

Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2006

CITY OF MONROE, GEORGIA

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2006

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

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Monroe

CITY OF MONROE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2006

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THE CITY OF
Monroe

INTRODUCTORY SECTION

Since 1821
THE CITY OF
Monroe

Since 1821
THE 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

April 25, 2007

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, 2006.

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 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 Mauldin & Jenkins, CPA, LLC, 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, 2006, 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, 2006, 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

Councilmembers: Wallace Beall • Denise H. Dixon • Nathan Little
Cliff Peters • Jimmy Richardson • Rita A Scott • Jerry Smith

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.

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. Monroe encompasses an area of 14 square miles and has a population of 11,407 according to the 2000 U.S. Census. Census Bureau estimates for 2005 show Monroe's population at 12,329. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which is done on occasion.

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 and library facilities. In addition to the usual government services, the City also provides a full range of utility services including electric, gas, water, wastewater, cable and internet.

Also included as part of the City's reporting is the City of Monroe Downtown Development Authority (DDA). While a legally separate entity, it is included as a component unit in Monroe's financial statements. The City Council appoints the DDA Board members, which includes one member of the City Council acting as liaison.

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, relocated Poplar Street allowing for future runway extensions, installed new lighting and constructed a parallel taxiway. Work to improve our airport continued in 2006 with a terminal area plan update and obstruction removal.

The Southeast Chapter of the American Association of Airport Executives awarded the 2006 General Aviation Project of the Year to the City for its runway extension project. The Georgia Department of Transportation recommended Monroe's project with the SECAAAE pointing out that projects like Monroe's has successfully achieved what projects are made to do, which is improve economic development in an area. The airport is an important asset to our community, not only as a tool to assist us in attracting new business and industry, but in helping us to serve and retain existing businesses.

Approved grants for 2007 include installation of security fencing and terminal area design with application for state assistance submitted for construction of a new terminal area with fuel facility.

Monroe is the county seat of Walton County, which according to the U.S. Census Bureau was ranked 50th among the 100 fastest growing counties in the U.S. from July 1, 2004 to July 1, 2005. We continue to see growth along the Highway 78 and Highway 138 corridor, which will be the location of the new hospital facility along with various other commercial businesses.

Long-term financial planning. The City entered into an intergovernmental contract between Walton County and other municipalities in Walton County for the distribution of a one percent Sales and Use Tax. This will be the first time Monroe has been a recipient of Special Local Option Tax (SPLOST) dollars.

In 2006, the City started a Community Development Block Grant (CDBG) street and drainage improvement project in the Roosevelt Street area that will be completed in 2007. The City also completed a CDBG project constructing a public access road to serve the expansion of Wal-Mart Stores, Inc.'s Distribution Center located in Monroe's industrial park.

The City of Monroe partnered with Walton County, DOT and George Walton Academy to re-align Michael Etchison Road. This is one of Monroe's heavily traveled areas located near the site of the proposed Walton Medical Center. The completion of this project relieved traffic congestion in this area and improved the flow of traffic greatly.

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.

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, 2006 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. All full time City employees and elected officials are eligible to participate. 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 its obligations to retired employees on a timely basis. 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, 2005. This was the fourth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City received for the second year 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, 2005. 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 City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Monroe's finances.

Respectfully submitted,



Julian L. Jackson
City Administrator



Renee L. Prather
Finance Director

Since 1821
THE CITY OF
Monroe

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, 2005

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.



President

Executive Director

CITY OF MONROE, GEORGIA

LIST OF ELECTED AND APPOINTED OFFICIALS

DECEMBER 31, 2006

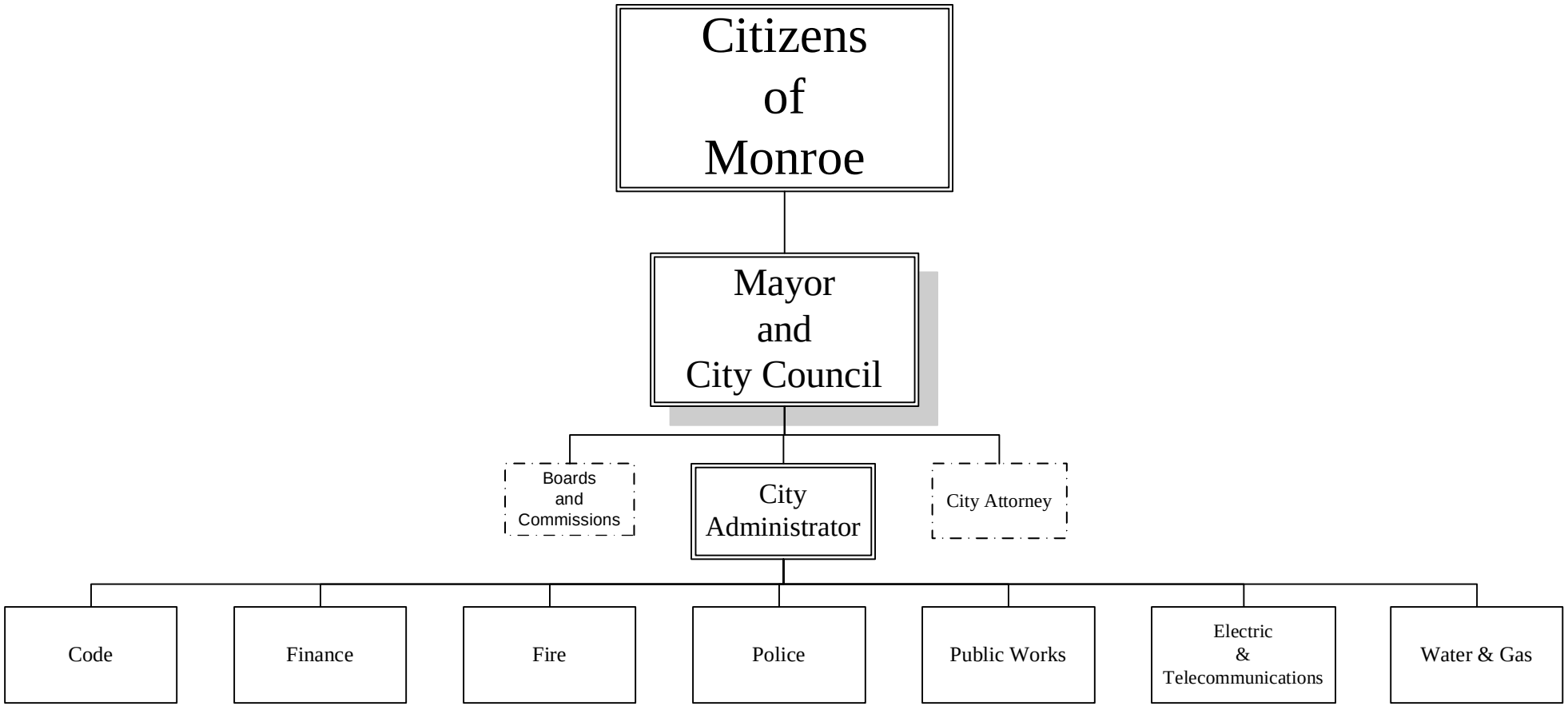
ELECTED OFFICIALS

Mayor	Gregory P. Thompson
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	James D. Richardson
Council Member	Rita A. Scott
Council Member	Jerry L. Smith

APPOINTED OFFICIALS

City Administrator	Julian L. Jackson
Code Enforcement	M. Knox Bell
Electric & Telecommunications Director	Brian K. Thompson
Finance Director	Renee L. Prather
Fire Chief	H. Wayne Chancey
Police Chief	M. Keith Glass
Public Works Director	H. Steve Worley
Water & Gas Director	Rodney W. Middlebrooks

City of Monroe, Geogia
Organizational Chart



Since 1821
THE CITY OF
Monroe

FINANCIAL SECTION

Since 1821
THE CITY OF
Monroe

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Monroe, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Monroe, Georgia** as of and for the year ended December 31, 2006, which collectively comprise the City of Monroe, Georgia'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 the 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 respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Monroe, Georgia as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2007, on our consideration of the City of Monroe, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 Schedule of Funding Progress on pages 3 - 11 and 48 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries 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 opinions on the financial statements that collectively comprise the City of Monroe, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 25, 2007

CITY OF MONROE, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2006

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, 2006. 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 2006 are as follows:

- The City of Monroe's combined net assets totaled $65,262,740. Of this amount, unrestricted net assets of $7,747,342 may be used to meet the City's ongoing obligations to citizens and creditors.

- Total net assets increased by $3,824,389 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 $2,690,345, a decrease of $1,004,656 in comparison with the prior year. Of this amount, approximately 98 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 $1,768,113 or approximately 22% of the total General Fund expenditures.

- At the close of the fiscal year, the assets in the City of Monroe's Utilities Fund exceeded its liabilities by $51,902,402. Included in these net assets is $5,611,452 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 is 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 12 and 13 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 six 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 Project Fund, both of which are considered to be major funds. Data from the other four 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 49 and 50 of this report.

The City adopts an annual appropriated budget for its General, 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 page 17 of this report. Budgetary comparisons for Special Revenue and Debt Service Funds can be found on pages 51-53 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 internal service funds to account for its self-insured employee health and worker's compensation insurance.

The City's proprietary fund financial statements are presented on pages 18 - 21.

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 22 - 47 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 48 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 $65,262,740 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (88%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks and utility service 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 2006 and 2005

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Assets:						
Current and other assets	$ 4,615,548	$ 4,583,808	$ 10,066,551	$ 8,960,354	$ 14,682,099	$ 13,544,162
Capital assets-net	17,280,982	14,288,936	76,104,235	77,074,394	93,385,217	91,363,330
Total assets	21,896,530	18,872,744	86,170,786	86,034,748	108,067,316	104,907,492
Liabilities:						
Long-term liabilities	7,548,453	7,257,156	30,481,110	31,197,503	38,029,563	38,454,659
Other liabilities	1,482,103	536,379	3,292,910	4,478,103	4,775,013	5,014,482
Total liabilities	9,030,556	7,793,535	33,774,020	35,675,606	42,804,576	43,469,141
Net Assets:						
Invested in capital assets, net of related debt	10,480,020	3,671,793	47,035,378	46,195,182	57,515,398	49,866,975
Restricted	-	113,454	-	-	-	113,454
Unrestricted	2,385,954	7,293,962	5,361,388	4,163,960	7,747,342	11,457,922
Total net assets	$ 12,865,974	$ 11,079,209	$ 52,396,766	$ 50,359,142	$ 65,262,740	$ 61,438,351

The full amount of unrestricted net assets is ($7,747,342) and 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 2006 and 2005

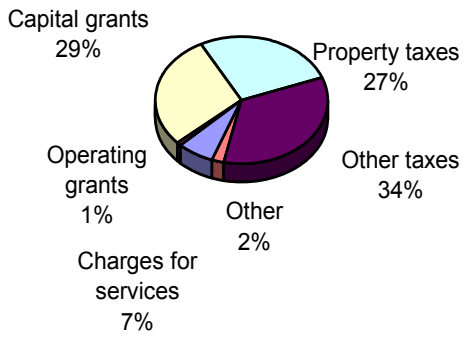
	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Revenues						
Program revenues:						
Charges for services	$ 684,555	$ 779,982	$ 36,558,892	$ 36,521,679	$ 37,243,447	$ 37,301,661
Operating grants	86,254	36,796	-	-	86,254	36,796
Capital grants	2,874,695	2,659,186	716,201	1,590,226	3,590,896	4,249,412
General revenues:						
Property taxes	2,686,312	2,542,580	-	-	2,686,312	2,542,580
Other taxes	3,373,306	3,094,692	-	-	3,373,306	3,094,692
Other	233,460	81,213	213,843	122,829	447,303	204,042
Total revenues	9,938,582	9,194,449	37,488,936	38,234,734	47,427,518	47,429,183
Program expenses						
General government	1,694,194	1,268,756	-	-	1,694,194	1,268,756
Judicial	101,795	66,903	-	-	101,795	66,903
Public Safety	4,584,679	4,089,578	-	-	4,584,679	4,089,578
Public Works	2,179,824	1,432,099	-	-	2,179,824	1,432,099
Health and welfare	9,674	11,918	-	-	9,674	11,918
Culture and recreation	328,177	322,390	-	-	328,177	322,390
Housing and development	345,994	239,393	-	-	345,994	239,393
Interest and fiscal charges	340,523	365,053	-	-	340,523	365,053
Utilities	-	-	30,529,266	30,061,743	30,529,266	30,061,743
Solid Waste	-	-	3,489,003	2,863,895	3,489,003	2,863,895
Total expenses	9,584,860	7,796,090	34,018,269	32,925,638	43,603,129	40,721,728
Increase (decrease) in net assets before transfers	353,722	1,398,359	3,470,667	5,309,096	3,824,389	6,707,455
Transfers	1,433,043	1,391,317	(1,433,043)	(1,530,464)	-	(139,147)
Increase (decrease) in net assets	1,786,765	2,789,676	2,037,624	3,778,632	3,824,389	6,568,308
Net assets, beginning (as restated)	11,079,209	8,289,533	50,359,142	46,580,510	61,438,351	54,870,043
Net assets, ending	$ 12,865,974	$ 11,079,209	$ 52,396,766	$ 50,359,142	$ 65,262,740	$ 61,438,351

Governmental activities. Governmental activities increased the City of Monroe's net assets by $1,786,765, accounting for 47% of the total growth in the net assets of the City.

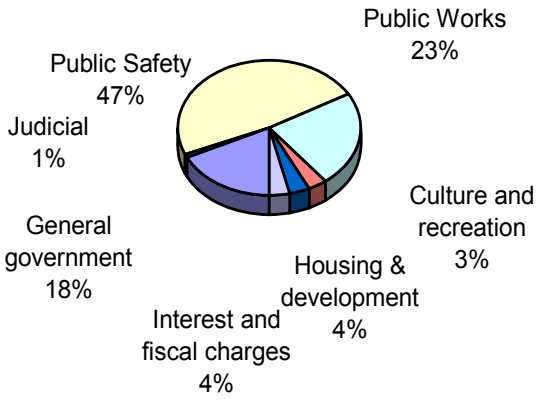
Property tax revenues ($2,686,312) collected made up approximately 27% of the City's total governmental revenue. Operating and capital grants ($2,960,949) for governmental activities were approximately 30% of all revenues collected. Public safety accounted for approximately 47% ($4,584,679) of all expense in governmental activities.

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

Governmental Revenues FY 2006



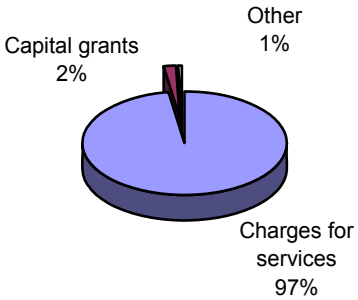
Governmental Expenses FY 2006



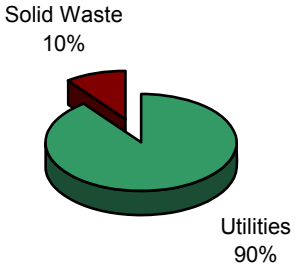
Business-type Activities. Business-type activities increased the City of Monroe's net assets by $2,037,624 accounting for 53% of the total growth in the government's net assets. The Utilities Fund, largest of the City's two business-type activities, accounted for 90% of the expenses and approximately 92% of the revenues among business-type activities.

The utility fund results for 2006 were down from the net results for 2005, with substantially all of the decrease due to fewer infrastructure capital assets donated by developers during the year. Gas revenues declined as market prices declined, but the decrease was offset by reduced gas cost of sales and increases in water and wastewater treatment revenues. A reduction in wastewater infrastructure repair and maintenance was offset by increased plant operating costs. The changes in all other revenue and expense results compared to 2005, while influenced by many factors both increasing and decreasing components of the results, remained mostly unchanged in 2006.

Business-type Revenues FY 2006



Business-type Expenses FY 2006



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 $2,690,345. Of this amount, $2,635,928 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($54,417) 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, the unreserved fund balance of the General Fund was $1,768,113. 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 and total fund balance represent approximately 22% of total General Fund expenditures.

Fund balance of the City of Monroe's General Fund decreased by $549,117 during the current fiscal year. The key factors resulting in this decline are as follows:

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

Total fund balance for nonmajor special revenue funds at year-end was $48,252. This total, all of which is unreserved, had a net increase of $17,460.

The debt service fund has a total fund deficit of $(183). The net decrease in fund balance during the current year in the debt service fund was $856.

