City of Monroe, GA

Comprehensive Annual Financial Report

For Fiscal Year Ending
December 31, 2004

CITY OF MONROE, GEORGIA

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2004

Prepared by Authority of
City Council, City of Monroe, Georgia
Renee L. Prather, Finance Director

CITY OF MONROE, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

TABLE OF CONTENTS

	Exhibit No.	Page No.
INTRODUCTORY SECTION		
Letter of Transmittal		i
GFOA Certificate of Achievement		v
Organizational Chart		vi
Principal Officials		vii
FINANCIAL SECTION		
Independent Auditor's Report		
Management's Discussion and Analysis		I
Basic Financial Statements:		
Statement of Net Assets	A	3
Statement of Activities	B	5
Balance Sheet - Governmental Funds	C	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	E	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities	F	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	G	10
Statement of Net Assets - Proprietary Funds	H	12
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	I	15
Statement of Cash Flows - Proprietary Funds	J	16
Notes to the Financial Statements		21
Required Supplementary Information		
Supplementary Information		41
Combining and Individual Fund Statements and Schedules:		
Governmental Funds:		
Combining Balance Sheet - Nonmajor Governmental Funds	1	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	2	46

CITY OF MONROE, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

TABLE OF CONTENTS

	Exhibit No.	Page No.
Special Revenue:		
Combining Balance Sheet	3	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	4	50
Forfeited Drugs:		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	5	51
Multiple Grant:		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	6	52
Greenspace Grant:		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	7	53
Hotel /Motel:		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	8	54
Capital Projects:		
Combining Balance Sheet	9	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	10	58
Debt Service:		
Balance Sheet	11	63
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	12	64
Internal Service:		
Combining Statement of Net Assets	13	67
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	14	68
Combining Statement of Cash Flows	15	69

Supplemental Schedules:	Schedule No.	Page No.
General Fund - Schedule of Revenues - Budget and Actual	1	73
General Fund - Schedule of Operating Expenditures - Budget and Actual	2	74
Enterprise Fund - Summary of Changes in Fixed Assets and Depreciation	3	78
Water, Light and Gas Enterprise Fund - Schedule of General and Operating Expenses	4	80

CITY OF MONROE, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

TABLE OF CONTENTS

	Schedule No.	Page No.
Solid Waste Enterprise Fund - Schedule of General and Operating Expenses	5	83
Summary of Operating Transfers to City from Water, Light and Gas Commission - Last Ten Years	6	84
Schedule of Insurance in Force	7	85
STATISTICAL SECTION (Unaudited)	**Table No.**	**Page No.**
General Governmental Expenditures by Function - Last Ten Years	1	89
General Governmental Revenues by Source - Last Ten Years	2	90
General Governmental Tax Revenues by Source - Last Ten Years	3	91
Property Tax Levies and Collections - Last Ten Years	4	92
Assessed and Estimated Actual Value of Property - Last Ten Years	5	93
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	6	94
Principal Taxpayers	7	95
Computation of Direct and Overlapping Bonded Debt	8	96
Computation of Legal Debt Margin	9	97
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years	10	98
Ratio of Annual Debt Service Expenditure for General Bonded Debt to Total General Governmental Expenditures - Last Ten Years	11	99
Revenue Bond Coverage - Last Ten Years	12	100
Demographic Statistics - Last Ten Years	13	101
Property Value and Construction - Last Ten Years	14	102
Miscellaneous Statistics	15	103
Chart of General Governmental Expenditures by Function	16	105
Chart of General Governmental Revenues by Source	17	107
Chart of General Governmental Tax Revenues by Source	18	109
Chart of Assessed and Estimated Actual Value of Property	19	111
Chart of Principal Taxpayers	20	113

CITY OF MONROE, GEORGIA
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

TABLE OF CONTENTS

COMPLIANCE SECTION

	Page No.
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	117
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	119
Schedule of Expenditures of Federal Awards	121
Notes to Schedule of Expenditures of Federal Awards	122
Summary Schedule of Prior Year Findings and Corrective Action Plan	123
Schedule of Findings and Questioned Costs	124
Greenspace Grant Certification	127

Introductory Section

City of Monroe

227 South Broad Street • Post Office Box 1249 • Monroe, Georgia 30655
Telephone 770-267-7536 • Fax 770-267-2319

Harry Knight, Mayor
L. Wayne Adcock, Vice Mayor

June 1, 2005

To the Honorable Mayor, Members of the City Council, and Citizens of the
City of Monroe, Georgia:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Monroe for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of the City of Monroe. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Monroe has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Monroe's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Monroe's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Monroe's financial statements have been audited by Treadwell, Tamplin & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Monroe for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Monroe's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Monroe was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Monroe's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Monroe's MD&A can be found immediately following the report of the independent auditors.

Councilmembers: Wallace Beall • Edith B. Hill • W.C. "Tip" McConnell
Cliff Peters • Rita A. Scott • Jerry Smith • Greg Thompson

Profile of the Government

The City of Monroe incorporated in 1821, is located in Northeast Georgia, approximately 40 miles east of Atlanta. Monroe is the county seat of Walton County. It encompasses an area of 14 square miles and has a population of 11,407 according to the 2000 U.S. Census. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under a Mayor/Council form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and eight other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appoints a City Administrator, Attorney, Judge and other key department heads.

The City's administrator is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government. The Mayor and Council are elected on a non-partisan basis. The Mayor is elected at-large and is not a member of the City Council. The Council is composed of eight members, with six members being elected from individual districts and two members elected from two super districts. The Mayor and Council are elected for four-year terms.

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

The annual budget serves as the foundation for the City of Monroe's financial planning and control. The City Administrator obtains information from all departments of the City for which appropriations are made and/or revenues are collected and compiles the operating budget for submission to the Mayor and Council. At that time, a workshop is held to review budget requests. In addition, an advertised public hearing is held to allow taxpayers' comments prior to final passage. The budget is legally adopted through resolution. The legal level of budgetary control is the department level. Department Heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Mayor and Council. Budget–to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Monroe operates.

Local economy. The City of Monroe continues to maintain a favorable financial environment and local indicators point to improving stability. The local economy is experiencing steady growth as indicated by yearly increases in assessed property value, commercial construction value and increases in the value of residential construction.

The City owns and operates the Monroe-Walton County Airport. As an economic resource, the airport is expected to generate future industrial activity. With the use of funds from the Federal Aviation Administration (FAA) and Georgia Department of Transportation (G-DOT), the City is extending and widening the runway and relocating Poplar Street to allow for future runway extensions. This project includes new lighting and the construction of a parallel taxiway. The estimated project cost is $3.3 million and should be completed in FY 2005.

We continue to see growth along the Highway 78 and Highway 138 corridors. Monroe is the county seat of Walton County, which according to the U.S. Census Bureau was among the 100 fastest growing counties in the U.S. between 2000 and 2004. In anticipation of this growth, Monroe annexed land that will be used for housing and commercial development as well as a new hospital facility.

Long-term financial planning. Through the 2000 General Obligation Bond Issue, the City has been engaged in several capital projects. Initially, the City constructed a solid waste transfer station and purchased a ladder fire apparatus under the bond issue. A city-wide street re-surfacing plan was also put into effect. The Public Works Department expects to have this program completed by FY 2005 at a final cost of $3.3 million. The City has also renovated, at a cost of $1.3 million, an historic school building that is used as a community center, and finally will renovate the historic City Hall which is scheduled to begin in FY 2005 at a cost of $1 million.

The City of Monroe has just completed a Community Development Block Grant (CDBG) project that was awarded FY 2000 for $500,000 and was awarded an additional $500,000 FY 2002 CDBG grant to continue this project. The City's Public Works Department has started construction on its FY 2002 CDBG project and expects this to be completed in FY 2005. This project consists of street and drainage improvements in the Pine Park Street area totaling in excess of $700,000.

The City was awarded FY 2004 CDBG funds totaling $500,000 for street and drainage improvements in the Roosevelt Street area and $400,000 in CDBG funds for an Employment Incentive Program to assist with constructing a public access road to serve the expansion of Wal-Mart Stores, Inc.'s Distribution Center located Monroe's industrial park.

The City of Monroe partnered with Walton County to purchase land with Georgia Greenspace Grant Funds. This land will be part of a recreation area that is being developed as a result of a County SPLOST Referendum. When the project is completed, this area will house a majority of recreation for the City's activities under the direction of Walton County.

Cash management policies and practices. Cash temporarily idle during the year is invested in commercial banks guaranteed by the United States Government and in the Georgia Fund 1, a state sponsored cash management program. Investment income includes the change in fair value of investments, whether that is an increase or decrease.

The City's cash management policy is to minimize credit and market risks while maintaining a competitive yield on its deposits. As of December 31, 2004 all of the City's bank deposits were insured or collateralized.

Risk management. The City manages exposure to risk of loss through several methods. Such methods include contracts with commercial carriers for property insurance, surety bond coverage of officials and employees and commercial liability coverage for specified situations. The City assumes the risk of loss for general liability not covered by commercial carriers. To minimize its losses, the City has implemented various risk control techniques such as safety inspections and safety training classes. Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension and other postemployment benefits. Effective January 1, 2004 the City of Monroe reactivated the city sponsored defined benefit pension plan for its employees. This plan was frozen in 1997 and a defined contribution plan was implemented. The City felt it necessary, due to recent adverse financial market conditions, to reactivate the defined benefit plan and terminate the defined contribution plan. With this change, the defined benefit plan was also improved. Each year, an independent actuary engaged by the pension administrator, Georgia Municipal Association, calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet it's obligations to retired employees on a timely basis. The Mayor and Council directed an additional study done increasing benefits again for employees made effective November 1, 2004. In order to implement these changes additional funding was required. The actuarial report issued in 2004 recommended a 40% increase over the minimum contribution for the next five years in order to implement these changes. All contributions required to meet the actuarial study have been made. Additional information on the City's pension arrangements and other postemployment benefits can be found in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2003. This was the second year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Monroe's finances.

Respectfully submitted,

Renee L. Prather
Finance Director

Julian L. Jackson
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Monroe, Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



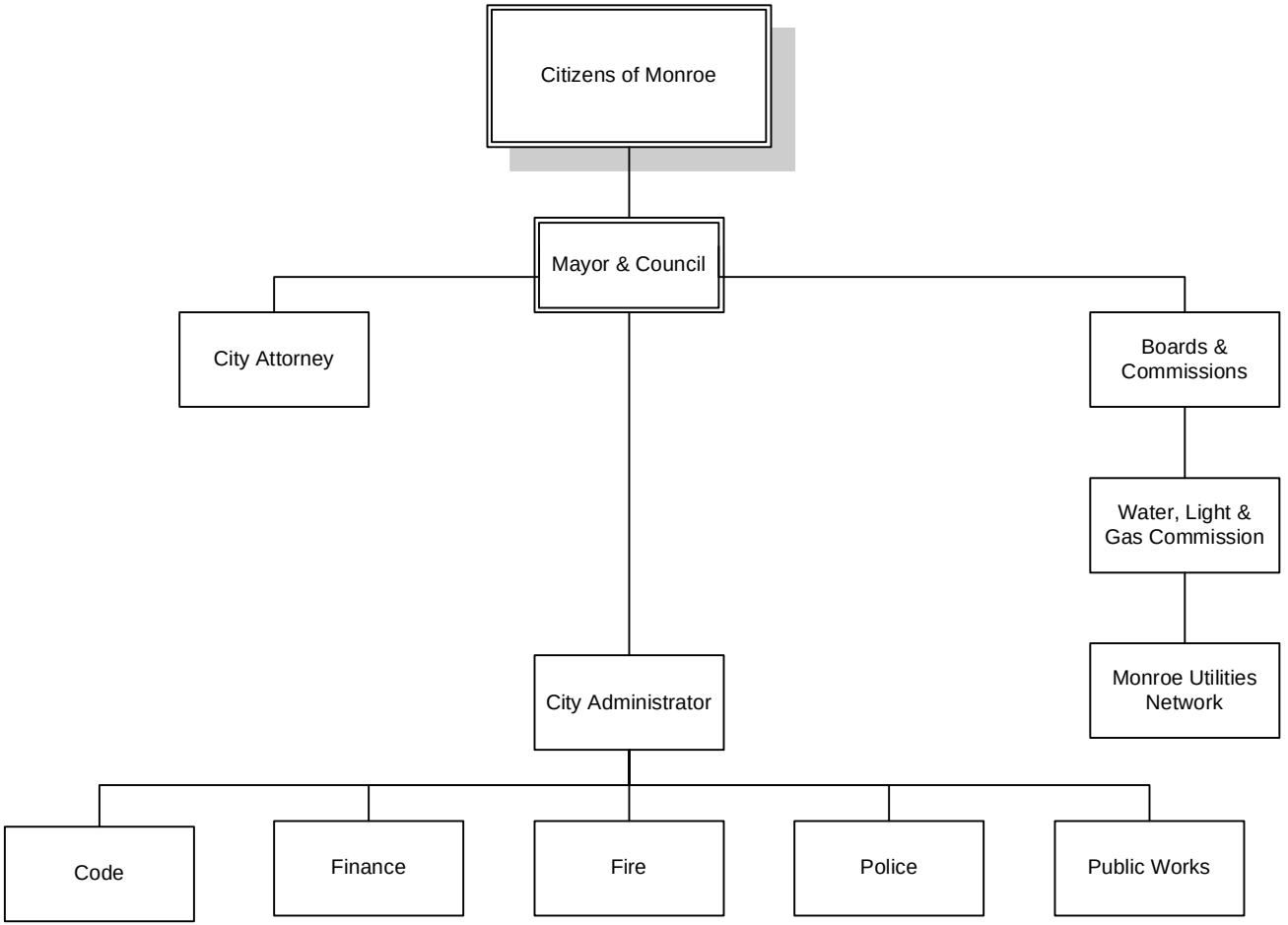
Nancy L. Zielke

President

Jeffrey L. Esser

Executive Director

City of Monroe, Georgia
Organizational Chart



City of Monroe, Georgia
List of Elected and Appointed Officials
December 31, 2004

Elected Officials

Mayor	Harry W. Knight
Vice Mayor	L. Wayne Adcock
Council Member	Wallace M. Beall, Jr.
Council Member	Edith B. Hill
Council Member	W.C. McConnell
Council Member	Clifford K. Peters
Council Member	Rita A. Scott
Council Member	Jerry L. Smith
Council Member	Gregory P. Thompson

Appointed Officials

City Administrator	Julian L. Jackson
Code Enforcement	M. Knox Bell
Finance Director	Renee L. Prather
Fire Chief	H. Wayne Chancey
Police Chief	M.Keith Glass
Public Works Director	H. Steve Worley
Water, Light and Gas Commission General Manager	Bobby Morrow

Financial Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

Phone: (706)342-1040
Fax: (706)342-1041

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Monroe, Georgia

We have audited the accompanying financial statements of the governmental activities and the business-type activities , each major fund, and the aggregate remaining fund information of the City of Monroe, Georgia as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Georgia as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2005 on our consideration of the City of Monroe, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Retirement Plan – Schedule of Funding Progress on pages I-VIII and 41 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City of Monroe, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditure of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget

Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 20, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Monroe's financial performance provides an overview of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2004 are as follows:

- The City of Monroe's combined net assets totaled $54,961,812. Of this amount, unrestricted net assets of $8,800,735 may be used to meet the City's ongoing obligations to citizens and creditors.

- Total net assets increased by $2,668,768 during the most recent fiscal year resulting from governmental and business-type activities.

- As of the close of the fiscal year the City of Monroe's governmental funds reported combined ending fund balances of $3,991,421, a decrease of $1,104,483 in comparison with the prior year. The bulk of this decrease was due to the use of fund balance in the General Revenue (GO) Bond Fund for the completion of the Community Center.

- The General Fund reported an unreserved fund balance of $1,976,238 or approximately 30 percent of the total General Fund expenditures.

- At the close of the fiscal year the City of Monroe's major business-type activity, Water, Light & Gas Commission exceeded its liabilities by $46,156,263. Included in these net assets is $6,297,568 of unrestricted net assets available to meet the Commission's on-going obligations to its customers and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, health and welfare, culture

and recreation, and housing and development. The business-type activities of the City include a utility commission and solid waste.

The government-wide financial statements can be found on pages 3-5 this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Monroe maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 6-11 of this report.

The City adopts an annual appropriated budget for its General Fund, Special Revenue and Debt Service Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The City of Monroe maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility and solid waste operations. They are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self insured employee health and worker's compensation insurance.

