

# Popular Annual

# Financial Report

MONROE

Year End December 31, 2018

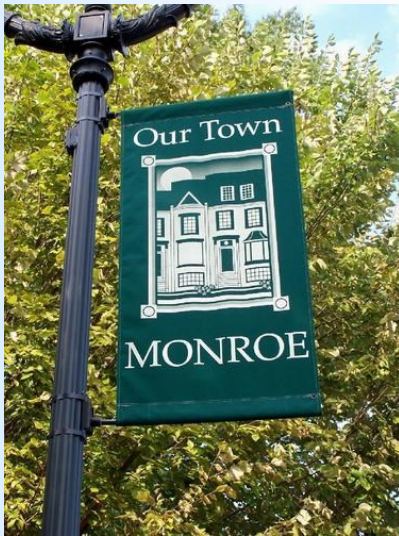




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# From the Finance Department



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 Popular Annual Financial Report (PAFR) for year end December 31, 2018. 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 2018 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 and received an unmodified 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](http://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.

## 2018 Elected Officials

Mayor	John Howard	<a href="mailto:jhoward@monroega.gov">jhoward@monroega.gov</a>
District 1	Lee Malcom	<a href="mailto:lmalcom@monroega.gov">lmalcom@monroega.gov</a>
District 2	Myoshia Crawford	<a href="mailto:mcrawford@monroega.gov">mcrawford@monroega.gov</a>
District 3	Ross Bradley	<a href="mailto:rbradley@monroega.gov">rbradley@monroega.gov</a>
District 4	Larry Bradley	<a href="mailto:lbradley@monroega.gov">lbradley@monroega.gov</a>
District 5	Norman Garrett	<a href="mailto:ngarrett@monroega.gov">ngarrett@monroega.gov</a>
District 6	Wayne Adcock	<a href="mailto:wadcock@monroega.gov">wadcock@monroega.gov</a>
District 7	Nathan Little	<a href="mailto:nlittle@monroega.gov">nlittle@monroega.gov</a>
District 8	David Dickinson	<a href="mailto:ddickinson@monroega.gov">ddickinson@monroega.gov</a>

## Appointed Officials

City Administrator	Logan Propes	<a href="mailto:lpropes@monroega.gov">lpropes@monroega.gov</a>
Electric & Telecom Director	Brian Thompson	<a href="mailto:bkthompson@monroega.gov">bkthompson@monroega.gov</a>
Finance Director	Beth Thompson	<a href="mailto:bthompson@monroega.gov">bthompson@monroega.gov</a>
Interim Fire Chief	Bill Owens	<a href="mailto:wowens@monroega.gov">wowens@monroega.gov</a>
Interim Police Chief	RV Watts	<a href="mailto:rwatts@monroega.gov">rwatts@monroega.gov</a>
Planning & Development Director	Darrell Stone	<a href="mailto:dstone@monroega.gov">dstone@monroega.gov</a>
Solid Waste Director	Danny Smith	<a href="mailto:dsmith@monroega.gov">dsmith@monroega.gov</a>
Street & Transportation Director	Jeremiah Still	<a href="mailto:jstill@monroega.gov">jstill@monroega.gov</a>
Water & Gas Director	Rodney Middlebrooks	<a href="mailto:rmiddlebrooks@monroega.gov">rmiddlebrooks@monroega.gov</a>

# City Statistics

Date of Incorporation.....	1821
Form of Government.....	Mayor & Council
Number of Employees.....	230
Population.....	13,484
Area in Square Miles.....	15
Miles of Streets.....	81

Fiscal Year	Population	Per Capita Personal Income	Median Age	Unemployment Rate
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%
2018	13,484	38,871	36	3.3%



