City of Monroe Georgia

Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2005

CITY OF MONROE, GEORGIA

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2005

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

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Introductory Section

City of Monroe

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

Greg Thompson, Mayor
L. Wayne Adcock, Vice Mayor

June 1, 2006

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, 2005.

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, 2005, 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, 2005, 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 • Denise H. Dixon • Nathan Little
Cliff Peters • Jimmy Richardson • Rita A. Scott • Jerry Smith

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 2006 at a final cost of $3.3 million. The City has also renovated, at a cost of $1.3 million, an historic school building used as a community center, and finally will renovate the historic City Hall scheduled to begin in FY 2006 at a cost of approximately $1 million.

The City of Monroe has just completed two Community Development Block Grant (CDBG) projects that totaled over $1,000,000. These projects consisted of street and drainage improvements in low to moderate income areas..

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. Both projects are under construction with expected FY 2006 completion dates.

In addition, application has been made for FY 2006 CDBG funds to continue our drainage improvements completed in prior projects improving quality of life for it's residents and eliminating safety hazards created by poor or absent street, sidewalk and drainage infrastructure.

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. This area will also house the new facility housing the City's Boys and Girls Club that will include a gym and teen center.

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 MEAG Municipal Competitive Trust a fund established to ensure a competitive position for participating utilities. 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 31,2005 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. 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. Effective November 1, 2004 the Mayor and Council increased employee benefits, 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 were 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, 2004. This was the third year that the government has received this prestigious award. In

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, cable, internet 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 has extended and widened the runway. We also relocated Poplar Street allowing for future runway extensions. This project included new lighting and the construction of a parallel taxiway. The project was completed at a cost of over $3 million.

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 ranked 40th among the 100 fastest growing counties in the U.S. from July 1, 2004 to July 1, 2005. In anticipation of this growth, Monroe annexed land that will be used for housing and commercial development as well as a new hospital facility.

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.

In addition, the City received for the first time the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended December 31, 2004. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

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, 2004

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.



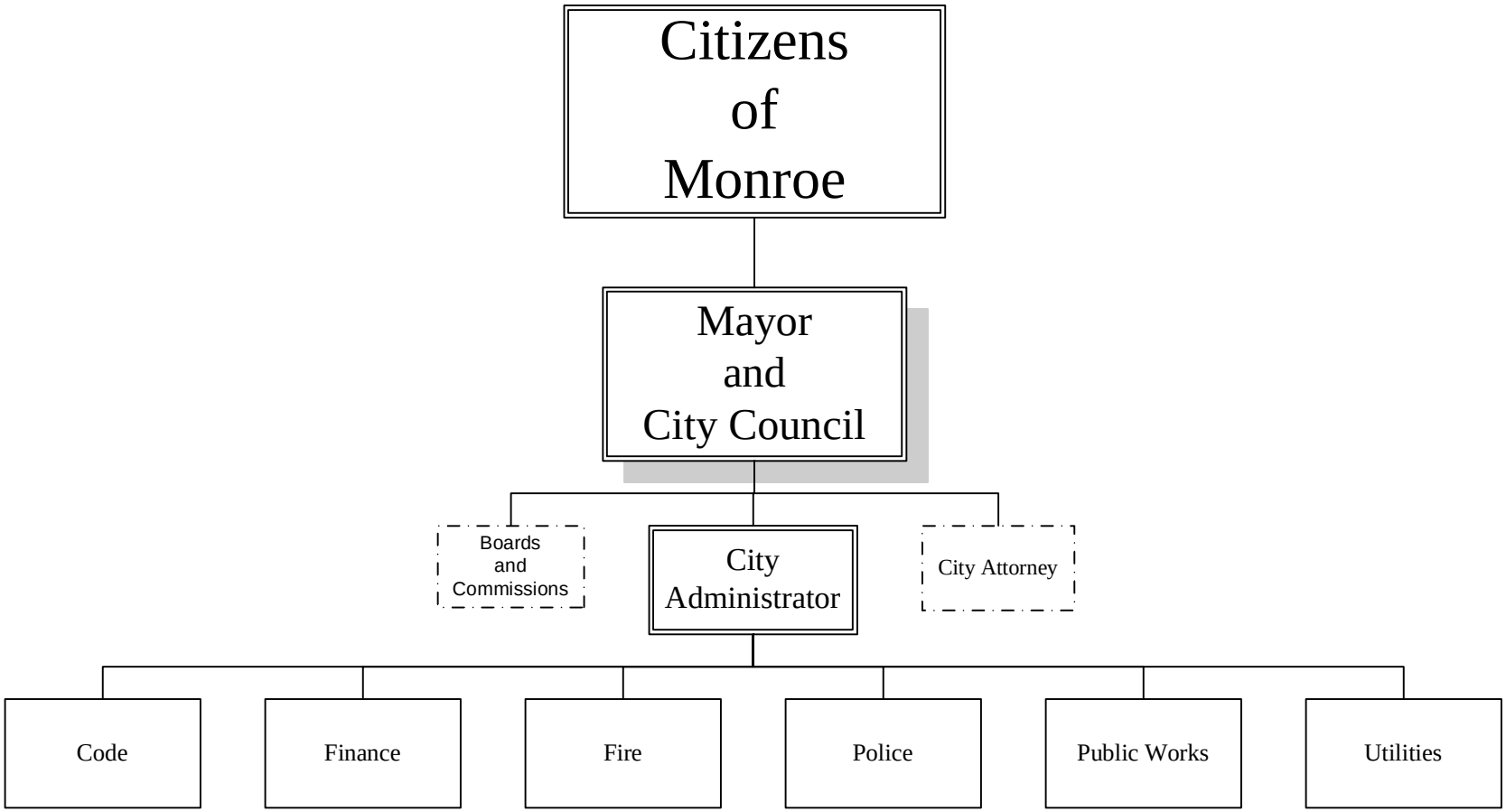
Carla E Sledge

President

Jeffrey L. Esser

Executive Director

City of Monroe, Geogia
Organizational Chart



City of Monroe, Georgia
List of Elected and Appointed Officials
December 31, 2005

Elected Officials

Mayor	Harry W. Knight
Vice Mayor	L. Wayne Adcock
Council Member	Wallace M. Beall, Jr.
Council Member	Denise H. Dixon
Council Member	C. Nathan Little
Council Member	Clifford K. Peters
Council Member	W. C. McConnell
Council Member	Rita A. Scott
Council Member	Jerry L. Smith

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
Interim Director of Utilities	Julian L. Jackson

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, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Georgia as of and for the year ended December 31, 2005, 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 of Monroe, Georgia'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 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Monroe, Georgia as of December 31, 2005, 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 May 25, 2006 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 grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Retirement Plan – Schedule of Funding Progress on pages I-VIII and 37 are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. 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 basic 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.

May 25, 2006

Treadwell, Tamplin & Co.

CITY OF MONROE, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 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, 2005. 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 2005 are as follows:

- The City of Monroe's combined net assets totaled $61,530,121 . Of this amount, unrestricted net assets of 11,506,494 may be used to meet the City's ongoing obligations to citizens and creditors.

- Total net assets increased by $6,568,309 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 $3,605,067, an increase of $386,354 in comparison with the prior year. Of this amount, approximately ninety-eight percent of these funds are available for spending at the government's discretion (unreserved fund balance).

- The General Fund reported an unreserved fund balance of $2,317,376 or approximately 34 percent of the total General Fund expenditures.

- At the close of the fiscal year the City of Monroe's Utilities Fund, our major business-type activity, exceeded its liabilities by $50,067,661. Included in these net assets is $4,260,251 of unrestricted net assets available to meet the Utilities' 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 utilities and solid waste.

The government-wide financial statements can be found on pages 1-3 of 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 seven 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 and Capital Projects Fund, both of which are considered to be major funds. Data from the other five 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 41-51 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 and can be found on pages 8-9 of this report. Budget comparison for Special Revenue and Debt Service Funds can be found on pages 39-51 of this report.

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 10-15.

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 19-36 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 37 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 $61,530,121 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (81%) 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 2005 and 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Assets:						
Current and other assets	$ 4,428,113	$ 4,681,930	$ 5,139,512	$ 5,061,486	$ 9,567,625	$ 9,743,416
Restricted assets-non current	155,695	15,288	3,820,842	5,515,120	3,976,537	5,530,408
Capital assets-net	13,888,629	11,023,337	77,517,899	73,086,398	91,406,528	84,109,735
Total assets	**18,472,437**	**15,720,555**	**86,478,253**	**83,663,004**	**104,950,690**	**99,383,559**
Liabilities:						
Long-term liabilities outstanding	7,257,156	7,356,449	31,148,931	32,624,787	38,406,087	39,981,236
Other liabilities	536,379	474,880	4,478,106	3,965,631	5,014,485	4,440,511
Total liabilities	**7,793,535**	**7,831,329**	**35,627,037**	**36,590,418**	**43,420,572**	**44,421,747**
Net Assets:						
Invested in capital assets, net of related debt	3,271,486	2,685,278	46,638,687	40,778,483	49,910,173	43,463,761
Restricted	113,454	2,697,316	-	-	113,454	2,697,316
Unrestricted	7,293,962	2,506,632	4,212,532	6,294,103	11,506,494	8,800,735
Total net assets	**$ 10,678,902**	**$ 7,889,226**	**$ 50,851,219**	**$ 47,072,586**	**$ 61,530,121**	**$ 54,961,812**

An additional portion of the City's net assets (.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($11,506,494) 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 2005 and 2004

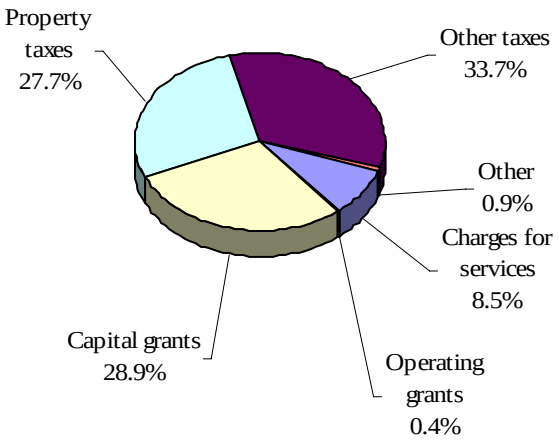
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Revenues						
Program revenues:						
Charges for services	$ 779,982	$ 759,147	$ 36,521,679	$ 32,653,536	$ 37,301,661	$ 33,412,683
Operating grants	36,796	12,905	-	-	36,796	12,905
Capital grants	2,659,186	1,811,372	1,590,226	324,745	4,249,412	2,136,117
General revenues:						
Property taxes	2,542,580	2,351,239	-	-	2,542,580	2,351,239
Other taxes	3,094,692	2,827,705	-	-	3,094,692	2,827,705
Other	81,213	44,029	122,829	75,032	204,042	119,061
Total revenues	**9,194,449**	**7,806,397**	**38,234,734**	**33,053,313**	**47,429,183**	**40,859,710**
Program expenses						
General government	1,268,756	996,623	-	-	1,268,756	996,623
Judicial	66,903	59,771	-	-	66,903	59,771
Public Safety	4,089,578	4,226,825	-	-	4,089,578	4,226,825
Public Works	1,432,099	2,375,572	-	-	1,432,099	2,375,572
Health and welfare	11,918	47,688	-	-	11,918	47,688
Culture and recreation	322,390	358,311	-	-	322,390	358,311
Housing and development	239,393	185,843	-	-	239,393	185,843
Interest and fiscal charges	365,053	370,794	-	-	365,053	370,794
Utilities	-	-	30,061,743	26,800,621	30,061,743	26,800,621
Solid Waste	-	-	2,863,895	2,768,145	2,863,895	2,768,145
Total expenses	**7,796,090**	**8,621,427**	**32,925,638**	**29,568,766**	**40,721,728**	**38,190,193**
Increase (decrease) in net assets before transfers	**1,398,359**	**(815,030)**	**5,309,096**	**3,484,547**	**6,707,455**	**2,669,517**
Transfers	1,391,317	1,860,198	(1,530,464)	(1,860,947)	(139,147)	(749)
Increase (decrease) in net assets	**2,789,676**	**1,045,168**	**3,778,632**	**1,623,600**	**6,568,308**	**2,668,768**
Net assets - beginning	**7,889,226**	**6,859,058**	**47,072,586**	**45,448,986**	**54,961,812**	**52,308,044**
Prior period adjustment	-	(15,000)	-	-	-	(15,000)
Net assets - ending	**$ 10,678,902**	**$ 7,889,226**	**$ 50,851,218**	**$ 47,072,586**	**$ 61,530,120**	**$ 54,961,812**

Governmental activities. Governmental activities increased the City of Monroe's net assets by $2,789,676 accounting for 42% of the total growth in the net assets of the City.

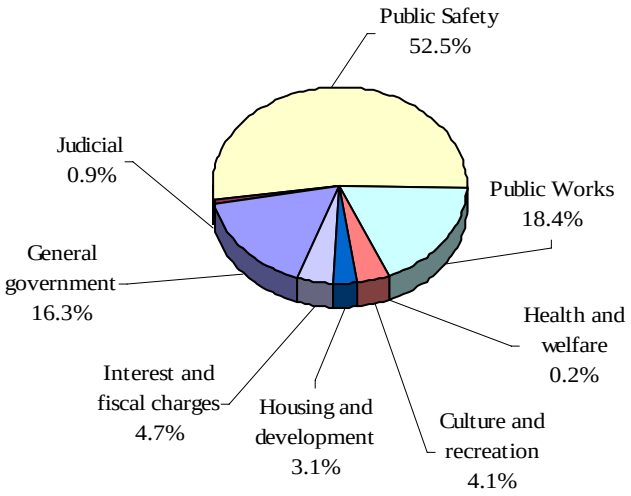
Property tax revenues ($2,542,580) collected made up approximately 28% of the City's total governmental revenue. Operating and capital grants ($2,695,982) for governmental activities were approximately 29% of all revenues collected. Public safety accounted for approximately 52% ($4,089,578) of all expense in governmental activities.

