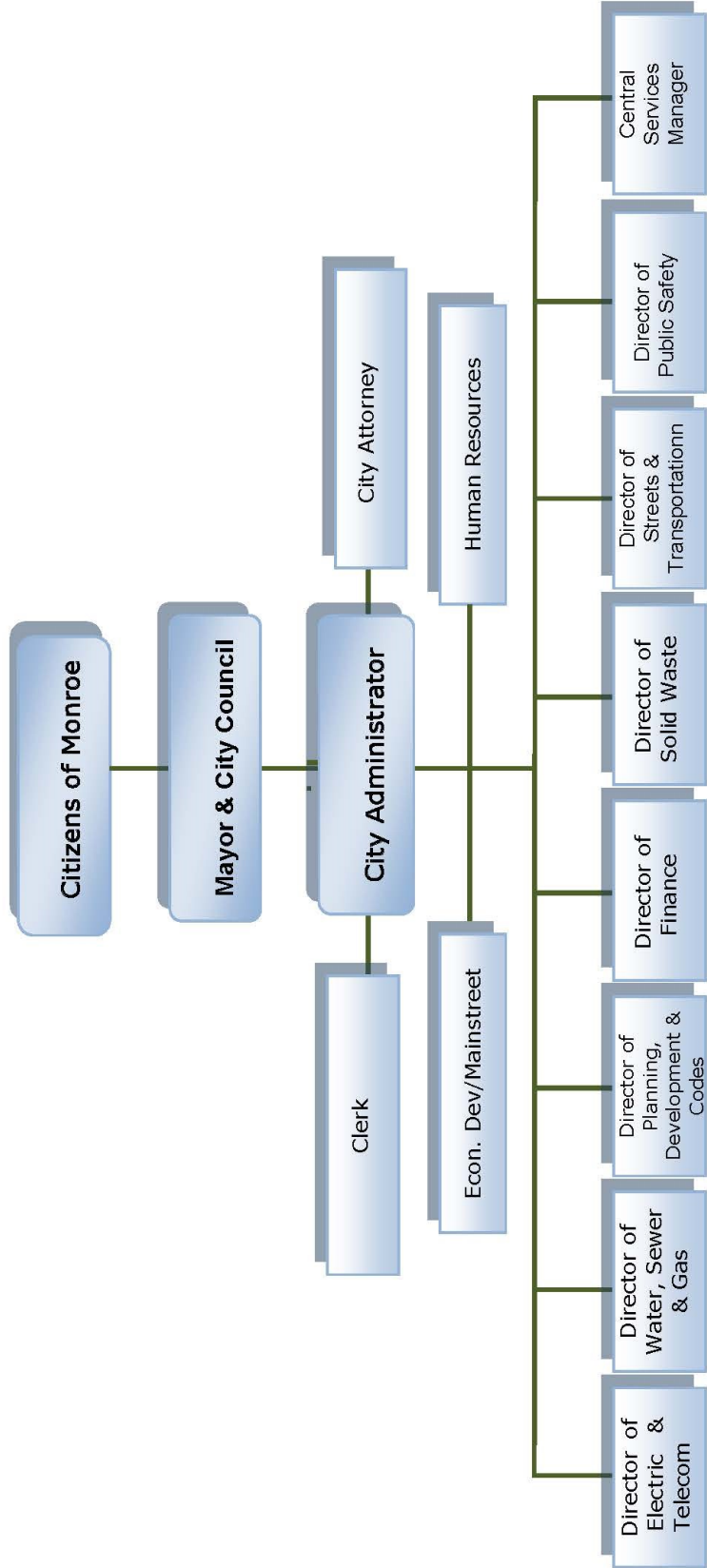
Public Safety

Police Dispatches.....	38,403
Fire Dispatches.....	2,596



Fiscal Year	Population	Per Capita		Median Age	Unemployment Rate
		Personal	Income		
2013	13,349		36,133	33	7.5%
2014	13,466		36,133	35	6.5%
2015	13,664		32,767	36	5.3%
2016	13,664		34,223	35	4.8%
2017	13,478		36,044	32	3.8%

Government Organization



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 local newspaper, 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 2017 Budget.

REVENUES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
TAXES	\$ 6,659,446	45,712	
LICENSES & PERMITS	220,000		
FINES & FORFEITURES	425,000	35,000	
CHARGES FOR SERVICES	694,400		
INTERGOVERNMENTAL	185,364		
OTHER REVENUES	247,700		
OTHER FINANCIAL SOURCES	3,118,702		842,725
TOTAL REVENUES	\$11,550,612	\$ 80,712	\$ 842,725
EXPENDITURES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
GENERAL GOVERNMENT	\$ 2,764,072		
JUDICIAL	127,376		
PUBLIC SAFETY	5,619,003	35,000	
PUBLIC WORKS	1,586,357		
HEALTH & WELFARE	12,325		
CULTURE & RECREATION	449,698		
HOUSING & DEVELOPMENT	991,781	45,712	
DEBT SERVICE	-		842,725
TOTAL EXPENDITURES	\$11,550,612	\$ 80,712	\$ 842,725