The City's proprietary fund financial statements are presented on pages 12-17.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21- 37 of this report.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Monroe's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 41 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial condition. In the case of the City of Monroe, assets exceeded liabilities by $54,961,812 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (79%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MONROE, GEORGIA
Statement of Net Assets
Fiscal Years 2004 and 2003

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
Assets:						
Current and other assets	$ 4,681,930	$ 5,713,012	$ 5,061,486	$ 4,506,504	$ 9,743,416	$10,219,516
Restricted assets-non current	15,288	15,139	5,515,120	5,691,423	5,530,408	5,706,562
Capital assets-net	11,023,337	9,107,842	73,086,398	73,175,684	84,109,735	82,283,526
Total assets	**15,720,555**	**14,835,993**	**83,663,004**	**83,373,611**	**99,383,559**	**98,209,604**
Liabilities:						
Long-term liabilities outstanding	7,356,449	7,510,214	32,624,787	34,185,845	39,981,236	41,696,059
Other liabilities	474,880	466,721	3,965,631	3,738,780	4,440,511	4,205,501
Total liabilities	**7,831,329**	**7,976,935**	**36,590,418**	**37,924,625**	**44,421,747**	**45,901,560**
Net Assets:						
Invested in capital assets, net of related debt	2,685,278	1,726,425	40,778,483	39,380,191	43,463,761	41,106,616
Restricted	2,697,316	3,693,156	-	-	2,697,316	3,693,156
Unrestricted	2,506,632	1,439,477	6,294,103	6,068,795	8,800,735	7,508,272
Total net assets	**$ 7,889,226**	**$ 6,859,058**	**$47,072,586**	**$45,448,986**	**$54,961,812**	**$52,308,044**

An additional portion of the City's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($8,800,735) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF MONROE, GEORGIA
Changes in Net Assets
Fiscal Years 2004 and 2003

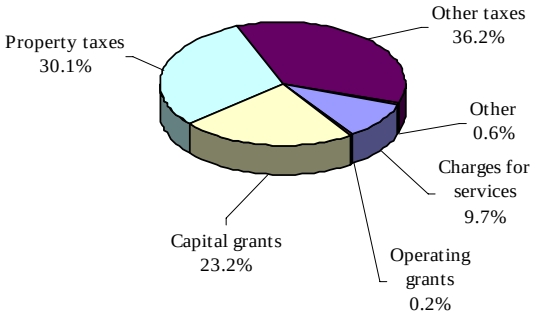
	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
Revenues						
Program revenues:						
Charges for services	$ 759,147	$ 623,916	$ 32,653,536	$ 29,320,435	$ 33,412,683	$ 29,944,351
Operating grants	12,905	67,080	-	-	12,905	67,080
Capital grants	1,811,372	1,022,218	324,745	472,979	2,136,117	1,495,197
General revenues:						
Property taxes	2,351,239	2,258,913	-	-	2,351,239	2,258,913
Other taxes	2,827,705	2,410,533	-	-	2,827,705	2,410,533
Other	44,029	200,121	75,032	153,742	119,061	353,863
Total revenues	**7,806,397**	**6,582,781**	**33,053,313**	**29,947,156**	**40,859,710**	**36,529,937**
Program expenses						
General government	996,623	910,553	-	-	996,623	910,553
Judicial	59,771	53,943	-	-	59,771	53,943
Public Safety	4,226,825	3,842,396	-	-	4,226,825	3,842,396
Public Works	2,375,572	2,219,978	-	-	2,375,572	2,219,978
Health and welfare	47,688	5,519	-	-	47,688	5,519
Culture and recreation	358,311	338,373	-	-	358,311	338,373
Housing and development	185,843	211,352	-	-	185,843	211,352
Interest and fiscal charges	370,794	441,473	-	-	370,794	441,473
Water, Light & Gas Commission	-	-	26,800,621	22,403,859	26,800,621	22,403,859
Solid Waste	-	-	2,768,145	2,622,391	2,768,145	2,622,391
Total expenses	**8,621,427**	**8,023,587**	**29,568,766**	**25,026,250**	**38,190,193**	**33,049,837**
Increase (decrease) in net assets before transfers	**(815,030)**	**(1,440,806)**	**3,484,547**	**4,920,906**	**2,669,517**	**3,480,100**
Transfers	1,860,198	1,714,894	(1,860,947)	(1,714,894)	(749)	-
Increase (decrease) in net assets	**1,045,168**	**274,088**	**1,623,600**	**3,206,012**	**2,668,768**	**3,480,100**
Net assets - beginning	**6,859,058**	**6,584,970**	**45,448,986**	**42,159,807**	**52,308,044**	**48,744,777**
Prior period adjustment	(15,000)			83,167	(15,000)	83,167
Net assets - ending	**$ 7,889,226**	**$ 6,859,058**	**$ 47,072,586**	**$ 45,448,986**	**$ 54,961,812**	**$ 52,308,044**

Governmental activities. Governmental activities increased the City of Monroe's net assets by $1,045,168, accounting for 39% of the total growth in the net assets of the City.

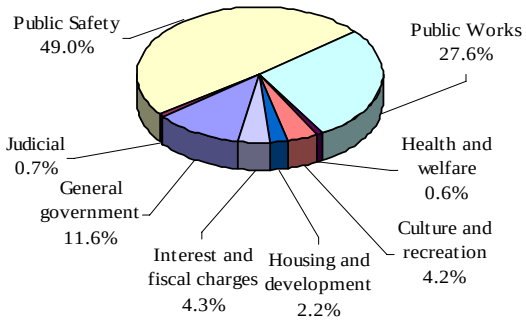
Property tax revenues ($2,351,239) collected made up approximately 30% of the City's total governmental revenue. Operating and capital grants ($1,824,277) for governmental activities were approximately 23% of all revenues collected. Public safety accounted for approximately 49% ($4,226,825) of all expense in governmental activities.

The following graphs show the breakdown by percentage of governmental revenues and expenses.

Governmental Revenues FY 2004



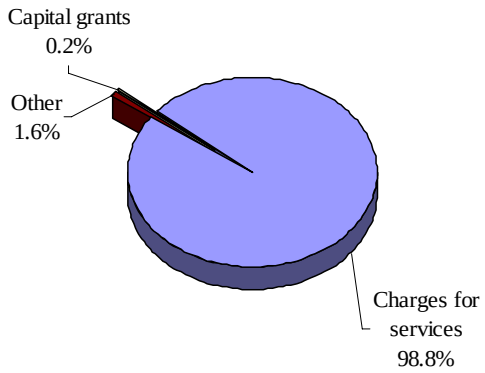
Governmental Expenses FY 2004



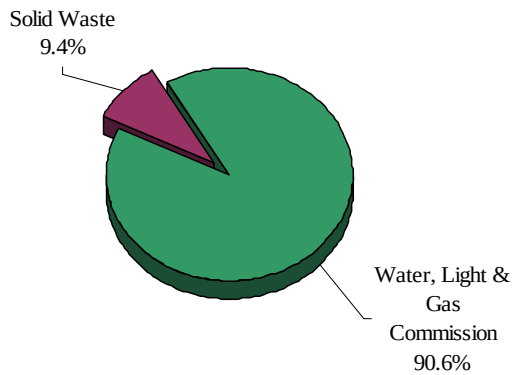
Business-type Activities. Business-type activities increased the City of Monroe's net assets by $1,623,600 accounting for 62% of the total growth in the government's net assets. The Water, Light & Gas Commission Fund, largest of the City's two business-type activities, accounted for 91% of the expenses and approximately 92% of the revenues among business-type activities.

A 5% increase in retail water and wastewater rates, as well as a mid-year price increase for general cable service to customers during 2004 was more than offset by expense increases. Depreciation increased approximately $1 million reflecting a full year of depreciation for major assets placed into service during 2003 as well as depreciation on new assets placed into service during 2004. Other general operating expenses were influenced by many factors, including salary increases, supplier price increases, and continuing extensive system maintenance on service lines as well as the recognition of costs associated with improvements to the employee retirement plan.

Business-type Activities Revenues FY 2004



Business-type Activities Expenses FY 2004



FINANCIAL ANALYSIS OF CITY OF MONROE'S FUNDS

As noted earlier, the City of Monroe employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Monroe's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,991,421. Of this amount $3,922,397 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($69,024) is reserved indicating that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was $2,025,262. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 31 percent of total General Fund expenditures.

Fund balance of the City of Monroe's General Fund decreased by $201,266 during the current fiscal year. Key factors resulting in this decline are as follows:

- Transfers out to fund self-insured workers compensation and employee health insurance plans due to excess claims.
- One time non-scheduled contribution to the City's Defined Benefit Retirement Plan to increase employee benefits.

Total fund balance for nonmajor special revenue funds at year end was $52,863. This total, all of which is unreserved but restricted for this fund's use, had a net decrease of $104,198.

The debt service fund has a total fund balance of $6,357 (all unreserved but restricted for debt service). The net increase in fund balance during the current year in the debt service fund was $1,220.

Proprietary Funds. The City of Monroe's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water, Light and Gas Commission at the end of the year amounted to $6,297,568, and those for the Solid Waste Fund amounted to $4,037. The total growth in net assets for both funds was $1,623,600. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Monroe's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were relatively few and can be briefly summarized as follows:

- $399,000 increase allocated for sites/site improvements in General Government
- $ 23,500 in increases allocated to the Protective Service for special project funding
- $ 54,000 in increases allocated to Buildings & Grounds for startup costs of Community Center

The remainder of increase is due to a one time non-scheduled funding of employee retirement plan. Of this increase, $448,000 was funded out of increases from grant revenue and $474,000 from increases in tax revenue. The remaining $73,000 was budgeted from revenue received from fines and other miscellaneous fees.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Monroe's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to $84,109,735 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, furniture & vehicles, and construction in progress.

Major capital asset events during the current fiscal year included these additions.

Governmental type activities:

- Purchased with grant funds (90%), six parcels as part of the ongoing airport project at a cost of $366 thousand.
- Addition of $530 thousand in infrastructure that was turned over to the City as donated assets.
- Construction in progress as of the end of the current fiscal year totaling 1.1 million includes a variety of public works projects, including airport expansion project and CDBG drainage projects.

Business-type activities:

- $0.5 million in wastewater collection line improvements and extensions.
- $1.6 million in utility service extensions in order to provide new and/or improved service.

CITY OF MONROE, GEORGIA
Capital Assets
(net of depreciation)
Fiscal Years 2004 and 2003

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
Land	$ 2,700,424	$ 2,241,589	$ 2,054,213	$ 2,054,213	$ 4,754,637	$ 4,295,802
Infrastructure	1,139,509	635,565	28,046,244	25,020,488	29,185,753	25,656,053
Buildings and Improvements	4,130,270	4,287,095	29,320,131	30,062,938	33,450,401	34,350,033
Equipment, furniture & vehicles	1,923,390	1,849,471	12,610,971	13,634,194	14,534,361	15,483,665
Construction in progress	1,129,744	94,122	1,054,839	2,403,854	2,184,583	2,497,976
Total	**$ 11,023,337**	**$ 9,107,842**	**$ 73,086,398**	**$ 73,175,687**	**$ 84,109,735**	**$ 82,283,529**

Additional information on the capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $39,165,000. Of this amount, $7,115,000 comprises debt backed by the full faith and credit of the government. The remainder of City debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

CITY OF MONROE, GEORGIA
Outstanding Debt
General Obligation and Revenue Bonds
Fiscal Years 2004 and 2003

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
General obligation bonds	$ 7,115,000	$ 7,180,000	$ -	$ -	$ 7,115,000	$ 7,180,000
Revenue bonds	-	-	32,050,000	33,400,000	32,050,000	33,400,000
Total	**$ 7,115,000**	**$ 7,180,000**	**$ 32,050,000**	**$ 33,400,000**	**$ 39,165,000**	**$ 40,580,000**

The City of Monroe and its Water, Light and Gas Commission both maintain a "BBB+" rating from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Monroe is $23 million, which is in excess of the total bonded general obligation debt outstanding of $7.11 million.

Additional information on the City of Monroe's long-term debt can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following indicators were taken into account when adopting the General Fund budget for 2005:

- Sales Tax revenue increased due to continued growth in the area with additional developments in the planning stages.

- Growth in the local property tax base remains strong as indicated by the increase in value of building permits issued. The total value of all construction for 2004 rose to over $37 million, a 90% increase over the previous year.

- Increased Defined Benefit Pension Benefits resulting in an increase in annual funding requirements.

- Increased funding to Self-insured Employee Health Insurance Plan.

Anticipated revenues in the General Fund budget are $7.3 million, up 450 thousand from the 2004 budget, the majority of which is due to expected increase in Sales Tax Revenue. No decrease in fund balance of General Fund is expected for fiscal year 2005.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of City of Monroe's finances for all those with an interest in our government's finances. Questions concerning this report or requests for additional information may be addressed to:

Finance Director
City of Monroe
P.O. Box 1249
Monroe, GA 30655
770-267-7536

Basic Financial Statements

CITY OF MONROE, GEORGIA
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 2,856,317	$ 369,254	$ 3,225,571
Accounts receivable, net	36,529	3,678,144	3,714,673
Taxes receivable, net	185,663	-	185,663
Interest receivable	-	16,481	16,481
Internal balances	472,480	(472,480)	-
Due from other governments	1,081,918	-	1,081,918
Inventories and prepaid items	49,023	725,253	774,276
Deferred charges	-	744,834	744,834
Restricted assets - noncurrent	15,288	5,515,120	5,530,408
Capital assets			
Land	2,700,424	2,054,213	4,754,637
Construction in progress	1,129,744	1,054,839	2,184,583
Infrastructure, net	1,119,802	28,046,245	29,166,047
Building and improvements, net	4,149,977	29,320,131	33,470,108
Equipment, furniture and vehicles, net	1,923,390	12,610,970	14,534,360
Total capital assets	11,023,337	73,086,398	84,109,735
Total assets	15,720,555	83,663,004	99,383,559
LIABILITIES			
Accounts payable	265,516	1,909,672	2,175,188
Due to other governments	29,883	-	29,883
Salaries and benefits payable	88,125	306,463	394,588
Unearned revenue	-	1,355,788	1,355,788
Accrued liabilities	91,356	393,708	485,064
Long-term liabilities			
Portion due or payable within one year:			
Bonds and notes payable	125,000	1,456,856	1,581,856
Capital leases	-	24,493	24,493
Portion due or payable after one year:			
Bonds and notes payable	6,990,000	31,143,438	38,133,438
Compensated absences	241,449	-	241,449
Total liabilities	7,831,329	36,590,418	44,421,747
NET ASSETS			
Invested in capital assets, net of related debt	2,685,278	40,778,483	43,463,761
Restricted for:			
Capital projects	2,692,179	-	2,692,179
Debt service	5,137	-	5,137
Unrestricted	2,506,632	6,294,103	8,800,735
Total net assets	$ 7,889,226	$ 47,072,586	$ 54,961,812

The accompanying notes are an integral part of the financial statements.

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CITY OF MONROE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2004

Activities:	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental:							
General government	$ 996,623	$ 58,566	$ -	$ -	$ (938,057)		$ (938,057)
Judicial	59,771	-	-	-	(59,771)		(59,771)
Public safety	4,226,825	386,801	12,905	58,574	(3,768,545)		(3,768,545)
Public works	2,375,572	2,785	-	808,402	(1,564,385)		(1,564,385)
Health and welfare	47,688	20,625	-	549,520	522,457		522,457
Culture and recreation	358,311	-	-	-	(358,311)		(358,311)
Housing and development	185,843	290,370	-	394,876	499,403		499,403
Interest and fiscal charges	370,794	-	-	-	(370,794)		(370,794)
Total governmental activities	8,621,427	759,147	12,905	1,811,372	(6,038,003)		(6,038,003)
Business-type:							
Water, Light & Gas Commission	26,800,621	29,919,255	-	324,745		3,443,379	3,443,379
Solid Waste	2,768,145	2,734,281	-	-		(33,864)	(33,864)
Total business-type activities	29,568,766	32,653,536	-	324,745		3,409,515	3,409,515
Total Government	38,190,193	33,412,683	12,905	2,136,117	(6,038,003)	3,409,515	(2,628,488)
General revenues:							
Taxes							
Property taxes, levied for general purposes					2,351,239	-	2,351,239
Sales tax					1,609,567	-	1,609,567
Franchise fees					237,448	-	237,448
Other taxes					980,690	-	980,690
Intergovernmental revenues					-	-	-
Investment earnings					37,124	67,039	104,163
Gain on the sale of capital assets					6,905	7,993	14,898
Transfers					1,860,198	(1,860,947)	(749)
Total general revenues and transfers					7,083,171	(1,785,915)	5,297,256
Change in net assets					1,045,168	1,623,600	2,668,768
Net assets - beginning					6,859,058	45,448,986	52,308,044
Prior period adjustment					(15,000)	-	(15,000)
Net assets - ending					$ 7,889,226	$ 47,072,586	$ 54,961,812

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 638,004	$ 2,044,890	$ 2,682,894
Accounts receivable, net	24,087	-	24,087
Taxes receivable, net	185,663	-	185,663
Internal balances	6,549,973	-	6,549,973
Due from other governments	466,270	-	466,270
Due from others	-	617,942	617,942
Prepaid items	49,024	-	49,024
Restricted	15,288	-	15,288
Total assets	$ 7,928,309	$ 2,662,832	$ 10,591,141
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 143,935	$ 23,512	$ 167,447
Due to other funds	5,549,551	554,220	6,103,771
Due to others	9,299	27,585	36,884
Accrued liabilities	88,125	91,356	179,481
Deferred revenue	112,137	-	112,137
Total liabilities	5,903,047	696,673	6,599,720
Fund balances:			
Reserved for:			
Capital outlay item	-	20,000	20,000
Prepaid items	49,024	-	49,024
Unreserved	1,976,238	-	1,976,238
Unreserved, reported in nonmajor:			
Special revenue funds	-	52,863	52,863
Debt service funds	-	6,357	6,357
Capital project funds	-	1,886,939	1,886,939
Total fund balances	2,025,262	1,966,159	3,991,421
Total liabilities and fund balances	$ 7,928,309	$ 2,662,832	$ 10,591,141

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2004

Total *fund* balances for governmental funds (Exhibit 3)		$3,991,421
Total *net assets* reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 2,700,424	
Construction in progress	1,129,744	
Infrastructure, net of $77,065 of accumulated depreciation	1,119,802	
Buildings and improvements, net of $1,152,437 of accumulated depreciation	4,149,977	
Equipment and vehicles, net of $1,923,390 of accumulated depreciation	1,923,390	
Total capital assets		11,023,337
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		112,137
Internal services funds are used by management to charge the costs of health insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		118,780
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at December 31, 2003 are:		
Bonds and notes payable	(7,115,000)	
Capital leases	-	
Compensated absences	(241,449)	
Total long-term liabilities		(7,356,449)
Total net assets of governmental activities		$7,889,226

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 5,043,520	$ 32,749	$ 5,076,269
Licenses and permits	241,633	-	241,633
Intergovernmental revenue	560,422	823,372	1,383,794
Charges for services	113,705	-	113,705
Fines and forfeitures	388,921	9,918	398,839
Investment income	9,105	19,423	28,528
Contributions and donations	7,350	-	7,350
Miscellaneous	26,205	11,135	37,340
Total revenues	6,390,861	896,597	7,287,458
EXPENDITURES			
Current:			
General government	1,167,400	-	1,167,400
Judicial	46,817	-	46,817
Public safety	3,516,929	25,836	3,542,765
Public works	1,160,618	-	1,160,618
Health & welfare	7,081	-	-
Culture and recreation	317,589	-	317,589
Housing and development	207,111	20,934	228,045
Debt service:			
Principal payments	107,815	65,000	172,815
Interest and fiscal charges	2,625	368,169	370,794
Capital outlay	-	1,828,500	1,828,500
Total expenditures	6,533,985	2,308,439	8,835,343
Excess (deficiency) of revenues over (under) expenditures	(143,124)	(1,411,842)	(1,554,966)
OTHER FINANCING SOURCES (USES)			
Proceeds of general fixed asset dispositions	12,089	-	12,089
Transfers in	1,322,863	537,540	1,860,403
Transfers (out)	(1,393,094)	(13,915)	(1,407,009)
Total other financing sources and uses	(58,142)	523,625	465,483
Net change in fund balance	(201,266)	(888,217)	(1,089,483)
Fund balance - beginning	2,241,528	2,854,376	5,095,904
Prior period adjustment	(15,000)	-	(15,000)
Fund balance - ending	$ 2,025,262	$1,966,159	$ 3,991,421

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Net Activities
For the Year Ended December 31, 2004

