



Monroe

North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2023

City of Monroe, North Carolina

Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2023

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CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	ix-xxi
GFOA's Certificate of Achievement for Excellence in Financial Reporting	xxii
List of Principal Officials	xxiii
Organizational Chart	xxiv
FINANCIAL SECTION	
Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-16
Financial Statements:	
Exhibit	
Government-Wide Financial Statements:	
1	Statement of Net Position
2	Statement of Activities
Fund Financial Statements:	
3	Balance Sheet - Governmental Funds
4	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
7	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
8	Statement of Net Position - Proprietary Funds
	28-31

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
9	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	32-33
10	Statement of Cash Flows - Proprietary Funds	34-37
	Notes to the Financial Statements	38-104
Required Supplemental Financial Data:		
	Law Enforcement Officers' Special Separation Allowance	106-107
	Schedule of Changes in Total Pension Liability	106-107
	Law Enforcement Officers' Special Separation Allowance	108-109
	Schedule of Total Pension Liability as a Percentage of Covered Payroll	108-109
	Other Post-Employment Benefits	110-111
	Schedule of Changes in the Total OPEB Liability and Related Ratios	110-111
	Local Government Employees' Retirement System	112-113
	City of Monroe's Proportionate Share of Net Pension Liability (Asset) - Last Ten Fiscal Years	112-113
	Local Government Employees' Retirement System	114-115
	City of Monroe's Contributions - Last Ten Fiscal Years	114-115
Other Supplementary Information:		
Major Governmental Funds Budgetary Schedules:		
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	118-120
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund - Capital Projects	121
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
	Combining Balance Sheet	124-125
	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	126-127

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Governmental Funds Budgetary Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Community Development	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Downtown Monroe	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Occupancy Tax	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Asset Forfeiture	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Monroe Union County Economic Development	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - American Rescue Plan Act of 2021	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund - Occupancy Tax Capital Projects	134
Fund Balances - Budget and Actual - Capital Projects Fund - Governmental Capital Reserve	135
Major Enterprise Funds Budgetary Schedules:	
Schedule of Revenues and Expenditures -	
Budget and Actual - (NON-GAAP):	
Water and Sewer Fund	138-140
Water and Sewer Capital Projects Funds - Capital Reserve	141
Water and Sewer Capital Projects Funds	142
Electric Fund	143-145
Electric Capital Projects Fund - Capital Projects	146
Natural Gas Fund	147-148
Natural Gas Capital Projects Fund - Capital Projects	149
Airport Fund	150-151
Airport Capital Projects Fund - Capital Projects	152

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	153-154
Combining Statement of Revenues, Expenses, and	
Changes in Fund Net Position	155
Combining Statement of Cash Flows	156
Nonmajor Enterprise Funds Budgetary Schedules:	
Schedule of Revenues and Expenditures -	
Budget and Actual - (NON-GAAP):	
Aquatics and Fitness Center Fund	157-158
Stormwater Fund	159-160
Stormwater Management Capital Projects Fund - Capital Projects	161
Solid Waste Fund	162-163
Internal Service Funds:	
Combining Statement of Net Position	166
Combining Statement of Revenues, Expenses, and	
Changes in Fund Net Position	167
Combining Statement of Cash Flows	168
Internal Service Funds Budgetary Schedules:	
Schedule of Revenues and Expenditures - (NON-GAAP):	
Health and Dental Fund	169
Workers' Compensation Fund	170
Property and Liability Fund	171
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	172
Analysis of Current Tax Levy - City-Wide Levy	173
Schedule of Municipal Service District Taxes Receivable	174
Analysis of Current Tax Levy - Municipal Service District Levy	175
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	179
Changes in Net Position	180-181
Fund Balances, Governmental Funds	182
Changes in Fund Balances, Governmental Funds	183

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property	184
Direct and Overlapping Property Tax Rates	185
Principal Property Taxpayers	186
Property Tax Levies and Collections	187
Debt Capacity:	
Ratios of Outstanding Debt by Type	188
Direct and Overlapping Governmental Activities Debt	189
Legal Debt Margin Information	190
Pledged-Revenue Coverage	191
Demographic and Economic Information:	
Demographic and Economic Statistics	192
Principal Employers	193
Construction Information	194
Operation Information:	
Full-Time Equivalent City Government Employees by Function	195
Operating Indicators by Function	196
Capital Asset Statistics by Function	197
COMPLIANCE SECTION	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	199-200
Report On Compliance for Each Major Federal Program; Report On Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act	201-203
Report on Compliance for Each Major State Program; Report On Internal Control Over Compliance Required by the Uniform Guidance; and the State Single Audit Implementation Act	204-206
Schedule of Findings, Responses, and Questioned Costs	207-208
Schedule of Prior Year Audit Findings	209
Schedule of Expenditures of Federal and State Awards	210



Introductory Section

- Letter of Transmittal
 - Certificate of Achievement for Excellence in Financial Reporting
 - List of Principal Officials
 - Organizational Chart
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October 24, 2023

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

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the City of Monroe for the fiscal year ended June 30, 2023. The financial statements and supplemental schedules have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, P.A. and that firm's unmodified report is presented as the first component of the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements have been prepared in compliance with the applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and reporting contained in both *Audits of State and Local Governments*, the audit guide prepared by the Committee of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller of the United States. Among other resources used in the preparation of the ACFR, the Finance Department has given particular attention to the *Governmental Accounting, Auditing and Financial Reporting* (GAAFR) issued by the Government Finance Officers Association of the United States and Canada (GFOA) and Governmental Accounting Standards Board (GASB) pronouncements.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The goal of the annual independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year are free from material misstatement. The independent audit involves 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 City is also required to undergo an annual compliance audit on federal and state financial assistance programs in conformity with the provisions of the State Single Audit Implementation Act and the U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. The auditor's reports and the Schedule of Expenditures of Federal and State Awards, required as part of a single audit, are found in the *Compliance Section* of this report.

The Reporting Entity

In conformity with the standards of GASB, the City of Monroe includes all funds, agencies, boards, commissions and authorities that are controlled by or are financially dependent upon the City. Component units are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is considered

financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization, or, 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on the primary government.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial position, results of operations and cash flows from those of the City. The City of Monroe has included the City of Monroe ABC Board, the Monroe-Union County Economic Development Commission and the Monroe Tourism Development Authority as discretely presented component units. The governing members of all of these units are appointed by the City Council. Additional information on these legally separate reporting entities can be found in the Notes to the Financial Statements.

Organization of Government

The City of Monroe was established in 1844 and is located near the center of Union County in the Southern Piedmont region of North Carolina. The City is a diverse community of approximately 35,000 residents and has an incorporated area of nearly 32 square miles. Monroe serves as the County seat for Union County. Monroe's corporate limits are approximately seven miles southeast of Charlotte.

The City is organized under a Council-Manager form of government with a six-member City Council and Mayor serving as the governing body responsible for policy-making and establishing legislative authority. City Council members are elected on a non-partisan basis to staggered four-year terms. The Mayor is elected to serve a two-year term and is a full voting member on the City Council.

The City Council is responsible for passing ordinances, adopting the annual budget, appointing committees and appointing the City Manager, City Attorney, City Clerk and Tax Collector. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the government and for selecting the department heads to manage the various City departments.

The City provides numerous services for its citizens including airport operations, cultural and recreational activities, general administration, planning, zoning, economic development, community development, building inspections, code enforcement, police, fire, solid waste, cemetery management, tourism, public works, stormwater, and street maintenance. The City also provides and maintains electric, natural gas, water and sanitary sewer utilities for the benefit of its citizens and businesses. This report includes the fiscal activities of the City in the provision of these services.

The City takes pride in the services offered to our citizens, and the mission of City staff is to provide reliable, responsive, quality service to our customers at the lowest reasonable cost. We accomplish this through professional and courteous service consistent with making Monroe a vibrant and progressive community. City staff strives to be proactive in addressing the various needs of the community, and adheres to the guiding principles of teamwork, customer service, respect and accountability.

The City also provides financial support to certain boards, non-governmental agencies, commissions and other government agencies to assist their efforts in serving our citizens. The funding process is managed in the Planning and Development Department's Community Development Division. The process is designed to provide fiscal and programmatic transparency and accountability in the allocation of funds and to strengthen partnership opportunities and identify gaps in services. Non-governmental agencies that received support from the City in fiscal year 2023 include: HealthQuest of Union County; Community Health Services of Union County; Union County Crisis Assistance Ministry; Union County Community Arts Council; Council on Aging in Union County; Monroe-Union County Community Development Corporation; Turning Point; Union County Community Action, Inc.; Community Shelter of Union County; Central Academy of Technology and Arts Band; Hospice of Union County; Common Heart; Angel Shoes, Inc.; Ground 40 Ministries; and, Excel Enrichment Program.

Economic Condition and Outlook

Monroe enjoyed robust capital investment among its manufacturing sector throughout the fiscal year 2022-2023 despite a variety of national and global economic factors such as inflation, supply chain constrictions and the ongoing recovery from the effects of the pandemic. Despite these headwinds, fiscal year 2022-2023 saw capital investment of \$181 Million and the creation of 75 new advanced manufacturing jobs. Expansion projects included announcements from American Wick Drain; Pilgrim's Pride; and Charlotte Pipe & Foundry – Plastics Division. In addition to new expansions, sizable projects announced previously continued to march forward with their construction and plans to add staff. These in-process projects included companies such as: Windsor Windows & Doors who is constructing an \$82 Million, 570,000 SF manufacturing center in the Expressway Commerce Park @ Monroe on the City's east side; Collins Aerospace who recently completed a \$30 Million installation of advanced production equipment and continued their commitment with an additional announcement of \$30 Million for the up fit of an additive manufacturing facility in the Monroe Corporate Center; and, DYMAX Corporation, a global chemical and plastics company, investing \$46 Million in a new manufacturing center also in the Monroe Corporate Center. What this shows is that Monroe's diverse mix of business sectors is a stalwart and prudent strategy to preserve the community's economic vitality despite unexpected and unprecedented challenges. Monroe has practiced this successful approach for decades.

Other sectors that are thriving include food production, life safety, pharmaceuticals and construction materials. Specific companies in Monroe that are answering record demand for their goods include: Tyson Foods; Greiner Bio-One NA; Consolidated METCo; and, ASSA ABLOY. All these companies continue to experience record sales.

Monroe maintains a small-town atmosphere and enjoys the benefits of being part of the Charlotte metropolitan region. Monroe has grown to be a significant regional employment and commercial center. In fact, its residents make up nearly 66% of the total industrial workforce in Union County. Nearly 15% of the industrial base and 20% of the manufacturing employment is deep-rooted in aerospace, resulting in the highest geographic concentration of aerospace companies in North Carolina (North Carolina Department of Commerce). Also, Monroe's industrial base is international with ten countries represented among 20 companies.

Monroe has achieved regional, national and international recognition. Accolades include: Top Ten County for Job Creation Nationally Since 2000 – CNN/Money.com; Lowest unemployment in the Charlotte Region for 24+ years – North Carolina Department of Commerce, Division of Employment Security; and, first in Aerospace Cluster in North Carolina – North Carolina Department of Commerce.

Monroe has evolved into a premier location for precision manufacturing. In order to continue to grow and enhance the overall economy of the area, the City and Union County have further strengthened their partnership to provide a county-wide economic development organization with the formation of a new entity called the Monroe-Union County Economic Development Commission (MUCEDC). The MUCEDC is a new governmental unit in North Carolina, equally funded by the City of Monroe and Union County. The goals of the organizational work plan are to: create more job opportunities; generate additional industrial/commercial capital investment; and, better define Monroe and Union County for various target audiences.

MUCEDC will seek to accomplish these goals through broad and focused marketing methods, aggressive recruitment missions, enhanced existing industry programs and new product development. The objective is to average \$60 Million in new capital investment from both existing and new companies on an annual basis. Since 2013, there has been \$1.3 billion in capital investment announced and over 4,074 jobs created. The manufacturing jobs account for 20% of all employment in the county and generate over \$1 Billion in wages.

The continued investment among the community's existing firms, as well as newly located operations, shows that Monroe's economy is strong even when facing unparalleled trials. Monroe continues to reap the rewards of its unwavering commitment to creating a pro-business environment in which manufacturers prosper.

Major Initiatives

The City has been involved in many significant initiatives during the past fiscal year. The City Council has identified and addressed key issues that are of importance to the future of the City, including utility planning for water, wastewater, electric and natural gas demands brought on by system growth. The City has developed a 15-year rate model for projecting water and wastewater rates and ten-year models for evaluating the electric and natural gas operations. The business models address the impact of future capital improvement projects on the City's rate structure. The goal is to achieve incremental single-digit rate increases rather than large rate increases in the year infrastructure is financed.

The Water Resources Department continues to monitor economic conditions, growth, system demands, and adjust capital project initiatives to ensure projections can be accommodated. A capital reserve fund was established last fiscal year to help with long-term capital improvement costs. The water treatment and wastewater treatment master plans are completed. The wastewater collection system master plan updates have recently been completed as well. The Capital Improvement plans have been realigned based on master plan recommendations.

Current initiatives are focusing on development of a distribution-system modeling program, distribution system pressure monitoring program, Critical Assets Inspection program, Smart Cover monitoring system and asset management programs, while ensuring adequate water and wastewater capacity for future demands. The City continues to experience tremendous residential, commercial and industrial economic development. The development is contributing to increased revenue. Significant capacity commitments are being made to new residential developments and voluntary annexations and the City is expecting very positive future financial returns as these developments are completed.

Multiple water and wastewater projects are in the design and permitting phase based on the Water Resources Department's Capital Improvement Plan. The City recently awarded a design contract to an engineering consultant for a 3-million-gallon wastewater treatment plant expansion, with construction beginning in fiscal year 2026. The target completion date is July 2028. Ongoing negotiations are occurring with Union County to expand existing interlocal agreements for wastewater and water supply capacity.

The replacement and rehabilitation of aging water and wastewater pipeline infrastructure is a key priority. Water Resources staff continues to utilize innovative trenchless technologies for these programs. As part of the Sewer Asset Management Program, the City has purchased 27-Smart Covers to assist with quickly identifying inflow and infiltration sources, allowing for more efficient utilization of our resources. Using the Smart Cover data, staff recently identified and repaired approximately ten significant inflow sources, immediately observing reduced wet-weather flows.

Preventative maintenance programs for all infrastructure and equipment are continuously refined, ensuring they remain assets and not liabilities. Equipment replacements at the City's water and wastewater treatment facilities are ongoing to ensure reliable and resilient performance. Staff continues to work closely with North Carolina Department of Transportation (NCDOT) on utility coordination and infrastructure relocations for future projects in the coming years.

The City's Natural Gas Division operates and maintains a 43-mile natural gas transmission pipeline and 507 miles of natural gas distribution mains per federal regulation 49 CFR Part 192. The Natural Gas Division also operates and maintains a Liquefied Natural Gas (LNG) Peak Shaving Facility per federal regulation 49 CFR Part 193. With the installation of 527 new services, the natural gas customer count has increased to 12,882 customers. The peak gas usage day was on December's GAS Day 23 of 2022 with a volume of 18,452 MCF (18,452,000 cubic feet) on a 33.3 heating degree day (32°/12° F). The natural gas volume for the fiscal year was 3,505,935 MCF. Energy Services Utility Locators located 20,859 NC811 locate tickets that included the following utilities: natural gas; electric; and, City fiber telecommunications. The Natural Gas Division responded to 314 emergency calls with an average response time of 18.4 minutes.

The following projects were completed in fiscal year 2023: six new natural gas main installations for residential subdivisions; two natural gas main relocations for NCDOT projects; six natural gas main extensions to serve new customers; and, two natural gas main extensions to improve the natural gas distribution system.

The City's Electric Division maintains 19.5 miles of 100 kV transmission lines, 289 miles of distribution lines and eight substations. The Electric Division provides electric service to 12,516 customers consisting of residential customers, small commercial and industrial customers with up to 15 MW electric loads. The peak electric load on the system saw a high of 122 MW and annual electric sales of 677,705,193 kWh.

During fiscal year 2023, the following projects were completed: installed electric facilities to eight new residential subdivisions; installed electric facilities to serve a large industrial project; replaced/retired downtown vault switches and high voltage cables; responded to 156 electric outages with an average response time of 26.1 minutes; and, maintained 99.9919% reliability of electricity to the customers.

The City implemented a stormwater utility program on January 1, 2009 to address the Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) Phase II requirements and to provide a comprehensive stormwater maintenance program to improve the existing stormwater system. As part of the NPDES requirements, the Engineering Department has developed several stormwater public education and involvement programs. These programs include classroom presentations to area students and homeowners' associations using a portable, interactive watershed model known as an EnviroScape. In addition to the classroom presentations, the Engineering Department has purchased a Topobox Sand Model for the Monroe Science Center to teach citizens about properties of topography, hydrology, geomorphology and land management. Opportunities for public involvement include Adopt-a-Stream, storm drain marker installation and water monitoring programs. The Engineering Department also oversees in-house pollution prevention and good housekeeping by the various City facilities to address spill prevention, vehicle/equipment maintenance and outdoor storage of materials and wastes. As part of the NPDES Illicit Discharge Detection and Elimination requirement, the Engineering Department has walked stream segments within the Stewarts, Bearskin, Richardson, South Fork, Crooked and East Fork Twelve Mile Creek Watersheds in an effort to identify illicit discharges. In a continued effort to identify illicit discharges within the watersheds, the Engineering Department walks all watersheds on a three-year rotating basis.

Regarding existing infrastructure, the City staffs an eight-person stormwater maintenance crew dedicated to the improvement and maintenance of the existing stormwater system. Responsibilities include repair, new construction and routine system maintenance of the stormwater infrastructure including daily street sweeping. The stormwater maintenance crew with assistance from street maintenance crews as needed, completed over 2,000 work orders in addition to completing 13 capital improvement projects between 2009 and 2023.

The Engineering Department has completed the Stormwater Master Plan study for the entire City including an environmental in-stream assessment and water quality monitoring and modeling for the Stewart Creek Watershed, Bearskin Creek Watershed and Richardson Creek Watershed. With a Total Maximum Daily Load (TMDL) for Richardson Creek and Stewarts Creek expected in the imminent future, the need for assessing channel stability, sediment loading, nutrient sources and other ecological stressors within the stream corridors is vital. The Engineering Department is implementing a water quality improvement program to improve the water quality in the Stewarts Creek watershed as the first major step in Monroe's water quality improvement initiative. The results from the water sampling were used to select and evaluate suitable sites for potential stormwater control measures (SCM). The results of the SCM evaluation and siting effort will support the implementation of SCMs for the City to capture future grants as they become available.

As the designated primary reliever for the Charlotte-Douglas International Airport, the Charlotte-Monroe Executive Airport continues to support Monroe, Union County and the Charlotte metropolitan area as the corporate aviation gateway. Corporate and general aviation aircraft take advantage of the facilities with the all-weather 7,000-foot runway, Customs and Border Patrol (CBP) processing and aviation fuel/services. An estimated 70,343 aircraft flight operations and over 100 privately-owned based aircraft fuel the Airport's annual economic impact of \$26.4 Million in business revenue, supporting over 300 supported jobs with \$16 Million in personal income and generates

\$2.66 Million in state and local taxes. The Airport is poised to start the next era of growth and development as the construction of a 18,500 sq. ft. hangar which will be filled with a corporate jet aircraft is set to begin in late 2023. Using federal grants, projects that make key airfield improvements such as tree obstruction removal and fencing, pavement rehabilitation and expansion and the addition of an air traffic control tower. These projects will ensure that the facilities keep up with the projected future growth.

City Council is supportive of the City's public safety departments and supports their efforts in making Monroe a better community. The Police Department is committed to maintaining high standards by achieving and maintaining accreditation through the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). The Police Department builds trust and build stronger relationships with adults and youth within the community through a variety of programs.

The Police Department partnered with Heart for Monroe and assisted with moving furniture for families that did not have some needed furniture to furnish their homes. This ranged from putting together bed frames to moving in couches and dressers. In addition, the Police Department assisted Heart for Monroe by delivering food to various communities. Officers also unloaded a tractor-trailer truck of food and supplies from Convoy of Hope and distributed the items to the community. During May 2023, the Police and Fire Departments partnered with the North Carolina Wildlife Resources Commission to host the Cuffs and Hooks fishing tournament where over 45 youth and their families participated.

The Police Athletic League (PAL) was active during this past year. The program had 35 participants between the ages of eight and fourteen to learn the fundamentals of basketball and soccer from officers. This program gives the youth involved a sense of responsibility and accomplishment.

Officers within the department have volunteered their own time to participate or develop 58 community projects that build community relations and reach out to those in need to make the community a better place to live and work. The Community Services section held the Bridge Builder Youth Summer Camp with over 43 youth ages 8 to 14 at Dickerson Recreation Center. Officers also held safety talks at summer camps and assisted with delivery and set up of beds for families in need within the city.

The school resource officers had summer camp in their schools to include sports camps. Officers escorted graduating Monroe High School students down Main Street with a blue light parade. Several other events were hosted jointly between the Parks and Recreation and the Police Department.

In January 2021, the Police Department started a violent crimes task force to address the violent crimes in the community. The task force continued to make progress during this fiscal year. The three violent crime officers have arrested 107 offenders, been assigned 70 cases and submitted 448 pieces of evidence to include 55 firearms seized. The task force validated multiple gang members and areas where gang activity is prevalent.

The Police Department works in partnership with the Secretary of State, Drug Enforcement Administration (DEA) Homeland Security (HSI) and the Federal Bureau of Investigations (FBI) assigning four task force officers. This is a collaborative effort to investigate violent and serious drug-related crimes that occur within the City and surrounding areas.

The Police Department has an Explorer Post. The post has 12 active member participants. Law Enforcement Career Exploring is open to young men and women ages 14 (and completed the eighth grade but not 21 year olds) who have an interest in learning more about careers in the field of law enforcement. Law Enforcement Exploring provides educational training programs for young adults on the purposes, mission and objectives of law enforcement and provides career-orientation experiences, leadership opportunities, and community service activities. The primary goal of the program is to help young adults choose a career path within the law enforcement community and to challenge them to become responsible citizens of their communities and the nation.

The Fire Department provides a high level of fire protection services to the residents of Monroe. The Fire Department's core services include fire suppression, emergency medical first responder, technical rescue, aircraft rescue and firefighting, technician level hazardous materials response, emergency preparedness, community risk reduction, public fire and life safety education and fire investigations.

The Fire Department Operations Division protects the community with members operating out of five strategically located fire stations. The firefighters operate three engines, one ladder, one heavy rescue, two quints, three aviation firefighting units, two brush trucks and two hazardous materials units. The Fire Marshal's Division, Training Division and Administration Division are housed in the Administrative Offices and provide various related services to citizens and department personnel.

The addition of Fire Station 6 is planned and will improve coverage in the northwest area of the city. The Fire Department received additional staffing in fiscal year 2023 for Station 6. These additional firefighters have been hired and are completing firefighter recruit training. Station 6 is slated to open in a temporary facility in September 2023 and will operate from the temporary facility while the new fire station is designed and built.

The Fire Department operates a Type II Swift Water Rescue Team and a Technician Level Hazardous Materials Response Team. Monroe provides these services county-wide through an interlocal agreement with Union County and mutual aid agreements with all Union County Volunteer Fire Departments. Monroe's Swift Water Rescue Team is also listed as a deployable asset through North Carolina Emergency Management.

The Fire Department has an active Fire Explorer Post. Fire Exploring provides fire service career experiences to youth through a combination of classroom lessons, hands-on training and participation in community activities. The Fire Department's Fire Exploring program currently has 20 members and is open to young men and women ages 14 through 20. The department also hosts a youth summer camp each year which is open to ages 11 to 14. The camp allows up to 40 children to gain an introduction into firefighter activities and can serve as an introduction to the fire explorer program.

The Fire Department is accredited through the Commission on Fire Accreditation International and holds an ISO Class 2 Fire Insurance Rating, both of which reflect well on the City's professional fire operations. This low insurance classification rating allows the City's businesses and homeowners to enjoy lower fire insurance premiums and is noteworthy not only for the City and the Fire Department, but for residents, property owners and visitors to Monroe. The Fire Department is also certified through the North Carolina Association of Rescue & EMS in areas of heavy rescue, high angle rescue, confined space rescue and water rescue.

The City continues to seek funding for roadway improvements to improve the road system network. Staff of the Engineering Department as well as the Planning and Development Department continue to work through the NCDOT and the Charlotte Regional Transportation Organization to improve the roadway network in Monroe.

Through the State Transportation Improvements Program (STIP), opportunities were approaching for major changes to two gateways into Monroe. Projects included: US Highway 74 widening from four lanes to six lanes from Rocky River Road to Roland Drive; US 74/US 601 interchange improvements; and, widening of US 601 to four lanes with median from US 74 to the Monroe Bypass. The City is to contribute a total of approximately \$1,024,480 toward all three projects for the installation of either an eight-foot wide sidewalk and/or a ten-foot wide multi-use path along each. The projects have been delayed due to the budgeting shortfall NCDOT has experienced. Other projects include the recently completed intersection improvements at Rocky River Road and US 74. In conjunction with the project at US 74 and Rocky River Road, the City is contributing \$250,000 of the estimated costs of \$629,657 to incorporate the realignment of Myers Road and James Hamilton Road with Rocky River Road as part of the superstreet project on US Highway 74.

The City currently maintains just over 171 miles of roadway. Staff developed a pavement maintenance plan in 2007 that divides the streets into two categories: priority; and, local residential. The priority streets within the City are approximately 22 miles in length with various widths and provide connectivity to the State's street system and

typically serve as collector streets. The local residential streets are considered to be minor streets and primarily serve the immediate neighborhoods, have minimal traffic volumes and include the remaining 149 miles of street that are currently Powell Bill eligible. The goal of the maintenance plan is to resurface all priority streets on a 12 to 15-year cycle, which correlates with the industry standard and local residential streets on longer cycle length. Funding for resurfacing has improved recently with an increase in vehicle tax being approved in fiscal year 2017. Council has provided additional resurfacing funds over the last few years, however, funding is still insufficient to maintain the residential streets on an acceptable resurfacing cycle.

The City, including the Mayor and City Council and concerned citizens, would like to give Downtown its own market niche. To develop that niche, City Council has approved a Master Plan for the Downtown area. The Master Plan includes ways of opening new businesses in Downtown, thereby improving the business mix, attracting shoppers and residents, raising property values and sales tax revenues. Restored buildings, attractive storefronts and pedestrian-friendly walks and streets will change and reinforce the public's perception that Downtown is the "heart and soul" of Union County. Monroe is a Main Street America, 2023 Accredited and North Carolina Main Street Designated Community which uses the Main Street approach to Downtown revitalization (a comprehensive, incremental four-point approach). In combination with the Downtown Master Plan, these strategies will produce fundamental changes in the Downtown's economic base.

The City has had approximately \$2,342,200 in private sector property acquisitions and sales and \$1,117,000 in private sector improvements and new construction. A total private sector investment of \$3,459,200 was realized with nine Downtown commercial properties sold, four residential condominiums sold, nine new business openings and hosting of Downtown special events and promotions.

A total of \$20,765,519.31 of new public investment in Downtown was realized with 14 public improvement projects. Total public-private investment in Downtown of approximately \$24,224,719.31 was reported to North Carolina Main Street. Downtown also logged approximately 1,195 hours in volunteer hours. Valued at \$28,075.68, volunteers assisted with events, meetings and other promotional and Downtown revitalization efforts.

The City takes great pride and shows its commitment to revitalization in the Downtown area with the continuation of major catalytic projects:

Dowd Center Theatre – The City purchased the Center Theatre in 2013 and the adjacent units in 2015. The Dowd Center Theatre renovation is currently complete and open. The Dowd Center Theatre is available for both public and private events.

Phil Bazemore Active Adult Center – The City purchased *The Enquirer-Journal* newspaper building in 2016 and has renovated this facility to serve as a new Active Adult Center. The previous Senior Center facility was too small for the demand and a lack of adequate parking has created challenges. The new facility provides the same services, ability to expand programming and provide ample parking.

Monroe Social District – The City designated a Monroe Social District to allow citizens to enjoy alcoholic beverages within the Downtown area in conjunction with House Bill 890. The relevant changes allow for the creation of common areas where patrons of existing ABC permittees can freely assemble and consume purchased beverages.

Monroe Science Center Honoring Dr. Christine Mann Darden – The City purchased a building that used to be a grocery store near the Union County Public Library between Franklin and Windsor Streets. The Center is open for group reservations, birthday parties and the public. The Monroe Tourism Development Authority is using Occupancy Tax Revenue to fund the Science Center renovation and operation.

Bobby G. Kilgore Law Enforcement Center – The previous Police Department is located in a building that was built in 1987. The Union County Department of Social Services originally utilized the building until it was purchased by the City in 2001. Since then, the building has housed Fire Administrative offices and the Police Department, but it is functionally obsolete and lacking space that adequately serves the public. The new Police Headquarters

facility provides much needed space for staff, larger evidence storage and a better functionality to secure the facility. The new Police Headquarters is located near the former Scott Aviation property across the street from City Hall. The project was completed in June 2023 and is now fully operational.

Wayfinding – All three phases of the City’s wayfinding signs have been installed. Signs are located in the Downtown core encompassing parking signs and map kiosks as well as along the Highway 74 corridor.

Morgan-Windsor Alley Project – The City is completing a project to convert Morgan Street into a pedestrian plaza. As part of the Master Plan, the goal is to create an urban, public space, which combines accessibility, safety, walkability and infrastructure improvements. This project will create a new pedestrian connector, ingress/egress, allowing for easier development of adjacent properties. The project is under construction with an estimated completion date of September 2023.

The Information Technology (IT) Department is continually working with all departments in the organization to bring innovative solutions to technology needs. Over the past year, the IT Department has continued to assist in the deployment of an enterprise-wide software solution to replace aging software that these departments have relied upon since 1999. In addition to this new ERP system the organization is working with enterprise departments to deploy a new Enterprise Asset Management (EAM) software. The first phase is to be completed by the end of 2023. With this ongoing software deployment, the IT Department made improvements to network and server infrastructure to ensure a high availability of this and other software solutions. The IT Department has expanded its infrastructure to include new facilities that have been constructed within the last year which includes: Phil Bazemore Active Adult Center; and, Bobby G. Kilgore Law Enforcement Center. The IT Department has also continued to make improvements to cybersecurity by implementing new hardware and software solutions to assist in the detection and mitigation of threats.

The Planning and Development Department provides a vision for the community today and for the future. The department includes the following Divisions: Building; Code Enforcement; Community Development; Community Maintenance; Permitting; and, Planning. The department’s initiatives and activities foster communities of lasting value, plans for unique, identifiable, desirable communities, and health and safety to serve the needs of residents, commuters, and visitors. The department’s comprehensive approach continues to involve government officials, business leaders and citizens in identifying community’s goals, analyzing data, identifying gaps in services, deliverables, and proposing solutions.

As part of the City services, the department includes the Building Inspection Division. All of the inspectors are certified by the State of North Carolina and, at a minimum includes Level I to Level III inspectors. A total of 6,768 projects required a building permit last fiscal year that resulted in an initial inspection, plan review, and additional inspections (some may have multiple). The Building Inspections Division issues the Certificate of Occupancy (COA) on structures that have passed all permit requirements and inspections. The inspections include new building construction, additions (commercial and residential), residential home improvements (decks, garages, fences, fireplaces, pools and water heaters), plumbing system repairs, electrical system repairs or upgrades, mechanical (heating, air conditioning, ventilation and duct work), and/or storage buildings.

Case Summary			
For cases entered between 07/01/2022 and 06/30/2023 (inclusive)			
Case Type	Total Cases Entered	Total Cases Currently Open	Total Cases Currently Closed
Graffiti	7	0	0
Minimum Housing	14	13	0
Parking in Yard	133	9	0
Public Nuisance	1576	37	0
Solid Waste & Recycling	1	1	0
Zoning/Land Use	52	1	0
Total Types: 6	Totals: 1783	61	0

The Community Development Division continues the City's partnership with South Piedmont Community College's (SPCC) Construction Curriculum Division and facilitated two separate initiatives regarding job training expansion opportunities through SPCC. The two programs focus on environmental sustainability and new construction, with an emphasis on educational opportunities to gain hands on skill training in trades that serve a public purpose.

The Community Development Division continues the partnership with Union Anson County Habitat for Humanity (UACHFH) and the East Village, LLC and completed the Phase I infrastructure design and funding that will result in the construction of two new houses to be completed early in fiscal year 2024 for low to moderate income households. Community Development facilitated the environmental study and the City provided funding for East Village Phase II, which shall result in at least 25 additional housing units. Community Development in partnership with the UACHFH, designed the City's Urgent Repair Program and began implementation. The City committed \$350,000 to the program for families that suffered hardship during COVID. UACHFH continues to provide gap services for the City's Owner-Occupied Public Private Partnership Rehab program, when the required repairs require a higher skill of labor through Community Development.

Community Development, also continues to partner with the Monroe Union County Community Development Corporation (MUCCDC), a HUD Certified Counseling Agency, as Fair Housing Clearinghouse designee. MUCCDC continues to provide homeownership, foreclosure, and credit counseling. The City provides administration funds for these activities and \$350,000 for individuals/households that are income qualified and had a COVID related loss for mortgage assistance.

The Community Development manages the programmatic and contractual compliance policies and processes for the City's outside agencies. The City continues to provide funds for gap public services for eligible non-profit agencies. Community Development represents the City on the Regional Resilience Collaborative initiative for Union County. The plan focuses on disaster recovery, emergency management and resiliency. Community Development serves as project lead for the National League of Cities Good Jobs Great Cities Academy project which will result in precision manufacturing jobs for the City's long-term unemployed and underemployed individuals to improve their standard of living.

The Community Maintenance Division has two employees and provides litter removal and right-of-way maintenance. Accomplishments follow:

Community Maintenance Totals FY2023

Year	Month	Number of Bags	Total Signs Removed	Total Tire Removed	Total Furniture Removed	Misc	Landfill Trips	Total Hours	Mowing Hours
2022	7	92	30	8	16	201	14	55.67	8
2022	8	466	53	6	30	597	18	107.38	14.51
2022	9	163	0	5	29	517	18	177.25	6
2022	10	160	53	5	33	312	25	33.76	0
2022	11	225	69	6	45	387	11	-6.35	0
2022	12	246	0	4	19	481	16	74.01	0.25
2023	1	232	3	5	11	1064	18	131.27	0
2023	2	261	207	3	62	429	22	326.28	0
2023	3	442	54	20	13	376	24	88.2	5
2023	4	312	103	9	24	420	18	85.61	9.5
2023	5	500	119	0	58	688	20	89.09	9.75
2023	6	292	185	3	14	486	11	74	13.5
Totals		3391	876	74	354	5958	215	1236.17	66.51

The City takes advantage of grant opportunities whenever possible. There are currently eight active grants throughout the City. Funded through federal grants and state grants from NCDOT, rehabilitation of the Charlotte-Monroe Executive Airport runway aprons and the update to the airport layout plan have continued and grant funds of \$91,348 were spent on these projects.

The Parks and Recreation Department completed projects at Belk Tonawanda Park funded by a North Carolina Parks and Recreation Trust Fund grant that was awarded in fiscal year 2020-2021. Belk Tonawanda Park opened a Splash Pad during Spring 2023 that was funded by this grant.

The Monroe Science Center was awarded a grant by the North Carolina Department of Cultural Resources in the amount of \$100,000 for the development of exhibits. The remainder of these grant funds were used to purchase supplies, kids' play equipment and further develop exhibits in fiscal year 2023.

Downtown was awarded an infrastructure grant in the amount of \$250,000 from the North Carolina Office of State Budget and Management to assist with construction of the Morgan-Windsor Alley project. All grant funds were expended on this project in fiscal year 2023 and the project is expected to be completed in Fall 2023.

In September of 2018, the City incurred damages to several City facilities and property from Hurricane Florence. The City worked with the Federal Emergency Management Agency (FEMA) to finalize these Public Assistance Disaster Grants and received final reimbursement for damages in fiscal year 2023.

The City was awarded \$11,326,507 in American Rescue Plan Act ("ARPA") grant funding last fiscal year. A portion of these funds were utilized to reimburse Police salaries. The City expended the remainder of the standard allowance portion in fiscal year 2023 and the remaining \$1,326,507 will be used for improvements to the Bearskin Creek.

Long-Term Financial Planning and Major Initiatives

The City seeks to maintain a strong financial position. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

Annually, the City adopts a five-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs. The program outlines each capital project, estimated cost, description and funding source. The City takes into consideration and monitors CIP needs that require additional operating costs and personnel. Using this information, the City updates its long range business models for each of its utility functions and business-type activities. This is done to ensure that each utility will continue to be solvent in long-term projections and has adequate reserves for any upcoming capital expenditures. City Council and management are committed to budgeting and managing all resources in the most cost-effective manner.

Monroe continues to grow and has experienced an increase in development demand over the last several fiscal years. The permit division is in charge of coordinating the following permit revenue and issuances during the past three fiscal years:

	FY 2021	FY 2022	FY 2023
Permit Revenue	\$1,131,454	\$2,180,513	\$1,891,539.76
Permits Issued	4,975	8,010	6,768

The Planning Division oversaw the implementation of a new Unified Development Ordinance (UDO) and zoning map update that was adopted during fiscal year 2022. The UDO is a clear and user-friendly Ordinance that is consistent with City plans and policies and reflects guidance from the City's *Forward Monroe-Future Land Use and Transportation Plan* that was adopted in April 2018. The Planning Division includes long and/or short range transportation planning, small area plans, zoning and land use ordinances (draft, review, compliance), major and minor subdivision review, rezoning, variances, special use permits, certificate of appropriateness (Historic District) and zoning enforcement.

Relevant Financial Policies

The City regularly reviews revenues and expenditures throughout the fiscal year. During the course of the year, if actual revenues are expected to fall short of the budgeted amount, expenditures are reduced to ensure that a shortage of funds or a significant use of fund balance does not occur. City financial policy dictates that the current operating revenues be sufficient to support current operating expenditures.

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year was \$240,486,381. Investment income includes the change in the fair value of investments. During the year, monies were invested and secured in accordance with state law.

A key financial goal of the City for many years has been the maintenance of a fund balance policy in the General Fund. The City restricts the use of the greater of \$7,500,000 or 25% of the next year's original adopted budget, net of Federal and State pass-through revenues. In addition, the City has desired to appropriate a portion of fund balance resulting from positive budget variances for one-time capital expenses. Council has the ability to accomplish this by formally assigning money for spending on specific capital projects. Other practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.

Awards and Acknowledgements

Awards. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 30th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of

Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements, and will be submitting the ACFR to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report is a very intensive project, and could not have been accomplished without the assistance and dedication of the Finance Department staff and other personnel from various departments who assisted in its preparation. A particular thank you goes to Assistant Finance Director Ashley Ivey who has provided valuable assistance with financial and accounting expertise this past year.