Financial Highlights

Key financial highlights for the Fiscal Year 2017 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, 2017 totaled \$100.3 million.
- Total revenues for all governmental funds were \$13.8 million.
- Total expenditures for all governmental funds were \$13.1 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

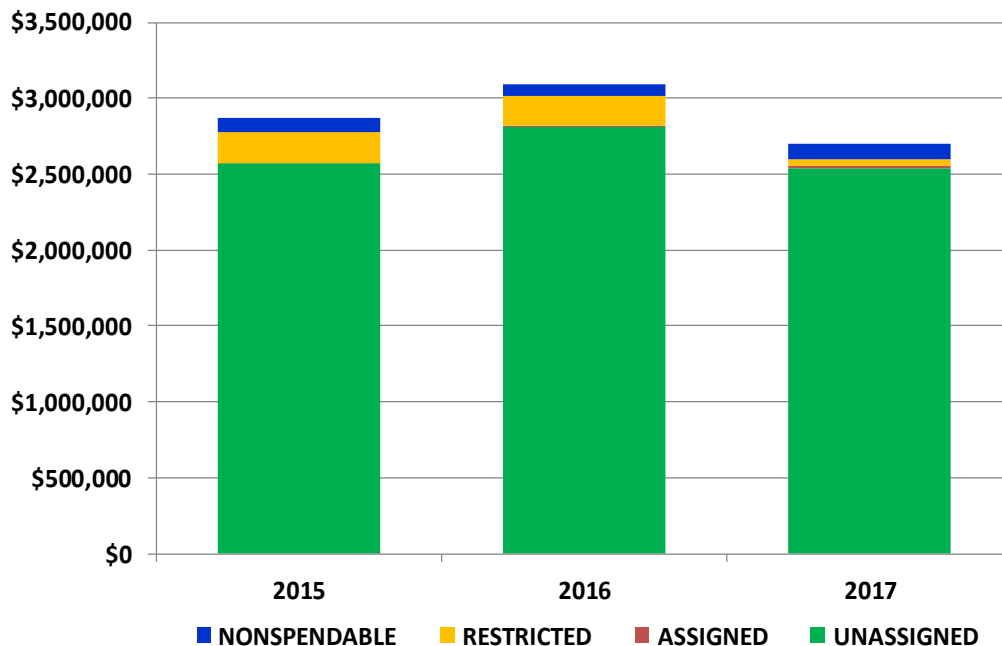
Fund Balance is the difference between assets (what the City owns) and liabilities (what the City owes). Fund balances are classified as follows:

- **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 FY2017, unassigned fund balance was \$2.5 million. Total fund balance of the General Fund decreased slightly by about \$200 thousand during 2017, this is well within a healthy range of recommended fund balance.

The City's unassigned fund balance represents approximately 22.1% of total General Fund expenditures, while total fund balance represents 23.9% of total General Fund expenditures.