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 $5,611,452, and those for the Solid Waste Fund amounted to $(188,961). The total growth in net assets for both funds was $2,028,992. 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

The City of Monroe's budget is prepared according to Georgia Law. A comparison on General Fund actual expenditures to budget can be found on page 17. The General Fund budget was amended by Council during the fiscal year. Differences between the original budget and the final amended budget for the General Fund are summarized as follows:

- Budgeted revenues increased from $6,345,300 to $7,290,300. Tax revenues accounted for $785,000 of this increase due to the increase in collections in almost all tax categories. License and permits increased $120,000 with the balance due to increased interest revenues.
- Increase in budgeted expenditures over all departments of $340,000 is due to improvement in employee's retirement plan.
- Budgeted expenditures increased by $400,000 due to employee health insurance costs for all departments.
- Fire department budgeted expenditures increased by $25,000 due to employee overtime costs.
- Increase in General Government activities of $165,000 is due to increased cost of general liability insurance, office operations and attorney fees.
- Increase in budgeted expenditures of $90,000 for the Public Works department is due to increased costs associated with gas and fuel for vehicles, equipments costs and office expenses.

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, 2006, amounts to $93,385,217 (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 $3 million for airport runway extension and improvements.
- Completion of CDBG drainage project at $1.2 million.
- Completion of public road to serve Wal-Mart Distribution Center expansion in industrial park area at a cost of $1.4 million.
- Widening and realignment of Michael Etchison Road for $677 thousand.
- Addition of $175 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 $379 thousand, the majority of which is for CDBG drainage projects.

Business-type activities:

- $ 0.3 million for specialized service installation equipment and a special-purpose vehicle.
- $ 0.7 million in contributed assets by subdivision developers.
- $ 0.5 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 2006 and 2005

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Land	$ 2,961,210	$ 2,700,424	$ 2,054,213	$ 2,054,213	$ 5,015,423	$ 4,754,637
Infrastructure	3,939,774	1,750,866	38,646,290	33,542,893	42,586,064	35,293,759
Buildings and Improvements	8,345,856	4,154,802	24,101,963	29,715,222	32,447,819	33,870,024
Equipment, furniture & vehicles	1,654,680	1,748,709	10,575,582	11,539,483	12,230,262	13,288,192
Construction in progress	379,462	3,934,135	726,187	222,583	1,105,649	4,156,718
Total	$ 17,280,982	$ 14,288,936	$ 76,104,235	$ 77,074,394	$ 93,385,217	$ 91,363,330

Additional information on the capital assets can be found in Note 6 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $36,545,000. Of this amount, $6,950,000 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 2006 and 2005

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation bonds	$ 6,950,000	$ 6,990,000	$ -	$ -	$ 6,950,000	$ 6,990,000
Revenue bonds	-	-	29,595,000	30,675,000	29,595,000	30,675,000
Total	$ 6,950,000	$ 6,990,000	$ 29,595,000	$ 30,675,000	$ 36,545,000	$ 37,665,000

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% of its total assessed valuation. The current debt limitation for the City of Monroe is $31.8 million, which is in excess of the total bonded general obligation debt outstanding of $6.90 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 2007:

- Growth in the local property tax base remains strong as indicated by the increase in total assessed property values by over 5%. The total value of all real and personal taxable property for 2006 rose to over $311 million.
- Increased Defined Benefit Pension benefits resulting in an increase in annual funding requirements.
- Increased funding to Self-insured Employee Health Insurance Plan.

- Due to the announced closings of three major employers with one being a principal taxpayer, revisions may need to be made but with continued strong sales tax returns, this may not be necessary.

Anticipated revenues in the General Fund budget are $6.9 million, down $387 thousand from the amended 2006 budget. The 2007 budget was developed and adopted before 2006 fiscal year-end and reflect conservative revenue figures. We expect that revenues will again continue to rise due to development in the area with expected increases in tax revenues. No decrease in fund balance of General Fund is expected for fiscal year 2007.

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

Since 1821
THE CITY OF
Monroe

BASIC FINANCIAL STATEMENTS

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 2,389,761	$ 2,550,138	$ 4,939,899	$ 18,421
Accounts receivable, net of allowances	38,817	3,645,573	3,684,390	-
Taxes receivable	376,170	-	376,170	-
Interest receivable	-	10,461	10,461	-
Internal balances	1,213,473	(1,213,473)	-	-
Due from primary government	-	-	-	12,257
Due from other governments	439,877	-	439,877	-
Inventories and prepaid items	54,417	954,788	1,009,205	-
Deferred charges, unamortized balance	103,033	648,070	751,103	-
Restricted assets:				
Cash and cash equivalents	-	2,704,396	2,704,396	-
Investments	-	766,598	766,598	-
Capital assets:				
Non-depreciable	3,340,672	2,780,400	6,121,072	-
Depreciable, net of accumulated depreciation	13,940,310	73,323,835	87,264,145	-
Total assets	21,896,530	86,170,786	108,067,316	30,678
LIABILITIES				
Accounts payable	1,179,928	1,389,946	2,569,874	6,226
Due to component unit	12,257	-	12,257	-
Accrued liabilities	289,918	1,902,964	2,192,882	-
Long-term liabilities:				
Portion due or payable within one year:				
Bonds and notes payable	230,000	1,510,188	1,740,188	-
Net pension obligation	341,121	537,514	878,635	-
Compensated absences	277,000	226,669	503,669	-
Portion due or payable in more than one year:				
Bonds and notes payable, net	6,673,995	28,206,739	34,880,734	-
Compensated absences	26,337	-	26,337	-
Total liabilities	9,030,556	33,774,020	42,804,576	6,226
NET ASSETS				
Invested in capital assets, net of related debt	10,480,020	47,035,378	57,515,398	-
Unrestricted	2,385,954	5,361,388	7,747,342	24,452
Total net assets	$ 12,865,974	$ 52,396,766	$ 65,262,740	$ 24,452

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

CITY OF MONROE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 1,694,194	$ 310,339	$ -	$ -	$ (1,383,855)	$ -	$ (1,383,855)	$ -
Judicial	101,795	331,732	-	-	229,937	-	229,937	-
Public safety	4,584,679	23,579	54,830	2,164	(4,504,106)	-	(4,504,106)	-
Public works	2,179,824	17,680	-	2,872,531	710,387	-	710,387	-
Health and welfare	9,674	-	-	-	(9,674)	-	(9,674)	-
Culture and recreation	328,177	1,225	-	-	(326,952)	-	(326,952)	-
Housing and development	345,994	-	31,424	-	(314,570)	-	(314,570)	-
Interest on long-term debt	340,523	-	-	-	(340,523)	-	(340,523)	-
Total governmental activities	9,584,860	684,555	86,254	2,874,695	(5,939,356)	-	(5,939,356)	-
Business-type activities:								
Utilities	30,529,266	33,310,694	-	716,201	-	3,497,629	3,497,629	-
Solid Waste	3,489,003	3,248,198	-	-	-	(240,805)	(240,805)	-
Total business-type activities	34,018,269	36,558,892	-	716,201	-	3,256,824	3,256,824	-
Total primary government	$ 43,603,129	$ 37,243,447	$ 86,254	$ 3,590,896	(5,939,356)	3,256,824	(2,682,532)	-
Component unit:								
Downtown Development Authority	$ 35,035	$ -	$ -	$ -	$ -	$ -	$ -	$ (35,035)
Total component unit	$ 35,035	$ -	$ -	$ -	$ -	$ -	$ -	$ (35,035)
General revenues:								
Property taxes					$ 2,686,312	$ -	$ 2,686,312	$ -
Sales taxes					2,390,642	-	2,390,642	41,907
Franchise taxes					263,886	-	263,886	-
Business taxes					718,778	-	718,778	-
Unrestricted investment earnings					108,567	213,843	322,410	701
Gain on sale of capital assets					23,593	-	23,593	-
Miscellaneous					101,300	-	101,300	1,499
Transfers					1,433,043	(1,433,043)	-	-
Total general revenues and transfers					7,726,121	(1,219,200)	6,506,921	44,107
Change in net assets					1,786,765	2,037,624	3,824,389	9,072
Net assets, beginning of year (as restated)					11,079,209	50,359,142	61,438,351	15,380
Net assets, end of year					$ 12,865,974	$ 52,396,766	$ 65,262,740	$ 24,452

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

CITY OF MONROE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

ASSETS	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Cash	$ 1,051,384	$ 26,736	$ 985,314	$ 2,063,434
Taxes receivable	373,112	-	3,058	376,170
Accounts receivable	29,229	2,450	7,138	38,817
Due from other governments	353,332	86,545	-	439,877
Due from other funds	1,306,691	-	12,257	1,318,948
Prepaid expenditures	54,417	-	-	54,417
Total assets	$ 3,168,165	$ 115,731	$ 1,007,767	$ 4,291,663
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 821,522	$ 82,786	$ 26,469	$ 930,777
Accrued liabilities	208,019	-	13,631	221,650
Deferred revenues	237,218	-	-	237,218
Due to component unit	-	-	12,257	12,257
Due to other funds	78,876	110,647	9,893	199,416
Total liabilities	1,345,635	193,433	62,250	1,601,318
FUND BALANCES				
Fund balances:				
Reserved for:				
Prepaid items	54,417	-	-	54,417
Unreserved, reported in:				
General fund	1,768,113	-	-	1,768,113
Special revenue funds	-	-	48,252	48,252
Debt service funds	-	-	(183)	(183)
Capital projects funds	-	(77,702)	897,448	819,746
Total fund balances	1,822,530	(77,702)	945,517	2,690,345
Total liabilities and fund balance	$ 3,168,165	$ 115,731	$ 1,007,767	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,280,982
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	237,218
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,513,688)
Internal service 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.	171,117
Net assets of governmental activities	$ 12,865,974

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

CITY OF MONROE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 6,118,513	$ -	$ 36,364	$ 6,154,877
Licenses and permits	303,400	-	-	303,400
Intergovernmental	88,418	1,983,312	58,190	2,129,920
Fines and forfeitures	331,732	-	5,780	337,512
Charges for services	38,459	-	-	38,459
Interest income	44,476	9,860	38,318	92,654
Miscellaneous	106,484	-	-	106,484
Total revenues	7,031,482	1,993,172	138,652	9,163,306
Expenditures				
Current:				
General government	1,601,100	-	1,050	1,602,150
Judicial	95,732	-	-	95,732
Public safety	4,269,660	-	12,387	4,282,047
Public works	1,576,697	-	565,830	2,142,527
Health and welfare	9,674	-	-	9,674
Culture and recreation	297,433	-	-	297,433
Housing and development	279,420	-	51,402	330,822
Capital outlay	-	2,296,039	47,845	2,343,884
Debt service:				
Principal retirements	-	-	200,000	200,000
Interest and issuance costs	-	-	464,145	464,145
Total expenditures	8,129,716	2,296,039	1,342,659	11,768,414
Deficiency of revenues under expenditures	(1,098,234)	(302,867)	(1,204,007)	(2,605,108)
Other financing sources (uses):				
Issuance of refunding bonds	-	-	4,430,000	4,430,000
Premium from issuance of refunding bonds	-	-	250,230	250,230
Payment to refunded bond escrow agent	-	-	(4,568,686)	(4,568,686)
Proceeds from sale of capital assets	55,865	-	-	55,865
Transfers in	1,433,043	318,732	621,059	2,372,834
Transfers out	(939,791)	-	-	(939,791)
Total other financing sources (uses)	549,117	318,732	732,603	1,600,452
Net change in fund balances	(549,117)	15,865	(471,404)	(1,004,656)
Fund balances, beginning of year (as restated)	2,371,647	(93,567)	1,416,921	3,695,001
Fund balances, end of year	$ 1,822,530	$ (77,702)	$ 945,517	$ 2,690,345

The accompanying notes are an integral part of these 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 ACTIVITIES FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (1,004,656)
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 capital outlay exceeded depreciation in the current period.	2,193,289
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.	798,757
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(95,259)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	192,863
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.	61,234
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(359,463)
Change in net assets - governmental activities	$ 1,786,765

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

CITY OF MONROE, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 5,480,500	$ 6,265,500	$ 6,118,513	$ (146,987)
Licenses and permits	210,000	330,000	303,400	(26,600)
Fines and forfeitures	400,000	400,000	331,732	(68,268)
Interest	15,000	55,000	44,476	(10,524)
Charges for services	8,050	8,050	38,459	30,409
Intergovernmental	132,000	132,000	88,418	(43,582)
Miscellaneous	99,750	99,750	106,484	6,734
Total revenues	6,345,300	7,290,300	7,031,482	(258,818)
Expenditures				
Current:				
General government:				
General administration	232,072	664,072	603,670	60,402
Executive	324,373	429,373	427,957	1,416
Board of elections/registrations	6,000	4,000	-	4,000
Financial administration	411,008	431,008	425,955	5,053
Law	60,000	115,000	114,828	172
Internal audit	30,000	30,000	28,690	1,310
General administration fees	4,600	4,600	-	4,600
Total general government	1,068,053	1,678,053	1,601,100	76,953
Judicial:				
Municipal court	107,413	97,413	95,732	1,681
Total judicial	107,413	97,413	95,732	1,681
Public safety:				
Police	2,775,522	2,925,522	2,920,812	4,710
Fire	1,259,189	1,354,189	1,348,848	5,341
Total public safety	4,034,711	4,279,711	4,269,660	10,051
Public works:				
Highways and streets administration	1,435,006	1,610,006	1,576,697	33,309
Total public works	1,435,006	1,610,006	1,576,697	33,309
Health and welfare:				
Community center	9,000	10,000	9,674	326
Total health and welfare	9,000	10,000	9,674	326
Culture and recreation:				
Special facilities	207,774	206,774	179,859	26,915
Senior center	-	-	5,038	(5,038)
Library	101,417	101,417	112,536	(11,119)
Total culture and recreation	309,191	308,191	297,433	10,758
Housing and development:				
Protective inspection administration	287,858	287,858	276,190	11,668
Planning and zoning	3,230	3,230	3,230	-
Total housing and development	291,088	291,088	279,420	11,668
Total expenditures	7,254,462	8,274,462	8,129,716	144,746
Deficiency of revenues under expenditures	(909,162)	(984,162)	(1,098,234)	(114,072)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	75,000	55,865	(19,135)
Transfers in	1,550,000	1,550,000	1,433,043	(116,957)
Transfers out	(640,838)	(640,838)	(939,791)	(298,953)
Total other financing sources (uses)	909,162	984,162	549,117	(435,045)
Net change in fund balances	-	-	(549,117)	(549,117)
Fund balance, beginning of year	2,371,647	2,371,647	2,371,647	-
Fund balance, end of year	$ 2,371,647	$ 2,371,647	$ 1,822,530	$ (549,117)

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

CITY OF MONROE, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006

ASSETS	Business-type Activities - Enterprise Funds: Utilities Fund	Solid Waste Fund	Totals	Governmental Activities Internal Service Funds
CURRENT ASSETS				
Cash and cash equivalents	$ 2,545,395	$ 4,743	$ 2,550,138	$ 326,327
Accounts receivable	3,284,542	361,031	3,645,573	-
Due from other funds	-	175,644	175,644	72,854
Interest receivable	10,461	-	10,461	-
Prepaid items	52,671	-	52,671	-
Inventories	902,117	-	902,117	-
Total current assets	6,795,186	541,418	7,336,604	399,181
RESTRICTED ASSETS				
Cash and cash equivalents	2,704,396	-	2,704,396	-
Investments	766,598	-	766,598	-
Total restricted assets	3,470,994	-	3,470,994	-
Total current assets	10,266,180	541,418	10,807,598	399,181
CAPITAL ASSETS				
Non-depreciable	2,780,400	-	2,780,400	-
Depreciable, net of accumulated depreciation	72,579,407	744,428	73,323,835	-
	75,359,807	744,428	76,104,235	-
OTHER NONCURRENT ASSETS	648,070	-	648,070	-
Total noncurrent assets	76,007,877	744,428	76,752,305	-
Total assets	86,274,057	1,285,846	87,559,903	399,181
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,389,946	-	1,389,946	249,151
Accrued liabilities	153,272	-	153,272	-
Customer deposits	1,643,922	-	1,643,922	-
Compensated absences payable	166,082	60,587	226,669	-
Due to other funds	721,273	606,741	1,328,014	40,016
Net pension obligation	474,463	63,051	537,514	-
	4,548,958	730,379	5,279,337	289,167
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS				
Revenue bonds payable - current	1,425,000	-	1,425,000	-
Notes payable - current	85,188	-	85,188	-
Accrued interest	105,770	-	105,770	-
	1,615,958	-	1,615,958	-
Total current liabilities	6,164,916	730,379	6,895,295	289,167
NONCURRENT LIABILITIES				
Revenue bonds payable	27,778,054	-	27,778,054	-
Notes payable	428,685	-	428,685	-
Total noncurrent liabilities	28,206,739	-	28,206,739	-
Total liabilities	34,371,655	730,379	35,102,034	289,167
NET ASSETS				
Invested in capital assets, net of related deb	46,290,950	744,428	47,035,378	-
Unrestricted	5,611,452	(188,961)	5,422,491	110,014
Total net assets	$ 51,902,402	$ 555,467	52,457,869	$ 110,014
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(61,103)	
Net assets of business-type activities			$ 52,396,766	