The Mayor and City Council continue to be very supportive of Staff's efforts to produce the best financial reports possible for the citizens and they provide leadership and support in maintaining the highest standards of professionalism in the fiscal management of the City. Staff appreciates Mayor and City Council's support in granting staff the time and funding to generate this document and allowing the same to be submitted to the GFOA for consideration. Lastly, staff would like to express appreciation to the independent auditing firm, Martin Starnes & Associates, CPAs, P.A., for their cooperation and assistance in these efforts.

Respectfully submitted,



Mark Watson
City Manager



Lisa Strickland
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Monroe
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Monell

Executive Director/CEO

**CITY OF MONROE,
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
June 30, 2023**

Elected Officials

Marion L. Holloway
Mayor

Gary L. Anderson
Mayor Pro Tem

Freddie B. Gordon

James M. Kerr

Lynn A. Keziah

Julie Thompson

City Administration

Mark Watson
City Manager

Richard G. Long, Jr.
City Attorney

Bridgette H. Robinson
City Clerk

Lisa Strickland
Director of Finance

Matthew C. Black
Downtown Director

Scott E. Clark
Director of Water Resources

Ronald D. Fowler
Fire Chief

J. Bryan Gilliard
Police Chief

Peter J. Hovanec
Director of Communications & Tourism

Joshua D. Hyatt
Director of Information Technology

Ryan P. Jones
Director of Parks & Recreation

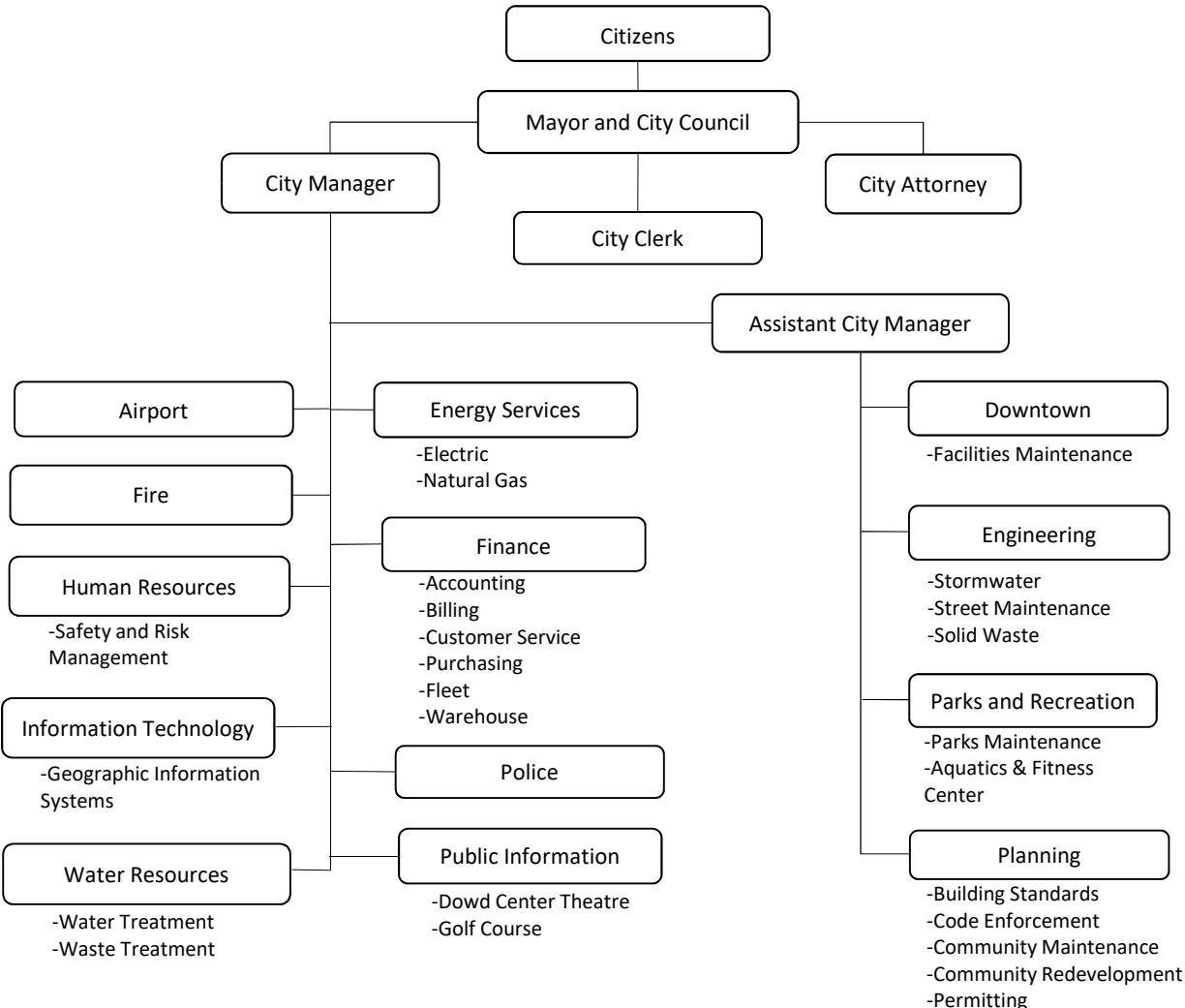
Sarah A. McAllister
Director of Engineering & Stormwater

Robert S. Miller
Director of Energy Services

Debra C. Reed
Director of Human Resources

Lisa Stiwinter
Director of Planning & Development

City of Monroe, North Carolina Organizational Chart



MARTIN ♦ STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To The Honorable Mayor and
Members of the City Council
City of Monroe, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Monroe ABC Board, which represents 67%, 62% and 74%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Monroe ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the City of Monroe ABC Board, the Monroe-Union County Economic Development Commission, and the Monroe Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Governmental Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023 on our consideration of the City of Monroe'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 solely 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 effectiveness of the City of Monroe's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monroe's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2023

Management's Discussion and Analysis

As management of the City of Monroe (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

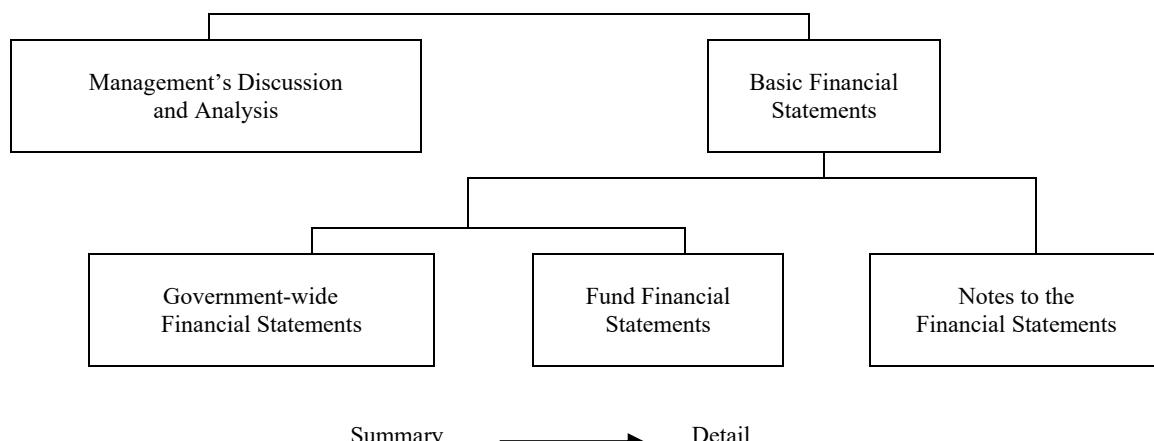
Financial Highlights

- The assets and deferred outflows of resources of the City of Monroe exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$537,896,397 (net position). Of this amount, \$184,730,940 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$31,910,237. This increase was the net of an increase in the amount of \$4,471,175 from governmental activities and an increase of \$27,439,062 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,145,072, a decrease of \$4,324,069 in comparison with the prior year. Approximately 39.2 percent of this total amount, or \$23,172,007, is non-spendable or restricted.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$25,099,699, or 54.9 percent, of total General Fund expenditures for the fiscal year.
- The City's total debt not including compensated absences, pension liability, and OPEB liability, net of retirements, decreased \$6,514,708 during the fiscal year. The elements of the decrease were debt retirements totaling \$7,579,315 and new direct placement installment purchasing obligations, lease obligations and subscription obligations issued for \$1,064,607.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Monroe's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Monroe.

Required Components of Annual Financial Report Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, golf course and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer, electric, natural gas, stormwater maintenance, solid waste collection, aquatics and fitness, and airport services offered by the City of Monroe. The final category is the component units. Component units are legally separate from the City, but the City exercises control over these units by appointing all or a portion of their Board members. Monroe-Union County Economic Development Commission is an organization that performs economic development functions for both Union County and the City of Monroe. Other component units include the ABC Board and the Tourism Development Authority. These component units are also required to distribute a portion of their profits to the City.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. 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 all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as North Carolina General Statutes or the City's budget ordinance. All of the funds of City of Monroe can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Monroe maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and General Capital Projects Fund which are considered to be major funds. Data from the other eight 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 elsewhere in this report. These other eight governmental funds are made up of two capital project funds and six special revenue funds including Community Development, Downtown Monroe, Monroe-Union County Economic Development, Occupancy Tax, Police Forfeiture Funds and the American Rescue Plan Act of 2021.

The City of Monroe adopts an annual budget for its General Fund, as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The City of Monroe maintains two types of proprietary funds: enterprise and internal service. 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 water and sewer, electric, natural gas, aquatics and fitness center, stormwater, sanitation, and airport operations. These funds are the same as those functions shown in the business-type activities in the Statement of Activities.

Internal service funds are an accounting tool used to accumulate and allocate costs internally among various functions. The City utilizes an internal service fund for its health, worker's compensation and property and casualty insurance. Because services accounted for in the internal service fund predominately benefit governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

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 begin on page 38 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes 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 beginning on page 106 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the Federal Government and the state of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The following is a summary of the City’s net position for governmental and business-type activities for the current year as compared to the prior year. For more detail see the Statement of Net Position on page 18-19.

City of Monroe’s Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$69,752,287	\$74,651,306	\$215,216,212	\$206,269,318	\$284,968,499	\$280,920,624
Capital assets	107,839,819	97,975,291	320,577,287	309,355,119	428,417,106	407,330,410
Total assets	177,592,106	172,626,597	535,793,499	515,624,437	713,385,605	688,251,034
Deferred outflows of resources	17,973,471	14,179,250	10,590,951	9,324,540	28,564,422	23,503,790
Total assets and deferred outflows of resources	195,565,577	186,805,847	546,384,450	524,948,977	741,950,027	711,754,824
Long-term liabilities outstanding	74,742,521	73,149,395	89,009,269	92,167,277	163,751,790	165,316,672
Other liabilities	11,182,050	9,804,613	11,958,264	15,371,457	23,140,314	25,176,070
Total liabilities	85,924,571	82,954,008	100,967,533	107,538,734	186,892,104	190,492,742
Deferred inflows of resources	11,876,071	10,558,079	5,285,455	4,717,843	17,161,526	15,275,922
Total liabilities and deferred inflows of resources	97,800,642	93,512,087	106,252,988	112,256,577	204,053,630	205,768,664
Net position:						
Net investment in capital assets	81,099,501	80,215,566	251,038,466	235,241,163	332,137,967	315,456,729
Restricted	21,027,490	31,642,236	-	-	21,027,490	31,642,236
Unrestricted	(4,362,056)	(18,564,042)	189,092,996	177,451,237	184,730,940	158,887,195
Total net position	<u>\$97,764,935</u>	<u>\$93,293,760</u>	<u>\$440,131,462</u>	<u>\$412,692,400</u>	<u>\$537,896,397</u>	<u>\$505,986,160</u>

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$537,896,397 as of June 30, 2023. Of the City’s total net position \$332,137,967 (61.8%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) 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 the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City’s net position \$21,027,490 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$184,730,940 (34.3%) is unrestricted. This amount may be used at the City’s discretion in meeting its ongoing obligations to citizens and creditors.

The City's net position has increased a total of \$31,910,237, which consists of an increase in governmental activities in the amount of \$4,471,175 and an increase in business-type activities in the amount of \$27,439,062.

The biggest part of the increase to governmental activities net position was due to an increase in property tax revenues as well as an improvement in investment earnings from the prior year. The business-type activities increase in net position was due in part to an increase in charges for services in utilities related to customer growth and expansion. The Water & Sewer, Electric and Natural Gas funds saw an increase in contributed capital for infrastructure assets related to developer installed assets.

The following is a summary of the City's governmental and business-type activities for fiscal year 2023, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 20-21.

City of Monroe's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$14,053,707	\$12,768,708	\$123,075,095	\$115,933,990	\$137,128,802	\$128,702,698
Operating grants and contributions	5,953,372	8,673,881	-	82,000	5,953,372	8,755,881
Capital grants and contributions	408,237	779,234	213,140	578,148	621,377	1,357,382
General revenues:						
Property taxes, levied for a specific purpose	26,216,713	24,553,058	-	-	26,216,713	24,553,058
Sales and use tax	10,844,265	10,624,120	-	-	10,844,265	10,624,120
Utility sales taxes	3,351,771	3,107,773	-	-	3,351,771	3,107,773
Motor vehicle tax	912,690	870,125	-	-	912,690	870,125
Beer & wine and telecommunications tax	320,291	311,118	-	-	320,291	311,118
Gross receipts tax	151,392	133,527	-	-	151,392	133,527
Other	1,976,376	259,319	3,669,969	1,335,764	5,646,345	1,595,083
Total revenues	64,188,814	62,080,863	126,958,204	117,929,902	191,147,018	180,010,765
Expenses:						
General government						
Transportation	\$10,173,659	\$9,256,820	-	-	\$10,173,659	\$9,256,820
Public safety	6,679,528	3,936,698	-	-	6,679,528	3,936,698
Culture and recreation	33,520,975	29,100,053	-	-	33,520,975	29,100,053
Economic and physical development	7,033,027	5,770,209	-	-	7,033,027	5,770,209
Interest in long-term debt	1,109,407	1,549,885	-	-	1,109,407	1,549,885
Water and sewer	823,729	1,088,994	-	-	823,729	1,088,994
Electrical	-	-	13,023,812	9,886,083	13,023,812	9,886,083
Natural Gas	-	-	53,818,274	57,866,238	53,818,274	57,866,238
Aquatics and Fitness Center	-	-	19,116,912	16,768,410	19,116,912	16,768,410
Stormwater	-	-	4,083,870	3,384,859	4,083,870	3,384,859
Solid waste	-	-	2,462,904	2,465,044	2,462,904	2,465,044
Airport	-	-	3,188,158	3,003,417	3,188,158	3,003,417
Total expenses	59,340,325	50,702,659	99,896,456	97,581,051	159,236,781	148,283,710
Change in net position before transfers						
	4,848,489	11,378,204	27,061,748	20,348,851	31,910,237	31,727,055
Transfers	(377,314)	(463,322)	377,314	463,322	-	-
Change in net position	4,471,175	10,914,882	27,439,062	20,812,173	31,910,237	31,727,055
Net position, beginning	93,293,760	82,378,878	412,692,400	391,880,227	505,986,160	474,259,105
Net position, ending	\$97,764,935	\$93,293,760	\$440,131,462	\$412,692,400	\$537,896,397	\$505,986,160

Governmental activities – Governmental activities increased the City of Monroe's net position by \$4,471,175. Key elements of this net increase are as follows:

- Charges for services increased by \$1,284,999 primarily due to the GASB entry to allocate the internal service fund profit and an increase in revenues at the City's golf course.
- Operating grants and contributions decreased by \$2,720,509 due largely in part to the American Rescue Plan Act grant that was used for the provision of government services in public safety was about \$1.3 million less this year. Also, operating contributions from the Monroe-Union County Economic Development Fund were not received this year due to the newly formed Commission which is now a component unit of the City.
- Property taxes increased by \$1,663,655. The total assessed value increased by \$357,110,163, or 7.4%, from the prior year.
- Sales and use tax increased by \$220,145, or 2.1%.
- Other revenues increased by \$1,717,057 primarily due to a higher investment earnings rate during the year.
- General Government expenses increased by \$916,839 mainly due to inflationary increases of operations. \$2.8 million in transportation expenses related to the asphalt resurfacing and paving services that were delayed from the prior year. Other increases were related to an increase in capital outlay expenses for public safety related to preparation for the completion of the new Police headquarters in summer 2023.
- Transportation expenses increased by \$2,742,830 mainly due to the prior years' award of the street paving contract being delayed and completed in fiscal year 2023.
- Public Safety expenses increased by \$4,420,922 due to an increase of \$1,009,936 in capital outlay related to the upcoming completion of the Police headquarters in summer 2023. Other increases are related to inflationary increases in operations.
- Economic and physical development expenses decreased by \$440,478 due to the formation of the Monroe-Union County Economic Development Commission and operating expenses being paid separately through the newly formed component unit and not directly by the City.

Business-type activities – Business-type activities increased the City of Monroe's net position by \$27,439,062. Key elements of this net increase are as follows:

- Charges for Services increased year over year by \$7,141,105 primarily due to the net of the following items:
 - Water and Sewer sales were up by \$2,137,316. Capacity fees also increased by \$521,918.
 - Electric sales increased by \$1,022,371 due to an increase in demand.
 - Increased natural gas sales in the amount of \$2,221,085 were primarily due to the increased cost of purchasing natural gas that is passed along to the customer.
 - Revenues at the Aquatics and Fitness Center increased by \$652,306 due to the continued return of customers after the pandemic.
 - Revenues at the Charlotte-Monroe Executive Airport have decreased slightly from the prior year by \$118,255 but are remaining stronger than in several years prior.
- Operating expenses for Electric Fund decreased by \$4,047,964 due to decreased power purchases in comparison to the prior year.
- Operating expenses for Natural Gas Fund increased by \$2,348,502 due to increased power purchases related to the increased cost of natural gas.
- Operating expenses for Water & Sewer Fund increased by \$3,137,729 mainly due to inflationary increases of chemicals and treatment supplies as well as salary and benefit increases.

Financial Analysis of the City's Funds

As noted earlier, the City of Monroe uses 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 usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2023, the governmental funds of the City of Monroe reported a combined fund balance of \$59,145,072, which is a decrease of \$4,324,069 from last year's total of \$63,469,141. Of the governmental funds combined ending fund balances, \$5,824,240 represents unassigned fund balance and is available for spending at the City's discretion. The remainder of fund balance is classified as follows:

- 1). Non-spendable to indicate that it is not available for spending, as it is not in spendable form (\$2,140,940);
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$21,029,145);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$10,473,649);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$19,677,098).

More information about fund balance is available in section 1.E.13 and section VIII. in the notes to the financial statements.

The General Fund is the chief operating fund of the City of Monroe. As of June 30, 2023, the fund balance in the General Fund was \$42,580,863, an increase of \$6,147,746 in comparison with the prior year. Of the total fund balance in the General Fund, \$5,824,240 (13.7%) was unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.7% of total General Fund expenditures, while total fund balance represents 93.1% of that same amount. In addition to unassigned fund balance, \$13,820,359 is reserved by a minimum fund balance policy that has been adopted by City Council. Revenues exceeded expenditures prior to transfers and issuance of debt by \$3,545,202 due to revenue exceeding projections and savings in expenditures. Transfers of available fund balance were primarily for general capital projects, one-time capital purchases and airport debt retirement.

The General Capital Projects Fund has decreased by \$9,833,116. During the fiscal year, funding previously set aside for the construction of Fire Station #6 was transferred to the General Fund. Due to high construction estimates, it was decided that the project would be financed. Slightly over \$5 million in construction costs were capitalized or transferred from construction in progress during the fiscal year related to the completion of the Bazemore Active Adult Center Renovation which also contributed to the decrease in this fund balance.

The Other Governmental Funds which consist of the Occupancy Tax Project Fund and a Governmental Capital Reserve Fund, special revenue funds for Community Development, Downtown Monroe, Monroe-Union County Economic Development, Occupancy Tax, the Police Asset Forfeiture Fund and the American Rescue Plan Act of 2021 also impact the total fund balance for governmental funds. The fund balance of \$1,262,071 is down slightly from last year's total of \$1,900,770. The majority of this decrease is to close the Monroe-Union County Economic Development Fund due to the formation of a separate entity, the Monroe-Union County Economic Development Commission.

Proprietary Funds – The City of Monroe's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The table below presents the unrestricted net position and the growth in total net position for all proprietary funds.

City of Monroe's Unrestricted Net Position
Figure 4

	Unrestricted Net Position		Change in Total Net Position	
	2023	2022	2023	2022
Water and Sewer	\$54,061,118	\$48,750,836	\$13,644,128	\$13,327,648
Electric	96,445,284	91,537,734	10,060,911	3,214,368
Natural Gas	38,159,291	36,918,597	3,819,746	3,770,664
Airport	(1,203,411)	(1,194,629)	(124,517)	571,345
Aquatics and Fitness Center	(899,150)	(704,286)	(382,985)	(415,662)
Stormwater	1,895,867	1,476,815	461,384	314,125
Solid Waste	494,051	557,413	(70,794)	(94,028)

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's major proprietary funds are water and sewer, electric, natural gas, and airport. Minor proprietary funds include Aquatics and Fitness Center, Stormwater and Solid Waste Funds.

The Water and Sewer Fund accounts for the provision of potable water and sanitary sewer service to City and non-City residents. All activities necessary for the provision of these services are accounted for in this fund, including, but not limited to administration, engineering, water distribution, sewer collection and treatment plants. As of June 30, 2023, the City of Monroe's Water and Sewer Fund reported a total net position of \$148,635,682, an increase of \$13,644,128 in comparison with the prior year. Overall operating income increased due to an increase in capacity fees in the amount of \$521,918 and continued additions in developer installed infrastructure that reduced operating expenses in the current fiscal year. The City is experiencing significant growth which can be evidenced in receipts for capacity fees and the addition of 613 water customers. A significant wastewater treatment plant expansion is anticipated to begin construction in fiscal year 2026. Design for this expansion has already begun. Annual, incremental rate increases of 3.5%, and growth of other revenues, have enabled the City to bank reserves to begin design and partially cash fund this and other projects.

The Electric Fund accounts for the provision of electric service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of June 30, 2023, the City of Monroe's Electric Fund reported a total net position of \$171,972,850, an increase of \$10,060,911 in comparison with the prior year. Electric operating revenues increased by \$1,202,340 primarily due to increased demand and the addition of 666 new electric customers. Electric non-operating revenues increased by \$2,817,496 since last fiscal year. This increase can be attributed to an increase in investment earnings during the year with favorable rates of return on investments.

The Natural Gas Fund accounts for the provision of natural gas service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of June 30, 2023, the City of Monroe's Natural Gas Fund reported total net position of \$77,821,186, an increase of \$3,819,746 in comparison with the prior year. Natural gas operating revenues were up by \$2,221,686, or 10.9%, from prior year due to system growth. Natural Gas non-operating revenues also increased significantly due to favorable rates of return on investments. Operating expenses increased in correlation with the increase in charges for services by an increase in natural gas purchases.

The Airport Fund accounts for the operation of the Charlotte-Monroe Executive Airport. As of June 30, 2023, the City of Monroe's Airport Fund reported a total net position of \$32,409,925, a decrease of \$124,517 in comparison with the prior year. Fuel sales for the airport have decreased 5.9% or \$133,820 from the prior year.

General Fund Budgetary Highlights

During the fiscal year, the City of Monroe revised the budget on several occasions. Generally, budget amendments are either amendments made to adjust the estimates that are used to prepare the original budget ordinance once updated information is available or amendments made to recognize new funding amounts from external sources, such as federal and state grants.

Total amendments to the General Fund increased expenditures by \$6,317,689, or 13.0%. The key differences between the original budget and the final amended budget can be briefly summarized as follows:

- Funds were appropriated for prior year encumbrances in the amount of \$3,961,059 and unspent appropriations (various unspent donations, grants and incentives), \$109,887.
- Funding of \$177,000 was appropriated to cover increase in contribution to Monroe-Union County Economic Development Commission per the interlocal agreement with Union County.
- Funding in the amount of \$436,570 was appropriated to cover police vehicle pricing increases and replacement of (3) totaled vehicles and \$355,451 was appropriated for increase in cost of dump trucks.
- There were (9) new firefighter positions funded totaling \$341,781.
- Funding in the amount of \$183,000 was appropriated to cover revenue losses at the Dowd Center Theatre due to a delay in opening because of COVID-19 and legal expenses for the motion hearing.

Revenues exceeded final budget by \$2,815,390. This was primarily due to higher property tax revenue collections. The increase in sales and services is primarily due to an increase due to the GASB conversion entry for the internal service fund allocation as well as an increase in golf course revenues.

Expenditures were under budget by \$9,156,662. Expenses were down due to savings realized from vacant positions and turnover totaling approximately \$2,250,585, capital purchases \$3,816,344 and \$3,809,733 in other operating accounts. Expenditures were 83.3% of the final amended expenditure budget. \$3,472,386 was carried over to fiscal year 2024 for items that were not complete at fiscal year-end.

Capital Assets

The following is a summary of the City of Monroe's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Monroe's capital assets can be found in Note III.A.6 on pages 60 - 66 of this report.

City of Monroe's Capital Assets
(Net of Depreciation)
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$6,683,118	\$6,683,118	\$18,823,006	\$18,823,006	\$25,506,124	\$25,506,124
Buildings and improvements	35,138,362	27,864,966	57,058,501	58,298,834	92,196,863	86,163,800
Equipment	2,828,070	2,856,681	4,521,317	4,768,017	7,349,387	7,624,698
Vehicles and motorized equipment	4,418,891	4,410,753	2,433,546	2,453,567	6,852,437	6,864,320
Other intangibles	2,740,731	126,963	789,470	318,886	3,530,201	445,849
Infrastructure	37,165,265	38,588,211	226,987,652	216,516,415	264,152,917	255,104,626
Construction in progress	18,865,382	17,444,599	9,963,795	8,176,394	28,829,177	25,620,993
Total	<u>\$107,839,819</u>	<u>\$97,975,291</u>	<u>\$320,577,287</u>	<u>\$309,355,119</u>	<u>\$428,417,106</u>	<u>\$407,330,410</u>

The City of Monroe's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals \$428,417,106 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, enterprise systems infrastructure, machinery and equipment, park facilities, and vehicles. The total increase in the City's investment in capital assets for the current fiscal year was \$21,086,696. Major capital asset events during the year included the following:

- Completion of the Phil Bazemore Active Adult Center renovation
- Completion of the ERP replacement project
- Completion of the Belk Tonawanda Splash pad
- Developer installed water mains and sewer lines at Autumn Drive, Blue Sky Meadows, Cottage Green, Founders Point, Gordon Place, Habit Burger, Medlin Forest, Secrest Commons, Secrest Landing, and Timber Ridge
- Electric infrastructure improvements including installation of infrastructure to serve Secrest Commons, Founders Point, Medlin Forest, Cottage Green, Secrest Landing, Timber Ridge and Blue Sky Meadows subdivisions
- Natural gas infrastructure improvements including system expansion to Hamilton Estates, Medlin Forest, Cottage Green, Founders Point, Secrest Landing, Stonebridge and Secrest Commons subdivisions
- Natural gas system reinforcements as well as expanding services to White Store Road to Circle S Ranch

Construction in progress totaling \$28,829,177 has increased from last year by \$3,208,184. The amount is the net of the completion of projects totaling \$10,072,801, retirements of \$2,131 and new projects that were added totaling \$13,283,116. Projects included in this amount are as follows:

- General – construction of the Bobby G. Kilgore Law Enforcement Center, Monroe Science Center Parking lot improvements, downtown Monroe Morgan-Windsor Alley improvements
- Occupancy Tax Capital Project – Monroe Science Center exhibits
- Water – Flow equalization basin and Stewart Creek pump station improvements
- Stormwater – storm drainage improvements and a new wash down facility
- Electric – line extensions to new subdivisions, substation improvements and AMI metering and work management systems
- Airport – apron rehabilitation

Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in note III.B.8 beginning on page 86 of this report.

City of Monroe's Outstanding Debt Figure 6

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Install purchase obligations	\$5,197,707	\$5,572,129	\$727,741	\$931,766	\$5,925,448	\$6,503,895
Revenue bonds	-	-	39,390,453	42,849,449	39,390,453	42,849,449
Limited Obligation Bonds	21,502,762	22,687,980	32,631,147	33,991,516	54,133,909	56,679,496
Total	\$26,700,469	\$28,260,110	\$72,749,341	\$77,772,730	\$99,449,810	\$106,032,840

As of June 30, 2023, the City of Monroe had total debt outstanding of \$99,449,810. The City's bonded debt, \$39,390,453 represents bonds secured by the combined revenues of the major business-type funds which include water and sewer, electric, natural gas, and airport. Limited Obligation Bonds totaling \$54,133,909 represent bonds that were issued for improvements to the natural gas system, the Dowd Center Theatre and Monroe Science Center. During the fiscal year, the City issued an installment purchase obligation in the amount of \$825,000 for the purchase of a fire truck. The City's total debt, net of retirements, decreased \$6,583,030 during the fiscal year. The elements of the increase were debt retirements totaling \$7,423,702 and new installment purchase debt issued for \$840,672.

The City of Monroe has an A1 bond rating from Moody's Investor Service and A+ rating from Standard & Poor's Rating Services for the Combined Enterprise Fund Revenue Bonds. The City also has an Aa3 rating from Moody's Investor Service and AA rating from Standard and Poor's Rating Services for the Limited Obligation Bonds. These ratings are indications of the sound financial condition and stable outlook of the City of Monroe.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Monroe is \$356,174,753.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- The annual unemployment rate for City of Monroe is 3.3%, which is a decrease of 0.7% from last year. This rate is slightly higher than Union County's rate of 3.1% but lower than the state's average rate of 3.6%.
- The total tax levy increased 6.7% from fiscal year 2022 to fiscal year 2023, and the tax collection rate decreased slightly from 99.39% in fiscal year 2022 to 99.18% in fiscal year 2023.
- Population increased slightly to 35,894 in 2023 from 34,734 in 2022.

Governmental Activities – The City maintained the same property tax rate of .5025 for fiscal year 2023. The economic conditions that form the foundation of the City's revenues for the upcoming year indicate some improvement in property tax, sales tax and other consumer-oriented revenues due to growth that our city is experiencing. Economic conditions have negatively affected the price of goods, materials, equipment and construction costs. The City is monitoring the increased costs and making adjustments as necessary to cover the shortfalls. Supply chain issues continue to plague the City with a lack of ability to replace/purchase vehicles in a timely manner. City of Monroe's fiscal year 2024 operating budget (excluding capital projects) increased by approximately 5.9% with General and Governmental Funds increasing by 9.6% and business-type funds increasing by 4.1% over their current year budgets.

The City takes great pride and shows its commitment to revitalization in the downtown area with completion having occurred or nearing for two previously approved projects, the Phil Bazemore Active Adult Center and the Bobby G. Kilgore Law Enforcement Center. The Phil Bazemore Active Adult Center was completed and opened in June of 2023 and the Bobby G. Kilgore Law Enforcement Center was completed in July 2023. Funding has been included in the FY 2024 budget to cover operating expenses including the addition of an Administrative Assistant (FT) at the Active Adult Center.

The proposed budget also includes the addition of five other full-time positions and one part-time position. New full-time positions include a Transportation Planner, Paralegal, Webmaster, Construction Project Manager and a Permit Technician. The new part-time position is a Human Resources Analyst position.

City employees continue to remain our single greatest asset. Included is funding for the City's merit program on a sliding scale based on performance of 0-2% and a 2.5% Cost of Living Adjustment. Also included is an increase to the City's retirement program as required by the state of 0.75%.

Maintaining existing facilities is a priority and the proposed FY 2024 budget continues to address many maintenance issues. Replacing flooring, painting and parking lot improvements at the Dickerson Community Center and replacing sidewalks and bleacher pads at the Dickerson tennis courts is planned. Also included are new bathrooms, sidewalks to the dog park and shelter at Sunset Park and painting at Winchester and the Old Armory Community Centers. Flooring and painting at the Monroe County Club ballroom and replacement of the Monroe city limit signs on Highway 74 is also budgeted.

Business-type Activities – Water and sewer rates were increased by 3.5% each to plan for the significant anticipated cost of future capital projects and necessary system improvements. Electric, natural gas, solid waste and stormwater rates remained the same.

With the extensive planning within our water, sewer, electric and natural gas services, Monroe stands alone in Union County to meet any and all residential and industrial development needs. The City has voluntarily annexed 2.09 square miles of land into the City limits over the past five years. Being ready and able to meet these needs puts Monroe in an excellent position to continue to grow our City.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director at the City of Monroe, 300 West Crowell Street, Monroe, North Carolina, 28112, visit the City's website at www.monroenc.org, or email accounting@monroenc.org for more information.

Basic Financial Statements

The Basic Financial Statements provide a summary overview of the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information at June 30, and the respective changes in financial position and cash flows, where appropriate for the year then ended.

- Government-Wide Financial Statements
 - Fund Financial Statements
 - Governmental Fund Financial Statements
 - Proprietary Fund Financial Statements
 - Notes to Financial Statements
 - Required Supplementary Information
-
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CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe-Union	Monroe Tourism Development Authority
					County Economic Development Commission	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 55,532,897	\$ 191,214,572	\$ 246,747,469	\$ 1,525,720	\$ 381,620	\$ 865,888
Taxes receivable	505,308	-	505,308	-	9,821	-
Accounts receivable	1,312,648	13,010,652	14,323,300	-	521	86,358
Note receivable - short-term	6,325	-	6,325	-	-	-
Leases receivable	-	85,987	85,987	-	-	-
Internal balances - short-term	(210,003)	210,003	-	-	-	-
Due from other governments	5,392,983	-	5,392,983	-	-	-
Due from component units	118,185	-	118,185	-	-	-
Inventories	262,111	8,984,273	9,246,384	399,809	-	18,715
Prepays	1,917,465	146,656	2,064,121	29,106	8,256	9,205
Cash and cash equivalents - restricted	5,063,755	403	5,064,158	-	-	-
Total current assets	69,901,674	213,652,546	283,554,220	1,954,635	400,218	980,166
Non-current assets:						
Restricted cash - customer deposits	-	627,221	627,221	-	-	-
Leases receivable, net of current portion	-	387,058	387,058	-	-	-
Note receivable	400,000	-	400,000	-	-	-
Internal balances - long term	(549,387)	549,387	-	-	-	-
Capital assets:						
Land, non-depreciable improvements, and construction in progress	25,548,500	28,786,801	54,335,301	543,825	-	-
Other capital assets, net of depreciation	82,291,319	291,790,486	374,081,805	417,940	49,255	19,431
Total capital assets	107,839,819	320,577,287	428,417,106	961,765	49,255	19,431
Total non-current assets	107,690,432	322,140,953	429,831,385	961,765	49,255	19,431
Total assets	177,592,106	535,793,499	713,385,605	2,916,400	449,473	999,597
Deferred Outflows of Resources:						
OPEB deferrals	6,526,718	2,894,064	9,420,782	-	-	-
Pension deferrals	11,446,753	4,466,080	15,912,833	172,210	100,814	-
Charge on debt defeasance	-	3,230,807	3,230,807	-	-	-
Total deferred outflows of resources	17,973,471	10,590,951	28,564,422	172,210	100,814	-
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	3,497,406	6,044,962	9,542,368	740,989	26,620	34,191
Due to primary government	-	-	-	-	-	24,485
Current portion of long-term liabilities	4,975,994	5,572,261	10,548,255	-	-	17,599
Unearned revenue	1,922	68,443	70,365	-	-	-
Payable from restricted assets	21,548	-	21,548	-	-	-
Advance from grantor	1,375,000	-	1,375,000	-	-	-
Property claims liability	5,149	-	5,149	-	-	-
Workers' compensation claims	31,372	-	31,372	-	-	-
Total pension liability (LEOSSA)	275,309	-	275,309	-	-	-
Total OPEB liability	614,765	272,598	887,363	-	-	-
Healthcare benefits claims	383,585	-	383,585	-	-	-
Total current liabilities	11,182,050	11,958,264	23,140,314	740,989	26,620	76,275

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe-Union	Monroe
					County Economic Development Commission	Tourism Development Authority
Non-current liabilities:						
Payable from restricted assets	-	627,221	627,221	-	-	-
Net pension liability	14,858,135	6,648,662	21,506,797	240,889	150,082	-
Total pension liability (LEOSSA)	4,488,723	-	4,488,723	-	-	-
Total OPEB liability	29,920,191	13,267,156	43,187,347	-	-	-
Due in more than one year	25,475,472	68,466,230	93,941,702	-	-	-
Total non-current liabilities	74,742,521	89,009,269	163,751,790	240,889	150,082	-
Total liabilities	85,924,571	100,967,533	186,892,104	981,878	176,702	76,275
Deferred Inflows of Resources:						
OPEB deferrals	10,755,495	4,769,180	15,524,675	-	-	-
Pension deferrals	1,100,110	47,328	1,147,438	13,375	1,068	-
Leases	-	468,947	468,947	-	-	-
Other deferred inflows	20,466	-	20,466	-	-	-
Total deferred inflows of resources	11,876,071	5,285,455	17,161,526	13,375	1,068	-
Net Position:						
Net investment in capital assets	81,099,501	251,038,466	332,137,967	961,765	49,255	-
Restricted for:						
Stabilization by state statute	13,983,406	-	13,983,406	-	10,342	98,381
Public safety	2,375,520	-	2,375,520	-	-	-
Transportation	3,665,552	-	3,665,552	-	-	-
Culture and recreation	834,038	-	834,038	-	-	-
Occupancy tax capital projects	168,974	-	168,974	-	-	-
Economic development	-	-	-	210,058	304,664	-
Capital projects	-	-	-	-	-	-
Tourism promotion	-	-	-	-	-	797,021
Unrestricted	(4,362,056)	189,092,996	184,730,940	921,534	8,256	27,920
Total net position	\$ 97,764,935	\$ 440,131,462	\$ 537,896,397	\$ 2,093,357	\$ 372,517	\$ 923,322