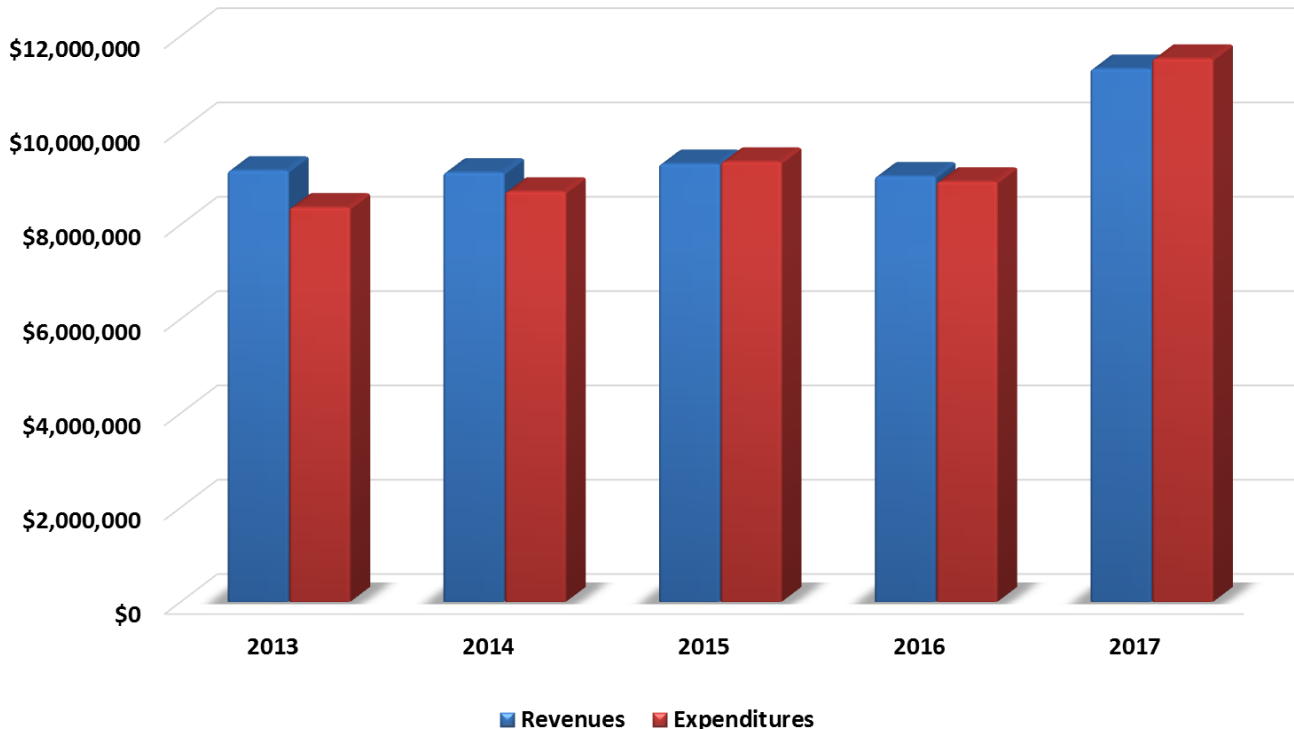
Fund Balance - General Fund



General Fund Highlights

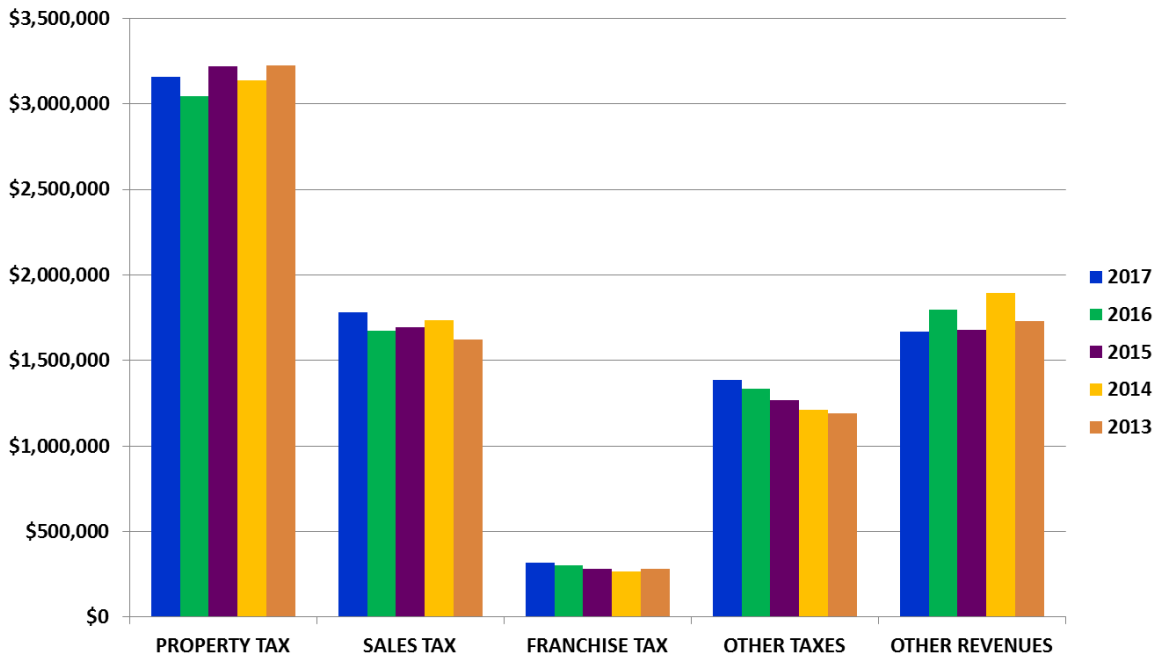
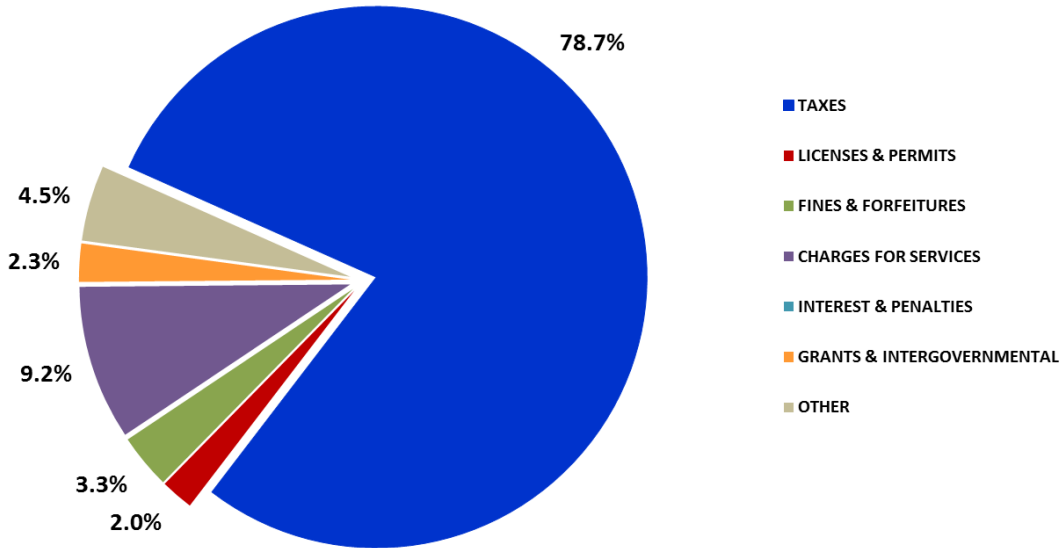
This chart shows trend data over the past five (5) years for the total revenues and total expenditures for the City of Monroe's General Fund. The General Fund is the chief operating fund of the City and is the only major governmental fund. More detail concerning General Fund revenues and expenditures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