Net change in *fund* balances - total governmental funds		$(1,089,483)
The change in *net assets* reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($457,944) exceeded capital outlays ($1,844,072) in the current period.		1,386,128
In governmental funds, capital assets are not recorded in the fund. Thus, a disposal of an asset has not effect in the governmental fund, other than recording of the proceeds, if any, from the sale. However, the statement of activities recognizes a gain or loss related to the disposal of the asset. Thus, the change in the net assets differs from the change in fund balance by the net basis (cost less accumulated depreciation) of the capital assets sold/disposed.		(4,669)
Bond and note proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		
Repayments:		
To bond, certificate, and note holders	$65,000	
		65,000
Capital lease payments are reported as expenditures in the governmental funds, but reduces the liability in the statement of net assets.		106,781
Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		534,551
Internal service funds are used by management to charge the costs of health and workers' compensation insurance to individual funds. The net revenue of the internal service funds is reported with governmental activities.		41,781
Governmental funds defer all tax revenues not collected within 60 days of year end. However, the statement of activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date.		23,610
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(18,531)	
		(18,531)
Change in net assets of governmental activities		$ 1,045,168

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$4,551,000	$5,025,000	$ 5,043,520	$ 18,520
Licenses and permits	183,500	231,500	241,633	10,133
Intergovernmental revenue	143,522	591,522	560,422	(31,100)
Charges for services	97,150	97,150	113,705	16,555
Fines and forfeitures	367,500	391,578	388,921	(2,657)
Investment income	10,000	10,000	9,105	(895)
Contributions and donations	-	-	7,350	7,350
Miscellaneous	3,250	238,250	26,205	(212,045)
Total revenues	5,355,922	6,585,000	6,390,861	(194,139)
EXPENDITURES				
Current:				
General government:				
General administration	57,603	57,603	65,055	(7,452)
Executive	275,520	658,552	646,373	12,179
Board of elections/registrations	6,000	6,000	-	6,000
Financial administration	316,137	346,000	335,691	10,309
Law	60,000	85,000	92,281	(7,281)
Internal audit	30,000	30,000	28,000	2,000
General administration fees	4,600	4,600	-	4,600
Judicial				
Municipal court	39,005	39,005	46,817	(7,812)
Public safety				
Police	2,252,870	2,392,995	2,375,246	17,749
Fire prevention	1,041,875	1,145,896	1,141,683	4,213
Public works				
Highways and streets administration	1,018,411	1,164,558	1,160,618	3,940
Health and welfare				
Community center	-	8,000	7,081	919
Culture and recreation				
Special facilities	148,551	202,000	190,590	11,410
Senior center	40,000	40,000	40,607	(607)
Library	93,417	93,417	86,392	7,025
Housing and development				
Protective inspection administration	190,620	208,000	203,881	4,119
Planning and zoning	-	-	3,230	(3,230)
Debt service:				
Principal payments	104,747	104,747	107,815	(3,068)
Interest and fiscal charges	2,627	2,627	2,625	2
Total expenditures	5,681,983	6,589,000	6,533,985	55,015
Excess (deficiency) of revenues over expenditures	$ (326,061)	($4,000)	($143,124)	($139,124)

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES)				
Proceeds of general fixed asset dispositions	$ -	$ -	$ 12,089	12,089
Transfers in	1,566,292	1,566,292	1,322,863	(243,429)
Transfers (out)	(1,240,231)	(1,152,231)	(1,393,094)	(240,863)
Total other financing sources and uses	326,061	414,061	(58,142)	(472,203)
Net change in fund balances	$ -	$ 410,061	(201,266)	$ (611,327)
Fund balance - beginning			2,241,528	
Prior period adjustment			(15,000)	
Fund balance - ending			$ 2,025,262	

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2004

	Business-Type Activities			Governmental Activities
	Water, Light & Gas Commission	Solid Waste	Totals	Internal Service Funds
Assets				
Current Assets:				
Cash	$ 325,637	$ 43,617	$ 369,254	$ 173,419
Accounts receivable	3,508,681	169,463	3,678,144	10,148
Due from other funds	-	158,873	158,873	18,776
Interest receivable	16,481	-	16,481	-
Prepaid expenses	47,367	-	47,367	-
Inventories	677,886	-	677,886	-
Total Current Assets	4,576,052	371,953	4,948,005	202,343
Restricted Assets:				
Cash:				
Benefit funds	75,030	-	75,030	-
Bond funds	425,917		425,917	
Sewer tap fees	243,309	-	243,309	-
Capital improvement funds	3,489,895	-	3,489,895	-
Debt service funds	23,365	-	23,365	-
Investments:				
Bond & trust funds	150,458	-	150,458	-
Customer deposits	1,107,146	-	1,107,146	-
Total Restricted Assets	5,515,120	-	5,515,120	-
Other Assets:				
Deferred charge bond issuance costs	744,834	-	744,834	-
Total Other Assets	744,834	-	744,834	-
Capital Assets:				
Land	2,054,213	-	2,054,213	-
Buildings	-	390,138	390,138	-
Machinery & equipment	-	1,309,591	1,309,591	-
Water system	34,883,868	-	34,883,868	-
Electric system	7,304,241	-	7,304,241	-
Sewerage system	23,136,594	-	23,136,594	-
Gas system	8,664,969	-	8,664,969	-
CATV system	7,456,899	-	7,456,899	-
Administration	7,372,043	-	7,372,043	-
Accumulated depreciation	(19,761,056)	(779,941)	(20,540,997)	-
Construction in progress	1,054,839	-	1,054,839	-
Capital Assets Net of Accumulated Depreciation	72,166,610	919,788	73,086,398	-
Total Assets	83,002,616	1,291,741	84,294,357	202,343

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2004

	Business-Type Activities			Governmental Activities
	Water, Light & Gas Commission	Solid Waste	Totals	Internal Service Funds
Liabilities				
Current Liabilities:				
Accounts payable	$ 1,909,672	$ -	$ 1,909,672	$ 91,068
Accrued expenses	587,410	-	587,410	-
Due to other funds	255,935	367,916	623,851	-
Total Current Liabilities	2,753,017	367,916	3,120,933	91,068
Current Liabilities Payable From Restricted Assets:				
Customer deposits	1,355,788	-	1,355,788	-
Revenue bond payable	1,375,000	-	1,375,000	-
Notes payable	81,856	-	81,856	-
Lease payable	24,493	-	24,493	-
Accrued interest payable	112,761	-	112,761	-
Total Current Liabilities Payable	2,949,898	-	2,949,898	-
Noncurrent Liabilities:				
Revenue bonds payable	30,675,000	-	30,675,000	-
Unamortized discount	(128,941)	-	(128,941)	-
Notes payable	597,379	-	597,379	-
Total Noncurrent Liabilities	31,143,438	-	31,143,438	-
Total Liabilities	36,846,353	367,916	37,214,269	91,068
Net Assets				
Invested in capital assets, net of related debt	39,858,695	919,788	40,778,483	-
Unrestricted	6,297,568	4,037	6,301,605	111,275
Total Net Assets	$ 46,156,263	$ 923,825	47,080,088	$ 111,275
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(7,502)	
Net assets of business-type activities			$ 47,072,586	

The accompanying notes are an integral part of the financial statements.

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CITY OF MONROE, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities
	Water, Light & Gas Commission	Solid Waste	Totals	Internal Service Funds
Operating revenues:				
Charges for sales and services:				
Metered sales	$ 24,868,569	$ -	$ 24,868,569	$ -
User charges	3,090,210	2,727,602	5,817,812	-
Retail sales and late charges	410,201	6,679	416,880	-
Tap fees	659,056	-	659,056	-
Rebates	515,990	-	515,990	-
Other operating revenues	375,229	-	375,229	388,051
Total operating revenues	29,919,255	2,734,281	32,653,536	388,051
Operating expenses:				
Costs of sales and services:				
Electric energy purchased	7,707,097	-	7,707,097	-
Natural gas purchased	5,127,179	-	5,127,179	-
Cable network fees	1,371,154	-	1,371,154	-
Landfill fees	-	1,589,901	1,589,901	-
Total Cost of sales and service	14,205,430	1,589,901	15,795,331	-
General operating expenses - See Schedule 4-5	8,417,132	1,092,218	9,509,350	1,740,685
Depreciation	2,735,412	85,477	2,820,889	-
Bond issuance & discount amortization	72,944	-	72,944	-
Total operating expenses	25,430,918	2,767,596	28,198,514	1,740,685
Operating income	4,488,337	(33,315)	4,455,022	(1,352,634)
Nonoperating revenues (expenses):				
Interest revenue	66,586	-	66,586	1,460
Investment income	-	453	453	-
Interest expense	(1,384,303)	(549)	(1,384,852)	-
Gain on sale of assets	4,243	3,750	7,993	-
Total nonoperating revenues (expenses)	(1,313,474)	3,654	(1,309,820)	1,460
Net income before transfers	3,174,863	(29,661)	3,145,202	(1,351,174)
Contributed capital	324,745	-	324,745	-
Transfers in	-	-	-	1,407,553
Transfers out	(1,710,189)	(150,758)	(1,860,947)	-
	(1,385,444)	(150,758)	(1,536,202)	1,407,553
Net income	1,789,419	(180,419)	1,609,000	56,379
Net Assets - January 1	44,366,844	1,104,244		54,896
Prior period adjustment	-	-		-
Net Assets - December 31	$ 46,156,263	$ 923,825		$ 111,275
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			14,600	
Change in net assets of business-type activities.			$ 1,623,600	

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities
	Water, Light & Gas Commission	Solid Waste	Totals	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers on sales	$ 27,648,754	$ 2,858,578	$ 30,507,332	$ 388,051
Net customer deposits	93,322	-	93,322	-
Cash payments to suppliers	(18,883,680)	(2,034,124)	(20,917,804)	-
Cash payments to employees	(3,477,563)	(776,360)	(4,253,923)	-
Cash from interfund services provided	1,552,425	-	1,552,425	(1,746,730)
Net cash provided by operating activities	6,933,258	48,094	6,981,352	(1,358,679)
Cash flows from noncapital financing activities:				
Net loans from other funds	(27,064)	119,792	92,728	-
Transfers to other funds	(1,710,189)	(150,758)	(1,860,947)	-
Transfers from other funds	-	-	-	1,453,851
Net cash used for noncapital financing activities	(1,737,253)	(30,966)	(1,768,219)	1,453,851
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	4,243	3,750	7,993	-
Acquisition and construction of capital assets	(2,728,728)	(2,875)	(2,731,603)	-
Interest paid on revenue bonds	(1,360,594)	-	(1,360,594)	-
Interest paid on notes & leases payable	(25,950)	(549)	(26,499)	-
Contributed capital	324,745	-	324,745	-
Principal paid on bonds and notes payable	(1,549,098)	(17,454)	(1,566,552)	-
Net cash used for capital and related financing activities	(5,335,382)	(17,128)	(5,352,510)	-
Cash flows from investing activities:				
Interest and dividends on investments	67,910	453	68,363	1,460
Purchase of investments	412,391	-	412,391	-
Net cash provided by investing activities	480,301	453	480,754	1,460
Net increase (decrease) in cash and cash equivalents	340,924	453	341,377	96,632
Cash and cash equivalents, January 1	4,242,229	43,164	4,285,393	76,787
Cash and cash equivalents, December 31	$ 4,583,153	$ 43,617	$ 4,626,770	$ 173,419
Unrestricted	$ 325,637	$ 43,617	$ 369,254	$ 173,419
Restricted	4,257,516	-	4,257,516	-
	$ 4,583,153	$ 43,617	$ 4,626,770	$ 173,419

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities
	Water, Light & Gas Commission	Solid Waste	Totals	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 4,488,337	$ (33,315)	$ 4,455,022	$ (1,352,634)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,735,412	85,477	2,820,889	-
Amortization	72,944	-	72,944	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(720,226)	124,297	(595,929)	-
(Increase) decrease in inventory	129	-	129	-
(Increase) decrease in prepaid expenses	(795)	-	(795)	-
Increase (decrease) in accounts payable	161,298	(128,365)	32,933	(6,045)
Increase (decrease) in accrued expenses	102,836	-	102,836	-
Increase (decrease) in customer deposits	93,323	-	93,323	-
Total adjustments	2,444,921	81,409	2,526,330	(6,045)
Net cash provided by operating activities	$ 6,933,258	$ 48,094	$ 6,981,352	$ (1,358,679)

The accompanying notes are an integral part of the financial statements.

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Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Incorporated in 1821, under the laws of the State of Georgia, the City of Monroe is governed by a nine member Mayor/Council form of government. The mayor is elected to a four-year term, and council members are elected to staggered four-year terms. The Mayor serves as the Chief Executive Officer and the other eight council members serve on a part-time basis. The Mayor is assisted by a city administrator to handle the daily operations of the City.

The financial statements of the City of Monroe, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The City's major operations include public safety, fire protection, public works maintenance and general administrative services. In addition, the City exercises sufficient control over other governmental agencies and authorities that are included as part of the City's reporting entity.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of the City of Monroe, Georgia (the primary government) and its component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Government Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

The City's reporting entity includes those funds discussed in part B of this note.

The City of Monroe, Georgia Housing Authority is a legally separate entity, of which the City appoints a majority of the board, but has no ability to influence or impose its will on the Authority; therefore, it is only reported as a related organization.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses, such as charges for services and cost of services and administration, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items not meeting these definitions are reported as nonoperating revenues or expenses, and /or result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

Solid Waste Fund – This fund accounts for the operation and maintenance of the City's transfer station and solid waste disposal.

Water, Light and Gas Commission –This fund accounts for the operation and maintenance of the City's various utility services.

The City reports the following internal service funds:

Employee Benefits fund – This fund provides for self-funding of health insurance claims.

Worker's Compensation fund - This fund provides for self-funding of workers' compensation insurance claims.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data for the funds reflected in the financial statements.

1. Prior to January 1, the City Administrator submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.

2. The City Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of the City of Monroe, Georgia.

3. The budget is then revised and adopted or amended by the City Council at a subsequent regular meeting in the year to which it applied and within forty-five days following January 1.

4. The budget so adopted may be revised during the year only by formal action of the City Council in a regular meeting and no increase shall be made therein without provision also being made for financing same, for anything above the legal level of budgetary control, which is the department level. However, transfers within a department may be made within any fund without council approval.

5. Formal budgetary integration is employed as a management control device during the year for all funds. The budget for the funds is adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Budgeted amounts are as originally adopted, or as amended by the City Council.

7. Operating budgets are legally adopted each fiscal year for the General Fund, all Special Revenue Funds and the Debt Service Fund on a basis consistent with generally accepted accounting principles. Project length budgets are adopted for all capital project funds. All annual appropriations lapse at fiscal year end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund. Encumbrances outstanding at year end are reported as reservation of fund balance, since they do not constitute expenditures or liabilities. There were no outstanding encumbrances at December 31, 2004.

E. Cash, Investments and Cash Equivalents

Cash consists of demand deposits held in banks. Any bank deposit in excess of FDIC insured amounts must be secured by an equivalent amount of State of Georgia or U.S. obligations or direct loans to the City.
For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are stated at fair market value.

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied by October 20 based on the assessed value of property as listed on the previous January 1, and are due on December 20 of each year. Assessed values are an approximation of market value. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Property taxes deferred at December 31, 2004 were $112,137 to meet the measurement focus mentioned in part B of this note.

H. Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased. Inventories of the proprietary fund are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

Payments made to vendors for services that will benefit periods beyond December 31, 2004 are recorded as prepaid items and are recorded as expenditures when consumed rather than when purchased.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government –wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water, Light and Gas Commission for the fiscal year was $1,384,303. Of this amount, $0 was included as part of the cost of capital assets under construction in connection with wastewater treatment facilities construction projects.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated lives:

Asset Class	Estimated Useful Lives
Infrastructure	15-50
Building and improvements	20-50
Vehicles	5
Furniture and fixtures	10
Machinery & equipment	5-15

J. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuance that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond debt service" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

The General Fund has certain resources set aside for the purpose of funding unemployment claims that may arise.

K. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Up to 360 hours of unused vacation leave may be accumulated. Payment in lieu of vacation leave shall only be granted if recommended by the Personnel Officer and specifically approved by the Mayor and City Council. Vacation pay has been accrued in the Proprietary Fund. In accordance with the provisions of GASB Statement 11, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABLILITY

A. Deficit Fund Equity

No funds showed a deficit fund balance for the year ended December 31, 2004.

B. Excess of Expenditures over Appropriations

The following departments had excess expenditures over appropriations for December 31, 2004

General Fund (See Schedule 2)	Special Revenue
None	None

NOTE 3: RETIREMENT PLAN

Defined Benefit Pension Plan

A. Plan Description

The City of Monroe, Georgia defined benefit pension plan, City of Monroe Retirement Plan, provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Monroe Retirement Plan is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by its board of trustees. O.C.G.A. Section 47-5-1 et. Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities; for the City of Monroe Retirement Plan, that authority rests with the City of Monroe, Georgia. It is the responsibility of GMEBS to function as investment and administrative agent for the City of Monroe, Georgia with respect to the pension plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. The report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Prior Street, SW, Atlanta, GA 30303 or calling (404) 688-0472.

For the year ended December 31, 2004, the City's total payroll for all employees and City's total covered payroll amounted to $6,016,378. Covered payroll refers to all compensation paid by the City to active employees covered by the City of Monroe, Georgia Retirement Plan on which contributions to the pension are based.

As of November 1, 2004 (the most recent actuarial valuation date), employee membership data relating to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	42
Terminated employees entitled to benefits but not yet receiving them	13
Active employees - vested	95
Active employees - nonvested	84
Total	234

NOTE 3: RETIREMENT PLAN, Continued

A. Plan Description, continued

Effective January 1, 2004, the previously frozen Defined Benefit Plan was reopened and the Defined Contribution Plan was simultaneously frozen on that date. Under the provision of the amended Plan, all employees, excluding officials, who worked thirty hours or more per week were eligible to participate after one year. The pension benefits were fully vested after 5 years in the Plan. An employee may retire at age 65 and 5 years of service and receive benefits of 1.5% of final average earnings in excess of covered compensation. Elected officials will receive $20 for each year of service after reaching normal retirement age. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. The plan is noncontributory now, but some still have contributions in the fund.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these funding standards is $645,357. Since the City's policy is to contribute to the pension expense each year, the Plan will meet applicable funding standards.

B. Related Party Investments

As of December 31, 2004, the City of Monroe, Georgia Retirement Plan held no debt instrument of the City.