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

CITY OF MONROE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			
	Utilities Fund	Solid Waste Fund	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES				
Charges for sales and services	$ 33,308,194	$ 3,248,198	$ 36,556,392	$ 2,387,686
Miscellaneous	2,500	-	2,500	-
Total operating revenues	33,310,694	3,248,198	36,558,892	2,387,686
OPERATING EXPENSES				
Cost of sales and services	16,268,476	1,999,338	18,267,814	-
General operating expenses	9,900,924	1,411,448	11,312,372	2,333,734
Depreciation and amortization	2,980,443	86,849	3,067,292	-
Total operating expenses	29,149,843	3,497,635	32,647,478	2,333,734
Operating income (loss)	4,160,851	(249,437)	3,911,414	53,952
NON-OPERATING REVENUES (EXPENSES)				
Interest income	213,660	183	213,843	15,913
Intergovernmental	7,500	-	7,500	-
Interest expense	(1,274,012)	-	(1,274,012)	-
Loss on disposal of capital assets	(105,411)	-	(105,411)	-
Total non-operating expenses	(1,158,263)	183	(1,158,080)	15,913
Income (loss) before capital contributions and transfers	3,002,588	(249,254)	2,753,334	69,865
Capital contributions	708,701	-	708,701	-
Transfers out	(1,433,043)	-	(1,433,043)	-
	(724,342)	-	(724,342)	-
Change in net assets	2,278,246	(249,254)	2,028,992	69,865
Net assets, beginning of year (as restated)	49,624,156	804,721		40,149
Net assets, end of year	$ 51,902,402	$ 555,467		$ 110,014
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			8,632	
Change in net assets of business-type activities			$ 2,037,624	

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

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Utilities Fund	Solid Waste Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 33,819,735	$ 3,079,178	$ 36,898,913	$ -
Receipts from interfund services provided	-	-	-	2,314,832
Payments to suppliers	(21,067,299)	(2,130,824)	(23,198,123)	(2,275,384)
Payments to employees	(5,337,366)	(948,355)	(6,285,721)	-
Net cash provided by (used in) operating activities	7,415,070	(1)	7,415,069	39,448
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers out to other funds	(1,433,043)	-	(1,433,043)	-
Net cash used in non-capital financing activities	(1,433,043)	-	(1,433,043)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(1,626,531)	-	(1,626,531)	-
Proceeds from issuance of bonds	15,786,206	-	15,786,206	-
Principal payments on bonds	(1,320,000)	-	(1,320,000)	-
Principal payments on note payable	(83,506)	-	(83,506)	-
Bond closing costs	(357,229)	-	(357,229)	-
Defeasance of bonds	(15,508,979)	-	(15,508,979)	-
Interest paid	(1,278,684)	-	(1,278,684)	-
Capital contributions	221,014	-	221,014	-
Net cash used in capital and related financing activities	(4,167,709)	-	(4,167,709)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	234,475	183	234,658	15,913
Purchases of investments	(350,067)	-	(350,067)	-
Net cash provided by (used in) investing activities	(115,592)	183	(115,409)	15,913
Net increase in cash and cash equivalents	1,698,726	182	1,698,908	55,361
Cash and cash equivalents, beginning of year	3,551,065	4,561	3,555,626	270,966
Cash and cash equivalents, end of year	$ 5,249,791	$ 4,743	$ 5,254,534	$ 326,327
Classified as:				
Cash and cash equivalents	$ 2,545,395	$ 4,743	$ 2,550,138	$ 326,327
Restricted cash and cash equivalents	2,704,396	-	2,704,396	-
	$ 5,249,791	$ 4,743	$ 5,254,534	$ 326,327

(Continued)

CITY OF MONROE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Utilities Fund	Solid Waste Fund	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ 4,160,851	$ (249,437)	$ 3,911,414	$ 53,952
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,980,443	86,849	3,067,292	-
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	509,041	(169,020)	340,021	-
Increase in due from other funds	-	(8,810)	(8,810)	(72,854)
Increase in prepaid items	(4,887)	-	(4,887)	-
Increase in inventories	(105,838)	-	(105,838)	-
Increase (decrease) in accounts payable	(1,028,703)	-	(1,028,703)	18,334
Decrease in accrued liabilities	(226,730)	-	(226,730)	-
Increase in customer deposits	233,976	-	233,976	-
Increase in compensated absences payable	7,018	12,015	19,033	-
Increase in due to other funds	415,436	265,351	680,787	40,016
Increase in net pension obligation	474,463	63,051	537,514	-
Net cash provided by (used in) operating activities	$ 7,415,070	$ (1)	$ 7,415,069	$ 39,448
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Donations of capital assets	$ 495,187	$ -	$ 495,187	$ -

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

Since 1821
THE CITY OF
Monroe

NOTES TO FINANCIAL STATEMENTS

Since 1821
THE CITY OF
Monroe

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Monroe, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 City's accounting policies are described below.

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 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 another governmental authority that is included as part of the City's reporting entity.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable and can impose its will. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Downtown Development 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 financial statements and is included as a discretely presented component unit in the City's financial report.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes received up to sixty days after year end, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The City reports the following major governmental funds:

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

The **Capital Project Fund** accounts for the receipts and expenditures of grant money used to fund various capital outlay projects of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The **Utilities Fund** accounts for the operation and maintenance of the City's various utility services.

The **Solid Waste Fund** accounts for the operation and maintenance of the City's transfer station and solid waste disposal.

The City also reports the following fund types:

The **Internal Service funds** account for the City's self-insured health insurance and workers' compensation programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the City's general fund. Encumbrances outstanding at year end are reported as a reservation of fund balance since they do not constitute expenditures or liabilities. There were no outstanding encumbrances at December 31, 2006.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

The costs of governmental fund type inventories (which are not significant to the City) are recorded as expenditures when purchased rather than when consumed (purchase method). Inventories of the proprietary funds are valued at cost using the first-in/first-out (FIFO) method.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items in both government-wide and fund financial statements.

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 column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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 during the current fiscal year was $1,274,012. None of this interest was included as part of the cost of capital assets under construction.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Infrastructure	15-50
Buildings and improvements	20-50
Vehicles	5
Furniture and fixtures	10
Machinery and equipment	5-15

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. 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 term of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $7,513,688 difference are as follows:

Bonds payable	$	(6,950,000)
Bond issuance costs		103,033
Bond premium		(246,937)
Deferred charges on refunding		292,942
Accrued interest payable		(68,268)
Net pension obligation		(341,121)
Compensated absences		(303,337)
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net assets - governmental activities*	$	(7,513,688)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $2,193,289 difference are as follows:

Capital outlay	$	2,343,884
Capital outlay expenditures recognized in various functions		443,260
Depreciation expense		(593,855)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	2,193,289

Another element of that reconciliation explains that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets." The details of this $798,757 difference are as follows:

In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	$	(32,272)
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.		831,029
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	798,757

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $192,863 difference are as follows:

Issuance of refunding bonds	$	(4,430,000)
Bond premium		(250,230)
Bond issuance costs		104,407
Principal retirement of general obligation bonds		200,000
Payment to escrow agent for refunding		4,568,686
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	192,863

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $359,463 difference are as follows:

Compensated absences	$	(36,183)
Net pension obligation		(341,121)
Accrued interest		21,666
Amortization of issuance costs		(1,374)
Amortization of deferred charges on refunding		(5,744)
Amortization of bond premiums		3,293
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(359,463)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Monroe, Georgia employs the following procedures in establishing its annual budget:

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 for 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 applies and within forty-five days following January 1.

4. The adopted budget 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. Budget amounts shown in these financial statements reflect amendments approved by the City Council.

The following fund and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended December 31, 2006:

Debt Service Fund	$	105,457
General Fund departments:		
Senior center		5,038
Library		11,119

These over expenditures were funded by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of December 31, 2006 are summarized as follows:

Amounts as presented on the entity wide statement of net assets:		
Cash and cash equivalents	$	4,939,899
Restricted cash and cash equivalents		2,704,396
Restricted investments		766,598
Total	$	8,410,893
Cash deposited with financial institutions	$	7,644,295
Investments in the Municipal Competitive Trust		766,598
	$	8,410,893

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2006, the City's investment in the Municipal Competitive Trust was not rated.

At December 31, 2006, the City had the following investments:

Investment	Maturities	Fair Value
Municipal Competitive Trust - Short-term	January 12, 2007 - May 23, 2007	$ 766,598
Total		$ 766,598

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2006, the City did not have any deposits that were uninsured or under collateralized as defined by GASB pronouncements.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Downtown Development Authority

As of December 31, 2006, the bank balances for the Downtown Development Authority were adequately insured and collateralized as defined by GASB.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City bills and collects its own property taxes. The 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.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at December 31, 2006, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Project	Utilities	Solid Waste	Nonmajor Governmental Funds
Receivables:					
Taxes	$ 373,112	$ -	$ -	$ -	$ 3,058
Accounts	29,229	2,450	3,332,359	361,031	7,138
Due from other governments	353,332	86,545	-	-	-
Less allowance for uncollectible	-	-	47,817	-	-
Net total receivable	$ 755,673	$ 88,995	$ 3,284,542	$ 361,031	$ 10,196

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2006 is as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,700,424	$ 260,786	$ -	$ 2,961,210
Construction in progress	3,934,135	711,415	(4,266,088)	379,462
Total	6,634,559	972,201	(4,266,088)	3,340,672
Capital assets, being depreciated:				
Infrastructure	1,883,355	2,275,590	-	4,158,945
Buildings and improvements	5,690,551	104,859	4,266,088	10,061,498
Equipment, furniture & vehicles	3,641,296	265,523	(233,767)	3,673,052
Total	11,215,202	2,645,972	4,032,321	17,893,495
Less accumulated depreciation for:				
Infrastructure	(132,489)	(86,682)	-	(219,171)
Buildings and improvements	(1,535,749)	(179,893)	-	(1,715,642)
Equipment, furniture & vehicles	(1,892,587)	(327,280)	201,495	(2,018,372)
Total	(3,560,825)	(593,855)	201,495	(3,953,185)
Total capital assets, being depreciated, net	7,654,377	2,052,117	4,233,816	13,940,310
Governmental activities capital assets, net	$ 14,288,936	$ 3,024,318	$ (32,272)	$ 17,280,982
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 2,054,213	$ -	$ -	$ 2,054,213
Construction in progress	222,583	1,240,598	(736,994)	726,187
Total	2,276,796	1,240,598	(736,994)	2,780,400
Capital assets, being depreciated:				
Infrastructure	43,352,387	495,201	6,532,423	50,380,011
Buildings and improvements	36,396,748	9,054	(5,665,183)	30,740,619
Equipment, furniture & vehicles	18,274,003	376,865	(485,225)	18,165,643
Total	98,023,138	881,120	382,015	99,286,273
Less accumulated depreciation for:				
Infrastructure	(9,809,494)	(961,986)	(962,241)	(11,733,721)
Buildings and improvements	(6,681,526)	(781,068)	823,938	(6,638,656)
Equipment, furniture & vehicles	(6,734,520)	(1,243,412)	387,871	(7,590,061)
Total	(23,225,540)	(2,986,466)	249,568	(25,962,438)
Total capital assets, being depreciated, net	74,797,598	(2,105,346)	631,583	73,323,835
Business-type activities capital assets, net	$ 77,074,394	$ (864,748)	$ (105,411)	$ 76,104,235

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	$ 99,385
Public safety	262,729
Public works	204,146
Culture and recreation	21,852
Housing and development	5,743
Total depreciation expense - governmental activities	$ 593,855
Business-type activities:	
Utilities	$ 2,899,617
Solid waste	86,849
Total depreciation expense - business-type activities	$ 2,986,466

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 6,990,000	$ 4,430,000	$ (4,470,000)	$ 6,950,000	$ 230,000
Less: Deferred charges, net	-	(48,456)	2,451	(46,005)	
Total general obligation bonds	6,990,000	4,381,544	(4,467,549)	6,903,995	230,000
Net pension obligation	-	341,121	-	341,121	341,121
Compensated absences	267,154	280,084	(243,901)	303,337	277,000
Governmental activity Long-term liabilities	$ 7,257,154	$ 5,002,749	$ (4,711,450)	$ 7,548,453	$ 848,121
Business-type activities:					
Revenue bonds payable	$ 30,675,000	$ 15,040,000	$ (16,120,000)	$ 29,595,000	$ 1,425,000
Less: Deferred charges, net	(289,264)	(246,983)	144,301	(391,946)	-
Total revenue bonds	30,385,736	14,793,017	(15,975,699)	29,203,054	1,425,000
Note payable	597,379	-	(83,506)	513,873	85,188
Net pension obligation	-	537,514	-	537,514	537,514
Compensated absences	207,636	377,443	(358,410)	226,669	226,669
Business-type activity Long-term liabilities	$ 31,190,751	$ 15,707,974	$ (16,417,615)	$ 30,481,110	$ 2,274,371

NOTE 7. LONG-TERM DEBT (CONTINUED)

For governmental funds, compensated absences and net pension obligation are liquidated by the General Fund.

General Obligation Bonds. In November 2000, the City issued General Obligation Bonds (Series 2000) to finance various construction and capital acquisition projects. These bonds were issued for an original amount of $7,195,000 bearing interest of 5.275% per annum payable semi-annually on April 1 and October 1 and maturing in 2013.

In October 2006, the City issued General Obligation Refunding Bonds (Series 2006) to provide funds to advance refund $4,270,000 in aggregate principal amount of the City's Series 2000 General Obligation Bonds. These bonds were issued for an original amount of $4,430,000 bearing interest from 3.625% to 5.00% per annum payable semi-annually on April 1 and October 1 and maturing in 2019.

The debt service to maturity on the general obligation bonds is as follows:

	Series 2006		Series 2000		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2007	$ -	$ 204,463	$ 230,000	$ 123,130	$ 557,593
2008	-	204,463	270,000	112,435	586,898
2009	-	204,463	310,000	99,744	614,207
2010	-	204,463	355,000	85,020	644,483
2011	10,000	204,463	400,000	67,802	682,265
2012-2016	1,970,000	924,676	955,000	73,504	3,923,180
2017-2019	2,450,000	216,900	-	-	2,666,900
Total	$ 4,430,000	$ 2,163,891	$ 2,520,000	$ 561,635	$ 9,675,526

Revenue Bonds. The City issued the following revenue bonds in order to finance construction and system extension:

In February 2001, the City issued the Combined Utility Revenue Bonds (Series 2001) in the original amount of $20,555,000 bearing interest at an average rate of 4.95% payable each June 1 and December 1 beginning 2003 until 2014.

In July 2003, the City issued the Combined Utility Revenue Bonds (Series 2003) in the original amount of $13,275,000 bearing interest at an average rate of 3.06% payable each June 1 and December 1 beginning 2003 until 2018.

NOTE 7. LONG-TERM DEBT (CONTINUED)

The debt service to maturity on the Series 2003 and 2001 revenue bonds is as follows:

Year Ending December 31,	Series 2003 Principal	Series 2003 Interest	Series 2001 Principal	Series 2001 Interest	Total
2007	$ 1,340,000	$ 306,918	$ 85,000	$ 244,878	$ 1,976,796
2008	1,370,000	280,118	90,000	241,478	1,981,596
2009	635,000	225,318	800,000	237,652	1,897,970
2010	655,000	206,268	835,000	203,652	1,899,920
2011	675,000	186,618	870,000	168,135	1,899,753
2012-2016	3,290,000	577,780	2,845,000	262,845	6,975,625
2017-2018	1,065,000	60,200	-	-	1,125,200
Total	$ 9,030,000	$ 1,843,220	$ 5,525,000	$ 1,358,640	$ 17,756,860

In October 2006, the City issued the Combined Utility Revenue Refunding Bonds (Series 2006) to advance refund $14,720,000 in aggregate principal amount of the Series 2001 Revenue Bonds. These bonds were issued for an original amount of $15,040,000 bearing interest from 4.00% to 5.00% payable each June 1 and December 1 and maturing in 2025.