General Fund expenditures increased overall by approximately \$2.6 million from 2016 to 2017. This significant increase is due to purchase of vehicles for public safety as well as the purchase of a building to house municipal court and public safety.



Revenues-Where The Money Comes From

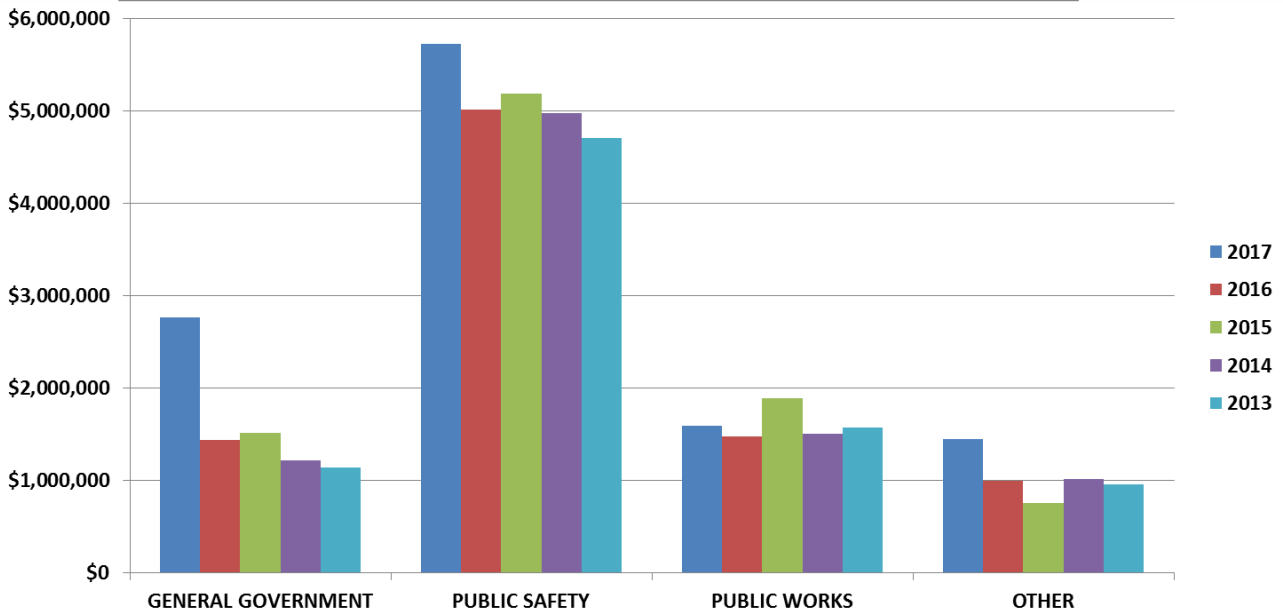
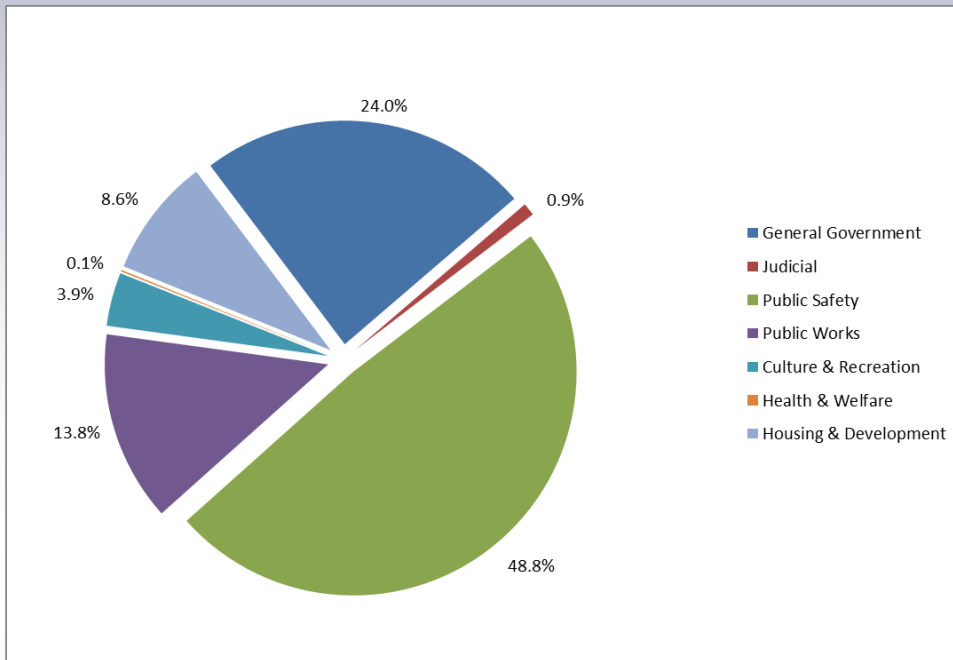
General Fund Revenues increased by approximately \$503 thousand over the prior fiscal year. The main reason for this increase is due to an increase in tax collections overall for 2017. The pie chart below shows a breakdown of revenue collections by source. While the bar graph shows trend data for the last five (5) years for revenues by source. These charts show where the money comes from to support services. Transfers are not included in revenues on this page.