C. Significant Actuarial Assumptions

The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

A variety of significant actuarial assumptions are used to determine the projected unit credit measure of the pension obligation and these are summarized below:

The present values of future pension payments were computed by using a discount rate of 8%. The discount rate is equal to the estimated long-term rate of return on current and future investments of the pension plan.

Future pension payments reflect an assumption of a 5% (computed annually) salary increase as a result of inflation and an assumption of a .5% (computed annually) salary increase as a result of merit or seniority.

D. Funding Policy and Annual Contributions

The funding policy for the Plan is to contribute an amount equal to the recommended contribution in each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method of market value for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Total employer contributions to the pension plan in 2004 amounted to $660,176. The contributed amount was actuarially determined as described above and was based on an actuarial valuation as of November 1, 2004. The pension contributions represent funding for normal cost $288,627 plus amortization of the unfunded actuarial accrued liability $346,728 plus the interest to assumed payment date $24,821. Contributions made by the City of Monroe, Georgia represent 11.0% of covered payroll for the year.

NOTE 3: RETIREMENT PLAN, Continued

E. Net Pension Obligation

During 1997, the City implemented the new GASB Statements No. 25 and 27. The pension liability was determined at the time of transition to these new standards in accordance with Statement No. 27. Historically, the City has always made the actuarially determined employer contribution, so that the City had no pension liability or asset at the point of transition to the new standards.

F. Three-Year Trend Information

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/04	$ 660,176	100%	-
12/31/03	466,713	100%	-
12/31/02	171,797	100%	-

Defined Contribution Pension Plan
Effective January 1, 2004, The City of Monroe Money Purchase Plan, a defined contribution pension plan, was terminated and all monies were distributed.

NOTE 4: CASH AND INVESTMENTS

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or by its agent in the City's behalf.

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

Restricted investments in the Debt Service fund represents funds held by a trustee bank for debt service payment activities.

The City has $423,173 invested in the Georgia Fund 1. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is managed by the Georgia Office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agent in the City's name; (2) uninsured or unregistered, with securities held by the counter party's trust department or agent in the City's name; (3) uninsured and unregistered, with securities held by the counter party in the City's name, or by its trust department or agent but not the City's name.

NOTE 4: CASH AND INVESTMENTS, continued

Carrying amount and market value of the City of Monroe's investments at December 31, 2004 are listed below:

	Category			
Type of Investment	1	2	3	Fair Value
Commercial paper	$	$	$	$
Unrestricted	1,107,146	-	-	1,107,146
	$ 1,107,146	$ -	$ -	
Investments not subject to categorization:				
Investment in Georgia Local Government Investment Pool				423,173
Investment in MEAG Flexible Operating Trust (Note 9)				150,458
				$ 1,680,777

No indication of the level of risk has been provided for the State Local Government Investment Pool or the MEAG Trust because these investments are in pools managed by other governments or by other agents.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

Governmental-type activities:	**Beginning Balances**	**Increases**	**Decreases**	**Ending Balances**
Capital assets not being depreciated:				
Land	$ 2,241,589	$ 458,835	$ -	$ 2,700,424
Construction in progress	94,122	1,035,622	-	1,129,744
Total capital assets not being depreciated	2,335,711	1,494,457	-	3,830,168
Capital assets being depreciated:				
Infrastructure	662,316	534,551	-	1,196,867
Buildings and improvements	5,711,603	-	-	5,711,603
Equipment, furniture & vehicles	3,539,033	349,615	130,401	3,758,247
Total capital assets being depreciated	9,912,952	884,166	130,401	10,666,717
Less accumulated depreciation for:				
Infrastructure	26,751	30,607	-	57,358
Buildings and improvements	1,424,508	156,825	-	1,581,333
Equipment, furniture & vehicles	1,689,562	270,512	125,217	1,834,857
Total accumulated depreciation	3,140,821	457,944	125,217	3,473,548
Governmental activities capital assets, net	$ 9,107,842	$ 1,920,679	$ 5,184	$ 11,023,337

Business-type activities: **Solid Waste**	**Beginning Balances**	**Increases**	**Decreases**	**Ending Balances**
Capital assets not being depreciated:				
Capital assets being depreciated:				
Buildings and improvements	390,138	-	-	390,138
Equipment, furniture & vehicles	1,381,852	73,633	145,894	1,309,591
Total capital assets being depreciated	1,771,990	73,633	145,894	1,699,729
Less accumulated depreciation for:				
Buildings and improvements	16,578	7,907	-	24,485
Equipment, furniture & vehicles	753,022	77,570	75,136	755,456
Total accumulated depreciation	769,600	85,477	75,136	779,941
Governmental activities capital assets, net	$ 1,002,390	$ (11,844)	$ 70,758	$ 919,788

NOTE 5: CAPITAL ASSETS, continued

Monroe Utilities Network:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,054,213	$ -	$ -	$ 2,054,213
Construction in progress	2,403,854	2,058,264	3,407,279	1,054,839
Total capital assets not being depreciated	4,458,067	2,058,264	3,407,279	3,109,052
Capital assets being depreciated:				
Infrastructure	33,319,470	3,752,883	-	37,072,353
Buildings and improvements	34,725,749	74,860	-	34,800,609
Equipment, furniture & vehicles	16,786,315	249,298	89,962	16,945,651
Total capital assets being depreciated	84,831,534	4,077,041	89,962	88,818,613
Less accumulated depreciation for:				
Infrastructure	8,298,982	727,127	-	9,026,109
Buildings and improvements	5,036,371	809,760	-	5,846,131
Equipment, furniture & vehicles	3,780,951	1,197,826	89,962	4,888,815
Total accumulated depreciation	17,116,304	2,734,713	89,962	19,761,055
Monroe Utilities Network capital assets being depreciated, net	72,173,297	3,400,592	3,407,279	72,166,610
Business-type activities capital assets, net	$ 73,175,684	$ 3,388,748	$ 3,478,037	$ 73,086,395

Governmental activities depreciation expense was charged to functions as follows:

General government	$ 83,279
Public safety	177,356
Public works	107,718
Culture and recreation	53,241
Housing and development	5,743
Unallocated - Infrastructure	30,607
Total governmental activities depreciation expense	$ 457,944

NOTE 6: INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

Balances due to/from other funds at December 31, 2004, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste	$ 5,898,691
	Nonmajor Governmental	551,329
	Water, Light & Gas	97,062
Internal Service Fund	General Fund	18,776
	Water, Light & Gas	-
Solid Waste	General Fund	5,530,775
	Water, Light & Gas	158,873
		$ 12,255,506

Due to/from balances are the result of normal year end accruals.

NOTE 6: INTERFUND BALANCES AND ACTIVITY, continued

Transfers to/from Other Funds

Transfers to/from other funds at December 31, 2004 consist of the following:

	Transfer In:			
Transfer Out:	General Fund	Internal Service	Nonmajor Governmental	Total
General fund	$ -	$ 855,553	$ 537,541	$ 1,393,094
Nonmajor Governmental	13,915	-	-	13,915
Solid waste	70,758	80,000	-	150,758
Water, Light & Gas	1,238,189	472,000	-	1,710,189
	$ 1,322,862	$ 1,407,553	$ 537,541	$ 3,267,956

Transfers between General and nonmajor governmental funds were primarily for local grant match and to Debt Service fund for annual debt payments. Transfers involving enterprise funds consisted of transfers of operation of benefit funds and sharing of revenues with General fund.

NOTE 7: LONG-TERM DEBT

A. *Governmental Funds*

General Obligation Bonds

In November 2000, the City issued General Obligation Bonds to finance various construction and capital acquisition projects. These bonds were issued for an original amount of $7,195,000 bearing 5.375% per annum payable semi-annually on April 1 and October 1, until 2019.

Long-term Obligation Activity

The following is a summary of changes in general long-term debt for the year ending December 31, 2004

Governmental activities:	**1/1/2004**	**Increases**	**Decreases**	**12/31/2004**	**Due within one year**
General Obligation Bonds 2000	$ 7,180,000	$ -	$ 65,000	$ 7,115,000	$ 125,000
Compensated Absences	222,918	-	-	222,918	-
	$ 7,402,918	$ -	$ 65,000	$ 7,337,918	$ 125,000

Compensated absence balances related to governmental activities are liquidated through the General Fund.

Debt Service Requirements

Debt service requirements for the General Obligation Bonds Series 2000 are as follows:

Year Ended December 31,	Principal	Interest	Total
2005	$ 125,000	$ 365,425	$ 490,425
2006	200,000	359,737	559,737
2007	230,000	350,538	580,538
2008	270,000	339,843	609,843
2009	310,000	327,152	637,152
2010-2014	2,275,000	1,363,365	3,638,365
2015-2019	3,705,000	631,048	4,336,048
	$ 7,115,000	$ 3,737,108	$ 10,852,108

NOTE 7: LONG-TERM DEBT, Continued

B. ***Enterprise Fund- Water, Light and Gas***
Revenue Bonds

Water, Light and Gas Commission Series 2001 Combined Utility Revenue Bonds in the original amount of $20,555,000 less discount of $180,574 bearing interest at an average rate of 5.00% payable each June 1 and December 1 beginning 2003 until 2025, interest payable semi-annually.

Water, Light and Gas Commission Series 2003 Combined Utility Revenue Bonds were issued in the original amount of $13,275,000 plus premium of $25,936 bearing interest at an average rate of 3.06% payable each June 1 and December 1 beginning 2003 until 2018, interest payable semi-annually.

Notes Payable
Georgia Environmental Facilities Authority - State Revolving Fund Loan (GEFA #SRF) in the original amount of $1,560,000, bearing interest at the rate of 2% per annum payable each quarter beginning December 1, 1992 until September 1, 2012, interest payable quarterly.

Water, Light and Gas Commission entered into an agreement in December 2000 to purchase Bostwick cable for $120,000 payable over 4 years at $30,000 per year with no interest.

All debt acquired was for construction or system extension purposes.

Long-term Obligation Activity
The following is a summary of changes in long-term debt in the Enterprise Fund for the year ending December 31, 2004:

Enterprise Funds:	**1/1/2004**	**Increases**	**Decreases**	**12/31/2004**	**Due within one year**
Bonds					
Bonds Series 2003	$ 12,920,000	$ -	$ 1,275,000	$ 11,645,000	$ 1,295,000
Bonds Series 2001	20,480,000	-	75,000	20,405,000	80,000
Notes Payable					
GEFA #SRF	759,474	-	80,239	679,235	81,856
Bostwick cable	30,000	-	30,000	-	-
	$ 34,189,474	$ -	$ 1,460,239	$ 32,729,235	$ 1,456,856

Debt Service Requirements
Debt service requirements for the Revenue Bonds Series are as follows:

	Series 2003		**Series 2001**		
	Principal	Interest	Principal	Interest	Total
2005	$ 1,295,000	$ 352,020	$ 80,000	$ 987,038	$ 2,714,058
2006	1,320,000	329,358	80,000	983,998	2,713,356
2007	1,340,000	306,918	85,000	980,878	2,712,796
2008	1,370,000	280,118	90,000	977,478	2,717,596
2009	635,000	225,318	800000	973,653	2,633,971
2010-2014	3,445,000	814,465	4,550,000	4,314,663	13,124,128
2015-2019	2,240,000	216,400	5,725,000	3,135,500	11,316,900
2020-2024	-	-	7,305,000	1,553,750	8,858,750
2025-2029	-	-	1,690,000	84,500	1,774,500
	$ 11,645,000	$ 2,524,597	$ 20,405,000	$ 13,991,458	$ 48,566,055

NOTE 7: LONG-TERM DEBT, Continued

Debt service requirements for the Notes Payable and Capital Leases are as follows:

	Notes Payable		Capital Leases	
	Principal	Interest	Principal	Interest
2005	$ 81,856	$ 12,973	$ 24,493	$ 162
2006	83,506	11,324	-	-
2007	85,188	9,641	-	-
2008	86,905	7,925	-	-
2009	88,656	6,173	-	-
2010-2014	253,124	7,660	-	-
	$ 679,235	$ 55,696	$ 24,493	$ 162

C. Capital Leases

The City has entered into various lease-purchase agreements in the General Fund and Enterprise Funds to finance the acquisition of several assets. The leases are for periods of two to seven years at interest rates ranging from 3.77%. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The City leases machinery and equipment with a historical cost and accumulated depreciation of

	Historical Costs
Machinery and equipment	$ 259,405

The following is a summary of changes in capital lease obligations for the year ending December 31, 2004.

	1/1/2004	Increases	Decreases	12/31/2004	Due within one year
Governmental activities:	$ 107,296	$ -	$ 107,296	$ -	$ -
Enterprise funds:					
Water, Light and Gas	113,352	-	88,859	24,493	24,493
Solid Waste Fund	17,454	-	17,454	-	-
	$ 238,102	$ -	$ 213,609	$ 24,493	$ 24,493

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at December 31, 2004

Fiscal year ending December 31,	Governmental Activities	Enterprise Funds
2005	$ -	$ 24,655
Total minimum lease payments	-	24,655
Less amount representing interest	-	162
Present value of future minimum lease payments	$ -	$ 24,493

NOTE 8: CONTINGENCIES AND COMMITMENTS

A. Grants

The City receives grant funds, principally from the U. S. Government for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures.

B. Litigation

The City is a defendant in various lawsuits. Although the outcome of some of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 9: LEGAL CONTRACTS AND AGREEMENTS

A. General Fund Share of Enterprise Revenue

In lieu of taxes or contributions, five percent (5%) of the gross revenue from the receipts of the Water, Light & Gas Commission is paid to the General Fund of the City. These funds may be used for any purpose which is considered a permissible use of the City's own revenues under applicable state and local law. The amount paid under this agreement to the General Fund amounted to $1,238,189 in 2004.

B. Payment in Lieu of Taxes

In lieu of property taxes, ten percent (10%) of the net receipts of the City of Monroe, Georgia Housing Authority are paid to the General Fund of the City. These funds may be used for the purpose which is considered permissible use of the City's own revenues under applicable state and local law. The City had payments in lieu of taxes due from the City of Monroe Housing Authority in the amount of $20,538.

For five years beginning in 2000, Unisia of Georgia Corp has a contract for abatement of taxes after which assessments will be made pursuant to a phase in agreement. They will contribute $4,000 per year for the five years towards the purchase of a fire truck and water tank.

Wal-Mart Stores has a contract to pay property taxes in 1999, 2000, pay no taxes in 2001 and 2002, then have taxes phased in over the next eight years at 12.5% a year.

Monroe Power, a North Carolina corporation, and Walton County Power, LLC have also negotiated an ad valorem tax abatement and incentive program to be assessed and levied according to the contract.

C. Commitments

Municipal Electrical Authority of Georgia-The City of Monroe, Georgia is one of approximately 50 participants who have entered into Power Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participants, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if, at any time, (i) a project is terminated prior to completion, or (ii) a project is declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to as an "Obligation share" of the Authority's costs attributable to such projects. In case of default by a participant under its Contracts relating to any of the various projects, such participant would remain liable to pay the greater of its obligation share of the Authority's costs attributable to such project or the amount determined to be due under the rates and charges established by the Authority.

NOTE 9: LEGAL CONTRACTS AND AGREEMENTS, continued

Payments under the Power Sales Contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

At December 31, 2004 the outstanding debt of the Authority was approximately $3,240,449,394. The City of Monroe's guarantee varies by individual projects undertaken by the Authority and approximates $51,857,605 at December 31, 2004.

Municipal Gas Authority of Georgia-The City has entered into a contract for natural gas purchases with the Municipal Gas Authority of Georgia (MGAG). MGAG is an association of approximately 70 cities. MGAG has issued bonded debt to purchase various natural gas properties and has contracted for other natural gas supplies. The City of Monroe has an "Obligation Share" of these commitments under terms substantially the same as the agreements documented in the above paragraph.

On April 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the "Trust"), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the Trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created two types of funds, which are held by MEAG in the name of the City. The first type represents amounts that are available to the City for withdrawal without restriction. The second type represents amounts that are available to the City in the form of a loan or as an off-set to billings from MEAG for power usage if certain criteria related to the difference between the cost of power generated by MEAG facilities and the market rates for power are met.

At December 31, 2004, $150,458 has been recorded as a revenue and is available in the Trust without restriction.

NOTE 10: BOND ORDINANCES

According to the Utility Revenue Bond Ordinances of the Water, Light and Gas Commission, rates should be maintained sufficient to pay the City 5% of gross receipts, cover annual bond debt service by a factor of 1.25, cover GEFA debt service costs, fund the capital improvement fund and cover operating expenses. For the current year, operations exceeded this goal.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements have not exceeded insurance coverage for the past three years. The City is self-insured for worker's compensation and employee group health insurance. These plans are accounted for in Internal Service Funds. The City maintains specific stop loss coverage in the amount of $250,000 per claim for worker's compensation and $40,000 per covered individual for employee group health insurance. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

A third party administrator is employed to process claims for both worker's compensation and group health insurance. Claims "incurred but not reported" are accounted for as accrued liabilities in the Internal Services Funds in accordance with FASB Statement No. 5. Changes in the balances for the claim liabilities during the past year are as follows:

NOTE 11: RISK MANAGEMENT, continued

	2004	2003
Unpaid Claims, Beginning of year	$ (85,160)	$ 104,676
Incurred Claims (including IBNR)	1,358,012	1,010,672
Claim Payments	(1,335,797)	(1,200,508)
Unpaid Claims, End of year	$ (62,945)	$ (85,160)

NOTE 12: HOTEL/MOTEL TAX

The City of Monroe, GA has levied a 5 % lodging tax according to Georgia Code Section 48-13-5(a)(3), whereby at least a 3% tax amount (or 60%) is required to be expended for the promotion of tourism. A summary of the transactions for the year ending December 31, 2004 follows:

Total lodging tax receipts	$ 32,749
Amount required to be used for promotion of tourism (60%)	19,649
Disbursements for promotion of tourism	(20,185)
Balance owed at 12-31-04	$ -

NOTE 13: PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2003, $15,000 of appropriation for the Senior Center was erroneously omitted from the General Fund. The effect of correcting the error is to decrease net assets as of December 31, 2003.

NOTE 14: SUBSEQUENT EVENTS

At the time issuance of the report, the City had received a final ruling on a lawsuit that resulted in a payment after year end of $42,504 by the City. Until the final ruling, the amount was unknown.

NOTE 15: JOINT VENTURES

The City of Monroe, Georgia, along with cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Development Center (RDC). Membership in an RDC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RDC. The manner of selecting such representatives from each member county is as follows:

- The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- Not less than ten (10) or more than twenty (20) public members.
- A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RDCs as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (OCGA 50-8-39.1)

Complete financial statements of the Northeast Georgia Regional Development Center can be obtained directly from the RDCs administrative office at 305 Research Drive, Athens, Georgia 30610.