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

Governmental Revenues FY 2005



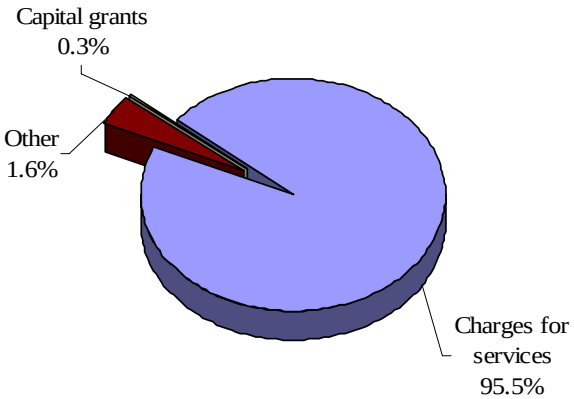
Governmental Expenses FY 2005



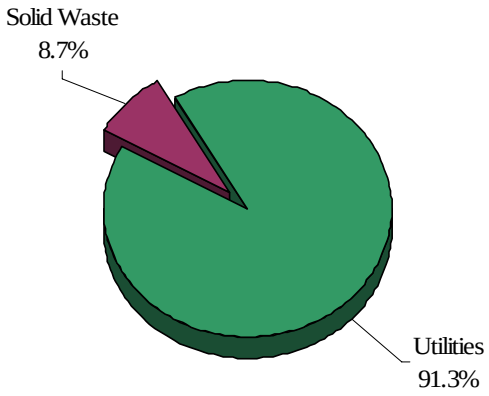
Business-type Activities. Business-type activities increased the City of Monroe's net assets by $3,778,632 accounting for 58% of the total growth in the government's net assets. The Utilities Fund, largest of the City's two business-type activities, accounted for 91% of the expenses and approximately 93% of the revenues among business-type activities.

Retail price increases for water, sewer and basic cable TV services, along with higher electric sales volumes during 2005 was more than offset by expense increases. Depreciation increased approximately $.1 million in 2005 over 2004 reflecting a full year of depreciation for major assets placed into service during 2004 as well as depreciation on new assets placed into service during 2005. 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 self-insured employee health insurance plan.

Business-type Activities Revenues FY 2005



Business-type Activities Expenses FY 2005



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 $3,605,067. Of this amount $3,530,796 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($74,271) 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 $2,317,376. 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 34 percent of total General Fund expenditures.

Fund balance of the City of Monroe's General Fund increased by $346,385 during the current fiscal year. The key factor resulting in this growth is as follows:

- Continued growth in local economy resulting in 5% increase in tax revenues over 2004.
- Efforts by Department Heads to stay within their budget constraints.

Total fund balance for nonmajor special revenue funds at year end was $30,792. This total, all of which is unreserved but restricted for this fund's use, had a net decrease of $22,071.

The debt service fund has a total fund balance of $(89,261) (all unreserved but restricted for debt service). The net decrease in fund balance during the current year in the debt service fund was $95,618.

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 Utilities Fund at the end of the year amounted to $4,260,251, and those for the Solid Waste Fund amounted to $22,016. The total growth in net assets for both funds was $3,778,633. 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:

- $ 55,000 increase allocated for elected officials retirement plan in General Government
- $ 35,000 increase allocated to the General Government for general liability insurance funding
- $ 55,000 in increases allocated to Fire for employee benefit costs
- $126,000 in increases allocated to Police for building maintenance

Of this increase, $211,000 was funded out of increases from tax revenue and $60,000 in grant revenue.

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, 2005, amounts to $91,406,528 (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:

- Over $2 million spent on airport improvements using grant monies with additional funds to be received in 2006.
- Addition of $611 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 almost 2.4 million includes a variety of public works projects, including airport expansion project and CDBG drainage projects.

Business-type activities:

- $3.2 million in wastewater collection line improvements and extensions.
- $1.5 million in contributed assets by subdivision developers.
- $1 million in utility service extensions in order to provide new service for property developments.

CITY OF MONROE, GEORGIA
Capital Assets
(net of depreciation)
Fiscal Years 2005 and 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
Land	$ 2,700,424	$ 2,700,424	$ 2,054,213	$ 2,054,213	$ 4,754,637	$ 4,754,637
Infrastructure	1,750,866	1,139,509	33,648,152	28,046,244	35,399,018	29,185,753
Buildings and Improvements	4,154,802	4,130,270	29,733,526	29,320,131	33,888,328	33,450,401
Equipment, furniture & vehicles	1,748,709	1,923,390	11,821,250	12,610,971	13,569,959	14,534,361
Construction in progress	3,533,828	1,129,744	260,758	1,054,839	3,794,586	2,184,583
Total	**$ 13,888,629**	**$ 11,023,337**	**$ 77,517,899**	**$ 73,086,398**	**$ 91,406,528**	**$ 84,109,735**

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 $37,665,000. Of this amount, $6,990,000 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 2005 and 2004

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
General obligation bonds	$ 6,990,000	$ 7,115,000	$ -	$ -	$ 6,990,000	$ 7,115,000
Revenue bonds	-	-	30,675,000	32,050,000	30,675,000	32,050,000
Total	**$ 6,990,000**	**$ 7,115,000**	**$ 30,675,000**	**$ 32,050,000**	**$ 37,665,000**	**$ 39,165,000**

The City of Monroe maintains 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 $27 million, which is in excess of the total bonded general obligation debt outstanding of $6.99 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 2006:

- Growth in the local property tax base remains strong as indicated by the increase in total assessed property values by over 15%. The total value of all real and personal property for 2005 rose to over $275 million.
- Increased Defined Benefit Pension Benefits resulting in an increase in annual funding requirements.
- Increased funding to Self-insured Employee Health Insurance Plan.
- Department Heads were encouraged to keep expenditure increases to a minimum and use grant funds for major projects where available.
- Due to the announced closings of two major employers with one being a principal taxpayer after the 2005 budget was adopted, revisions may need to be made but with strong sales tax returns during the first part of 2006 this may not be necessary.

Anticipated revenues in the General Fund budget are $7.8 million, up $520 thousand from the 2005 budget, the majority of which is due to expected increase in Tax Revenues. No decrease in fund balance of General Fund is expected for fiscal year 2006.

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, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash	$ 3,000,342	$ 151,315	$ 3,151,657	$ 15,380
Accounts receivable, net	35,611	3,985,594	4,021,205	-
Taxes receivable, net	354,428	-	354,428	-
Interest receivable	-	31,276	31,276	-
Internal balances	550,128	(550,128)	-	-
Due from other governments	573,333	-	573,333	-
Inventories and prepaid items	54,271	844,063	898,334	-
Deferred charges	-	677,392	677,392	-
Restricted assets	15,695	3,820,842	3,836,537	-
Capital assets				
Land	2,700,424	2,054,213	4,754,637	-
Construction in progress	3,533,828	260,758	3,794,586	-
Infrastructure, net	1,750,866	50,976,478	52,727,344	-
Building and improvements, net	4,154,802	14,857,980	19,012,782	-
Equipment, furniture and vehicles, net	1,748,709	9,368,470	11,117,179	-
Total capital assets	13,888,629	77,517,899	91,406,528	-
Total assets	18,472,437	86,478,253	104,950,690	15,380
LIABILITIES				
Accounts payable	294,648	2,418,649	2,713,297	-
Due to other governments	50,785	-	50,785	-
Salaries and benefits payable	101,012	258,119	359,131	-
Unearned revenue	-	1,409,946	1,409,946	-
Accrued liabilities	89,934	391,389	481,323	-
Long-term liabilities				
Portion due or payable within one year:				
Bonds and notes payable	200,000	1,483,506	1,683,506	-
Portion due or payable after one year:				
Bonds and notes payable, net unamort disc	6,790,000	29,665,425	36,455,425	-
Compensated absences	267,156	-	267,156	-
Total liabilities	7,793,535	35,627,034	43,420,569	-
NET ASSETS				
Invested in capital assets, net of related debt	3,271,486	46,638,687	49,910,173	-
Restricted for:				
Capital projects	107,097	-	107,097	-
Debt service	6,357	-	6,357	-
Unrestricted	7,293,962	4,212,532	11,506,494	15,380
Total net assets	$10,678,902	$ 50,851,219	$ 61,530,121	$ 15,380

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

CITY OF MONROE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2005

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	Component Unit
Governmental:								
General government	$1,268,756	$ 87,012	$ -	$ -	$ (1,181,744)	$ -	$ (1,181,744)	$ -
Judicial	66,903	-	-	-	(66,903)	-	(66,903)	-
Public safety	4,089,578	413,337	36,796	3,972	(3,635,473)	-	(3,635,473)	-
Public works	1,432,099	800	-	1,023,273	(408,026)	-	(408,026)	-
Health and welfare	11,918	16,800	-	1,630,179	1,635,061	-	1,635,061	-
Culture and recreation	322,390	-	-	-	(322,390)	-	(322,390)	-
Housing and development	239,393	262,033	-	1,762	24,402	-	24,402	-
Interest and fiscal charges	365,053	-	-	-	(365,053)	-	(365,053)	-
Total governmental activities	7,796,090	779,982	36,796	2,659,186	(4,320,126)	-	(4,320,126)	-
Business-type:								
Utilities	30,061,743	33,730,259	-	1,590,226		5,258,742	5,258,742	-
Solid Waste	2,863,895	2,791,420	-	-		(72,475)	(72,475)	-
Total business-type activities	32,925,638	36,521,679	-	1,590,226		5,186,267	5,186,267	-
Component units:								
Downtown Development Authority	36,629	-	900	-				(35,729)
Total component units	36,629	-	900	-				(35,729)

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

CITY OF MONROE, GEORGIA
Statement of Activities
For the Year Ended December 31, 2005

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	Component Unit
General revenues:								
Taxes								
Property taxes, levied for general purposes					2,542,580	-	2,542,580	-
Sales tax					1,780,995	-	1,780,995	-
Franchise fees					255,742	-	255,742	-
Other taxes					1,057,955	-	1,057,955	-
Intergovernmental revenues					-	-	-	50,000
Investment earnings					71,213	132,093	203,306	1,109
Miscellaneous					10,000	-	10,000	-
Gain on the sale of capital assets					-	(9,264)	(9,264)	-
Transfers					1,391,317	(1,530,464)	(139,147)	-
Total general revenues and transfers					7,109,802	(1,407,635)	5,702,167	51,109
Change in net assets					2,789,676	3,778,632	6,568,308	15,380
Net assets - beginning					7,889,226	47,072,586	54,961,812	-
Net assets - ending					$ 10,678,902	$ 50,851,218	$ 61,530,120	$ 15,380

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

CITY OF MONROE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2005

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 1,387,326	$ 259,094	$ 1,082,956	$ 2,729,376
Accounts receivable, net	31,900	-	-	31,900
Taxes receivable, net	354,427	-	-	354,427
Internal balances	702,610	-	600,000	1,302,610
Due from other governments	319,166	254,167	-	573,333
Due from others	-	-	3,711	3,711
Prepaid items	54,271	-	-	54,271
Restricted	15,695		-	15,695
Total assets	$ 2,865,395	$ 513,261	$ 1,686,667	$ 5,065,323
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 42,178	$ 6,828	$ 14,825	$ 63,831
Due to other funds	-	600,000	222,217	822,217
Due to others	18,081	-	32,704	50,785
Accrued liabilities	101,012	-	89,934	190,946
Deferred revenue	332,477	-	-	332,477
Total liabilities	493,748	606,828	359,680	1,460,256
Fund balances:				
Reserved for:				
Capital outlay item	-	20,000	-	20,000
Prepaid items	54,271	-	-	54,271
Unreserved	2,317,376	(113,567)	-	2,203,809
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	30,792	30,792
Debt service funds	-	-	(89,261)	(89,261)
Capital project funds	-	-	1,385,456	1,385,456
Total fund balances	2,371,647	(93,567)	1,326,987	3,605,067
Total liabilities and fund balances	$ 2,865,395	$ 513,261	$ 1,686,667	$ 5,065,323

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, 2005

Total *fund* balances for governmental funds (Exhibit C)		$ 3,605,067
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	3,533,828	
Infrastructure, net of $132,489 of accumulated depreciation	1,750,866	
Buildings and improvements, net of $1,535,749 of accumulated depreciation	4,154,802	
Equipment and vehicles, net of $1,892,587 of accumulated depreciation	1,748,709	
Total capital assets		13,888,629
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.		332,477
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.		109,883
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, 2005 are:		
Bonds and notes payable	(6,990,000)	
Capital leases	-	
Compensated absences	(267,154)	
Total long-term liabilities		(7,257,154)
Total net assets of governmental activities		$ 10,678,902

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, 2005

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 5,296,702	$ -	$ 34,844	$ 5,331,546
Licenses and permits	208,714	-	-	208,714
Intergovernmental revenue	123,263	1,966,964	-	2,090,227
Charges for services	112,623	-	-	112,623
Fines and forfeitures	371,208	-	49,206	420,414
Investment income	19,383	5,812	37,652	62,847
Contributions and donations	5,475	-	-	5,475
Miscellaneous	184,058	-	13,069	197,127
Total revenues	6,321,426	1,972,776	134,771	8,428,973
EXPENDITURES				
Current:				
General government	988,142	-	-	988,142
Judicial	77,198	-	-	77,198
Public safety	4,045,989	-	222,603	4,268,592
Public works	1,307,365	-	-	1,307,365
Health & welfare	6,880		-	6,880
Culture and recreation	280,813	-	-	280,813
Housing and development	185,201	-	61,358	246,559
Debt service:				
Principal payments	-	-	125,000	125,000
Interest and fiscal charges	-	-	365,053	365,053
Capital outlay	-	2,534,156	59,175	2,593,331
Total expenditures	6,891,588	2,534,156	833,189	10,258,933
Excess (deficiency) of revenues over (under) expenditures	(570,162)	(561,380)	(698,418)	(1,829,960)
OTHER FINANCING SOURCES (USES)				
Proceeds of capital asset dispositions	17,334	-	-	17,334
Transfers in	1,712,608	360,716	392,712	2,466,036
Transfers (out)	(813,395)	-	(226,369)	(1,039,764)
Total other financing sources and uses	916,547	360,716	166,343	1,443,606
Net change in fund balance	346,385	(200,664)	(532,075)	(386,354)
Fund balance - beginning	2,025,262	107,097	1,859,062	3,991,421
Fund balance - ending	$ 2,371,647	$ (93,567)	$1,326,987	$ 3,605,067