## Public Safety

Police Dispatches.....	40,569
Fire Dispatches.....	2,721

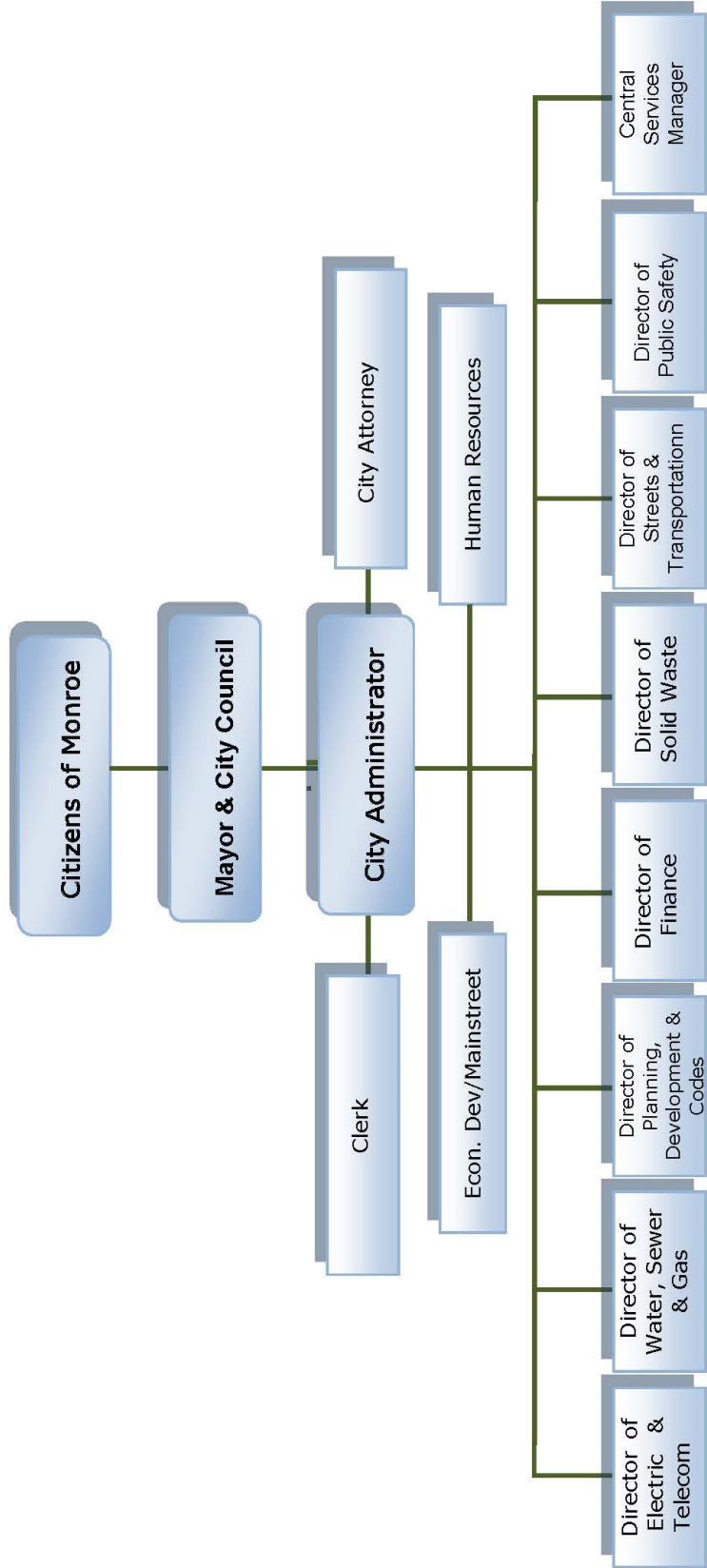
## Customer Data

Cable.....	3,800
Electric.....	6,290
Garbage.....	6,209
Internet.....	3,639
Natural Gas.....	3,760
Telephone.....	1,343
Water.....	9,239
Wastewater.....	6,937

## Top Employers

Wal-Mart Distribution Center.....	907
Hitachi Automotive Systems.....	796
Piedmont Walton Hospital.....	709
Walton County Government.....	654
Elite Storage Solutions.....	255
City of Monroe.....	230
Walton County Board of Education....	205
Wal-Mart Super Center.....	150
Ridgeview Institute.....	148
Walton Press Inc.....	132

# 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 2018 Budget.

REVENUES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
TAXES	\$ 6,956,407	42,896	
LICENSES & PERMITS	327,000		
FINES & FORFEITURES	400,000	40,000	
CHARGES FOR SERVICES	700,000		
INTERGOVERNMENTAL	535,142		
OTHER REVENUES	307,700		
OTHER FINANCIAL SOURCES	1,948,922		862,248
<b>TOTAL REVENUES</b>	<b>\$11,175,171</b>	<b>\$ 82,896</b>	<b>\$ 862,248</b>
EXPENDITURES	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS
GENERAL GOVERNMENT	\$ 1,191,278		
JUDICIAL	96,480		
PUBLIC SAFETY	6,696,267	40,000	
PUBLIC WORKS	1,515,952		
HEALTH & WELFARE	23,840		
CULTURE & RECREATION	337,555		
HOUSING & DEVELOPMENT	1,136,347	42,896	
DEBT SERVICE	-		862,248
<b>TOTAL EXPENDITURES</b>	<b>\$10,997,719</b>	<b>\$ 82,896</b>	<b>\$ 862,248</b>



# Financial Highlights

Key financial highlights for the Fiscal Year 2018 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, 2018 totaled \$107.5 million.
- Total revenues for all governmental funds were \$14.5 million.
- Total expenditures for all governmental funds were \$15.9 million.
- Utility Fund operating revenues totaled \$38 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 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

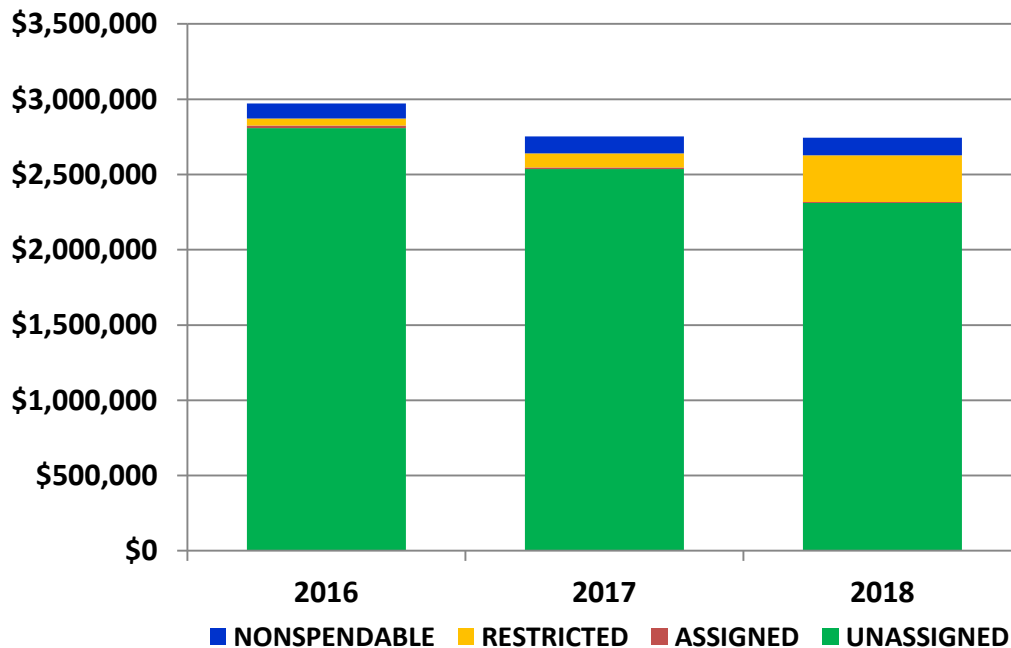
Fund Balance is the difference between assets (what the City owns) and liabilities (what the City owes). Fund balances are classified as follows:

- **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 FY2018, unassigned fund balance was \$2.3 million. Total fund balance of the General Fund decreased slightly by about \$10 thousand during 2018, this is well within a healthy range of recommended fund balance.