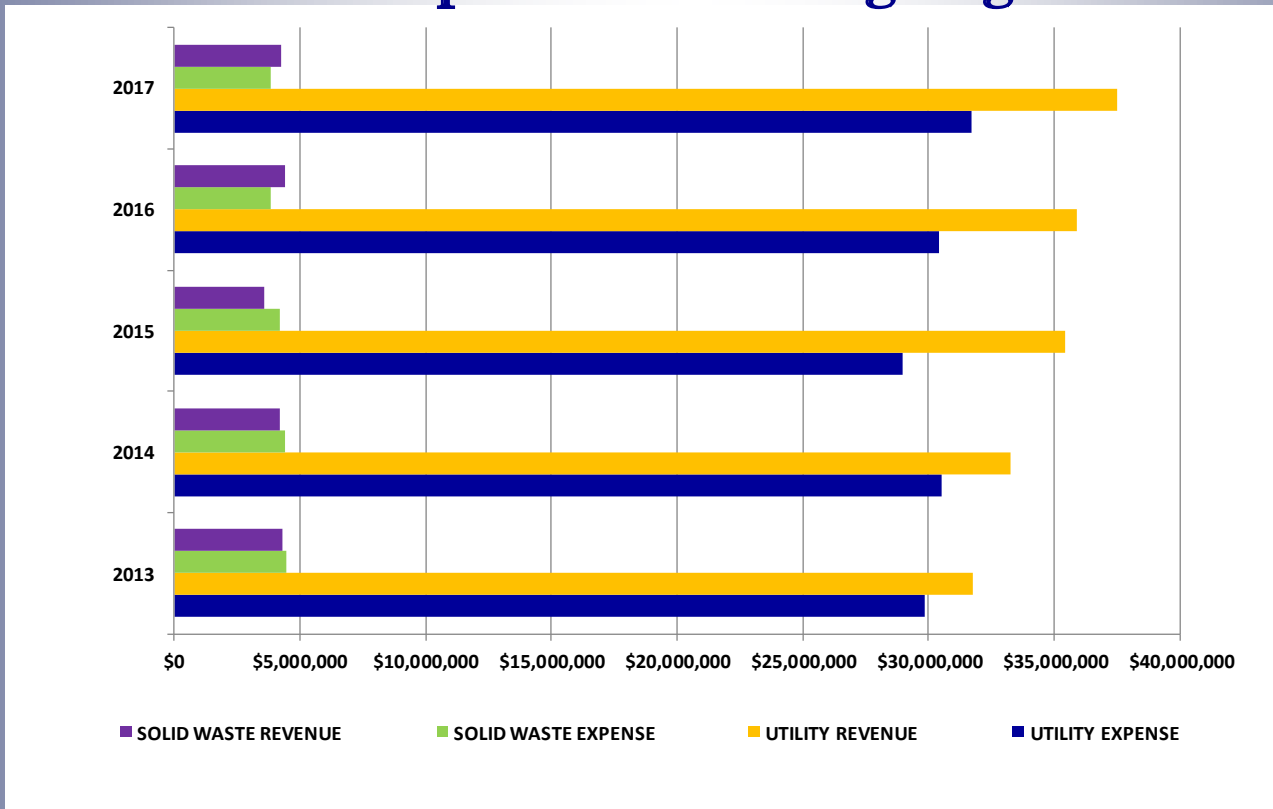
Expenditures-Where The Money Goes

Primary expenditures of the General Fund are: General Government, Judicial, Public Safety (Police & Fire), Public Works, Culture & Recreation, Health & Welfare and Housing & Development. The pie chart below shows where the money is spent along with the percentage for each city function. The bar graph below 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.



Enterprise Fund Highlights



Utility Fund

The City's Utility Fund revenues have steadily increased over the past five (5) years, while expenditures have remained steady. Revenues continued to show a slight increase in FY2017, by \$512 thousand. General operating expenses increased in FY2017 by approximately \$1.3 million. This increase in expenditures was due to providing an increased level of services and was mirrored with an increase in revenues as well.