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, 2005

Net change in *fund* balances - total governmental funds		$ (386,354)
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 ($537,670) exceeded capital outlays ($2,740,264) in the current period.		2,202,594
In governmental funds, capital assets are not recorded in the fund. Thus, a disposal of an asset has no 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.		(23,790)
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	$125,000	
		125,000
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.		686,513
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.		(8,892)
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.		220,310
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	(25,705)	
		(25,705)
Change in net assets of governmental activities		$ 2,789,676

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, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$5,092,500	$ 5,303,500	$ 5,296,702	$ (6,798)
Licenses and permits	183,500	183,500	208,714	25,214
Intergovernmental revenue	73,522	133,522	123,263	(10,259)
Charges for services	97,400	97,400	112,623	15,223
Fines and forfeitures	380,000	380,000	371,208	(8,792)
Investment income	10,000	10,000	19,383	9,383
Contributions and donations	-	-	5,475	5,475
Miscellaneous	9,000	9,000	184,058	175,058
Total revenues	5,845,922	6,116,922	6,321,426	204,504
EXPENDITURES				
Current:				
General government:				
General administration	155,004	210,004	170,693	39,311
Executive	293,120	328,120	372,941	(44,821)
Board of elections/registrations	6,000	6,000	10,683	(4,683)
Financial administration	368,340	368,340	346,965	21,375
Law	60,000	60,000	56,080	3,920
Internal audit	30,000	30,000	30,780	(780)
General administration fees	4,600	4,600	-	4,600
Judicial				
Municipal court	93,657	93,657	77,198	16,459
Public safety				
Police	2,703,590	2,829,590	2,827,169	2,421
Fire prevention	1,168,609	1,223,609	1,218,820	4,789
Public works				
Highways and streets administration	1,373,601	1,373,601	1,307,365	66,236
Health and welfare				
Community center	16,500	16,500	6,880	9,620
Culture and recreation				
Special facilities	210,528	210,528	190,996	19,532
Senior center	5,100	5,100	5,038	62
Library	101,917	101,917	84,779	17,138
Housing and development				
Protective inspection administration	215,707	215,707	181,971	33,736
Planning and zoning	3,000	3,000	3,230	(230)
Total expenditures	6,809,273	7,080,273	6,891,588	188,685
Excess (deficiency) of revenues over expenditures	($963,351)	($963,351)	($570,162)	$393,189

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, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES)				
Proceeds of general fixed asset dispositions	$ -	$ -	$ 17,334	$ 17,334
Transfers in	1,528,276		1,712,608	1,712,608
Transfers (out)	(564,925)	(564,925)	(813,395)	(248,470)
Total other financing sources and uses	963,351	(564,925)	916,547	1,481,472
Net change in fund balances	$ -	$ (1,528,276)	346,385	$ 1,874,661
Fund balance - beginning			2,025,262	
Fund balance - ending			$ 2,371,647	

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

CITY OF MONROE, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities			Governmental Activities
	Utilities	Solid Waste	Totals	Internal Service Funds
Assets				
Current Assets:				
Cash	$ 146,754	$ 4,561	$ 151,315	$ 270,966
Accounts receivable	3,793,583	192,011	3,985,594	-
Due from other funds	-	166,834	166,834	-
Interest receivable	31,276	-	31,276	-
Prepaid expenses	47,784	-	47,784	-
Inventories	796,279	-	796,279	-
	4,815,676	363,406	5,179,082	270,966
Restricted Assets:				
Cash:				
Benefit funds	75,530	-	75,530	-
Sewer tap fees	298,059	-	298,059	-
Capital improvement funds	1,651,882	-	1,651,882	-
Debt service funds	253,686	-	253,686	-
Investments:				
Bond & trust funds	416,531	-	416,531	-
Customer deposits	1,125,154	-	1,125,154	-
	3,820,842	-	3,820,842	-
Total Current Assets	8,636,518	363,406	8,999,924	270,966
Noncurrent Assets:				
Other Assets:				
Deferred charge bond issuance costs	677,392	-	677,392	-
Total Other Assets	677,392	-	677,392	-
Capital Assets:				
Land	2,054,213	-	2,054,213	-
Buildings	-	390,138	390,138	-
Machinery & equipment	-	1,298,441	1,298,441	-
Water system	36,908,548	-	36,908,548	-
Electric system	8,041,823	-	8,041,823	-
Sewerage system	27,726,231	-	27,726,231	-
Gas system	9,079,697	-	9,079,697	-
CATV system	7,725,577	-	7,725,577	-
Administration	7,489,611	-	7,489,611	-
Accumulated depreciation	(22,599,836)	(857,302)	(23,457,138)	-
Construction in progress	260,758	-	260,758	-
Capital Assets Net of Accumulated Depreciation	76,686,622	831,277	77,517,899	-
Total Noncurrent Assets	77,364,014	831,277	78,195,291	-
Total Assets	$ 86,000,532	$ 1,194,683	$ 87,195,215	$ 270,966

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

CITY OF MONROE, GEORGIA
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities			Governmental Activities
	Utilities	Solid Waste	Totals	Internal Service Funds
Liabilities				
Current Liabilities:				
Accounts payable	$ 2,418,649	$ -	$ 2,418,649	$ 230,817
Accrued expenses	539,066	-	539,066	-
Due to other funds	305,837	341,390	647,227	-
	3,263,552	341,390	3,604,942	230,817
Current Liabilities Payable From Restricted Assets:				
Customer deposits	1,409,946	-	1,409,946	-
Revenue bond payable	1,400,000	-	1,400,000	-
Notes payable	83,506	-	83,506	-
Accrued interest payable	110,442	-	110,442	-
	3,003,894	-	3,003,894	-
Total Current Liabilities	6,267,446	341,390	6,608,836	230,817
Noncurrent Liabilities:				
Revenue bonds payable	29,275,000	-	29,275,000	-
Unamortized discount	(123,448)	-	(123,448)	-
Notes payable	513,873	-	513,873	-
Total Noncurrent Liabilities	29,665,425	-	29,665,425	-
Total Liabilities	35,932,871	341,390	36,274,261	230,817
Net Assets				
Invested in capital assets, net of related debt	45,807,410	831,277	46,638,687	-
Unrestricted	4,260,251	22,016	4,282,267	40,149
Total Net Assets	$ 50,067,661	$ 853,293	50,920,954	$ 40,149
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(69,735)	
Net assets of business-type activities			$ 50,851,219	

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

CITY OF MONROE, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities			Governmental Activities
	Utilities	Solid Waste	Totals	Internal Service Funds
Operating revenues:				
Charges for sales and services:				
Metered sales	$ 27,665,746	$ -	$ 27,665,746	$ -
User charges	3,415,183	2,787,635	6,202,818	-
Retail sales and late charges	479,484	3,785	483,269	-
Tap fees	860,697	-	860,697	-
Rebates	645,645	-	645,645	-
Other operating revenues	663,504	-	663,504	2,261,049
Total operating revenues	33,730,259	2,791,420	36,521,679	2,261,049
Operating expenses:				
Costs of sales and services:				
Electric energy purchased	8,341,428	-	8,341,428	-
Natural gas purchased	6,447,838	-	6,447,838	-
Cable network fees	1,413,253	-	1,413,253	-
Landfill fees	-	1,620,165	1,620,165	-
Total Cost of sales and service	16,202,519	1,620,165	17,822,684	-
General operating expenses - See Schedule 4-5	9,517,073	1,155,219	10,672,292	2,441,662
Depreciation	2,850,376	88,511	2,938,887	-
Bond issuance & discount amortization	72,944	-	72,944	-
Total operating expenses	28,642,912	2,863,895	31,506,807	2,441,662
Operating income	5,087,347	(72,475)	5,014,872	(180,613)
Nonoperating revenues (expenses):				
Interest revenue	131,150	-	131,150	5,295
Investment income	-	943	943	-
Interest expense	(1,356,597)	-	(1,356,597)	-
Gain on sale of assets	(10,264)	1,000	(9,264)	-
Total nonoperating revenues (expenses)	(1,235,711)	1,943	(1,233,768)	5,295
Net income before transfers	3,851,636	(70,532)	3,781,104	(175,318)
Contributed capital	1,590,226	-	1,590,226	-
Transfers in	-	-	-	104,192
Transfers out	(1,530,464)	-	(1,530,464)	-
	59,762	-	59,762	104,192
Net income	3,911,398	(70,532)	3,840,866	(71,126)
Net Assets - January 1	46,156,263	923,825		111,275
Net Assets - December 31	$ 50,067,661	$ 853,293		$ 40,149
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(62,234)	
Change in net assets of business-type activities.			$ 3,778,632	

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

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CITY OF MONROE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities			Governmental Activities
	Utilities	Solid Waste	Totals	Internal Service Funds
Cash flows from operating activities:				
Cash received from customers on sales	$ 31,275,511	$ 2,768,872	$ 34,044,383	$ -
Net customer deposits	54,158	-	54,158	-
Cash payments to suppliers	(21,573,430)	(1,921,582)	(23,495,012)	(2,301,914)
Cash payments to employees	(3,808,979)	(853,802)	(4,662,781)	-
Cash from interfund services provided	2,175,360	-	2,175,360	2,289,973
Net cash provided by operating activities	8,122,620	(6,512)	8,116,108	(11,941)
Cash flows from noncapital financing activities:				
Net loans from other funds	49,902	(34,487)	15,415	-
Transfers to other funds	(1,530,464)	-	(1,530,464)	-
Transfers from other funds	-	-	-	104,192
Net cash used for noncapital financing activities	(1,480,562)	(34,487)	(1,515,049)	104,192
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	(10,264)	1,000	(9,264)	-
Acquisition and construction of capital assets	(7,370,923)	-	(7,370,923)	-
Interest paid on revenue bonds	(1,336,917)	-	(1,336,917)	-
Interest paid on notes & leases payable	(21,999)	-	(21,999)	-
Contributed capital	1,590,226	-	1,590,226	-
Principal paid on bonds and notes payable	(1,481,349)	-	(1,481,349)	-
Net cash used for capital and related financing activities	(8,631,226)	1,000	(8,630,226)	-
Cash flows from investing activities:				
Interest and dividends on investments	116,007	943	116,950	5,295
Sale (Purchase) of investments	(284,081)	-	(284,081)	-
Net cash provided by investing activities	(168,074)	943	(167,131)	5,295
Net increase (decrease) in cash and cash equivalents	(2,157,242)	(39,056)	(2,196,298)	97,546
Cash and cash equivalents, January 1	4,583,153	43,617	4,626,770	173,420
Cash and cash equivalents, December 31	$ 2,425,911	$ 4,561	$ 2,430,472	$ 270,966
Unrestricted	$ 146,754	$ 4,561	$ 151,315	$ 270,966
Restricted	2,279,157	-	2,279,157	-
	$ 2,425,911	$ 4,561	$ 2,430,472	$ 270,966

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, 2005

	Business-Type Activities			Governmental Activities
	Utilities	Solid Waste	Totals	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 5,087,347	$ (72,475)	$ 5,014,872	$ (180,613)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,850,911	88,511	2,939,422	-
Amortization	72,944	-	72,944	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(284,902)	(22,548)	(307,450)	10,148
(Increase) decrease in inventory	(118,402)	-	(118,402)	-
(Increase) decrease in prepaid expenses	(416)	-	(416)	-
Increase (decrease) in accounts payable	509,325	-	509,325	139,748
Increase (decrease) in accrued expenses	(48,344)	-	(48,344)	-
Increase (decrease) in customer deposits	54,157	-	54,157	-
Increase (decrease) in interfund payable	-	-	-	18,776
Total adjustments	3,035,273	65,963	3,101,236	168,672
Net cash provided by operating activities	$ 8,122,620	$ (6,512)	$ 8,116,108	$ (11,941)

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

CITY OF MONROE, GEORGIA
Statement of Net Assets
Component Units
As of December 31, 2005

	Downtown Development Authority
Assets	
Cash	$ 15,380
Accounts receivable	-
Due from other governments	-
Capital assets, net	-
Total assets	15,380
Liabilities	
Accounts payable	-
Total liabilities	-
Net assets	
Unrestricted	15,380
Total net assets	$ 15,380

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

Exhibit L

CITY OF MONROE, GEORGIA
Statement of Activities
Component Units
For the Fiscal Year Ended December 31, 2005

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: Development Authority	Total
Component units:						
Downtown Development Authority	$ 36,629	$ -	$ 900	$ -	$ (35,729)	$ (35,729)
Total component units	$ 36,629	$ -	$ 900	$ -	(35,729)	(35,729)
General revenues:						
Intergovernmental revenues					50,000	50,000
Investment earnings					1,109	1,109
Gain on the sale of capital assets					-	-
Transfers					-	-
Total general revenues					51,109	51,109
Change in net assets					15,380	15,380
Net assets - beginning					-	-
Net assets - ending					$ 15,380	$ 15,380

The accompanying notes are an integral part of these 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, utility services 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

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the City' component unit. They are included because, if excluded, the City's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the City. The following component unit is included in the statements:

Downtown Development Authority – The Authority was activated by resolution in 1985 to promote and further develop trade, commerce, industry and employment opportunities within the City of Monroe, Georgia. It operates under an eight member board, one of which is a member of the City Council, appointed by the City. The Authority does not issue separate component unit financial statements.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

Capital Improvements Fund – This fund is used to account for the grant monies used to fund various capital outlay projects of the City.

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.

Utilities Fund –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,

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The effect of interfund activity has been removed from the government-wide financial statements.

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. See pages 73-76 for legal departmental budget analysis.

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, 2005.

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.

State statues authorize the City to invest in obligations of the State of Georgia or 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; State of Georgia Local Government Investment Pool; repurchase agreements; obligations of other political subdivision of the State of Georgia.