The debt service to maturity on the Series 2006 revenue bonds is as follows:

Year Ending December 31,	Principal	Interest	Total
2007	$ -	$ 707,163	$ 707,163
2008	-	707,163	707,163
2009	-	707,163	707,163
2010	-	707,163	707,163
2011	-	707,163	707,163
2012-2016	2,175,000	3,482,815	5,657,815
2017-2021	6,470,000	2,376,810	8,846,810
2022-2025	6,395,000	682,560	7,077,560
Total	$ 15,040,000	$ 10,078,000	$ 25,118,000

As part of the refundings mentioned above, the City has defeased certain outstanding general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On December 31, 2006, the outstanding amount of bonds considered defeased is as follows:

Series 2000 General Obligation Bonds	$ 4,270,000
Series 2001 Revenue Bonds	14,720,000

NOTE 7. LONG-TERM DEBT (CONTINUED)

Note Payable. The City has a note payable to the Georgia Environmental Facilities Authority State Revolving Loan Fund 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. The note was issued to finance construction and system extension.

The debt service requirements to maturity on the note payable are as follows:

Year Ending December 31,	Principal	Interest	Total
2007	$ 85,188	$ 9,641	$ 94,829
2008	86,905	7,925	94,830
2009	88,656	6,173	94,829
2010	90,443	4,387	94,830
2011	92,265	2,565	94,830
2012	70,416	705	71,121
Total	$ 513,873	$ 31,396	$ 545,269

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2006 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	$ 110,647
General Fund	Solid Waste Fund	606,741
General Fund	Utilities Fund	539,394
General Fund	Nonmajor governmental funds	9,893
General Fund	Internal service fund - employees' health	40,016
Solid Waste Fund	Utilities Fund	175,644
Internal service fund - employees' health	General Fund	66,619
Internal service fund - workers' compensation	Utilities Fund	6,235
Nonmajor governmental funds	General Fund	12,257
		$ 1,567,446

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Due from/to primary government and component unit:

Receivable Entity	Payable Entity	Amount
Component unit - Downtown Development Authority	Primary government - Nonmajor governmental fund	$ 12,257

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transfers In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	$ 621,059
Capital Projects Fund	General Fund	318,732
		$ 939,791
General Fund	Utilities Fund	$ 1,433,043

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Monroe Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.0% of final average earnings in excess of covered compensation. 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. Elected officials are entitled to $30 for each year of service after reaching normal retirement age.

At November 1, 2006, the date of the most recent actuarial valuation, there were 267 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	48
Terminated vested participants not yet receiving benefits	19
Active employees - vested	117
Active employees - nonvested	83
Total	267

NOTE 9. PENSION PLAN (CONTINUED)

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2006, the actuarially determined contribution rate was 37.38% of covered payroll, of which 11.20% related to the basic required contribution with an additional 26.18% related to benefit changes as described below.

For 2006, the City's recommended contribution was $751,774. Additionally, a change in the types and amounts of benefits offered led to a one-time recommended contribution of $1,756,241 to fund the retroactive adjustment related to the changes. Actual contributions totaled $1,629,380. The recommended contribution was determined as part of the November 1, 2005 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include an 8.0% rate of return on investments and projected salary increases of 5.5% (5.0% due to inflation and .5% due to merit or seniority increases). 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 accrued liability over 15 years for actuarial gains and losses, 20 years for plan provision and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation for the year ended December 31, 2006, is as follows:

Annual required contribution	$ 2,508,015
Interest on net pension obligation	-
Adjustments to annual required contribution	-
Annual pension cost	2,508,015
Contributions made	1,629,380
Increase in net pension obligation	878,635
Net pension obligation, beginning of year	-
Net pension obligation, end of year	$ 878,635

NOTE 9. PENSION PLAN (CONTINUED)

Employer Contributions

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2006	$ 2,508,015	$ 1,629,380	65.0 %	$ 878,635
2005	660,176	660,176	100.0	-
2004	466,713	466,713	100.0	-

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described above, 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. These postemployment benefits are financed on a pay-as-you-go basis. Expenditures for postretirement healthcare costs are recognized in the City's self-insurance fund as retirees report claims and include a provision for estimated claims incurred but not yet reported to the City. For the year ended December 31, 2006, the City recognized $21,891 of expenditures for postretirement healthcare benefits.

NOTE 11. FUND DEFICITS

The following funds had deficit fund balances at December 31, 2006:

Capital Projects Fund	$ 77,702
Debt Service Fund	183

The above fund deficits will be reduced through General Fund appropriations, as needed.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Development Center (RDC). Dues to the RDC are assessed at the County level and are, accordingly, paid by Walton County. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from the RDC's administrative office at 305 Research Drive, Athens, Georgia 30610.

NOTE 13. RELATED ORGANIZATIONS

The City's council is responsible for appointing a majority of the board members of the City of Monroe, Georgia Housing Authority. However, the City has no further accountability for the Authority.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settlements have not exceeded coverage for the past three years. The City is self-insured for both employee group health insurance and workers' compensation claims. The City maintains specific stop loss coverage in the amount of $300,000 per claim for workers' compensation and $40,000 per covered individual for employee group health insurance. A liability for employee group health insurance and workers' compensation claims is recognized in the respective internal service fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability includes an estimate for claims that have been incurred but not reported.

Changes in the balances of claims liabilities during the past two years are as follows:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2006	$ 230,817	$ 1,779,084	$ 1,760,750	$ 249,151
2005	$ 62,945	$ 1,985,207	$ 1,817,335	$ 230,817

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation:

Early in 2007, the Georgia Public Service Corporation (GPSC) issued a decision regarding a gas service territory previously undefined. The decision would cause the City to transfer approximately 150 gas customers who fell within the Atlanta Gas Light (AGL) territory. The GPSC has ordered the City to sell the gas service assets related to serving those customers to AGL, as well as to pay a $100,000 fine to the GPSC. The amount of proceeds from the sale of the gas service assets has not yet been determined. Any net book value in excess of the price ultimately paid by AGL will result in a one-time loss on the disposal of the capital assets.

Subsequent to this decision, the City filed its petition for judicial review and motion for emergency stay, appealing the decision of the GPSC. The City asserts that the GPSC erred in requiring that the City transfer any of its gas service assets since the City's Municipal Charter prohibits the City from doing so without a referendum of the City's voters. On April 11, 2007, the Court granted the City's motion for emergency stay. The City will continue to vigorously pursue its claims on appeal and is unable to reasonably estimate the amount of liability which may be incurred if an adverse decision is rendered.

The City is involved in several other pending legal matters. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel have a material adverse effect on the financial position of the City.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Agreements with the Municipal Electric Authority of Georgia:

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

As of December 31, 2006, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to $9,085,312 in 2006.

At December 31, 2006, the outstanding debt of MEAG was approximately $3.95 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $56.82 million at December 31, 2006.

The City has also entered into a contract for natural gas purchases with the Municipal Gas Authority of Georgia (MGAG). MGAG is an association of approximately 84 cities. MGAG has issued bonded debt to purchase various natural gas properties and has contracted for other natural gas supplies. The City has an “obligation share” of these commitments under terms substantially the same as the agreements above.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 5% and at least a 3% tax amount (or 60%) is required to be expended for the promotion of tourism. Revenues collected were $37,017. Of this amount 100%, or $37,017, was expended for the promotion of tourism.

NOTE 17. CHANGE IN ACCOUNTING POLICY

The City’s beginning net assets of its Utilities Fund has been adjusted to write off $443,505 of capital assets associated with a change in the City’s capitalization threshold to $5,000. The City increased the capitalization threshold to improve the efficiency of tracking capital assets.

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The City has determined that a restatement of beginning net assets of governmental activities is necessary to properly reflect capital assets previously expensed. This adjustment results in a change to beginning net assets of governmental activities as follows:

Net assets, as previously reported	$	10,678,902
Effect of recording omitted capital assets		400,307
Net assets, as restated	$	11,079,209

The City has also determined that a restatement of the beginning fund balance for the Debt Service Fund, a nonmajor governmental fund, is necessary to reverse the effect of interest expenditures recognized in the prior fiscal year that were not paid or currently due as of December 31, 2005. This adjustment results in a change to the beginning fund balance of the other governmental funds as follows:

Fund balance, as previously reported	$	1,326,987
Effect of reversing interest expenditures		89,934
Fund balance, as restated	$	1,416,921

The City has also determined that a restatement of beginning net assets of the Solid Waste Fund is necessary to properly reflect a liability and expense for compensated absences incurred as of December 31, 2005. This adjustment results in a change to beginning net assets of Solid Waste Fund as follows:

Net assets, as previously reported	$	853,293
Effect of recording expenses incurred for compensated absences		(48,572)
Net assets, as restated	$	804,721

REQUIRED SUPPLEMENTARY INFORMATION

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
11/1/06	$ 6,808,604	$ 10,191,920	$ 3,383,316	66.8%	$ 7,164,234	47.2%
11/1/05	4,458,241	8,271,665	3,813,424	53.9%	6,710,595	56.8%
11/1/04	3,967,193	7,408,610	3,441,417	53.5%	6,016,378	57.2%
11/1/03	2,790,556	5,462,645	2,672,089	51.1%	5,857,338	45.6%
11/1/02	2,877,576	4,044,507	1,166,931	71.1%	1,979,891	58.9%
11/1/01	2,971,475	4,069,604	1,098,129	73.0%	2,269,735	48.4%

Since 1821
THE CITY OF
Monroe

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULE

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Hotel/Motel Tax Fund – This fund is used to account for hotel/motel taxes collected that are restricted for promotion of trade and tourism in the City.

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund – To account for the accumulation of resources for, and payment of, principal and interest on the City's general obligation bonds.

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.

GO Bond Fund – This fund is used to account for various improvement and construction projects.

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

ASSETS	Special Revenue Funds: Forfeited Drug Fund	Special Revenue Funds: Hotel/Motel Tax Fund	Debt Service Fund	Capital Projects Fund: GO Bond Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 31,437	$ 40,226	$ 13,448	$ 900,203	$ 985,314
Taxes receivable	-	3,058	-	-	3,058
Accounts receivable	-	-	7,138	-	7,138
Due from other funds	-	12,257	-	-	12,257
Total assets	$ 31,437	$ 55,541	$ 20,586	$ 900,203	$ 1,007,767
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 26,389	$ 80	$ -	$ -	$ 26,469
Accrued liabilities	-	-	13,631	-	13,631
Due to other funds	-	-	7,138	2,755	9,893
Due to component unit	-	12,257	-	-	12,257
Total liabilities	26,389	12,337	20,769	2,755	62,250
FUND BALANCES (DEFICIT)					
Unreserved	5,048	43,204	(183)	897,448	945,517
Total liabilities and fund balances	$ 31,437	$ 55,541	$ 20,586	$ 900,203	$ 1,007,767

CITY OF MONROE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds			Capital Projects Fund	
	Forfeited Drug Fund	Hotel/Motel Tax Fund	Debt Service Fund	GO Bond Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ 36,364	$ -	$ -	$ 36,364
Intergovernmental	-	-	-	58,190	58,190
Fines and forfeitures	5,780	-	-	-	5,780
Interest	1,964	1,084	195	35,075	38,318
Total revenues	7,744	37,448	195	93,265	138,652
EXPENDITURES					
Current					
General government	-	-	1,050	-	1,050
Public safety	12,387	-	-	-	12,387
Public works	-	-	-	565,830	565,830
Housing and development	-	51,402	-	-	51,402
Capital outlay	-	-	-	47,845	47,845
Debt service					
Principal retirements	-	-	200,000	-	200,000
Interest and issuance costs	-	-	464,145	-	464,145
Total expenditures	12,387	51,402	665,195	613,675	1,342,659
Deficiency of revenues under expenditures	(4,643)	(13,954)	(665,000)	(520,410)	(1,204,007)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	36,057	552,600	32,402	621,059
Issuance of refunding bonds	-	-	4,430,000	-	4,430,000
Premium from issuance of refunding bonds	-	-	250,230	-	250,230
Payment to refunded bond escrow agent	-	-	(4,568,686)	-	(4,568,686)
Total other financing sources (uses)	-	36,057	664,144	32,402	732,603
Net change in fund balances	(4,643)	22,103	(856)	(488,008)	(471,404)
FUND BALANCES, beginning of year (as restated)	9,691	21,101	673	1,385,456	1,416,921
FUND BALANCES (DEFICIT), end of year	$ 5,048	$ 43,204	$ (183)	$ 897,448	$ 945,517

CITY OF MONROE, GEORGIA

FORFEITED DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	$ 25,000	$ 25,000	$ 5,780	$ (19,220)
Interest	-	-	1,964	1,964
Total revenues	25,000	25,000	7,744	(17,256)
EXPENDITURES				
Public safety	25,000	25,000	12,387	12,613
Net change in fund balances	-	-	(4,643)	(4,643)
FUND BALANCES, beginning of year	9,691	9,691	9,691	-
FUND BALANCES, end of year	$ 9,691	$ 9,691	$ 5,048	$ (4,643)

CITY OF MONROE, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 40,000	$ 40,000	$ 36,364	$ (3,636)
Interest	-	-	1,084	1,084
Total revenues	40,000	40,000	37,448	(2,552)
EXPENDITURES				
Culture and recreation	500	500	-	500
Housing and development	63,300	63,300	51,402	11,898
Total expenditures	63,800	63,800	51,402	12,398
Deficiency of revenues under expenditures	(23,800)	(23,800)	(13,954)	9,846
OTHER FINANCING SOURCES				
Transfers in	23,800	23,800	36,057	12,257
Net change in fund balances	-	-	22,103	22,103
FUND BALANCES, beginning of year	21,101	21,101	21,101	-
FUND BALANCES, end of year	$ 21,101	$ 21,101	$ 43,204	$ 22,103

CITY OF MONROE, GEORGIA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ -	$ -	$ 195	$ 195
EXPENDITURES				
Current				
General government	-	-	1,050	(1,050)
Debt service				
Principal retirements	200,000	200,000	200,000	-
Interest and issuance costs	359,738	359,738	464,145	(104,407)
Total expenditures	559,738	559,738	665,195	(105,457)
Deficiency of revenues under expenditures	(559,738)	(559,738)	(665,000)	(105,262)
OTHER FINANCING SOURCES (USES)				
Transfers in	559,738	559,738	552,600	(7,138)
Issuance of refunding bonds	-	-	4,430,000	4,430,000
Premium from issuance of refunding bonds	-	-	250,230	250,230
Payment to refunded bond escrow agent	-	-	(4,568,686)	(4,568,686)
Total other financing sources (uses)	559,738	559,738	664,144	104,406
Net change in fund balances	-	-	(856)	(856)
FUND BALANCES, beginning of year (as restated)	673	673	673	-
FUND BALANCES, end of year	$ 673	$ 673	$ (183)	$ (856)

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CITY OF MONROE, GEORGIA

INTERNAL SERVICE FUNDS

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.

Employees' Heath Benefits – This fund accounts for employer and employee contributions for self-funded health insurance coverage.

Workers' Compensation Insurance – This fund accounts for the provision of self-insured workers' compensation and short-term disability coverage for all employees, excluding those of the Utilities Fund.

Since 1821
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CITY OF MONROE, GEORGIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2006

ASSETS	Employees' Health Benefits	Workers' Compensation Insurance	Totals
Cash	$ 277,618	$ 48,709	$ 326,327
Due from other funds	66,619	6,235	72,854
Total assets	344,237	54,944	399,181
LIABILITIES			
Accounts payable	247,233	1,918	249,151
Due to other funds	40,016	-	40,016
Total liabilities	287,249	1,918	289,167
NET ASSETS			
Unrestricted	56,988	53,026	110,014
Total net assets	$ 56,988	$ 53,026	$ 110,014

CITY OF MONROE, GEORGIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Employees' Health Benefits	Workers' Compensation Insurance	Totals
Revenues			
Charges for services	$ 2,329,686	$ 58,000	$ 2,387,686
Expenses			
Benefit expenses	2,259,256	74,478	2,333,734
Operating income	70,430	(16,478)	53,952
Nonoperating revenues			
Interest income	14,275	1,638	15,913
Changes in net assets	84,705	(14,840)	69,865
Net assets, beginning of year	(27,717)	67,866	40,149
Net assets, end of year	$ 56,988	$ 53,026	$ 110,014

CITY OF MONROE, GEORGIA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	Employees' Health Benefits	Workers' Compensation Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	$ 2,263,067	$ 51,765	$ 2,314,832
Payments to suppliers	(2,201,151)	(74,233)	(2,275,384)
Net cash provided by (used in) operating activities	61,916	(22,468)	39,448
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	14,275	1,638	15,913
Net cash provided by investing activities	14,275	1,638	15,913
Net increase (decrease) in cash	76,191	(20,830)	55,361
Cash, beginning of year	201,427	69,539	270,966
Cash, end of year	$ 277,618	$ 48,709	$ 326,327
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	$ 70,430	$ (16,478)	$ 53,952
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Increase in due from other funds	(66,619)	(6,235)	(72,854)
Increase in accounts payable	18,089	245	18,334
Increase in due to other funds	40,016	-	40,016
Net cash provided by (used in) operating activities	$ 61,916	$ (22,468)	$ 39,448

Since 1821
THE CITY OF
Monroe

COMPONENT UNIT –
DOWNTOWN DEVELOPMENT AUTHORITY

Since 1821
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CITY OF MONROE, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	$ (28,809)
Net cash used in operating activities	(28,809)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Tax receipts	29,650
Other nonoperating income	1,499
Net cash provided by non-capital financing activities	31,149
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	701
Net cash provided by capital and related financing activities	701
Net increase in cash	3,041
Cash, beginning of year	15,380
Cash, end of year	$ 18,421
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (35,035)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in accounts payable	6,226
Net cash used in operating activities	$ (28,809)

Since 1821
THE CITY OF
Monroe

STATISTICAL SECTION

Since 1821
THE CITY OF
Monroe

STATISTICAL SECTION

This part of the City of Monroe's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends **58**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **65**

These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes and utility charges.