The City's unassigned fund balance represents approximately 20.6% of total General Fund expenditures, while total fund balance represents 24.4% of total General Fund expenditures.

## Fund Balance - General Fund

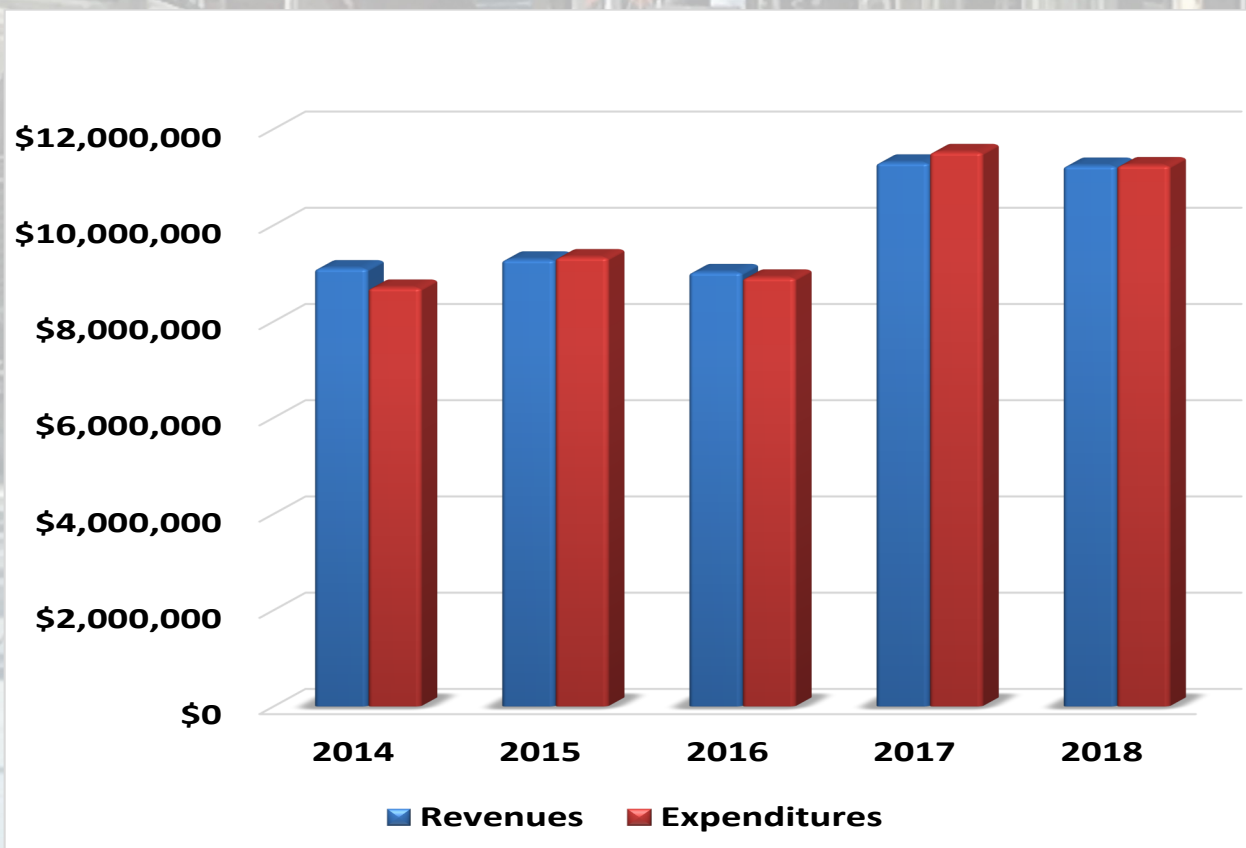


# General Fund Highlights

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.