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. All receivables are current and therefore due within one year. Allowances for uncollectible accounts netted with accounts receivable for utility billings was $49,300 for the year ended December 31, 2005.

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, 2005 were $332,477 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, 2005 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, other than infrastructure, 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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

excess of two years. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) acquired prior to July 1, 2002 have not yet been reported. 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.

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 Utilities fund for the fiscal year was $1,356,597. 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 and Enterprise Funds also have 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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

Capital Improvement and the Debt Service funds showed a deficit fund balance for the year ended December 31, 2005, due to use of funds in a timing situation for capital outlay and debt service payments.

B. Excess of Expenditures over Appropriations

The following departments had excess expenditures over appropriations for December 31, 2005

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, 2005, the City's total payroll for all employees and City's total covered payroll amounted to $6,710,595. 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.

NOTE 3: RETIREMENT PLAN, Continued

A. Plan Description, continued

As of November 1, 2005 (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	16
Active employees - vested	103
Active employees - nonvested	85
Total	246

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 $736,164. 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, 2005, 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.

NOTE 3: RETIREMENT PLAN, Continued

D. Funding Policy and Annual Contributions, contiuned

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 2005 amounted to $751,774. The contributed amount was actuarially determined as described above and was based on an actuarial valuation as of November 1, 2005. The pension contributions represent funding for normal cost $325,763 plus amortization of the unfunded actuarial accrued liability $397,697 plus the interest to assumed payment date $277,305. Contributions made by the City of Monroe, Georgia represent 11.2% of covered payroll for the year.

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
12/31/05	$ 751,774	100%	-
12/31/04	660,176	100%	-
12/31/03	466,713	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

Primary Government
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.

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All the City's deposit are covered by a combination of federal depository insurance and securities pledged by financial institutions as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for deposits.

The City – Utilities was under a repurchase agreement for various deposit accounts. The investments under this repurchase agreement are not in the government's name, but collateralized by securities held by the pledging institutions' as agent for the government. Therefore the City should have no custodial credit risk for these deposits.

Municipal Competitive Trust. MEAG Power formed a trust known as the 'Municipal Competitive Trust" for the benefit of its Participants (which includes the City of Monroe, Georgia along with 46 other cities and counties) and has funded the Competitive Trust with certain monies which had been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves which were released following a

NOTE 4: CASH AND INVESTMENTS, continued

successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves to preserve the security of the bondholders, thus allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and reinvested, and will be available to reduce future power supply costs of the Participants to meet retail competition.

Discretionary funds from the Participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E. C as an investment company. The City of Monroe, Georgia has recorded the investments in the Flexible Trust Account as investments in the Utilities fund at fair market value, which was $416,531 at the balance sheet date. Fair market value is determined based on the fair value of the underlying portfolio calculated daily with earnings distributed monthly. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies if guaranteed by the Unites States Government, direct and general obligations of states, certain Federal Agency discount notes and repurchase agreements collateralized by securities which would otherwise be permissible under the laws of the State of Georgia.

MEAG Power and therefore the City of Monroe, Georgia to the extent of its portion of the Flexible Trust Account is exposed to credit and market risk relating to its investments. Credit risk arises when an entity is unable to recover its investment either by an inability to withdraw the funds through nonperformance of a counterparty or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral securities declines. As of December 31, 2005, MEAG Power and the City of Monroe, Georgia were not exposed to any known economic losses due to these risks.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value based on the estimated amount that would be received or paid to terminate the options at the reporting date based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Flexible Trust Account will be exposed to less variable rate exposure if the counterparty to the swap transaction defaults or if the swap is terminated. Any termination of the swap agreements may also result in MEAG Power through the appropriate trust account making or receiving a settlement payment.

Custodial Credit Risk – For investments, the risk is that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The risk factors for the Municipal Competitive Trust and the Flexible Trust Account are discussed in the above paragraphs. The City had no policy on custodial credit risk.

As of December 31, 2005, the City had the following investments:

Investment Type	Maturities	Fair Value
Enterprise Fund		
Certificates of Deposit	2005	$ 1,125,154
MEAG Competitive Trust	2005	416,531
		$ 1,541,685

Discretely Presented Component Units

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

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

Governmental-type activities:	**Beginning Balances**	**Increases**	**Decreases**	**Ending Balances**
Capital assets not being depreciated:				
Land	$ 2,700,424	$ -	$ -	$ 2,700,424
Construction in progress	1,129,744	2,404,084	-	3,533,828
Total capital assets not being depreciated	3,830,168	2,404,084	-	6,234,252
Capital assets being depreciated:				
Infrastructure	1,196,867	686,488	-	1,883,355
Buildings and improvements	5,711,603	398,430	419,482	5,690,551
Equipment, furniture & vehicles	3,758,247	150,280	267,231	3,641,296
Total capital assets being depreciated	10,666,717	1,235,198	686,713	11,215,202
Less accumulated depreciation for:				
Infrastructure	57,358	75,131	-	132,489
Buildings and improvements	1,581,333	151,067	196,651	1,535,749
Equipment, furniture & vehicles	1,834,857	311,472	253,742	1,892,587
Total accumulated depreciation	3,473,548	537,670	450,393	3,560,825
Governmental activities capital assets, net	$11,023,337	$ 3,101,612	$ 236,320	$13,888,629

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	1,309,591	-	11,150	1,298,441
Total capital assets being depreciated	1,699,729	-	11,150	1,688,579
Less accumulated depreciation for:				
Buildings and improvements	24,485	7,907	-	32,392
Equipment, furniture & vehicles	755,456	80,604	11,150	824,910
Total accumulated depreciation	779,941	88,511	11,150	857,302
Solid Waste business-type activities capital assets, net	$ 919,788	$ (88,511)	$ -	$ 831,277

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	1,054,839	6,523,127	7,317,208	260,758
Total capital assets not being depreciated	3,109,052	6,523,127	7,317,208	2,314,971
Capital assets being depreciated:				
Infrastructure	37,072,353	6,399,141	-	43,471,494
Buildings and improvements	34,800,609	1,238,107	-	36,038,716
Equipment, furniture & vehicles	16,945,651	593,135	77,509	17,461,277
Total capital assets being depreciated	88,818,613	8,230,383	77,509	96,971,487
Less accumulated depreciation for:				
Infrastructure	9,026,109	797,233	-	9,823,342
Buildings and improvements	5,846,131	816,805	-	6,662,936
Equipment, furniture & vehicles	4,888,815	1,236,874	12,131	6,113,558
Total accumulated depreciation	19,761,055	2,850,912	12,131	22,599,836
Monroe Utilities Network capital assets being depreciated, net	72,166,610	11,902,598	7,382,586	76,686,622
Business-type activities capital assets, net	$ 73,086,398	$ 11,814,087	$ 7,382,586	$ 77,517,899

Governmental activities depreciation expense was charged to functions as follows:

General government	$ 80,458
Public safety	225,194
Public works	108,605
Culture and recreation	42,539
Housing and development	5,743
Unallocated - Infrastructure	75,131
Total governmental activities depreciation expense	$ 537,670

NOTE 6: INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

Balances due to/from other funds at December 31, 2005, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste	$ 341,390
	Nonmajor Governmental	222,217
	Utilities	139,003
Nonmajor Governmental	Nonmajor Governmental	600,000
Solid Waste	General Fund	-0-
	Utilities	166,834
		$ 1,469,444

Due to/from balances are the result of 1) the time lag between the time that goods or services are provided, transactions are recorded and the payments actually made, or 2)the need for working capital loans to the Solid Waste fund until such time as it can provide for itself and not rely on the General Fund for subsidies.

NOTE 6: INTERFUND BALANCES AND ACTIVITY, continued

Transfers to/from Other Funds

Transfers to/from other funds at December 31, 2005 consist of the following:

	Transfer In:				
Transfer Out:	General Fund	Capital Improvement	Internal Service	Nonmajor Governmental	Total
General fund	$ -	$ 316,490	$ 104,192	$ 392,713	$ 813,395
Nonmajor Governmental	182,144	44,226	-	-	226,370
Solid waste	-		-	-	-
Utilities	1,530,464		-	-	1,530,464
	$ 1,712,608	$ 360,716	$ 104,192	$ 392,713	$ 2,570,229

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, 2005.

Governmental activities:	**(As corrected) 1/1/2005**	**Increases**	**Decreases**	**12/31/2005**	**Due within one year**
General Obligation Bonds 2000	$ 7,115,000	$ -	$ 125,000	$ 6,990,000	$ 200,000
Compensated Absences	241,449	25,707	-	267,156	-
	$ 7,356,449	$ 25,707	$ 125,000	$ 7,257,156	$ 200,000

Compensated absences balance 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
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	355,000	312,427	667,427
2011-2015	2,540,000	1,249,530	3,789,530
2016-2019	3,085,000	432,456	3,517,456
	$ 6,990,000	$ 3,371,683	$ 10,361,683

NOTE 7: LONG-TERM DEBT, Continued

B. ***Enterprise Fund- Utilities***
Revenue Bonds

City of Monroe Utilities 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.

City of Monroe Utilities 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.

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, 2005:

Enterprise Funds:	**1/1/2005**	**Increases**	**Decreases**	**12/31/2005**	**Due within one year**
Bonds					
Bonds Series 2003	$ 11,645,000	$ -	$ 1,295,000	$ 10,350,000	$ 1,320,000
Bonds Series 2001	20,405,000	-	80,000	20,325,000	80,000
Notes Payable					
GEFA #SRF	679,235	-	81,856	597,379	83,506
	$ 32,729,235	$ -	$ 1,456,856	$ 31,272,379	$ 1,483,506

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

	Series 2003		**Series 2001**		
	Principal	Interest	Principal	Interest	Total
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	800,000	973,653	2,633,971
2010	655,000	206,268	835,000	939,653	2,635,921
2011-2015	3,365,000	697,798	4,750,000	4,111,010	12,923,808
2016-2020	1,665,000	126,800	6,010,000	2,849,250	10,651,050
2021-2025	-	-	7,675,000	1,188,500	8,863,500
2026-2030	-	-	-	-	-
	$ 10,350,000	$ 2,172,578	$ 20,325,000	$ 13,004,420	$ 45,851,998

NOTE 7: LONG-TERM DEBT, Continued

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

	Notes Payable		
	Principal	Interest	Total
2006	$ 83,506	$ 11,324	$ 94,830
2007	85,188	9,641	94,829
2008	86,905	7,925	94,830
2009	88,656	6,173	94,829
2010	90,443	4,390	94,833
2011-2015	162,681	7,245	169,926
	$ 597,379	$ 46,698	$ 644,077

C. Capital Leases

The City has entered into various lease-purchase agreements in the 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 following is a summary of changes in capital lease obligations for the year ending December 31, 2005.

	1/1/2005	Increases	Decreases	12/31/2005	Due within one year
Enterprise funds:					
Utilities	$ 24,493	$ -	$ 24,493	$ -	$ -
	$ 24,493	$ -	$ 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 Utilities 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 $1,530,465 in 2005.

NOTE 9: LEGAL CONTRACTS AND AGREEMENTS, continued

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 $11,432.

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.

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, 2005 the outstanding debt of the Authority was approximately $7,305,603,002. The City of Monroe’s guarantee varies by individual projects undertaken by the Authority and approximates $53,275,535 at December 31, 2005.

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.

NOTE 9: LEGAL CONTRACTS AND AGREEMENTS, continued

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, 2005, $416,531 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 City of Monroe Utilities, 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:

	2005	2004
Unpaid Claims, Beginning of year	$ 62,945	$ (85,160)
Incurred Claims (including IBNR)	1,985,207	1,358,012
Claim Payments	(1,817,335)	(1,335,797)
Unpaid Claims, End of year	$ 230,817	$ 62,945

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, 2005 follows:

Total lodging tax receipts	$ 34,844
Amount required to be used for promotion of tourism (60%)	20,906
Disbursements for promotion of tourism	(61,358)
Balance owed at 12-31-05	$ -

NOTE 13: 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 14: 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, no 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 $-0- 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.

NOTE 15: RESTRICTED NET ASSETS

The government-wide statement of net assets reports $113,454 of restricted net assets, of which $-0- is restricted by enabling legislation.

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Required Supplementary Information

CITY OF MONROE, GEORGIA
Required Supplementary Information
December 31, 2005

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
12/31/2005	$ 4,458,241	$ 8,271,665	3,813,424	53.9%	$ 6,710,595	56.8%
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

Major Funds

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.

CITY OF MONROE, GEORGIA
Capital Projects Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2005

	Capital Improvement			
	Project length Budget	**Prior Years**	**Current Year**	**Project To Date Total**
Revenues:				
Grant income	$ 3,855,882	$ 756,608	$1,966,964	$2,723,572
Misc revenues	4,000	8,000	-	8,000
Interest income	-	4,066	5,812	9,878
Total revenues	3,859,882	768,674	1,972,776	2,741,450
Expenditures:				
Purchased/Contracted services	-	700	-	700
Capital outlay	4,557,672	943,329	2,534,156	3,477,485
Total expenditures	4,557,672	944,029	2,534,156	3,478,185
Excess revenues over (under) expenditures	(697,790)	(175,355)	(561,380)	(736,735)
Other financing sources (uses):				
Transfers from other funds	701,790	40,661	360,716	401,377
Transfers to other funds	-	-	-	-
	701,790	40,661	360,716	401,377
Excess of revenues and other financing sources over (under) expenditures				
Net change in Fund Balance	$ 4,000	$ (134,694)	(200,664)	$ (335,358)
Fund Balance - January 1			107,097	
Fund Balance - December 31			$ (93,567)	

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Nonmajor Governmental Funds

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.

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.

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.

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.

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.