Debt Capacity **79**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **84**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **86**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Since 1821
THE CITY OF
Monroe

CITY OF MONROE, GEORGIA

NET ASSETS BY COMPONENT
LAST FOUR YEARS
(accrual basis of accounting)

	2006	2005	2004	2003
Governmental activities				
Invested in capital assets, net of related debt	**$ 10,480,020**	$ 3,271,486	$ 2,685,278	$ 1,726,425
Restricted	**-**	113,454	2,697,316	3,693,156
Unrestricted	**2,385,954**	7,293,962	2,506,632	1,439,477
Total governmental activities net assets	**$ 12,865,974**	$ 10,678,902	$ 7,889,226	$ 6,859,058
Business-type activities				
Invested in capital assets, net of related debt	**$ 47,035,378**	$ 46,638,687	$ 40,778,483	$ 39,380,191
Unrestricted	**5,361,388**	4,212,532	6,294,103	6,068,795
Total business-type activities net assets	**$ 52,396,766**	$ 50,851,219	$ 47,072,586	$ 45,448,986
Primary government				
Invested in capital assets, net of related debt	**$ 57,515,398**	$ 49,910,173	$ 43,463,761	$ 41,106,616
Restricted	**-**	113,454	2,697,316	3,693,156
Unrestricted	**7,747,342**	11,506,494	8,800,735	7,508,272
Total primary government net assets	**$ 65,262,740**	$ 61,530,121	$ 54,961,812	$ 52,308,044

CITY OF MONROE, GEORGIA

CHANGES IN NET ASSETS
LAST FOUR YEARS
(accrual basis of accounting)

	2006		2005	2004	2003
Expenses					
Governmental activities:					
General government	**$ 1,694,194**		$ 1,268,756	$ 996,623	$ 910,553
Judicial	**101,795**		66,903	59,771	53,943
Public safety	**4,584,679**		4,089,578	4,226,825	3,842,396
Public works	**2,179,824**		1,432,099	2,375,572	2,219,978
Health and welfare	**9,674**		11,918	47,688	5,519
Culture and recreation	**328,177**		322,390	358,311	338,373
Housing and development	**345,994**		239,393	185,843	211,352
Interest on long-term debt	**340,523**		365,053	370,794	441,473
Total governmental activities expenses	**9,584,860**		7,796,090	8,621,427	8,023,587
Business-type activities:					
Utilities	**30,529,266**		30,061,743	26,800,621	22,403,859
Solid Waste	**3,489,003**		2,863,895	2,768,145	2,622,391
Total business-type activities expenses	**34,018,269**		32,925,638	29,568,766	25,026,250
Total primary government expenses	**$ 43,603,129**		$ 40,721,728	$ 38,190,193	$ 33,049,837
Program Revenues					
Governmental activities:					
Charges for services:					
General government	**$ 310,339**	(1)	$ 87,012	$ 58,566	$ 89,804
Judicial	**331,732**	(1)	-	-	-
Public safety	**23,579**	(1)	413,337	386,801	316,653
Public works	**17,680**		800	2,785	-
Health and welfare	**-**		16,800	20,625	4,000
Culture and recreation	**1,225**		-	-	-
Housing and development	**-**	(1)	262,033	290,370	213,459
Operating grants and contributions	**86,254**		-	-	67,080
Capital grants and contributions	**2,874,695**	(2)	-	-	1,022,218
Total governmental activities program revenues	**3,645,504**		779,982	759,147	1,713,214
Business-type activities:					
Charges for services:					
Utilities	**33,310,694**		33,730,259	29,919,255	26,627,546
Solid Waste	**3,248,198**		2,791,420	2,734,281	2,692,889
Operating grants and contributions	**-**		36,796	12,905	-
Capital grants and contributions	**716,201**	(3)	4,249,412	2,136,117	472,979
Total business-type activities program revenues	**37,275,093**		40,807,887	34,802,558	29,793,414
Total primary government program revenues	**$ 40,920,597**		$ 41,587,869	$ 35,561,705	$ 31,506,628

(Continued)

CITY OF MONROE, GEORGIA

CHANGES IN NET ASSETS
LAST FOUR YEARS
(accrual basis of accounting)

	2006	2005	2004	2003
Net (expense)/revenue				
Governmental activities	**$ (5,939,356)**	$ (7,016,108)	$ (7,862,280)	$ (6,310,373)
Business-type activities	**3,256,824**	7,882,249	5,233,792	4,767,164
Total primary government net (expense) revenue	**$ (2,682,532)**	$ 866,141	$ (2,628,488)	$ (1,543,209)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	**$ 2,686,312**	$ 2,542,580	$ 2,351,239	$ 2,258,913
Sales taxes	**2,390,642**	1,780,995	1,609,567	1,267,971
Franchise taxes	**263,886**	255,742	237,448	217,793
Other taxes	**718,778**	1,057,955	980,690	924,769
Intergovernmental revenues	**-**	-	-	62,247
Unrestricted investment earnings	**108,567**	71,213	37,124	102,621
Miscellaneous	**101,300**	10,000	-	-
Gain on sale of capital assets	**23,593**	-	6,905	35,253
Transfers	**1,433,043**	1,391,317	1,860,198	1,714,894
Total governmental activities	**7,726,121**	7,109,802	7,083,171	6,584,461
Business-type activities:				
Investment earnings	**213,843**	132,093	67,039	72,033
Miscellaneous	**-**	-	-	45,019
Gain on sale of capital assets	**-**	(9,264)	7,993	36,690
Transfers	**(1,433,043)**	(1,530,464)	(1,860,947)	(1,714,894)
Total business-type activities	**(1,219,200)**	(1,407,635)	(1,785,915)	(1,561,152)
Total primary government	**$ 6,506,921**	$ 5,702,167	$ 5,297,256	$ 5,023,309
Change in Net Assets				
Governmental activities	**$ 1,786,765**	$ 93,694	$ (779,109)	$ 274,088
Business-type activities	**2,037,624**	6,474,614	3,447,877	3,206,012
Total primary government	**$ 3,824,389**	$ 6,568,308	$ 2,668,768	$ 3,480,100

(1) The allocation of charges for services to the various functions was changed in 2006 to more accurately reflect the nature of the City's activities.

(2) The City received several large grants in 2006 that had not been received in prior years.

(3) In 2006, the City received fewer grants and contributions related to business-type activities than in prior years.

CITY OF MONROE, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST FOUR YEARS
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Business Tax	Total
2003	$ 2,258,913	$ 1,267,971	$ 217,793	$ 924,769	$ 4,669,446
2004	2,351,239	1,609,567	237,448	980,690	5,178,944
2005	2,542,580	1,780,995	255,742	1,057,955	5,637,272
2006	**2,686,312**	**2,390,642**	**263,886**	**718,778**	**6,059,618**

CITY OF MONROE, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General fund										
Reserved	**$ 54,417**	$ 54,271	$ 49,024	$ -	$ 15,041	$ 3,541	$ 15,000	$ 3,541	$ 15,000	$ 15,000
Unreserved	**1,768,113**	2,317,376	1,976,238	2,241,528	2,556,671	2,362,057	1,551,965	1,745,305	1,552,856	1,376,996
Total general fund	**$ 1,822,530**	$ 2,371,647	$ 2,025,262	$ 2,241,528	$ 2,571,712	$ 2,365,598	$ 1,566,965	$ 1,748,846	$ 1,567,856	$ 1,391,996
All other governmental funds										
Reserved	**$ -**	$ 20,000	$ 20,000	$ 12,000	$ 8,000	$ 4,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Unreserved, reported in:										
Special revenue funds	**48,252**	30,792	52,863	157,061	160,516	93,081	4,983	25,420	21,051	191,660
Debt service fund	**(183)**	(89,261)	6,357	5,137	66,734	29,413	-	-	-	-
Capital projects funds	**819,746**	1,271,889	1,886,939	2,680,178	3,618,423	4,017,621	6,786,920	177,167	103,565	99,640
Total all other governmental funds	**$ 867,815**	$ 1,233,420	$ 1,966,159	$ 2,854,376	$ 3,853,673	$ 4,144,115	$ 6,851,903	$ 262,587	$ 184,616	$ 351,300

CITY OF MONROE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Taxes	**$ 6,154,877**	$ 5,331,546	$ 5,076,269	$ 4,507,752	$ 4,535,803	$ 4,436,314	$ 4,027,071	$ 3,577,175	$ 3,231,813	$ 2,972,773
Licenses and permits	**303,400**	208,714	241,633	171,298	165,971	147,242	160,862	182,934	216,117	240,890
Intergovernmental	**2,129,920**	2,090,227	1,383,794	834,318	1,236,721	1,183,036	304,798	282,825	216,652	225,459
Fines and forfeitures	**337,512**	420,414	398,839	331,814	112,397	1,836,172	1,212,054	1,260,650	1,004,682	927,439
Charges for services	**38,459**	112,623	113,705	97,257	267,744	344,481	407,064	298,127	235,932	310,996
Interest income	**92,654**	62,847	28,528	100,070	199,946	186,659	53,606	60,010	69,750	75,597
Miscellaneous	**106,484**	202,602	44,690	59,541	16,105	250,354	33,910	152,008	208,180	234,791
Total revenues	**9,163,306**	8,428,973	7,287,458	6,102,050	6,534,687	8,384,258	6,199,365	5,813,729	5,183,126	4,987,945
Expenditures										
General government	**1,602,150**	988,142	1,167,400	1,331,514	1,466,330	867,705	946,373	1,792,209	1,339,339	1,827,793
Judicial	**95,732**	77,198	46,817	42,429	-	-	-	-	-	-
Public safety	**4,282,047**	4,268,592	3,542,765	3,073,846	2,874,614	2,476,931	2,397,795	2,196,658	2,233,250	2,465,806
Public works	**2,142,527**	1,307,365	1,160,618	1,371,404	1,236,827	2,326,920	568,219	581,233	1,084,498	640,753
Health and welfare	**9,674**	6,880	7,081	-	-	-	-	-	-	-
Culture and recreation	**297,433**	280,813	317,589	287,906	472,587	527,241	561,312	498,233	110,729	392,073
Housing and development	**330,822**	246,559	228,045	167,225	178,129	161,115	133,940	132,325	135,333	118,237
Capital outlay	**2,343,884**	2,593,331	1,828,500	1,056,490	678,402	4,345,078	339,314	1,041,570	-	1,100
Debt service										
Principal retirements	**200,000**	125,000	172,815	170,882	574	273,255	421,378	139,542	143,557	42,673
Interest and fiscal charges	**464,145**	365,053	370,794	441,473	333,141	81,104	161,858	21,579	17,325	9,796
Total expenditures	**11,768,414**	10,258,933	8,842,424	7,943,169	7,240,604	11,059,349	5,530,189	6,403,349	5,064,031	5,498,231
Excess of revenues over (under) expenditures	**(2,605,108)**	(1,829,960)	(1,554,966)	(1,841,119)	(705,917)	(2,675,091)	669,176	(589,620)	119,095	(510,286)

(Continued)

CITY OF MONROE, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

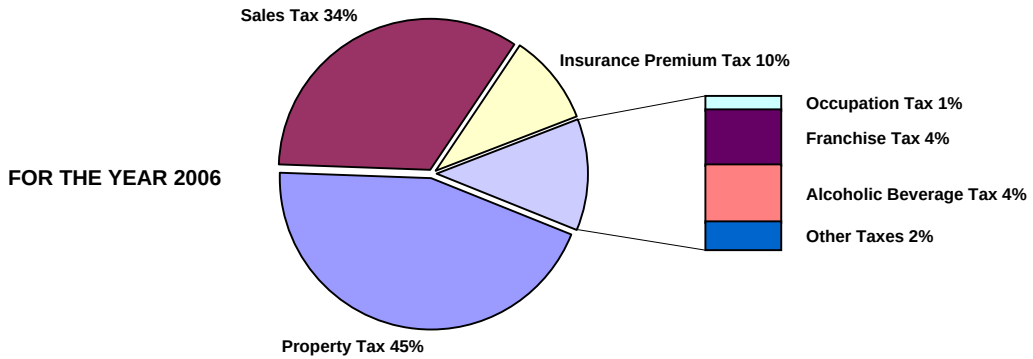
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Other financing sources (uses)										
Issuance of long-term debt	**4,430,000** (1)	-	-	-	-	-	6,827,726	-	-	-
Premium from issuance of debt	**250,230** (1)	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	**(4,568,686)** (1)	-	-	-	-	-	-	-	-	-
Capital leases	**-**	-	-	-	-	149,750	91,605	689,718	107,400	298,838
Proceeds from sale of capital assets	**55,865**	17,334	12,089	35,253	44,037	11,404	11,500	-	-	-
Transfers in	**2,372,834**	2,466,036	1,860,403	1,565,271	1,620,354	1,012,275	877,068	1,497,436	1,382,338	1,681,803
Transfers out	**(939,791)**	(1,039,764)	(1,407,009)	(1,088,883)	(1,020,842)	(693,218)	(509,707)	(524,197)	(405,094)	(807,490)
Total other financing sources (uses)	**1,600,452**	1,443,606	465,483	511,641	643,549	480,211	7,298,192	1,662,957	1,084,644	1,173,151
Net change in fund balances	**$ (1,004,656)**	$ (386,354)	$ (1,089,483)	$ (1,329,478)	$ (62,368)	$ (2,194,880)	$ 7,967,368	$ 1,073,337	$ 1,203,739	$ 662,865
Debt service as a percentage of noncapital expenditures	**7.05%**	6.39%	7.75%	8.89%	5.09%	5.28%	11.24%	3.00%	3.18%	0.95%

(1) The City issued refunding bonds in 2006.

CITY OF MONROE, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Occupation Tax	Insurance Premium Tax	Franchise Tax	Alcoholic Beverage Tax	Other Taxes	Total
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
2006	**2,735,068**	**2,079,950**	**73,450**	**597,725**	**263,886**	**274,328**	**130,470**	**6,154,877**



CITY OF MONROE, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

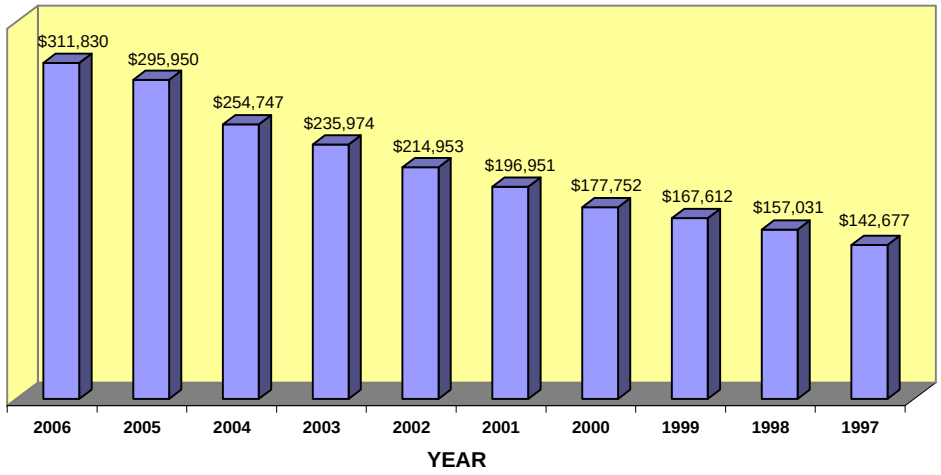
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1997	$ 60,854,228	$ 49,501,666	$ 24,091,364	$ 15,538,025	$ 7,308,748	$ 142,676,535	8.000	$ 356,691,338	40%
1998	63,855,340	51,520,755	22,553,951	25,803,234	6,702,315	157,030,965	8.000	392,577,413	40%
1999	73,085,831	56,102,224	23,200,662	23,141,967	7,918,450	167,612,234	8.000	419,030,585	40%
2000	79,018,146	60,826,492	20,666,792	24,441,931	7,201,225	177,752,136	7.967	444,380,340	40%
2001	93,263,923	65,649,258	22,450,885	25,962,448	10,375,674	196,950,840	7.557	492,377,100	40%
2002	100,787,600	69,108,457	28,814,584	28,029,520	11,786,786	214,953,375	7.544	537,383,438	40%
2003	116,774,444	73,355,298	27,270,343	29,426,925	10,852,602	235,974,408	7.214	589,936,020	40%
2004	121,915,717	84,002,249	27,266,091	28,818,686	7,255,689	254,747,054	7.193	636,867,635	40%
2005	145,568,907	104,099,246	23,025,830	29,481,721	6,225,856	295,949,848	6.774	739,874,620	40%
2006	**155,682,204**	**110,239,548**	**21,823,918**	**30,254,207**	**6,170,110**	**311,829,767**	**6.748**	**779,574,418**	**40%**

Source: Walton County, Georgia Tax Assessors Office

Note: Property in the City is reassessed periodically. Property is assessed at 40% of the fair market value; therefore, the assessed values are equal to 40% of the estimated actual value. Tax rates are per $1,000 of assessed value.