NOTE 16: OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 3, the City provides postretirement healthcare benefits, in accordance with City statutes, to all employees who retire from the City after 25 years of service and are between 62 and 65 years of age. Currently, four retirees meet those eligibility requirements. Health care benefits for retirees and active employees are provided through the City's self-insurance program. Expenditures for postretirement healthcare benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the City. During the year, expenditures of $27,918 were recognized for postretirement healthcare. These post employment benefits are financed on a pay-as-you-go basis and are not included as part of the City defined benefit pension plan.

Required Supplementary Information

CITY OF MONROE, GEORGIA
Required Supplementary Information
December 31, 2004

RETIREMENT PLAN
Schedule of Funding Progress

Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2004	$ 3,967,193	$ 7,408,610	3,441,417	53.5%	$ 6,016,378	57.2%
12/31/2003	2,790,556	5,462,645	2,672,089	51.1%	5,857,338	45.6%
12/31/2002	2,877,576	4,044,507	1,166,931	71.1%	1,979,891	58.9%
12/31/2001	2,971,475	4,069,604	1,098,129	73.0%	2,269,735	48.4%
12/31/2000	2,984,513	3,876,095	891,582	77.0%	2,540,923	35.1%
12/31/1999	2,897,167	3,759,293	862,126	77.1%	2,895,510	29.8%
12/31/1998	2,804,703	3,653,476	848,773	76.8%	2,803,640	30.3%
12/31/1997	2,770,545	3,498,324	727,779	79.2%	2,959,681	24.6%
12/31/1996	2,625,562	2,383,244	(242,318)	110.2%	3,134,095	-7.7%
12/31/1995	2,490,682	2,274,397	(216,285)	109.5%	2,935,718	-7.4%

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Combining and Individual Fund Statements and Schedules

CITY OF MONROE, GEORGIA
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2004

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Cash	$ 81,045	$ 1,866,132	$ 97,713	$ 2,044,890
Due from others	2,294	615,648	-	617,942
Total assets	$ 83,339	$ 2,481,780	$ 97,713	$ 2,662,832
Liabilities and Fund Balance				
Liabilities:				
Accrued liabilities	$ -	$ -	$ 91,356	$ 91,356
Accounts payable	-	23,512	-	23,512
Due to other funds	2,891	551,329	-	554,220
Due to others	27,585	-	-	27,585
Total liabilities	30,476	574,841	91,356	696,673
Fund Balances:				
Reserved for specific capital	-	20,000	-	20,000
Unreserved, reported in nonmajor:				
Special revenue funds	52,863	-	-	52,863
Capital project funds	-	1,886,939	-	1,886,939
Debt Service	-	-	6,357	6,357
Total fund balances	52,863	1,906,939	6,357	1,966,159
Total liabilities and fund balances	$ 83,339	$ 2,481,780	$ 97,713	$ 2,662,832

CITY OF MONROE, GEORGIA
All Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2004

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 32,749	$ -	$ -	$ 32,749
Intergovernmental	-	823,372	-	823,372
Fines and forfeitures	9,918	-	-	9,918
Interest	-	18,934	489	19,423
Other	7,135	4,000	-	11,135
Total Revenues	49,802	846,306	489	896,597
Expenditures:				
Public safety	25,836	-	-	25,836
Housing and development	20,934	-	-	20,934
Capital outlay	93,315	1,735,185	-	1,828,500
Debt Service				
Principal	-	-	65,000	65,000
Interest	-	-	368,169	368,169
Total Expenditures	140,085	1,735,185	433,169	2,308,439
Deficiency of revenues under expenditures	(90,283)	(888,879)	(432,680)	(1,411,842)
Other financing sources:				
Transfers in	-	103,640	433,900	537,540
Transfers out	(13,915)	-	-	(13,915)
	(13,915)	103,640	433,900	523,625
Deficiency of revenues under expenditures	(104,198)	(785,239)	1,220	(888,217)
Fund balance - beginning	157,061	2,692,178	5,137	2,854,376
Fund balance - ending	$ 52,863	$ 1,906,939	$ 6,357	$ 1,966,159

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Forfeited Drug – This fund is used to account for the government's share of monies that have been forfeited through the court system that are legally restricted for law enforcement purposes.

Multiple Grant – This fund is used to account for various grants received by the government that are not used for general fund operations.

Greenspace Grant – This fund is used to account for monies received from the Georgia Greenspace Trust that is legally restricted for purchase of property to be held as greenspace property.

Hotel/Motel – This fund is used to account for hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the City.

CITY OF MONROE, GEORGIA
Special Revenue Funds
Combining Balance Sheet
December 31, 2004

	Forfeited Drug	Multiple Grant	Greenspace Grant	Hotel/Motel	Totals
Assets					
Cash	$ 25,692	$ 819	$ -	$ 54,534	$ 81,045
Accounts receivable	-	-	-	2,294	2,294
Total Assets	$ 25,692	$ 819	$ -	$ 56,828	$ 83,339
Liabilities & Fund Balance					
Accounts payable	$ 20,585	$ -	$ -	$ 7,000	$ 27,585
Due to other funds	-	-	-	2,891	2,891
Fund balance	5,107	819	-	46,937	52,863
Total Liabilities & Fund Balance	$ 25,692	$ 819	$ -	$ 56,828	$ 83,339

CITY OF MONROE, GEORGIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2004

	Forfeited Drug	Multiple Grant	Greenspace Grant	Hotel/Motel	Totals
Revenues					
Taxes	$ -	$ -	$ -	$ 32,749	$ 32,749
Fines & Forfeitures	9,918	-	-	-	9,918
Other	6,204	-	442	489	7,135
Total Revenues	16,122	-	442	33,238	49,802
Expenditures					
Public Safety	17,288	8,548	-	-	25,836
Housing & Development	-	-	749	20,185	20,934
Capital Outlay	-	-	93,315	-	93,315
Total Expenditures	17,288	8,548	94,064	20,185	140,085
Excess of Revenues over (under) Expenditures	(1,166)	(8,548)	(93,622)	13,053	(90,283)
Other financing sources(uses):					
Transfers to other funds	-	(13,915)	-	-	(13,915)
Total other financing sources	-	(13,915)	-	-	(13,915)
Excess of revenues and other financing sources over (under) expenditures and other uses	(1,166)	(22,463)	(93,622)	13,053	(104,198)
Fund Balance - January 1	6,273	23,282	93,622	33,884	157,061
Fund Balance - December 31	$ 5,107	$ 819	$ -	$ 46,937	$ 52,863

CITY OF MONROE, GEORGIA
Forfeited Drug Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Fines & forfeitures	$ -	$ 14,000	$ 9,918	$ (4,082)
Other	-	-	6,204	6,204
Total Revenues	-	14,000	16,122	2,122
Expenditures				
Public Safety	15,000	19,000	17,288	1,712
Total Expenditures	15,000	19,000	17,288	1,712
Excess of Revenues over (under) Expenditures	$ (15,000)	$ (5,000)	(1,166)	$ 3,834
Fund Balance - January 1			6,273	
Fund Balance - December 31			$ 5,107	

CITY OF MONROE, GEORGIA
Multiple Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Total Revenues	$ -	$ -	$ -	$ -
Expenditures				
Public Safety	29,022	29,022	8,548	20,474
Capital Outlay	-	-	-	-
Total Expenditures	29,022	29,022	8,548	20,474
Excess of Revenues over (under) Expenditures	(29,022)	(29,022)	(8,548)	20,474
Other financing sources:				
Transfers to other funds	-	-	(13,915)	-
	-	-	(13,915)	-
Excess of revenues and other financing sources over (under) expenditures and other uses	$ (29,022)	$ (29,022)	(22,463)	$ 20,474
Fund Balance - January 1			23,282	
Fund Balance - December 31			$ 819	

CITY OF MONROE, GEORGIA
Greenspace Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Other	-	-	442	442
Total Revenues	-	-	442	442
Expenditures				
Non-departmental	-	750	749	1
Capital Outlay	94,000	94,000	93,315	685
Total Expenditures	94,000	94,750	94,064	686
Excess of Revenues over Expenditures	$ (94,000)	$ (94,750)	(93,622)	$ 1,128
Fund Balance - January 1			93,622	
Fund Balance - December 31			$ -	

CITY OF MONROE, GEORGIA
Hotel/Motel Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 40,000	$ 40,000	$ 32,749	$ (7,251)
Other	-	-	489	489
Total Revenues	40,000	40,000	33,238	(6,762)
Expenditures				
General Government	-	-	-	-
Culture & Recreation	-	-	-	-
Housing & Development	44,500	44,500	20,185	24,315
Total Expenditures	44,500	44,500	20,185	24,315
Excess of Revenues over (under) Expenditures	(4,500)	(4,500)	13,053	17,553
Other financing sources/(uses):				
Transfers from other funds	4,500	4,500	-	4,500
	4,500	4,500	-	-
Excess of revenues and other financing sources over (under) expenditures and other uses	$ -	$ -	13,053	$ 17,553
Fund Balance - January 1			33,884	
Fund Balance - December 31			$ 46,937	

Capital Projects Fund

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Improvement – This fund is used to account for the construction of various city sponsored projects or city assisted projects that may arise.

GO Bond – This fund is used to account for various improvement and construction projects for solid waste, fire safety, streets and drainage, and community buildings.

CITY OF MONROE, GEORGIA
Capital Projects Fund
Combining Balance Sheet
December 31, 2004

	Capital Improvement	GO Bond Fund	Total
Assets:			
Cash	$ 50,281	$ 1,815,851	$ 1,866,132
Due from other governments	615,648	-	615,648
Total assets	$ 665,929	$ 1,815,851	$ 2,481,780
Liabilities:			
Accounts Payable	$ 7,503	$ 16,009	$ 23,512
Due to other funds	551,329	-	551,329
Total liabilities	558,832	16,009	574,841
Fund Balance:			
Reserved for specific capital	20,000	-	20,000
Unreserved:			
Designated, recreation	60,000	-	60,000
Undesignated	27,097	1,799,842	1,826,939
Total Fund Balance	107,097	1,799,842	1,906,939
Total Liabilities and Fund Balance	$ 665,929	$ 1,815,851	$ 2,481,780

CITY OF MONROE, GEORGIA
Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Capital Improvement		
	Project length Budget	**Prior Years**	**Current Year**
Revenues:			
Grant income	$ 3,855,882	$ -	$756,608
Misc revenues	4,000	4,000	4,000
Interest income	-	1,516	2,550
Total revenues	3,859,882	5,516	763,158
Expenditures:			
Purchased/Contracted services	-	700	-
Supplies	-	-	-
Capital outlay	4,557,672	5,719	937,610
Total expenditures	4,557,672	6,419	937,610
Excess revenues over (under) expenditures	(697,790)	(903)	(174,452)
Other financing sources (uses):			
Proceeds from GO Bonds	-	-	-
Transfers from other funds	701,790	-	40,661
Transfers to other funds	-	-	-
	701,790	-	40,661
Excess of revenues and other financing sources over (under) expenditures			
Net change in Fund Balance	$ 4,000	$ (903)	(133,791)
Fund Balance - January 1			240,888
Fund Balance - December 31			$107,097

GO Bond			
Project length Budget	**Prior Years**	**Current Year**	**Total Current Year**
$ -	$ 58,381	$ 66,764	$ 823,372
-	-	-	4,000
-	405,279	16,384	18,934
-	463,660	83,148	846,306
-	-	-	-
-	254,823	721,606	721,606
7,195,000	4,450,226	75,969	1,013,579
7,195,000	4,705,049	797,575	1,735,185
(7,195,000)	(4,241,389)	(714,427)	(888,879)
7,195,000	7,195,000	-	-
-	-	62,979	103,640
-	-	-	-
7,195,000	7,195,000	62,979	103,640
$ -	$ 2,953,611	(651,448)	(785,239)
		2,451,290	2,692,178
		$ 1,799,842	$1,906,939

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Debt Service Fund

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and lease principal and interest when the government is obligated in some manner for the payment.

Exhibit 11

CITY OF MONROE, GEORGIA
Debt Service Fund
Balance Sheet
December 31, 2004

	2004
Assets	
Cash	$ 97,713
Total Assets	$ 97,713
Liabilities & Fund Balance	
Accrued interest payable	$ 91,356
Fund balance	6,357
Total Liabilities & Fund Balance	$ 97,713

CITY OF MONROE, GEORGIA
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Interest revenue	$ -	$ -	$ 489	$ 489
	-	-	489	489
Expenditures:				
Interest	368,350	370,000	368,169	1,831
Debt service	65,000	65,000	65,000	-
	433,350	435,000	433,169	1,831
Excess revenues over (under) expenditures	(433,350)	(435,000)	(432,680)	2,320
Other financing sources:				
Operating transfers in	433,350	435,000	433,900	(1,100)
	433,350	435,000	433,900	(1,100)
Excess of revenues over expenditures	$ -	$ -	1,220	$ 1,220
Fund balance - January 1			5,137	
Fund balance - December 31			$ 6,357	

Internal Service Fund

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other Departments or agencies of the government on a cost reimbursement basis.

Employee's Health Benefits – Established to account for employer and employee contributions for self-funded health insurance coverage.

Worker's Compensation Insurance City of Monroe – Established to provide self-insurance for worker's compensation and coverage for short-term disability for all employees, excluding those of Water, Light and Gas Commission.

CITY OF MONROE, GEORGIA
Internal Services Funds
Statement of Net Assets
December 31, 2004

	Employees' Health Benefits	Workers' Compensation Insurance-City of Monroe	Totals
Assets			
Cash	$ 117,774	$ 55,645	$ 173,419
Due from others	10,148	-	10,148
Due from other funds	18,776	-	18,776
Total Assets	146,698	55,645	202,343
Liabilities			
Accounts payable	77,006	14,062	91,068
Total Liabilities	77,006	14,062	91,068
Net Assets			
Unrestricted	69,692	41,583	111,275
Total Net Assets	$ 69,692	$ 41,583	$ 111,275

CITY OF MONROE, GEORGIA
Internal Services Funds
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
For the Year Ended December 31, 2004

	Employees' Health Benefits	Workers' Compensation Insurance-City of Monroe	Totals
Revenues:			
Other revenues	$ 388,051	$ -	$ 388,051
Expenses:			
Non departmental	1,643,697	96,988	1,740,685
Operating income	(1,255,646)	(96,988)	(1,352,634)
Nonoperating revenues (expenses)			
Interest revenue	1,000	460	1,460
Net Income before transfers	(1,254,646)	(96,528)	(1,351,174)
Transfers in	1,307,553	100,000	1,407,553
	1,307,553	100,000	1,407,553
Net Income	52,907	3,472	56,379
Net Assets - January 1	16,785	38,111	54,896
Net Assets - December 31	$ 69,692	$ 41,583	$ 111,275

CITY OF MONROE, GEORGIA
Internal Services Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2004

	Employees' Health Benefits	Workers' Compensation Insurance-City of Monroe	Totals 2003
Cash flows from operating activities:			
Cash received from customers on sales	$ 388,051	$ -	$ 388,051
Cash from interfund services provided	(1,657,827)	(88,903)	(1,746,730)
Net cash used for operating activities	(1,269,776)	(88,903)	(1,358,679)
Cash flows from noncapital financing activities:			
Transfers in from other funds	1,353,851	100,000	1,453,851
Due to other funds	-	-	-
Net cash provided by noncapital financing activities	1,353,851	100,000	1,453,851
Cash flows from investing activities:			
Interest revenue	1,000	460	1,460
Net cash provided by investing activities	1,000	460	1,460
Net increase in cash and cash equivalents	85,075	11,557	96,632
Cash and cash equivalents, January 1	32,699	44,088	76,787
Cash and cash equivalents, December 31	$ 117,774	$ 55,645	$ 173,419
Reconciliation of operating income to net cash used for operating activities:			
Operating income	$ (1,255,646)	$ (96,988)	$ (1,352,634)
Adjustments to reconcile operating income to net cash used for operating activities:			
Change in assets and liabilities			
Accounts payable	(14,130)	8,085	(6,045)
	$ (1,269,776)	$ (88,903)	$ (1,358,679)

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Supplemental Schedules

CITY OF MONROE, GEORGIA
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2004

Revenues:	Original Budget	Final Budget	Actual	Variance with Final Budget
Taxes:				
Property taxes	$ 2,162,000	$ 2,262,000	$ 2,223,150	$ (38,850)
Local option sales tax	1,300,000	1,610,000	1,609,567	(433)
Occupational tax	67,000	75,000	75,562	562
Insurance premium	475,000	531,000	531,015	15
Financial institution	35,000	35,000	40,948	5,948
Franchise tax	204,000	204,000	237,448	33,448
Pen & int on delinquent tax	25,000	25,000	25,412	412
Intangible tax	18,000	18,000	22,687	4,687
Real estate transfer tax	12,000	12,000	6,537	(5,463)
Alcoholic beverage	253,000	253,000	271,194	18,194
Total	4,551,000	5,025,000	5,043,520	18,520
Licenses & permits:				
Building permits	145,000	145,000	153,761	8,761
Alcohol permits	17,500	17,500	18,700	1,200
Code department	-	48,000	48,071	71
Insurance licenses	21,000	21,000	21,101	101
Total	183,500	231,500	241,633	10,133
Fines & forfeitures	367,500	391,578	388,921	(2,657)
Charges for services:				
Maintenance department income	-	-	2,785	2,785
Police other income	4,000	4,000	5,742	1,742
Cemetery lot sales	2,800	2,800	16,400	13,600
Airport income	89,350	89,350	87,013	(2,337)
Regulatory fees	1,000	1,000	1,525	525
Other Fees	-	-	240	240
Total	97,150	97,150	113,705	16,555
Intergovernmental revenues:				
Federal Grants	70,000	297,000	448,352	151,352
State grants	-	221,000	70,288	(150,712)
Local grants	7,000	7,000	5,098	(1,902)
Housing authority	66,522	66,522	36,684	(29,838)
Total	143,522	591,522	560,422	(31,100)
Interest income:				
Investments	10,000	10,000	9,105	(895)
Contributions and donations:				
Contributions	-	-	7,350	7,350
Miscellaneous revenues:				
Community Center Fees	-	-	4,225	4,225
Miscellaneous income	3,250	238,250	21,980	(216,270)
Total	3,250	238,250	26,205	(212,045)
Total Revenues	$ 5,355,922	$ 6,585,000	$ 6,390,861	$ (194,139)

CITY OF MONROE, GEORGIA
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended December 31, 2004