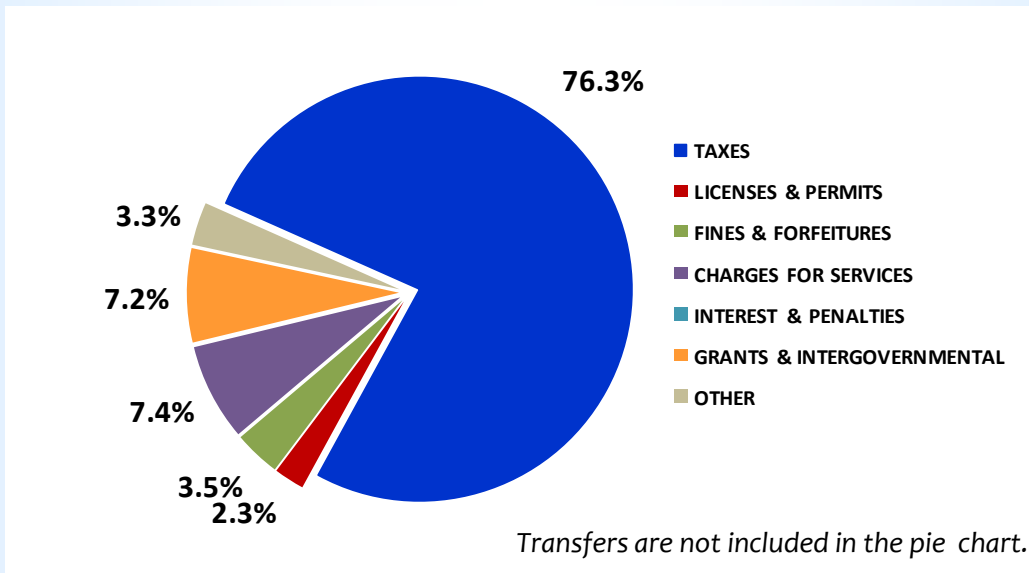
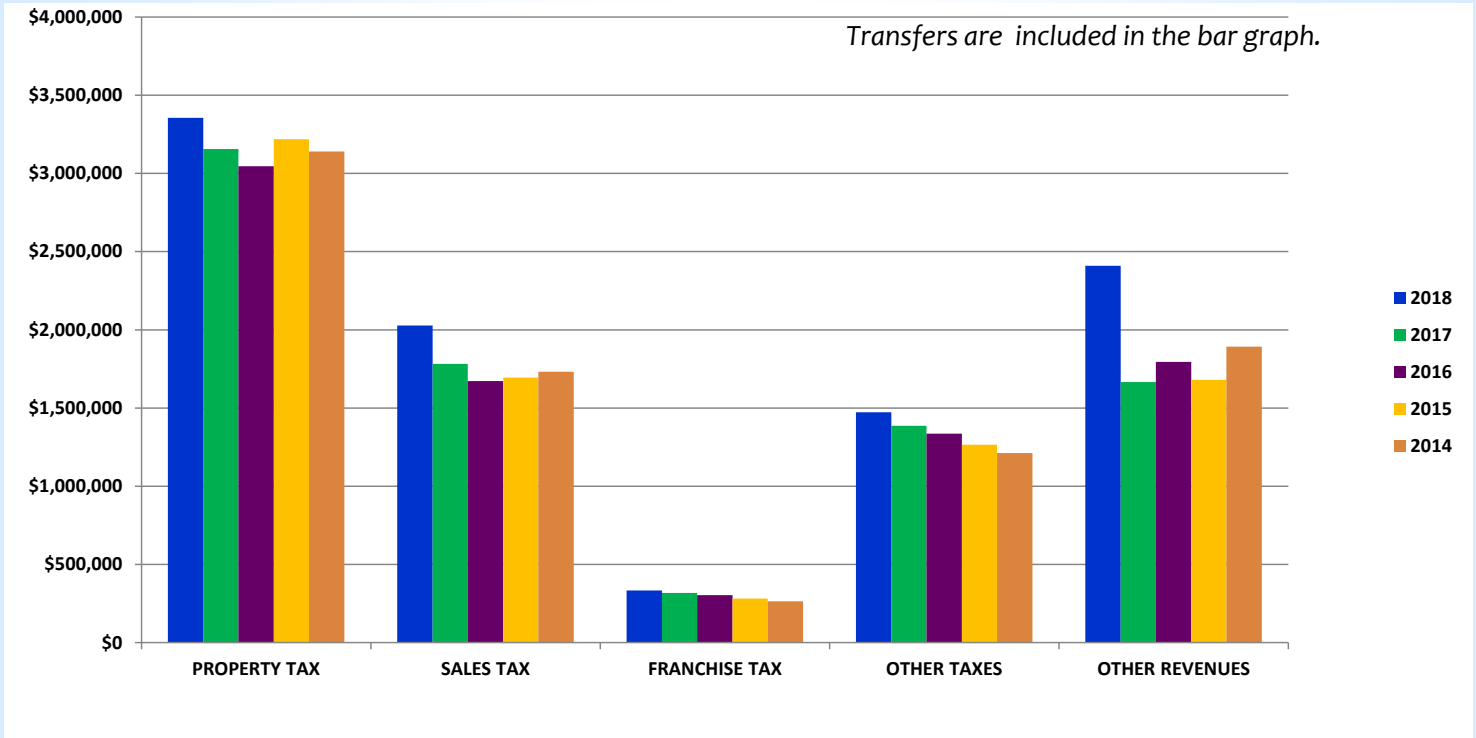
General Fund expenditures remained about the same from 2017 to 2018, with a decrease overall by approximately \$274 thousand.