(1) Other property consists of historic, agricultural, conservation use, utility, motor vehicle and mobile homes.

TOTAL TAXABLE ASSESSED VALUE OF PROPERTY



CITY OF MONROE, GEORGIA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS(1)
PER $1,000 OF ASSESSED VALUE
LAST TEN YEARS

	City of Monroe, Georgia			Overlapping Rates					
					School District				Total Direct &
Fiscal Year	Operating Millage	Debt Service Millage (2)	Total City Millage	County	Operating Millage	Debt Service Millage	Total School Millage	State	Overlapping Rates
1997	8.000	-	8.000	10.830	15.320	1.680	17.000	0.25	36.080
1998	8.000	-	8.000	10.690	15.320	1.540	16.860	0.25	35.800
1999	8.000	-	8.000	10.460	17.280	1.370	18.650	0.25	37.360
2000	7.967	-	7.967	10.050	18.040	1.050	19.090	0.25	37.357
2001	5.717	1.840	7.557	10.050	16.950	0.990	17.940	0.25	35.797
2002	5.905	1.639	7.544	9.643	16.950	0.990	17.940	0.25	35.377
2003	5.515	1.699	7.214	9.643	16.940	0.960	17.900	0.25	35.007
2004	5.604	1.589	7.193	9.630	17.020	0.880	17.900	0.25	34.973
2005	5.034	1.740	6.774	9.577	17.240	1.600	18.840	0.25	35.441
2006	**4.870**	**1.878**	**6.748**	**9.585**	**17.240**	**2.700**	**19.940**	**0.25**	**36.523**

Source: Walton County Tax Assessors Office

Note: Assessed values are established by the County Assessors on January 1 of each year at 40% of the actual value.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Monroe.

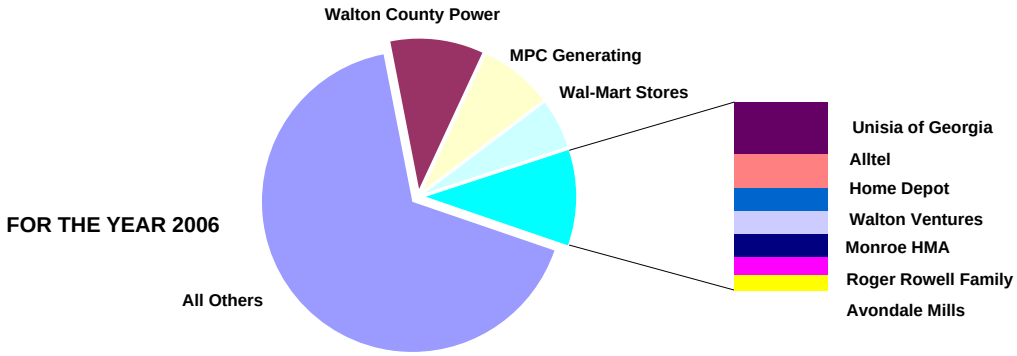
(2) 2001 was the first year for debt service.

CITY OF MONROE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(amounts expressed in thousands)

	2006			1997		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Walton County Power, LLC	$ 30,856	1	9.90 %	$ -		- %
MPC Generating, LLC	24,841	2	7.97	-		-
Wal-Mart Stores East	16,167	3	5.18	-		-
Unisia of Georgia Corp	9,068	4	2.91	-		-
Alltel Ga Communications	5,836	5	1.87	-		-
Home Depot	4,091	6	1.31	-		-
Walton Ventures, Inc.	4,011	7	1.29	-		-
Monroe HMA	3,836	8	1.23	-		-
Roger Rowell Family	3,279	9	1.05	-		-
Avondale Mills (Walton-Monroe Mills)	2,608	10	0.84	10,349	1	7.25
Universal Rundle	-		-	4,626	2	3.24
Harry Arnold, Jr	-		-	3,091	3	2.17
Duckhead Apparel	-		-	2,683	4	1.88
Oxford Industries	-		-	1,953	5	1.37
David Thompson	-		-	1,263	6	0.89
Walton Press	-		-	1,207	7	0.85
AMTW Ltd Partnership	-		-	1,178	8	0.83
BPT Southeastern	-		-	1,081	9	0.76
National Bank of Walton County	-		-	1,068	10	0.75
Totals	$ 104,593		33.54 %	$ 28,499		19.97 %

Source: City of Monroe Finance Department



CITY OF MONROE, GEORGIA

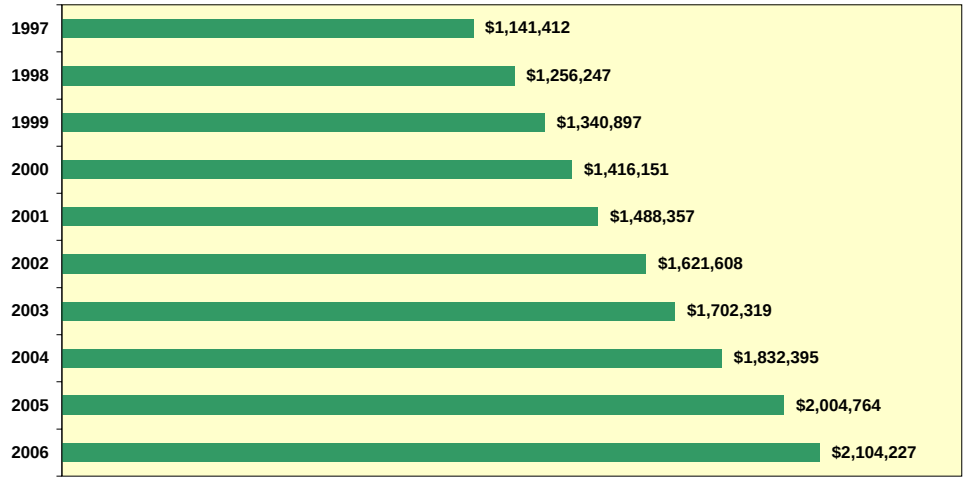
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	$ 1,141,412	N/A	N/A	$ 98,309	$ 1,141,412	100.0 %
1998	1,256,247	$ 1,207,412	96.1 %	100,270	1,307,682	104.1
1999	1,340,897	1,309,759	97.7	137,134	1,446,893	107.9
2000	1,416,151	1,316,692	93.0	187,492	1,504,184	106.2
2001	1,488,357	1,394,605	93.7	188,492	1,583,097	106.4
2002	1,621,608	1,375,935	84.9	185,742	1,561,677	96.3
2003	1,702,319	1,510,603	88.7	186,884	1,697,487	99.7
2004	1,832,395	1,620,022	88.4	204,632	1,824,654	99.6
2005	2,004,764	1,659,986	82.8 (1)	285,082	1,945,068	97.0
2006	**2,104,227**	**1,907,162**	**90.6**	**-**	**1,907,162**	**90.6**

Note: The amount of taxes collected within the fiscal year of the levy for 1997 was not available.

(1) One of the City's principal taxpayers was late remitting taxes in 2005 resulting in a lower percentage of levy collected during that year.

TOTAL TAX LEVY

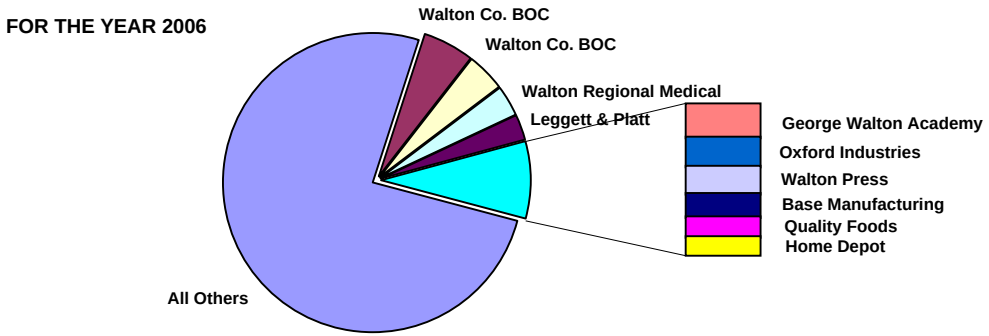


CITY OF MONROE, GEORGIA

TOP TEN ELECTRIC CUSTOMERS
CURRENT AND FOUR YEARS AGO

	2006				2002			
Customer	Usage in MWh	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues	Usage in MWh	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues
Walton Co. Board of Education	**6,049**	**$ 708**	**1**	**5.47 %**	6,035	$ 615	1	5.48 %
Walton Co. Board of Commissioners	**6,676**	**549**	**2**	**4.24**	2,536	140	7	1.25
Walton Regional Medical Center	**4,974**	**415**	**3**	**3.21**	5,956	418	2	3.72
Leggett & Platt	**8,431**	**388**	**4**	**3.00**	9,295	329	3	2.93
George Walton Academy	**2,301**	**246**	**5**	**1.90**	1,904	192	5	1.71
Oxford Industries	**1,783**	**203**	**6**	**1.57**	2,659	273	4	2.43
Walton Press	**1,970**	**190**	**7**	**1.47**				
Base Manufacturing	**1,272**	**164**	**8**	**1.27**	1,397	135	8	1.20
Quality Foods	**1,412**	**138**	**9**	**1.07**	1,670	128	9	1.14
Home Depot	**2,477**	**124**	**10**	**0.96**				
Southern Family Markets (Bi-Lo)					2,150	150	6	1.34
Wal-Mart Store					1,283	101	10	0.90
Totals	**37,345**	**3,125**		**24.14**	34,885	2,481		22
All Others	**107,390**	**9,819**		**75.86**	97,221	8,746		77.90
Annual Totals	**144,735**	**$ 12,944**		**100.00 %**	132,106	$ 11,227		100.00 %

Source: City of Monroe Utility Department
Note: Information not available for years prior to 2002.



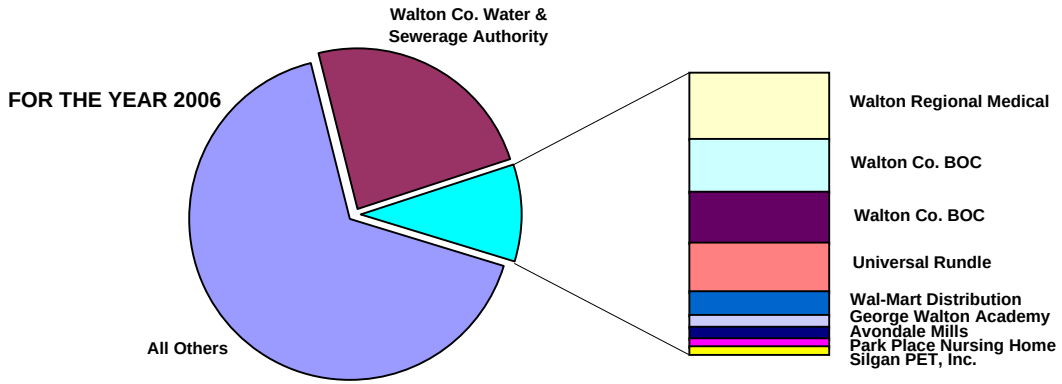
CITY OF MONROE, GEORGIA

TOP TEN WATER CUSTOMERS
CURRENT AND THREE YEARS AGO

	2006				2003			
Customer	Usage in Kgallons	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues	Usage in Kgallons	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues
Walton Co. Water & Sewerage Authority	**584,349**	**$ 891**	**1**	**23.93 %**	548,354	$ 771	1	26.06 %
Walton Regional Medical Center	**29,346**	**86**	**2**	**2.31**	19,318	44	4	1.49
Walton Co. Board of Education	**16,443**	**67**	**3**	**1.80**	13,405	41	5	1.39
Walton Co. Board of Commissioners	**16,003**	**64**	**4**	**1.72**	13,234	38	6	1.28
Universal Rundle	**21,142**	**62**	**5**	**1.66**	34,508	46	3	1.56
Wal-Mart Distribution Center	**9,739**	**29**	**6**	**0.78**	9,992	33	7	1.12
George Walton Academy	**4,975**	**15**	**7**	**0.40**	3,140	10	9	0.34
Avondale Mills (Walton-Monroe Mills)	**5,101**	**15**	**8**	**0.40**	27,897	57	2	1.93
Park Place Nursing Home	**2,220**	**10**	**9**	**0.27**	2,014	8	10	0.27
Silgan PET, Inc.	**2,099**	**9**	**10**	**0.24**	4,270	10	8	0.34
Totals	**691,417**	**1,248**		**33.51**	676,132	1,058		35.77
All Others	**573,530**	**2,476**		**66.49**	548,911	1,900		64.23
Annual Totals	**1,264,947**	**$ 3,724**		**100.00 %**	1,225,043	$ 2,958		100.00 %

Source: City of Monroe Utility Department

Note: Information not available for years prior to 2003.

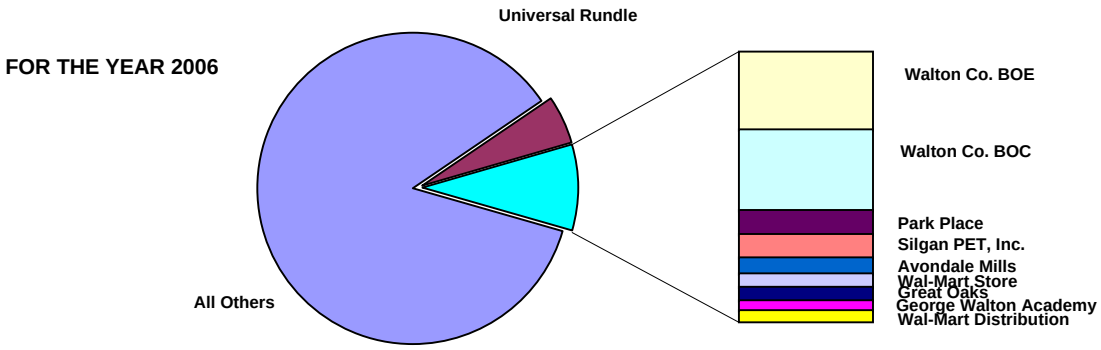


CITY OF MONROE, GEORGIA

TOP TEN SEWER CUSTOMERS
CURRENT AND THREE YEARS AGO

	2006				2003			
Customer	Usage in Kgallons	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues	Usage in Kgallons	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues
Universal Rundle	**21,142**	**$ 118**	**1**	**4.99 %**	34,508	$ 92	2	4.73 %
Walton Co. Board of Education	**16,443**	**62**	**2**	**2.62**	13,405	54	3	2.77
Walton Co. Board of Commissioners	**16,003**	**62**	**3**	**2.62**	13,234	54	4	2.77
Park Place Nursing Home	**2,220**	**19**	**4**	**0.80**	2,014	14	6	0.72
Silgan PET, Inc.	**2,099**	**18**	**5**	**0.76**	4,270	19	5	0.98
Avondale Mills (Walton-Monroe Mills)	**5,101**	**12**	**6**	**0.51**	27,897	109	1	5.60
Wal-Mart Store	**2,639**	**11**	**7**	**0.47**				
Great Oaks	**1,176**	**10**	**8**	**0.42**				
George Walton Academy	**4,975**	**8**	**9**	**0.34**	3,140	5	10	0.26
Wal-Mart Distribution Center	**9,739**	**8**	**10**	**0.34**	9,992	10	7	0.51
Walton Co. Water & Sewerage Authority					3,650	9	8	0.46
Monroe Motor Inn					1,070	5	9	0.26
Totals	**81,537**	**328**		**13.88**	113,180	371		19.05
All Others		**2,035**		**86.12**		1,576		80.95
Annual Totals		**$ 2,363**		**100.00 %**		$ 1,947		100.00 %

Source: City of Monroe Utility Department
Note: Information not available for years prior to 2003.