CITY OF MONROE, GEORGIA
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2005

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Cash	$ 59,785	$ 1,022,498	$ 673	$ 1,082,956
Due from other funds	-	600,000	-	600,000
Due from others	3,711	-	-	3,711
Total assets	$ 63,496	$ 1,622,498	$ 673	$ 1,686,667
Liabilities and Fund Balance				
Liabilities:				
Accrued liabilities	$ -	$ -	$ 89,934	$ 89,934
Accounts payable	-	14,825	-	14,825
Due to other funds	-	222,217	-	222,217
Due to others	32,704	-	-	32,704
Total liabilities	32,704	237,042	89,934	359,680
Fund Balances:				
Reserved for specific capital	-	-	-	-
Unreserved, reported in nonmajor:				
Special revenue funds	30,792	-	-	30,792
Capital project funds	-	1,385,456	-	1,385,456
Debt Service	-	-	(89,261)	(89,261)
Total fund balances	30,792	1,385,456	(89,261)	1,326,987
Total liabilities and fund balances	$ 63,496	$ 1,622,498	$ 673	$ 1,686,667

CITY OF MONROE, GEORGIA
All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2005

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 34,844	$ -	$ -	$ 34,844
Intergovernmental	-	-	-	-
Fines and forfeitures	49,206	-	-	49,206
Interest	-	35,929	1,723	37,652
Other	3,069	10,000	-	13,069
Total Revenues	87,119	45,929	1,723	134,771
Expenditures:				
Public safety	47,832	174,771	-	222,603
Housing and development	61,358	-	-	61,358
Capital outlay	-	59,175	-	59,175
Debt Service				
Principal	-	-	125,000	125,000
Interest	-	-	365,053	365,053
Total Expenditures	109,190	233,946	490,053	833,189
Deficiency of revenues under expenditures	(22,071)	(188,017)	(488,330)	(698,418)
Other financing sources:				
Transfers in	-	-	392,712	392,712
Transfers out	-	(226,369)	-	(226,369)
	-	(226,369)	392,712	166,343
Deficiency of revenues under expenditures	(22,071)	(414,386)	(95,618)	(532,075)
Fund balance - beginning	52,863	1,799,842	6,357	1,859,062
Fund balance - ending	$ 30,792	$ 1,385,456	$ (89,261)	$ 1,326,987

CITY OF MONROE, GEORGIA
Special Revenue Funds
Combining Balance Sheet
December 31, 2005

	Forfeited Drug	Multiple Grant	Hotel/Motel	Totals
Assets				
Cash	$ 42,395	$ -	$ 17,390	$ 59,785
Accounts receivable	-	-	3,711	3,711
Total Assets	$ 42,395	$ -	$ 21,101	$ 63,496
Liabilities & Fund Balance				
Accounts payable	$ 32,704	$ -	$ -	$ 32,704
Due to other funds	-	-	-	-
Fund balance	9,691	-	21,101	30,792
Total Liabilities & Fund Balance	$ 42,395	$ -	$ 21,101	$ 63,496

CITY OF MONROE, GEORGIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2005

	Forfeited Drug	Multiple Grant	Hotel/Motel	Totals
Revenues				
Taxes	$ -	$ -	$ 34,844	$ 34,844
Fines & Forfeitures	49,206	-	-	49,206
Other	2,391	-	678	3,069
Total Revenues	51,597	-	35,522	87,119
Expenditures				
Public Safety	47,013	819	-	47,832
Housing & Development	-	-	61,358	61,358
Capital Outlay	-	-	-	-
Total Expenditures	47,013	819	61,358	109,190
Excess of Revenues over (under) Expenditures	4,584	(819)	(25,836)	(22,071)
Other financing sources(uses):				
Transfers to other funds	-	-	-	-
Total other financing sources	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other uses	4,584	(819)	(25,836)	(22,071)
Fund Balance - January 1	5,107	819	46,937	52,863
Fund Balance - December 31	$ 9,691	$ -	$ 21,101	$ 30,792

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, 2005

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Fines & forfeitures	$ 25,000	$ 50,000	$ 49,206	$ (794)
Other	-	-	2,391	2,391
Total Revenues	25,000	50,000	51,597	1,597
Expenditures				
Public Safety	25,000	50,000	47,013	2,987
Total Expenditures	25,000	50,000	47,013	2,987
Excess of Revenues over (under) Expenditures	$ -	$ -	4,584	$ 4,584
Fund Balance - January 1			5,107	
Fund Balance - December 31			$ 9,691	

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, 2005

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Total Revenues	$ -	$ -	$ -	$ -
Expenditures				
Public Safety	820	820	819	1
Total Expenditures	820	820	819	1
Excess of Revenues over (under) Expenditures	(820)	(820)	(819)	1
Excess of revenues and other financing sources over (under) expenditures and other uses	$ (820)	$ (820)	(819)	$ 1
Fund Balance - January 1			819	
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, 2005

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	$ 40,000	$ 40,000	$ 34,844	$ (5,156)
Other	-	-	678	678
Total Revenues	40,000	40,000	35,522	(4,478)
Expenditures				
Housing & Development	54,500	65,000	61,358	3,642
Total Expenditures	54,500	65,000	61,358	3,642
Excess of Revenues over (under) Expenditures	(14,500)	(25,000)	(25,836)	(836)
Other financing sources/(uses):				
Transfers from other funds	14,500	4,500	-	(4,500)
	14,500	4,500	-	(4,500)
Excess of revenues and other financing sources over (under) expenditures and other uses	$ -	$ (20,500)	(25,836)	$ (5,336)
Fund Balance - January 1			46,937	
Fund Balance - December 31			$ 21,101	

Exhibit 9

CITY OF MONROE, GEORGIA
Capital Projects Fund
Balance Sheet
December 31, 2005

	GO Bond Fund
Assets:	
Cash	$ 1,022,498
Due from other funds	600,000
Due from other governments	-
Total assets	$ 1,622,498
Liabilities:	
Accounts Payable	$ 14,825
Due to other funds	222,217
Total liabilities	237,042
Fund Balance:	
Reserved for specific capital	-
Unreserved:	
Designated, recreation	-
Undesignated	1,385,456
Total Fund Balance	1,385,456
Total Liabilities and Fund Balance	$ 1,622,498

CITY OF MONROE, GEORGIA
Capital Projects Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2005

	GO Bond			
	Project length Budget	**Prior Years**	**Current Year**	**Project To Date Total**
Revenues:				
Grant income	$ -	$ 125,145	$ -	$ 125,145
Misc revenues	-	-	10,000	10,000
Interest income	-	421,663	35,929	457,592
Total revenues	-	546,808	45,929	592,737
Expenditures:				
Supplies	-	976,429	174,771	1,151,200
Capital outlay	7,195,000	4,526,195	59,175	4,585,370
Total expenditures	7,195,000	5,502,624	233,946	5,736,570
Excess revenues over (under) expenditures	(7,195,000)	(4,955,816)	(188,017)	(5,143,833)
Other financing sources (uses):				
Proceeds from GO Bonds	7,195,000	7,195,000	-	7,195,000
Transfers from other funds	-	62,979	-	(62,979)
Transfers to other funds	-	-	(226,369)	-
	7,195,000	7,257,979	(226,369)	7,132,021
Excess of revenues and other financing sources over (under) expenditures				
Net change in Fund Balance	$ -	$2,302,163	(414,386)	$1,988,188
Fund Balance - January 1			1,799,842	
Fund Balance - December 31			$1,385,456	

Exhibit 11

CITY OF MONROE, GEORGIA
Debt Service Fund
Balance Sheet
December 31, 2005

Assets	
Cash	$ 673
Total Assets	$ 673
Liabilities & Fund Balance	
Accrued interest payable	$ 89,934
Fund balance	(89,261)
Total Liabilities & Fund Balance	$ 673

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, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Interest revenue	$ -	$ 2,000	$ 1,723	$ (277)
	-	2,000	1,723	(277)
Expenditures:				
Interest	365,425	370,000	365,053	4,947
Debt service	125,000	125,000	125,000	-
	490,425	495,000	490,053	4,947
Excess revenues over (under) expenditures	(490,425)	(493,000)	(488,330)	4,670
Other financing sources:				
Operating transfers in	490,425	490,425	392,712	(97,713)
	490,425	490,425	392,712	(97,713)
Excess of revenues over expenditures	$ -	$ (2,575)	(95,618)	$ (93,043)
Fund balance - January 1			6,357	
Fund balance - December 31			$ (89,261)	

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Nonmajor Proprietary Funds

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 the Utilities Fund.

CITY OF MONROE, GEORGIA
Internal Services Funds
Combining Statement of Net Assets
December 31, 2005

	Employees' Health Benefits	Workers' Compensation Insurance-City of Monroe	Totals
Assets			
Cash	$ 201,427	$ 69,539	$ 270,966
Due from others	-	-	-
Due from other funds	-	-	-
Total Assets	201,427	69,539	270,966
Liabilities			
Accounts payable	229,144	1,673	230,817
Total Liabilities	229,144	1,673	230,817
Net Assets			
Unrestricted	(27,717)	67,866	40,149
Total Net Assets	$ (27,717)	$ 67,866	$ 40,149

CITY OF MONROE, GEORGIA
Internal Services Funds
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
For the Year Ended December 31, 2005

	Employees' Health Benefits	Workers' Compensation Insurance-City of Monroe	Totals
Revenues:			
Other revenues	$2,195,049	$ 66,000	$ 2,261,049
Expenses:			
Non departmental	2,400,445	41,217	2,441,662
Operating income	(205,396)	24,783	(180,613)
Nonoperating revenues (expenses)			
Interest revenue	3,795	1,500	5,295
Net Income before transfers	(201,601)	26,283	(175,318)
Transfers in	104,192	-	104,192
	104,192	-	104,192
Net Income	(97,409)	26,283	(71,126)
Net Assets - January 1	69,692	41,583	111,275
Net Assets - December 31	$ (27,717)	$ 67,866	$ 40,149

CITY OF MONROE, GEORGIA
Internal Services Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2005

	Employees' Health Benefits	Workers' Compensation Insurance-City of Monroe	Totals
Cash flows from operating activities:			
Cash from interfund services provided	$2,223,973	$ 66,000	$ 2,289,973
Cash payments to suppliers	(2,248,308)	(53,606)	(2,301,914)
Net cash used for operating activities	(24,335)	12,394	(11,941)
Cash flows from noncapital financing activities:			
Transfers in from other funds	104,192	-	104,192
Due to other funds	-	-	-
Net cash provided by noncapital financing activities	104,192	-	104,192
Cash flows from investing activities:			
Interest revenue	3,795	1,500	5,295
Net cash provided by investing activities	3,795	1,500	5,295
Net increase in cash and cash equivalents	83,652	13,894	97,546
Cash and cash equivalents, January 1	117,775	55,645	173,420
Cash and cash equivalents, December 31	$ 201,427	$ 69,539	$ 270,966
Reconciliation of operating income to net cash used for operating activities:			
Operating income	$ (205,396)	$ 24,783	$ (180,613)
Adjustments to reconcile operating income to net cash used for operating activities:			
Change in assets and liabilities			
(Increase) decrease in due from	18,776	-	18,776
(Increase) decrease in accounts receivable	10,148	-	10,148
Increase (decrease) in accounts payable	152,137	(12,389)	139,748
	$ (24,335)	$ 12,394	$ (11,941)

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Supplemental Schedules

CITY OF MONROE, GEORGIA
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2005

Revenues:	Original Budget	Final Budget	Actual	Variance with Final Budget
Taxes:				
Property taxes	$ 2,277,000	$ 2,277,000	$ 2,212,851	$ (64,149)
Local option sales tax	1,700,000	1,785,000	1,780,995	(4,005)
Occupational tax	67,000	67,000	76,088	9,088
Insurance premium	475,000	575,000	571,302	(3,698)
Financial institution	40,000	40,000	47,758	7,758
Franchise tax	230,000	256,000	255,742	(258)
Pen & int on delinquent tax	25,000	25,000	24,001	(999)
Intangible tax	18,000	18,000	34,087	16,087
Real estate transfer tax	8,000	8,000	10,235	2,235
Alcoholic beverage	252,500	252,500	283,643	31,143
Total	5,092,500	5,303,500	5,296,702	(6,798)
Licenses & permits:				
Building permits	145,000	145,000	168,314	23,314
Alcohol permits	17,500	17,500	18,100	600
Code department			-	-
Insurance licenses	21,000	21,000	22,300	1,300
Total	183,500	183,500	208,714	25,214
Fines & forfeitures	380,000	380,000	371,208	(8,792)
Charges for services:				
Maintenance department income	-	-	800	800
Police other income	4,000	4,000	8,995	4,995
Cemetery lot sales	2,800	2,800	8,600	5,800
Airport income	85,400	85,400	82,915	(2,485)
Regulatory fees	1,000	1,000	1,650	650
Other Fees	4,200	4,200	9,663	5,463
Total	97,400	97,400	112,623	15,223
Intergovernmental revenues:				
Federal Grants	-		1,763	1,763
State grants	-	60,000	62,524	2,524
Local grants	7,000	7,000	3,972	(3,028)
Housing authority	66,522	66,522	55,004	(11,518)
Total	73,522	133,522	123,263	(10,259)
Interest income:				
Investments	10,000	10,000	19,383	9,383
Contributions and donations:				
Contributions	-	-	5,475	5,475
Miscellaneous revenues:				
Community Center Fees	6,000	6,000	8,200	2,200
Miscellaneous income	3,000	3,000	175,858	172,858
Total	9,000	9,000	184,058	175,058
Total Revenues	$ 5,845,922	$ 6,116,922	$ 6,321,426	$ 204,504

CITY OF MONROE, GEORGIA
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended December 31, 2005

Expenditures:	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
General Administration:				
Personal services	$ 131,404	$ 186,404	$ 151,913	$ 34,491
Purchased/contracted services	14,000	14,000	4,565	9,435
Supplies	9,600	9,600	14,215	(4,615)
Other costs			-	-
Total	155,004	210,004	170,693	39,311
Executive:				
Personal services	137,174	137,174	199,103	(61,929)
Purchased/contracted services	128,446	163,446	142,846	20,600
Supplies	27,500	27,500	30,992	(3,492)
Capital outlay			-	-
Total	293,120	328,120	372,941	(44,821)
Law:				
Purchased/contracted services	60,000	60,000	56,080	3,920
Total	60,000	60,000	56,080	3,920
Internal Audit:				
Purchased/contracted services	30,000	30,000	30,780	(780)
Total	30,000	30,000	30,780	(780)
General Administration Fee:				
Other costs	4,600	4,600	-	4,600
Total	4,600	4,600	-	4,600
TOTAL GENERAL GOVERNMENT	$ 542,724	$ 632,724	$ 630,494	$ 2,230
FINANCE				
Financial Administration:				
Personal services	$ 307,040	$ 307,040	$ 297,254	$ 9,786
Purchased/contracted services	26,800	26,800	19,062	7,738
Supplies	34,500	34,500	30,649	3,851
Total	368,340	368,340	346,965	21,375
Elections:				
Supplies	6,000	6,000	10,683	(4,683)
Total	6,000	6,000	10,683	(4,683)
TOTAL FINANCE	$ 374,340	$ 374,340	$ 357,648	$ 16,692
POLICE				
Municipal Court:				
Personal services	$ 93,157	$ 93,157	$ 77,186	$ 15,971
Purchased/contracted services	500	500	12	488
Supplies	-	-	-	-
Total	93,657	93,657	77,198	16,459