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 10,173,659	\$ 3,368,358	\$ 8,730	\$ -
Transportation	6,679,528	562,785	1,040,393	327,723
Public safety	33,520,975	7,304,663	4,895,655	-
Culture and recreation	7,033,027	2,817,901	8,594	80,514
Economic and physical development	1,109,407	-	-	-
Interest on long-term debt	823,729	-	-	-
Total governmental activities	<u>59,340,325</u>	<u>14,053,707</u>	<u>5,953,372</u>	<u>408,237</u>
Business-Type Activities:				
Water and sewer	13,023,812	25,862,553	-	81,760
Electric	53,818,274	62,118,304	-	-
Natural gas	19,116,912	22,640,033	-	-
Aquatics and Fitness Center	4,083,870	3,671,408	-	-
Stormwater	2,462,904	2,846,276	-	40,356
Solid waste	3,188,158	3,109,972	-	-
Airport	4,202,526	2,826,549	-	91,024
Total business-type activities	<u>99,896,456</u>	<u>123,075,095</u>	<u>-</u>	<u>213,140</u>
Total primary government	<u>\$ 159,236,781</u>	<u>\$ 137,128,802</u>	<u>\$ 5,953,372</u>	<u>\$ 621,377</u>
Component Units:				
ABC Board	\$ 6,658,350	\$ 7,105,963	\$ -	\$ -
Monroe-Union County Economic Development Commission	1,199,557	-	990,000	566,833
Tourism Development Authority	<u>959,273</u>	<u>-</u>	<u>928,335</u>	<u>-</u>
Total component units	<u>\$ 8,817,180</u>	<u>\$ 7,105,963</u>	<u>\$ 1,918,335</u>	<u>\$ 566,833</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe-Union County Economic Development Commission	Monroe Tourism Development Authority
Primary Government:						
Governmental Activities:						
General government	\$ (6,796,571)	\$ -	\$ (6,796,571)			
Transportation	(4,748,627)	-	(4,748,627)			
Public safety	(21,320,657)	-	(21,320,657)			
Culture and recreation	(4,126,018)	-	(4,126,018)			
Economic and physical development	(1,109,407)	-	(1,109,407)			
Interest on long-term debt	(823,729)	-	(823,729)			
Total governmental activities	(38,925,009)	-	(38,925,009)			
Business-Type Activities:						
Water and sewer	-	12,920,501	12,920,501			
Electric	-	8,300,030	8,300,030			
Natural gas	-	3,523,121	3,523,121			
Aquatics and Fitness Center	-	(412,462)	(412,462)			
Stormwater	-	423,728	423,728			
Solid waste	-	(78,186)	(78,186)			
Airport	-	(1,284,953)	(1,284,953)			
Total business-type activities	-	23,391,779	23,391,779			
Total primary government	(38,925,009)	23,391,779	(15,533,230)			
Component Units:						
ABC Board		\$ 447,613	\$ -	\$ -	\$ -	\$ -
Monroe-Union County Economic Development Commission				-	357,276	
Tourism Development Authority				-	-	(30,938)
Total component units		447,613		357,276		(30,938)
General Revenues:						
Taxes:						
Property taxes, levied for general purpose	26,216,713	-	26,216,713	-	-	-
Sales and use tax	10,844,265	-	10,844,265	-	-	-
Utility sales taxes	3,351,771	-	3,351,771	-	-	-
Motor vehicle tax	912,690	-	912,690	-	-	-
Beer & wine and telecommunications taxes	320,291	-	320,291	-	-	-
Gross receipts tax	151,392	-	151,392	-	-	-
Unrestricted investment earnings (loss)	1,083,951	2,802,475	3,886,426	3	7,541	7,589
Lease revenue	-	128,209	128,209	-	-	-
Interest earnings on interfund loans	-	39,073	39,073	-	-	-
Miscellaneous	892,425	700,212	1,592,637	20,056	7,700	5,135
Total general revenues	43,773,498	3,669,969	47,443,467	20,059	15,241	12,724
Transfers	(377,314)	377,314	-	-	-	-
Total general revenues and transfers	43,396,184	4,047,283	47,443,467	20,059	15,241	12,724
Change in net position	4,471,175	27,439,062	31,910,237	467,672	372,517	(18,214)
Net Position:						
Beginning of year, July 1	93,293,760	412,692,400	505,986,160	1,625,685	-	941,536
End of year, June 30	\$ 97,764,935	\$ 440,131,462	\$ 537,896,397	\$ 2,093,357	\$ 372,517	\$ 923,322

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 34,075,842	\$ 16,367,487	\$ 1,264,668	\$ 51,707,997
Receivables:				
Taxes	503,824	-	1,484	505,308
Accounts	537,662	2,788	5,800	546,250
Due from other governments	5,392,785	-	198	5,392,983
Due from component unit	93,700	-	24,485	118,185
Inventories	262,111	-	-	262,111
Prepays	1,878,829	-	-	1,878,829
Cash and cash equivalents - restricted	3,329,602	338,984	1,375,000	5,043,586
Total assets	\$ 46,074,355	\$ 16,709,259	\$ 2,671,635	\$ 65,455,249
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,057,205	\$ 1,407,121	\$ 33,080	\$ 3,497,406
Accounts payable to be paid from restricted assets	1,379	-	-	1,379
Advance from grantor	-	-	1,375,000	1,375,000
Prepaid privilege license	1,922	-	-	1,922
Advances from other funds - current portion	70,057	-	-	70,057
Advances from other funds - long-term	549,387	-	-	549,387
Total liabilities	2,679,950	1,407,121	1,408,080	5,495,151
Deferred Inflows of Resources	813,542	-	1,484	815,026
Fund Balances:				
Non-spendable:				
Inventories	262,111	-	-	262,111
Prepays	1,878,829	-	-	1,878,829
Restricted:				
Stabilization by state statute	9,207,281	4,742,196	33,929	13,983,406
Public safety	1,971,111	-	404,808	2,375,919
Transportation	3,327,824	337,728	-	3,665,552
Culture and recreation	834,038	-	-	834,038
Occupancy tax capital projects	-	-	168,974	168,974
Capital projects	-	1,256	-	1,256
Committed:				
Public safety	-	-	31,236	31,236
Culture and recreation	-	-	221,455	221,455
Capital projects	-	10,220,958	-	10,220,958
Assigned:				
Minimum fund balance requirement	13,820,359	-	-	13,820,359
Airport grant acceptance	250,249	-	-	250,249
Downtown projects	1,369,993	-	-	1,369,993
Subsequent year's expenditures	3,834,828	-	-	3,834,828
Community Development	-	-	56,562	56,562
Downtown Monroe	-	-	102,081	102,081
Occupancy tax	-	-	243,026	243,026
Unassigned	5,824,240	-	-	5,824,240
Total fund balances	42,580,863	15,302,138	1,262,071	59,145,072
Total liabilities, deferred inflows of resources, and fund balances	\$ 46,074,355	\$ 16,709,259	\$ 2,671,635	\$ 65,455,249

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	Total Governmental Funds
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Fund balances - total governmental funds (Exhibit 3)	\$ 59,145,072
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Gross capital assets at historical cost	\$ 203,937,558
Accumulated depreciation	<u>(96,097,739)</u> 107,839,819
Total pension liability (LEOSSA)	(4,764,032)
Note receivable from outside party	406,325
Net pension liability - LGERS	(14,858,135)
Deferred outflows of resources related to OPEB are not reported in the funds.	6,526,718
Deferred outflows of resources related to pensions are not reported in the funds.	11,446,753
Deferred inflows of resources related to OPEB are not reported in the funds.	(10,755,495)
Deferred inflows of resources related to pensions are not reported in the funds.	(1,100,110)
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	2,130,751
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	982,948
Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,096,129
Internal balance due from business-type activities to governmental activities	(139,946)
Liabilities for earned, but unavailable, revenues in fund statements	794,560
Total OPEB liability	(30,534,956)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).	<u>(30,451,466)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 97,764,935</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 26,105,223	\$ -	\$ 69,130	\$ 26,174,353
Other taxes and licenses	1,066,309	-	273,206	1,339,515
Unrestricted intergovernmental	14,664,028	-	-	14,664,028
Restricted intergovernmental	1,801,983	327,723	4,522,502	6,652,208
Sales and services	4,304,075	-	-	4,304,075
Investment earnings	857,428	159,589	46,340	1,063,357
Donation	-	-	5,800	5,800
Miscellaneous	465,500	2,788	-	468,288
Total revenues	49,264,546	490,100	4,916,978	54,671,624
Expenditures:				
Current:				
General government	7,492,302	-	-	7,492,302
Transportation	4,460,240	-	-	4,460,240
Public safety	25,920,844	-	203,790	26,124,634
Culture and recreation	4,791,186	-	-	4,791,186
Economic and physical development	-	-	998,224	998,224
Capital outlay	-	12,346,036	-	12,346,036
Debt service:				
Principal retirement	2,204,577	-	152,834	2,357,411
Interest and other charges	850,195	-	128,752	978,947
Total expenditures	45,719,344	12,346,036	1,483,600	59,548,980
Revenues over (under) expenditures	<u>3,545,202</u>	<u>(11,855,936)</u>	<u>3,433,378</u>	<u>(4,877,356)</u>
Other Financing Sources (Uses):				
Transfers from other funds	10,035,131	7,125,586	265,201	17,425,918
Transfers to other funds	(8,413,188)	(5,102,766)	(4,337,278)	(17,853,232)
Lease liability issued	2,839	-	-	2,839
Subscriptions issued	137,090	-	-	137,090
Installment purchase obligations issued	840,672	-	-	840,672
Total other financing sources (uses)	2,602,544	2,022,820	(4,072,077)	553,287
Net change in fund balances	6,147,746	(9,833,116)	(638,699)	(4,324,069)
Fund Balances:				
Beginning of year, July 1	<u>36,433,117</u>	<u>25,135,254</u>	<u>1,900,770</u>	<u>63,469,141</u>
End of year, June 30	<u>\$ 42,580,863</u>	<u>\$ 15,302,138</u>	<u>\$ 1,262,071</u>	<u>\$ 59,145,072</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ (4,324,069)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period (Note II.B.). 9,785,322

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in other deferred inflows (376,826)

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 has any effect on net position in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B.). 1,532,028

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.

Pension expense - LGERS	(1,309,448)
Pension expense - LEOSSA	(42,833)
Compensated absences	(848,401)
OPEB plan expense	(16,685)
	<u>(2,217,367)</u>

The Internal Service Fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings. 72,087

Change in net position of governmental activities (Exhibit 2) \$ 4,471,175

The notes to the financial statements are an integral part of this statement.



CITY OF MONROE, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 24,754,280	\$ 24,754,280	\$ 26,105,223	\$ 1,350,943
Other taxes and licenses	976,847	976,847	1,066,309	89,462
Unrestricted intergovernmental	14,427,815	14,427,815	14,664,028	236,213
Restricted intergovernmental	1,586,572	1,652,031	1,801,983	149,952
Sales and services	3,510,079	3,327,080	4,304,075	976,995
Investment earnings	400,000	741,781	857,428	115,647
Miscellaneous	529,972	569,322	465,500	(103,822)
Total revenues	<u>46,185,565</u>	<u>46,449,156</u>	<u>49,264,546</u>	<u>2,815,390</u>
Expenditures:				
Current:				
General government	8,044,133	9,344,958	7,492,302	1,852,656
Transportation	4,321,649	6,922,282	4,460,240	2,462,042
Public safety	27,429,616	29,740,058	25,920,844	3,819,214
Culture and recreation	5,705,363	5,810,528	4,791,186	1,019,342
Debt service:				
Principal retirement	2,202,602	2,202,602	2,204,577	(1,975)
Interest and other charges	854,954	855,578	850,195	5,383
Total expenditures	<u>48,558,317</u>	<u>54,876,006</u>	<u>45,719,344</u>	<u>9,156,662</u>
Revenues over (under) expenditures	<u>(2,372,752)</u>	<u>(8,426,850)</u>	<u>3,545,202</u>	<u>11,972,052</u>
Other Financing Sources (Uses):				
Transfers from other funds	624,000	10,064,716	10,035,131	(29,585)
Transfers to other funds	(3,335,953)	(8,726,001)	(8,413,188)	312,813
Lease liability issued	-	-	2,839	2,839
Subscriptions issued	-	-	137,090	137,090
Installment purchase obligations issued	825,000	825,000	840,672	15,672
Total other financing sources (uses)	<u>(1,886,953)</u>	<u>2,163,715</u>	<u>2,602,544</u>	<u>438,829</u>
Appropriated fund balance	<u>4,259,705</u>	<u>6,263,135</u>	<u>-</u>	<u>(6,263,135)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>6,147,746</u>	<u>\$ 6,147,746</u>
Fund Balance:				
Beginning of year, July 1			<u>36,433,117</u>	
End of year, June 30			<u>\$ 42,580,863</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Assets:				
Current assets:				
Cash and cash equivalents	\$ 59,485,366	\$ 86,247,244	\$ 39,272,652	\$ 844,380
Accounts receivable	2,283,513	8,917,241	1,037,381	38,389
Leases receivable	-	-	-	85,987
Advance to other funds	-	111,932	-	-
Prepaid expenses	102,782	28,803	5,128	2,145
Inventories	597,106	7,808,388	492,466	78,105
Cash and cash equivalents, restricted	-	-	-	403
Total current assets	<u>62,468,767</u>	<u>103,113,608</u>	<u>40,807,627</u>	<u>1,049,409</u>
Non-current assets:				
Restricted assets:				
Restricted cash - Customer deposits	104,279	347,153	175,789	-
Leases receivable, net of current portion	-	-	-	387,058
Advance to other funds	-	<u>1,155,036</u>	-	-
Capital assets:				
Land and other non-depreciable assets	7,388,535	6,671,499	3,515,429	9,913,304
Other capital assets, net of depreciation	105,837,637	80,945,128	68,366,580	30,089,658
Capital assets (net)	<u>113,226,172</u>	<u>87,616,627</u>	<u>71,882,009</u>	<u>40,002,962</u>
Total non-current assets	<u>113,330,451</u>	<u>89,118,816</u>	<u>72,057,798</u>	<u>40,390,020</u>
Total assets	<u>175,799,218</u>	<u>192,232,424</u>	<u>112,865,425</u>	<u>41,439,429</u>
Deferred Outflows of Resources:				
OPEB deferrals	1,217,165	531,332	269,434	225,157
Pension deferrals	1,876,626	814,658	421,877	349,139
Charge on debt defeasance	<u>120,705</u>	<u>507,618</u>	<u>2,602,484</u>	-
Total deferred outflows of resources	<u>3,214,496</u>	<u>1,853,608</u>	<u>3,293,795</u>	<u>574,296</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	614,891	4,152,899	790,942	108,010
Unearned revenue	-	-	-	-
Compensated absences	249,699	290,530	141,801	27,735
Advance from other funds	-	-	-	41,875
Installment purchase obligations	26,618	23,548	15,832	7,053
Lease liabilities	3,499	4,371	189	1,335
Subscription liability	-	-	-	-
Total other post-employment benefits liability	114,647	50,047	25,379	21,208
Revenue bonds payable	1,091,758	1,038,172	173,457	915,609
Limited obligation bonds payable	-	-	<u>1,400,369</u>	-
Total current liabilities	<u>2,101,112</u>	<u>5,559,567</u>	<u>2,547,969</u>	<u>1,122,825</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Nonmajor	Enterprise	Governmental
	Funds	Total	Activities
			Internal
			Service
			Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,364,930	\$ 191,214,572	\$ 3,824,900
Accounts receivable	734,128	13,010,652	766,398
Leases receivable	-	85,987	-
Advance to other funds	-	111,932	-
Prepaid expenses	7,798	146,656	38,636
Inventories	8,208	8,984,273	-
Cash and cash equivalents, restricted	-	403	-
Total current assets	6,115,064	213,554,475	4,629,934
Non-current assets:			
Restricted assets:			
Restricted cash - Customer deposits	-	627,221	20,169
Leases receivable, net of current portion	-	387,058	-
Advance to other funds	-	1,155,036	-
Capital assets:			
Land and other non-depreciable assets	1,298,034	28,786,801	-
Other capital assets, net of depreciation	6,551,483	291,790,486	-
Capital assets (net)	7,849,517	320,577,287	-
Total non-current assets	7,849,517	322,746,602	20,169
Total assets	13,964,581	536,301,077	4,650,103
Deferred Outflows of Resources:			
OPEB deferrals	650,976	2,894,064	-
Pension deferrals	1,003,780	4,466,080	-
Charge on debt defeasance	-	3,230,807	-
Total deferred outflows of resources	1,654,756	10,590,951	-
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	378,220	6,044,962	420,106
Unearned revenue	68,443	68,443	-
Compensated absences	108,065	817,830	-
Advance from other funds	-	41,875	-
Installment purchase obligations	24,751	97,802	-
Lease liabilities	4,240	13,634	-
Subscription liability	23,630	23,630	-
Total other post-employment benefits liability	61,317	272,598	-
Revenue bonds payable	-	3,218,996	-
Limited obligation bonds payable	-	1,400,369	-
Total current liabilities	668,666	12,000,139	420,106

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	104,279	347,153	175,789	-
Net pension liability	2,793,737	1,212,787	628,050	519,764
Compensated absences	122,986	143,097	69,842	13,661
Advance from other funds	-	-	-	605,649
Installment purchase obligations	171,445	151,674	101,972	45,426
Revenue bonds payable - net unamortized premium	17,478,993	11,371,857	1,900,001	5,420,606
Limited obligation bonds payable - net unamortized premium	-	-	31,230,778	-
Subscription liability	-	-	-	-
Lease liabilities	-	7,057	-	-
Total other post-employment benefits liability	<u>5,579,806</u>	<u>2,435,767</u>	<u>1,235,157</u>	<u>1,032,181</u>
Total non-current liabilities	<u>26,251,246</u>	<u>15,669,392</u>	<u>35,341,589</u>	<u>7,637,287</u>
Total liabilities	<u>28,352,358</u>	<u>21,228,959</u>	<u>37,889,558</u>	<u>8,760,112</u>
Deferred Inflows of Resources:				
OPEB deferrals	2,005,788	875,591	444,006	371,040
Leases	-	-	-	468,947
Pension deferrals	<u>19,886</u>	<u>8,632</u>	<u>4,470</u>	<u>3,701</u>
Total deferred inflows of resources	<u>2,025,674</u>	<u>884,223</u>	<u>448,476</u>	<u>843,688</u>
Net Position:				
Net investment in capital assets	94,574,564	75,527,566	39,661,895	33,613,336
Unrestricted	<u>54,061,118</u>	<u>96,445,284</u>	<u>38,159,291</u>	<u>(1,203,411)</u>
Total net position	<u>\$ 148,635,682</u>	<u>\$ 171,972,850</u>	<u>\$ 77,821,186</u>	<u>\$ 32,409,925</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Nonmajor Enterprise Funds	Total	Governmental Activities
			Internal Service Funds
Non-current liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	-	627,221	20,169
Net pension liability	1,494,324	6,648,662	-
Compensated absences	53,227	402,813	-
Advance from other funds	-	605,649	-
Installment purchase obligations	159,421	629,938	-
Revenue bonds payable - net unamortized premium	-	36,171,457	-
Limited obligation bonds payable - net unamortized premium	-	31,230,778	-
Subscription liability	24,187	24,187	-
Lease liabilities	-	7,057	-
Total other post-employment benefits liability	2,984,245	13,267,156	-
Total non-current liabilities	4,715,404	89,614,918	20,169
Total liabilities	5,384,070	101,615,057	440,275
Deferred Inflows of Resources:			
OPEB deferrals	1,072,755	4,769,180	-
Leases	-	468,947	-
Pension deferrals	10,639	47,328	-
Total deferred inflows of resources	1,083,394	5,285,455	-
Net Position:			
Net investment in capital assets	7,661,105	251,038,466	-
Unrestricted	1,490,768	188,953,050	4,209,828
Total net position	\$ 9,151,873	439,991,516	\$ 4,209,828
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds		139,946	
Net position of business-type activities		\$ 440,131,462	

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Operating Revenues:				
Charges for services	\$ 20,911,609	\$ 61,619,607	\$ 22,633,803	\$ 2,582,692
Interfund charges and employee contributions	-	-	-	-
Capacity fees	4,269,662	-	-	-
Other operating revenues	666,990	491,719	2,750	242,658
Total operating revenues	<u>25,848,261</u>	<u>62,111,326</u>	<u>22,636,553</u>	<u>2,825,350</u>
Operating Expenses:				
Distribution systems	1,053,305	7,809,208	4,993,280	-
Water filter plant	4,580,987	-	-	-
Waste treatment plant	2,780,153	-	-	-
Electric power purchases	-	43,241,600	-	-
Natural gas purchases	-	-	10,957,801	-
Aquatics and Fitness Center operations	-	-	-	-
Airport operations	-	-	-	3,037,410
Stormwater operations	-	-	-	-
Solid waste operations	-	-	-	-
Operating expenses	-	-	-	-
Workers' compensation claims and premiums	-	-	-	-
Health benefit claims and premiums	-	-	-	-
Property and liability claims and premiums	-	-	-	-
Depreciation and amortization	3,950,293	2,250,130	1,789,901	1,006,485
Total operating expenses	<u>12,364,738</u>	<u>53,300,938</u>	<u>17,740,982</u>	<u>4,043,895</u>
Operating income (loss)	<u>13,483,523</u>	<u>8,810,388</u>	<u>4,895,571</u>	<u>(1,218,545)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	1,644	-	-	-
Other non-operating revenues (expenses)	2,047	431,225	266,940	-
Investment earnings	862,539	1,293,536	558,372	8,263
Interest income interfund loans	-	39,073	-	-
Lease revenue	-	-	-	128,209
Interest and other charges	(660,718)	(517,336)	(1,375,930)	(158,631)
Total non-operating revenues (expenses)	<u>205,512</u>	<u>1,246,498</u>	<u>(550,618)</u>	<u>(22,159)</u>
Income (loss) before capital contributions and transfers	<u>13,689,035</u>	<u>10,056,886</u>	<u>4,344,953</u>	<u>(1,240,704)</u>
Capital grants and contributions	<u>81,760</u>	<u>-</u>	<u>-</u>	<u>91,024</u>
Transfers from other funds	-	450,000	-	1,025,734
Transfers to other funds	(126,667)	(445,975)	(525,207)	(571)
Total transfers (to) from other funds	<u>(126,667)</u>	<u>4,025</u>	<u>(525,207)</u>	<u>1,025,163</u>
Change in net position	13,644,128	10,060,911	3,819,746	(124,517)
Net Position:				
Beginning of year, July 1	<u>134,991,554</u>	<u>161,911,939</u>	<u>74,001,440</u>	<u>32,534,442</u>
End of year, June 30	<u>\$ 148,635,682</u>	<u>\$ 171,972,850</u>	<u>\$ 77,821,186</u>	<u>\$ 32,409,925</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Enterprise Funds	Total	Governmental Activities
			Internal Service Funds
Operating Revenues:			
Charges for services	\$ 9,356,327	\$ 117,104,038	\$ -
Interfund charges and employee contributions	-	-	11,554,886
Capacity fees	-	4,269,662	-
Other operating revenues	265,735	1,669,852	2,590,418
Total operating revenues	<u>9,622,062</u>	<u>123,043,552</u>	<u>14,145,304</u>
Operating Expenses:			
Distribution systems	-	13,855,793	-
Water filter plant	-	4,580,987	-
Waste treatment plant	-	2,780,153	-
Electric power purchases	-	43,241,600	-
Natural gas purchases	-	10,957,801	-
Aquatics and Fitness Center operations	3,734,282	3,734,282	-
Airport operations	-	3,037,410	-
Stormwater operations	2,258,232	2,258,232	-
Solid waste operations	3,172,740	3,172,740	-
Operating expenses	-	-	685,799
Workers' compensation claims and premiums	-	-	228,598
Health benefit claims and premiums	-	-	12,387,968
Property and liability claims and premiums	-	-	840,800
Depreciation and amortization	561,504	9,558,313	-
Total operating expenses	<u>9,726,758</u>	<u>97,177,311</u>	<u>14,143,165</u>
Operating income (loss)	<u>(104,696)</u>	<u>25,866,241</u>	<u>2,139</u>
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of capital assets	354	1,998	-
Other non-operating revenues (expenses)	-	700,212	-
Investment earnings	79,765	2,802,475	51,137
Interest income interfund loans	-	39,073	-
Lease revenue	-	128,209	-
Interest and other charges	(8,174)	(2,720,789)	-
Total non-operating revenues (expenses)	<u>71,945</u>	<u>951,178</u>	<u>51,137</u>
Income (loss) before capital contributions and transfers	<u>(32,751)</u>	<u>26,817,419</u>	<u>53,276</u>
Capital grants and contributions	<u>40,356</u>	<u>213,140</u>	<u>-</u>
Transfers from other funds	-	1,475,734	50,000
Transfers to other funds	-	(1,098,420)	-
Transfers (to) from other funds	-	377,314	50,000
Change in net position	7,605	27,407,873	103,276
Net Position:			
Beginning of year, July 1	<u>9,144,268</u>		<u>4,106,552</u>
End of year, June 30	<u>\$ 9,151,873</u>		<u>\$ 4,209,828</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change		<u>31,189</u>	
Change in net position of business-type activities	<u>\$ 27,439,062</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Cash Flows from Operating Activities:				
Cash received from customers	\$ 25,922,012	\$ 61,719,951	\$ 23,174,201	\$ 3,439,435
Cash paid for goods and services	(2,865,646)	(49,656,014)	(14,547,851)	(2,467,927)
Cash paid to or on behalf of employees for services	(6,028,405)	(4,832,513)	(1,965,264)	(749,253)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	<u>17,027,961</u>	<u>7,231,424</u>	<u>6,661,086</u>	<u>222,255</u>
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	-	108,841	-	-
Advances to other funds	-	-	-	(40,719)
Transfers from other funds	-	450,000	-	1,025,734
Transfers to other funds	(126,667)	(445,975)	(525,207)	(571)
Net cash provided (used) by non-capital financing activities	<u>(126,667)</u>	<u>112,866</u>	<u>(525,207)</u>	<u>984,444</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets	3,775	-	-	-
Acquisition and construction of capital assets	(11,076,241)	(6,517,484)	(2,994,841)	(96,964)
Capital contributions	81,760	-	-	91,024
Principal paid on bond maturities and equipment obligations	(1,280,134)	(886,007)	(1,374,109)	(922,197)
Interest paid on bond maturities and equipment obligations	(660,717)	(517,336)	(1,375,930)	(158,631)
Net cash provided (used) by capital and related financing activities	<u>(12,931,557)</u>	<u>(7,920,827)</u>	<u>(5,744,880)</u>	<u>(1,086,768)</u>
Cash Flows from Investing Activities:				
Earnings on investments	862,539	1,332,609	558,372	8,263
Net cash provided (used) by investing activities	<u>862,539</u>	<u>1,332,609</u>	<u>558,372</u>	<u>8,263</u>
Net increase (decrease) in cash and cash equivalents	4,832,276	756,072	949,371	128,194
Cash and Cash Equivalents:				
Beginning of year, July 1	54,757,369	85,838,325	38,499,070	716,589
End of year, June 30	<u>\$ 59,589,645</u>	<u>\$ 86,594,397</u>	<u>\$ 39,448,441</u>	<u>\$ 844,783</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Enterprise Funds	Total	Governmental Activities
			Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 9,572,979	\$ 123,828,578	\$ 11,264,007
Cash paid for goods and services	(6,045,310)	(75,582,748)	(14,283,443)
Cash paid to or on behalf of employees for services	(3,291,272)	(16,866,707)	-
Other operating revenues	-	-	2,590,418
Net cash provided (used) by operating activities	<u>236,397</u>	<u>31,379,123</u>	<u>(429,018)</u>
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds	-	108,841	-
Advances to other funds	-	(40,719)	-
Transfers from other funds	-	1,475,734	-
Transfers to other funds	-	(1,098,420)	50,000
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>445,436</u>	<u>50,000</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	354	4,129	-
Acquisition and construction of capital assets	(157,236)	(20,842,766)	-
Capital contributions	-	172,784	-
Principal paid on bond maturities and equipment obligations	(162,874)	(4,625,321)	-
Interest paid on bond maturities and equipment obligations	(8,174)	(2,720,788)	-
Net cash provided (used) by capital and related financing activities	<u>(327,930)</u>	<u>(28,011,962)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Earnings on investments	<u>79,765</u>	<u>2,841,548</u>	<u>51,137</u>
Net cash provided (used) by investing activities	<u>79,765</u>	<u>2,841,548</u>	<u>51,137</u>
Net increase (decrease) in cash and cash equivalents	(11,768)	6,654,145	(327,881)
Cash and Cash Equivalents:			
Beginning of year, July 1	<u>5,376,698</u>	<u>185,188,051</u>	<u>4,172,950</u>
End of year, June 30	<u>\$ 5,364,930</u>	<u>\$ 191,842,196</u>	<u>\$ 3,845,069</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 13,483,523	\$ 8,810,388	\$ 4,895,571	\$ (1,218,545)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,950,293	2,250,130	1,789,901	1,006,485
Non-operating revenue	2,047	431,225	266,940	128,209
Change in deferred outflows - pension	(696,197)	(302,224)	(156,510)	(129,525)
Change in net pension liability	2,026,122	879,557	455,485	376,953
Decrease deferred inflows - pension	(1,076,805)	(467,451)	(242,072)	(200,335)
Changes in assets and liabilities:				
Change in leases receivable	-	-	-	(152,155)
Change in accounts receivable	166,329	(837,302)	260,878	488,847
Change in inventories	(161,291)	(1,753,303)	(101,032)	(76,174)
Change in prepaid expenses	(97,218)	(12,795)	2,441	(1,598)
Change in accounts payable and accrued liabilities	(657,611)	(1,922,008)	(574,455)	(148,778)
Change in customer deposits	2,593	27,497	7,389	-
Change in deferred outflows of resources for OPEB	68,036	29,700	15,061	12,585
Change in deferred inflows of resources for leases	-	-	-	150,782
Change in deferred inflows of resources for OPEB	1,253,080	547,010	277,385	231,800
Change in net OPEB liability	(1,318,004)	(575,352)	(291,757)	(243,810)
Change in compensated absences	83,064	126,352	55,861	(2,486)
Total adjustments	<u>3,544,438</u>	<u>(1,578,964)</u>	<u>1,765,515</u>	<u>1,440,800</u>
Net cash provided (used) by operating activities	<u>\$ 17,027,961</u>	<u>\$ 7,231,424</u>	<u>\$ 6,661,086</u>	<u>\$ 222,255</u>
Non-Cash Items:				
Capital contribution	\$ -	\$ -	\$ -	\$ -
Subscription liabilities issued for subscription assets	-	-	-	-
Right to use asset acquired in exchange for a lease liability	-	11,881	-	-
Total non-cash transactions	<u>\$ -</u>	<u>\$ 11,881</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Nonmajor Enterprise Funds	Total	Governmental Activities
			Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)			
	<u>\$ (104,696)</u>	<u>\$ 25,866,241</u>	<u>\$ 2,139</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	561,504	9,558,313	-
Non-operating revenue	-	828,421	-
Change in deferred outflows - pension	(444,511)	(1,728,967)	-
Change in net pension liability	1,083,739	4,821,856	-
Decrease deferred inflows - pension	(575,965)	(2,562,628)	-
Changes in assets and liabilities:			
Change in leases receivable	-	(152,155)	-
Change in accounts receivable	(81,024)	(2,272)	(438,751)
Change in inventories	(2,107)	(2,093,907)	-
Change in prepaid expenses	(363)	(109,533)	145,772
Change in accounts payable and accrued liabilities	(203,160)	(3,506,012)	(138,178)
Change in customer deposits	-	37,479	-
Change in deferred outflows of resources for OPEB	36,388	161,770	-
Change in deferred inflows of resources for leases	-	150,782	-
Change in deferred inflows of resources for OPEB	670,183	2,979,458	-
Change in net OPEB liability	(704,906)	(3,133,829)	-
Change in compensated absences	1,315	264,106	-
Total adjustments	<u>341,093</u>	<u>5,512,882</u>	<u>(431,157)</u>
Net cash provided (used) by operating activities	<u>\$ 236,397</u>	<u>\$ 31,379,123</u>	<u>\$ (429,018)</u>
Non-Cash Items:			
Capital contribution	<u>\$ 40,356</u>	<u>\$ 40,356</u>	<u>\$ -</u>
Subscription liabilities issued for subscription assets	<u>72,125</u>	<u>72,125</u>	<u>\$ -</u>
Right to use asset acquired in exchange for a lease liability	<u>-</u>	<u>11,881</u>	<u>\$ -</u>
Total non-cash transactions	<u>\$ 112,481</u>	<u>\$ 124,362</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

The accounting policies of the City of Monroe and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Monroe is a municipal corporation that is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable. The discretely presented component units presented below are reported in a separate column in the City's financial statements in order to emphasize that they are legally separate from the City.

City of Monroe ABC Board

The members of the City of Monroe ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by state statute to distribute a portion of its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Monroe ABC Board, 1771 Dickerson Boulevard, Monroe, North Carolina 28110.

City of Monroe Tourism Development Authority

The members of the City of Monroe Tourism Development Authority's governing board are appointed by the Monroe City Council. The Authority is reported as a component unit because of the financial benefit relationship between the City and the Authority. The Authority which provides a financial benefit to the City, was established to receive the proceeds of the room occupancy tax levied pursuant to N.C. Session Law 2001-439. The TDA is authorized to spend these proceeds to promote travel and tourism within the City. Specifically, for the first ten years, at least two-thirds of the proceeds shall be used for tourism-related purposes including tourism-related capital expenditures. The remainder of the funds shall be used to promote travel and tourism as defined by session law. After ten years, two-thirds of the proceeds shall be expended to promote travel and tourism, and one-third expended for tourism-related purposes. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a general government fund (discrete presentation). Complete financial statements for the Authority may be obtained from the entity's administrative offices at City of Monroe Tourism Development Authority, 300 West Crowell Street, Monroe, North Carolina 28112.

Monroe-Union County Economic Development Commission

The members of the Monroe-Union County Economic Development Commission governing Board are appointed by the City and Union County. The City appoints two members and Union County appoints two members. Both the City Manager and County Manager also serve on the Commission Board. The Commission is reported as a component unit because of the financial benefit relationship between the City and the Commission. The Commission which provides a

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

financial benefit to the City, was established to conduct economic development activities county-wide, including recruitment of new and retention of existing manufacturing, distribution and commercial office development, administration of economic development incentive grant programs and development of commercial and industrial park properties pursuant to N.C. General Statute 158-8. The Commission, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Commission may be obtained from the entity's administrative offices at Monroe-Union County Economic Development, 1407 Airport Road, Monroe, North Carolina 28110.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

Fund Financial Statements. The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, culture and recreation activities, and general government services.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Projects Fund. This fund is used to account for the purchase, renovation, furnishing, or construction of roadway and facility improvements.

The City reports the following nonmajor governmental funds:

Community Development. This fund is used to account for specific revenues that are restricted to fund continuing rehabilitation of housing within certain targeted areas of the City.

Downtown Monroe. This fund is used to account for specific revenues that are restricted for the purpose of downtown revitalization.

Occupancy Tax. This fund is used to account for specific revenues that are restricted for the purpose of tourism promotion.

Asset Forfeiture. This fund is used to account for specific revenues that are restricted for the purpose of public safety.

Monroe-Union County Economic Development. This fund is used to account for specific revenues that are restricted for the purpose of County-wide economic development.

Occupancy Tax Projects. This fund is used to account for tourism related capital expenditures.

American Rescue Plan Act of 2021. This fund is used to account for specific revenues that are restricted for use under the American Rescue Plan Act of 2021.

Governmental Capital Reserve Fund. This fund is used to accumulate funds for the purpose of constructing greenways.

The City reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the activities associated with the production, distribution, and transmission of potable water and the activities associated with operating and maintaining the City's sewer system.

Electric Fund. This fund is used to account for the activities associated with the distribution and transmission of electricity by the City to its users.

Natural Gas Fund. This fund is used to account for the activities associated with the distribution of natural gas by the City to its users.

Airport Fund. This fund is used to account for the activities associated with the operation of the City's Airport.

The City reports the following nonmajor enterprise funds:

Aquatics and Fitness Center. This fund is used to account for the activities associated with the operation of the City's Aquatics and Fitness Center.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Stormwater Fund. This fund is used to account for the activities associated with the operation and maintenance of the City's stormwater system.

Solid Waste. This fund is used to account for the activities associated with the operation of the City's solid waste services.

The City reports the following fund types:

Internal Service Funds. Internal service funds are used to account for the financing of goods or services by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City maintains three internal service funds: Health and Dental Fund, Workers' Compensation Fund, and the Property and Liability Fund.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

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

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, including special assessments. 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 City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new or reconnecting current customers to the water and sewer system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Monroe because the tax is levied by Union County and then remitted to and distributed by the state. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues, which are unearned at year-end, are recorded as unearned revenues.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for all funds except those which operate under project ordinances. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the ARP special revenue fund, capital projects funds and the enterprise capital projects funds which are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control is at the functional level for all annually budgeted funds, and any transfers of appropriations between functions require the approval of the City Council. The legal level of budgetary control is at the object level for the funds budgeted by project ordinance, and any transfers of appropriations between objects require the approval of the

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. *Deposits and Investments*

All deposits of the City, the ABC Board, the Monroe-Union County Economic Development Commission, and the Tourism Development Authority are made in Board-designated official depositories and are secured as required by state law [G.S. 159-31]. The City, ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City, the ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority may establish time deposit accounts, such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30] authorizes the City, the ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The City, the ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NC Capital Management Trust Government Portfolio, an SEC-registered (2a-7) government money market mutual fund, is measured at fair market value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are accounted for at cost.

In accordance with state law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. *Cash and Cash Equivalents*

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority consider all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash and cash equivalents.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3. *Restricted Assets*

Unexpended installment financing obligations received by the City are classified as restricted for the General Fund, Capital Projects Fund, and Airport Fund, because their use is completely restricted to the purpose for which the installment obligations were issued. Advance from grantor is classified as restricted cash due to grants that have been awarded and paid to the City before grant activities have commenced. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

Governmental Activities:

General Fund:	
Streets	\$ 3,329,203
Unexpended debt proceeds	399
American Rescue Plan Act of 2021:	
Advance from grantor	1,375,000
Capital Projects Fund:	
Streets	337,728
Unexpended debt proceeds	1,256
Health and Dental Fund:	
Deposits	10,169
Workers' Compensation Fund:	
Deposits	10,000
Total governmental activities	<u>5,063,755</u>

Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	104,279
Electric Fund:	
Customer deposits	347,153
Natural Gas Fund:	
Customer deposits	175,789
Airport Fund:	
Unexpended debt proceeds	403
Total business-type activities	<u>627,624</u>

Total restricted cash \$ 5,691,379

4. *Ad Valorem Taxes Receivable*

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by state law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5. *Allowance for Doubtful Accounts*

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. *Lease Receivable*

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. *Inventories and Prepaid Items*

The inventories of the City, the ABC Board, and the Tourism Development Authority are valued at cost (first-in, first-out), which approximates market. The inventories of the City's General Fund and enterprise funds and those of the ABC Board and the Tourism Development Authority consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

8. *Capital Assets*

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; furniture and equipment, \$5,000; computer software, \$5,000; and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Asset Class	Estimated Useful Lives
Infrastructure	30-50
Buildings and improvements	20-45
Dams and reservoirs	45
Plants and distribution systems	30-60
Vehicles and motorized equipment	6-12
Computer software	5
Other equipment	5-15

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings	40
Furniture/equipment	5-7
Vehicles	5

9. Right to Use Assets

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The City has recorded the right-to-use subscription assets related to subscription-based information technology arrangements (SBITAs) as a result of implementing GASB 96. The right to use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion: an unamortized loss on a bond defeasance for refunding

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

bonds, OPEB deferrals, and pension deferrals. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then. The City has six items that meet the criterion for this category – prepaid items not yet earned, other receivables, property taxes receivable, lease deferrals, OPEB deferrals, and pension deferrals.