Expenditures:	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
General Administration:				
Personal services	$ 31,003	$ 31,003	$ 30,996	$ 7
Purchased/contracted services	14,000	14,000	8,195	5,805
Supplies	9,600	9,600	16,540	(6,940)
Other costs	3,000	3,000	9,324	(6,324)
Total	57,603	57,603	65,055	(7,452)
Executive:				
Personal services	116,296	116,296	111,605	4,691
Purchased/contracted services	131,724	131,724	120,926	10,798
Supplies	27,500	27,500	37,257	(9,757)
Capital outlay	-	383,032	376,585	6,447
Total	275,520	658,552	646,373	12,179
Debt Service				
Principal payments	14,291	14,291	14,299	(8)
Interest and fiscal charges	537	537	536	1
Total	14,828	14,828	14,835	(7)
Law:				
Purchased/contracted services	60,000	85,000	92,281	(7,281)
Total	60,000	85,000	92,281	(7,281)
Internal Audit:				
Purchased/contracted services	30,000	30,000	28,000	2,000
Total	30,000	30,000	28,000	2,000
General Administration Fee:				
Other costs	4,600	4,600	-	4,600
Total	4,600	4,600	-	4,600
TOTAL GENERAL GOVERNMENT	$ 442,551	$ 850,583	$ 846,544	$ 4,039
FINANCE				
Financial Administration:				
Personal services	$ 260,637	$ 282,500	$ 281,057	$ 1,443
Purchased/contracted services	26,000	26,000	21,413	4,587
Supplies	29,500	37,500	33,221	4,279
Total	316,137	346,000	335,691	10,309
Elections:				
Supplies	6,000	6,000	-	6,000
Total	6,000	6,000	-	6,000
TOTAL FINANCE	$ 322,137	$ 352,000	$ 335,691	$ 16,309

CITY OF MONROE, GEORGIA
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget
POLICE				
Municipal Court:				
Personal services	$ 39,005	$ 39,005	$ 46,817	$ (7,812)
Purchased/contracted services	-	-	-	-
Total	39,005	39,005	46,817	(7,812)
Police Department:				
Personal services	1,672,797	1,812,922	1,798,488	14,434
Purchased/contracted services	168,050	168,050	143,757	24,293
Supplies	220,523	220,523	252,717	(32,194)
Capital outlay	174,000	174,000	159,052	14,948
Other costs	17,500	17,500	21,232	(3,732)
Total	2,252,870	2,392,995	2,375,246	17,749
Debt Service				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total	-	-	-	-
TOTAL POLICE	$2,291,875	$2,432,000	$ 2,422,063	$ 9,937
FIRE				
Fire Department:				
Personal services	$ 907,900	$1,011,921	$ 1,013,173	$ (1,252)
Purchased/contracted services	60,150	60,150	54,639	5,511
Supplies	49,825	49,825	50,034	(209)
Capital outlay	24,000	24,000	23,837	163
Total	1,041,875	1,145,896	1,141,683	4,213
Debt Service				
Principal payments	15,832	15,832	18,526	(2,694)
Interest and fiscal charges	272	272	271	1
Total	16,104	16,104	18,797	(2,693)
TOTAL FIRE	$1,057,979	$1,162,000	$ 1,160,480	$ 1,520
HIGHWAYS & STREETS				
Highways & Street Department:				
Personal services	$ 713,882	$ 785,029	$ 817,410	$ (32,381)
Purchased/contracted services	85,529	105,529	12,116	93,413
Supplies	199,000	199,000	240,334	(41,334)
Capital outlay	20,000	75,000	90,758	(15,758)
Total	1,018,411	1,164,558	1,160,618	3,940
Debt Service				
Principal payments	74,624	74,624	74,990	(366)
Interest and fiscal charges	1,818	1,818	1,818	-
Total	76,442	76,442	76,808	(366)
TOTAL HIGHWAYS & STREETS	$1,094,853	$1,241,000	$ 1,237,426	$ 3,574

CITY OF MONROE, GEORGIA
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget
HEALTH & WELFARE				
Community Center:				
Purchased/contracted services	$ -	$ 8,000	$ 7,081	$ 919
Total	-	8,000	7,081	919
TOTAL HEALTH & WELFARE	$ -	$ 8,000	$ 7,081	$ 919
PARKS				
Senior Citizens Center:				
Other costs	$ 40,000	$ 40,000	$ 40,607	$ (607)
Total	40,000	40,000	40,607	(607)
Art Galleries:	3,000	3,000	-	3,000
Parks & Facilities:				
Personal services	72,551	106,000	108,448	(2,448)
Purchased/contracted services	58,900	78,900	69,679	9,221
Supplies	13,900	13,900	12,463	1,437
Capital outlay	200	200	-	200
Total	145,551	199,000	190,590	8,410
Libraries:				
Purchased/contracted services	10,000	10,000	2,975	7,025
Other costs	83,417	83,417	83,417	-
Total	93,417	93,417	86,392	7,025
TOTAL PARKS	$ 281,968	$ 335,417	$ 317,589	$ 17,828
HOUSING & DEVELOPMENT				
Planning and Zoning:				
Personal services	$ -	$ -	$ 3,230	$ (3,230)
Total	-	-	3,230	(3,230)
Protective Inspection:				
Personal services	144,165	144,165	134,137	10,028
Purchased/contracted services	35,700	53,080	56,659	(3,579)
Supplies	10,755	10,755	13,085	(2,330)
Capital outlay	-	-	-	-
Total	190,620	208,000	203,881	4,119
TOTAL HOUSING & DEVELOPMENT	$ 190,620	$ 208,000	$ 207,111	$ 889
Total Expenditures	$5,681,983	$6,589,000	$ 6,533,985	$ 55,015

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CITY OF MONROE, GEORGIA
Water, Light and Gas Commission
Summary of Changes in Fixed Assets and Depreciation
For the Year Ended December 31, 2004

Water, Light and Gas Commission

	Fixed Assets				Reserve For Depreciation			
	Balance 1/1/2004	Additions	Disposals	Balance 12/31/2004	Balance 1/1/2004	Additions	Disposals	Balance 12/31/2004
Electric System:								
Extensions	$ 6,040,494	$ 305,586	$ -	$ 6,346,080	$ 1,953,649	$ 115,474	$ -	$ 2,069,123
Equipment	111,418	-	-	111,418	47,864	4,211	-	52,075
Autos	846,744	-	-	846,744	518,254	49,526		567,780
	6,998,656	305,586	-	7,304,242	2,519,767	169,211	-	2,688,978
Gas System:								
Extensions	7,248,018	1,016,319	-	8,264,337	1,121,910	144,908	-	1,266,818
Gas peak shaving plant	-	-	-	-	-	-		-
Equipment	316,912	3,756	-	320,668	115,540	55,347		170,887
Autos	54,965	24,999	-	79,964	29,750	7,570		37,320
	7,619,895	1,045,074	-	8,664,969	1,267,200	207,825	-	1,475,025
Water System:								
Extensions	6,925,897	169,564	-	7,095,461	2,208,539	131,946	-	2,340,485
Reservoir	5,889,507	-	-	5,889,507	621,639	170,628	-	792,267
Buildings	10,462,889	-	-	10,462,889	1,472,819	234,905	-	1,707,724
Furniture & fixtures	18,850	-	-	18,850	5,151	1,337	-	6,488
Equipment	7,854,752	23,272	-	7,878,024	82,628	513,210	-	595,838
Autos	115,341	-	(11,386)	103,955	59,088	11,923	(11,386)	59,625
Water tanks	601,260	-	-	601,260	349,679	12,752	-	362,431
Raw water	2,833,922	-	-	2,833,922	253,490	134,014	-	387,504
	34,702,418	192,836	(11,386)	34,883,868	5,053,033	1,210,715	(11,386)	6,252,362
Sewerage System:								
Extensions	7,191,523	1,970,533	-	9,162,056	1,709,169	140,968	-	1,850,137
Jack's Creek W/W Plant	13,111,989	74,860	-	13,186,849	2,659,028	293,152	-	2,952,180
Equipment	237,259	43,064	-	280,323	93,210	31,078	-	124,288
Autos	376,662	31,226	(38,485)	369,403	162,821	41,882	(38,485)	166,218
Disposal basins	137,963	-	-	137,963	137,963	-	-	137,963
	21,055,396	2,119,683	(38,485)	23,136,594	4,762,191	507,080	(38,485)	5,230,786
CATV System:								
Extensions	5,913,538	290,880	-	6,204,418	1,305,715	193,831	-	1,499,546
Buildings	93,429	-	-	93,429	25,574	3,420	-	28,994
Furniture & fixtures	7,043	-	-	7,043	5,781	560	-	6,341
Equipment	842,070	64,730	-	906,800	409,678	113,505	-	523,183
Autos	227,215	17,994	-	245,209	128,267	25,074	-	153,341
	7,083,295	373,604	-	7,456,899	1,875,015	336,390	-	2,211,405

The accompanying notes to the financial statements are an integral part of these statements.

	Fixed Assets				Reserve For Depreciation			
	Balance 1/1/2004	Additions	Disposals	Balance 12/31/2004	Balance 1/1/2004	Additions	Disposals	Balance 12/31/2004
Administration:								
Land	2,054,213	-	-	2,054,213	-	-	-	-
Buildings	5,167,935	-	-	5,167,935	257,311	107,655	-	364,966
Furniture & fixtures	697,645	-	-	697,645	494,185	45,153	-	539,338
Equipment	1,272,774	22,263	-	1,295,037	702,792	141,440		844,232
Autos	233,520	17,994	(40,091)	211,423	184,072	9,983	(40,091)	153,964
	9,426,087	40,257	(40,091)	9,426,253	1,638,360	304,231	(40,091)	1,902,500
Construction in progress	2,403,854	2,058,266	(3,407,279)	1,054,841	-	-	-	-
Total	$ 89,289,601	$ 6,135,306	$ (3,497,241)	$ 91,927,666	$ 17,115,566	$ 2,735,452	$ (89,962)	$ 19,761,056

Solid Waste System:

	Fixed Assets				Reserve For Depreciation			
	Balance 1/1/2004	Additions	Disposals	Balance 12/31/2004	Balance 1/1/2004	Additions	Disposals	Balance 12/31/2004
Buildings	$ 390,138	$ -	$ -	$ 390,138	$ 16,578	$ 7,907	$ -	$ 24,485
Machinery & equipment	1,316,372	-	(134,894)	1,181,478	702,050	72,861	(64,136)	710,775
Autos	65,480	73,633	(11,000)	128,113	50,972	4,709	(11,000)	44,681
Total	$ 1,771,990	$ 73,633	$ (145,894)	$ 1,699,729	$ 769,600	$ 85,477	$ (75,136)	$ 779,941

The accompanying notes to the financial statements are an integral part of these statements.

CITY OF MONROE, GEORGIA
Water, Light and Gas Commission Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2004

General and operating expenses:	2004
Gas Operating:	
Salaries	$ 310,262
Payroll taxes	24,753
Retirement	78,831
Contract work	
Auto	15,231
Equipment	1,674
Materials & supplies	
Repairs & maintenance	221,369
Uniforms	1,135
Miscellaneous expense	1,493
Dues & assessments	575
Communication	660
Electric power	3,550
Marketing	
Consulting	3,720
Conventions & seminars	7,373
Total	670,626
Light Operating:	
Salaries	430,272
Payroll taxes	34,003
Retirement	115,909
Marketing	20,629
Auto	15,231
Materials & supplies	2,620
Repairs & maintenance	196,075
Miscellaneous expense	149
Communication	-
Uniforms	908
Conventions & seminars	492
Equipment	-
Total	816,288
Sewer Operating:	
Salaries & wages	425,394
Payroll taxes	35,469
Retirement	119,453
Contract work	165,109
Auto	17,219
Materials & supplies	12,211
Repairs & maintenance	301,261
Claims & judgments	2,115
Miscellaneous expense	5,953
Dues & assessments	-
Communication & marketing	-
Electric power	277,414
Consulting	35,743
Conventions & seminars	4,603
Uniforms	568
Total	$ 1,402,512

CITY OF MONROE, GEORGIA
Water, Light and Gas Commission Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2004

Water Operating:	**2004**
Salaries & wages	$ 492,920
Payroll taxes	37,985
Retirement	99,849
Contract work	250
Auto	16,011
Office supplies	2,460
Materials & supplies	8,416
Miscellaneous expense	597
Dues & assessments	8,133
Electric power	253,189
Equipment	
Consulting	10,627
Conventions & seminars	8,323
Water plant repairs	-
Repair & maintenance	484,692
Communication & marketing	1,386
Uniforms	1,022
Claims & judgments	1,167
Total	1,427,027
General:	
Salaries	1,470,472
Payroll taxes	113,242
Retirement	342,104
Workers comp premium & unemployment	62,551
Contract work	51,884
Motor fuel tax	
Bad debts	177,791
Vehicle allowance	3,278
Warehouse & building repairs	113,710
Insurance	172,064
Legal & auditing	54,980
Security service	539
Equipment repairs	
Auto & trucks	13,465
Office supplies & expense	75,149
Equipment	36,101
Uniforms	670
Miscellaneous general expense	34,097
Dues & assessments	6,343
Conventions & seminars	16,953
Computer service	10,737
Communications	140,005
Utilities 215 N. Broad St.	60,082
City of Monroe utilities	172,383
Lawn care	23,520
Marketing & advertising	5,144
Total	$ 3,157,264

CITY OF MONROE, GEORGIA
Water, Light and Gas Commission Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2004

	2004
CATV Operating:	
Salaries	$ 350,390
Payroll taxes	27,591
Retirement	86,573
Contract work	
Auto	15,384
Guides	915
Repairs	186,821
Miscellaneous	1,617
Material & supplies	8,976
Legal	19,172
Electric power	48,464
Communications & marketing	129,162
Pole rents	14,168
Consulting	30,720
Uniforms	1,419
Dues & assessments	19,480
Conventions & seminars	70
Claims & judgments	2,493
Total	943,415
Grand Total	$ 8,417,132

CITY OF MONROE, GEORGIA
Solid Waste Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2004

General operating expenses	**2004**
Administration:	
Personal services	$ 138,891
Purchased/contracted services	28,452
Supplies	42,140
	209,483
Solid Waste Collection:	
Personal services	388,032
Purchased/contracted services	19,472
Supplies	103,199
	510,703
Solid Waste Disposal:	
Personal services	82,107
Purchased/contracted services	4,318
Supplies	62,186
	148,611
Recyclables collection:	
Personal services	82,552
Purchased/contracted services	20,171
Supplies	14,423
	117,146
Yard trimmings:	
Personal services	84,778
Purchased/contracted services	7,340
Supplies	14,157
	106,275
Grand Total	$ 1,092,218

CITY OF MONROE, GEORGIA
Summary of Operating Transfers to City From
Water, Light and Gas Commission
Last Ten Fiscal Years

Year	Annual Amount	Cumulative Amount
1995	$ 649,989	$ 3,411,394
1996	744,887	4,156,281
1997	764,468	4,920,749
1998	809,211	5,729,960
1999	813,562	6,543,522
2000	866,421	7,409,943
2001	986,360	8,396,303
2002	1,130,146	9,526,449
2003	1,178,188	10,704,637
2004	1,238,189	11,942,826

CITY OF MONROE, GEORGIA
Schedule of Insurance in Force
December 31, 2004

		City of Monroe	Water, Light and Gas
Automobile	BI/PD	1,000,000	1,000,000
General liability	BI/PD	2,000,000	2,000,000
Public official liability		1,000,000	1,000,000
Excess Workman's compensation		Statutory	Statutory
Property (including Terrorism)		8,950,963	32,101,000
Fidelity bond		250,000	250,000
Law enforcement liability		1,000,000	
Airport liability		5,000,000	
Umbrella (over general liability)		1,000,000	1,000,000

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Statistical Section

CITY OF MONROE, GEORGIA
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Judicial	Public Safety	Public Works	Culture and Recreation	Housing and Development (2)	Debt Service	Capital Outlay*	Total
1995	1,892,105	-	1,994,504	1,144,068	192,326	-	-	-	5,223,003
1996	2,223,235	-	2,169,817	1,628,484	249,459	-	-	-	6,270,995
1997	1,828,893	-	2,636,512	1,994,034	167,764	-	-	-	6,627,203
1998	1,338,339	-	2,507,454	2,154,893	110,549	-	-	-	6,111,235
1999	940,886	-	2,461,709	2,125,579	142,148	-	-	1,041,570	6,711,892
2000	1,181,325	-	2,653,039	1,948,841	561,312	-	-	339,314	6,683,831
2001	891,153	-	2,586,111	2,507,811	527,241	160,247	41,708	4,345,078	11,059,349
2002	1,465,630	-	2,874,614	1,236,827	472,587	178,129	333,716	678,402	7,239,905
2003	1,331,514	42,429	3,073,846	1,371,404	287,906	167,225	612,355	1,056,490	7,943,169
2004	1,167,400	46,817	3,542,765	1,160,618	320,480	225,154	543,609	1,828,500	8,835,343

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds

(2) Housing and Development category was first used in 2001 as part of the implementation of the State of Georgia Uniform Chart of Accounts

* Capital Outlay reported in each function starting 2003 in accordance with GASBS 34

CITY OF MONROE, GEORGIA
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Charges for Services	Interest and Penalties	Grants & Inter-governmental	Other	Total (2)
1995	2,565,170	151,207	193,473	930,086	54,747	272,721	86,819	4,254,223
1996	2,806,540	164,644	264,242	924,819	57,481	96,831	92,783	4,407,340
1997	2,972,773	240,890	274,073	927,439	70,529	118,896	163,524	4,768,124
1998	3,231,813	216,117	229,150	1,004,682	65,825	148,019	124,798	5,020,404
1999	3,577,175	182,934	294,204	1,260,650	55,219	164,382	42,199	5,576,763
2000	4,027,071	160,862	405,264	1,212,054	42,060	230,070	18,334	6,095,715
2001	4,436,314	147,242	340,773	1,836,172	35,058	110,040	226,225	7,131,824
2002	4,535,803	165,971	267,744	112,397	199,946	1,236,721	16,105	6,534,687
2003	4,507,752	171,298	331,814	97,257	100,070	834,318	59,541	6,102,050
2004	5,076,269	241,633	398,839	113,705	28,528	1,383,794	44,690	7,287,458