## Revenues & Expenditures



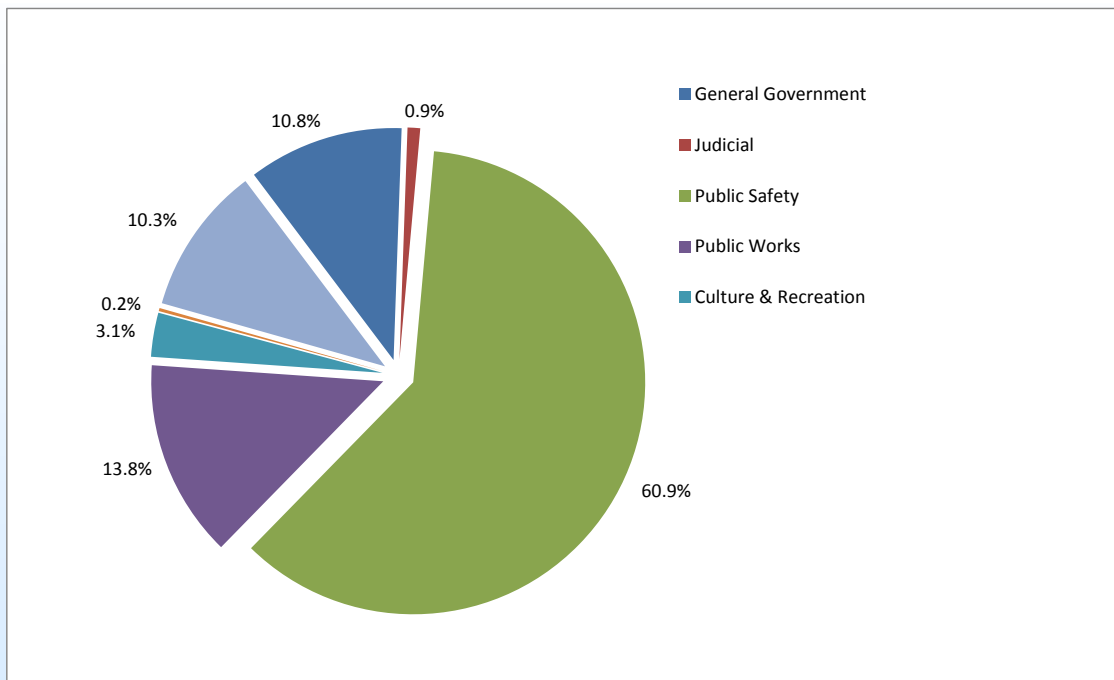
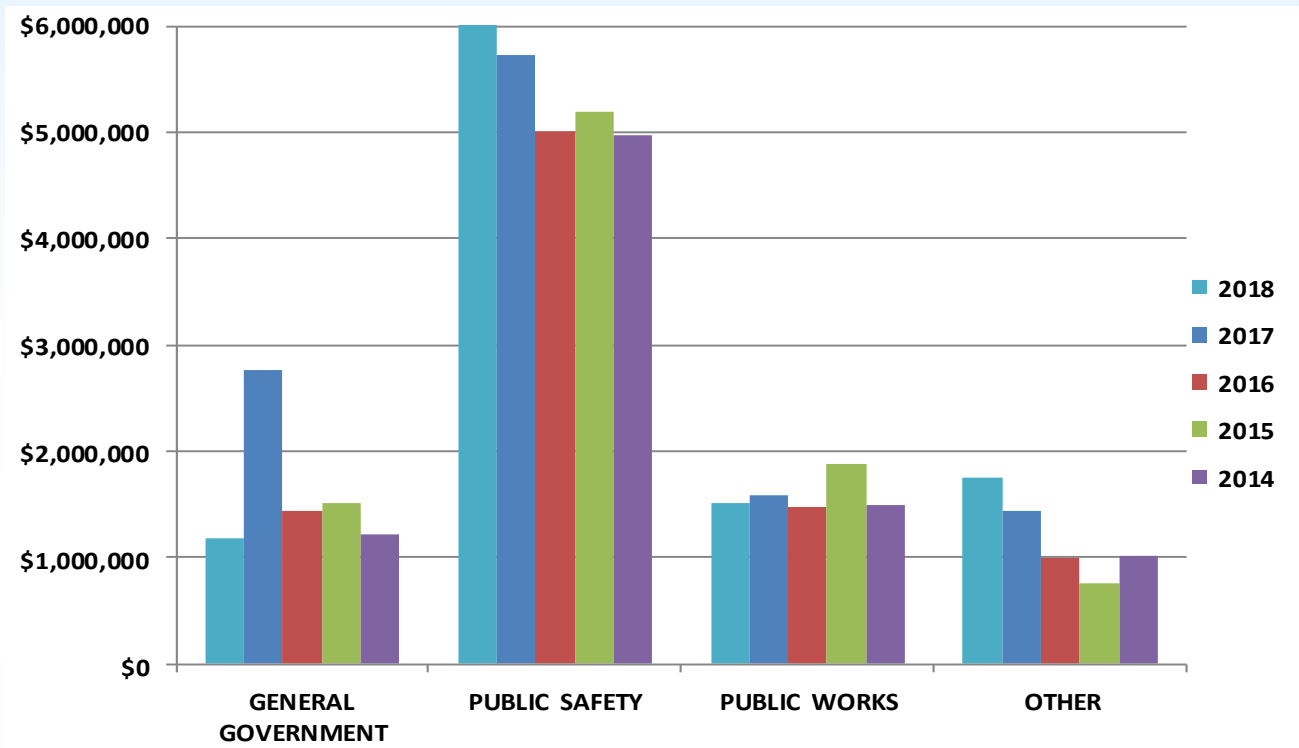
# Revenues-Where The Money Comes From

General Fund revenues increased by approximately \$930 thousand over the prior fiscal year. The reason for this significant increase is due to an increase in business license, building permits, as well as Local Option Sales Tax (LOST) revenues. The pie chart below shows a breakdown of revenue collections by source. 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 provided.

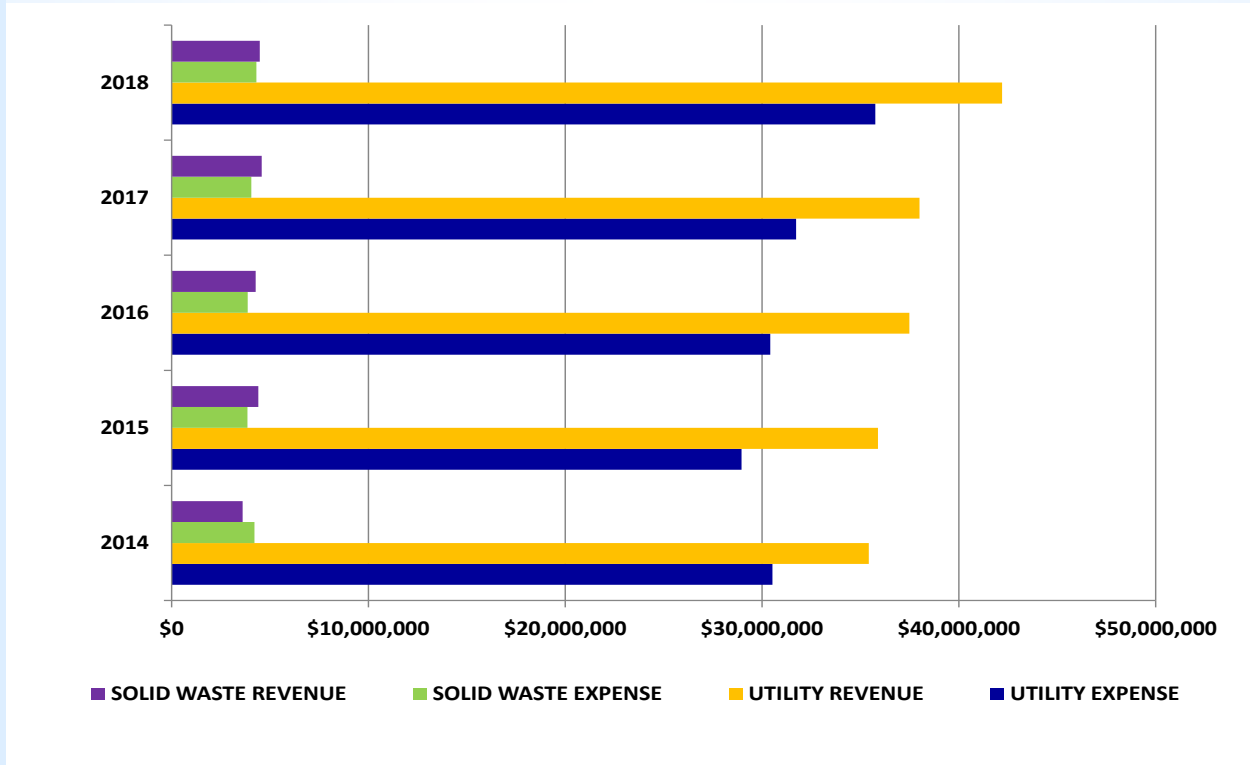


# Expenditures-Where The Money Goes

Primary expenditures of the General Fund are: General Government, Judicial, Public Safety (Police & Fire), Public Works, Culture & Recreation, Health & Welfare and Housing & Development. Overall General Fund expenditures for 2018 decreased by \$274 thousand. 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.