11. *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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In 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.

12. *Compensated Absences*

The vacation policy of the City provides for the accumulation of earned vacation leave, with such leave being fully vested when earned as follows:

Employees Hired before July 1, 1992

Vacation leave may be accumulated without any applicable maximum until June 30 each year. However, if the employee separates from service, payment for accumulated vacation leave shall not exceed sixty (60) days. On June 30 of each year, any employee with more than 60 days of accumulated leave shall have the excess accumulation removed so that only 60 days are carried forward to July 1 of the next fiscal year. The remaining excess amount will be converted to sick leave and added to the employee's sick leave balance.

Employees Hired after July 1, 1992

Vacation leave may be accumulated without any applicable maximum until June 30 of each year. However, if the employee separates from service, payment for accumulated vacation leave shall not exceed two times the employee's annual accrual rate (i.e. if the accrual rate is 15 days per year, the employee may only be paid for 30 days). On June 30 of each year, each employee may only carry over into the new fiscal year two times the employee's annual accrual rate. The remaining excess amount will be converted to sick leave and added to the employee's sick leave balance.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Employees of the City of Monroe ABC Board earn two weeks paid vacation each year. Employees must take vacation leave in the year earned and are not allowed to carry forward any vacation time to subsequent years.

The Tourism Development Authority had fourteen employees during the year ended June 30, 2023 and falls under the City's vacation policy.

For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's, the ABC Board's, and the Tourism Development Authority's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City, the ABC Board, nor the Tourism Development Authority has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

13. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepays – Portion of fund balance that is not an available resource because it represents certain payments to vendors applicable to future accounting periods and is, therefore, not in spendable form.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Non-spendable fund balance at June 30, 2023 is as follows:

Purpose	General Fund
Inventories	\$ 262,111
Prepays	<u>1,878,829</u>
Total	<u><u>\$ 2,140,940</u></u>

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – Portion of fund balance that is restricted by state statute [G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by state statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepays as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for Public Safety – Portion of fund balance that is restricted by revenue source for certain law enforcement operations.

Restricted for Transportation - Powell Bill – Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Culture and Recreation – Portion of fund balance that is restricted by revenue source for culture and recreation purposes.

Restricted for Occupancy Tax Capital Projects – Portion of fund balance that is restricted by revenue source for tourism capital projects.

Restricted for Capital Projects – Portion of fund balance that is restricted by revenue source for capital projects.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Restricted fund balance at June 30, 2023 is as follows:

Purpose	General Fund	Capital Projects	Governmental Funds	Nonmajor
				Total
Stabilization by state statute	\$ 9,207,281	\$ 4,742,196	\$ 33,929	\$ 13,983,406
Public safety	1,971,111	-	404,808	2,375,919
Transportation	3,327,824	337,728	-	3,665,552
Culture and recreation	834,038	-	-	834,038
Occupancy tax capital projects	-	-	168,974	168,974
Capital projects	-	1,256	-	1,256
Total	<u>\$ 15,340,254</u>	<u>\$ 5,081,180</u>	<u>\$ 607,711</u>	<u>\$ 21,029,145</u>

Committed Fund Balance – This classification includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Culture and Recreation – Portion of fund balance that is committed for use in culture and recreation.

Committed for Capital Projects – Portion of fund balance that is committed for use in various capital projects.

Committed for Public Safety – Portion of fund balance that is committed for use in certain law enforcement operations.

Committed fund balance at June 30, 2023 is as follows:

Purpose	Capital Projects	Governmental Funds	Nonmajor
			Total
Culture and recreation	\$ -	\$ 221,455	\$ 221,455
Capital projects	10,220,958	-	10,220,958
Public safety	-	31,236	31,236
Total	<u>\$ 10,220,958</u>	<u>\$ 252,691</u>	<u>\$ 10,473,649</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Assigned Fund Balance – Portion of fund balance that the City of Monroe intends to use for specific purposes that is considered neither restricted or committed. The City Council has the responsibility for assigning fund balance by majority vote.

Minimum Fund Balance Requirement – The Monroe City Council has adopted a minimum fund balance policy.

Airport Grant Acceptance – The Monroe City Council has approved money to be spent at the Charlotte-Monroe Executive Airport to match federal and state grants during the airport expansion project.

Subsequent Year's Expenditures – The Monroe City Council has approved a budget ordinance to use fund balance as a resource in next year's budget to cover a projected excess of expected expenditures over expected revenues.

Downtown Projects – The Monroe City Council has approved an assignment to be used for various downtown projects.

Community Development – The Monroe City Council has approved an assignment to be used to fund continuing rehabilitation of housing within certain targeted areas of the City.

Downtown Monroe – The Monroe City Council has approved an assignment to be used for downtown projects related to resurfacing of parking lots and design of one-way street conversion.

Occupancy Tax – The Monroe City Council has approved an assignment to be used to fund tourism promotion.

Assigned fund balance at June 30, 2023 is as follows:

Purpose	Nonmajor Governmental Funds			Total
	General Fund			
Minimum fund balance requirement	\$ 13,820,359	\$	-	\$ 13,820,359
Airport grant acceptance	250,249		-	250,249
Downtown projects	1,369,993		-	1,369,993
Subsequent year's expenditures	3,834,828		-	3,834,828
Community development	-	56,562		56,562
Downtown Monroe	-	102,081		102,081
Occupancy tax	-	243,026		243,026
Total	<u>\$ 19,275,429</u>	<u>\$ 401,669</u>		<u>\$ 19,677,098</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Unassigned Fund Balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that can have positive unassigned fund balance.

The City of Monroe has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-City funds, and City funds. For purposes of fund balance, classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Monroe has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that assigned fund balance is the greater of \$7,500,000 or 25% of the next year's original adopted budget, net of federal and state pass-through revenues. Any portion of the General Fund unassigned fund balance in excess of the \$7,500,000, or 25% minimum requirement, may be appropriated by the City Council in a subsequent fiscal year to fund capital or debt service expenditures as determined by the City Council during the budget process. If during a fiscal year an excess over the stipulated \$7,500,000 or 25% exists, the City Council may request an appropriation to fund unforeseen needs.

14. *Defined Benefit Cost-Sharing Plan*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Monroe's employer contributions are recognized when due, and the City of Monroe has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

15. *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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

16. *Other Resources*

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers – to other funds" in the General Fund and "Transfers – from other funds" in the Receiving Fund.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including installment purchase obligations, are not due and payable in the current period and, therefore, are not reported in the funds”. The details of this \$(30,451,466) difference are as follows:

Installment purchase obligations	\$ (5,197,708)
Limited obligation bonds	(21,502,762)
Lease liabilities	(41,503)
Subscription liabilities	(65,153)
Compensated absences	<u>(3,644,340)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - government activities</i>	<u>\$ (30,451,466)</u>

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 reconciliation between net change in fund balances - total governmental funds and change in net position 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 estimated useful lives and reported as depreciation expense.” The details of this \$9,785,322 difference are as follows:

Capital outlay	\$ 14,499,526
Disposal, net book value	(90,928)
Depreciation expense	<u>(4,623,276)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 9,785,322</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Another element of that reconciliation is 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 has any effect on net position.” The details of this \$1,532,028 are as follows:

Debt issued or incurred	\$ (840,672)
Amortization of premium	155,218
Lease liability issued	(2,839)
Subscription liabilities issued	(137,090)
Principal payments:	
Subscription liabilities payments	71,937
Lease liability payments	40,381
Installment purchase obligations & limited obligation bonds	<u>2,245,093</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 1,532,028</u>

III. Detail on All Funds

A. Assets

1. *Deposits*

All of the deposits of the City, the ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with agents in these units' names. Under the Pooling Method, which is a collateral pool, all securities held by the City's, the ABC Board's, the Monroe-Union County Economic Development Commission's, or the Tourism Development Authority's uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, the ABC Board, Monroe-Union County Economic Development Commission, and the Tourism Development Authority, these deposits are considered to be held by the City's, the ABC Board's, the Monroe-Union County Economic Development Commission's, and the Tourism Development Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, the Economic Development Commission, the Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City, the ABC Board, the Economic Development Commission, and the Tourism Development Authority under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City, the ABC Board, the Economic Development Commission, and the

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Tourism Development Authority do not have formal policies regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City, the ABC Board, the Economic Development Commission, and the Tourism Development Authority comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the City's deposits had a carrying amount of \$4,810,704 and a bank balance of \$6,131,642. Of the bank balance, \$253,025 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The City's petty cash fund totaled \$6,225.

At June 30, 2023, the ABC Board's deposits had a carrying amount of \$1,521,170 and a bank balance of \$1,452,426. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$952,426 was covered by collateral held under the Pooling Method. The ABC Board had an additional \$4,550 in the drawers and petty cash to cover operating needs on a daily basis.

At June 30, 2023, the Economic Development Commission's deposits had a carrying amount of \$381,620 and a bank balance of \$381,620. Of the bank balance, \$0 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2023, the Tourism Development Authority's deposits had a carrying amount of \$864,888 and a bank balance of \$864,888. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2023, the Authority's petty cash totaled \$1,000.

2. *Investments*

As of June 30, 2023, the City had the following investments and maturities:

Investment Type	Valuation Measurement Method	Book					
		Value at 6/30/23	1 Year	1-3 Years	3-5 Years	5+ Years	
U.S. Government Agencies	Fair Value	\$ 203,794,403	\$ -	\$ 32,752,714	\$ 22,888,171	\$ 148,153,518	
NC Capital Management Trust - Government Portfolio	Level 2						
	Fair Value	43,827,516	N/A	N/A	N/A	N/A	
Total	Level 1	\$ 247,621,919	\$ -	\$ 32,752,714	\$ 22,888,171	\$ 148,153,518	

*Because the NC Capital Management Trust Government Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Level of Fair Value Hierarchy: *Level 1:* Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. *Level 2* debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

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.

Credit Risk. The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in U.S. Government Agencies (Federal Home Loan Bank and Freddie Mac) is rated AAA by Standard and Poor's and AAA by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard and Poor's and AAAmf by Moody's Investor Service as of June 30, 2023.

Concentration of Credit Risk. The City's Board places no limit on the amount that the City may invest in any one issuer. Approximately 26% of the City's investments are in Federal Farm and Freddie Mac securities and 56% in Small Business Administration loan investment pools. In addition, the City had 18% of its investment portfolio in the NCCMT – government portfolio at June 30, 2023.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no formal policy on custodial credit risk, but management procedures are that the City shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the City's name.

3. *Note Receivable*

The City granted a promissory note in the amount of \$63,255 to an Association for repair of streets in a subdivision. The remaining balance of the promissory note is payable in monthly installments of \$6,326 through May 2024. The note allows for no interest. There were principal collections of \$6,326 for the fiscal year ended June 30, 2023.

	<u>2023</u>
Total receivable	\$ 6,325
Less current portion	<u>6,325</u>
Total note receivable - non-current	<u>\$ -</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2024	<u>\$ 6,325</u>

The City granted a promissory note in the amount of \$400,000 in July 2021 to a company for an economic development project to rehabilitate real property in the downtown area. The note allows for no interest and no payments due for seven years. The promissory note is payable in one lump sum at the end of the seven-year period in July 2028.

2023	
Total receivable	\$ 400,000
Less current portion	<u>-</u>
Total note receivable - non-current	<u>\$ 400,000</u>

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2029	<u>\$ 400,000</u>

4. Receivables and Allowances for Doubtful Accounts

Receivables as of year-end for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable, net	<u>\$ 1,312,648</u>	<u>\$ 13,010,652</u>

Due from other governments for governmental activities was \$5,392,983 and consists of:

Due from other governments:

State shared revenues	\$ 3,723,367
State sales tax	984,486
County sales tax	398,951
Due from component units	74,485
Other	<u>211,694</u>
Total	<u>\$ 5,392,983</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ <u>24,137</u>
Downtown Monroe:	
Taxes receivable	\$ <u>78</u>

5. *Lease Receivable*

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On December 1, 2022, the City of Monroe, NC entered into a 348-month lease as Lessor for the use of Charlotte - Monroe Hangar 1 LLC. An initial lease receivable was recorded in the amount of \$278,991. As of June 30, 2023, the value of the lease receivable is \$275,118. The lessee is required to make monthly fixed payments of \$1,064. The lease has an interest rate of 2.5830%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023, was \$273,379, and the City of Monroe, NC recognized lease revenue of \$5,612 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the City of Monroe, NC entered into a 51-month lease as Lessor for the use of Harris Teeter - Hangar 3. An initial lease receivable was recorded in the amount of \$86,992. As of June 30, 2023, the value of the lease receivable is \$47,379. The lessee is required to make monthly fixed payments of \$1,656. The lease has an interest rate of 0.8900%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023, was \$46,054, and the City of Monroe, NC recognized lease revenue of \$20,469 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On July 1, 2021, the City of Monroe, NC entered into a 33-month lease as Lessor for the use of Aerowood Aviation LLC - Hangar 6. An initial lease receivable was recorded in the amount of \$115,689. As of June 30, 2023, the value of the lease receivable is \$31,778. The lessee is required to make monthly fixed payments of \$3,542. The lease has an interest rate of 0.7300%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023, was \$31,552, and the City of Monroe, NC recognized lease revenue of \$42,069 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 1, 2021, the City of Monroe, NC entered into a 29-month lease as Lessor for the use of Aerowood Aviation LLC - Hangar 5. An initial lease receivable was recorded in the amount of \$136,964. As of June 30, 2023, the value of the lease receivable is \$24,386. The lessee is required to make monthly fixed payments of \$3,538. The lessee is required to make monthly variable fixed in substance principal and interest payments of \$1,000. The lease has an interest rate of 0.5100%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023, was \$24,262, and the City of Monroe, NC recognized lease revenue of \$56,351 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the City of Monroe, NC entered into a 192 month lease as Lessor for the use of Aerocraft Hangar - 1820 Aviation Dr. An initial lease receivable was recorded in the amount of \$18,848. As of June 30, 2023, the value of the lease receivable is \$16,812. The lessee is required to make monthly fixed payments of \$115. The lease has an interest rate of 2.0700%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023, was \$16,497, and the City of Monroe, NC recognized lease revenue of \$1,175 during the fiscal year.

On July 1, 2021, the City of Monroe, NC entered into a 389-month lease as Lessor for the use of Charlotte-Monroe Executive Airport - Cress Horne Hangar. An initial lease receivable was recorded in the amount of \$82,270. As of June 30, 2023, the value of the lease receivable is \$77,572. The lessee is required to make monthly fixed payments of \$229. The lease has an interest rate of 0.5100%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023, was \$77,203, and the City of Monroe, NC recognized lease revenue of \$2,534 during the fiscal year. The lessee has 3 extension option(s), each for 120 months.

Business-Type Activities			
Year Ending June 30	Principal Payments	Interest Payments	Total Payments
2024	\$ 85,987	\$ 8,233	\$ 94,220
2025	30,613	7,734	38,347
2026	14,917	7,403	22,320
2027	9,896	7,201	17,097
2028	10,294	6,996	17,290
2029-2033	55,362	31,376	86,738
2034-2038	62,165	25,479	87,644
2039-2043	65,463	18,693	84,156
2044-2048	75,286	10,982	86,268
2049-2053	61,918	2,423	64,341
2054-2055	1,144	1	1,145
Total	<u>\$ 473,045</u>	<u>\$ 126,521</u>	<u>\$ 599,566</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

6. *Capital Assets*

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Governmental Activities:					
General Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 6,602,969	\$ -	\$ -	\$ -	\$ 6,602,969
Construction in progress	<u>16,849,284</u>	<u>9,256,944</u>	<u>-</u>	<u>(7,939,632)</u>	<u>18,166,596</u>
Total non-depreciable capital assets	<u>23,452,253</u>	<u>9,256,944</u>	<u>-</u>	<u>(7,939,632)</u>	<u>24,769,565</u>
Depreciable Capital Assets:					
Buildings and improvements	36,313,836	2,768,221	-	5,432,175	44,514,232
Equipment	8,911,624	399,039	63,606	179,798	9,426,855
Vehicles and motorized equipment	20,559,061	1,607,282	859,438	-	21,306,905
Intangible right to use lease	110,954	2,879	-	-	113,833
Subscriptions	-	137,090	-	-	137,090
Other intangibles	1,074,803	224,600	-	2,327,659	3,627,062
Infrastructure	<u>92,877,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,877,724</u>
Total depreciable capital assets	<u>159,848,002</u>	<u>5,139,111</u>	<u>923,044</u>	<u>7,939,632</u>	<u>172,003,701</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	14,142,489	794,503	-	-	14,936,992
Equipment	6,086,855	593,050	57,023	-	6,622,882
Vehicles and motorized equipment	16,148,308	1,516,239	776,533	-	16,888,014
Intangible right to use lease	35,235	36,674	-	-	71,909
Subscriptions	-	62,488	-	-	62,488
Other intangibles	947,840	55,321	-	-	1,003,161
Infrastructure	<u>54,289,513</u>	<u>1,422,946</u>	<u>-</u>	<u>-</u>	<u>55,712,459</u>
Total accumulated depreciation/amortization	<u>91,650,240</u>	<u>4,481,221</u>	<u>833,556</u>	<u>-</u>	<u>95,297,905</u>
Total depreciable capital assets, net	<u>68,197,762</u>				<u>76,705,796</u>
General Fund capital assets, net	<u>91,650,015</u>				<u>101,475,361</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Downtown Monroe Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	80,149	-	-	-	80,149
Total non-depreciable capital assets	<u>80,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,149</u>
Depreciable Capital Assets:					
Buildings and improvements	67,180	-	-	-	67,180
Intangible right to use lease	912	-	-	-	912
Equipment	98,071	-	-	-	98,071
Total depreciable capital assets	<u>166,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,163</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	21,871	3,396	-	-	25,267
Intangible right to use lease	304	304	-	-	608
Equipment	98,071	-	-	-	98,071
Total accumulated depreciation/amortization	<u>120,246</u>	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>123,946</u>
Total depreciable capital assets, net	<u>45,917</u>				<u>42,217</u>
Downtown Monroe Fund capital assets, net	<u>126,066</u>				<u>122,366</u>
Monroe-Union County Economic Development Fund:					
Depreciable Capital Assets:					
Intangible right to use lease	4,318	-	4,318	-	-
Total depreciable capital assets	<u>4,318</u>	<u>-</u>	<u>4,318</u>	<u>-</u>	<u>-</u>
Less Accumulated Amortization:					
Intangible right to use lease	1,439	1,439	2,878	-	-
Total accumulated amortization	1,439	1,439	2,878	-	-
Total depreciable capital assets, net	<u>2,879</u>				-
Monroe-Union County Economic Development Fund capital assets, net	<u>2,879</u>				-

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Occupancy Tax Capital Project					
Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	595,315	103,471	-	-	698,786
Total non-depreciable capital assets	<u>595,315</u>	<u>103,471</u>	<u>-</u>	<u>-</u>	<u>698,786</u>
Depreciable Capital Assets:					
Buildings and improvements	5,964,017	-	-	-	5,964,017
Equipment	255,177	-	-	-	255,177
Total depreciable capital assets	<u>6,219,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,219,194</u>
Less Accumulated Depreciation:					
Buildings and improvements	315,707	129,101	-	-	444,808
Equipment	223,265	7,815	-	-	231,080
Total accumulated depreciation	<u>538,972</u>	<u>136,916</u>	<u>-</u>	<u>-</u>	<u>675,888</u>
Total depreciable capital assets, net	<u>5,680,222</u>				<u>5,543,306</u>
Occupancy Tax Fund capital assets, net	<u>6,275,537</u>				<u>6,242,092</u>
Governmental activities capital assets, net	<u>\$ 98,054,497</u>				<u>\$ 107,839,819</u>

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

General Fund:

General government	\$ 556,501
Transportation	1,629,099
Public safety	1,598,263
Culture and recreation	695,919
Economic and physical development	1,439
Total General Fund	<u>4,481,221</u>

Downtown Monroe Fund:

General government	3,700
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Monroe-Union County Economic Development Fund:

Economic and physical development	1,439
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Occupancy Tax Fund:

Economic and physical development	136,916
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Total governmental activities	<u>\$ 4,623,276</u>
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CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Business-Type Activities:					
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 2,740,380	\$ -	\$ -	\$ -	\$ 2,740,380
Construction in progress	2,257,812	2,516,599	2,131	(124,125)	4,648,155
Total non-depreciable capital assets	<u>4,998,192</u>	<u>2,516,599</u>	<u>2,131</u>	<u>(124,125)</u>	<u>7,388,535</u>
Depreciable Capital Assets:					
Buildings and improvements	40,468,848	684,369	-	-	41,153,217
Equipment	10,611,088	396,022	-	-	11,007,110
Vehicles and motorized equipment	4,122,943	237,418	27,833	43,645	4,376,173
Other intangibles	318,586	-	-	-	318,586
Intangible right to use lease	13,181	-	-	-	13,181
Infrastructure	101,214,685	7,241,833	-	124,125	108,580,643
Total depreciable capital assets	<u>156,749,331</u>	<u>8,559,642</u>	<u>27,833</u>	<u>167,770</u>	<u>165,448,910</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	17,909,527	815,363	-	-	18,724,890
Equipment	7,481,094	805,049	-	-	8,286,143
Vehicles and motorized equipment	3,171,244	254,354	27,833	43,645	3,441,410
Other intangibles	531	6,372	-	-	6,903
Intangible right to use lease	4,394	4,394	-	-	8,788
Infrastructure	26,995,479	2,147,660	-	-	29,143,139
Total accumulated depreciation/amortization	<u>55,562,269</u>	<u>4,033,192</u>	<u>27,833</u>	<u>43,645</u>	<u>59,611,273</u>
Total depreciable capital assets, net	<u>101,187,062</u>				<u>105,837,637</u>
Water and Sewer Fund capital assets, net	<u>106,185,254</u>				<u>113,226,172</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	3,866,887	-	-	-	3,866,887
Construction in progress	2,864,601	1,060,571	-	(1,120,560)	2,804,612
Total non-depreciable capital assets	<u>6,731,488</u>	<u>1,060,571</u>	<u>-</u>	<u>(1,120,560)</u>	<u>6,671,499</u>
Depreciable Capital Assets:					
Buildings and improvements	5,610,677	-	-	-	5,610,677
Equipment	3,104,683	204,803	-	-	3,309,486
Vehicles and motorized equipment	4,143,259	297,494	103,901	-	4,336,852
Infrastructure	118,934,407	4,954,616	-	1,120,560	125,009,583
Intangible right to use lease	7,382	11,881	-	-	19,263
Other intangibles	250,173	-	-	-	250,173
Total depreciable capital assets	<u>132,050,581</u>	<u>5,468,794</u>	<u>103,901</u>	<u>1,120,560</u>	<u>138,536,034</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	1,408,575	124,574	-	-	1,533,149
Equipment	1,979,722	85,200	-	-	2,064,922
Vehicles and motorized equipment	3,251,772	207,800	103,901	-	3,355,671
Infrastructure	48,439,936	1,942,133	-	-	50,382,069
Intangible right to use lease	2,461	2,461	-	-	4,922
Other intangibles	250,173	-	-	-	250,173
Total accumulated depreciation/amortization	<u>55,332,639</u>	<u>2,362,168</u>	<u>103,901</u>	<u>-</u>	<u>57,590,906</u>
Total depreciable capital assets, net	<u>76,717,942</u>				<u>80,945,128</u>
Electric Fund capital assets, net	<u>83,449,430</u>				<u>87,616,627</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Natural Gas Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	1,524,787	-	-	-	1,524,787
Construction in progress	2,044,054	275,301	-	(328,713)	1,990,642
Total non-depreciable capital assets	<u>3,568,841</u>	<u>275,301</u>	<u>-</u>	<u>(328,713)</u>	<u>3,515,429</u>
Depreciable Capital Assets:					
Buildings and improvements	569,484	-	-	-	569,484
Equipment	774,670	13,294	-	-	787,964
Vehicles and motorized equipment	1,283,436	95,940	-	-	1,379,376
Intangible right to use lease	713	-	-	-	713
Infrastructure	86,942,859	2,610,306	-	328,713	89,881,878
Total depreciable capital assets	<u>89,571,162</u>	<u>2,719,540</u>	<u>-</u>	<u>328,713</u>	<u>92,619,415</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	286,197	13,514	-	-	299,711
Equipment	543,443	48,274	-	-	591,717
Vehicles and motorized equipment	1,133,313	49,953	-	-	1,183,266
Intangible right to use lease	238	238	-	-	476
Infrastructure	20,493,008	1,684,657	-	-	22,177,665
Total accumulated depreciation/amortization	<u>22,456,199</u>	<u>1,796,636</u>	<u>-</u>	<u>-</u>	<u>24,252,835</u>
Total depreciable capital assets, net	<u>67,114,963</u>				<u>68,366,580</u>
Natural Gas Fund capital assets, net	<u>70,683,804</u>				<u>71,882,009</u>
Airport Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	9,765,358	-	-	-	9,765,358
Construction in progress	649,075	58,642	-	(559,771)	147,946
Total non-depreciable capital assets	<u>10,414,433</u>	<u>58,642</u>	<u>-</u>	<u>(559,771)</u>	<u>9,913,304</u>
Depreciable Capital Assets:					
Buildings and improvements	39,886,325	-	-	190,959	40,077,284
Equipment	615,258	5,616	-	-	620,874
Vehicles and motorized equipment	498,976	-	-	-	498,976
Infrastructure	5,131,517	-	-	-	5,131,517
Intangible right to use lease	5,030	-	-	-	5,030
Other intangibles	2,565	32,706	-	368,812	404,083
Total depreciable capital assets	<u>46,139,671</u>	<u>38,322</u>	<u>-</u>	<u>559,771</u>	<u>46,737,764</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	13,838,312	877,717	-	-	14,716,029
Equipment	499,353	22,550	-	-	521,903
Vehicles and motorized equipment	466,423	12,183	-	-	478,606
Infrastructure	823,093	102,934	-	-	926,027
Intangible right to use lease	1,677	1,677	-	-	3,354
Other intangibles	1,734	453	-	-	2,187
Total accumulated depreciation/amortization	<u>15,630,592</u>	<u>1,017,514</u>	<u>-</u>	<u>-</u>	<u>16,648,106</u>
Total depreciable capital assets, net	<u>30,509,079</u>				<u>30,089,658</u>
Airport Fund capital assets, net	<u>40,923,512</u>				<u>40,002,962</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Aquatics and Fitness Center Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	925,594	-	-	-	925,594
Depreciable Capital Assets:					
Buildings and improvements	10,657,691	-	-	-	10,657,691
Equipment	456,367	71,678	-	-	528,045
Subscriptions	-	72,125	-	-	72,125
Intangible right to use lease	15,974	-	-	-	15,974
Vehicles and motorized equipment	49,676	-	-	-	49,676
Total depreciable capital assets	<u>11,179,708</u>	<u>143,803</u>	<u>-</u>	<u>-</u>	<u>11,323,511</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	5,565,244	276,286	-	-	5,841,530
Equipment	326,170	42,994	-	-	369,164
Subscriptions	-	22,205	-	-	22,205
Intangible right to use lease	5,325	5,325	-	-	10,650
Vehicles and motorized equipment	49,676	-	-	-	49,676
Total accumulated depreciation/amortization	<u>5,946,415</u>	<u>346,810</u>	<u>-</u>	<u>-</u>	<u>6,293,225</u>
Total depreciable capital assets, net	<u>5,233,293</u>				<u>5,030,286</u>
Aquatics and Fitness Center					
Fund capital assets, net	6,158,887				5,955,880
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	360,852	11,588	-	-	372,440
Total non-depreciable capital assets	<u>360,852</u>	<u>11,588</u>	<u>-</u>	<u>-</u>	<u>372,440</u>
Depreciable Capital Assets:					
Buildings and improvements	36,653	-	-	-	36,653
Equipment	88,567	73,970	-	-	162,537
Vehicles and motorized equipment	1,163,971	40,356	-	-	1,204,327
Infrastructure	1,875,034	-	-	-	1,875,034
Total depreciable capital assets	<u>3,164,225</u>	<u>114,326</u>	<u>-</u>	<u>-</u>	<u>3,278,551</u>
Less Accumulated Depreciation:					
Buildings and improvements	5,971	1,243	-	-	7,214
Equipment	52,834	8,016	-	-	60,850
Vehicles and motorized equipment	747,632	159,640	-	-	907,272
Infrastructure	830,571	31,532	-	-	862,103
Total accumulated depreciation	<u>1,637,008</u>	<u>200,431</u>	<u>-</u>	<u>-</u>	<u>1,837,439</u>
Total depreciable capital assets, net	<u>1,527,217</u>				<u>1,441,112</u>
Stormwater Fund capital assets, net	1,888,069				1,813,552

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Solid Waste Fund:					
Depreciable Capital Assets:					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	83,163	-	-	-	83,163
Buildings and improvements	143,914	-	-	-	143,914
Total depreciable capital assets	<u>1,194,438</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,194,438</u>
Less Accumulated Depreciation:					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	71,797	7,299	-	-	79,096
Buildings and improvements	60,932	6,964	-	-	67,896
Total accumulated depreciation	<u>1,100,090</u>	<u>14,263</u>	<u>—</u>	<u>—</u>	<u>1,114,353</u>
Total depreciable capital assets, net	<u>94,348</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,085</u>
Solid Waste Fund capital assets, net	<u>94,348</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80,085</u>
Business-type activities					
capital assets, net	<u>\$ 309,383,304</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>\$ 320,577,287</u>

Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 107,839,819	\$ 320,577,287
Less: Long-term debt	26,741,973	72,770,031
Add: Deferred outflows	-	3,230,807
Add: Unexpended debt proceeds	1,655	403
Net investment in capital assets	<u>\$ 81,099,501</u>	<u>\$ 251,038,466</u>

Discretely Presented Component Units

Capital asset activity for the ABC Board for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Non-Depreciable Capital Assets:				
Land and land improvements				
Land and land improvements	\$ 317,013	\$ -	\$ -	\$ 317,013
Construction in progress	-	226,812	-	226,812
Total non-depreciable capital assets	<u>317,013</u>	<u>226,812</u>	<u>—</u>	<u>543,825</u>
Depreciable Capital Assets:				
Buildings and improvements	1,069,085	14,345	-	1,083,430
Equipment	121,521	7,507	-	129,028
Vehicles and motorized equipment	15,830	-	-	15,830
Total depreciable capital assets	<u>1,206,436</u>	<u>21,852</u>	<u>—</u>	<u>1,228,288</u>
Less Accumulated Depreciation:				
Buildings and improvements	651,716	33,420	-	685,136
Equipment	95,692	13,690	-	109,382
Vehicles and motorized equipment	15,830	-	-	15,830
Total accumulated depreciation	<u>763,238</u>	<u>47,110</u>	<u>—</u>	<u>810,348</u>
Total depreciable capital assets, net	<u>443,198</u>	<u>—</u>	<u>—</u>	<u>417,940</u>
ABC Board capital assets, net	<u>\$ 760,211</u>	<u>—</u>	<u>—</u>	<u>\$ 961,765</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital asset activity for the Economic Development Commission for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Monroe-Union County Economic Development Commission				
Depreciable Capital Assets:				
Equipment	\$ -	\$ 16,105	\$ -	\$ 16,105
Vehicles and motorized equipment	<u>-</u>	<u>84,383</u>	<u>-</u>	<u>84,383</u>
Total capital assets being depreciated	<u>-</u>	<u>100,488</u>	<u>-</u>	<u>100,488</u>
Less Accumulated Depreciation:				
Equipment	- -	16,105	- -	16,105
Vehicles and motorized equipment	<u>- -</u>	<u>35,128</u>	<u>- -</u>	<u>35,128</u>
Total accumulated depreciation	<u>- -</u>	<u>51,233</u>	<u>- -</u>	<u>51,233</u>
Total capital assets being depreciated, net	<u>- -</u>	<u>49,255</u>		
Monroe-Union County Economic Development Commission capital assets, net	<u>\$ -</u>			<u>\$ 49,255</u>

Capital asset activity for the Tourism Development Authority for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Capital Right-to-Use Assets:				
Right-to-use leased equipment	\$ 5,030	\$ -	\$ -	\$ 5,030
Right-to-use subscriptions	<u>-</u>	<u>32,517</u>	<u>-</u>	<u>32,517</u>
Total capital assets	<u>5,030</u>	<u>32,517</u>	<u>-</u>	<u>37,547</u>
Less Accumulated Amortization:				
Right-to-use leased equipment	(1,677)	(1,677)	- -	(3,354)
Right-to-use subscriptions	<u>-</u>	<u>(14,762)</u>	<u>-</u>	<u>(14,762)</u>
Total accumulated amortization	<u>(1,677)</u>	<u>(16,439)</u>	<u>-</u>	<u>(18,116)</u>
Capital right-to-use assets, net	<u>\$ 3,353</u>	<u>\$ 16,078</u>	<u>\$ -</u>	<u>\$ 19,431</u>

7. *Right-to-Use Asset*

The City has recorded three right-to-use leased assets. The assets are right-to-use assets for leased equipment. The related leases are discussed in the leases subsection of the liabilities section of this note. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

B. Liabilities

1. *Accounts Payable and Accrued Liabilities*

Payables at the government-wide level at June 30, 2023 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 873,025	\$ 1,184,180	\$ 2,057,205
Capital Projects Fund	1,407,121	-	1,407,121
Nonmajor funds	<u>30,987</u>	<u>2,093</u>	<u>33,080</u>
Total governmental activities	<u><u>\$ 2,311,133</u></u>	<u><u>\$ 1,186,273</u></u>	<u><u>\$ 3,497,406</u></u>
Business-Type Activities:			
Enterprise funds	<u><u>\$ 5,795,730</u></u>	<u><u>\$ 249,232</u></u>	<u><u>\$ 6,044,962</u></u>

Component units' payables at June 30, 2023 were as follows:

	Salaries		
	<u><u>Vendors</u></u>	<u><u>and Benefits</u></u>	<u><u>Other</u></u>
ABC Board	<u><u>\$ 727,775</u></u>	<u><u>\$ 13,214</u></u>	<u><u>\$ -</u></u>
Economic Development Commission	<u><u>\$ 17,437</u></u>	<u><u>\$ 9,183</u></u>	<u><u>\$ -</u></u>
Tourism Development Authority	<u><u>\$ 28,148</u></u>	<u><u>\$ 6,043</u></u>	<u><u>\$ 24,485</u></u>
			<u><u>\$ 58,676</u></u>

2. *Pension Plan Obligations*

a. *Local Governmental Employees' Retirement System*

1. *Description*

The City of Monroe and the ABC Board are participating employers in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The state's ACFR includes

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

2. Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

3. Contributions

Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Monroe's contractually required contribution rate for the year ended June 30, 2023 was 13.10% of compensation for law enforcement officers and 12.10% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Monroe were \$4,162,306 for the year ended June 30, 2023.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Contributions to the pension plan from Monroe-Union County Economic Development Commission were \$60,417. The ABC Board's contributions to LGERS for the year ended June 30, 2023 were \$42,313.

4. Refunds of Contributions

City employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. Members that leave LGERS with less than five years of creditable service are only eligible to receive a refund of employee contributions and interest. By state law, refunds to members include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$21,506,797 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the City's proportion was 0.38387%, which was a decrease of 0.00414% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$6,134,557. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 929,948	\$ 90,863
Changes of assumptions	2,152,388	-
Net difference between projected and actual earnings on pension plan investments	7,129,547	-
Changes in proportion and differences between City contributions and proportionate share of contributions	72,484	62,227
City contributions subsequent to the measurement date	4,162,306	-
Total	<u>\$ 14,446,673</u>	<u>\$ 153,090</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$4,162,306 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 3,217,441
2025	2,735,070
2026	781,828
2027	3,396,938
Thereafter	-
Total	<u><u>\$ 10,131,277</u></u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25- 8.25 percent, including inflation & productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2021 actuarial valuation, were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future ad hoc COLA amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

6. Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

7. *Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 38,696,997	\$ 21,506,797	\$ 7,219,797

8. *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the state of North Carolina.

b. *Law Enforcement Officers' Special Separation Allowance*

Plan Description. The City of Monroe administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At June 30, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	22
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	92
Total	114

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73:

Actuarial Assumptions. The entry age normal actuarial cost method was used in the June 30, 2021 valuation. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25, including inflation and productivity factor
Discount rate	4.05 percent

The discount rate used to measure the TPL is the Bond Buyer 20-Bond GO index as of December 31, 2022.

Deaths Before Retirement: Pub-2010 safety employees male and female mortality tables projected generationaly with MP-2019.

Deaths After Retirement (Healthy): Pub-2010 safety retirees mortality table projected generationaly using MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

Deaths After Retirement (Disabled): Pub-2010 general disabled retirees mortality table projected generationaly using MP-2019. The male and female rates are set back 3 years.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$405,160 as benefits came due for the reporting period.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, the City reported a total pension liability of \$4,764,032. The total pension liability was measured as of December 31, 2021 based on a June 30, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$454,648.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 850,394	\$ 408,997
Changes of assumptions	411,026	585,351
Benefit payments and plan administrative expense made subsequent to the measurement date	204,740	-
Total	<u><u>\$ 1,466,160</u></u>	<u><u>\$ 994,348</u></u>

\$204,740 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2024.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ 95,095
2025	81,489
2026	49,558
2027	40,930
Thereafter	-
Total	<u><u>\$ 267,072</u></u>

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 4.05%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total pension liability	<u><u>\$ 5,141,210</u></u>	<u><u>\$ 4,764,032</u></u>	<u><u>\$ 4,419,049</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2023
Beginning balance	\$ 4,585,539
Service cost	218,392
Interest on the total pension liability	90,451
Differences between expected and actual experience in the measurement of the total pension liability	991,772
Changes of assumptions or other inputs	(716,962)
Benefit payments	(405,160)
Ending balance of the total pension liability	<u><u>\$ 4,764,032</u></u>

The plan currently uses mortality tables that vary by age and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the June 30, 2021 valuation were based on those used for the five-year period ending December 31, 2019 Actuarial Valuation of the North Carolina Local Governmental Employee's Retirement System.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension expense	\$ 6,134,557	\$ 454,648	\$ 6,589,205
Pension liability	21,506,797	4,764,032	26,270,829
Proportionate share of the net pension liability	0.38387%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 929,948	\$ 850,394	\$ 1,780,342
Changes of assumptions	2,152,388	411,026	2,563,414
Net difference between projected and actual earnings on plan investments	7,129,547	-	7,129,547
Changes in proportion and differences between contributions and proportionate share of contributions	72,484	-	72,484
Benefit payments and administrative costs paid subsequent to the measurement date	4,162,306	204,740	4,367,046

Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ 90,863	\$ 408,997	\$ 499,860
Changes of assumptions	-	585,351	585,351
Changes in proportion and differences between contributions and proportionate share of contributions	62,227	-	62,227

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

c. *Supplemental Retirement Income Plan*

Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The state's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were \$731,745, which consisted of \$375,040 from the City and \$356,705 from the law enforcement officers. No amounts were forfeited.