(1) Includes General, Special Revenue, and Debt Service Funds

CITY OF MONROE, GEORGIA
General Governmental Tax Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Property Tax	Local Option Sales Tax	Occupation Tax	Insurance Premium Tax	Franchise Tax	Alcoholic Beverage Tax	Other Tax	Total
1995	1,158,927	705,999	107,329	322,140	147,785	212,119	18,200	2,672,499
1996	1,115,750	925,710	121,554	344,275	157,248	220,629	42,928	2,928,094
1997	1,202,365	996,728	109,354	365,170	159,394	212,973	36,143	3,082,127
1998	1,284,833	1,127,891	105,099	383,041	164,682	229,498	41,868	3,336,912
1999	1,346,363	1,238,370	98,222	396,772	182,233	248,020	55,268	3,565,248
2000	1,540,999	1,418,122	68,504	421,425	191,954	250,417	113,421	4,004,842
2001	1,733,672	1,632,577	65,750	414,349	202,077	249,668	138,221	4,436,314
2002	1,962,006	1,464,233	65,048	454,635	207,951	254,739	127,191	4,535,803
2003	2,075,224	1,267,971	68,896	489,989	217,793	248,075	139,804	4,507,752
2004	2,223,150	1,609,567	75,562	531,015	237,448	271,194	128,333	5,076,269

(1) Includes General, Special Revenue, and Debt Service Funds

CITY OF MONROE, GEORGIA
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1995	958	838	87.436%	321	1,159	120.93%	135	14.09%
1996	972	865	88.979%	251	1,116	114.80%	112	11.52%
1997	1,065	948	88.974%	254	1,202	112.81%	155	14.55%
1998	1,097	987	89.939%	298	1,285	117.09%	131	11.94%
1999	1,172	1,065	90.884%	281	1,346	114.86%	186	15.87%
2000	1,272	1,130	88.866%	410	1,540	121.11%	195	15.34%
2001	1,343	1,269	94.461%	465	1,734	129.07%	214	15.93%
2002	1,457	1,228	84.299%	734	1,962	134.69%	215	14.76%
2003	1,581	1,400	88.573%	675	2,075	131.28%	228	14.42%
2004	1,685	1,450	86.035%	773	2,223	131.90%	186	11.04%

CITY OF MONROE, GEORGIA
Assessed and Estimated Actual Value of Property (1)
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property		Exemptions	Total		Ratio of Total Assessed Value To Total Est. Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Personal Property (2)	Assessed Value	Estimated Actual Value	
1995	95,630	239,075	28,357	70,893	-	123,987	309,968	40.0%
1996	99,965	249,913	28,920	72,300	7,368	121,517	303,793	40.0%
1997	107,367	268,418	28,850	72,125	3,032	133,185	332,963	40.0%
1998	112,330	280,825	27,909	69,773	3,063	137,176	342,940	40.0%
1999	125,202	313,005	25,505	63,763	4,229	146,478	366,195	40.0%
2000	134,614	336,535	28,425	71,063	3,433	159,606	399,015	40.0%
2001	153,149	382,873	31,108	77,770	6,487	177,770	444,425	40.0%
2002	163,727	409,318	37,261	93,153	7,892	193,096	482,740	40.0%
2003	190,475	476,188	35,478	88,695	6,848	219,105	547,763	40.0%
2004	203,141	507,853	38,420	96,050	7,256	234,305	585,763	40.0%

(1) Assessed values are established by the County Assessors on January 1 of each year at 40% of the actual value

(2) 1996 was the first year for freeport exemption

Data Source: Walton County]Walton County Tax Assessors Office

CITY OF MONROE, GEORGIA
Property Tax Rates (1)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Monroe			Walton County	School District			State	
	Operating	Debt Service (2)	Total	Operating	Operating	Debt Service	Total School	Levy	Total
1995	7.7300	-	7.7300	11.83	13.75	0	13.75	0.25	33.5600
1996	8.0000	-	8.0000	11.83	15.75	1.75	17.50	0.25	37.5800
1997	8.0000	-	8.0000	10.83	15.32	1.68	17.00	0.25	36.0800
1998	8.0000	-	8.0000	10.69	15.32	1.54	16.86	0.25	35.8000
1999	8.0000	-	8.0000	10.46	17.28	1.37	18.65	0.25	37.3600
2000	7.9670	-	7.9670	10.05	18.04	1.05	19.09	0.25	37.3570
2001	5.7170	1.8400	7.5570	10.09	16.95	0.99	17.94	0.25	35.8370
2002	5.9050	1.6390	7.5440	10.08	16.95	0.99	17.94	0.25	35.8140
2003	5.5150	1.6990	7.2140	10.08	16.94	0.96	17.90	0.25	35.4440
2004	5.6040	1.5890	7.1930	10.08	17.02	0.88	17.90	0.25	35.4230

(1) Rate is per $1,000 of assessed value
(2) 2001 was the first year for debt service
Data Source: Walton County Tax Comissioner

CITY OF MONROE, GEORGIA
Principal Taxpayers
December 31, 2004
(amounts expressed in thousands)

Taxpayer	Type of Business	2004 Assessed Valuation	% of Total Assessed Value
Avondale Mills	**Manufacturer**	$ 9,087	3.88%
Harry Arnold, Jr	**Real Estate**	7,933	3.39%
Monroe HMA, Inc	**Hospital**	3,467	1.48%
Walmart Stores East	**Merchant**	3,017	1.29%
E. Kenneth Murray	**Real Estate**	2,440	1.04%
Walton County Power	**Utilities**	2,418	1.03%
Walton Ventures	**Real Estate**	2,250	0.96%
Pace Converting	**Printing**	2,164	0.92%
Oxford Industries	**Manufacturer**	1,647	0.70%
Roger Rowell Family	**Real Estate**	1,556	0.66%
All Others		198,326	84.64%
Total Assessed for all Taxpayers		**$ 234,305**	**100.00%**

CITY OF MONROE, GEORGIA
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
December 31, 2004
(amounts expressed in thousands)

Jurisdiction	Amount Outstanding	Percentage Applicable To City	Amount Applicable To City
Walton County	$ 18,400	17%	$ 3,080
Walton County Board of Education	8,730	14%	1,261
City of Monroe	7,115	100%	7,115
Total Direct and Overlapping Debt			$ 11,456

Note: The City has had no special assessments in the last ten years

CITY OF MONROE, GEORGIA
Computation of Legal Debt Margin
December 31, 2004
(amounts expressed in thousands)

Assessed value		$ 234,305
Debt limitation-10% of assessed value		$ 23,431
Amount of Debt Applicable to Debt Limit:	$ 7,115	
Less Amount Available for Repayment of General Obligation Bonds	97	7,018
Legal debt margin:		$ 16,413
Percentage Ratios:		
Legal Debt Margin		100.00%
Debt Application to Debt Limit		29.95%
Legal Debt Margin		70.05%

CITY OF MONROE, GEORGIA
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Last Ten Years (1)
December 31, 2004
(amounts expressed in thousands)

Fiscal Year	Population(2)	Assessed Value (3)	Gross Bonded Debt	Less Debt Service Fund(4)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
1995	10	123,987	-	-	-	0.00%	-
1996	10	121,517	-	-	-	0.00%	-
1997	10	133,185	-	-	-	0.00%	-
1998	11	137,176	-	-	-	0.00%	-
1999	11	146,478	-	-	-	0.00%	-
2000	11	159,606	7,195	405	6,790	4.25%	617.273
2001	12	177,770	7,195	96	7,099	3.99%	591.583
2002	12	193,096	7,195	97	7,098	3.68%	591.500
2003	12	219,105	7,180	97	7,083	3.23%	590.250
2004	12	234,305	7,115	97	7,018	3.00%	584.833

(1) 2000 was the first year for general obligation debt
(2) 2000 Census , U.S. Census Bureau
(3) Per table Assessed and Estimated Actual Value of Property table in this section
(4) Amount available for repayment of general obligation bonds

CITY OF MONROE, GEORGIA
Ratio of Annual Debt Service Expenditures For General Obligation Bonded Debt
To Total General Government Expenditures
Last Ten Years (1)
December 31, 2004

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1995	-	-	-	5,223,003	0.00%
1996	-	-	-	6,270,995	0.00%
1997	-	-	-	6,627,203	0.00%
1998	-	-	-	6,111,235	0.00%
1999	-	-	-	6,711,892	0.00%
2000	-	-	-	6,683,831	0.00%
2001	-	-	-	11,059,349	0.00%
2002	571	333,141	333,712	7,239,905	4.61%
2003	15,000	430,928	445,928	7,943,169	5.61%
2004	65,000	368,169	433,169	8,835,343	4.90%

(1) 2000 was the first year for general obligation debt

CITY OF MONROE, GEORGIA
Revenue Bond Coverage
Water, Light and Gas Commission Enterprise Fund
Last Ten Years
December 31, 2004
(amounts expressed in thousands)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1995	14,306	10,697	3,609	285	352	637	5.67
1996	15,972	11,902	4,070	370	334	704	5.78
1997	16,642	12,147	4,495	395	312	707	6.36
1998	17,596	13,205	4,391	410	294	704	6.24
1999	17,694	14,070	3,624	435	275	710	5.10
2000	19,902	16,310	3,592	455	256	711	5.05
2001	23,083	17,850	5,233	475	234	709	7.38
2002	25,225	18,151	7,074	500	1,204	1,704	4.15
2003	25,761	19,987	5,774	595	1,179	1,774	3.25
2004	29,152	22,696	6,456	1,350	1,363	2,713	2.38

(1) Total revenues (including interest) exclusive of tap fees
(2) Total operating expenses exclusive of depreciation
(3) Includes principal and interest of revenue bonds only

CITY OF MONROE, GEORGIA
Demographic Statistics
Last Ten Years

Fiscal Year	Population (1)	Per Capita Income (2)*	Median Age (1)	Housing Units Total (1)	Unemployment Rate (3)	Personal Income(2)*	Wage & Salary Employment # of jobs(2)*
1995	10,076	18,999	27	3933	7.6	888,617	12,112
1996	10,147	19,785	27	3933	6.6	971,785	12,507
1997	10,183	19,953	27	3933	7.1	1,021,834	12,767
1998	10,577	20,718	27	3933	5.2	1,126,696	13,470
1999	11,081	21,856	27	3933	5.3	1,271,168	14,230
2000	11,407	23,526	32	4637	4.9	1,449,754	15,102
2001	11,616	24,197	32	4637	5.6	1,558,051	15,809
2002	11,764	23,868	32	4637	7.1	1,601,553	16,726
2003	11,892	23,925	32	4637	8.4	1,662,413	17,638
2004	11,892	23,925	32	4637	10.3	1,662,413	17,638

Data Sources:
(1) U.S. Bureau of the Census
(2) Bureau of Economic Analysis
(3) Georgia Department of Labor
*Data only available at the County Level

CITY OF MONROE, GEORGIA
Property Value and Construction
Last Ten Fiscal Years

Fiscal Year	Assessed Property Value*	Commercial Construction (1)		Residential Construction (1)	
		Number of Units	Value*	Number of Units	Value*
1995	123,987	5	954	43	2,293
1996	121,517	7	3,490	38	2,251
1997	133,185	8	2,409	131	7,614
1998	137,176	9	2,943	123	9,028
1999	146,478	11	732	244	14,524
2000	159,606	12	18,508	101	9,141
2001	177,770	10	8,020	123	11,398
2002	193,096	6	2,057	125	10,223
2003	219,105	7	10,416	62	9,394
2004	234,305	4	19,490	173	17,757

* Amounts expressed in thousands

(1) Source: City Code Enforcement Department

Note: Bank deposit data by city was not available

CITY OF MONROE, GEORGIA
Miscellaneous Statistics
December 31, 2004

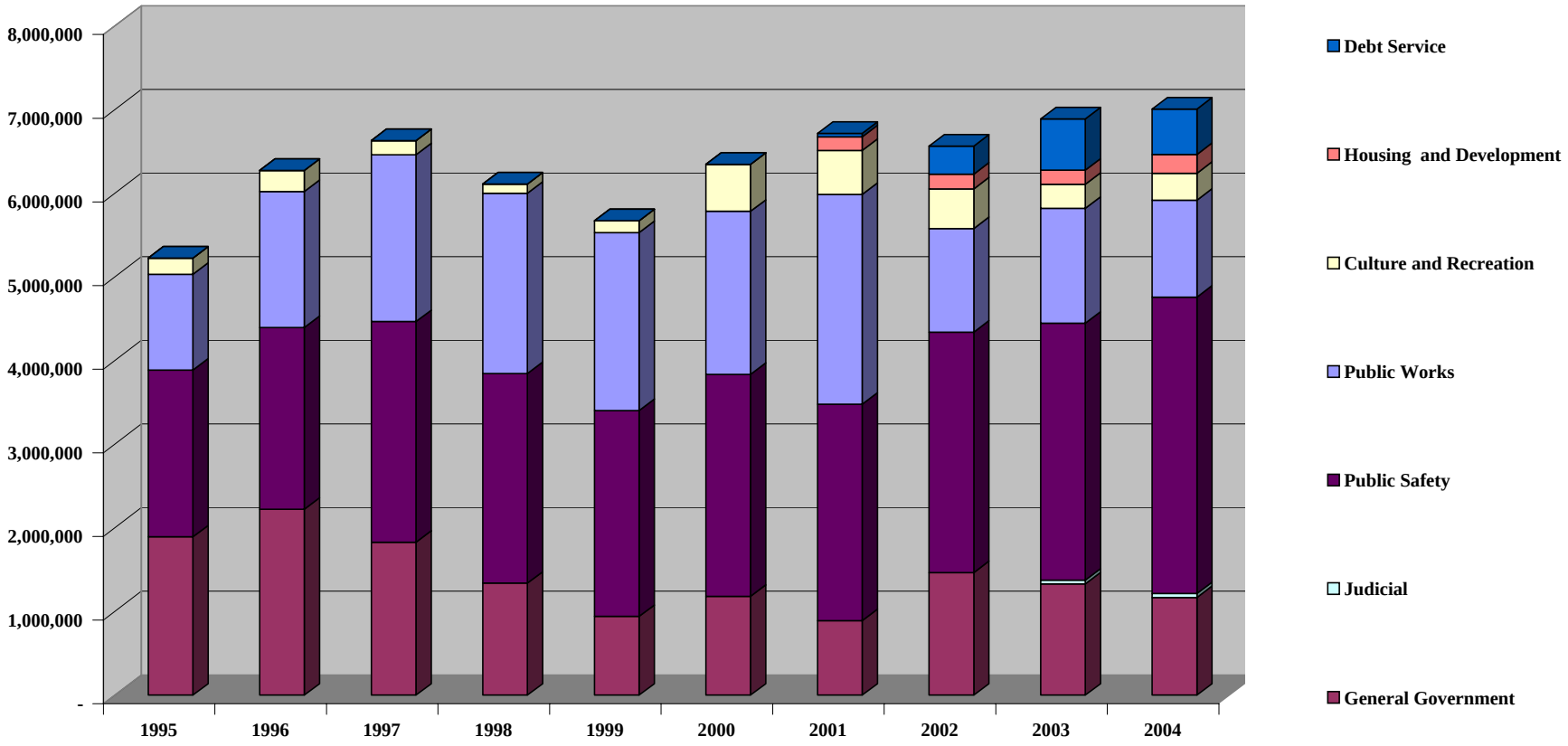
Date of Incorporation	1896
Website	www.monroega.com
Area in Square Miles	14
Miles of streets	75
Number of employees (including police and fire):	
Classified Service	197
Exempt	16
Police Protection:	
Number of stations	1
Number of police personnel	40
Number of patrol units	38
Number of dispatches	33,549
Fire Protection:	
Number of stations	1
Number of fire personnel	22
Fire/EMS dispatches	1,007
Building Permits:	
Number of permits issued	177
Dollar value	37,247,048
Recreation and Culture:	
Number of park properties	5
Number of libraries	1
Number of volumes	26,162
Solid Waste Service:	
Number of residential customers	5700
Number of commercial customers	437
Number of transfer station customers	19
Facilities and services not included in the reporting entity:	
Hospitals:	
Number of hospitals	1
Number of patient beds	77

Form of Government	Mayor & Council
Population	11,407
Number of street lights	1,109
Municipal Utilities:	
Cable	
Number of consumers	5,618
Miles of cable	220
Electric	
Number of consumers	5,568
Miles of electric	170
Natural Gas	
Number of consumers	4,037
Miles of Natural Gas Mains	143
Wastewater	
Number of consumers	5,746
Miles of sanitary sewer	115
Water	
Number of consumers	7,508
Miles of water mains	210
Average daily consumption	3,597,956/GPD
Education:	
Number of elementary schools	2
Number of elementary school instructors	100
Number of students	1,188
Number of secondary schools	1
Number of secondary school instructors	78
Number of students	1,192

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Table 16

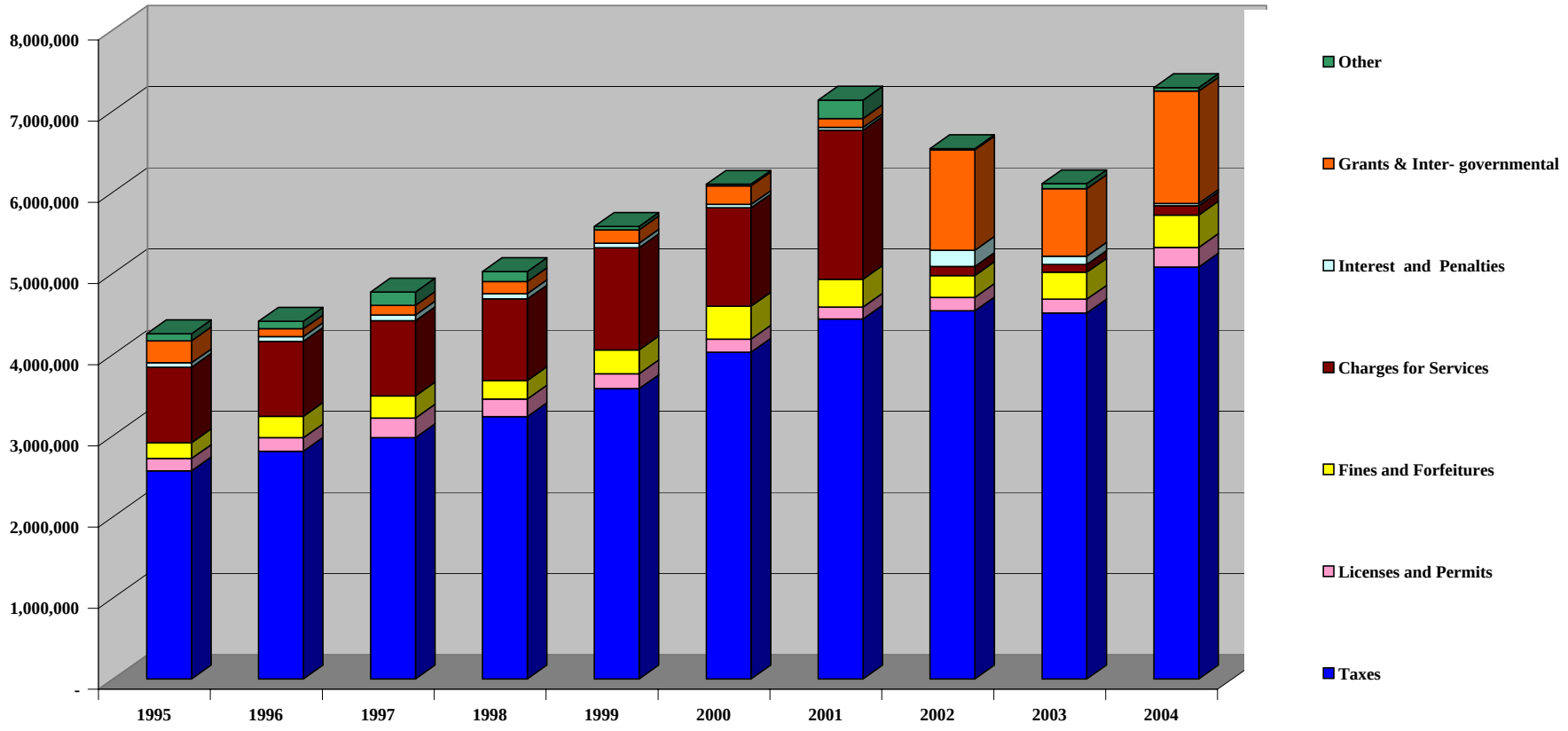
CITY OF MONROE, GEORGIA
General Governmental Expenditures by Function
December 31, 2004