# Enterprise Fund Highlights



## Utility Fund

The City's Utility Fund revenues have steadily increased over the past five (5) years. Revenues continued to show a significant increase in FY2018, by \$4.1 million; with expenses increasing by a similar margin of approximately \$4 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 \$5 million increase in 2018 net position compared with 2017 net position.

## Solid Waste Fund

Revenues and Expenses for the Solid Waste fund have remained steady for the past five (5) years, showing a slight decrease in revenues of \$99 thousand and a slight increase in expenses of \$259 thousand in 2018. The Solid Waste Fund had a decrease in net position of \$76 thousand. Increase in cost of sales as well as a decrease in revenue is the cause of the decrease.

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.

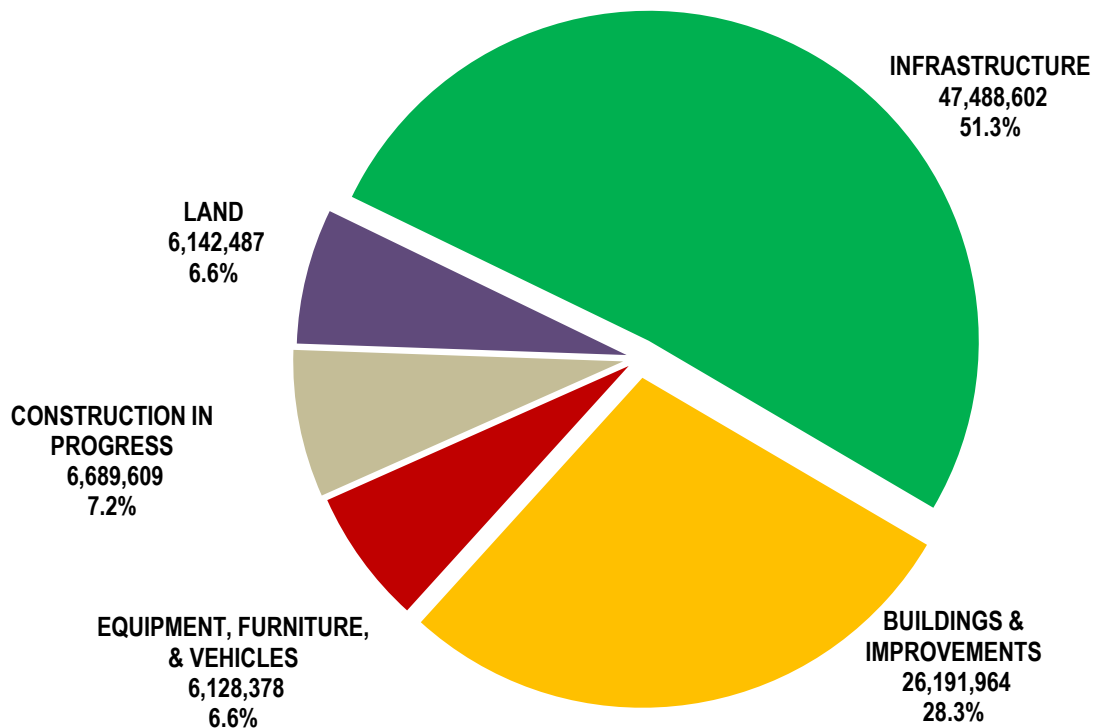
# Capital Assets



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, 2018 amounted to \$92.6 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 \$4.1 million in depreciation increases to infrastructure, buildings and improvements, and equipment, furniture, and vehicles.
- Construction in progress projects totaling \$2.2 million in utility service and \$4.5 thousand for government activity projects.

Overall investments in capital assets increased significantly by \$4.7 million from FY2017 to FY2018. This is due to a mixture of increase in assets and accumulated depreciation of infrastructure, buildings & improvements, and equipment, furniture & vehicles. The majority of the increase is in sidewalk projects within the City.



## Long-Term Debt

At fiscal year end 2018, the City had \$18.7 million in outstanding long-term debt, of which \$2 million will be due during 2019. 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.