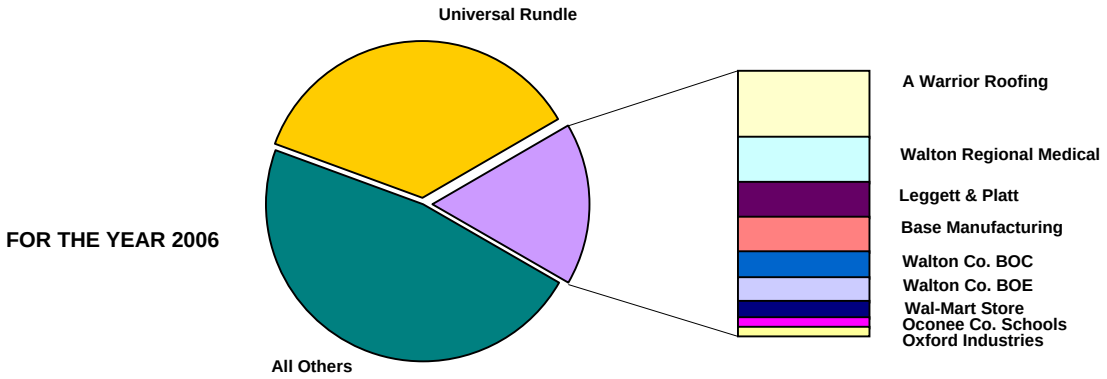
CITY OF MONROE, GEORGIA

TOP TEN GAS CUSTOMERS
CURRENT AND THREE YEARS AGO

	2006				2003			
Customer	Usage in MCF	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues	Usage in MCF	Annual Revenue (in thousands)	Rank	Percentage of Total Revenues
Universal Rundle	**244,429**	**$ 2,937**	**1**	**36.12 %**	280,888	$ 1,874	1	30.75 %
A Warrior Roofing	**27,247**	**347**	**2**	**4.27**				
Walton Regional Medical Center	**15,141**	**227**	**3**	**2.79**	15,143	145	4	2.38
Leggett & Platt	**12,300**	**180**	**4**	**2.21**	12,512	140	6	2.30
Base Manufacturing	**13,721**	**174**	**5**	**2.14**	15,092	144	5	2.36
Walton Co. Board of Commissioners	**8,913**	**133**	**6**	**1.64**	7,007	76	8	1.25
Walton Co. Board of Education	**6,001**	**121**	**7**	**1.49**	10,077	108	7	1.77
Wal-Mart Store	**5,729**	**81**	**8**	**1.00**				
Oxford Industries	**3,135**	**50**	**9**	**0.61**				
Oconee County Schools	**2,748**	**41**	**10**	**0.50**				
Silgan PET, Inc.					4,052	36	10	0.59
Avondale Mills (Walton-Monroe Mills)					37,458	286	2	4.69
Sunbelt					17,071	171	3	2.81
Well Luck Co.					6,388	61	9	1.00
Totals	**339,364**	**4,291**		**52.77**	405,688	3,041		49.89
All Others	**248,566**	**3,841**		**47.23**	295,412	3,054		50.11
Annual Totals	**587,930**	**$ 8,132**		**100.00 %**	701,100	$ 6,095		100.00 %

Source: City of Monroe Utility Department

Note: Information not available for years prior to 2003.



FOR THE YEAR 2006

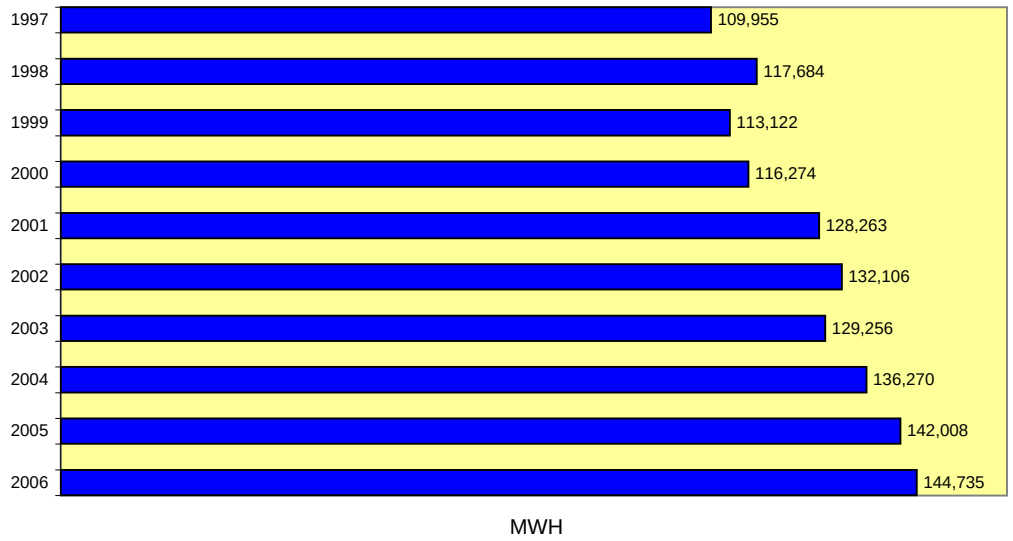
CITY OF MONROE, GEORGIA

ELECTRIC MWH SOLD BY TYPE OF CUSTOMER
LAST TEN YEARS

	MWH									
Type of Customer	**2006**	**2005**	**2004**	**2003**	**2002 (1)**	**2001 (1)**	**2000 (1)**	**1999 (1)**	**1998 (1)**	**1997 (1)**
Residential	**66,069**	65,327	61,577	59,020	N/A	N/A	N/A	N/A	N/A	N/A
Commercial	**78,639**	76,651	74,660	70,210	N/A	N/A	N/A	N/A	N/A	N/A
Security Lights	**12**	15	19	12	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Lights	**15**	15	14	14	N/A	N/A	N/A	N/A	N/A	N/A
Total	**144,735**	142,008	136,270	129,256	132,106	128,263	116,274	113,122	117,684	109,955

(1) Information by type unavailable.

Source: City of Monroe Utility Department



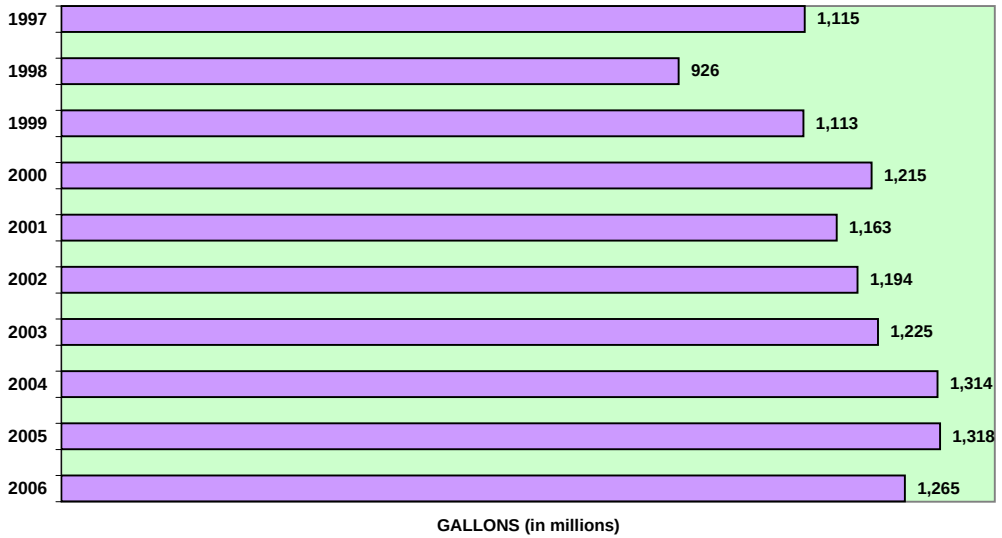
CITY OF MONROE, GEORGIA

WATER GALLONS SOLD BY TYPE OF CUSTOMER
LAST TEN YEARS

	Gallons (in millions)									
Type of Customer	**2006**	**2005**	**2004**	**2003**	**2002 (1)**	**2001 (1)**	**2000 (1)**	**1999 (1)**	**1998 (1)**	**1997 (1)**
Residential	**461**	439	413	404	N/A	N/A	N/A	N/A	N/A	N/A
Small Commercial & Industrial (2)	**147**	223	226	230	N/A	N/A	N/A	N/A	N/A	N/A
Large Commercial & Industrial (2)	**73**	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Wholesale	**584**	656	675	591	N/A	N/A	N/A	N/A	N/A	N/A
Total	**1,265**	1,318	1,314	1,225	1,194	1,163	1,215	1,113	926	1,115

(1) Information by type unavailable.
(2) Beginning in 2006, the commercial classification was divided into Small C&I and Large C&I. Large C&I is classified as usage consistently over one million gallons per month through a single meter.

Source: City of Monroe Utility Department



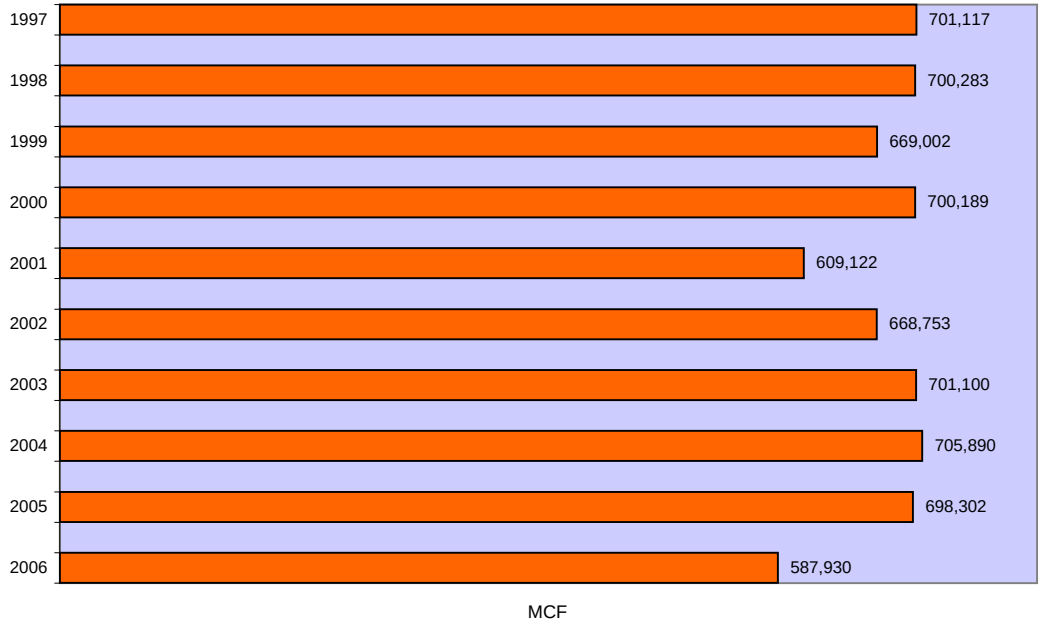
CITY OF MONROE, GEORGIA

GAS MCF SOLD BY TYPE OF CUSTOMER
LAST TEN YEARS

	MCF									
Type of Customer	**2006**	**2005**	**2004**	**2003**	**2002 (1)**	**2001 (1)**	**2000 (1)**	**1999 (1)**	**1998 (1)**	**1997 (1)**
Residential	**166,590** (3)	198,027	191,033	191,711	N/A	N/A	N/A	N/A	N/A	N/A
Commercial	**127,735**	127,668	122,971	120,813	N/A	N/A	N/A	N/A	N/A	N/A
Agriculture	**6,626** (3)	8,135	9,840	2,761	N/A	N/A	N/A	N/A	N/A	N/A
Industrial	**286,979**	364,472	366,325	348,357	N/A	N/A	N/A	N/A	N/A	N/A
Interruptible (2)	**-**	-	15,721	37,458	N/A	N/A	N/A	N/A	N/A	N/A
Total	**587,930**	698,302	705,890	701,100	668,753	609,122	700,189	669,002	700,283	701,117

(1) Information by type unavailable
(2) The City only had one Interruptible customer, and that company closed down in 2004.
(3) The decrease in Industrial in 2006 is due to a large industrial customer shutting down its manufacturing operations. Residential usage for 2006 decreased from 2005 as a result of much milder weather conditions.

Source: City of Monroe Utility Department



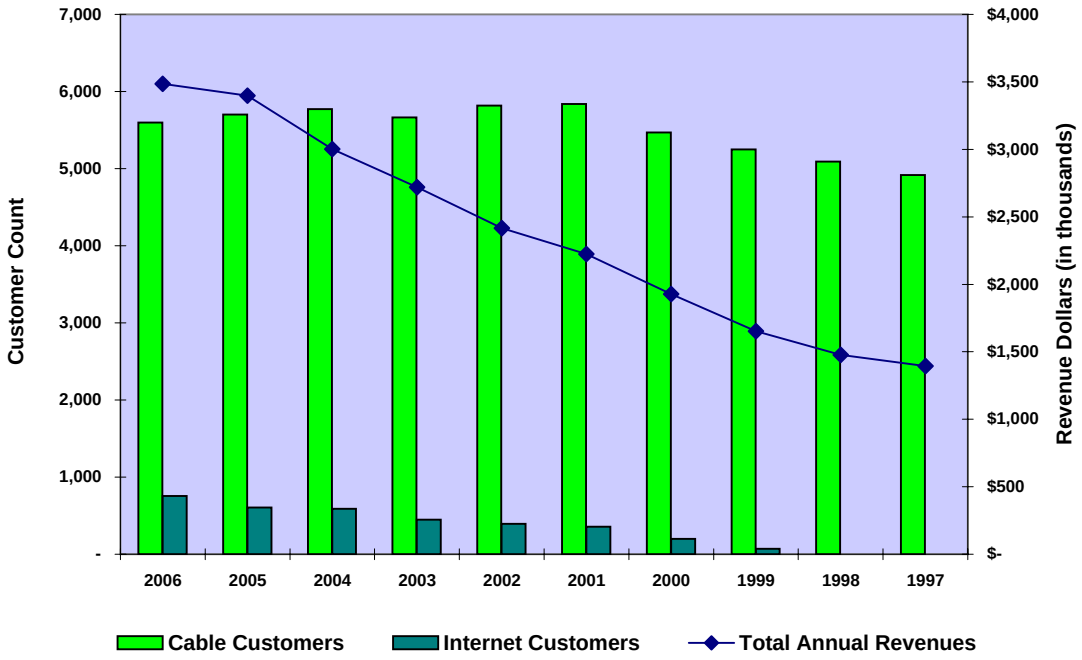
CITY OF MONROE, GEORGIA

TELECOMMUNICATIONS (CABLE & INTERNET) SALES
LAST TEN YEARS

	Fiscal Years									
	2006	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**
Standard Cable Customers	**5,518**	5,613	5,704	5,665	5,818	5,838	5,469	5,247	5,090	4,919
Digital Cable Customers (1)	**80**	88	66	-	-	-	-	-	-	-
Internet Customers (2)	**757**	604	588	447	393	357	200	71	-	-
Annual Sales (in thousands)	**$ 3,486**	$ 3,398	$ 3,002	$ 2,719	$ 2,415	$ 2,225	$ 1,928	$ 1,653	$ 1,477	$ 1,394

(1) Digital cable service started in 2004.
(2) Internet service started in 1999.