General Employees

The City has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers. Participation begins after six months of employment. The City has elected to contribute each month an amount equal to 3% of each employee's salary, the employee contribution will be matched 2% by the City, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were \$2,632,160 which consisted of \$1,405,088 in contributions and matching from the City, and \$1,227,072 from City employees. In addition, Monroe-Union County EDC contributions for the year ended June 30, 2023 were \$90,376 which consisted of \$60,417 in contributions and matching from Monroe-Union County EDC, and \$29,959 from Monroe-Union County EDC employees. No amounts were forfeited.

d. *Other Post-Employment Benefits*

Healthcare Benefits

Plan Description. Under the terms of a City resolution, the City administers a single employer Health and Dental Care Plan. This plan provides post-employment healthcare and dental benefits to retirees of the City provided they participate in the North Carolina Local Governmental Employees' Retirement System and have 20 years of creditable service with the City. The amount the City pays towards these benefits is based on years of service with the City. A stand-alone financial report is not issued.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Funding Policy. Employees with 20 to 25 years of service – the City pays 50% and 75% of the cost of health and dental insurance, respectively. Employees with 30 years of service – the City pays 100% of the cost of health and dental insurance. In addition, retirees with 30 years of service receive \$5,500 of life insurance coverage.

When a retiree reaches age 65, they are transferred to the Medicare Supplement Group Plan and Part D Group Plan at the above referenced percentage of cost based on years of service. The City pays the full cost of coverage for these benefits through private insurers. At that time, any dependents covered are offered COBRA coverage.

There are no assets accumulated in a GASB-compliant trust.

Membership of the Health Care Plan consisted of the following at June 30, 2021:

Retirees and dependents receiving benefits	120
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	440
Total	<u>560</u>

Total OPEB Liability

The City's total OPEB liability of \$44,074,710 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Payroll Growth Assumption	3.25 percent
Discount rate	3.69 percent
Municipal Bond Index Rate:	
Prior Measurement Date	2.16 percent
Measurement Date	3.69 percent
Healthcare cost trend rates:	
Pre-Medicare	7.50 percent
Medicare	5.50 percent
Dental	2.50 percent

The City selected a Municipal Bond Index Rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - beginning	<u>\$ 54,275,980</u>
Changes for the year:	
Service cost	2,525,725
Interest	1,161,386
Differences between expected and actual experience	429,802
Changes in assumptions or other inputs	(12,872,144)
Benefit payments	<u>(1,446,039)</u>
Net changes	<u>(10,201,270)</u>
Total OPEB liability - ending	<u>\$ 44,074,710</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.69%.

Mortality rates were based on the Pub 2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the North Carolina Local Governmental Employee's Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	Current		
	1%	Discount	1%
	Decrease <u>(2.69%)</u>	Rate <u>(3.69%)</u>	Increase <u>(4.69%)</u>
Total OPEB liability	<u>\$ 53,103,723</u>	<u>\$ 44,074,710</u>	<u>\$ 37,100,901</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 36,256,782</u>	<u>\$ 44,074,710</u>	<u>\$ 54,498,643</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,060,196. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 370,107	\$ 2,049,085
Changes of assumptions	7,604,636	13,475,590
Benefit payments and administrative costs made subsequent to the measurement date	1,446,039	-
Total	<u>\$ 9,420,782</u>	<u>\$ 15,524,675</u>

\$1,446,039 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2024	\$ (1,626,915)
2025	(1,626,915)
2026	(1,170,240)
2027	(791,608)
2028	(408,169)
Thereafter	<u>(1,926,085)</u>
Total	<u><u>\$ (7,549,932)</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

3. *Other Employment Benefits*

The City elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan and not by the City; the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

4. *Deferred Outflows and Inflows of Resources*

Deferred outflows of resources at year-end are comprised of the following:

	Deferred Outflows
Charge on debt defeasance	\$ 3,230,807
OPEB deferrals	9,420,782
Pension deferrals	<u>15,912,833</u>
Total	<u><u>\$ 28,564,422</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Deferred inflows of resources at year-end are comprised of the following:

	Deferred Inflows
Property taxes receivable:	
General	\$ 503,824
General - Tax gap bills	11,513
Nonmajor governmental	1,484
Privilege license receivable:	
General	2,095
Code enforcement liens receivable:	
General	275,644
Prepaid taxes, agreements, gift cards, donations, and store credits, not yet earned:	
General	20,466
Lease deferrals	468,947
OPEB deferrals	15,524,675
Pension deferrals	1,147,438
Total	<u><u>\$ 17,956,086</u></u>

5. Construction and Other Significant Commitments

Construction Commitments

The government has active construction projects as of June 30, 2023. At year-end, the government's commitments with contractors are as follows:

Projects	Spent To-Date	Remaining Commitment
Governmental:		
Capital projects	\$ 18,168,502	\$ 4,739,408
Occupancy tax	698,786	8,973
Enterprise:		
Water and Sewer	4,648,155	1,988,587
Stormwater	372,440	72,907
Electric	2,804,612	1,888,276
Natural Gas	1,990,643	704,709
Airport	147,946	37,500
Total	<u><u>\$ 28,831,084</u></u>	<u><u>\$ 9,440,360</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Interlocal Agreement

On December 5, 2005, the City entered into an agreement with Union County, which provided 1.99 MGD of additional water capacity to the City. Under the agreement terms, the City will pay fixed costs of approximately \$199,176 annually for 20 years beginning July 1, 2006, with one lump-sum payment of \$1,739,243, which was paid April 30, 2014. Operations and maintenance cost are paid based on a per thousand-gallon rate calculated each budget year and based on actual metered consumption. This agreement term is of perpetual duration. This agreement also provides 2.65 MGD of wastewater capacity to Union County via the City WWTP to serve Union County's eastside customers.

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2023 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Activities:

General Fund	\$ 3,472,386
Capital projects fund	4,739,408
Nonmajor funds	<u>3,446</u>
Total governmental activities	<u>\$ 8,215,240</u>

Business-Type Activities:

Water and Sewer Fund	\$ 4,454,220
Electric Fund	9,137,920
Natural Gas Fund	2,073,681
Airport Fund	57,126
Nonmajor funds	<u>319,248</u>
Total business-type activities	<u>\$ 16,042,195</u>

6. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-funded with regard to group health and workers' compensation insurance coverages. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Flood Insurance

The City carries flood insurance for properties located in Flood Zones B, C and X through participation in the North Carolina League of Municipalities Interlocal Risk Financing Fund of North Carolina. The City does not have properties of significant value in these Flood Zones.

Self-Funded Insurance

The City has established three internal service funds to account for self-insured risk financing. Funding of the Health Benefit Fund is based upon an analysis of historical and projected medical and dental claims paid by the third-party administrator and the availability of unrestricted net position to fund projected claims. Funding of the Workers' Compensation Fund is based upon payroll rates established by the state of North Carolina and the availability of unrestricted net position to fund projected claims. Funding of the Property and Casualty Fund is based upon experience and exposure risks associated with City operations and the availability of unrestricted net position to fund projected claims.

Group Health Insurance

Effective July 1, 2002, the City established an employee medical benefit plan to self-insure claims up to \$70,000 per year for each individual covered; claims above \$70,000 and aggregate claims exceeding 125% of expected incurred and paid claims are covered by a stop/loss insurance policy.

Workers' Compensation Insurance

The City has a self-funded workers' compensation insurance plan. Through this plan, the City has workers' compensation coverage of up to the statutory limits. The self-insurance plan has a \$550,000 retained risk per occurrence with a \$2,000,000 aggregate limit for all employees. The City also carries employer's liability coverage with similar retention and limit amounts.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Due to the degree of turnover of the outstanding claims, the claims payable as of June 30, 2023 are considered to be current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2023 are as follows:

	Health Benefit Fund	Workers' Compensation Fund	Property and Casualty Fund
Unpaid claims as of June 30, 2021	\$ 779,995	\$ 20,136	\$ 10,294
Claims and premiums paid	9,344,128	472,536	780,224
Incurred claims and premiums	(9,578,315)	(471,784)	(778,761)
Unpaid claims as of June 30, 2022	545,808	20,888	11,757
Claims and premiums paid	12,243,333	228,598	840,800
Incurred claims and premiums	(12,395,387)	(208,114)	(847,408)
Unpaid claims as of June 30, 2023	<u>\$ 393,754</u>	<u>\$ 41,372</u>	<u>\$ 5,149</u>

The City protects itself from potential loss through participation in the North Carolina League of Municipalities Interlocal Risk Financing Fund of North Carolina for general liability, automobile liability, public officials and law enforcement liability. The City maintains coverage of \$5,000,000 for comprehensive general liability, automobile liability, public officials and law enforcement liability. The City's potential loss for liability coverage is limited to the deductible amount of \$50,000 per claim for all coverage, except for real and personal property, which has a deductible of \$25,000 per claim.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Director and Deputy Finance Director are individually bonded for \$1,000,000 each. The Tax Collector is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000. Effective with the bond renewal on January 1, 2023 the City increased the bonding for the Finance Officer to \$1,000,000 in order to comply with S.L.2022-53, Section 9(a).

The City of Monroe ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has commercial property, general liability, automobile liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each Board member and the employees designated as the General Manager and Finance Officer are bonded in the amount of \$50,000 secured by a corporate surety.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Economic Development Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission does carry commercial insurance to cover these risks of loss. The Commission does not carry flood insurance. In accordance with G.S. 159-29, the Finance Officer for the Commission is individually bonded for \$50,000. Effective with the bond renewal on July 1, 2023 the Commission increased the bonding for the Finance Officer to \$150,000 in order to comply with S.L.2022-53, Section 9(a). All risk management activities are reported in the Commission's General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Based on available information, the Commission had no liability claims at June 30, 2023.

The Tourism Development Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority does not carry commercial insurance to cover these risks of loss. The City's insurance coverage for these risks also covers the Authority. The Authority does not carry flood insurance. In accordance with G.S. 159-29, the Finance Officer for the Authority is individually bonded for \$50,000. All risk management activities are reported in the Authority's General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Based on available information, the Authority had no liability claims at June 30, 2023.

7. *Claims, Judgments, and Contingent Liabilities*

The City was a defendant in various matters of litigation as of June 30, 2023. While any litigation contains an element of uncertainty, City officials believe that the outcome of any lawsuit or claim which is pending, or all of them combined, will not have a materially adverse effect on the City's financial condition or operations. In addition, there are known incidents that may result in the assertion of claims, as well as claims from unknown incidents that may be asserted for which the City could be liable for a material amount. However, since such claims have not been asserted and are not determinable or measurable, no provision for loss has been included in the financial statements. Also, City officials believe the City's insurance is adequate for the actual or pending lawsuits or claims mentioned above.

8. *Long-Term Obligations*

a. *Leases*

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On August 12, 2022, the City of Monroe, NC entered into a 60-month lease as Lessee for the use of Wells Fargo Financial Services - Technocom. An initial lease liability was recorded in the amount of \$11,881. As of June 30, 2023, the value of the lease liability is \$9,469. The City of Monroe, NC is required to make monthly fixed payments of \$201. The lease has an interest rate of 1.2880%. The value of the right to use asset as of June 30, 2023, is \$11,881 with accumulated amortization of \$1,439.

On July 1, 2021, the City of Monroe, NC entered into a 33-month lease as Lessee for the use of Canon Copiers - 2201 Walkup Ave. An initial lease liability was recorded in the amount of \$137,471. As of June 30, 2023, the value of the lease liability is \$40,645. The City of Monroe, NC is required to make monthly fixed payments of \$4,656. The lease has an interest rate of 5.5638%. The value of the right to use asset as of June 30, 2023, is \$136,032 with accumulated amortization of \$88,772.

On July 1, 2021, the City of Monroe, NC entered into a 56-month lease as Lessee for the use of Pitney Bowes Mailing System - SendPro P100. An initial lease liability was recorded in the amount of \$20,993. As of June 30, 2023, the value of the lease liability is \$12,080. The City of Monroe, NC is required to make quarterly fixed payments of \$1,134. The lease has an interest rate of 1.0600%. The value of the right to use asset as of June 30, 2023, is \$20,993 with accumulated amortization of \$10,496.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 33,958	\$ 744	\$ 34,702
2025	4,470	66	4,536
2026	3,075	18	3,093
Total	\$ 41,503	\$ 828	\$ 42,331

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 13,634	\$ 393	\$ 14,027
2025	2,332	80	2,412
2026	2,362	50	2,412
2027	2,162	19	2,181
2028	201	-	201
Total	\$ 20,691	\$ 542	\$ 21,233

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

b. *Subscriptions*

The City has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On July 1, 2022, the City of Monroe, NC entered into a 14-month subscription for the use of Customer Utility Bills Printing and Mailing Software. An initial subscription liability was recorded in the amount of \$30,564. As of June 30, 2023, the value of the subscription liability is \$0.00. The City of Monroe, NC is required to make annual fixed payments of \$30,660. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of June 30, 2023, is \$30,564 with accumulated amortization of \$26,136.

On July 1, 2022, the City of Monroe, NC entered into a 15-month subscription for the use of Records Mgmt Fire Reporting System. An initial subscription liability was recorded in the amount of \$12,565. As of June 30, 2023, the value of the subscription liability is \$0.00. The City of Monroe, NC is required to make annual fixed payments of \$12,642. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of June 30, 2023, is \$12,565 with accumulated amortization of \$11,715.

On October 27, 2022, the City of Monroe, NC entered into a 36-month subscription for the use of Fire Online Training & Tracking Platform. An initial subscription liability was recorded in the amount of \$24,142. As of June 30, 2023, the value of the subscription liability is \$15,826. The City of Monroe, NC is required to make annual fixed payments of \$8,711. The subscription has an interest rate of 3.3780%. The value of the right to use asset as of June 30, 2023 is \$24,142 with accumulated amortization of \$5,454.

On July 1, 2022, the City of Monroe, NC entered into a 39-month subscription for the use of MAFC POS System Software. An initial subscription liability was recorded in the amount of \$72,125. As of June 30, 2023, the value of the subscription liability is \$47,817. The City of Monroe, NC is required to make annual fixed payments of \$24,756. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2023, is \$72,125 with accumulated amortization of \$22,205.

On July 1, 2022, the City of Monroe, NC entered into a 72-month subscription for the use of BreezeCIP System. An initial subscription liability was recorded in the amount of \$28,723. As of June 30, 2023, the value of the subscription liability is \$23,653. The City of Monroe, NC is required to make annual fixed payments of \$5,070. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2023, is \$28,723 with accumulated amortization of \$4,787. The City of Monroe, NC has 5 extension option(s), each for 12 months.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On August 1, 2022, the City of Monroe, NC entered into a 36-month subscription for the use of Customer Access to DebtBook. An initial subscription liability was recorded in the amount of \$30,014. As of June 30, 2023, the value of the subscription liability is \$20,264. The City of Monroe, NC is required to make annual fixed payments of \$9,750. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2023, is \$30,014 with accumulated amortization of \$9,171. The City of Monroe, NC has 2 extension option(s), each for 12 months.

On July 1, 2022, the City of Monroe, NC entered into a 32-month subscription for the use of HR FMLA Manager Online Software. An initial subscription liability was recorded in the amount of \$1,078. As of June 30, 2023, the value of the subscription liability is \$432. The City of Monroe, NC is required to make annual fixed payments of \$663. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2023, is \$1,078 with accumulated amortization of \$404.

On July 1, 2022, the City of Monroe, NC entered into a 24-month subscription for the use of Residential & Commercial Credit Check Software. An initial subscription liability was recorded in the amount of \$10,004. As of June 30, 2023, the value of the subscription liability is \$4,978. The City of Monroe, NC is required to make annual fixed payments of \$5,070. The subscription has an interest rate of 1.8503%. The value of the right to use asset as of June 30, 2023, is \$10,004 with accumulated amortization of \$4,821. The City of Monroe, NC has 1 extension option(s), each for 12 months.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2023, were as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 27,465	\$ 1,671	\$ 29,136
2025	23,166	970	24,136
2026	4,728	342	5,070
2027	4,839	231	5,070
2028	4,955	117	5,072
Total	\$ 65,153	\$ 3,331	\$ 68,484

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 23,630	\$ 1,126	\$ 24,756
2025	24,187	569	24,756
Total	\$ 47,817	\$ 1,695	\$ 49,512

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

c. *Installment Purchase Obligations*

The City has entered into various installment purchase obligations to acquire certain equipment and to finance building improvements:

	Governmental Funds	Enterprise Funds	<u>Total</u>
\$2,391,720 Executed January 30, 2009, to finance construction of a recreation center and a gymnasium, requiring 30 semi-annual installments of \$79,724, plus interest. Interest Rate Modified June 2013 to 2.67%. The recreation center and the gymnasium are pledged as collateral for the debt.	\$ 159,447	\$ -	\$ 159,447
\$4,400,000 Executed September 17, 2014 with a bank, to finance the design, construction and furnishing of a fire station, requiring 20 semi-annual installments of \$220,000, plus interest at 2.1%. The fire station is pledged as collateral for the debt.	660,000	-	660,000
\$1,788,000 Executed May 9, 2017 with a bank, to finance fire trucks requiring 10 annual installments ranging from \$165,000 to \$196,000, plus interest at 2.1532%. The fire trucks are pledged as collateral for the debt.	760,000	-	760,000
\$2,123,000 Executed May 8, 2018 with a bank, to finance fire trucks and street sweepers requiring 10 annual installments ranging from \$163,000 to \$266,000, plus interest at 2.74%. The fire trucks and street sweepers are pledged as collateral for the debt.	867,000	-	867,000
\$635,000 Executed May 7, 2019 with a bank, to finance a fire truck requiring 10 annual installments ranging from \$56,000 to \$71,000 plus interest at 3.0462%. The fire truck is pledged as collateral for the debt.	401,000	-	401,000
\$3,101,725 Executed June 9, 2020 with a bank, to finance a fire truck and financial software requiring 10 annual installments ranging from \$208,000 to \$248,000 plus interest at 1.991%. The fire truck is pledged as collateral for the debt.	1,525,261	727,740	2,253,001
\$825,000 Executed May 11, 2023 with a bank to finance a fire truck requiring 10 annual installments ranging from \$101,083 to \$101,920 plus interest at 4.0%. The fire truck is pledged as collateral for the debt.	825,000	-	825,000
Total	\$ 5,197,708	\$ 727,740	\$ 5,925,448

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City's outstanding note from direct placements related to governmental activities of \$159,447 is secured by the recreation center and gymnasium. Upon the failure to pay or make timely payments, the lender may declare all installment payments payable by purchaser pursuant to the agreement to be due. Upon default the lender shall proceed by appropriate court action and take possession of the property. The lender may at its option require immediate payment in full of the required payments and amount advanced and all other sums secured by the agreement.

The City's outstanding note from direct placements related to governmental activities of \$660,000 is secured by the fire station. Upon the failure to pay or make timely payments, the bank shall declare the unpaid portion of the outstanding principal components of the installment payments immediately due and payable. Upon default the bank shall proceed by appropriate court action and take possession of the mortgaged property.

The City's outstanding note from direct placements related to governmental activities of \$760,000 is secured by the fire trucks. Upon the failure to pay or make timely payments, the lender may declare all installment payments payable by purchaser pursuant to the agreement to be due. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$867,000 and business-type activities of \$108,000 is secured by the fire trucks and street sweepers. Upon the failure to pay or make timely payments, the lender may declare all installment payments payable by purchaser pursuant to the agreement to be due. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$401,000 is secured by the fire truck. Upon the failure to pay or make timely payments, the lessor may retake possession of the equipment, hold the lessee liable for the difference between the rents payable and the rent paid by the lessee, and take whatever action at law that may appear necessary.

The City's outstanding note from direct placements related to governmental activities of \$1,525,261 and business-type activities of \$727,740 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$825,000 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Annual debt service payments of the installment purchase obligations as of June 30, 2023 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 1,282,645	\$ 130,955	\$ 97,802	\$ 14,489
2025	921,975	101,967	100,025	12,542
2026	718,196	81,678	101,804	10,551
2027	737,974	63,261	104,026	8,524
2028	556,195	44,305	105,805	6,452
2029-2033	980,723	71,393	218,278	6,541
Total	<u><u>\$ 5,197,708</u></u>	<u><u></u></u>	<u><u>\$ 727,740</u></u>	<u><u></u></u>
Total interest payments	<u><u>\$ 493,559</u></u>	<u><u></u></u>	<u><u>\$ 59,099</u></u>	<u><u></u></u>

At June 30, 2023, the City had a legal debt margin of \$356,174,753.

c. Revenue Bonds

The City also issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year-end are as follows:

Serviced by the Water and Sewer Fund, Electric Fund, Airport Fund, and Natural Gas Fund:

On August 11, 2016, the City issued \$20,660,000 in Combined Enterprise System Revenue Bonds, Series 2016 to advance refund a portion of the Series 2008A Revenue Bonds. These 17-year bonds have interest rates varying between 2% and 5%. The total shown is net of the unamortized bond premium of \$2,287,475 associated with the bonds. \$ 17,437,473

On December 21, 2017, the City issued \$12,500,000 in Combined Enterprise System Revenue Bonds, Series 2017 to fund improvements to the City's water, sewer, and airport systems. These 25-year bonds have interest rates varying between 3.125% and 5%. The total shown is net of the unamortized bond premium of \$1,344,980 associated with the bonds. 12,354,980

On December 8, 2020, the City issued \$6,560,000 in direct placement Combined Enterprise System Revenue Bonds, Series 2020A to advance refund outstanding callable maturities of the City's Combined Enterprise System Refunding Bonds, Series 2011. These 7-year bonds have an interest rate of .92%. 4,310,000

On December 8, 2020, the City issued \$6,776,000 in direct placement Combined Enterprise System Revenue Bonds, Series 2020B to advance refund outstanding maturities of the City's 2014 State of North Carolina Water Pollution Control Revolving Fund Loan. These 14-year bonds have an interest rate of 1.4%. 5,288,000

Total \$ 39,390,453

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The revenue bonds are secured by pledged water and sewer, electric, airport, and natural gas customer revenues, net of specified operating expenses to repay revenue bonds. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

The future payments of the revenue bonds as of June 30, 2023 are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2024	\$ 2,923,000	\$ 1,328,227
2025	3,007,000	1,234,676
2026	3,087,000	1,137,107
2027	3,141,000	1,076,207
2028	3,229,000	972,339
2029-2033	13,205,000	3,222,259
2034-2038	3,446,000	1,313,435
2039-2043	3,719,998	576,250
Total	<u>\$ 35,757,998</u>	<u>\$ 10,860,500</u>

The future payments as presented above have not been reduced by the net of unamortized bond premiums totaling \$3,632,455.

The City has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 704 of the Bond Order Authorizing the Issuance of Combined Enterprise System Revenue Bonds (Bond Order) since its adoption on May 3, 1994. Section 704(a) of the Bond Order requires the debt service coverage ratio to be no less than 125% parity indebtedness and 100% of the long-term debt service requirement for subordinated indebtedness for the fiscal year.

The debt service coverage ratio calculation for the year ended June 30, 2023, is as follows:

Operating revenues	\$ 113,421,490
Operating expenses (1)	78,453,744
Operating income	34,967,746
Non-operating revenues (2)	<u>2,722,710</u>
Income available for debt service	37,690,456
Parity debt service	<u>4,549,016</u>
Debt service coverage ratio	<u>829%</u>
Income available for debt service	37,690,456
Subordinated debt service	<u>7,143,175</u>
Debt service coverage ratio	<u>528%</u>

(1) Per rate covenants, this does not include the depreciation and amortization expense of \$8,996,809.

(2) Per rate covenants, this includes investment earnings only.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The City has pledged future water and sewer, electric, airport and natural gas customer revenues, net of specified operating expenses, to repay \$52.8 million in direct placement revenue bonds originally issued in 2008 and 2011. Proceeds from the bonds provided financing for various capital projects and refunded prior issues. The bonds are payable solely from the revenue sources of the enterprise funds noted above and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 5% of net revenues. In the event of a default, the City agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreement. The total principal and interest remaining to be paid on the bonds is \$46,618,500. Principal and interest paid for the current year and total customer net revenues were \$4,549,016 and \$113.4 million, respectively.

d. Limited Obligation Bonds

	Governmental Funds	Enterprise Funds	Total
On April 14, 2016, the City issued \$27,045,000 in Limited Obligation Bonds (LOBS) to refund the Certificates of Participation used to finance the construction of natural gas improvements. These 23-year LOBS have interest rates varying between 2% and 5%. Although any source of funds legally available may be used, the bonds are serviced by Natural Gas system revenues. The portion of the natural gas pipeline that is located in Union County is pledged as collateral for the debt. The total is shown net of the unamortized bond premium of \$2,205,010 associated with the bonds.	\$ -	\$ 25,260,010	\$ 25,260,010
On February 28, 2018, the City issued \$8,280,000 in Limited Obligation Bonds, Series 2018 to fund improvements to the City's natural gas system. These 25-year bonds have interest rates varying between 3% and 5%. Although any source of funds legally available may be used, the bonds are serviced by Natural Gas system revenues. The portion of the natural gas pipeline that is located in Union County is pledged as collateral for the debt. The total shown is net of the unamortized bond premium of \$151,137 associated with the bonds.	-	7,371,137	7,371,137
On October 10, 2018, the City issued \$7,785,000 in Limited Obligation Bonds, Series 2018B to fund the construction of the Monroe Science Center and Center Theatre. These 20-year bonds have interest rates varying between 3% and 5%. Although any source of funds legally available may be used, the bonds are serviced from the General Fund and the Occupancy Tax Capital Project Fund. The Center Theatre is pledged as collateral for the debt. The total shown is net of the unamortized bond premium of \$329,188 associated with the bonds.	6,764,188	-	6,764,188

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
<p>On August 10, 2021, the City issued \$13,680,000 in direct placement Limited Obligation Bonds, Series 2021 to fund the construction of the Monroe Police Headquarters and Senior Center. These 20-year bonds have interest rates varying between 3% and 5%. Although any source of funds legally available may be used, the bonds are serviced from the General Fund. The Police Headquarters is pledged as collateral for the debt. The total shown is net of the unamortized bond premium of \$2,423,574 associated with the bonds.</p>			
	14,738,574	-	14,738,574
Total	<u>\$ 21,502,762</u>	<u>\$ 32,631,147</u>	<u>\$ 54,133,909</u>

In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,035,000	\$ 787,388	\$ 1,255,000	\$ 1,254,063
2025	1,040,000	735,638	1,320,000	1,191,313
2026	1,050,000	683,638	1,385,000	1,125,313
2027	1,055,000	631,138	1,455,000	1,056,063
2028	1,060,000	578,388	1,530,000	983,313
2029-2033	5,410,000	2,150,475	8,715,000	3,821,688
2034-2038	5,600,000	1,005,000	10,415,000	2,128,494
2039-2043	2,500,000	139,650	4,200,000	339,738
Total	<u>\$ 18,750,000</u>	<u>\$ 6,711,315</u>	<u>\$ 30,275,000</u>	<u>\$ 11,899,985</u>

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$5,108,909.

e. Advance Refunding

On August 11, 2016, the City issued Combined Enterprise System Revenue Refunding Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to be used for future debt service payments of \$20,660,000 of revenue bonds. As a result, a portion of the Combined Enterprise System Revenue Bonds, Series 2008A are considered to be defeased and a portion of the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,212,041. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$3,573,013 and resulted in an economic gain of \$3,288,671. On June 30, 2023, \$16,850,000 of bonds outstanding are considered defeased.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On April 14, 2016, the City issued Limited Obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to be used for future debt service payments of \$26,535,000 of certificates of participation. As a result, a portion of the certificates of participation are considered to be defeased and a portion of the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,619,392. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$4,514,919 and resulted in an economic gain of \$4,193,750. On June 30, 2023, \$23,085,000 of bonds outstanding are considered defeased.

f. Current Refunding

On December 8, 2020, the City issued Combined Enterprise System Revenue Refunding Bonds, Series 2020A to refund the Combined Enterprise System Revenue Refunding Bonds, Series 2011. The liability for these bonds has been removed from the business-type activities column of the statement of net position. This refunding was undertaken to reduce the total debt service payments over the next 8 years by \$771,646 and resulted in an economic gain of \$711,646.

On December 8, 2020, the City issued Combined Enterprise System Revenue Refunding Bonds, Series 2020B to refund the 2014 State Revolving Fund Loan. The liability for this loan has been removed from the business-type activities column of the statement of net position. This refunding was undertaken to reduce the total debt service payments over the next 14 years by \$345,638 and resulted in an economic gain of \$305,638.

g. Changes in Long-Term Liabilities

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>Portion of</u>
Governmental Activities:					
General and Parks and Recreation Fund:					
Direct placement installment purchasing obligations	\$ 5,485,214	\$ 840,672	\$ 1,189,290	\$ 5,136,596	\$ 1,274,432
Lease liabilities	75,006	2,839	36,876	40,969	33,424
Subscription liabilities	-	137,090	71,937	65,153	27,465
Compensated absences	2,770,613	2,017,070	1,171,313	3,616,370	2,422,968
Total pension liability (LEOSSA)	4,585,539	1,451,334	1,272,841	4,764,032	275,309
Net pension liability (LGERS)	4,123,702	10,734,433	-	14,858,135	-
Total OPEB liability	<u>37,466,708</u>	<u>-</u>	<u>7,041,938</u>	<u>30,424,770</u>	<u>612,547</u>
Limited obligation bonds	16,655,000	-	900,000	15,755,000	900,000
Less unamortized premiums	2,764,748	-	146,792	2,617,956	146,792
Total limited obligation bonds	<u>19,419,748</u>	<u>-</u>	<u>1,046,792</u>	<u>18,372,956</u>	<u>1,046,792</u>
Total	<u>73,926,530</u>	<u>15,183,438</u>	<u>11,830,987</u>	<u>77,278,981</u>	<u>5,692,937</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Golf Course:					
Direct placement installment purchasing obligations	52,684	-	6,141	46,543	6,255
Lease liabilities	600	-	333	267	267
Compensated absences	25,326	23,377	20,733	27,970	18,740
Total OPEB liability	135,689	-	25,503	110,186	2,218
Total	<u>214,299</u>	<u>23,377</u>	<u>52,710</u>	<u>184,966</u>	<u>27,480</u>
Downtown Monroe Fund:					
Lease liabilities	600	-	333	267	267
Direct placement installment purchasing obligations	16,491	-	1,922	14,569	1,958
Total	<u>17,091</u>	<u>-</u>	<u>2,255</u>	<u>14,836</u>	<u>2,225</u>
Monroe-Union County Economic Development Fund:					
Lease liabilities	2,839	-	2,839	-	-
Direct placement installment purchasing obligations	17,740	-	17,740	-	-
Total	<u>20,579</u>	<u>-</u>	<u>20,579</u>	<u>-</u>	<u>-</u>
Occupancy Tax Fund:					
Limited obligation bonds	3,125,000	-	130,000	2,995,000	135,000
Less unamortized premiums	143,232	-	8,426	134,806	8,426
Total limited obligation bonds	<u>3,268,232</u>	<u>-</u>	<u>138,426</u>	<u>3,129,806</u>	<u>143,426</u>
Total governmental activities	<u>\$ 77,446,731</u>	<u>\$ 15,206,815</u>	<u>\$ 12,044,957</u>	<u>\$ 80,608,589</u>	<u>\$ 5,866,068</u>
	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences	\$ 289,621	\$ 256,765	\$ 173,701	\$ 372,685	\$ 249,699
Lease liabilities	8,666	-	5,167	3,499	3,499
Net pension liability (LGERS)	767,615	2,026,122	-	2,793,737	-
Total OPEB liability	7,012,457	-	1,318,004	5,694,453	114,647
Direct placement installment purchasing obligations	224,197	-	26,134	198,063	26,618
Revenue bonds	18,307,682	-	1,248,833	17,058,849	996,788
Plus bond premium	1,606,872	-	94,970	1,511,902	94,970
Total revenue bonds	<u>19,914,554</u>	<u>-</u>	<u>1,343,803</u>	<u>18,570,751</u>	<u>1,091,758</u>
Total Water and Sewer Fund	<u>28,217,110</u>	<u>2,282,887</u>	<u>2,866,809</u>	<u>27,633,188</u>	<u>1,486,221</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Electric Fund:					
Compensated absences	307,275	313,361	187,009	433,627	290,530
Lease liabilities	4,853	11,881	5,306	11,428	4,371
Net pension liability (LGERS)	333,230	879,557	-	1,212,787	-
Total OPEB liability	3,061,166	-	575,352	2,485,814	50,047
Direct placement installment purchasing obligations	198,342	-	23,120	175,222	23,548
Revenue bonds	11,639,613	-	857,581	10,782,032	875,373
Plus bond premium	1,790,796	-	162,799	1,627,997	162,799
Total revenue bonds	13,430,409	-	1,020,380	12,410,029	1,038,172
Total Electric Fund	17,335,275	1,204,799	1,811,167	16,728,907	1,406,668
Natural Gas Fund:					
Compensated absences	155,782	120,153	64,292	211,643	141,801
Lease liabilities	468	-	279	189	189
Total OPEB liability	1,552,293	-	291,757	1,260,536	25,379
Net pension liability (LGERS)	172,565	455,485	-	628,050	-
Direct placement installment purchasing obligations	133,348	-	15,544	117,804	15,832
Limited obligation bonds	31,490,000	-	1,215,000	30,275,000	1,255,000
Plus bond premium	2,501,516	-	145,369	2,356,147	145,369
Total limited obligation bonds	33,991,516	-	1,360,369	32,631,147	1,400,369
Revenue bonds	1,944,763	-	143,286	1,801,477	146,259
Plus bond premium	299,179	-	27,198	271,981	27,198
Total revenue bonds	2,243,942	-	170,484	2,073,458	173,457
Total Natural Gas Fund	38,249,914	575,638	1,902,725	36,922,827	1,757,027
Airport Fund:					
Compensated absences	43,882	15,291	17,777	41,396	27,735
Lease liabilities	3,307	-	1,972	1,335	1,335
Net pension liability (LGERS)	142,811	376,953	-	519,764	-
Total OPEB liability	1,297,199	-	243,810	1,053,389	21,208
Direct placement installment purchasing obligations	59,404	-	6,925	52,479	7,053
Revenue bonds	7,028,940	-	913,300	6,115,640	904,580
Plus bond premium	231,604	-	11,029	220,575	11,029
Total revenue bonds	7,260,544	-	924,329	6,336,215	915,609
Total Airport Fund	8,807,147	392,244	1,194,813	8,004,578	972,940

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>Balance</u> <u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Aquatics and Fitness					
Center Fund:					
Compensated absences	101,105	40,773	35,403	106,475	71,338
Lease liabilities	10,503	-	6,263	4,240	4,240
Subscription liabilities	-	72,125	24,308	47,817	23,630
Net pension liability (LGERS)	279,674	738,199	-	1,017,873	-
Total OPEB liability	2,556,398	-	480,479	2,075,919	41,795
Direct placement installment purchasing obligations	<u>73,970</u>	<u>-</u>	<u>8,623</u>	<u>65,347</u>	<u>8,782</u>
Total Aquatics and Fitness Center Fund	<u>3,021,650</u>	<u>851,097</u>	<u>555,076</u>	<u>3,317,671</u>	<u>149,785</u>
Stormwater Fund:					
Compensated absences	43,188	21,806	29,997	34,997	23,448
Net pension liability (LGERS)	124,960	329,834	-	454,794	-
Total OPEB liability	1,118,084	-	210,146	907,938	18,280
Direct placement installment purchasing obligations	<u>183,912</u>	<u>-</u>	<u>116,849</u>	<u>67,063</u>	<u>9,013</u>
Total Stormwater Fund	<u>1,470,144</u>	<u>351,640</u>	<u>356,992</u>	<u>1,464,792</u>	<u>50,741</u>
Solid Waste Fund:					
Compensated absences	15,684	15,456	11,320	19,820	13,279
Net pension liability (LGERS)	5,951	15,706	-	21,657	-
Total OPEB liability	75,986	-	14,281	61,705	1,242
Direct placement installment purchasing obligations	<u>58,593</u>	<u>-</u>	<u>6,831</u>	<u>51,762</u>	<u>6,956</u>
Total Solid Waste Fund	<u>156,214</u>	<u>31,162</u>	<u>32,432</u>	<u>154,944</u>	<u>21,477</u>
Total business-type activities	<u><u>\$ 97,257,454</u></u>	<u><u>\$ 5,689,467</u></u>	<u><u>\$ 8,720,014</u></u>	<u><u>\$ 94,226,907</u></u>	<u><u>\$ 5,844,859</u></u>

For governmental activities, compensated absences, and other post-employment benefit liabilities are liquidated by the General Fund. For business-type activities, compensated absences, and other post-employment benefit liabilities are liquidated by the respective business-type fund.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

C. Interfund Balances and Activity

Interfund balances at June 30, 2023 consist of the following:

Due to	General Fund	Airport Fund	Total
Electric Fund	\$ 619,444	\$ 647,524	\$ 1,266,968

The balance of \$619,444 due to the Electric Fund from the General Fund resulted from financing of the ATI Specialty Materials land for economic development incentives. The promissory note is for \$1,058,562 payable annually over 15 years with interest accruing at 2.84%. The current portion of this note is \$70,057 and the balance of \$549,387 is not scheduled to be collected in the subsequent year.

The balance of \$647,524 due to the Electric Fund from the Airport Fund resulted from financing of a bulk airplane storage hangar. The promissory note is payable in 20 equal annual installments of \$60,265 with interest accruing at 2.84%. The current portion of this note is \$41,875 and the balance of \$605,649 is not scheduled to be collected in the subsequent year.

The Internal Service Fund is consolidated into governmental activities. The adjustment related to the enterprise funds is \$139,946.