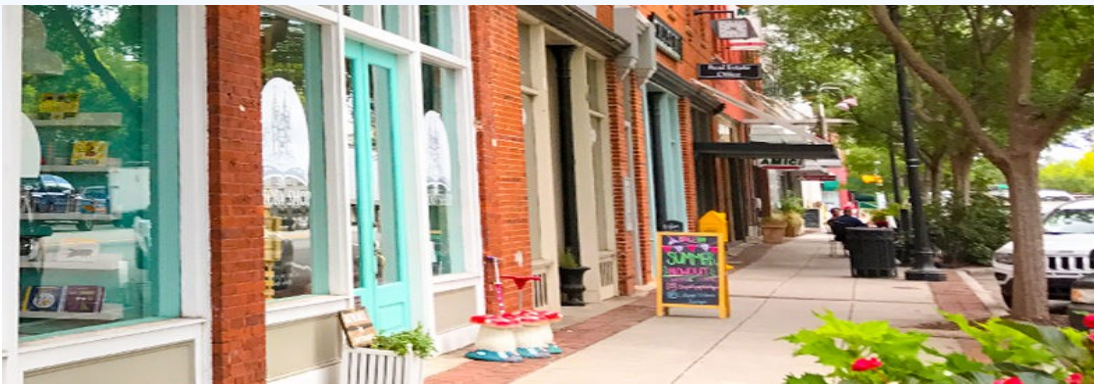
### SUMMARY OF DEBT ACTIVITY

	1/1/2018	INCREASES	DECREASES	12/31/2018	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS	1,703,000	-	(835,000)	868,000	868,000
CAPITAL LEASES	245,900	322,523	(115,524)	452,899	162,576
NOTE PAYABLE	1,500,000	-	(75,000)	1,425,000	75,000
COMPENSATED ABSCENCES	667,161	595,837	(533,334)	729,664	583,299
NET PENSION LIABILITY	3,696,259	1,902,296	(1,969,545)	3,629,010	-
<b>GOVERNMENTAL ACTIVITY</b>	<b>7,812,320</b>	<b>2,820,656</b>	<b>(3,528,403)</b>	<b>7,104,573</b>	<b>1,688,875</b>
REVENUE BONDS	14,810,000	-	(1,800,000)	13,010,000	1,505,000
NOTES PAYABLE	1,537,127	-	(106,921)	1,430,206	107,458
COMPENSATED ABSENCES	408,414	666,694	(688,312)	386,796	386,796
NET PENSION LIABILITY	3,988,034	2,027,069	(2,148,064)	3,867,039	-
<b>BUSINESS TYPE ACTIVITY</b>	<b>20,743,575</b>	<b>2,693,763</b>	<b>(4,743,297)</b>	<b>18,694,041</b>	<b>1,999,254</b>

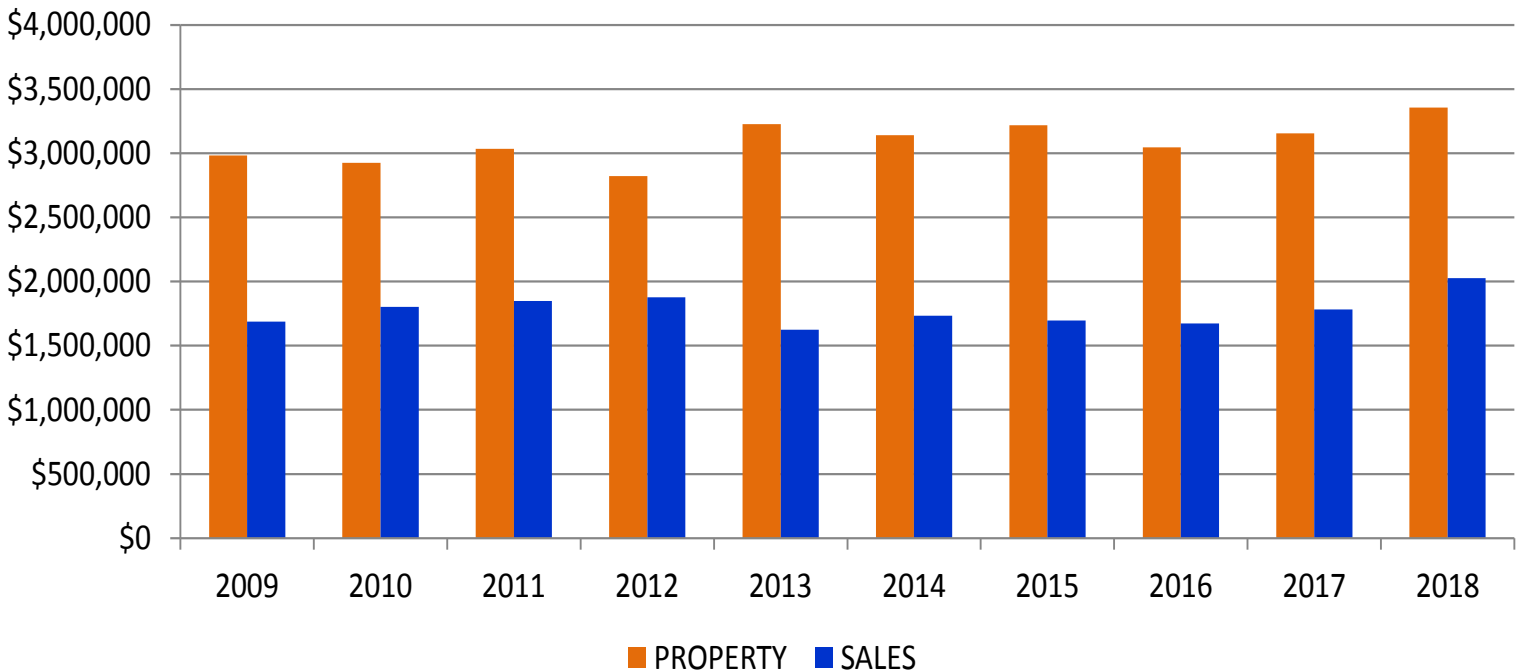


# Sales Tax

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 sales tax revenues increasing in 2018. The increase of about \$245 thousand is primarily due to revitalizing our downtown area with more consumer friendly shopping with continued growth.