CITY OF MONROE, GEORGIA
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
POLICE				
Police Department:				
Personal services	1,951,895	1,951,895	1,992,152	(40,257)
Purchased/contracted services	229,100	229,100	165,703	63,397
Supplies	325,095	325,095	367,765	(42,670)
Capital outlay	180,000	306,000	281,280	24,720
Other costs	17,500	17,500	20,269	(2,769)
Total	2,703,590	2,829,590	2,827,169	2,421
TOTAL POLICE	$2,797,247	$2,923,247	$ 2,904,367	$ 18,880
FIRE				
Fire Department:				
Personal services	$1,053,109	$1,108,109	$ 1,074,840	$ 33,269
Purchased/contracted services	56,400	56,400	65,560	(9,160)
Supplies	56,100	56,100	78,420	(22,320)
Capital outlay	3,000	3,000	-	3,000
Total	1,168,609	1,223,609	1,218,820	4,789
TOTAL FIRE	$1,168,609	$1,223,609	$ 1,218,820	$ 4,789
HIGHWAYS & STREETS				
Highways & Street Department:				
Personal services	$ 996,601	$ 996,601	$ 921,171	$ 75,430
Purchased/contracted services	97,000	97,000	87,718	9,282
Supplies	244,000	244,000	298,476	(54,476)
Capital outlay	36,000	36,000	-	36,000
Total	1,373,601	1,373,601	1,307,365	66,236
TOTAL HIGHWAYS & STREETS	$1,373,601	$1,373,601	$ 1,307,365	$ 66,236
HEALTH & WELFARE				
Community Center:				
Purchased/contracted services	$ 16,500	$ 16,500	$ 6,880	$ 9,620
Total	16,500	16,500	6,880	9,620
TOTAL HEALTH & WELFARE	$ 16,500	$ 16,500	$ 6,880	$ 9,620
PARKS				
Senior Citizens Center:				
Other costs	$ 5,100	$ 5,100	$ 5,038	$ 62
Total	5,100	5,100	5,038	62
Art Galleries:	3,500	3,500	1,198	2,302
Parks & Facilities:				
Personal services	116,628	116,628	114,414	2,214
Purchased/contracted services	64,300	64,300	57,771	6,529
Supplies	26,100	26,100	17,613	8,487
Capital outlay				-
Total	207,028	207,028	189,798	17,230

CITY OF MONROE, GEORGIA
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget
Libraries:				
Purchased/contracted services	3,000	3,000	1,362	1,638
Other costs	98,917	98,917	83,417	15,500
Total	101,917	101,917	84,779	17,138
TOTAL PARKS	$ 317,545	$ 317,545	$ 280,813	$ 36,732
HOUSING & DEVELOPMENT				
Planning and Zoning:				
Personal services	$ 3,000	$ 3,000	$ 3,230	$ (230)
Total	3,000	3,000	3,230	(230)
Protective Inspection:				
Personal services	167,397	167,397	155,448	11,949
Purchased/contracted services	35,600	35,600	9,318	26,282
Supplies	12,710	12,710	17,205	(4,495)
Capital outlay	-	-	-	-
Total	215,707	215,707	181,971	33,736
TOTAL HOUSING & DEVELOPMENT	$ 218,707	$ 218,707	$ 185,201	$ 33,506
Total Expenditures	$6,809,273	$7,080,273	$ 6,891,588	$ 188,685

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SCHEDULE 3

CITY OF MONROE, GEORGIA
Enterprise Funds
Summary of Changes in Capital Assets and Depreciation
For the Year Ended December 31, 2005

Utilities System:

	Capital Assets				Reserve For Depreciation			
	Balance 1/1/2005	Additions	Disposals	Balance 12/31/2005	Balance 1/1/2005	Additions	Disposals	Balance 12/31/2005
Electric System:								
Extensions	$ 6,346,080	$ 522,118	$ -	$ 6,868,198	$ 2,069,123	$ 120,004	$ -	$ 2,189,127
Equipment	111,418	10,400	-	121,818	52,075	3,356	-	55,431
Autos	846,744	205,063	-	1,051,807	567,780	51,275		619,055
	7,304,242	737,581	-	8,041,823	2,688,978	174,635	-	2,863,613
Gas System:								
Extensions	8,264,337	413,202	-	8,677,539	1,266,818	162,826	-	1,429,644
Gas peak shaving plant	-	-	-	-	-	-		-
Equipment	320,668	1,526	-	322,194	170,887	55,347		226,234
Autos	79,964	-	-	79,964	37,320	11,108		48,428
	8,664,969	414,728	-	9,079,697	1,475,025	229,281	-	1,704,306
Water System:								
Extensions	7,095,461	796,482	-	7,891,943	2,340,485	133,223	-	2,473,708
Reservoir	5,889,507	-	-	5,889,507	792,267	170,628	-	962,895
Buildings	10,462,889	1,210,978	-	11,673,867	1,707,724	234,925	-	1,942,649
Furniture & fixtures	18,850	-	-	18,850	6,488	1,338	-	7,826
Equipment	7,878,024	17,220	-	7,895,244	595,838	515,507	-	1,111,345
Autos	103,955	-	-	103,955	59,625	11,804	-	71,429
Water tanks	601,260	-	-	601,260	362,431	12,751	-	375,182
Raw water	2,833,922	-	-	2,833,922	387,504	134,013	-	521,517
	34,883,868	2,024,680	-	36,908,548	6,252,362	1,214,189	-	7,466,551
Sewerage System:								
Extensions	9,162,056	4,470,878	-	13,632,934	1,850,137	180,047	-	2,030,184
Jack's Creek W/W Plant	13,186,849	14,350	-	13,201,199	2,952,180	300,084	-	3,252,264
Equipment	280,323	104,409	-	384,732	124,288	39,202	-	163,490
Autos	369,403	-	-	369,403	166,218	43,872	-	210,090
Disposal basins	137,963	-	-	137,963	137,963	-	-	137,963
	23,136,594	4,589,637	-	27,726,231	5,230,786	563,205	-	5,793,991

	Capital Assets				Reserve For Depreciation			
	Balance 1/1/2005	Additions	Disposals	Balance 12/31/2005	Balance 1/1/2005	Additions	Disposals	Balance 12/31/2005
CATV System:								
Extensions	6,204,418	110,104	-	6,314,522	1,499,546	200,479	-	1,700,025
Buildings	93,429	-	-	93,429	28,994	3,419	-	32,413
Furniture & fixtures	7,043	-	-	7,043	6,341	155	-	6,496
Equipment	906,800	106,195	(9,121)	1,003,874	523,183	123,042	(355)	645,870
Autos	245,209	61,500	-	306,709	153,341	30,911	-	184,252
	7,456,899	277,799	(9,121)	7,725,577	2,211,405	358,006	(355)	2,569,056
Administration:								
Land	2,054,213	-	-	2,054,213	-	-	-	-
Buildings	5,167,935	12,780	-	5,180,715	364,966	107,749	-	472,715
Furniture & fixtures	697,645	13,982	(1,570)	710,057	539,338	44,280	-	583,618
Equipment	1,295,037	18,890	(66,818)	1,247,109	844,232	144,114	(575)	987,771
Autos	211,423	53,950	-	265,373	153,964	14,798	(11,201)	157,561
Composting project	-	86,357	-	86,357	-	654	-	654
	9,426,253	185,959	(68,388)	9,543,824	1,902,500	311,595	(11,776)	2,202,319
Construction in progress	1,054,841	6,523,125	(7,317,208)	260,758	-	-	-	-
Total	$ 91,927,666	$ 14,753,509	$ (7,394,717)	$ 99,286,458	$ 19,761,056	$ 2,850,911	$ (12,131)	$ 22,599,836

Solid Waste System:

	Capital Assets				Reserve For Depreciation			
	Balance 1/1/2005	Additions	Disposals	Balance 12/31/2005	Balance 1/1/2005	Additions	Disposals	Balance 12/31/2005
Buildings	$ 390,138	$ -	$ -	$ 390,138	$ 24,485	$ 7,907	$ -	$ 32,392
Machinery & equipment	1,181,478	-	-	1,181,478	710,775	69,566	-	780,341
Autos	128,113	-	(11,150)	116,963	44,681	11,038	(11,150)	44,569
Total	$ 1,699,729	$ -	$ (11,150)	$ 1,688,579	$ 779,941	$ 88,511	$ (11,150)	$ 857,302

CITY OF MONROE, GEORGIA
Utilities Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2005

General and operating expenses:	2005
Gas Operating:	
Salaries	$ 297,454
Payroll taxes	21,403
Employee health insurance	85,609
Retirement	31,488
Auto	19,046
Equipment	1,058
Repairs & maintenance	144,333
Uniforms	1,391
Miscellaneous expense	5,676
Dues & assessments	610
Communication	4,995
Electric power	4,115
Marketing	320
Consulting	2,840
Conventions & seminars	6,057
Total	626,395
Light Operating:	
Salaries	483,448
Payroll taxes	38,186
Employee health insurance	106,748
Retirement	39,352
Marketing	7,126
Auto	19,046
Materials & supplies	4,626
Repairs & maintenance	266,069
Miscellaneous expense	2,815
Claims	4,003
Communication	2,859
Uniforms	1,391
Conventions & seminars	124
Total	975,793
Sewer Operating:	
Salaries & wages	478,951
Payroll taxes	35,556
Employee health insurance	128,888
Retirement	47,251
Marketing	320
Contract work	243,080
Auto	19,046
Materials & supplies	11,836
Repairs & maintenance	488,280
Claims & judgments	16,412
Miscellaneous expense	3,655
Dues & assessments	310
Communication	3,685
Electric power	242,082
Consulting	3,641
Conventions & seminars	11,608
Uniforms	2,753
Total	$ 1,737,354

CITY OF MONROE, GEORGIA
Utilities Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2005

	2005
Water Operating:	
Salaries & wages	$ 581,626
Payroll taxes	43,450
Employee health insurance	150,078
Retirement	55,114
Contract work	1,182
Marketing	320
Auto	19,038
Office supplies	783
Materials & supplies	6,851
Miscellaneous expense	1,326
Dues & assessments	13,561
Electric power	358,212
Consulting	3,558
Conventions & seminars	5,623
Repair & maintenance	393,622
Communication	6,112
Uniforms	3,103
Claims & judgments	375
Total	1,643,934
General:	
Salaries	1,564,905
Payroll taxes	113,530
Employee health insurance	392,600
Retirement	145,576
Workers comp premium & unemployment	76,251
Contract work	47,079
Bad debts	181,010
Repairs & maintenance	92,223
Insurance	147,961
Legal & auditing	68,903
Security service	1,003
Auto & trucks	16,508
Office supplies & expense	101,775
Equipment	40,505
Uniforms	1,498
Miscellaneous general expense	37,144
Dues & assessments	6,700
Conventions & seminars	12,509
Computer service	10,851
Communications	103,931
Utilities 215 N. Broad St.	78,263
City of Monroe utilities	198,673
Lawn care	21,566
Marketing & advertising	15,417
Total	$ 3,476,381

CITY OF MONROE, GEORGIA
Utilities Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2005

	2005
CATV Operating:	
Salaries	$ 407,574
Payroll taxes	30,449
Employee health insurance	96,177
Retirement	35,420
Marketing	320
Auto	23,962
Guides	925
Repairs	138,706
Miscellaneous	4,167
Material & supplies	13,814
Electric power	49,569
Communications	158,137
Pole rents	36,829
Consulting	31,953
Uniforms	1,819
Dues & assessments	22,329
Conventions & seminars	4,393
Claims & judgments	673
Total	1,057,216
Grand Total	$ 9,517,073

CITY OF MONROE, GEORGIA
Solid Waste Enterprise Fund
Schedule of General and Operating Expenses
For the Year Ended December 31, 2005

General operating expenses	**2005**
Administration:	
Personal services	$ 227,046
Purchased/contracted services	16,171
Supplies	51,665
	294,882
Solid Waste Collection:	
Personal services	410,646
Purchased/contracted services	21,812
Supplies	108,079
	540,537
Solid Waste Disposal:	
Personal services	64,933
Purchased/contracted services	7,050
Supplies	31,756
	103,739
Recyclables collection:	
Personal services	80,997
Purchased/contracted services	25,889
Supplies	13,742
	120,628
Yard trimmings:	
Personal services	70,180
Purchased/contracted services	4,071
Supplies	21,182
	95,433
Grand Total	$ 1,155,219

CITY OF MONROE, GEORGIA
Summary of Operating Transfers to City From
Utilities Enterprise Fund
Last Ten Fiscal Years

Year	Annual Amount	Cumulative Amount
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
2005	1,530,464	13,473,290

CITY OF MONROE, GEORGIA
Schedule of Insurance in Force
December 31, 2005

		City of Monroe	Utilities
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)		8,246,731	33,101,000
Fidelity bond		200,000	200,000
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	Health and Welfare	Housing and Development (2)	Debt Service	Capital Outlay*	Total
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	7,081	225,154	543,609	1,828,500	8,842,424
2005	988,142	77,198	4,268,592	1,307,365	280,813	6,880	246,559	490,053	2,593,331	10,258,933

(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)
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
2005	5,331,546	208,714	420,414	112,623	62,847	2,090,227	202,872	8,429,243