Balances due to/from component units at June 30, 2023 consist of the following:

Due to the Primary Government:

Monroe Tourism Development Authority \$ 24,485

Monroe ABC Board \$ 93,700

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Transfers to/from other funds for the year ended June 30, 2023 consist of the following:

From the General Fund to the Airport Fund for Airport subsidy and various projects	\$ 1,025,734
From the General Fund to the Property and Casualty Fund for settlement	50,000
To General Fund from American Rescue Plan Act of 2021- for revenue replacement and the provision of government services	4,337,278
From the Airport Capital Project Fund to the General Fund for various projects	571
From the Capital Project Fund to the General Fund for Fire Station #6 and to close completed projects	5,102,766
From the Electric Fund to the General Fund for payment in lieu of taxes	419,309
From the Natural Gas Fund to the General Fund for payment in lieu of taxes	175,207
From the General Fund to the Downtown Monroe Fund for downtown subsidy	216,708
From the General Fund to the Capital Projects Fund for various projects	7,072,253
From the General Fund to the American Rescue Plan Act of 2021 Fund for ARPA funding	48,493
From the Water and Sewer Fund to the Electric Capital Project Fund for management software for utilities	100,000
From the Water and Sewer Fund to the Capital Projects Fund for various projects	26,667
From the Electric Fund to the Capital Projects Fund for various projects	26,666
From the Natural Gas Fund to the Electric Capital Projects Fund for management software for utilities	350,000

IV. Jointly Governed Organizations

The City, in conjunction with eighteen other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The nineteen members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2023 were \$40,898,936.

Also, the City, in conjunction with nine Central North Carolina counties and sixty-six other municipalities established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$8,332 to the Council during the fiscal year ended June 30, 2023.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

V. Joint Venture

The City has entered into a joint venture agreement with Public Service Company of North Carolina, Incorporated, a South Carolina corporation d/b/a PSNC Energy (“PSNC”). The City has installed natural gas pipeline, a control station, an emergency connector, various valves and electronic data control equipment in Iredell and Cabarrus Counties which is located in PSNC’s service area. These facilities will be “joint facilities” to be owned by the City. The City will be responsible for providing all operation, maintenance, inspection, and repair of the joint facilities. PSNC has agreed to reimburse the City for 25% of the total cost of operation and maintenance. This reimbursement is equal to PSNC’s right to 25% of the capacity in the joint facilities in Cabarrus and Iredell counties. PSNC files SCANA’s annual SEC Form 10-K with the North Carolina Utilities Commission. A full copy of this report can be obtained from the Commission’s website in Docket No. G-5, Sub 400A or on SCANA’s website at: <http://www.scana.com/en/investor-relations/financial-reports/>. In addition, PSNC’s financial statements can be found on PSNC’s website at: <http://www.psncenergy.com/en/financial-statements/>.

VI. Related Organization

The seven-member Board of the Monroe Housing Authority is appointed by the City Council and Mayor of the City of Monroe. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Monroe is also disclosed as a related organization in the notes to the financial statements for the Monroe Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority’s offices at Post Office Box 805, Monroe, North Carolina 28111.

VII. Related Party Transactions

The City and its discretely presented component units engaged in the following transactions during the year ended June 30, 2023:

City of Monroe ABC Board:

Payments to the City for profit distributions	\$ 145,200
Payments to the City for law enforcement	95,805
Total	<u>\$ 241,005</u>

Monroe-Union County Economic Development

Commission:

Capital distribution from City	\$ 466,342
Interlocal Agreement Revenue from City	495,000
Total	<u>\$ 961,342</u>

Monroe Tourism Development Authority:

by the City to the Authority	<u>\$ 819,618</u>
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Payment by the Authority to the City for the Occupancy Tax Project	<u>\$ 273,206</u>
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CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

VIII. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 42,580,863
Less:	
Inventories	262,111
Prepays	1,878,829
Stabilization by state statute	9,207,281
Public safety	1,971,111
Culture and recreation	834,038
Powell Bill reserves	3,327,824
Minimum fund balance requirement	13,820,359
Airport grant acceptance	250,249
Downtown projects	1,369,993
Subsequent year's expenditures	<u>3,834,828</u>
Remaining fund balance	<u>\$ 5,824,240</u>

IX. Summary Disclosures of Significant Contingencies

Federal and State-Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies.

Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

X. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, the expenditures made in the City's Electric Fund, Airport Fund, and Aquatic Fund exceeded appropriations made by the governing board by the following:

Electric Fund:	
Debt service	\$ 6,628
Total Electric Fund	<u>\$ 6,628</u>
Airport Fund:	
Debt service	\$ 38,138
Total Airport Fund	<u>\$ 38,138</u>
Aquatic Fund:	
Debt service	\$ 25,603
Total Aquatic Fund	<u>\$ 25,603</u>

These over expenditures occurred because the government failed to amend its annual budget to properly budget for the debt service related to lease liabilities and subscription liabilities as required under GASB 87 and GASB 96. Management and staff will more closely evaluate future agreements to ensure compliance in future years.

XI. Contingent Liabilities

At June 30, 2023, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Required Supplementary Information

- Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability
 - Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll
 - Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios
 - Local Government Employees' Retirement System City of Monroe's Proportionate Share of Net Pension Liability (Asset) - Last Ten Fiscal Years
 - Local Government Employees' Retirement System City of Monroe's Contributions - Last Ten Fiscal Years
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CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST SEVEN FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance				
	2023	2022	2021	2020
Beginning balance	\$ 4,585,539	\$ 5,026,861	\$ 4,573,806	\$ 4,156,173
Service cost	218,392	165,307	161,500	156,038
Interest on the total pension liability	90,451	103,132	145,057	147,776
Differences between expected and actual experience in the measurement of the total pension liability	991,772	(711,957)	-	182,471
Changes of assumptions or other inputs	(716,962)	326,478	394,929	124,119
Benefit payments	(405,160)	(324,282)	(248,431)	(192,771)
Ending balance of the total pension liability	<u>\$ 4,764,032</u>	<u>\$ 4,585,539</u>	<u>\$ 5,026,861</u>	<u>\$ 4,573,806</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

*Pension schedules are intended to show information for ten years. Additional years' information will be displayed as it comes available.

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST SEVEN FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 4,075,929	\$ 3,592,717	\$ 3,520,979
Service cost	162,022	140,123	144,779
Interest on the total pension liability	126,067	135,710	123,698
Differences between expected and actual experience in the measurement of the total pension liability	116,892	134,370	-
Changes of assumptions or other inputs	(151,784)	226,817	(84,642)
Benefit payments	(172,953)	(153,808)	(112,097)
Ending balance of the total pension liability	<u>\$ 4,156,173</u>	<u>\$ 4,075,929</u>	<u>\$ 3,592,717</u>

CITY OF MONROE, NORTH CAROLINA

SCHEDE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST SEVEN FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance

	2023	2022	2021	2020
Total pension liability	\$ 4,764,032	\$ 4,585,539	\$ 5,026,861	\$ 4,573,806
Covered employee payroll	5,214,248	5,288,479	5,488,440	5,488,440
Total pension liability as a percentage of covered employee payroll	91.37%	86.71%	91.59%	83.34%

Notes to the Schedules:

The City of Monroe has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

*Pension schedules are intended to show information for ten years. Additional years' information will be displayed as it comes available.

CITY OF MONROE, NORTH CAROLINA

**SCHEDE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED EMPLOYEE
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS***

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 4,156,173	\$ 4,075,929	\$ 3,592,717
Covered employee payroll	5,171,410	5,106,289	4,986,204
Total pension liability as a percentage of covered employee payroll	80.37%	79.82%	72.05%

CITY OF MONROE, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS*

Other Post-Employment Benefits

	2023	2022	2021
Service cost	\$ 2,525,725	\$ 1,770,891	\$ 1,732,600
Interest	1,161,386	1,128,148	1,355,967
Changes of benefit terms	-	-	-
Differences between expected and actual experience	429,802	(831,990)	-
Changes of assumptions or other inputs	(12,872,144)	1,589,512	10,254,689
Benefit payments	(1,446,039)	(855,966)	(1,219,557)
Net change in total OPEB liability	(10,201,270)	2,800,595	12,123,699
Total OPEB liability - beginning	54,275,980	51,475,385	39,351,686
Total OPEB liability - ending	\$ 44,074,710	\$ 54,275,980	\$ 51,475,385
 Covered employee payroll	 \$ 26,383,362	 \$ 26,383,362	 \$ 25,494,320
Total OPEB liability as a percentage of covered employee payroll	167.05%	205.72%	201.91%

Notes to the Required Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2023	3.69%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2027.

The City of Monroe has no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits.

CITY OF MONROE, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST SIX FISCAL YEARS*

Other Post-Employment Benefits

	2020	2019	2018
Service cost	\$ 1,674,010	\$ 1,785,472	\$ 2,039,080
Interest	1,611,202	1,474,116	1,304,239
Changes of benefit terms	(2,085,307)	-	-
Differences between expected and actual experience	(2,651,754)	(115,643)	(201,752)
Changes of assumptions or other inputs	(330,383)	(2,557,585)	(4,544,221)
Benefit payments	<u>(564,944)</u>	<u>(585,371)</u>	<u>(455,985)</u>
Net change in total OPEB liability	(2,347,176)	989	(1,858,639)
Total OPEB liability - beginning	41,698,862	41,697,873	43,556,512
Total OPEB liability - ending	<u>\$ 39,351,686</u>	<u>\$ 41,698,862</u>	<u>\$ 41,697,873</u>
 Covered employee payroll	 \$ 25,494,320	 \$ 22,116,108	 \$ 22,116,108
Total OPEB liability as a percentage of covered employee payroll	154.35%	188.55%	188.54%

CITY OF MONROE, NORTH CAROLINA

**CITY OF MONROE'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
Monroe's proportion of the net pension liability (asset) (%)	0.38387%	0.38801%	0.38425%	0.38521%	0.38665%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 21,506,797	\$ 5,950,508	\$ 13,730,889	\$ 10,519,788	\$ 9,172,662
Monroe's covered payroll	\$ 29,452,814	\$ 28,187,749	\$ 27,454,853	\$ 26,409,947	\$ 24,933,732
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.02%	21.11%	50.01%	39.83%	36.79%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

CITY OF MONROE, NORTH CAROLINA

**CITY OF MONROE'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)**
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS*

Local Governmental Employees' Retirement System					
	2018	2017	2016	2015	2014
Monroe's proportion of the net pension liability (asset) (%)	0.38737%	0.39039%	0.43129%	0.44081%	0.46720%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 5,917,943	\$ 8,285,386	\$ 1,935,602	\$ (2,599,661)	\$ 5,631,554
Monroe's covered payroll	\$ 23,996,590	\$ 23,236,408	\$ 22,549,809	\$ 22,549,809	\$ 21,999,994
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.66%	35.66%	8.58%	(11.53%)	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

CITY OF MONROE, NORTH CAROLINA

CITY OF MONROE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 4,162,306	\$ 3,398,074	\$ 2,913,676	\$ 2,512,465	\$ 2,100,061
Contributions in relation to the contractually required contribution	<u>4,162,306</u>	<u>3,398,074</u>	<u>2,913,676</u>	<u>2,512,465</u>	<u>2,100,061</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Monroe's covered payroll	\$ 33,790,293	\$ 29,452,814	\$ 28,187,749	\$ 27,454,853	\$ 26,409,947
Contributions as a percentage of covered payroll	12.32%	11.54%	10.34%	9.15%	7.95%

CITY OF MONROE, NORTH CAROLINA**CITY OF MONROE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,920,739	\$ 1,790,488	\$ 1,586,301	\$ 1,611,462	\$ 1,604,437
Contributions in relation to the contractually required contribution	1,920,739	1,790,488	1,586,301	1,611,462	1,604,437
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Monroe's covered payroll	\$ 24,933,732	\$ 23,996,590	\$ 23,236,408	\$ 22,572,529	\$ 22,549,809
Contributions as a percentage of covered payroll	7.70%	7.46%	6.83%	7.14%	7.12%



Other Supplementary Information

- General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
 - Budget to Actual Comparison for Major Capital Project Fund, Nonmajor Governmental Funds, Enterprise Funds and Internal Service Funds of the Primary Government
 - Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy – City-Wide Levy
 - Schedule of Municipal Service District Taxes Receivable
 - Analysis of Current Tax Levy – Municipal Service District Levy
-
-

CITY OF MONROE, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 24,644,060	\$ 25,993,436	\$ 1,349,376
Penalties and interest	110,220	111,787	1,567
Total	<u>24,754,280</u>	<u>26,105,223</u>	<u>1,350,943</u>
Other Taxes and Licenses:			
Beer and wine and taxicab licenses	2,325	2,227	(98)
Gross receipts tax on short-term rental property	110,022	151,392	41,370
Motor vehicle tax	864,500	912,690	48,190
Total	<u>976,847</u>	<u>1,066,309</u>	<u>89,462</u>
Unrestricted Intergovernmental:			
Sales and use tax	10,669,348	10,844,265	174,917
Telecommunications sales tax	220,000	162,856	(57,144)
Utility sales tax	2,960,960	3,178,125	217,165
Video franchise fee	173,696	173,646	(50)
Beer and wine tax	151,360	157,435	6,075
State fire fees	2,656	2,501	(155)
ABC profit distribution	249,795	145,200	(104,595)
Total	<u>14,427,815</u>	<u>14,664,028</u>	<u>236,213</u>
Restricted Intergovernmental:			
Powell Bill allocation	1,039,002	1,040,393	1,391
Public safety reimbursement grants	25,459	-	(25,459)
ABC Revenue for law enforcement	79,700	95,805	16,105
Resource officer reimbursement	333,650	359,482	25,832
Fire reimbursement grants	40,000	40,000	-
FEMA reimbursement grants	-	63,687	63,687
Equitable sharing of federally forfeited property	-	16,239	16,239
Parks and recreation grants	-	806	806
Campus safety officer reimbursement	134,220	176,841	42,621
Interlocal agreement - finance	-	8,730	8,730
Total	<u>1,652,031</u>	<u>1,801,983</u>	<u>149,952</u>
Sales and Services:			
Recreational fees	1,239,735	1,461,748	222,013
Utilities collection fees	409,780	425,736	15,956
Building permit fees	628,068	1,330,803	702,735
Cemetery revenues	74,228	54,770	(19,458)
Sale of capital assets	118,630	164,616	45,986
Rentals	115,300	105,891	(9,409)
Center Theatre sales and fees	348,632	134,468	(214,164)
Other fees	392,707	626,043	233,336
Total	<u>3,327,080</u>	<u>4,304,075</u>	<u>976,995</u>

CITY OF MONROE, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Investment Earnings	<u>741,781</u>	<u>857,428</u>	<u>115,647</u>
Miscellaneous:			
Donations	194,224	42,399	(151,825)
Other	<u>375,098</u>	<u>423,101</u>	<u>48,003</u>
Total	<u>569,322</u>	<u>465,500</u>	<u>(103,822)</u>
Total revenues	<u>46,449,156</u>	<u>49,264,546</u>	<u>2,815,390</u>
Expenditures:			
Current:			
General Government:			
Salaries and employee benefits	9,789,902	8,857,251	932,651
Operating expenditures	<u>6,290,320</u>	<u>5,085,465</u>	<u>1,204,855</u>
Capital outlay	712,784	733,475	(20,691)
Interdepartmental charges	<u>(7,448,048)</u>	<u>(7,183,889)</u>	<u>(264,159)</u>
Total general government	<u>9,344,958</u>	<u>7,492,302</u>	<u>1,852,656</u>
Transportation:			
Streets and highways			
Salaries and employee benefits	1,538,151	1,412,298	125,853
Operating expenditures	<u>2,811,910</u>	<u>2,021,463</u>	<u>790,447</u>
Capital outlay	2,946,399	1,801,570	1,144,829
Interdepartmental charges	<u>(374,178)</u>	<u>(775,091)</u>	<u>400,913</u>
Total transportation	<u>6,922,282</u>	<u>4,460,240</u>	<u>2,462,042</u>
Public Safety:			
Salaries and employee benefits	22,891,804	21,985,381	906,423
Operating expenditures	<u>3,230,304</u>	<u>2,737,990</u>	<u>492,314</u>
Capital outlay	3,617,950	1,197,473	2,420,477
Total public safety	<u>29,740,058</u>	<u>25,920,844</u>	<u>3,819,214</u>
Culture and Recreation:			
Salaries and employee benefits	3,506,434	3,220,776	285,658
Operating expenditures	<u>2,020,705</u>	<u>1,558,750</u>	<u>461,955</u>
Capital outlay	421,395	149,666	271,729
Interdepartmental charges	<u>(138,006)</u>	<u>(138,006)</u>	<u>-</u>
Total culture and recreation	<u>5,810,528</u>	<u>4,791,186</u>	<u>1,019,342</u>
Debt Service:			
Principal retirement	2,202,602	2,204,577	(1,975)
Interest and other charges	<u>855,578</u>	<u>850,195</u>	<u>5,383</u>
Total	<u>3,058,180</u>	<u>3,054,772</u>	<u>3,408</u>
Total expenditures	<u>54,876,006</u>	<u>45,719,344</u>	<u>9,156,662</u>

CITY OF MONROE, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	<u>(8,426,850)</u>	<u>3,545,202</u>	<u>11,972,052</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Special revenue funds:			
American Rescue Plan Act of 2021	4,288,872	4,337,278	48,406
American Rescue Plan Act of 2021	(48,493)	(48,493)	-
Downtown Monroe Fund	(216,708)	(216,708)	-
Capital projects funds:			
Capital projects	(7,120,949)	(7,072,253)	48,696
Capital projects	5,151,273	5,102,766	(48,507)
Internal service funds:			
Self Insured Property And Casualty Fund	(50,000)	(50,000)	-
Airport Fund	571	571	-
Airport Fund	(1,289,851)	(1,025,734)	264,117
Natural Gas Fund	174,000	175,207	1,207
Electric Fund	450,000	419,309	(30,691)
Subscriptions issued	-	137,090	137,090
Installment purchase obligations issued	825,000	840,672	15,672
Total other financing sources (uses)	<u>2,163,715</u>	<u>2,602,544</u>	<u>438,829</u>
Appropriated fund balance	<u>6,263,135</u>	<u>-</u>	<u>(6,263,135)</u>
Net change in fund balance	<u>\$ -</u>	<u>6,147,746</u>	<u>\$ 6,147,746</u>
Fund Balance:			
Beginning of year, July 1			<u>36,433,117</u>
End of year, June 30			<u>\$ 42,580,863</u>

CITY OF MONROE, NORTH CAROLINA

MAJOR - CAPITAL PROJECTS FUND

CAPITAL PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

				Actual		
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under	
Revenues:						
Restricted intergovernmental	\$ 1,816,000	\$ 1,789,967	\$ 327,723	\$ 2,117,690	\$ 301,690	
Miscellaneous	2,788	5,253	2,788	8,041	5,253	
Investment earnings	722	96,293	159,589	255,882	255,160	
Total revenues	<u>1,819,510</u>	<u>1,891,513</u>	<u>490,100</u>	<u>2,381,613</u>	<u>562,103</u>	
Expenditures:						
Capital outlay:						
Construction costs capitalized	21,560,188	18,356,908	2,969,270	21,326,178	234,010	
Construction in progress	43,775,939	8,909,652	9,256,943	18,166,595	25,609,344	
Other costs	1,104,017	61,664	119,823	181,487	922,530	
Total expenditures	<u>66,440,144</u>	<u>27,328,224</u>	<u>12,346,036</u>	<u>39,674,260</u>	<u>26,765,884</u>	
Revenues over (under) expenditures	<u>(64,620,634)</u>	<u>(25,436,711)</u>	<u>(11,855,936)</u>	<u>(37,292,647)</u>	<u>27,327,987</u>	
Other Financing Sources (Uses):						
Transfers from (to) other funds:						
Natural Gas Fund	199,411	199,411	-	199,411	-	
To General Fund	(5,204,971)	(102,191)	(5,102,766)	(5,204,957)	14	
From General Fund	33,318,088	26,201,242	7,072,253	33,273,495	(44,593)	
Parks and Recreation Fund (General Fund)	543,756	543,756	-	543,756	-	
Downtown Monroe Fund	61,729	61,729	-	61,729	-	
Monroe UC Economic Development Fund	22,400	22,400	-	22,400	-	
Occupancy Tax Capital Project Fund	3,220	3,220	-	3,220	-	
Monroe Fitness and Aquatics Center Fund	193,955	193,955	-	193,955	-	
Governmental Capital Reserve Fund	400,000	400,000	-	400,000	-	
Stormwater Fund	131,717	131,717	-	131,717	-	
Airport Fund	72,868	72,868	-	72,868	-	
Solid Waste Fund	80,565	80,565	-	80,565	-	
Workers Comp Fund	76	76	-	76	-	
Property Casualty Fund	72	72	-	72	-	
Health & Dental Fund	148	148	-	148	-	
Water & Sewer Fund	537,091	510,424	26,667	537,091	-	
Electric Fund	489,978	463,312	26,666	489,978	-	
Premium from Limited Obligation Bonds issued	2,597,847	2,597,847	-	2,597,847	-	
Limited obligation bonds issued	17,970,125	17,972,382	-	17,972,382	2,257	
Installment purchase obligations issued	13,202,559	1,219,032	-	1,219,032	(11,983,527)	
Total other financing sources (uses)	<u>64,620,634</u>	<u>50,571,965</u>	<u>2,022,820</u>	<u>52,594,785</u>	<u>(12,025,849)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,135,254</u>	<u>(9,833,116)</u>	<u>\$ 15,302,138</u>	<u>\$ 15,302,138</u>	
Fund Balance:						
Beginning of year, July 1				<u>25,135,254</u>		
End of year, June 30				<u>\$ 15,302,138</u>		



Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes.

Community Development - This fund is used to account for specific revenues that are restricted to fund continuing rehabilitation of housing within certain targeted areas of the City.

Downtown Monroe - This fund is used to account for specific revenues that are restricted for the purpose of downtown revitalization.

Occupancy Tax - This fund is used to account for specific revenues that are restricted for the purpose of tourism promotion.

Asset Forfeiture - This fund is used to account for specific revenues that are restricted for the purpose of public safety.

Monroe Union County Economic Development – This fund is used to account for specific revenues that are restricted for the purpose of county-wide economic development.

American Rescue Plan Act of 2021 – This fund is used to account for specific revenues that are restricted to the American Rescue Plan Act of 2021.

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Occupancy Tax Projects – This fund is used to account for tourism related capital expenditures.

Capital Reserve Funds

Capital Reserve Funds account for financial resources to be accumulated and used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Governmental Capital Reserve - This fund is used to accumulate funds for the purpose of constructing greenways.

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds				
	Community Development	Downtown Monroe	Occupancy Tax	Asset Forfeiture	Monroe Union Economic Development
Assets:					
Cash and cash equivalents	\$ 56,562	\$ 104,864	\$ 273,474	\$ 404,919	\$ -
Taxes receivable	-	1,484	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	198	-	-	-
Due from component unit	-	-	24,485	-	-
Cash and cash equivalents - restricted	-	-	-	-	-
Total assets	<u>\$ 56,562</u>	<u>\$ 106,546</u>	<u>\$ 297,959</u>	<u>\$ 404,919</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 2,522	\$ 30,448	\$ 110	\$ -
Advance from grantor	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,522</u>	<u>30,448</u>	<u>110</u>	<u>-</u>
Deferred Inflows of Resources					
	<u>-</u>	<u>1,484</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Non-spendable:					
Restricted:					
Stabilization by state statute	-	459	24,485	1	-
Public safety	-	-	-	404,808	-
Occupancy tax capital projects	-	-	-	-	-
Committed:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Assigned	<u>56,562</u>	<u>102,081</u>	<u>243,026</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>56,562</u>	<u>102,540</u>	<u>267,511</u>	<u>404,809</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 106,546</u>	<u>\$ 297,959</u>	<u>\$ 404,919</u>	<u>\$ -</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds			Capital Project Funds			Total	
	American Rescue Plan Act of 2021		Total	Occupancy Tax Projects	Governmental Capital Reserve	Total	Nonmajor Governmental Funds	
Assets:								
Cash and cash equivalents	\$ 31,236	\$ 871,055	\$ 172,158	\$ 221,455	\$ 393,613	\$ 1,264,668		
Taxes receivable	-	1,484	-	-	-	-	1,484	
Accounts receivable	-	-	5,800	-	-	5,800	5,800	
Due from other governments	-	198	-	-	-	-	198	
Due from component unit	-	24,485	-	-	-	-	24,485	
Cash and cash equivalents - restricted	1,375,000	1,375,000	-	-	-	-	1,375,000	
Total assets	\$ 1,406,236	\$ 2,272,222	\$ 177,958	\$ 221,455	\$ 399,413	\$ 2,671,635		
Liabilities, Deferred Inflows of Resources, and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 33,080	\$ -	\$ -	\$ -	\$ -	\$ 33,080	
Advance from grantor	1,375,000	1,375,000	-	-	-	-	1,375,000	
Total liabilities	1,375,000	1,408,080	-	-	-	-	1,408,080	
Deferred Inflows of Resources	-	1,484	-	-	-	-	1,484	
Fund Balances:								
Non-spendable:								
Restricted:								
Stabilization by state statute	-	24,945	8,984	-	8,984	8,984	33,929	
Public safety	-	404,808	-	-	-	-	404,808	
Occupancy tax capital projects	-	-	168,974	-	168,974	168,974	168,974	
Committed:								
Public safety	31,236	31,236	-	-	-	-	31,236	
Culture and recreation	-	-	-	221,455	221,455	221,455	221,455	
Assigned	-	401,669	-	-	-	-	401,669	
Total fund balances	31,236	862,658	177,958	221,455	399,413	399,413	1,262,071	
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,406,236	\$ 2,272,222	\$ 177,958	\$ 221,455	\$ 399,413	\$ 399,413	\$ 2,671,635	

CITY OF MONROE, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	Community Development	Downtown Monroe	Occupancy Tax	Asset Forfeiture	Monroe Union Economic Development
Revenues:					
Ad valorem taxes	\$ -	\$ 69,130	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	273,206	-	-
Restricted intergovernmental	-	-	-	153,733	-
Donation	-	-	-	-	-
Investment earnings	-	-	4,845	7,634	-
Total revenues	-	69,130	278,051	161,367	-
Expenditures:					
Current:					
Public safety	-	-	-	203,790	-
Economic and physical development:					
Administration	-	426,138	-	-	445,763
Tourism	-	-	-	-	-
Debt service:					
Principal	-	2,255	130,000	-	20,579
Interest	-	349	128,403	-	-
Total expenditures	-	428,742	258,403	203,790	466,342
Revenues over (under) expenditures	-	(359,612)	19,648	(42,423)	(466,342)
Other Financing Sources (Uses):					
Transfers from other funds	-	216,708	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	216,708	-	-	-
Net change in fund balances	-	(142,904)	19,648	(42,423)	(466,342)
Fund Balances:					
Beginning of year, July 1	56,562	245,444	247,863	447,232	466,342
End of year, June 30	\$ 56,562	\$ 102,540	\$ 267,511	\$ 404,809	\$ -

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		Capital Project Funds			Total	
	American Rescue Plan Act of 2021		Occupancy Tax Projects	Governmental Capital Reserve	Total	Nonmajor Governmental Funds	
	Total						
Revenues:							
Ad valorem taxes	\$ -	\$ 69,130	\$ -	\$ -	\$ -	\$ -	\$ 69,130
Other taxes and licenses	-	273,206	-	-	-	-	273,206
Restricted intergovernmental	4,288,255	4,441,988	80,514	-	80,514	-	4,522,502
Donation	-	-	5,800	-	5,800	-	5,800
Investment earnings	26,680	39,159	3,857	3,324	7,181	-	46,340
Total revenues	4,314,935	4,823,483	90,171	3,324	93,495	-	4,916,978
Expenditures:							
Current:							
Public safety	-	203,790	-	-	-	-	203,790
Economic and physical development:							
Administration	-	871,901	-	-	-	-	871,901
Tourism	-	-	126,323	-	126,323	-	126,323
Debt service:							
Principal	-	152,834	-	-	-	-	152,834
Interest	-	128,752	-	-	-	-	128,752
Total expenditures	-	1,357,277	126,323	-	126,323	-	1,483,600
Revenues over (under) expenditures	4,314,935	3,466,206	(36,152)	3,324	(32,828)	-	3,433,378
Other Financing Sources (Uses):							
Transfers from other funds	48,493	265,201	-	-	-	-	265,201
Transfers to other funds	(4,337,278)	(4,337,278)	-	-	-	-	(4,337,278)
Total other financing sources (uses)	(4,288,785)	(4,072,077)	-	-	-	-	(4,072,077)
Net change in fund balances	26,150	(605,871)	(36,152)	3,324	(32,828)	-	(638,699)
Fund Balances:							
Beginning of year, July 1	5,086	1,468,529	214,110	218,131	432,241	-	1,900,770
End of year, June 30	\$ 31,236	\$ 862,658	\$ 177,958	\$ 221,455	\$ 399,413	\$ 1,262,071	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND

COMMUNITY DEVELOPMENT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -
Fund Balance:			
Beginning of year, July 1		<u> </u> 56,562	
End of year, June 30		\$ <u> </u> 56,562	

CITY OF MONROE, NORTH CAROLINA

**SPECIAL REVENUE FUND
DOWNTOWN MONROE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 64,997	\$ 69,130	\$ 4,133
Total	<u>64,997</u>	<u>69,130</u>	<u>4,133</u>
Expenditures:			
Current:			
Economic and physical development:			
Administration	524,539	426,138	98,401
Total	<u>524,539</u>	<u>426,138</u>	<u>98,401</u>
Debt service:			
Principal retirement	2,256	2,255	1
Interest and other charges	354	349	5
Total	<u>2,610</u>	<u>2,604</u>	<u>6</u>
Total expenditures	<u>527,149</u>	<u>428,742</u>	<u>98,407</u>
Revenues over (under) expenditures	<u>(462,152)</u>	<u>(359,612)</u>	<u>102,540</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
General Fund	216,708	216,708	-
Total other financing sources (uses)	<u>216,708</u>	<u>216,708</u>	<u>-</u>
Appropriated fund balance	<u>245,444</u>	<u>-</u>	<u>(245,444)</u>
Net change in fund balance	<u>\$ -</u>	<u>(142,904)</u>	<u>\$ (142,904)</u>
Fund Balance:			
Beginning of year, July 1			<u>245,444</u>
End of year, June 30	<u>\$ -</u>	<u>102,540</u>	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND

OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Over/Under
Revenues:			
Occupancy tax revenue	\$ 199,497	\$ 273,206	\$ 73,709
Investment earnings	829	4,845	4,016
Total	<u>200,326</u>	<u>278,051</u>	<u>77,725</u>
Expenditures:			
Debt service:			
Principal retirement	130,000	130,000	-
Interest and other charges	128,519	128,403	116
Total	<u>258,519</u>	<u>258,403</u>	<u>116</u>
Revenues over (under) expenditures	(58,193)	19,648	77,841
Other Financing Sources (Uses):			
Appropriated fund balance	<u>58,193</u>	<u>-</u>	<u>(58,193)</u>
Net change in fund balance	<u>\$ -</u>	<u>19,648</u>	<u>\$ 19,648</u>
Fund Balance:			
Beginning of year, July 1			<u>247,863</u>
End of year, June 30		<u>\$ 267,511</u>	

CITY OF MONROE, NORTH CAROLINA

**SPECIAL REVENUE FUND
ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ -	\$ 153,733	\$ 153,733
Investment earnings	<u>-</u>	<u>7,634</u>	<u>7,634</u>
Total	<u>-</u>	<u>161,367</u>	<u>161,367</u>
Expenditures:			
Current:			
Public safety:			
Operating expenditures	<u>447,232</u>	<u>203,790</u>	<u>243,442</u>
Total	<u>447,232</u>	<u>203,790</u>	<u>243,442</u>
Revenues over (under) expenditures	(447,232)	(42,423)	404,809
Other Financing Sources (Uses):			
Appropriated fund balance	<u>447,232</u>	<u>-</u>	<u>(447,232)</u>
Net change in fund balance	<u>\$ -</u>	<u>(42,423)</u>	<u>\$ (42,423)</u>
Fund Balance:			
Beginning of year, July 1		<u>447,232</u>	
End of year, June 30		<u>\$ 404,809</u>	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND
MONROE-UNION COUNTY ECONOMIC DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Current:			
Economic and physical development:			
Distribution of capital to EDC	\$ 445,763	\$ 445,763	\$ _____ -
Total	<u>445,763</u>	<u>445,763</u>	<u>_____ -</u>
Debt service:			
Principal retirement	<u>20,579</u>	<u>20,579</u>	<u>_____ -</u>
Total	<u>20,579</u>	<u>20,579</u>	<u>_____ -</u>
Total expenditures	<u>466,342</u>	<u>466,342</u>	<u>_____ -</u>
Revenues over (under) expenditures	(466,342)	(466,342)	-
Other Financing Sources (Uses):			
Appropriated fund balance	<u>466,342</u>	<u>_____ -</u>	<u>(466,342)</u>
Net change in fund balance	<u>\$ _____ -</u>	<u>(466,342)</u>	<u>\$ _____ (466,342)</u>
Fund Balance:			
Beginning of year, July 1		<u>466,342</u>	
End of year, June 30	<u>\$ _____ -</u>		

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND

AMERICAN RESCUE PLAN ACT OF 2021

SCHEDULE OF REVENUES, EXPENDITURES, AND

**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenue	\$ 11,326,507	\$ 5,663,252	\$ 4,288,255	\$ 9,951,507	\$ (1,375,000)
Investment earnings	30,411	5,088	26,680	31,768	1,357
Total revenues	<u>11,356,918</u>	<u>5,668,340</u>	<u>4,314,935</u>	<u>9,983,275</u>	<u>(1,373,643)</u>
Expenditures:					
Current:					
Construction in progress	1,404,879	-	-	-	1,404,879
Total expenditures	<u>1,404,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,404,879</u>
Revenues over (under) expenditures	<u>9,952,039</u>	<u>5,668,340</u>	<u>4,314,935</u>	<u>9,983,275</u>	<u>31,236</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	48,493	-	48,493	48,493	-
To General Fund	(10,000,532)	(5,663,254)	(4,337,278)	(10,000,532)	-
Total other financing sources (uses)	<u>(9,952,039)</u>	<u>(5,663,254)</u>	<u>(4,288,785)</u>	<u>(9,952,039)</u>	<u>-</u>
Net change in fund balance	\$ -	\$ 5,086	26,150	\$ 31,236	\$ 31,236
Fund Balance:					
Beginning of year, July 1				5,086	
End of year, June 30				<u>\$ 31,236</u>	

CITY OF MONROE, NORTH CAROLINA

CAPITAL PROJECT FUND
OCCUPANCY TAX CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

					Actual	
	Project Authorization	Prior Years	Current Year	Total to Date		Variance Over/Under
Revenues:						
Restricted intergovernmental	\$ 100,000	\$ 19,486	\$ 80,514	\$ 100,000	\$ -	-
Donation	456,014	440,233	5,800	446,033		(9,981)
Investment earnings	-	78,770	3,857	82,627		82,627
Total revenues	<u>556,014</u>	<u>538,489</u>	<u>90,171</u>	<u>628,660</u>		<u>72,646</u>
Expenditures:						
Current:						
Construction costs capitalized	4,921,917	4,997,197	-	4,997,197		(75,280)
Construction in progress	879,014	595,316	103,471	698,787		180,227
Other costs	22,852	-	22,852	22,852		-
Total expenditures	<u>5,823,783</u>	<u>5,592,513</u>	<u>126,323</u>	<u>5,718,836</u>		<u>104,947</u>
Revenues over (under) expenditures	<u>(5,267,769)</u>	<u>(5,054,024)</u>	<u>(36,152)</u>	<u>(5,090,176)</u>		<u>177,593</u>
Other Financing Sources (Uses):						
Transfer from Occupancy Tax Fund	1,707,443	1,707,443	-	1,707,443		-
Proceeds from Limited Obligation Bonds	3,560,326	3,560,691	-	3,560,691		365
Total	<u>5,267,769</u>	<u>5,268,134</u>	<u>-</u>	<u>5,268,134</u>		<u>365</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 214,110</u>	<u>(36,152)</u>	<u>\$ 177,958</u>	<u>\$ 177,958</u>	
Fund Balance:						
Beginning of year, July 1					<u>214,110</u>	
End of year, June 30					<u>\$ 177,958</u>	

CITY OF MONROE, NORTH CAROLINA

**CAPITAL PROJECT FUND
GOVERNMENTAL CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Investment earnings	\$ 3,763	\$ 3,324	\$ (439)
Total revenues	<u>3,763</u>	<u>3,324</u>	<u>(439)</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Capital Projects Fund	<u>(3,763)</u>	<u>-</u>	<u>3,763</u>
Total other financing sources (uses)	<u>(3,763)</u>	<u>-</u>	<u>3,763</u>
Net change in fund balance	<u>\$ -</u>	<u>3,324</u>	<u>\$ 3,324</u>
Fund Balance:			
Beginning of year, July 1		<u>218,131</u>	
End of year, June 30		<u>\$ 221,455</u>	



Enterprise Funds

Water and Sewer Fund - This fund is used to account for the activities associated with the production, distribution, and transmission of potable water and operating and maintaining the City's sanitary sewer system.

Electric Fund - This fund is used to account for the activities associated with the distribution and transmission of electricity by the City to its users.

Natural Gas Fund – This fund is used to account for the activities associated with the distribution of natural gas by the City to its users.

Airport Fund – This fund is used to account for the activities associated with the operation of the City's Airport.

Aquatics and Fitness Center Fund – This fund is used to account for the activities associated with the operation of the City's Aquatics and Fitness Center.

Stormwater Fund – This fund is used to account for the activities associated with the operation of the City's stormwater system.

Solid Waste Fund – This fund is used to account for the activities associated with the operation of the City's solid waste services.

Capital Projects Funds

Water and Sewer Capital Projects - This fund is used to account for the acquisition or construction of major capital items of the City's water and sewer system.

Electric Capital Projects - This fund is used to account for the acquisition or construction of major capital items of the City's electric system.

Natural Gas Capital Projects - This fund is used to account for the acquisition or construction of major capital items of the City's natural gas system.

Airport Capital Projects - This fund is used to account for the acquisition or construction of major capital items of the City's Airport.

Stormwater Capital Projects - This fund is used to account for the acquisition or construction of major capital items of the City's stormwater system.

Capital Reserve Funds

Water and Sewer Capital Reserve - This fund is used to accumulate funds for the purpose of future capital needs in the water and sewer system.