The above factors equate to the \$4.3 million increase in 2017 net position compared with 2016 net position.

Solid Waste Fund

Revenues and Expenses for this fund have remained steady for the past five (5) years, showing an increase in revenues of \$308 thousand and a slight increase in expenses of \$187 thousand in 2017. The Solid Waste Fund has shown a gain in the past two (2) years with 2017 showing an increase in net position of \$516 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.

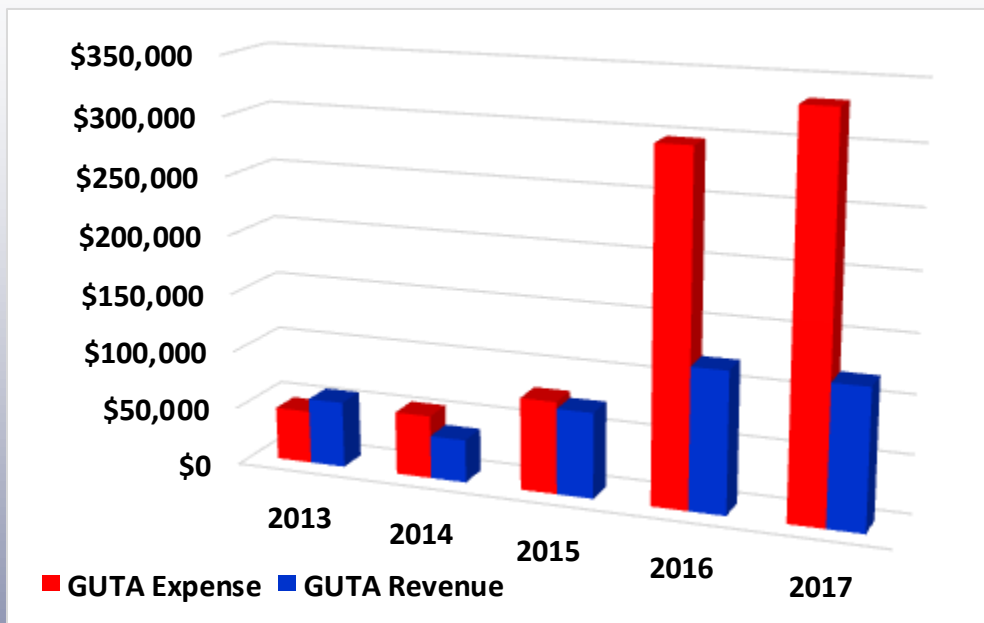


Georgia Utility Training Academy

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 a slight decrease in revenues in 2017. Expenses increased by \$36 thousand in 2017, while revenues decreased by \$1 thousand. 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 \$5 thousand in FY2017.