(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
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
2005	2,212,851	1,780,995	76,088	571,302	255,742	283,643	150,925	5,331,546

(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
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%
2005	1,866	1,493	80.003%	719	2,212	118.53%	354	18.97%

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	
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%
2005	243,772	609,430	37,946	94,865	6,225	275,493	688,733	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

Table 6

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

	City of Monroe			Walton County	School District				
Fiscal Year	Operating	Debt Service (2)	Total	Operating	Operating	Debt Service	Total School	State Levy	Total
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	10.06	17.02	0.88	17.90	0.25	35.4230
2005	5.0340	1.7400	6.7740	10.06	17.24	1.60	18.84	0.25	35.9280

(1) Rate is per $1,000 of assessed value

(2) 2001 was the first year for debt service

Data Source: Georgia Department of Revenue

CITY OF MONROE, GEORGIA
Principal Taxpayers
December 31, 2005
(amounts expressed in thousands)

Taxpayer	Type of Business	2005 Assessed Valuation	% of Total Assessed Value
Walton County Power, LLC	**Utilities**	$ 33,399	12.12%
MPC Generating, LLC	**Utilities**	26,966	9.79%
Walmart Stores	**Merchant/Distributing**	14,348	5.21%
Avondale Mills	**Manufacturer**	6,900	2.50%
Unisia of Georgia Corp.	**Manufacturer**	6,537	2.37%
Monroe HMA	**Hospital**	5,862	2.13%
Walton Ventures	**Real Estate**	4,255	1.54%
Alltel GA	**Communications**	3,742	1.36%
Roger Rowell Family	**Real Estate**	3,295	1.20%
Harvie Ewing, Jr.	**Real Estate**	3,036	1.10%
All Others		167,153	60.67%
Total Assessed for all Taxpayers		**$ 275,493**	**100.00%**

CITY OF MONROE, GEORGIA
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
December 31, 2005
(amounts expressed in thousands)

Jurisdiction	Amount Outstanding	Percentage Applicable To City	Amount Applicable To City
Walton County	$ 11,965	16%	$ 1,973
Walton County Board of Education	7,705	13%	964
City of Monroe	6,990	100%	6,990
Total Direct and Overlapping Debt	$ 26,660		$ 9,927

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

Table 9

CITY OF MONROE, GEORGIA
Computation of Legal Debt Margin
December 31, 2005
(amounts expressed in thousands)

Assessed value			$ 275,493
Debt limitation-10% of assessed value			$ 27,549
Amount of Debt Applicable to Debt Limit:	$ 6,990		
Less Amount Available for Repayment of General Obligation Bonds	7		6,983
Legal debt margin:			$ 20,566
Percentage Ratios:			
Legal Debt Margin			100.00%
Debt Application to Debt Limit			25.35%
Legal Debt Margin			74.65%

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, 2005
(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
1996	10	133,185	-	-	-	0.00%	-
1997	10	137,176	-	-	-	0.00%	-
1998	11	146,478	-	-	-	0.00%	-
1999	11	159,606	-	-	-	0.00%	-
2000	11	177,770	7,195	405	6,790	3.82%	617
2001	12	193,096	7,195	96	7,099	3.68%	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
2005	12	275,493	6,990	7	6,983	2.53%	581.917

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

(2) 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, 2005

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
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	8,842,424	4.90%
2005	125,000	365,053	490,053	10,258,933	4.78%

(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, 2005
(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	
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	29,260	22,696	6,564	1,350	1,363	2,713	2.42
2005	32,869	25,792	7,077	1,375	1,339	2,714	2.61

(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

Table 13

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)*
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	16,845
2003	11,892	23,925	32	4637	8.4	1,662,413	17,764
2004	11,892	23,925	32	4637	10.3	1,662,413	19,202
2005	11,903	24,906	32	4637	5.7	1,794,326	19,202

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*
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
2005	275,493	18	10,182	113	13,025

* 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, 2005

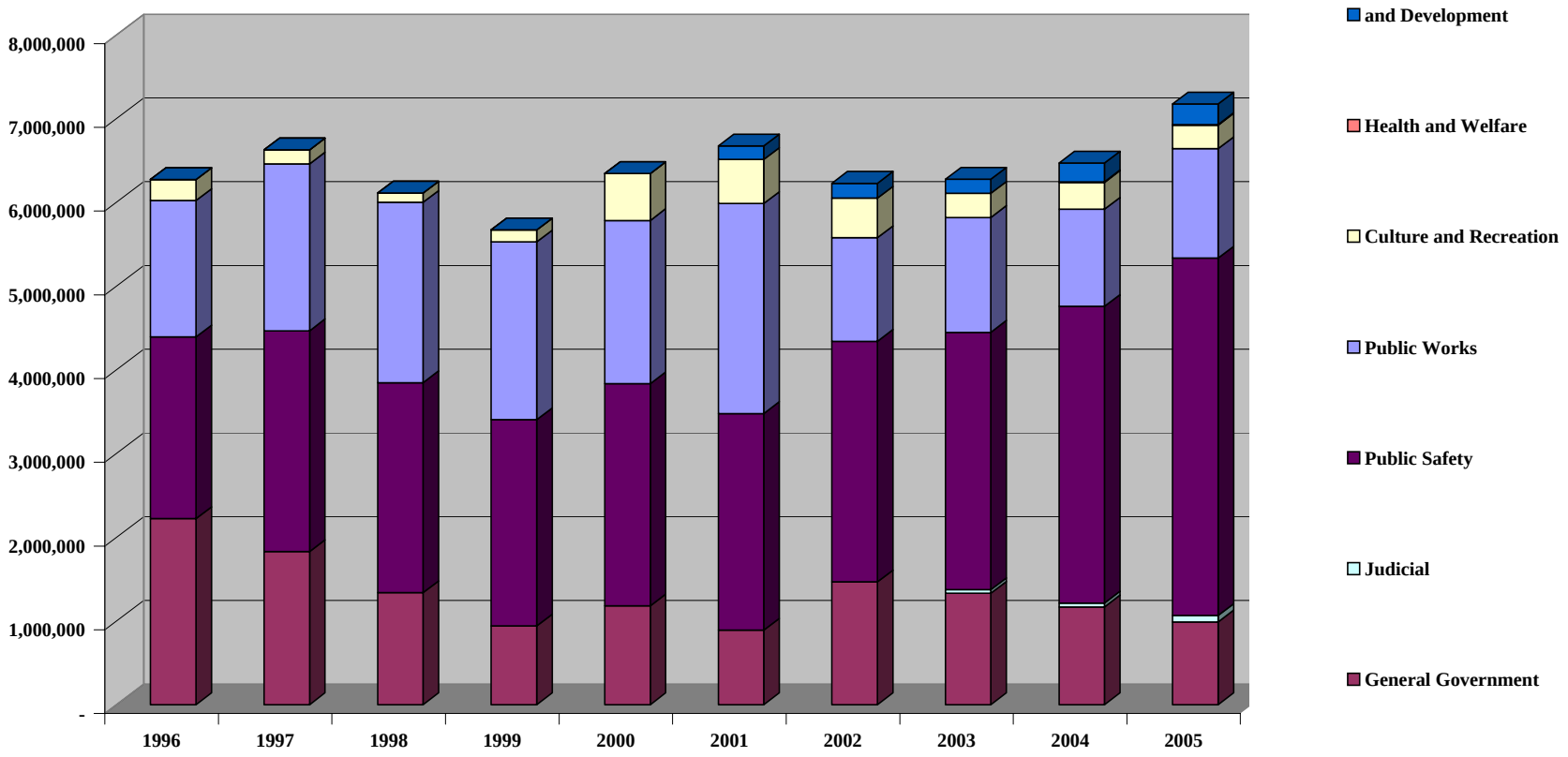
Date of Incorporation	1896
Website	www.monroega.com
Area in Square Miles	14
Miles of streets	80
Number of employees (including police and fire):	
Classified Service	199
Exempt	14
Police Protection:	
Number of stations	1
Number of police personnel	40
Number of patrol units	40
Number of dispatches	33,396
Fire Protection:	
Number of stations	1
Number of fire personnel	22
Fire/EMS dispatches	1,203
Building Permits:	
Number of permits issued	131
Dollar value	23,207,647
Recreation and Culture:	
Number of park properties	5
Number of libraries	1
Number of volumes	26,162
Solid Waste Service:	
Number of residential customers	5852
Number of commercial customers	462
Number of transfer station customers	72
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	11,903
Number of street lights	1,109
Municipal Utilities:	
Cable	
Number of consumers	5,634
Miles of cable	230
Electric	
Number of consumers	5,680
Miles of electric	175
Natural Gas	
Number of consumers	4,080
Miles of Natural Gas Mains	146
Wastewater	
Number of consumers	6,030
Miles of sanitary sewer	140
Water	
Number of consumers	7,854
Miles of water mains	235
Average daily consumption	3,577,241/GPD
Education:	
Number of elementary schools	2
Number of elementary school instructors	104
Number of students	1,188
Number of secondary schools	1
Number of secondary school instructors	81
Number of students	1,192

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Table 16

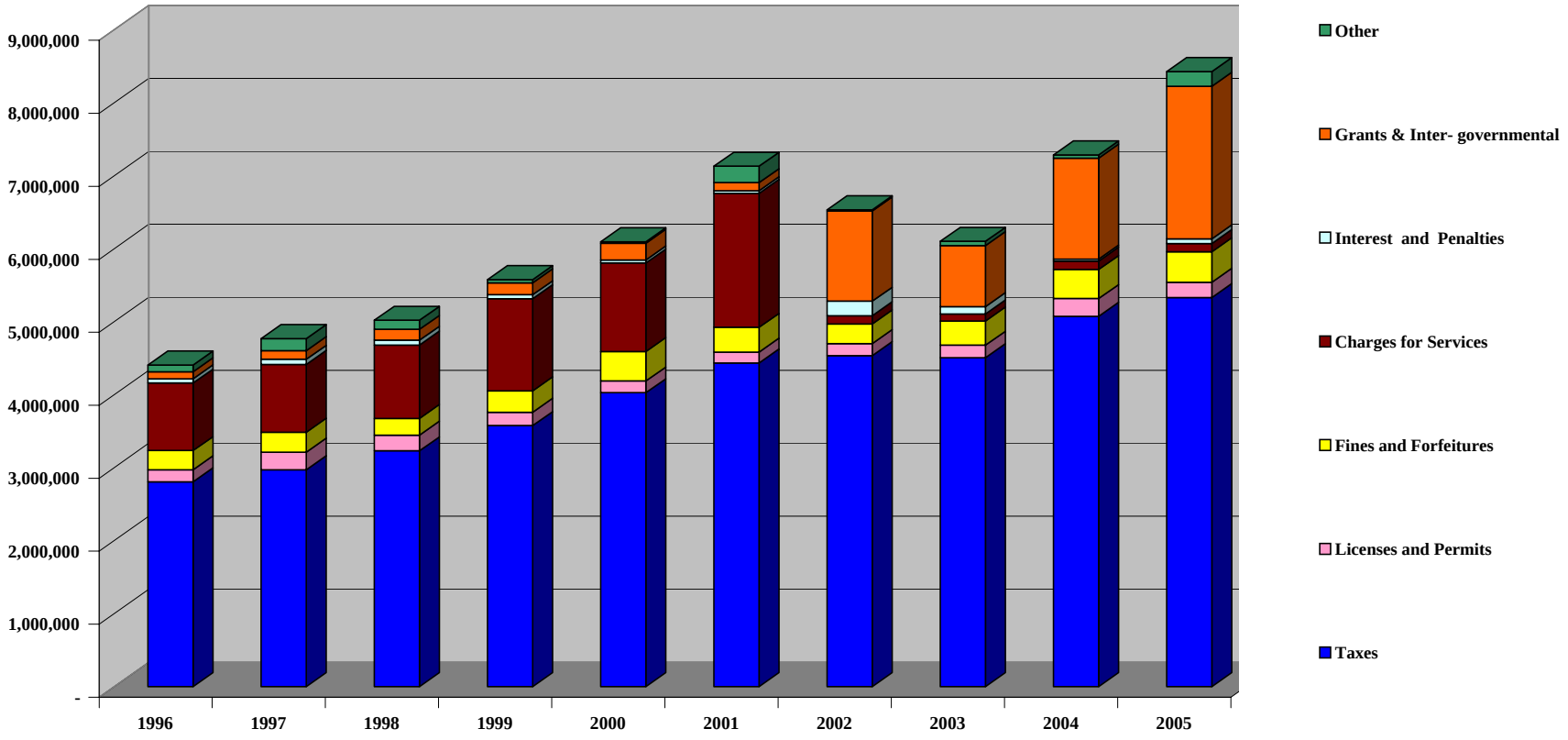
CITY OF MONROE, GEORGIA
General Governmental Expenditures by Function
December 31, 2005