CITY OF MONROE, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 8,433,825	\$ 9,672,382	\$ 1,238,557
Sewer charges	9,341,324	10,628,896	1,287,572
Water and sewer taps	109,718	133,604	23,886
Capacity fees	4,752,163	4,269,662	(482,501)
County waste water charges	550,000	476,727	(73,273)
Total	23,187,030	25,181,271	1,994,241
Other operating revenues	394,046	666,990	272,944
Total operating revenues	23,581,076	25,848,261	2,267,185
Non-operating revenues:			
Other non-operating revenues	322,910	5,822	(317,088)
Investment earnings	93,319	700,282	606,963
Total non-operating revenues	416,229	706,104	289,875
Total revenues	23,997,305	26,554,365	2,557,060
Other Financing Sources (Uses):			
Water & Sewer Capital Project Fund	13,908	13,908	-
Total other financing sources (uses)	13,908	13,908	-
Appropriated fund balance	5,659,060	-	(5,659,060)
Total revenues and other financing sources (uses)	\$ 29,670,273	\$ 26,568,273	\$ (3,102,000)

CITY OF MONROE, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Expenditures:			
Distribution system:			
Salaries and employee benefits	\$ 3,711,412	\$ 3,198,318	\$ 513,094
Repairs and maintenance	2,892,382	1,158,688	1,733,694
Operating expenditures	<u>3,957,541</u>	<u>3,577,404</u>	<u>380,137</u>
Total	<u>10,561,335</u>	<u>7,934,410</u>	<u>2,626,925</u>
Water filter plant:			
Salaries and employee benefits	1,063,402	1,087,478	(24,076)
Operating expenditures	<u>3,802,007</u>	<u>3,493,509</u>	<u>308,498</u>
Total	<u>4,865,409</u>	<u>4,580,987</u>	<u>284,422</u>
Waste treatment plant:			
Salaries and employee benefits	1,379,516	1,244,418	135,098
Operating expenditures	<u>1,998,637</u>	<u>1,535,735</u>	<u>462,902</u>
Total	<u>3,378,153</u>	<u>2,780,153</u>	<u>598,000</u>
Debt service:			
Principal retirement	1,309,780	1,280,134	29,646
Interest and other charges	<u>634,175</u>	<u>660,718</u>	<u>(26,543)</u>
Total	<u>1,943,955</u>	<u>1,940,852</u>	<u>3,103</u>
Capital outlay	<u>1,967,591</u>	<u>1,317,810</u>	<u>649,781</u>
Total expenditures	<u>22,716,443</u>	<u>18,554,212</u>	<u>4,162,231</u>
Other Financing Sources (Uses):			
Transfers:			
Water and Sewer Capital Reserve Fund	(4,752,163)	(4,269,662)	482,501
Electric Capital Project Fund	(100,000)	(100,000)	-
Capital Projects Fund	(26,667)	(26,667)	-
Water and Sewer Capital Projects Fund	<u>(2,075,000)</u>	<u>(2,075,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,953,830)</u>	<u>(6,471,329)</u>	<u>482,501</u>
Total expenditures and other financing sources (uses)	<u>\$ 29,670,273</u>	<u>\$ 25,025,541</u>	<u>\$ 4,644,732</u>

CITY OF MONROE, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

**Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 26,568,273
Total expenditures and other financing sources (uses)	<u>25,025,541</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>1,542,732</u>
Reconciling items:	
Debt principal	1,280,134
Net revenue from capital reserve consolidation	161,305
Net revenue from capital projects consolidation	82,712
Capital outlay	1,317,810
Capital items not charged to capital outlay	7,220,401
Disposal of capital asset	(2,131)
Project transfers - intrafund	6,330,754
Change in compensated absences	(83,064)
Change in OPEB liability	1,318,004
Change in deferred outflows of resources - OPEB	(68,036)
Change in deferred inflows of resources - OPEB	(1,253,080)
Change in deferred outflows of resources - pensions	696,197
Increase in net pension liability	(2,026,122)
Change in deferred inflows of resources - pensions	1,076,805
Depreciation and amortization	<u>(3,950,293)</u>
Total reconciling items	<u>12,101,396</u>
Change in net position	<u>\$ 13,644,128</u>

CITY OF MONROE, NORTH CAROLINA

**WATER AND SEWER CAPITAL PROJECTS FUNDS
CAPITAL RESERVE
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	\$ -	\$ 161,305	\$ (161,305)
Total revenues	<u>-</u>	<u>161,305</u>	<u>(161,305)</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Transfer to Water and Sewer Capital Project Fund	(7,250,000)	(7,250,000)	-
Transfer from Water and Sewer Fund	<u>7,250,000</u>	<u>4,269,662</u>	<u>(2,980,338)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,980,338)</u>	<u>(2,980,338)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,819,033)</u>	<u>\$ (2,819,033)</u>
Fund Balance:			
Beginning of year, July 1		<u>16,730,702</u>	
End of year, June 30		<u>\$ 13,911,669</u>	

CITY OF MONROE, NORTH CAROLINA

**WATER AND SEWER CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 300,000	\$ 486,526	\$ 81,760	\$ 568,286	\$ 268,286
Investment earnings	-	977	952	1,929	1,929
Miscellaneous	-	1,343	-	1,343	1,343
Total revenues	<u>300,000</u>	<u>488,846</u>	<u>82,712</u>	<u>571,558</u>	<u>271,558</u>
Expenditures:					
Construction costs capitalized	5,950,042	5,891,110	65,875	5,956,985	(6,943)
Construction in progress	25,964,693	2,176,000	2,472,155	4,648,155	21,316,538
Other costs	120,000	2,131	-	2,131	117,869
Total expenditures	<u>32,034,735</u>	<u>8,069,241</u>	<u>2,538,030</u>	<u>10,607,271</u>	<u>21,427,464</u>
Revenues over (under) expenditures	<u>(31,734,735)</u>	<u>(7,580,395)</u>	<u>(2,455,318)</u>	<u>(10,035,713)</u>	<u>21,699,022</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Water and Sewer Fund	(271,579)	(257,671)	(13,908)	(271,579)	-
From Water and Sewer Fund	16,264,851	14,234,295	2,075,000	16,309,295	44,444
From Water and Sewer Capital Reserve	15,741,463	8,491,463	7,250,000	15,741,463	-
Total other financing sources (uses)	<u>31,734,735</u>	<u>22,468,087</u>	<u>9,311,092</u>	<u>31,779,179</u>	<u>44,444</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 14,887,692</u>	<u>\$ 6,855,774</u>	<u>\$ 21,743,466</u>	<u>\$ 21,743,466</u>

CITY OF MONROE, NORTH CAROLINA**ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 65,380,540	\$ 59,264,321	\$ (6,116,219)
Sales tax	2,731,644	2,355,286	(376,358)
Total	68,112,184	61,619,607	(6,492,577)
Other operating revenues	399,120	491,719	92,599
Total operating revenues	68,511,304	62,111,326	(6,399,978)
Non-operating revenues:			
Other non-operating revenues	70,000	431,225	361,225
Investment earnings	204,931	1,126,989	922,058
Total non-operating revenues	274,931	1,558,214	1,283,283
Total revenues	68,786,235	63,669,540	(5,116,695)
Interest income from other funds:			
General Fund	44,486	19,527	(24,959)
Airport Fund	23,861	19,546	(4,315)
Total	68,347	39,073	(29,274)
Total revenues	68,854,582	63,708,613	(5,145,969)
Other Financing Sources (Uses):			
Appropriated fund balance	1,318,735	-	(1,318,735)
Lease liability issued	-	11,881	11,881
Total other financing sources (uses)	1,318,735	11,881	(1,306,854)
Total revenues and other financing sources (uses)	\$ 70,173,317	\$ 63,720,494	\$ (6,452,823)

CITY OF MONROE, NORTH CAROLINA**ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 5,801,729	\$ 5,070,105	\$ 731,624
Operating expenditures	7,621,297	6,058,287	1,563,010
Total	13,423,026	11,128,392	2,294,634
Electric power purchases	48,790,651	43,241,600	5,549,051
Debt service:			
Principal retirement	883,597	886,007	(2,410)
Interest and other charges	513,118	517,336	(4,218)
Total	1,396,715	1,403,343	(6,628)
Capital outlay	2,411,259	514,178	1,897,081
Total expenditures	66,021,651	56,287,513	9,734,138
Other Financing Sources (Uses):			
Transfers (to) other funds:			
To Electric Capital Projects Fund	(3,675,000)	(3,675,000)	-
General Fund	(450,000)	(419,309)	30,691
Capital projects	(26,666)	(26,666)	-
Total other financing sources (uses)	(4,151,666)	(4,120,975)	30,691
Total expenditures and other financing sources (uses)	\$ 70,173,317	\$ 60,408,488	\$ 9,764,829

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

**Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 63,720,494
Total expenditures and other financing sources (uses)	<u>60,408,488</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>3,312,006</u>
Reconciling items:	
Debt principal	886,007
Capital outlay	514,178
Capital items not charged to capital outlay	3,579,834
Project expenses not capitalized	(23,058)
Lease liability issued	(11,881)
Transfer from Water and Sewer Fund	100,000
Transfer from Natural Gas Fund	350,000
Project transfers - intrafund	3,675,000
Net revenue from capital projects consolidation	166,547
Change in compensated absences	(126,352)
Change in OPEB liability	575,352
Change in deferred outflows of resources - OPEB	(29,700)
Change in deferred inflows of resources - OPEB	(547,010)
Change in deferred outflows of resources - pensions	302,224
Increase in net pension liability	(879,557)
Change in deferred inflows of resources - pensions	467,451
Depreciation and amortization	<u>(2,250,130)</u>
Total reconciling items	<u>6,748,905</u>
Change in net position	<u>\$ 10,060,911</u>

CITY OF MONROE, NORTH CAROLINA

**ELECTRIC CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Power agency funding	\$ 27,132,412	\$ 26,909,646	\$ -	\$ 26,909,646	\$ (222,766)
Investment earnings	-	534,815	166,547	701,362	701,362
Total revenues	<u>27,132,412</u>	<u>27,444,461</u>	<u>166,547</u>	<u>27,611,008</u>	<u>478,596</u>
Expenditures:					
Construction costs capitalized	10,102,778	5,479,347	1,374,782	6,854,129	3,248,649
Construction in progress	25,794,260	1,744,042	1,060,571	2,804,613	22,989,647
Other costs	11,166,689	506,586	23,058	529,644	10,637,045
Total expenditures	<u>47,063,727</u>	<u>7,729,975</u>	<u>2,458,411</u>	<u>10,188,386</u>	<u>36,875,341</u>
Revenues over (under) expenditures	(19,931,315)	19,714,486	(2,291,864)	17,422,622	37,353,937
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From Electric Fund	19,481,315	15,806,310	3,675,000	19,481,310	(5)
Water and Sewer Fund	100,000	-	100,000	100,000	-
Natural Gas Fund	350,000	-	350,000	350,000	-
Total other financing sources (uses)	<u>19,931,315</u>	<u>15,806,310</u>	<u>4,125,000</u>	<u>19,931,310</u>	<u>(5)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 35,520,796	\$ 1,833,136	\$ 37,353,932	\$ 37,353,932

CITY OF MONROE, NORTH CAROLINA

NATURAL GAS FUND**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 27,249,091	\$ 22,633,803	\$ (4,615,288)
Other operating revenues	-	2,750	2,750
Total operating revenues	<u>27,249,091</u>	<u>22,636,553</u>	<u>(4,612,538)</u>
Non-operating revenues:			
Other non-operating revenues	-	266,940	266,940
Investment earnings	98,609	558,372	459,763
Total non-operating revenues	<u>98,609</u>	<u>825,312</u>	<u>726,703</u>
Total revenues	<u>27,347,700</u>	<u>23,461,865</u>	<u>(3,885,835)</u>
Other Financing Sources (Uses):			
Transfers from other funds			
Natural Gas Capital Project Fund	524,978	524,978	-
Total other financing sources (uses)	<u>524,978</u>	<u>524,978</u>	<u>-</u>
Total revenues and other financing sources (uses)	<u>\$ 27,872,678</u>	<u>\$ 23,986,843</u>	<u>\$ (3,885,835)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 2,866,976	\$ 2,041,373	\$ 825,603
Operating expenditures	<u>4,108,051</u>	<u>3,628,687</u>	<u>479,364</u>
Total	<u>6,975,027</u>	<u>5,670,060</u>	<u>1,304,967</u>
Natural gas purchases	<u>11,315,144</u>	<u>10,957,801</u>	<u>357,343</u>
Debt service:			
Principal retirement	1,374,091	1,374,109	(18)
Interest and other charges	<u>1,374,145</u>	<u>1,375,930</u>	<u>(1,785)</u>
Total	<u>2,748,236</u>	<u>2,750,039</u>	<u>(1,803)</u>
Capital outlay	<u>1,110,525</u>	<u>109,234</u>	<u>1,001,291</u>
Contingency	<u>1,064,746</u>	<u>-</u>	<u>1,064,746</u>
Total expenditures	<u>23,213,678</u>	<u>19,487,134</u>	<u>3,726,544</u>

CITY OF MONROE, NORTH CAROLINA

NATURAL GAS FUND**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget	Actual	Variance Over/Under
Other Financing Sources (Uses):			
Transfers to other funds:			
General Fund	(174,000)	(175,207)	(1,207)
Electric Capital Project Fund	(350,000)	(350,000)	-
Natural Gas Capital Project Fund	<u>(4,135,000)</u>	<u>(4,135,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,659,000)</u>	<u>(4,660,207)</u>	<u>(1,207)</u>
 Total expenditures and other financing sources (uses)	<u>\$ 27,872,678</u>	<u>\$ 24,147,341</u>	<u>\$ 3,725,337</u>
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Total revenues and other financing sources (uses)			\$ 23,986,843
Total expenditures and other financing sources (uses)			<u>24,147,341</u>
 Revenues and other financing sources over (under) expenditures and other financing uses			<u>(160,498)</u>
 Reconciling items:			
Debt principal			1,374,109
Capital outlay			109,234
Capital items not charged to capital outlay			866,122
Project transfers - intrafund			3,610,022
Project expenses not capitalized			(75,889)
Change in compensated absences			(55,861)
Change in deferred outflows of resources - OPEB			(15,061)
Change in deferred inflows of resources - OPEB			(277,385)
Change in OPEB liability			291,757
Change in deferred outflows of resources - pensions			156,510
Change in net pension liability			(455,485)
Change in deferred inflows of resources - pensions			242,072
Depreciation and amortization			<u>(1,789,901)</u>
Total reconciling items			<u>3,980,244</u>
 Change in net position			<u>\$ 3,819,746</u>

CITY OF MONROE, NORTH CAROLINA

NATURAL GAS CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous	\$ -	\$ 1,270	\$ -	\$ 1,270	\$ 1,270
Investment earnings	-	115,707	-	115,707	115,707
Total revenues	-	116,977	-	116,977	116,977
Expenditures:					
Construction costs capitalized	17,747,181	13,614,879	1,744,184	15,359,063	2,388,118
Construction in progress	8,187,867	1,715,341	275,301	1,990,642	6,197,225
Other costs	660,000	172,972	75,889	248,861	411,139
Total expenditures	26,595,048	15,503,192	2,095,374	17,598,566	8,996,482
Revenues over (under) expenditures	(26,595,048)	(15,386,215)	(2,095,374)	(17,481,589)	9,113,459
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Natural Gas Fund	(7,079,978)	(6,555,000)	(524,978)	(7,079,978)	-
From Natural Gas Fund	25,375,026	21,240,026	4,135,000	25,375,026	-
Limited Obligation Bonds	8,300,000	8,274,737	-	8,274,737	(25,263)
Total other financing sources (uses)	26,595,048	22,959,763	3,610,022	26,569,785	(25,263)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 7,573,548	\$ 1,514,648	\$ 9,088,196	\$ 9,088,196

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Leases	\$ 529,952	\$ 470,011	\$ (59,941)
Customs	4,350	9,850	5,500
Sales of fuel	2,258,429	2,102,831	(155,598)
Total	<u>2,792,731</u>	<u>2,582,692</u>	<u>(210,039)</u>
Other operating revenues	<u>143,479</u>	<u>242,658</u>	<u>99,179</u>
Total operating revenues	<u>2,936,210</u>	<u>2,825,350</u>	<u>(110,860)</u>
Non-operating revenues:			
Lease revenue	128,210	128,209	(1)
Investment earnings	6,132	6,203	71
Total non-operating revenues	<u>134,342</u>	<u>134,412</u>	<u>70</u>
Total revenues	<u>3,070,552</u>	<u>2,959,762</u>	<u>(110,790)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	589	-	(589)
Transfers from other funds:			
General Fund	1,289,851	1,025,734	(264,117)
Total other financing sources (uses)	<u>1,290,440</u>	<u>1,025,734</u>	<u>(264,706)</u>
Total revenues and other financing sources (uses)	<u>\$ 4,360,992</u>	<u>\$ 3,985,496</u>	<u>\$ (375,496)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 821,716	\$ 779,644	\$ 42,072
Operating expenditures	2,466,586	2,171,180	295,406
Total	<u>3,288,302</u>	<u>2,950,824</u>	<u>337,478</u>
Debt service:			
Principal retirement	932,780	922,197	10,583
Interest and other charges	109,910	158,631	(48,721)
Total	<u>1,042,690</u>	<u>1,080,828</u>	<u>(38,138)</u>
Capital outlay	<u>30,000</u>	<u>5,616</u>	<u>24,384</u>
Total expenditures	<u>\$ 4,360,992</u>	<u>\$ 4,037,268</u>	<u>\$ 323,724</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Over/Under
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Total revenues and other financing sources (uses)			\$ 3,985,496
Total expenditures			<u>4,037,268</u>
Revenues and other financing sources over (under) expenditures and other financing uses			<u>(51,772)</u>
Reconciling items:			
Debt principal			922,197
Capital outlay			5,616
Project expenditures not capitalized			(41,404)
Net revenue from capital projects consolidation			93,084
Transfer to General Fund			(571)
Change in compensated absences			2,486
Change in OPEB liability			243,810
Change in deferred outflows of resources - OPEB			(12,585)
Change in deferred inflows of resources - OPEB			(231,800)
Change in deferred outflows of resources - pensions			129,525
Increase in net pension liability			(376,953)
Change in deferred inflows of resources - pensions			200,335
Depreciation and amortization			<u>(1,006,485)</u>
Total reconciling items			<u>(72,745)</u>
Change in net position			<u>\$ (124,517)</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 3,524,154	\$ 3,436,203	\$ 91,024	\$ 3,527,227	\$ 3,073
Investment earnings	-	81,671	2,060	83,731	83,731
Miscellaneous	-	6,000	-	6,000	6,000
Total revenues	<u>3,524,154</u>	<u>3,523,874</u>	<u>93,084</u>	<u>3,616,958</u>	<u>92,804</u>
Expenditures:					
Construction costs capitalized	7,169,208	7,640,622	32,706	7,673,328	(504,120)
Construction in progress	776,910	89,304	58,642	147,946	628,964
Other costs	41,404	-	41,404	41,404	-
Total expenditures	<u>7,987,522</u>	<u>7,729,926</u>	<u>132,752</u>	<u>7,862,678</u>	<u>124,844</u>
Revenues over (under) expenditures	<u>(4,463,368)</u>	<u>(4,206,052)</u>	<u>(39,668)</u>	<u>(4,245,720)</u>	<u>217,648</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	2,189,689	2,189,689	-	2,189,689	-
To General Fund	(571)	-	(571)	(571)	-
Proceeds from revenue bonds	2,274,250	2,274,250	-	2,274,250	-
Total other financing sources (uses)	<u>4,463,368</u>	<u>4,463,939</u>	<u>(571)</u>	<u>4,463,368</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 257,887</u>	<u>\$ (40,239)</u>	<u>\$ 217,648</u>	<u>\$ 217,648</u>

CITY OF MONROE, NORTH CAROLINA**COMBINING STATEMENT OF NET POSITION****NONMAJOR ENTERPRISE FUNDS****JUNE 30, 2023**

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,133,458	\$ 2,826,050	\$ 405,422	\$ 5,364,930
Accounts receivable	9,352	314,779	409,997	734,128
Prepaid expenses	973	5,895	930	7,798
Inventories	8,208	-	-	8,208
Total current assets	<u>2,151,991</u>	<u>3,146,724</u>	<u>816,349</u>	<u>6,115,064</u>
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	925,594	372,440	-	1,298,034
Other capital assets, net of depreciation	5,030,286	1,441,112	80,085	6,551,483
Total non-current assets	<u>5,955,880</u>	<u>1,813,552</u>	<u>80,085</u>	<u>7,849,517</u>
Total assets	<u>8,107,871</u>	<u>4,960,276</u>	<u>896,434</u>	<u>13,964,581</u>
Deferred Outflows of Resources:				
OPEB deferrals	443,719	194,068	13,189	650,976
Pension deferrals	<u>683,735</u>	<u>305,497</u>	<u>14,548</u>	<u>1,003,780</u>
Total deferred outflows of resources	<u>1,127,454</u>	<u>499,565</u>	<u>27,737</u>	<u>1,654,756</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	123,610	29,647	224,963	378,220
Lease liabilities	4,240	-	-	4,240
Unearned revenue	68,443	-	-	68,443
Compensated absences	71,338	23,448	13,279	108,065
Subscription liability	23,630	-	-	23,630
Total other post-employment benefits liability	41,795	18,280	1,242	61,317
Installment purchase obligations	<u>8,782</u>	<u>9,013</u>	<u>6,956</u>	<u>24,751</u>
Total current liabilities	<u>341,838</u>	<u>80,388</u>	<u>246,440</u>	<u>668,666</u>
Non-current liabilities:				
Net pension liability	1,017,873	454,794	21,657	1,494,324
Compensated absences	35,137	11,549	6,541	53,227
Installment purchase obligations	56,565	58,050	44,806	159,421
Subscription liability	24,187	-	-	24,187
Total other post-employment benefits liability	<u>2,034,124</u>	<u>889,658</u>	<u>60,463</u>	<u>2,984,245</u>
Total non-current liabilities	<u>3,167,886</u>	<u>1,414,051</u>	<u>133,467</u>	<u>4,715,404</u>
Total liabilities	<u>3,509,724</u>	<u>1,494,439</u>	<u>379,907</u>	<u>5,384,070</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Deferred Inflows of Resources:				
OPEB deferrals	731,212	319,808	21,735	1,072,755
Pension deferrals	7,246	3,238	155	10,639
Total deferred inflows of resources	738,458	323,046	21,890	1,083,394
Net Position:				
Net investment in capital assets	5,886,293	1,746,489	28,323	7,661,105
Unrestricted	(899,150)	1,895,867	494,051	1,490,768
Total net position	\$ 4,987,143	\$ 3,642,356	\$ 522,374	\$ 9,151,873

CITY OF MONROE, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 3,507,555	\$ 2,770,922	\$ 3,077,850	\$ 9,356,327
Other operating revenues	161,091	72,800	31,844	265,735
Total operating revenues	<u>3,668,646</u>	<u>2,843,722</u>	<u>3,109,694</u>	<u>9,622,062</u>
Operating Expenses:				
Distribution systems				
Aquatics and Fitness Center operations	3,734,282	-	-	3,734,282
Stormwater operations	-	2,258,232	-	2,258,232
Solid waste operations	-	-	3,172,740	3,172,740
Depreciation and amortization	346,810	200,431	14,263	561,504
Total operating expenses	<u>4,081,092</u>	<u>2,458,663</u>	<u>3,187,003</u>	<u>9,726,758</u>
Operating income (loss)	<u>(412,446)</u>	<u>385,059</u>	<u>(77,309)</u>	<u>(104,696)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	-	354	-	354
Investment earnings	32,239	39,856	7,670	79,765
Interest and other charges	(2,778)	(4,241)	(1,155)	(8,174)
Total non-operating revenues (expenses)	<u>29,461</u>	<u>35,969</u>	<u>6,515</u>	<u>71,945</u>
Income (loss) before capital contributions	<u>(382,985)</u>	<u>421,028</u>	<u>(70,794)</u>	<u>(32,751)</u>
Capital contributions	-	<u>40,356</u>	-	<u>40,356</u>
Change in net position	<u>(382,985)</u>	<u>461,384</u>	<u>(70,794)</u>	<u>7,605</u>
Net Position:				
Beginning of year, July 1	<u>5,370,128</u>	<u>3,180,972</u>	<u>593,168</u>	<u>9,144,268</u>
End of year, June 30	<u>\$ 4,987,143</u>	<u>\$ 3,642,356</u>	<u>\$ 522,374</u>	<u>\$ 9,151,873</u>

CITY OF MONROE, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 3,698,856	\$ 2,820,458	\$ 3,053,665	\$ 9,572,979
Cash paid for goods and services	(1,548,598)	(1,330,032)	(3,166,680)	(6,045,310)
Cash paid to or on behalf of employees for services	(2,173,167)	(917,847)	(200,258)	(3,291,272)
Net cash provided (used) by operating activities	<u>(22,909)</u>	<u>572,579</u>	<u>(313,273)</u>	<u>236,397</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets	-	354	-	354
Acquisition and construction of capital assets	(71,678)	(85,558)	-	(157,236)
Principal paid on bond maturities and equipment obligations	(39,194)	(116,849)	(6,831)	(162,874)
Interest paid on bond maturities and equipment obligations	(2,778)	(4,241)	(1,155)	(8,174)
Net cash provided (used) by capital and related financing activities	<u>(113,650)</u>	<u>(206,294)</u>	<u>(7,986)</u>	<u>(327,930)</u>
Cash Flows from Investing Activities:				
Earnings on investments	32,239	39,856	7,670	79,765
Net cash provided (used) by investing activities	<u>32,239</u>	<u>39,856</u>	<u>7,670</u>	<u>79,765</u>
Net increase (decrease) in cash and cash equivalents	(104,320)	406,141	(313,589)	(11,768)
Cash and Cash Equivalents:				
Beginning of year, July 1	<u>2,237,778</u>	<u>2,419,909</u>	<u>719,011</u>	<u>5,376,698</u>
End of year, June 30	<u>\$ 2,133,458</u>	<u>\$ 2,826,050</u>	<u>\$ 405,422</u>	<u>\$ 5,364,930</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (412,446)	\$ 385,059	\$ (77,309)	\$ (104,696)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	346,810	200,431	14,263	561,504
Changes in assets and liabilities:				
Increase deferred outflows - pension	(325,779)	(113,335)	(5,397)	(444,511)
Increase in net pension liability	738,199	329,834	15,706	1,083,739
Decrease deferred inflows - pension	(392,324)	(175,294)	(8,347)	(575,965)
(Increase) decrease in accounts receivable	(1,565)	(23,431)	(56,028)	(81,024)
(Increase) decrease in inventories	(2,107)	-	-	(2,107)
(Increase) decrease in prepaid expenses	(529)	167	(1)	(363)
Increase (decrease) in accounts payable and accrued liabilities	20,327	(23,157)	(200,330)	(203,160)
(Increase) decrease in deferred outflows of resources for OPEB	24,803	10,848	737	36,388
Increase (decrease) in deferred inflows of resources for OPEB	456,811	199,794	13,578	670,183
Increase (decrease) in net OPEB liability	(480,479)	(210,146)	(14,281)	(704,906)
Increase (decrease) in compensated absences	5,370	(8,191)	4,136	1,315
Total adjustments	<u>389,537</u>	<u>187,520</u>	<u>(235,964)</u>	<u>341,093</u>
Net cash provided (used) by operating activities	<u>\$ (22,909)</u>	<u>\$ 572,579</u>	<u>\$ (313,273)</u>	<u>\$ 236,397</u>
Non-Cash Transactions:				
Capital contribution	\$ -	\$ 40,356	\$ -	\$ 40,356
Subscription liabilities issued for subscription assets	<u>72,125</u>	<u>-</u>	<u>-</u>	<u>72,125</u>
Total non-cash transactions	<u>\$ 72,125</u>	<u>\$ 40,356</u>	<u>\$ -</u>	<u>\$ 112,481</u>

CITY OF MONROE, NORTH CAROLINA

AQUATICS AND FITNESS CENTER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 2,941,000	\$ 3,507,555	\$ 566,555
Other operating revenues	91,700	161,091	69,391
Total operating revenues	<u>3,032,700</u>	<u>3,668,646</u>	<u>635,946</u>
Non-operating revenues:			
Other non-operating revenues	3,790	-	(3,790)
Investment earnings	6,056	32,239	26,183
Total non-operating revenues	<u>9,846</u>	<u>32,239</u>	<u>22,393</u>
Total revenues	<u>3,042,546</u>	<u>3,700,885</u>	<u>658,339</u>
Other Financing Sources (Uses):			
Subscriptions issued	-	72,125	72,125
Appropriated fund balance	932,333	-	(932,333)
Total other financing sources (uses)	<u>932,333</u>	<u>72,125</u>	<u>(860,208)</u>
Total revenues and other financing sources (uses)	<u>\$ 3,974,879</u>	<u>\$ 3,773,010</u>	<u>\$ (201,869)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 2,181,598	\$ 2,188,884	\$ (7,286)
Operating expenditures	1,519,844	1,446,672	73,172
Total	<u>3,701,442</u>	<u>3,635,556</u>	<u>65,886</u>
Debt service:			
Principal retirement	14,453	39,194	(24,741)
Interest and other charges	1,916	2,778	(862)
Total	<u>16,369</u>	<u>41,972</u>	<u>(25,603)</u>
Capital outlay	<u>257,068</u>	<u>143,803</u>	<u>113,265</u>
Total expenditures	<u>\$ 3,974,879</u>	<u>\$ 3,821,331</u>	<u>\$ 153,548</u>

CITY OF MONROE, NORTH CAROLINA

AQUATICS AND FITNESS CENTER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

**Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 3,773,010
Total expenditures	<u>3,821,331</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(48,321)</u>
Reconciling items:	
Capital outlay	143,803
Debt principal	39,194
Subscriptions issued	(72,125)
Change in compensated absences	(5,370)
Change in deferred outflows of resources - OPEB	(24,803)
Change in deferred inflows of resources - OPEB	(456,811)
Change in OPEB liability	480,479
Change in deferred outflows of resources - pensions	253,654
Increase in net pension liability	(738,199)
Change in deferred inflows of resources - pensions	392,324
Depreciation and amortization	<u>(346,810)</u>
Total reconciling items	<u>(334,664)</u>
Change in net position	<u>\$ (382,985)</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Stormwater receipts	\$ 2,793,093	\$ 2,770,922	\$ (22,171)
Other operating revenues	<u>29,850</u>	<u>72,800</u>	<u>42,950</u>
Total operating revenues	<u>2,822,943</u>	<u>2,843,722</u>	<u>20,779</u>
Non-operating revenues:			
Other non-operating revenues	-	354	354
Investment earnings	6,693	39,856	33,163
Total non-operating revenues	<u>6,693</u>	<u>40,210</u>	<u>33,517</u>
Total revenues	<u>2,829,636</u>	<u>2,883,932</u>	<u>54,296</u>
Other Financing Sources (Uses):			
Appropriated fund balance	140,115	-	140,115
Total other financing sources (uses)	<u>140,115</u>	<u>-</u>	<u>140,115</u>
Total revenues and other financing sources (uses)	<u>\$ 2,969,751</u>	<u>\$ 2,883,932</u>	<u>\$ 194,411</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 1,040,104	\$ 938,930	\$ 101,174
Operating expenditures	<u>1,534,262</u>	<u>1,285,792</u>	<u>248,470</u>
Total	<u>2,574,366</u>	<u>2,224,722</u>	<u>349,644</u>
Debt service:			
Principal retirement	116,849	116,849	-
Interest and other charges	<u>4,536</u>	<u>4,241</u>	<u>295</u>
Total	<u>121,385</u>	<u>121,090</u>	<u>295</u>
Capital outlay	<u>74,000</u>	<u>73,970</u>	<u>30</u>
Total expenditures	<u>2,769,751</u>	<u>2,419,782</u>	<u>349,969</u>
Other Financing Sources (Uses):			
Transfers from(to) other funds:			
Intrafund - Stormwater Capital Project Fund	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,969,751</u>	<u>\$ 2,619,782</u>	<u>\$ 349,969</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

**Reconciliation from Budgetary Basis (Modified Accrual)
 to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 2,883,932
Total expenditures and other financing sources (uses)	<u>2,619,782</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>264,150</u>
Reconciling items:	
Debt principal	116,849
Capital outlay	73,970
Capital contribution	40,356
Intrafund transfers - Stormwater Capital Project Fund	200,000
Change in compensated absences	8,191
Change in deferred outflows of resources - OPEB	(10,848)
Change in deferred inflows of resources - OPEB	(199,794)
Change in OPEB liability	210,146
Change in deferred outflows of resources - pensions	113,335
Increase in net pension liability	(329,834)
Change in deferred inflows of resources - pensions	175,294
Depreciation and amortization	<u>(200,431)</u>
Total reconciling items	<u>197,234</u>
Change in net position	<u>\$ 461,384</u>

CITY OF MONROE, NORTH CAROLINA

**STORMWATER MANAGEMENT CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction in progress	\$ 1,345,320	\$ 360,852	\$ 11,588	\$ 372,440	\$ 972,880
Total expenditures	<u>1,345,320</u>	<u>360,852</u>	<u>11,588</u>	<u>372,440</u>	<u>972,880</u>
Revenues over (under) expenditures	<u>(1,345,320)</u>	<u>(360,852)</u>	<u>(11,588)</u>	<u>(372,440)</u>	<u>972,880</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Stormwater Fund	1,345,320	1,145,320	200,000	1,345,320	-
Total other financing sources (uses)	<u>1,345,320</u>	<u>1,145,320</u>	<u>200,000</u>	<u>1,345,320</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 784,468	\$ 188,412	\$ 972,880	\$ 972,880

CITY OF MONROE, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 2,861,747	\$ 3,077,850	\$ 216,103
Total	<u>2,861,747</u>	<u>3,077,850</u>	<u>216,103</u>
Other operating revenues	25,000	31,844	6,844
Total operating revenues	<u>2,886,747</u>	<u>3,109,694</u>	<u>222,947</u>
Non-operating revenues:			
Investment earnings	1,594	7,670	6,076
Total non-operating revenues	<u>1,594</u>	<u>7,670</u>	<u>6,076</u>
Total revenues	<u>2,888,341</u>	<u>3,117,364</u>	<u>229,023</u>
Other Financing Sources (Uses):			
Appropriated net position	311,812	-	311,812
Total other financing sources (uses)	<u>311,812</u>	<u>-</u>	<u>311,812</u>
Total revenues and other financing sources (uses)	<u>\$ 3,200,153</u>	<u>\$ 3,117,364</u>	<u>\$ 540,835</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 222,253	\$ 200,226	\$ 22,027
Operating expenditures	<u>2,969,903</u>	<u>2,966,382</u>	<u>3,521</u>
Total	<u>3,192,156</u>	<u>3,166,608</u>	<u>25,548</u>
Debt service:			
Principal retirement	7,997	6,831	1,166
Interest and other charges	-	1,155	(1,155)
Total	<u>7,997</u>	<u>7,986</u>	<u>11</u>
Total expenditures	<u>\$ 3,200,153</u>	<u>\$ 3,174,594</u>	<u>\$ 25,559</u>

CITY OF MONROE, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

**Reconciliation from Budgetary Basis (Modified Accrual)
 to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 3,117,364
Total expenditures	<u>3,174,594</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(57,230)</u>
Reconciling items:	
Debt principal	6,831
Depreciation	(14,263)
Change in compensated absences	(4,136)
Change in OPEB liability	14,281
Change in deferred outflows of resources - OPEB	(737)
Change in deferred inflows of resources - OPEB	(13,578)
Change in deferred outflows of resources - pensions	5,397
Increase in net pension liability	(15,706)
Change in deferred inflows of resources - pensions	<u>8,347</u>
Total reconciling items	<u>(13,564)</u>
Change in net position	<u>\$ (70,794)</u>



Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City maintains three internal service funds.