Capital Assets

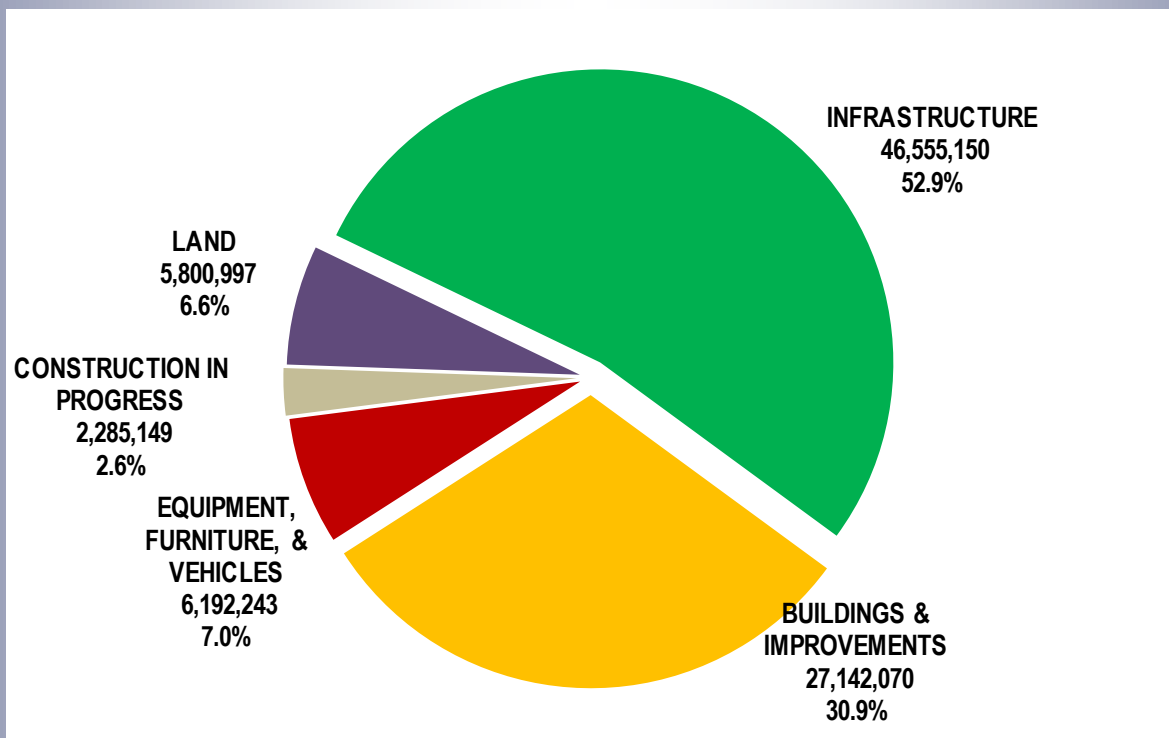


The City's investment in capital assets for the governmental activities (financed through taxes, intergovernmental revenues and other nonexchange revenues) and business-type activities (financed in whole or in part by fees charged to external parties for goods or services) as of December 31, 2017 amounted to \$87.98 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 \$3.7 million in depreciation increases to infrastructure, buildings and improvements, and equipment, furniture, and vehicles.
- Construction in progress projects totaling \$1.4 million in utility service and \$870 thousand for government activity projects.

Overall investments in capital assets increased by a small margin of \$59 thousand from FY2016 to FY2017 due to a mixture of increase in assets and accumulated depreciation of infrastructure, buildings & improvements, and equipment, furniture & vehicles.



Long-Term Debt

At fiscal year end 2017, the City had \$20.7 million in outstanding long-term debt, of which \$2.3 million will mature during 2018. 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 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.

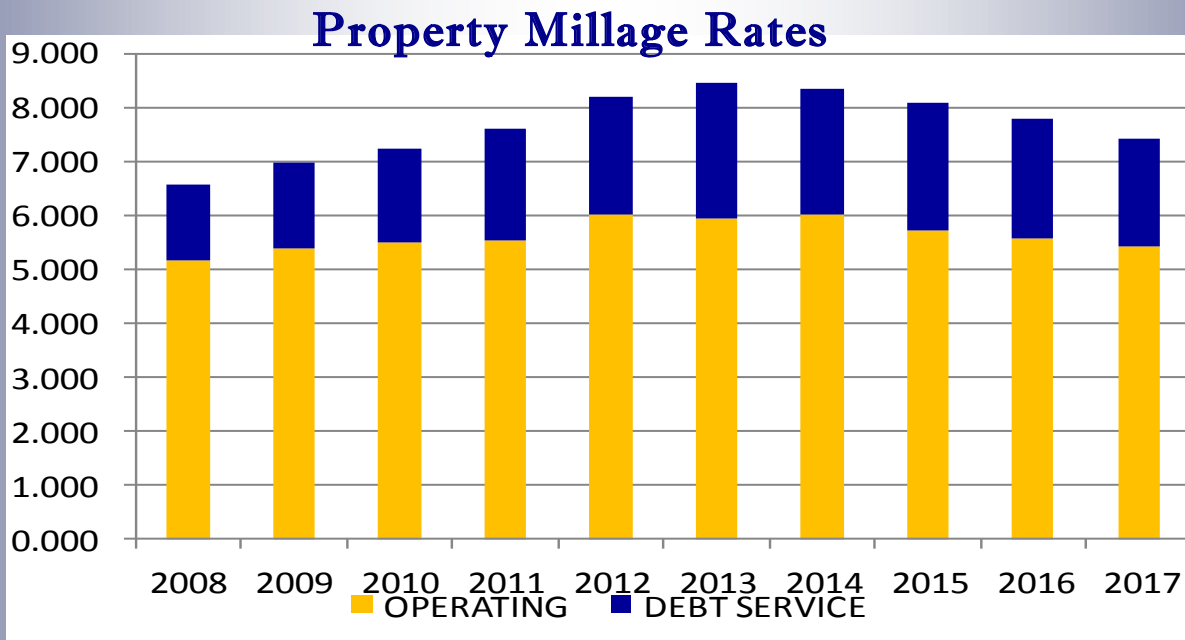
SUMMARY OF DEBT ACTIVITY					
	1/1/2017	INCREASES	DECREASES	12/31/2017	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS	2,513,000	-	(810,000)	1,703,000	835,000
CAPITAL LEASES	-	245,900	-	245,900	79,666
NOTE PAYABLE	-	1,500,000	-	1,500,000	75,000
COMPENSATED ABSCENCES	643,683	556,812	(533,334)	667,161	552,787
NET PENSION LIABILITY	4,448,469	1,213,489	(1,965,699)	3,696,259	-
GOVERNMENT ACTIVITY	7,605,152	3,516,201	(3,309,033)	7,812,320	1,542,453
REVENUE BONDS	16,770,000	-	(1,960,000)	14,810,000	1,800,000
NOTES PAYABLE	1,643,516	-	(106,389)	1,537,127	106,922
COMPENSATED ABSENCES	378,490	592,584	(562,660)	408,414	408,414
NET PENSION LIABILITY	4,610,226	1,314,614	(1,936,806)	3,988,034	-
BUSINESS TYPE ACTIVITY	23,402,232	1,907,198	(4,565,855)	20,743,575	2,315,336

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. The chart below shows both property tax revenues and sales taxes increasing in 2017.