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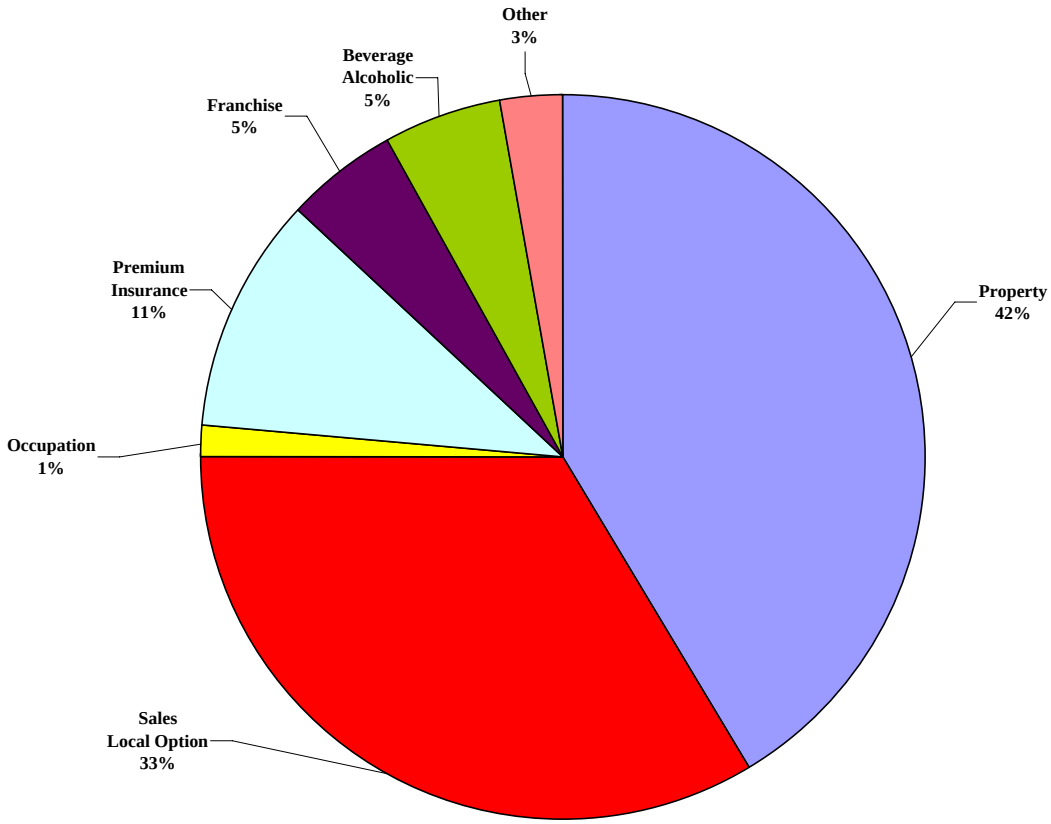
Table 17

CITY OF MONROE, GEORGIA
General Governmental Revenues by Source
December 31, 2005



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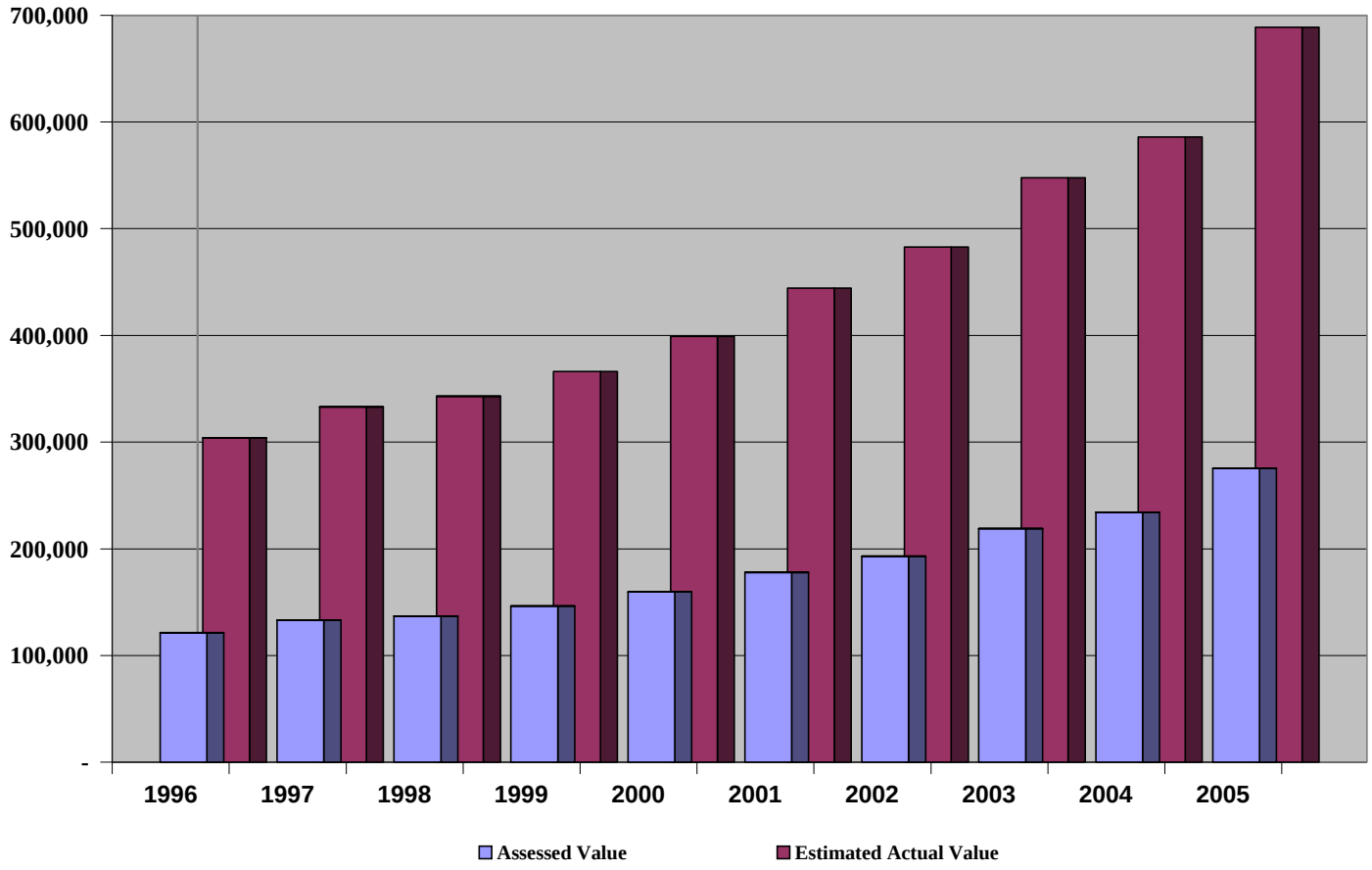
CITY OF MONROE, GEORGIA
General Governmental Tax Revenues by Source
December 31, 2005



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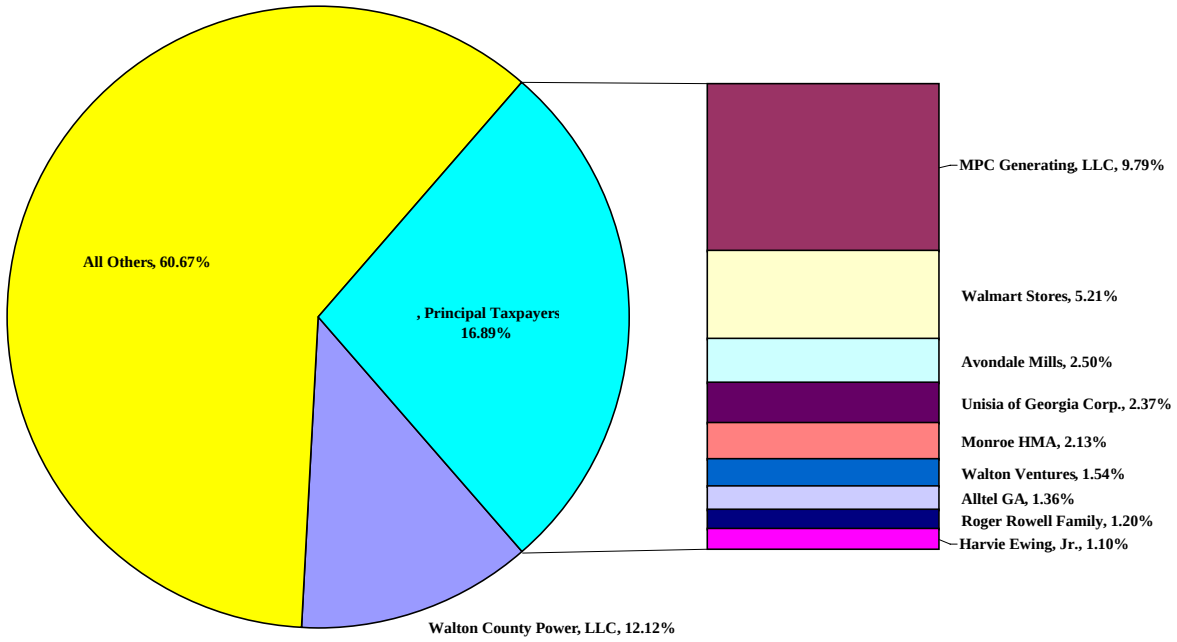
Table 19

CITY OF MONROE, GEORGIA
Assessed and Estimated Actual Value of Property
December 31, 2005



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CITY OF MONROE, GEORGIA
Principal Taxpayers
December 31, 2005



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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
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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, 2005, and have issued our report thereon dated May 25, 2006. 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 May 25, 2006.

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 05-2 and 05-5.

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 May 25, 2006.

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.

May 25, 2006

Treadwell, Tamplin & Co.

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

157 West Jefferson Street
Madison, Georgia 30650

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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.

May 25, 2006

Treadwell, Tamplin & Co.

CITY OF MONROE, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2005

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	AP050-9671-16(297)	$1,244,879	$1,171,496	$2,173,860	$ 2,550,358
Department of Justice						
Local Law Enforcement Block Grant Program	16.592	2001-LB-BX-0731	27,590	27,590	819	27,590
Bureau of Justice Assistance-Bullet Proof Vest Program	16.607	112147003	2,925	1,762	500	500
Department of Housing and Urban Development						
Passed through Georgia Dept. of Community Affairs	14.219	02p-x-147-2-2637	500,000	500,000	361,161	500,000
Passed through Georgia Dept. of Community Affairs	14.219	04p-x-147-2-2923	500,000	50,216	41,752	50,216
			1,000,000	550,216	402,913	550,216
			$2,275,394	$1,751,064	$2,578,092	$ 3,128,664

CITY OF MONROE, GEORGIA
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2005

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, 2005

There were no single audit findings in the prior year.

CITY OF MONROE, GEORGIA
Schedule of Findings and Questioned Costs
December 31, 2005

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
14.219	Community Development Block Grant

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, 2005

Section II—Financial Statement Findings

General

05-1

Statement of Condition:	Disbursements were found that appeared to be split to create smaller purchases, that were missing approvals, or that were missing purchase orders
Criteria:	Purchases of certain limits are to be handled by differing levels of control, i.e., department heads are authorized for purchases up to $1,500. All purchases are to have appropriate approval, via signature on check requests or purchase orders
Effect of Condition:	Noncompliance with the currently stated policies, and attempt to avoid approval process.
Cause of Condition:	Invoices are sometimes split into smaller amounts to be less than the approval level for the individual requesting the purchase. Someone is rushed for a purchase and does not complete the required paperwork.
Recommendation:	Purchasing procedures be re-emphasized to all authorized personnel and adequate attention to same named vendors on the check listings, review of multiple invoices paid with a single payment, attention to approvals if a check request or purchase order is the proper form for the particular transaction.
Response:	Management concurs with the issue, all associated personnel are aware of the requirements and will be cognizant in the future of these procedures.

Utilities

05-2

Statement of Condition:	Contracts were initiated without proper approval from Council nor were said contracts addressed in minutes.
Criteria:	Any and all contracts are to be discussed and approved by Council; therefore, they should be addressed in the minutes of the meetings.
Effect of Condition:	Contracts were entered into without proper approval, which could lead to legal ramifications.
Cause of Condition:	Person initiating a contractual agreement should have brought the proposal to the Council for discussion and approval.
Recommendation:	Per current purchasing procedures all contracts, before they are signed, are to be brought before Council and addressed in the minutes of the associated meeting.
Response:	Management concurs with the discrepancy and all contracts will be properly addressed going forward.

05-3

Statement of Condition:	Inventory accounting system does not adequately address and account for all inventory items of the City, allowing for potential losses.
Criteria:	An inventory system should have a means whereby authorized personnel could submit a request for 'purchase' or be present for purchase of an item maintained by an inventory control person, who then 'sells' the item per the request and the system properly accounts and reduces said inventory by the appropriate amount. This system should also be able to inform inventory control person of low quantities in need of reorder, and the system would account for the purchases.
Effect of Condition:	Inventory items are being taken without notification to the inventory control personnel, then necessary items are not available when needed. Also, under the current system, items could be misappropriated and again not be available when needed. Items may also not be accounted for against the project they were installed into, thereby not accounting for full cost of the project.
Cause of Condition:	Lack of an adequate system to account for the inventory items with numerous persons having access to any and all inventory.
Recommendation:	Acquisition and application of an inventory system that can handle the 'purchase', 'resell', ordering, and reporting of inventory items.
Response:	Management agrees with finding and is already underway in researching inventory management software to address the issue.

Police

05-4

Statement of Condition:	Weekly computer reporting of receipts from the police department that are turned over to the General Fund are not able to be reconciled back to the month end reports from the same system.
Criteria:	Reports that are submitted with a particular receipt submission, should be able to be added and reconciled to a monthly report for the same time period, or order to give accurate amounts to then be disbursed to appropriate State of Georgia agencies.
Effect of Condition:	Presently, monthly reports received from the police department do not reconcile to the individual reports received through out the month, thereby creating a question of whether all subsequently required disbursements to State agencies have been properly accounted for.
Cause of Condition:	After investigation into the current procedures, there is a definite gap in the daily operation of the software that is creating this condition.
Recommendation:	Personnel need to be trained to gain a full and complete understanding of the software and more importantly the reconciling procedures that are needed every month.
Response:	Management concurs with issue and are in contact with software vendor and associated personnel to determine where the discrepancy occurs in the reconciling process.

Downtown Development Authority

05-5

Statement of Condition:	Lack of adherence to by-laws in regards to minutes reporting and need of amendments to by-laws to meet current issues, events and situations. Also, disbursements need to be accompanied by all appropriate documentation for the purchase.
Criteria:	By-laws require that minutes be taken and posted for each meeting. Amendments are to be made as appropriate to meet current needs.
Effect of Condition:	No minutes were available to document any actions or needs of the Authority. Disbursements made without adequate documentation to ensure proper payment.
Cause of Condition:	This Authority has just been re-activated after a long period of time and since board members participate on a volunteer basis, not everyone may have been completely informed of all needs and requirements of such Authority.
Recommendation:	Review of all by-laws compared with current procedures and needs, and review of proper purchasing policies and informing all board members of these needs and procedures in order to allow them to assist in the enactment of these requirements.
Response:	Management agrees and already there is new personnel and the liaison with the Authority will review with the appropriate people.

Section III—Federal Award Findings and Questioned Costs

None noted.