Source: City of Monroe Utility Department



CITY OF MONROE, GEORGIA

RESIDENTIAL UTILITY RATES
LAST TEN YEARS

	Electric				Gas			Water		Sewer	
Fiscal Year	Monthly Base Rate	First 700 KWH or less	Over 700 KWH Summer	Over 700 KWH Winter	Monthly Base Rate	Rate per CCF Summer	Rate per CCF Winter	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
1997	$ 8.50	$ 0.0650	$ 0.0900	$ 0.0530	$ 5.00	$ 0.500	$ 0.600	$ 6.00 (1)		$ 8.50 (5)	
1998	8.50	0.0650	0.0900	0.0530	5.00	0.500	0.600	6.00 (1)		8.50 (5)	
1999	8.50	0.0650	0.0900	0.0530	5.35	0.535	0.642	6.00 (1)		8.50 (5)	
2000	8.50	0.0650	0.0900	0.0530	5.35	0.535	0.642	6.50 (1)		10.50 (5)	
2001	9.00	0.0685	0.0950	0.0560	6.00	0.600	0.720	2.71	$ 2.23 (2)	4.75	$ 2.10
2002	9.00	0.0685	0.0950	0.0560	10.00	0.375	0.375	3.25	2.68 (2)	5.70	2.52
2003	9.00	0.0685	0.0950	0.0560	10.00	0.375	0.375	3.25	2.68 (2)	5.70	2.52
2004	9.00	0.0685	0.0950	0.0560	10.00	0.375	0.375	3.41	2.81 (2)	5.99	2.65
2005	9.00	0.0685	0.0950	0.0560	10.00	0.375	0.375	3.41	2.85 (3)	6.00	2.75
2006	**9.00**	**0.0685**	**0.0950**	**0.0560**	**10.00**	**0.375**	**0.375**	**8.25**	**1.50 (4)**	**7.00**	**2.75**

Note: Rates are plus fuel adjustment and applicable sales tax

(1) Rates based on first 3000 gallons, residential in-city and do not include out-of-city or commercial rates.
(2) Rates based on 0 - 100,000 gallons, residential in-city and do not include out-of-city or commercial rates.
(3) Rates based on 0 - 10,000 gallons, residential in-city and do not include out-of-city or commercial rates.
(4) Rates based on 0 - 3,000 gallons, residential in-city and do not include out-of-city or commercial rates.
(5) Rates based on 0 - 3,999 gallons, residential in-city and do not include out-of-city or commercial rates.

CITY OF MONROE, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Utility Revenue Bonds	Notes Payable	Capital Leases			
1997	$ -	$ 73,331	$ 384,513	$ 5,820,000	$ 1,883,899	$ -	$ 8,161,743	4.02 %	$ 802
1998	-	37,037	341,483	5,410,000	1,766,185	-	7,554,705	3.45	714
1999	-	-	1,041,250	4,975,000	2,918,067	1,979,399	10,913,716	4.51	985
2000	7,195,000	-	816,102	4,520,000	7,021,709	1,896,247	21,449,058	7.99	1,880
2001	7,195,000	-	602,730	24,600,000	8,770,838	1,797,168	42,965,736	15.29	3,699
2002	7,195,000	-	263,177	24,100,000	9,618,396	1,959,070	43,135,643	15.36	3,667
2003	7,180,000	-	107,296	33,400,000	789,474	130,806	41,607,576	14.62	3,499
2004	7,115,000	-	-	32,050,000	679,235	24,493	39,868,728	14.01	3,353
2005	6,990,000	-	-	30,675,000	597,379	-	38,262,379	12.91	3,215
2006	**6,950,000**	**-**	**-**	**29,595,000**	**513,873**	**-**	**37,058,873**	**12.07**	**3,006**

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF MONROE, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN YEARS (1)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value (2) of Property	Per Capita (3)
2000	$ 7,195,000	$ 404,894	$ 6,790,106	1.53 %	$ 595
2001	7,195,000	96,041	7,098,959	1.44	611
2002	7,195,000	97,485	7,097,515	1.32	603
2003	7,180,000	97,224	7,082,776	1.20	596
2004	7,115,000	97,713	7,017,287	1.10	590
2005	6,990,000	673	6,989,327	0.94	587
2006	**6,950,000**	**(183)**	**6,950,183**	**0.89**	**564**

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The City did not have any general obligation debt outstanding prior to 2000.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(3) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF MONROE, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2006

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Monroe (1)	Amount Applicable to City of Monroe
Debt repaid with property taxes:			
Walton County	$ 3,750,000	14.08%	$ 528,000
Walton County Board of Education	78,265,000	12.45%	9,743,993
Subtotal, overlapping debt	82,015,000		10,271,993
Direct:			
City of Monroe	6,950,000	100.00%	6,950,000
Total direct and overlapping debt	$ 88,965,000		$ 17,221,993

Source: Assessed value data used to estimate applicable percentages provided by the Walton County Tax Assessors and the Georgia Department of Revenue Property Tax Division. Debt outstanding data obtained from Walton County's financial statements.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Monroe, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF MONROE, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST SEVEN YEARS
(amounts expressed in thousands)

	Fiscal Year						
	2006	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**
Debt Limit	**$ 31,800**	$ 30,217	$ 26,200	$ 24,682	$ 22,674	$ 20,732	$ 18,495
Total net debt applicable to limit	**6,950**	6,989	7,017	7,083	7,098	7,099	6,790
Legal debt margin	**$ 24,850**	$ 23,228	$ 19,183	$ 17,599	$ 15,576	$ 13,633	$ 11,705
Total net debt applicable to the limit as a percentage of debt limit	**21.86%**	23.13%	26.78%	28.70%	31.30%	34.24%	36.71%

Assessed Value	**$ 311,830**
Add back: exempt real property	**6,170**
Total assessed value	**318,000**
Debt limit (10% of total assessed value)	**31,800**
Debt applicable to limit:	
General obligation bonds	**6,950**
Less: Amount set aside for repayment of general obligation debt	**-**
Total net debt applicable to limit	**6,950**
Legal debt margin	**$ 24,850**

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF MONROE, GEORGIA

COMBINED UTILITY REVENUE BOND COVERAGE
LAST TEN YEARS
(amounts expressed in thousands)

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Bond Coverage Ratio
				Principal	Interest	Total	
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
2006	**32,099**	**26,169**	**5,930**	**1,400**	**1,308**	**2,708**	**2.19**

(1) Total revenues include interest, but not tap fees.

(2) Operating expenses do not include depreciation.

(3) Represents principal and interest for revenue bonds only.

CITY OF MONROE, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income* (in thousands)	Per Capita Personal Income (2)*	Median Age (1)	Housing Units (1)	Unemployment Rate (3)	Wage & Salary Employment # of Jobs (2)*
1997	10,183	$ 203,181	$ 19,953	27	3,933	7.1 %	12,767
1998	10,577	219,134	20,718	27	3,933	5.2	13,470
1999	11,081	242,186	21,856	27	3,933	5.3	14,230
2000	11,407	268,361	23,526	32	4,637	4.9	15,102
2001	11,616	281,072	24,197	32	4,637	5.6	15,809
2002	11,764	280,783	23,868	32	4,637	7.1	16,845
2003	11,892	284,516	23,925	32	4,637	8.4	17,772
2004	11,892	284,516	23,925	32	4,637	10.3	19,202
2005	11,903	296,456	24,906	32	4,637	5.7	20,545
2006	**12,329**	**307,066**	**24,906**	**32**	**4,637**	**6.1**	**20,545**

(1) Source: U.S. Census

(2) Source: Bureau of Economic Analysis

(3) Source: Georgia Department of Labor

* Data only available at the County level

Note: Beginning in 2005, City unemployment rates were calculated by the U.S. Department of Labor's Bureau of Labor Statistics (BLS) using a revised methodology. This methodology incorporates more current residency factors. Historical data could not be revised using the new method. Thus, estimates for city labor force data for 2005 and forward are not comparable to prior years. In some instances, there have been large changes in the unemployment rates from previous years.

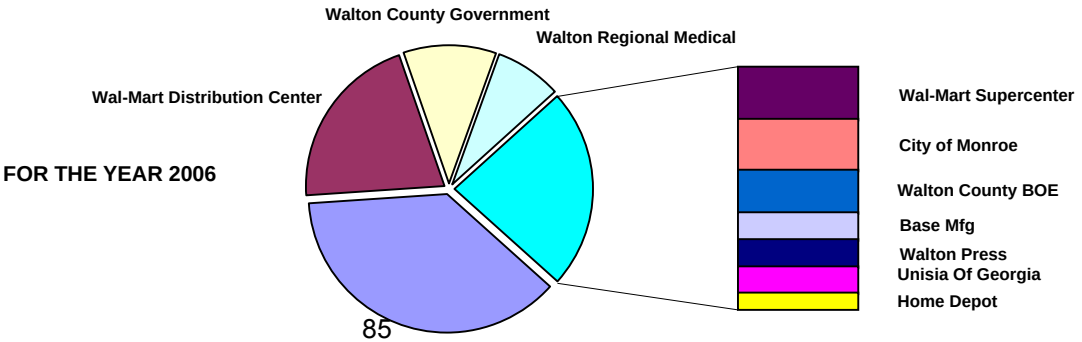
CITY OF MONROE, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO

	2006			2002		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wal-Mart Distribution Center	**990**	**1**	**20.9 %**			
Walton County Government	**517**	**2**	**10.9**	343	3	10.9 %
Walton Regional Medical Center	**362**	**3**	**7.7**			
Wal-Mart Supercenter	**244**	**4**	**5.2**	86	7	2.7
City of Monroe	**225**	**5**	**4.8**	170	6	5.4
Walton County Board of Education	**194**	**6**	**4.1**			
Base Manufacturing	**125**	**7**	**2.6**			
Walton Press	**123**	**8**	**2.6**	80	8	2.5
Unisia Of Georgia Corp	**120**	**9**	**2.5**			
Home Depot	**73**	**10**	**1.5**			
Oxford Industries				400	1	12.7
Walton County Hospital				385	2	12.2
Avondale Mills (Walton-Monroe Mills)				320	4	10.1
Universal Rundle				272	5	8.6
Southern Family Markets (Bi-Lo)				78	9	2.5
National Bank of Walton County				52	10	1.6
Totals	**2,973**		**62.8 %**	2,186		69.2 %

Source: City of Monroe Finance Department

Note: Information not available for years prior to 2002.



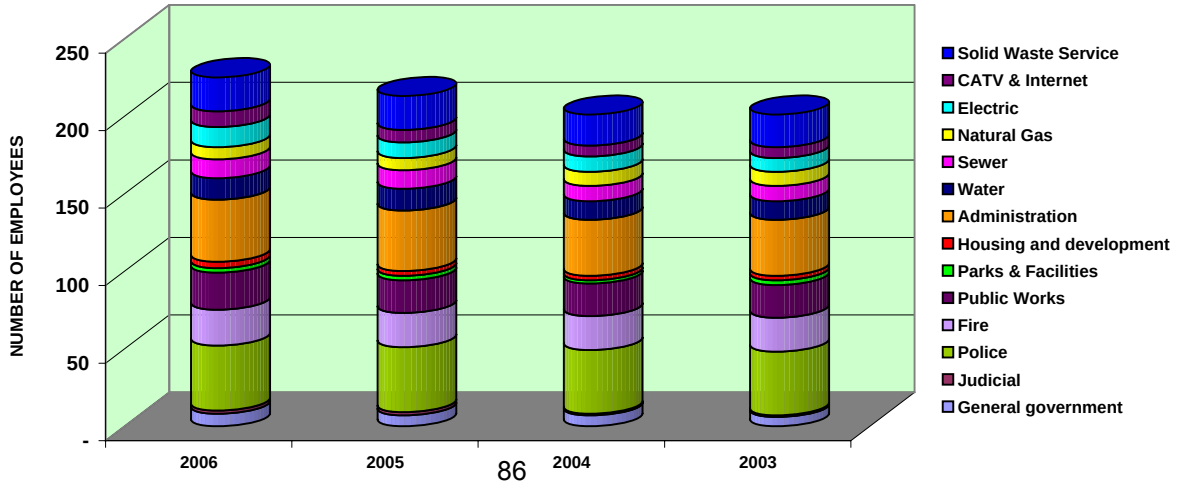
CITY OF MONROE, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST FOUR FISCAL YEARS

Function	**2006**	2005	2004	2003
General government	**8**	7	7	6
Judicial	**2**	2	1	1
Public Safety				
Police	**42**	42	41	41
Fire	**23**	22	22	22
Public Works	**24**	21	21	21
Culture and recreation				
Parks & Facilities	**3**	3	2	3
Housing and development	**4**	3	3	3
Utilities				
Administration	**40**	39	36	36
Water	**14**	14	12	12
Sewer	**12**	12	10	10
Natural Gas	**8**	8	9	9
Electric	**13**	10	10	9
CATV & Internet	**10**	8	7	7
Solid Waste Service	**22**	22	20	21
Totals	**225**	213	201	201

Source: City Finance Department

Note: Information is not available for years prior to 2003.



CITY OF MONROE, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function		2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police:											
	Number of dispatches	**38,276**	33,396	33,549	40,881	38,487	24,300	26,338	24,681	22,008	16,169
	Number of traffic citations issued	**3,049**	3,759	3,396	3,550	4,211	4,257	5,358	N/A	N/A	N/A
Fire:											
	Number of fire/EMS dispatches	**1,207**	1,203	1,007	969	948	N/A	N/A	N/A	N/A	N/A
Highways and streets:											
	Street resurfacing (lane miles)	**14**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing and development:											
	Value of new building construction (in 000's)	**$ 35,882**	$ 23,207	$ 37,247	$ 19,640	$ 20,895	N/A	N/A	N/A	N/A	N/A
	Number of permits issued	**271**	131	177	115	107	N/A	N/A	N/A	N/A	N/A
Utilities: Cable & Internet											
	Number of customers standard cable	**5,518**	5,613	5,704	5,665	5,818	5,838	5,469	5,247	5,090	4,919
	Number of customers digital cable (1)	**80**	88	66	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Internet customers (2)	**757**	604	588	447	393	357	200	71	N/A	N/A
Electric											
	Number of customers	**5,809**	5,647	5,596	5,539	5,600	5,436	5,344	5,360	5,207	5,114
	Average daily consumption (KWh)	**400,134**	389,060	372,322	354,055	361,918	251,405	318,559	309,923	322,422	301,247
Natural gas											
	Number of customers	**4,105**	4,081	4,010	3,955	3,950	3,875	3,739	3,678	3,611	3,577
	Average daily consumption (MCF)	**1,611**	1,913	1,934	1,921	1,832	1,669	1,918	1,833	1,919	1,921
Wastewater											
	Number of customers	**6,244**	5,905	5,712	5,474	5,381	5,232	5,244	5,040	4,918	4,798
	Average daily sewage treatment (MGD)	**2.005**	2.170	1.660	1.870	1.660	1.567	1.359	1.110	1.321	1.234
Water											
	Number of customers	**8,113**	7,699	7,410	7,165	7,075	6,854	6,653	6,340	6,058	5,840
	Average daily consumption (Kgallons)	**3,466**	3,612	3,588	3,356	3,271	3,186	3,329	3,049	2,537	3,055
Solid Waste Service:											
	Refuse collected (tons)	**11,517**	12,567	12,771	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Recyclables collected (tons)	**358**	496	415	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of residential customers	**6,100**	5,852	5,700	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of commercial customers	**700**	462	437	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of transfer station customers	**19**	19	19	11	12	N/A	N/A	N/A	N/A	N/A

Source: Various City Departments
N/A - Information not available
Note: Indicators are not available for the General government function.
(1) Digital cable service started in 2004
(2) Internet service started in 1999

CITY OF MONROE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function		**2006**	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police:											
	Stations	**1**	1	1	1	1	1	1	1	1	1
	Patrol units	**38**	38	38	26	21	N/A	N/A	N/A	N/A	N/A
Fire:											
	Stations	**1**	1	1	1	1	1	1	1	1	1
Highways and streets:											
	Streets (miles)	**75**	75	75	73	70	N/A	N/A	N/A	N/A	N/A
	Streetlights	**1,134**	1,109	1,109	1,108	1,104	1,104	1,104	1,102	1,058	1,058
	Traffic signals	**4**	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Utilities: Cable & Internet											
	Cable (miles)	**240**	230	220	200	178	N/A	N/A	N/A	N/A	N/A
Electric											
	Lines (miles)	**180**	175	170	163	160	N/A	N/A	N/A	N/A	N/A
	Substations	**3**	3	3	3	3	3	2	2	2	2
Natural gas											
	Mains (miles)	**149**	146	143	141	135	124	118	97	94	94
Wastewater											
	Sanitary sewer (miles)	**141**	140	115	100	95	N/A	N/A	N/A	N/A	N/A
	Maximum daily treatment capacity (MGD)	**3.4**	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Water											
	Mains (miles)	**237**	235	210	190	190	N/A	N/A	N/A	N/A	N/A
	Maximum daily treatment capacity (MGD)	**10**	10	10	10	6	6	6	6	6	6
	Treated water storage capacity (Mgallons)	**1.5**	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	Reservoir (raw) storage capacity (Mgallons)	**795**	795	795	795	795	795	795	795	247	247
Solid Waste Service:											
	Collection trucks	**9**	9	8	8	8	N/A	N/A	N/A	N/A	N/A
	Recycling trucks	**1**	1	1	1	1	N/A	N/A	N/A	N/A	N/A
	Transfer stations (1)	**1**	1	1	1	1	-	-	-	-	-

Source: Various City departments

Note: Capital asset indicators are not available for the General government and Housing and development functions.

(1) 2002 First year to operate transfer station

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Monroe