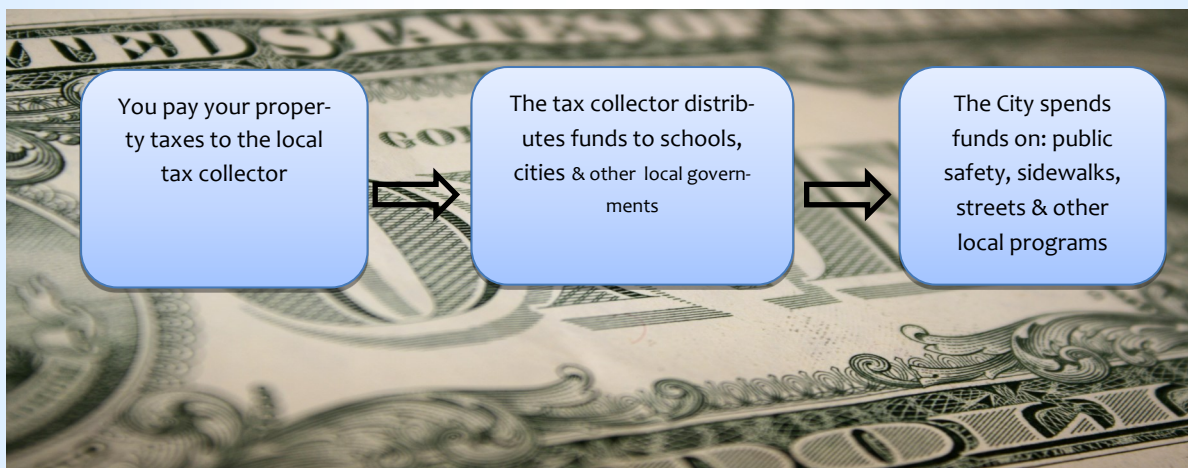
## Tax Collections



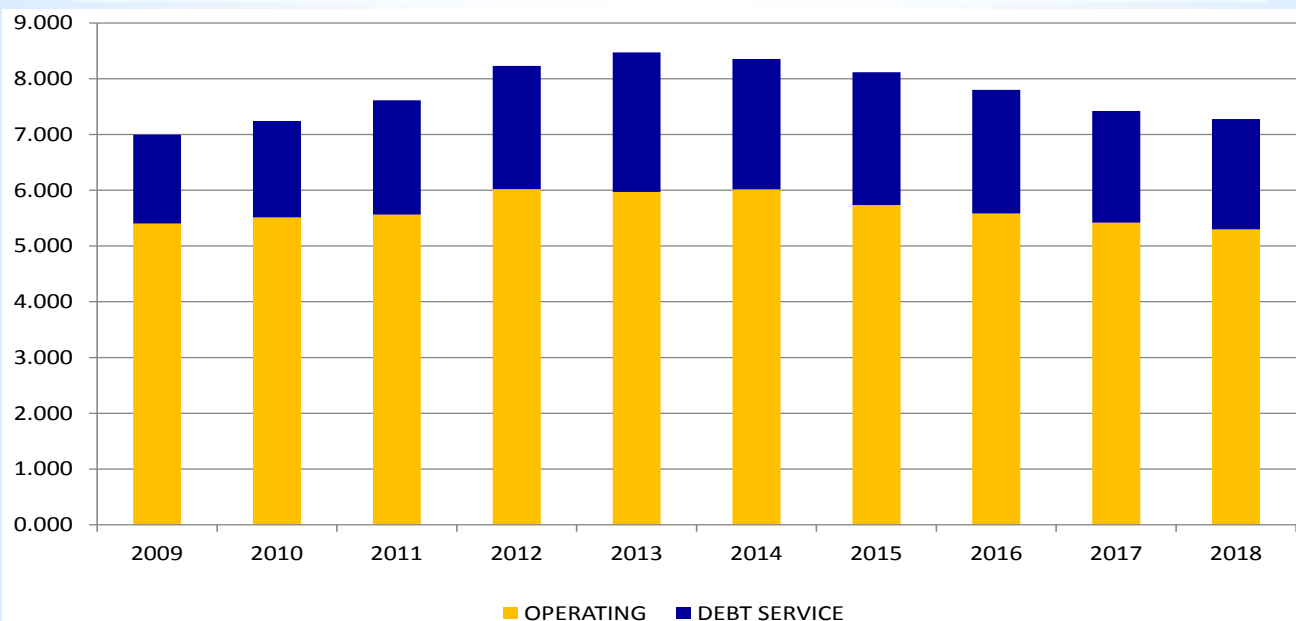
# Property Taxes

The millage rate for 2018 property taxes remains steady with a slight increase in revenues for 2018 due to increased property values. The Millage Rate for 2018 was rolled back to 7.277. We have experienced some economic growth allowing us to roll back the Millage Rate for the past several years. We are very proud to be able to accomplish this while maintaining the level of services provided to our community.

## Path of a Property Tax Dollar



## Property Millage Rates



## **Local Economy**

The City of Monroe is in 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. Economic development is one of the City's main priorities. LOST and SPLOST revenues have steadily increased over the last few years, which is a result of revitalizing our downtown area with more consumer friendly shopping.

Continued growth for the City's commercial development primarily lies along the Highway US 78/GA 138 corridor, with a new commercial expansion planned.

The City of Monroe's population is estimated at 13,484 residents. Among the top ten employers in the City, three are governments accounting for 17.5% of all jobs in the city.

## **Major Initiatives**

The City of Monroe continues to work closely with Georgia Department of Transportation and Walton County to implement the area's transportation initiatives. Construction on a much needed truck by-pass around the historic downtown area is expected to begin in late 2019 with full completion in 2024.

Additionally, the City has begun to address the public's need for quality passive parks with the acquisition of property for a new Downtown Green. The almost two-acre site will be redeveloped into an all-year park and entertainment space with plans to eventually feature a splash pad, outdoor amphitheater, walking space, open green space & tree plantings.

## **Long-Term Financial Planning**

The City began 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 existing sidewalks along both sides of the North Broad Street 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.

Additionally, in 2018 the City applied for (and was later awarded in early 2019) a Transportation Alternatives Project (TAP) Grant that will link the North Broad sidewalk project with the rest of the downtown's streetscaping that will create approximately two continuous miles of downtown streetscaping along the Broad Street corridor.

The City continues to receive funding for rehab of sewer lines to serve lower income areas with funds from a Community Development Block Grant (CDBG). The City was awarded CDBG funds in FY07, FY09, FY11, FY13, FY16 and in FY18 to continue with our sewer rehab projects.

The Monroe-Walton County Airport continues to receive funding through grant proceeds for improvements at the airport. 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, 2017. This was the fourteenth 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, 2018 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 fifteen 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 2018 budget document. This was the sixth year the City has received this prestigious award. We believe our current 2019 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**

**Beth Thompson**

**Finance Director**

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