The millage rate for 2017 property taxes remains steady with a slight decrease for 2017 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

The City of Monroe has risen out of the previous economic downturn and into a new period of substantial commercial and residential growth. This has given stability to the overall economy in Monroe as well as stabilized the City's revenues and positioned the City for additional growth. Continued growth for the City's commercial development primarily lies along the Highway US 78/GA 138 corridor, with a new commercial expansion planned around the Highway 138 extension, Charlotte Rowell Boulevard.

The City of Monroe's population is estimated at 13,478 residents. Among the top ten employers in the City, three are governments accounting for 17.4% 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.

Major Initiatives

In an ongoing effort to reduce traffic congestion, we are continuing to work closely with Georgia Department of Transportation (GDOT) and Walton County to implement the area's transportation projects. The Highway US 78/GA 138 area's growth has increased traffic in the area. This is one example of the partnership between Monroe and Walton County to complete a truck by-pass around the historic downtown area. Construction is expected to commence in late 2019. The continued addition and enhancement of existing 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.

An ongoing project to upgrade all lighting fixtures to LED lighting is a continued focus within the City.

The continued growth of the Monroe-Walton County Airport is expected to continue to help drive the local economy through business and

Long-Term Financial Planning

The City will begin construction in 2018 to improve the northern entrance of Monroe with the transportation project, Livable Centers Initiative (LCI), . This project will construct new or enhance sidewalks along both sides of the corridor from West Marable Street to Mayfield Drive. It will include planting trees & shrubs, raised curbs, a center median, defined pedestrian crossings, pedestrian scale lighting and ADA-accessible curb ramps. This project is a continuation of a previously funded TE project and will complement on-going efforts within the Broad Street Corridor. This will be a federally funded program with a projected total cost of over \$2 million.

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 (CDBG). The City was awarded additional CDBG 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 improvements at the airport. Installation of an Automated Weather Observation System (AWOS) system has been completed. Enclosure fencing around the airport property, addition of T-hangars and the repaving and reconditions of all apron areas are slated 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.

GFOA Awards



The Government Finance Officers Association (GFOA) awarded the City of Monroe the Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended December 31, 2016. This was the thirteenth year 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 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.



The City of Monroe Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017 has been submitted to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. The award of the Certificate of Achievement for Excellence in Financial Reporting presented by the GFOA has been received for the past fourteen years. An award is valid for a period of one year only. We believe our current CAFR continues to meet the program's requirements.



The Government Finance Officers Association (GFOA) awarded the City of Monroe the Distinguished Budget Presentation Award for its 2017 budget document. This was the fifth year the City has received this prestigious award. We believe our current 2018 Budget document continues to meet the program's requirements and has been submitted to the GFOA.

Frequent Terms

Ad Valorem Taxes—Property taxes.

Assessed Valuation— A valuation set upon real estate or other property by a government as a basis for levying taxes.

Budget— A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

Bond—A written promise to pay a specified sum of money at a fixed time in the future, and carrying interest at a fixed rate.

Capital Assets— Assets including land, improvement to land, building, vehicles and infrastructure that has an initial useful lives that extend beyond a single reporting period.

Comprehensive Annual Financial Report (CAFR)- Financial report that provides information on each individual fund in detail.

Debt Service—The amount of interest and principal the City must pay each year on net direct long-term debt plus the interest it must pay on direct short-term debt.

Fiscal Year-A 12-month period designated as the operating year for accounting and budgeting purposes in an organization; the City has a fiscal year from January 1 through December 31.

Fund Balance—The excess of the assets of a fund over its liabilities, reserves and carryover.

Governmental Accounting Standards Board (GASB)-The independent organization that establishes and improves standards of accounting and financial reporting for state and local government.

Generally Accepted Accounting Principles (GAAP)- Conventions, rules and procedures that serve as the norm for the fair presentation of financial statements.

General Fund-A fund established to account for resources and costs of operations associated with the City which are not required to be accounts for in other funds.

General Obligation Bon-Bonds that finance a variety of public projects such as streets, buildings & improvements;

Governmental Funds-Funds generally used to account for tax supported activities.

Intergovernmental Resources-Funds received from federal, state and other local government sources in the form of grants, shared revenues and payments in lieu of taxes.

Operating transfers In/Out-Amounts transferred from one fund to another to assist in financing the services of the recipient fund.

Popular Annual Financial Report (PAFR)-Financial report that provides summarized financial information related to the CAFR.

Proprietary Fund-A fund used to account for operations that are financed and operated in a manner similar to private businesses.

Resources-Total amounts available for appropriation including projected revenues, fund transfers, bond proceeds and beginning fund balances.

Restricted-The amount of assets or resources limited for a specific purpose.

Special Revenue Funds-Governmental funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Unrestricted-The difference between assets and liabilities that are not already limited for a specific purpose; i.e. restricted.



POPULAR ANNUAL FINANCIAL REPORT

was prepared by:

The City of Monroe, Georgia

Department of Finance

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