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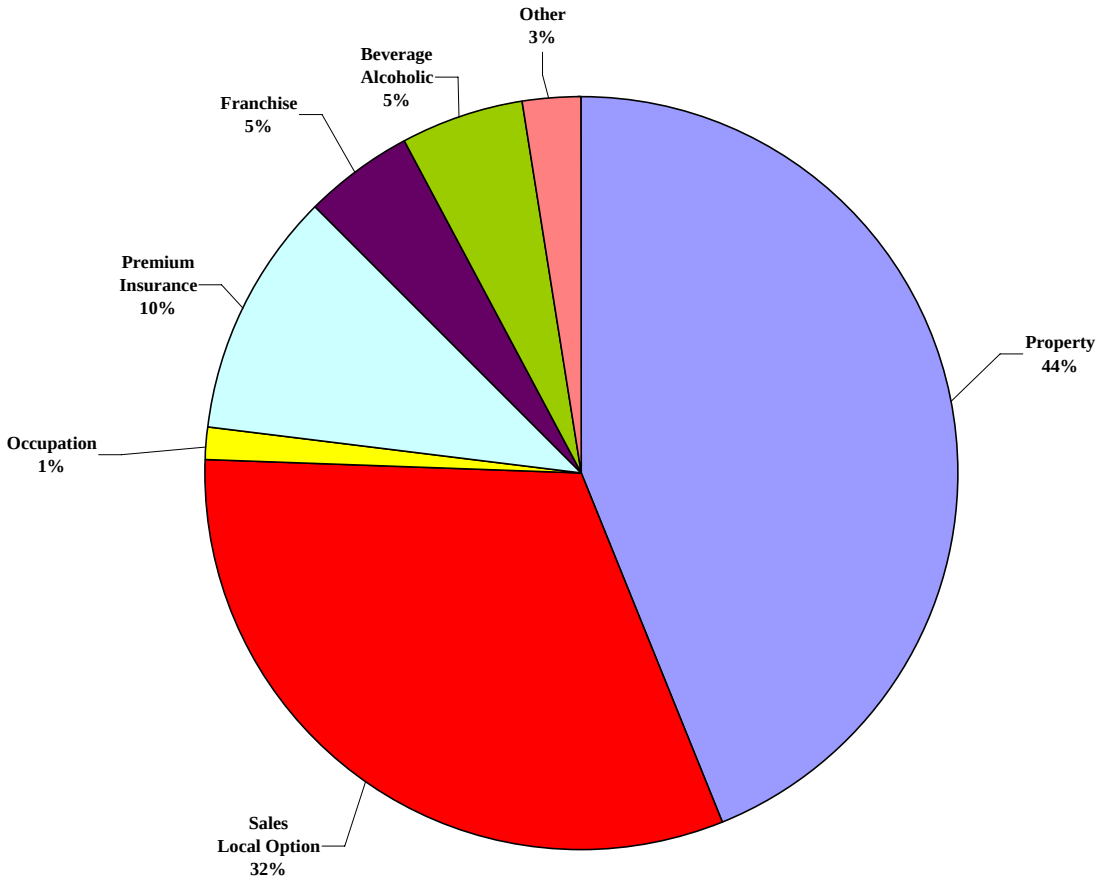
Table 17

CITY OF MONROE, GEORGIA
General Governmental Revenues by Source
December 31, 2004



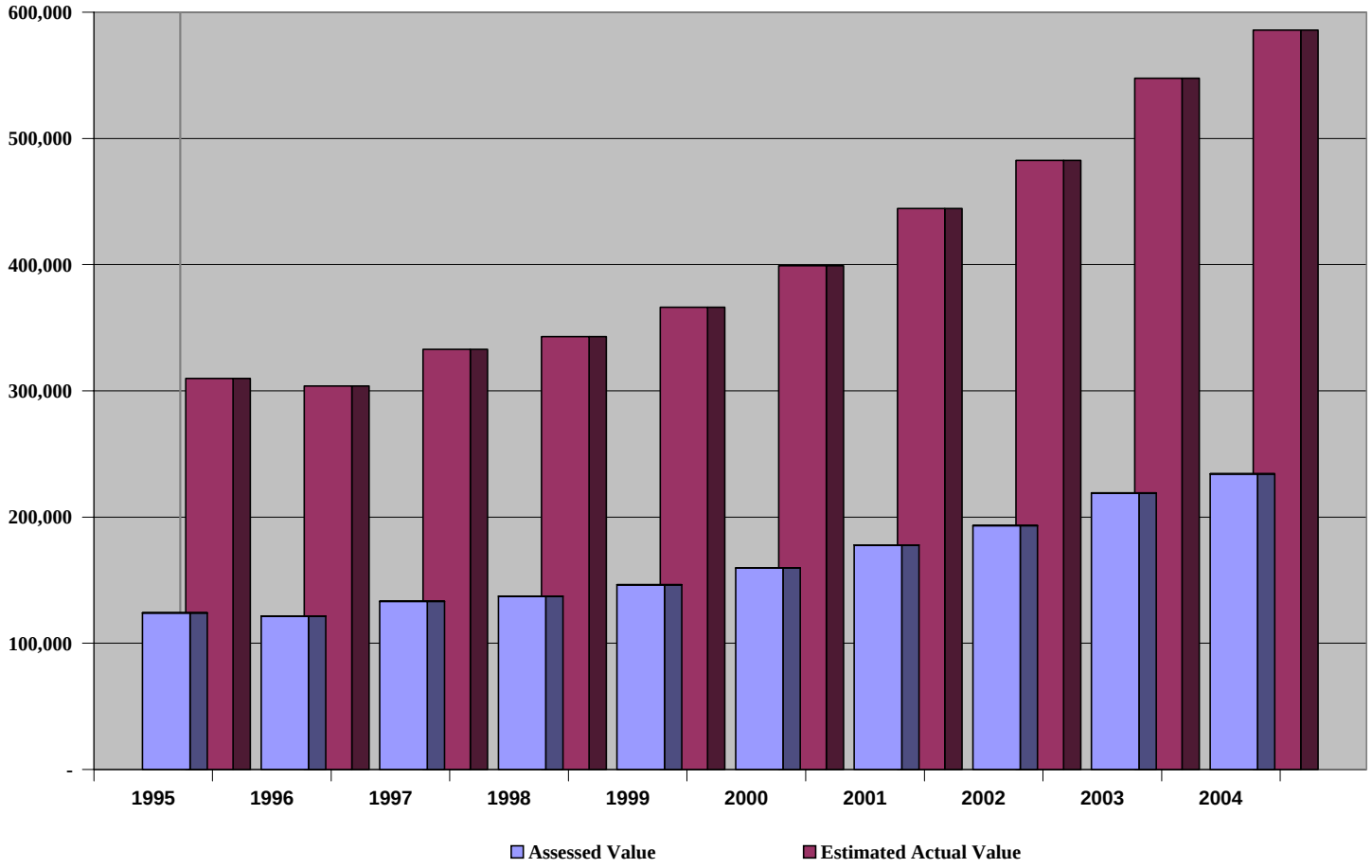
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CITY OF MONROE, GEORGIA
General Governmental Tax Revenues by Source
December 31, 2004



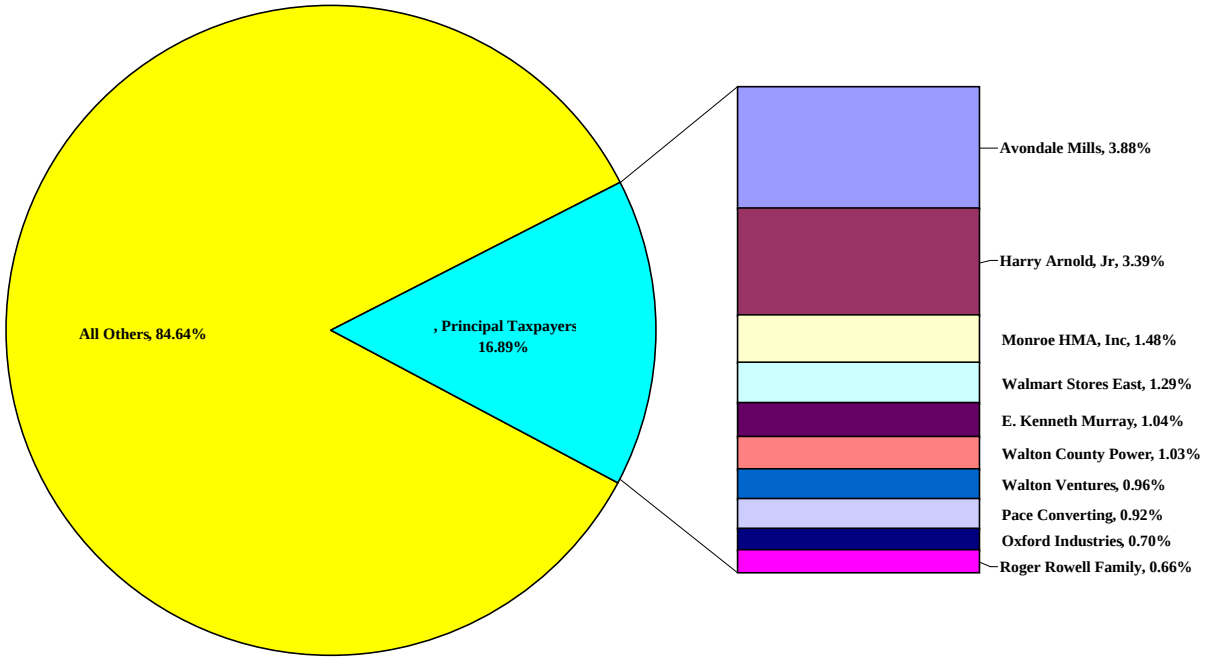
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CITY OF MONROE, GEORGIA
Assessed and Estimated Actual Value of Property
December 31, 2004



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CITY OF MONROE, GEORGIA
Principal Taxpayers
December 31, 2004



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Compliance Section

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

Phone: (706)342-1040
Fax: (706)342-1041

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council of the
City of Monroe, Georgia

We have audited the financial statements of the City of Monroe, Georgia as of and for the year ended December 31, 2004, and have issued our report thereon dated April 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and with the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Monroe, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We also noted certain immaterial instances of noncompliance that we have reported to management of City of Monroe, Georgia, in a separate letter dated April 20, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Monroe, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Monroe, Georgia's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we found none to be material weaknesses. We also noted other matters involving the internal control over financial reporting and its operation that we have reported to management of the City of Monroe, Georgia, in a separate letter dated April 20, 2005.

This report is intended solely for the information and use of the finance committee, mayor, council, management, federal awarding agencies and pass-through entities, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

April 20, 2005

Treadwell, Tamplin & Co.

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

Phone: (706)342-1040
Fax: (706)342-1041

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCLUAR A-133

To the Mayor and City Council of the
City of Monroe, Georgia

We have audited the compliance of City of Monroe, Georgia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. City of Monroe, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Monroe, Georgia's management. Our responsibility is to express an opinion on City of Monroe, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Monroe, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Monroe, Georgia's compliance with those requirements.

In our opinion, City of Monroe, Georgia, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of City of Monroe, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Monroe, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level that noncompliance with applicable requirements of laws, regulations contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the finance committee, mayor, council, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

April 20, 2005

Treadwell, Tamplin & Co.

CITY OF MONROE, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2004

Federal Grantor/ Pass through grants	CFDA Number	Grantor Number	Award	Receipts	Current Expenditures	Expenditures To Date
Department of Transportation						
Passed through Georgia Dept. Transportation	20.106	AP050-9600-17(297)	$ 179,553	$ 179,553	$ 179,553	$ 179,553
	20.106	AP050-9600-17(297)	92,121	-	92,121	92,121
	20.106	AP050-9671-18(297)	345,116	-	59,451	59,451
	20.106	AP040-9600-14	106,277	106,277	-	106,277
			723,067	285,830	331,125	437,402
Department of Justice						
Local Law Enforcement Block Grant Program	16.592	2001-LB-BX-0068	35,865	-	12,524	35,865
	16.592	2002-LB-BX-1805	32,837	-	1,432	32,837
	16.592	2003-LB-BX-0731	27,590	-	7,115	26,771
			96,292	-	21,071	95,473
COPS in School Award	16.710	2000-SH-WX-0665	221,754	53,476	53,476	221,754
Bureau of Justice Assistance-Bullet Proof Vest Program	16.607	112147003	13,442	250	750	13,938
Department of Homeland Security						
Federal Emergeny Management Agency	83.554	EMW-2003-FG-04195	63,000	62,979	62,979	62,979
Department of Housing and Urban Development						
Passed through Georgia Dept. of Community Affairs	14.219	02p-x-147-2-2637	500,000	138,839	138,839	138,839
Passed through Georgia Dept. of Community Affairs	14.219	04p-x-147-2-2923	500,000	2,120	2,120	2,120
			1,000,000	140,959	140,959	140,959
			$2,117,555	$ 543,494	$ 610,360	$ 972,505

CITY OF MONROE, GEORGIA
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2004

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Monroe, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF MONROE, GEORGIA
Summary Schedule of Prior Year Findings and Corrective Action Plan
December 31, 2004

There were no single audit findings in the prior year.

CITY OF MONROE, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2004

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unqualified*			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	x	no
Reportable condition(s) identified not considered to be material weaknesses?	x	yes		no
Noncompliance material to financial statements noted?		yes	x	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?		yes	x	no
Reportable condition(s) identified not considered to be material weaknesses?		yes	x	none reported
Type of auditor's report issued on compliance for major programs:	*Unqualified*			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?		yes	x	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000			
Auditee qualified as low-risk auditee?	x	yes		no

CITY OF MONROE, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2004

Section II—Financial Statement Findings

Water, Light and Gas Commission

Reportable Conditions

04-1 *Statement of*

Condition:	Some payroll deductions were not properly setup in the computer system as taxable or non-taxable, therefore not calculating payroll deduction amounts correctly.
Criteria:	There should be adequate understanding of payroll legal and computer requirements, and a subsequent review performed for any newly established options.
Effect of Condition:	Overtaxing or undertaxing of certain deductions to employees.
Cause of Condition:	Incorrectly setup in computer, probably due to lack of knowledge of payroll requirements.
Recommendation:	Subsequent review of new deduction items by someone other than payroll clerk and further training on payroll issues and computer system capabilities.
Response:	Deduction items will be verified and reviewed by additional personnel, and additional training opportunities will be investigated.

Section III—Federal Award Findings and Questioned Costs

None noted.

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GEORGIA GREENSPACE ANNUAL CERTIFICATION FORM

	Current Year (FY 2004)		Previous Year/s	
Local Government: City of Monroe, Georgia	Greenspace goal under current plan Total acres:	6.301	Greenspace goal under previous plan Total acres:	
Permanently Protected Greenspace acres, acquired through Trust Funds, and through other means.	Trust Funds: (total acres from this reporting year) Other Means:	6.301	Trust Funds: (total acres from this reporting year) Other Means:	
Greenspace Grant Award Date, amount, interest earned, total expenditures, and Balance.	Date of Award: Balance Forward: Interest: Minus Expenditures: Total Balance:	 93,676.26 442.00 94,118.26 -	Date of Award: Balance Forward: Interest: Minus Expenditu Total Balance:	 93,063.26 613.00 - 93,676.26
Greenspace Funds Expended Date, parcel name, acreage, amount, legal interest greenspace purpose served.	1. Date: Parcel: Acres: Amount: Interest: Purpose: 2. Date: Parcel: Acres: Amount: Interest: Purpose: 3. Date: Parcel: Acres: Amount: Interest: Purpose:	8/4/2004 LL 131 & 140 4 48,156.62 Greenspace 6/15/2004 LL 66 & 67 2.301 45,157.50 Greenspace	1. Date: Parcel: Acres: Amount: Interest: Purpose: 2. Date: Parcel: Acres: Amount: Interest: Purpose: 3. Date: Parcel: Acres: Amount: Interest: Purpose: Attach additional sheets as necessary	

Certification of Local Government Officials

I have reviewed the information present above and certify that it is accurate and correct. I further certify that the grant award idendified above, and all interst earned thereon, were expended solely to defray the costs of acquisition of greenspace as defined in O.C.G. A. § 36-22-1 et seq, or the costs of conservation, scenic, or other easements which which contribute to the goals set out for greenspace in O.C.G.A. § 36-22-2. Lands, or interest in lands, designated as permanently protected greenspace, continue to serve one or more of the statutorily identified goals for greenspace in O.C.G.A. § 36-22-2, and have not been converted to any other public or private use. Attached is a copy of the most recent annual audit of out capital accounts, which reflects all assets acqauired using state greenspace funds. I understand the failure to comply with the provisions of the law applicable to this grant aware may result in a forfeiture of such grant and the return to the state of any such grant funds received.

Signature of Chief Elected Official Harry Knight Date: 5/24/05

Signature of Chief Financial Officer Bruce Whetstone Date: 5/26/05