- Health and Dental Fund
 - Workers' Compensation Fund
 - Property and Liability Fund
-

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2023

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 1,721,985	\$ 1,002,220	\$ 1,100,695	\$ 3,824,900
Accounts receivable (net)	765,815	-	583	766,398
Prepays	26,536	12,100	-	38,636
Total current assets	<u>2,514,336</u>	<u>1,014,320</u>	<u>1,101,278</u>	<u>4,629,934</u>
Non-current assets:				
Restricted assets:				
Deposits	10,169	10,000	-	20,169
Total non-current assets	<u>10,169</u>	<u>10,000</u>	<u>-</u>	<u>20,169</u>
Total assets	<u>2,524,505</u>	<u>1,024,320</u>	<u>1,101,278</u>	<u>4,650,103</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	383,585	31,372	5,149	420,106
Total current liabilities	<u>383,585</u>	<u>31,372</u>	<u>5,149</u>	<u>420,106</u>
Non-current liabilities:				
Liabilities payable from restricted assets:				
Deposits	10,169	10,000	-	20,169
Total non-current liabilities	<u>10,169</u>	<u>10,000</u>	<u>-</u>	<u>20,169</u>
Total liabilities	<u>393,754</u>	<u>41,372</u>	<u>5,149</u>	<u>440,275</u>
Net Position:				
Unrestricted	<u>\$ 2,130,751</u>	<u>\$ 982,948</u>	<u>\$ 1,096,129</u>	<u>\$ 4,209,828</u>

CITY OF MONROE, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION**
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Operating Revenues:				
Interfund charges and employee contributions	\$ 10,102,692	\$ -	\$ 858,252	\$ 10,960,944
Receipts for interfund charges	-	593,942	-	593,942
Other operating revenue	2,415,293	-	175,125	2,590,418
Total operating revenues	<u>12,517,985</u>	<u>593,942</u>	<u>1,033,377</u>	<u>14,145,304</u>
Operating Expenses:				
Operating expenses	413,622	145,319	126,858	685,799
Workers' compensation claims and premiums	-	228,598	-	228,598
Health care clinic	127,298	-	-	127,298
Insurance	17,337	-	-	17,337
Health benefit claims and premiums	12,243,333	-	-	12,243,333
Property and liability claims and premiums	-	-	840,800	840,800
Total operating expenses	<u>12,801,590</u>	<u>373,917</u>	<u>967,658</u>	<u>14,143,165</u>
Operating income (loss)	<u>(283,605)</u>	<u>220,025</u>	<u>65,719</u>	<u>2,139</u>
Non-Operating Revenues:				
Investment earnings	27,694	13,084	10,359	51,137
Total non-operating revenues	<u>27,694</u>	<u>13,084</u>	<u>10,359</u>	<u>51,137</u>
Income (loss) before transfers	<u>(255,911)</u>	<u>233,109</u>	<u>76,078</u>	<u>53,276</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds	-	-	50,000	50,000
Total other financing sources (uses)	-	-	50,000	50,000
Change in net position	(255,911)	233,109	126,078	103,276
Net Position:				
Beginning of year, July 1	<u>2,386,662</u>	<u>749,839</u>	<u>970,051</u>	<u>4,106,552</u>
End of year, June 30	<u>\$ 2,130,751</u>	<u>\$ 982,948</u>	<u>\$ 1,096,129</u>	<u>\$ 4,209,828</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Cash Flows from Operating Activities:				
Cash received for services	\$ 9,811,813	\$ -	\$ 858,252	\$ 10,670,065
Other operating revenue	2,415,293	-	175,125	2,590,418
Receipts for interfund charges	-	593,942	-	593,942
Cash paid for goods and services	(12,953,644)	(355,533)	(974,266)	(14,283,443)
Net cash provided (used) by operating activities	(726,538)	238,409	59,111	(429,018)
Cash Flows from Non-Capital Financing Activities:				
Transfers (to) from other funds	-	-	50,000	50,000
Net cash provided (used) by non-capital financing activities	-	-	50,000	50,000
Cash Flows from Investing Activities:				
Investment earnings	27,694	13,084	10,359	51,137
Net cash provided (used) by investing activities	27,694	13,084	10,359	51,137
Net increase (decrease) in cash and cash equivalents	(698,844)	251,493	119,470	(327,881)
Cash and Cash Equivalents:				
Beginning of year, July 1	2,430,998	760,727	981,225	4,172,950
End of year, June 30	\$ 1,732,154	\$ 1,012,220	\$ 1,100,695	\$ 3,845,069
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (283,605)	\$ 220,025	\$ 65,719	\$ 2,139
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(438,751)	-	-	(438,751)
(Increase) decrease in prepaid expenses	147,872	(2,100)	-	145,772
Increase (decrease) in accounts payable and accrued liabilities	(152,054)	20,484	(6,608)	(138,178)
Total adjustments	(442,933)	18,384	(6,608)	(431,157)
Net cash provided (used) by operating activities	\$ (726,538)	\$ 238,409	\$ 59,111	\$ (429,018)

CITY OF MONROE, NORTH CAROLINA

HEALTH AND DENTAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 9,398,193	\$ 10,102,692	\$ 704,499
Other operating revenue	1,514,510	2,415,293	900,783
Total operating revenues	<u>10,912,703</u>	<u>12,517,985</u>	<u>1,605,282</u>
Non-operating revenues:			
Investment earnings	5,674	27,694	22,020
Total non-operating revenues	<u>5,674</u>	<u>27,694</u>	<u>22,020</u>
Total revenues	<u>10,918,377</u>	<u>12,545,679</u>	<u>1,627,302</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	374,967	413,622	(38,655)
Healthcare clinic	161,255	127,298	33,957
Insurance	17,500	17,337	163
Health benefit claims and premiums	<u>10,376,692</u>	<u>12,243,333</u>	<u>(1,866,641)</u>
Total operating expenditures	<u>10,930,414</u>	<u>12,801,590</u>	<u>(1,871,176)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	12,037	-	12,037
Total other financing sources (uses)	<u>12,037</u>	<u>-</u>	<u>12,037</u>
Revenues over (under) expenditures	\$ -	\$ (255,911)	\$ (255,911)

CITY OF MONROE, NORTH CAROLINA

WORKERS' COMPENSATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges	\$ 450,000	\$ 593,942	\$ 143,942
Total operating revenues	<u>450,000</u>	<u>593,942</u>	<u>143,942</u>
Non-operating revenues:			
Investment earnings	2,741	13,084	10,343
Total non-operating revenues	<u>2,741</u>	<u>13,084</u>	<u>10,343</u>
Total revenues	<u>452,741</u>	<u>607,026</u>	<u>154,285</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	145,320	145,319	1
Workers' compensation claims and premiums paid	<u>293,421</u>	<u>228,598</u>	<u>64,823</u>
Total expenditures	<u>438,741</u>	<u>373,917</u>	<u>64,824</u>
Other Financing Sources (Uses):			
Appropriated fund balance	(14,000)	-	14,000
Total other financing sources (uses)	<u>(14,000)</u>	<u>-</u>	<u>14,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 233,109</u>	<u>\$ 233,109</u>

CITY OF MONROE, NORTH CAROLINA

PROPERTY AND LIABILITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 860,250	\$ 858,252	\$ (1,998)
Other operating revenue	20,003	175,125	155,122
Total operating revenues	<u>880,253</u>	<u>1,033,377</u>	<u>153,124</u>
Non-operating revenues:			
Investment earnings	1,913	10,359	8,446
Total non-operating revenues	<u>1,913</u>	<u>10,359</u>	<u>8,446</u>
Total revenues	<u>882,166</u>	<u>1,043,736</u>	<u>161,570</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	148,398	126,858	21,540
Property and liability claims and premiums	806,873	840,800	(33,927)
Total expenditures	<u>955,271</u>	<u>967,658</u>	<u>(12,387)</u>
Other Financing Sources (Uses):			
Transfer from General Fund	50,000	50,000	-
Appropriated fund balance	23,105	-	(23,105)
Total other financing sources (uses)	<u>73,105</u>	<u>50,000</u>	<u>(23,105)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 126,078</u>	<u>\$ 126,078</u>

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2023

Fiscal Year	Uncollected		Collections And Credits	Uncollected	
	Balance June 30, 2022	Additions		Balance June 30, 2023	
2022 - 2023	\$ -	\$ 26,044,948	\$ 25,830,874	\$ 214,074	
2021 - 2022	148,285	-	82,128	66,157	
2020 - 2021	64,374	-	23,827	40,547	
2019 - 2020	51,324	-	20,190	31,134	
2018 - 2019	42,556	-	14,464	28,092	
2017 - 2018	43,455	-	8,449	35,006	
2016 - 2017	26,083	-	6,016	20,067	
2015 - 2016	25,061	-	4,267	20,794	
2014 - 2015	30,915	-	4,175	26,740	
2013 - 2014	49,023	-	3,673	45,350	
2012 - 2013	25,027	-	25,027	-	
Total	<u>\$ 506,103</u>	<u>\$ -</u>	<u>\$ 26,023,090</u>		<u>527,961</u>

Less: Allowance for uncollectible ad valorem taxes receivable	<u>24,137</u>
Ad valorem taxes receivable	<u>\$ 503,824</u>

Reconcilement with Revenues:	General Fund
Ad valorem taxes - General Fund	\$ 26,105,223
Amounts written off per Statute of Limitations	(20,928)
Refunds, releases of prior years' taxes	(172,992)
Interest and advertising cost recovery	<u>111,787</u>
Total collections and credits	<u>\$ 26,023,090</u>

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	Total Levy				
	City-Wide		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles	Total Levy
	Property Valuation	Rate			
Original Levy:					
Property taxed at current year's rate	\$ 4,980,623,912	\$ 0.5025	\$ 25,085,969	\$ 23,515,460	\$ 1,570,509
Registered motor vehicles taxed at prior year's rate	89,320,414		450,099	-	450,099
Total	5,069,944,326		25,536,068	23,515,460	2,020,608
Public Utility Allocation	88,220,207	0.5025	443,312	443,312	-
Discoveries	16,926,452	0.5025	101,768	101,768	-
Releases	(6,830,521)	0.5025	(36,200)	(36,200)	-
Total property valuation	<u>\$ 5,168,260,464</u>				
Net Levy			26,044,948	24,024,340	2,020,608
Uncollected taxes at June 30, 2023			(214,074)	(214,074)	-
Current Year's Taxes Collected			<u>\$ 25,830,874</u>	<u>\$ 23,810,266</u>	<u>\$ 2,020,608</u>
Current Levy Collection Percentage			<u>99.18%</u>	<u>99.11%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
	Property Valuation	Rate	Levy		
Assessed Valuation:					
Assessment Ratio ¹	100%				
Real property	\$ 3,576,943,530				
Personal property	1,090,631,910				
Public Service Companies ²	88,220,207				
GAP	10,605,305				
	4,766,400,952	0.5025	\$ 24,024,340		
Motor Vehicle Property	401,859,512	0.5025	2,020,608		
'Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 5,168,260,464</u>		<u>\$ 26,044,948</u>		
Distribution of levy:					
General Fund			<u>\$ 26,044,948</u>		

¹Percentage of appraised value has been established by statute.

²Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³The levy includes interest and penalties.

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF MUNICIPAL SERVICE DISTRICT TAXES RECEIVABLE
JUNE 30, 2023

Fiscal Year	Uncollected		Collections And Credits	Uncollected	
	Balance June 30, 2022	Additions		Balance June 30, 2022	Balance June 30, 2023
2022 - 2023	\$ -	\$ 67,719	\$ 67,717	\$ 2	
2021 - 2022	1,043	-	1,041		2
2020 - 2021	60	-	-		60
2019 - 2020	186	-	5		181
2018 - 2019	223		5		218
2017 - 2018	51	-	-		51
2016 - 2017	72	-	-		72
2015 - 2016	51	-	-		51
2014 - 2015	290	-	26		264
2013 - 2014	661	-	-		661
2012 - 2013	124	-	124		-
Total	<u>\$ 2,761</u>	<u>\$ 67,719</u>	<u>\$ 68,918</u>		<u>1,562</u>
Less: Allowance for uncollectible ad valorem taxes receivable					<u>78</u>
Ad valorem taxes receivable				<u>\$ 1,484</u>	
Reconcilement with Revenues:					
Ad valorem taxes - Downtown Monroe Fund			\$ 69,130		
Amounts written off per Statute of Limitations			(124)		
Refunds, releases of prior years' taxes			(430)		
Interest and advertising cost recovery			<u>342</u>		
Total collections and credits			<u>\$ 68,918</u>		

CITY OF MONROE, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
MUNICIPAL SERVICE DISTRICT LEVY
FOR THE YEAR ENDED JUNE 30, 2023**

	Total Levy				
	City-Wide			Property Excluding Registered	Registered
	Property Valuation	Rate	Total Levy	Motor Vehicles	Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 30,392,364	\$ 0.195	\$ 59,397	\$ 57,111	\$ 2,286
Registered motor vehicles taxed at prior year's rate			746	-	746
Total	30,775,020		60,143	57,111	3,032
Public Utility Allocation	3,890,897	0.195	7,587	7,587	-
Releases	-	0.195	(11)	(11)	-
Total property valuation	<u>\$ 34,665,917</u>				
Net Levy			67,719	64,687	3,032
Uncollected taxes at June 30, 2023			(2)	(2)	-
Current Year's Taxes Collected			<u>\$ 67,717</u>	<u>\$ 64,685</u>	<u>\$ 3,032</u>
Current Levy Collection Percentage			<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
	Property Valuation	Rate	Levy		
Assessed Valuation:					
Assessment Ratio ¹	100%				
Real property	\$ 26,387,262				
Personal property	2,832,892				
Public Service Companies ²	<u>3,890,897</u>				
	33,111,051	0.195	\$ 64,687		
Motor Vehicle Property	<u>1,554,866</u>	0.195	3,032		
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 34,665,917</u>		<u>\$ 67,719</u>		
Distribution of levy:					
Municipal Service District - Downtown Monroe Fund			<u>\$ 67,719</u>		

¹Percentage of appraised value has been established by statute.

²Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³The levy includes interest and penalties.



Statistical Section

This part of the City of Monroe's annual comprehensive 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 – These tables contain trend information to help the reader understand how the City's financial performance and well being have been changed over time.....	179
Revenue Capacity – These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.....	184
Debt Capacity – These tables 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.....	188
Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.....	192
Operation Information – These tables 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.....	195

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports to the relevant year.



CITY OF MONROE, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 69,143	\$ 69,134	\$ 68,979	\$ 68,341	\$ 69,530	\$ 71,002	\$ 72,231	\$ 74,681	\$ 80,216	\$ 81,099
Restricted	6,484	10,499	7,385	9,813	9,654	16,587	14,882	15,706	31,642	21,028
Unrestricted	18,861	14,429	19,993	13,434	(7,850)	(12,946)	(9,096)	(8,008)	(18,564)	(4,362)
Total governmental activities net position	<u>\$ 94,488</u>	<u>\$ 94,062</u>	<u>\$ 96,357</u>	<u>\$ 91,588</u>	<u>\$ 71,334</u>	<u>\$ 74,643</u>	<u>\$ 78,017</u>	<u>\$ 82,379</u>	<u>\$ 93,294</u>	<u>\$ 97,765</u>
Business-type activities										
Net investment in capital assets	\$ 169,721	\$ 172,159	\$ 177,673	\$ 193,967	\$ 200,306	\$ 214,144	\$ 221,098	\$ 232,653	\$ 235,241	\$ 251,038
Unrestricted	93,303	106,769	117,605	116,067	111,837	125,987	147,461	159,227	177,451	189,093
Total business-type activities net position	<u>\$ 263,024</u>	<u>\$ 278,928</u>	<u>\$ 295,278</u>	<u>\$ 310,034</u>	<u>\$ 312,143</u>	<u>\$ 340,131</u>	<u>\$ 368,559</u>	<u>\$ 391,880</u>	<u>\$ 412,692</u>	<u>\$ 440,131</u>
Primary government										
Net investment in capital assets	\$ 238,864	\$ 241,293	\$ 246,652	\$ 262,308	\$ 269,836	\$ 285,146	\$ 293,329	\$ 307,334	\$ 315,457	\$ 332,137
Restricted	6,484	10,499	7,385	9,813	9,654	16,587	14,882	15,706	31,642	21,028
Unrestricted	112,164	121,198	137,598	129,501	103,987	113,041	138,365	151,219	158,887	184,731
Total primary government net position	<u>\$ 357,512</u>	<u>\$ 372,990</u>	<u>\$ 391,635</u>	<u>\$ 401,622</u>	<u>\$ 383,477</u>	<u>\$ 414,774</u>	<u>\$ 446,576</u>	<u>\$ 474,259</u>	<u>\$ 505,986</u>	<u>\$ 537,896</u>

Notes:

The classification of restricted net position amounts is discussed in the notes to the financial statements section I.E.13.

CITY OF MONROE, NORTH CAROLINA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (in thousands of dollars)

EXPENSES	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General government	\$ 4,897	\$ 4,929	\$ 7,646	\$ 5,232	\$ 4,933	\$ 3,461	\$ 6,397	\$ 7,377	\$ 9,257	\$ 10,174
Transportation	5,216	5,207	5,215	5,307	5,758	4,780	4,097	6,677	3,937	6,679
Public safety	19,813	21,069	19,675	23,693	25,300	27,086	31,068	28,495	29,100	33,521
Culture and recreation	4,899	5,541	5,389	5,910	5,153	8,743	3,081	4,945	5,770	7,033
Economic and physical development	1,579	1,134	2,070	1,063	1,338	1,075	454	1,156	1,550	1,109
Interest on long-term debt	164	186	200	227	200	469	501	505	1,089	824
Total governmental activities expenses	<u>36,568</u>	<u>38,066</u>	<u>40,195</u>	<u>41,432</u>	<u>42,682</u>	<u>45,614</u>	<u>45,598</u>	<u>49,155</u>	<u>50,703</u>	<u>59,340</u>
Business-type activities:										
Water and sewer	15,162	10,360	12,281	13,274	12,339	9,975	13,583	11,122	9,886	13,024
Electric	55,559	60,881	58,078	60,175	60,764	58,254	56,545	55,176	57,866	53,818
Natural gas	14,844	13,790	13,595	12,229	14,105	14,015	11,821	12,807	16,768	19,117
Aquatics and Fitness Center	3,607	3,652	3,818	3,849	4,082	4,056	3,620	3,044	3,385	4,084
Stormwater	1,674	1,838	1,879	1,976	2,084	2,052	1,987	2,273	2,465	2,463
Solid Waste	2,067	2,178	2,303	2,511	2,348	2,350	2,628	2,833	3,003	3,188
Airport	3,580	3,405	3,328	3,498	3,706	3,697	3,625	3,732	4,207	4,203
Total business-type activities expenses	<u>96,493</u>	<u>96,104</u>	<u>95,282</u>	<u>97,512</u>	<u>99,428</u>	<u>94,399</u>	<u>93,809</u>	<u>90,987</u>	<u>97,580</u>	<u>99,897</u>
Total primary government expenses	<u>\$ 133,061</u>	<u>\$ 134,170</u>	<u>\$ 135,477</u>	<u>\$ 138,944</u>	<u>\$ 142,110</u>	<u>\$ 140,013</u>	<u>\$ 139,407</u>	<u>\$ 140,142</u>	<u>\$ 148,283</u>	<u>\$ 159,237</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,349	\$ 2,141	\$ 2,374	\$ 2,203	\$ 2,212	\$ 2,297	\$ 2,445	\$ 2,062	\$ 3,195	\$ 3,368
Transportation	297	359	375	350	327	371	403	449	468	563
Public safety	3,055	4,050	4,589	4,161	3,973	4,489	4,630	5,636	6,602	7,305
Culture and recreation	1,499	1,638	1,734	1,728	1,691	1,787	1,776	2,164	2,504	2,818
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	75	-	-	-	-	-	-	-	9
Transportation	961	972	972	963	964	957	955	892	1,051	1,040
Public safety	448	497	318	560	707	894	1,864	783	7,194	4,896
Culture and recreation	240	193	193	212	202	206	170	164	4	9
Economic and physical development	412	528	547	432	408	412	416	420	424	-
Capital grants and contributions:										
General government	170	-	-	-	-	-	-	-	-	-
Transportation	304	196	165	208	1,179	103	192	542	760	328
Public safety	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	100	-	-	-	20	81
Economic and physical development	-	-	-	-	-	10	-	-	-	-
	<u>\$ 9,735</u>	<u>\$ 10,649</u>	<u>\$ 11,267</u>	<u>\$ 10,817</u>	<u>\$ 11,763</u>	<u>\$ 11,526</u>	<u>\$ 12,851</u>	<u>\$ 13,112</u>	<u>\$ 22,222</u>	<u>\$ 20,417</u>

CITY OF MONROE, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charge for services:										
Water and sewer	15,529	16,155	16,743	17,671	17,228	18,671	18,617	19,474	22,997	25,863
Electric	58,057	65,732	62,607	65,606	63,853	63,757	60,846	56,602	60,937	62,118
Natural gas	17,185	18,053	14,485	15,569	18,101	18,323	15,043	16,430	20,457	22,640
Aquatics and Fitness Center	3,588	3,712	4,013	4,097	4,065	4,089	3,011	1,647	2,976	3,671
Stormwater	1,897	2,099	2,158	2,211	2,257	2,333	2,288	2,533	2,784	2,846
Solid Waste	2,190	2,169	2,312	2,411	2,416	2,434	2,573	2,712	2,909	3,110
Airport	1,943	1,927	1,600	1,654	1,944	1,912	1,792	2,022	2,874	2,827
Operating grants and contributions:										
Airport	-	-	-	-	-	-	69	-	82	-
Capital grants and contributions:										
Water and sewer	475	-	280	-	6	127	399	43	1	81
Electric	-	-	-	-	10	346	8,866	12,451	-	-
Natural gas	-	-	62	174	-	68	6	1	-	-
Stormwater	-	-	-	-	-	1	-	-	-	40
Solid Waste	-	-	-	1	-	-	-	-	-	-
Airport	3,116	139	2,174	2,699	90	891	1,419	1,542	577	91
Total business-type activities program revenues	<u>103,980</u>	<u>109,986</u>	<u>106,435</u>	<u>112,092</u>	<u>109,970</u>	<u>112,952</u>	<u>114,929</u>	<u>115,457</u>	<u>116,594</u>	<u>123,287</u>
Total primary government revenues	<u>\$ 113,715</u>	<u>\$ 120,635</u>	<u>\$ 117,702</u>	<u>\$ 122,909</u>	<u>\$ 121,733</u>	<u>\$ 124,478</u>	<u>\$ 127,780</u>	<u>\$ 128,569</u>	<u>\$ 138,816</u>	<u>\$ 143,704</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (26,833)	\$ (27,417)	\$ (28,928)	\$ (30,615)	\$ (30,919)	\$ (34,088)	\$ (32,747)	\$ (36,043)	\$ (28,481)	\$ (38,923)
Business-type activities	7,487	13,882	11,153	14,580	10,542	18,553	21,120	24,470	19,014	23,390
Total primary government net (expense) revenue	<u>\$ (19,346)</u>	<u>\$ (13,535)</u>	<u>\$ (17,775)</u>	<u>\$ (16,035)</u>	<u>\$ (20,377)</u>	<u>\$ (15,535)</u>	<u>\$ (11,627)</u>	<u>\$ (11,573)</u>	<u>\$ (9,467)</u>	<u>\$ (15,533)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 19,767	\$ 19,375	\$ 19,605	\$ 20,176	\$ 21,078	\$ 22,358	\$ 23,156	\$ 23,749	\$ 24,554	\$ 26,217
Sales and use tax	5,136	5,428	5,249	6,196	6,215	6,654	8,112	9,425	10,624	10,844
Utility sales taxes	2,111	2,813	2,905	3,128	3,078	3,118	3,184	3,122	3,108	3,352
Motor vehicle tax	197	143	140	678	842	834	838	884	870	913
Beer & wine and telecommunications tax	570	568	496	490	463	444	376	379	311	320
Gross receipts tax	63	68	77	98	104	112	102	115	133	151
Other licenses and fees	869	879	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	366	680	1,946	(723)	(616)	3,418	1,227	31	(975)	1,084
Miscellaneous	1,192	1,095	580	631	744	1,375	1,549	1,892	1,234	892
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(714)	(1,267)	225	(1,845)	(1,279)	(916)	(2,423)	808	(463)	(377)
Total governmental activities	<u>29,557</u>	<u>29,782</u>	<u>31,223</u>	<u>28,829</u>	<u>30,629</u>	<u>37,397</u>	<u>36,121</u>	<u>40,405</u>	<u>39,396</u>	<u>43,396</u>
Business-type activities:										
Unrestricted investment earnings	1,493	1,735	5,144	(2,072)	(1,398)	8,003	3,848	(888)	311	2,803
Lease revenue	-	-	-	-	-	-	-	-	122	128
Interest earnings on interfund loans	88	64	39	81	75	68	61	54	46	39
Miscellaneous	433	192	238	323	466	448	976	493	856	700
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	714	1,267	(225)	1,845	1,279	916	2,423	(808)	463	377
Total business-type activities	<u>2,728</u>	<u>3,258</u>	<u>5,196</u>	<u>177</u>	<u>422</u>	<u>9,435</u>	<u>7,308</u>	<u>(1,149)</u>	<u>1,798</u>	<u>4,047</u>
Total primary government	<u>\$ 32,285</u>	<u>\$ 33,040</u>	<u>\$ 36,419</u>	<u>\$ 29,006</u>	<u>\$ 31,051</u>	<u>\$ 46,832</u>	<u>\$ 43,429</u>	<u>\$ 39,256</u>	<u>\$ 41,194</u>	<u>\$ 47,443</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 2,724	\$ 2,365	\$ 2,295	\$ (1,786)	\$ (290)	\$ 3,309	\$ 3,374	\$ 4,362	\$ 10,915	\$ 4,473
Business-type activities	10,215	17,140	16,349	14,757	10,964	27,988	28,428	23,321	20,812	27,437
Total primary government	<u>\$ 12,939</u>	<u>\$ 19,505</u>	<u>\$ 18,644</u>	<u>\$ 12,971</u>	<u>\$ 10,674</u>	<u>\$ 31,297</u>	<u>\$ 31,802</u>	<u>\$ 27,683</u>	<u>\$ 31,727</u>	<u>\$ 31,910</u>

Notes:

Per GASB, revenues for internal service funds are allocated between business type and governmental type activities

CITY OF MONROE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 1,138	\$ 282	\$ 901	\$ 1,094	\$ 827	\$ 856	\$ 579	\$ 449	\$ 724	\$ 2,141
Restricted	4,840	4,951	5,846	7,554	7,989	8,879	10,831	8,635	13,879	15,340
Assigned	12,457	13,763	18,885	13,521	14,508	15,543	16,727	18,378	19,347	19,275
Unassigned	6,533	8,067	4,337	5,152	5,239	8,169	7,877	11,183	2,483	5,824
Total General Fund	\$ 24,968	\$ 27,063	\$ 29,969	\$ 27,321	\$ 28,563	\$ 33,447	\$ 36,014	\$ 38,645	\$ 36,433	\$ 42,580
All Other Governmental Funds										
Nonspendable	\$ 13	\$ 1	\$ 11	\$ 1	\$ 4	\$ -	\$ 1	\$ -	\$ -	\$ -
Restricted	1,758	5,548	1,705	2,857	2,399	10,966	5,663	7,678	26,467	5,689
Committed	588	996	1,690	3,843	4,107	213	737	1,327	223	10,474
Assigned	102	113	192	199	117	495	510	56	346	402
Unassigned	(2)	(46)	-	-	-	-	-	(20)	-	-
Total all other governmental funds	\$ 2,459	\$ 6,612	\$ 3,598	\$ 6,900	\$ 6,627	\$ 11,674	\$ 6,911	\$ 9,041	\$ 27,036	\$ 16,565

Notes:

The classification of fund balance amounts is discussed in the notes to the financial statements section I.E.13.

CITY OF MONROE, NORTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad valorem taxes	\$ 19,788	\$ 19,409	\$ 19,744	\$ 20,285	\$ 21,208	\$ 22,451	\$ 23,200	\$ 23,840	\$ 24,572	\$ 26,174
Other taxes and licenses	1,497	1,087	219	778	949	948	943	1,001	1,247	1,340
Unrestricted intergovernmental	7,952	8,967	8,839	9,987	9,991	10,433	11,887	13,203	14,344	14,664
Restricted intergovernmental	2,060	2,461	2,194	2,375	3,551	2,571	2,688	3,644	8,836	6,652
Sales and services	1,921	1,944	2,469	2,282	2,521	2,529	2,224	3,021	4,552	4,304
Investment earnings	481	646	1,842	(669)	(578)	3,236	1,162	40	(986)	1,063
Miscellaneous	779	989	395	461	525	1,170	1,341	1,617	934	474
Total revenues	<u>34,478</u>	<u>35,503</u>	<u>35,702</u>	<u>35,499</u>	<u>38,167</u>	<u>43,338</u>	<u>43,445</u>	<u>46,366</u>	<u>53,499</u>	<u>54,671</u>
EXPENDITURES										
General government	2,796	1,729	888	2,913	2,882	627	4,992	5,286	6,864	6,742
Transportation	1,979	1,957	2,400	2,346	2,610	2,243	1,852	3,678	1,439	4,423
Public safety	15,394	16,250	14,599	17,430	18,121	18,055	20,040	20,742	22,305	24,634
Culture and recreation	3,930	4,127	4,084	3,655	3,006	4,258	3,706	3,135	3,998	5,019
Economic and physical development	1,614	2,864	5,157	2,684	2,848	6,133	849	319	1,372	895
Capital outlay	2,076	4,158	7,483	4,335	6,654	8,373	12,914	7,234	14,300	14,500
Debt service:										
Principal retirement	1,124	1,193	1,248	1,198	1,213	1,166	1,225	1,508	2,238	2,357
Interest and other charges	164	186	199	227	200	489	342	525	1,244	979
Total expenditures	<u>29,077</u>	<u>32,464</u>	<u>36,058</u>	<u>34,788</u>	<u>37,534</u>	<u>41,344</u>	<u>45,920</u>	<u>42,427</u>	<u>53,760</u>	<u>59,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,401</u>	<u>3,039</u>	<u>(356)</u>	<u>711</u>	<u>633</u>	<u>1,994</u>	<u>(2,475)</u>	<u>3,939</u>	<u>(261)</u>	<u>(4,878)</u>
OTHER FINANCING SOURCES (USES)										
Transfers from (to) others	(2,057)	(1,267)	249	(1,845)	(1,279)	(916)	(1,839)	821	(444)	(427)
Lease liability issued	-	-	-	-	-	-	-	-	116	3
Subscriptions issued	-	-	-	-	-	-	-	-	-	137
Limited obligation bonds issued, including premiums	-	-	-	-	-	8,217	-	-	16,373	-
Installment purchase obligations issued	850	4,476	-	1,788	1,614	635	2,119	-	-	841
Total other financing sources (uses)	<u>(1,207)</u>	<u>3,209</u>	<u>249</u>	<u>(57)</u>	<u>335</u>	<u>7,936</u>	<u>280</u>	<u>821</u>	<u>16,045</u>	<u>554</u>
Net change in fund balances	<u>\$ 4,194</u>	<u>\$ 6,248</u>	<u>\$ (107)</u>	<u>\$ 654</u>	<u>\$ 968</u>	<u>\$ 9,930</u>	<u>\$ (2,195)</u>	<u>\$ 4,760</u>	<u>\$ 15,784</u>	<u>\$ (4,324)</u>
Debt service as a percentage of noncapital expenditures	4.77%	4.87%	5.06%	4.68%	4.58%	5.02%	4.75%	5.78%	8.82%	7.41%

CITY OF MONROE, NORTH CAROLINA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Real Property		Personal Property		Public Service Companies	Total Assessed Value	Total Direct Tax Rate
	Commercial	Residential	Motor Vehicle	Other			
2014	\$ 1,162,848	\$ 1,326,417	\$ 393,733	\$ 742,552	\$ 63,594	\$ 3,689,144	\$ 0.5435
2015	1,156,965	1,347,344	277,624	661,619	61,545	3,505,097	0.5495
2016	1,122,222	1,223,096	303,873	667,684	62,807	3,379,682	0.5780
2017	1,127,552	1,244,699	275,945	703,452	63,375	3,415,023	0.5624
2018	1,153,295	1,268,456	287,062	807,840	65,122	3,581,775	0.5861
2019	1,220,489	1,247,839	278,709	812,945	63,608	3,623,590	0.6142
2020	1,246,040	1,239,672	296,009	925,102	56,066	3,762,889	0.6161
2021	1,274,626	1,252,856	330,926	941,632	71,542	3,871,582	0.6156
2022	1,466,369	2,016,158	353,697	918,750	88,214	4,843,188	0.5054
2023	1,437,727	2,165,604	403,414	1,104,070	92,111	5,202,926	0.5019

Notes:

- (1) A county-wide property revaluation was done in 2015 and 2021 and is reflected in the fiscal year 2016 and 2022 assessed values, respectively. This valuation is required by law to be done at least every 8 years, but may be done more often.
- (2) Property is assessed at actual value; therefore, the assessed value is equal to actual value.
Tax Rates are per \$100 of assessed value.

Sources:

Union County Tax Assessor's Office and North Carolina Property Tax Commission.

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)

Fiscal Year	City of Monroe			Overlapping Rate		Total	
	General Fund		Municipal Service District	Total Weighted	Union County	Direct and Overlapping Rates	
	Basic Rate	Basic Rate	Average Rate ⁽¹⁾	Basic Rate			
2014	\$ 0.5550	\$ 0.2000	\$ 0.5435	\$ 0.6600		\$ 1.2035	
2015	0.5550	0.2000	0.5495	0.7614		1.3109	
2016	0.5863	0.2190	0.5780	0.7765		1.3545	
2017	0.5863	0.2190	0.5624	0.7665		1.3289	
2018	0.5863	0.2190	0.5861	0.7810		1.3671	
2019	0.6163	0.2190	0.6142	0.7309		1.3451	
2020	0.6163	0.2190	0.6161	0.7309		1.3470	
2021	0.6163	0.2190	0.6156	0.7309		1.3465	
2022	0.5025	0.1950	0.5054	0.5880		1.0934	
2023	0.5025	0.1950	0.5019	0.5880		1.0899	

Notes:

(1) Total City tax rate is a weighted average of all types of City of Monroe tax rates.

Union County rate is a direct rate.

Source:

Union County, Tax Assessment Division

CITY OF MONROE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(in thousands of dollars)

Taxpayer	2014			2023			Percentage of Total Taxable Assessed
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed	Taxable Assessed Value	Rank		
	Value	Rank	Value	Rank			
ATI Specialty Materials (Allvac)	\$ 291,172	1	7.9%	\$ 280,472	1		5.4%
Charlotte Pipe & Foundry Co.	92,360	2	2.5%	166,223	2		3.2%
Consolidated Metco, Inc.	23,250	8	0.6%	72,302	3		1.4%
Greiner Bio-One	27,155	5	0.7%	55,964	4		1.1%
Goulston Technologies	-		-	54,572	5		1.0%
Tyson Farms, Inc. (Tyson Foods, Inc.)	41,565	3	1.1%	53,167	6		1.0%
Glenmark Pharmaceuticals	-		-	42,770	7		0.8%
O'Neil Digital Solutions, LLC	-		-	37,409	8		0.7%
Yale Security (Assa Abloy - Door Security)	24,313	7	0.7%	34,664	9		0.7%
Inland American Monroe Poplin	27,050	6	0.7%	29,235	10		0.6%
Scott Technologies	21,684	9	0.6%	-			-
Monroe Mall (Madison)	20,961	10	0.6%	-			-
Turbomeca	32,927	4	0.9%	-			-
Total	\$ 602,437		16.3%	\$ 826,778			15.9%

Source:

City of Monroe Tax System

CITY OF MONROE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Taxes Levied for the Fiscal Year			Public Utility			Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy			Total Collections to Date		
												Collections in Subsequent Years			Percentage of Adjusted Levy
										Amount	Percentage of Levy		Amount		
2014	\$ 19,712	\$ 348	\$ 81	\$ 89	\$ 20,052	\$ 19,295	96.22%	\$ 711	\$ 20,006		99.77%				
2015	18,915	336	66	57	19,260	18,888	98.07	345	19,233		99.86				
2016	19,279	363	69	178	19,533	19,270	98.65	242	19,512		99.89				
2017	19,581	367	133	103	19,978	19,752	98.86	206	19,958		99.9				
2018	20,338	377	315	35	20,995	20,806	99.10	154	20,960		99.83				
2019	21,843	387	111	85	22,256	22,080	99.20	148	22,228		99.87				
2020	22,386	341	568	110	23,185	22,995	99.18	159	23,154		99.87				
2021	23,282	429	201	80	23,832	23,686	99.39	105	23,791		99.83				
2022	23,859	432	335	149	24,477	24,328	99.39	83	24,411		99.73				
2023	25,596	451	102	36	26,113	25,899	99.18	-	25,899		99.18				

Source:
City of Monroe Tax System

CITY OF MONROE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-type Activities						Per Capita (1)	Percentage of Personal Income (1)
	Installment Purchase Obligations	Limited Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	State Revolving Loans	Installment Purchase Obligations	Total Primary Government			
2014	\$ 4,322	\$ -	\$ -	\$ 43,394	\$ 10,592	\$ 30,693	\$ 89,001	\$ 2,640.35	0.99%	
2015	7,605	-	-	41,001	9,470	29,569	87,645	2,575.37	0.90	
2016	6,357	-	30,215	38,528	8,718	2,404	86,222	2,512.08	0.82	
2017	6,947	-	29,887	37,251	8,179	1,530	83,794	2,413.07	0.73	
2018	7,349	-	38,163	48,553	7,698	1,289	103,052	2,941.49	0.85	
2019	6,818	8,196	37,768	45,324	7,217	413	105,736	2,992.81	0.83	
2020	7,931	7,841	36,552	42,696	6,735	1,325	103,080	2,909	0.74	
2021	6,758	7,485	35,297	46,232	-	1,131	96,903	2,791	0.62	
2022	(2)	5,572	22,688	33,992	42,849	-	932	106,033	3,053	-
2023	(2)	5,198	21,503	32,631	39,390	-	728	99,450	2,771	-

Notes:

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

(1) Personal income and population data are on the Demographic and Economic Statistics table. These ratios are calculated using personal income and population for prior calendar year. Calendar year 2021 and 2022 personal income not available to calculate fiscal year 2022 and 2023.

(2) Personal income not available for 2022 and 2023.

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023
(in thousands of dollars)

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Union County, overlapping debt	\$ 496,346	13.5%	\$ 67,200
Total direct debt	<u>26,701</u>	100%	<u>26,701</u>
Total direct and overlapping debt	<u>\$ 523,047</u>		<u>\$ 93,901</u>

Notes:

- (1) Includes governmental activities debt only.
- (2) Determined by ratio of assessed value of property subject to taxation in Union County (\$38,429,452,436) and City of Monroe (\$5,202,926,381).

Source:

Union County Administrative Services Finance Division

CITY OF MONROE, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(in thousands of dollars)

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit (8% of assessed value)	\$ 295,131	\$ 280,408	\$ 270,375	\$ 284,215	\$ 286,542	\$ 289,887	\$ 301,031	\$ 309,727	\$ 387,455	\$ 416,234
Total net debt applicable to limit	35,014	37,175	38,976	38,364	46,801	53,195	53,649	50,672	63,183	60,059
Legal debt margin	\$ 260,117	\$ 243,233	\$ 231,399	\$ 245,851	\$ 239,741	\$ 236,692	\$ 247,382	\$ 259,055	\$ 324,272	\$ 356,175
Total net debt applicable to the limit as a percentage of debt limit	11.86%	13.26%	14.42%	13.50%	16.33%	18.35%	17.82%	16.36%	16.31%	14.43%

Legal Debt Margin	
<u>Calculation for Fiscal Year 2023</u>	
Assessed value	<u>\$ 5,202,926</u>
Debt limit (8% of total assessed value)	416,234
Bonded debt	\$ -
Debt not evidenced by bonds	<u>60,059</u>
Gross debt	\$ 60,059
Less: deductions allowed by North Carolina General Statutes:	
Bonded debt incurred for water purposes	-
Bonded debt incurred for sewer purposes	<u>-</u>
Total deductions	<u>-</u>
Net debt applicable to limit	<u>60,059</u>
Legal debt margin	<u>\$ 356,175</u>

Note:

NC Statute GS 159-55 limits the City's debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the City's net debt outstanding applicable to the limit, and represents the City's legal borrowing authority.

CITY OF MONROE, NORTH CAROLINA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Operating Revenues	Less Operating Expenses (1)	Operating Income	Nonoperating Revenues (2)	Income Available for Debt Service	Debt Service		Coverage
						Principal	Interest	
2014	\$ 91,644	\$ 78,463	\$ 13,181	\$ 1,442	\$ 14,623	\$ 3,002	\$ 2,020	291%
2015	101,194	77,381	23,813	1,679	25,493	3,386	2,158	460
2016	95,008	76,367	18,641	4,957	23,597	3,107	1,994	463
2017	100,293	77,953	22,340	(1,984)	20,356	3,009	1,324	470
2018	101,170	79,604	21,566	(1,327)	20,239	3,056	1,719	424
2019	102,684	73,926	28,757	7,632	36,390	3,346	2,082	670
2020	96,437	73,507	22,930	3,675	26,605	2,756	1,956	565
2021	94,441	70,871	23,570	(860)	22,710	2,838	1,856	484
2022	107,133	75,406	31,727	301	32,028	3,087	1,476	702
2023	113,421	78,454	34,967	2,723	37,690	3,163	1,386	829

Notes:

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

(1) Per rate covenants, this does not include the annual depreciation and amortization expense.

(2) Per rate covenants, this includes investment earnings only.

CITY OF MONROE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(City) Population (2)	(County) Personal Income (thousands of dollars) (3)	(County) Per Capita Personal Income (3)	(County) Public School Enrollment (4)	(County) Unemployment Rate (5)
2014	33,708	\$ 8,997,563	\$ 41,166	42,047	5.70%
2015	34,032	9,726,903	43,669	42,035	5.10
2016	34,323	10,479,508	46,246	42,552	4.50
2017	34,725	11,486,771	49,648	41,541	3.70
2018	35,034	12,108,123	51,326	41,509	3.70
2019	35,330	12,812,641	53,417	41,372	3.90
2020	35,432	13,895,901	56,820	41,451	6.10
2021	34,715	15,539,167	63,777	39,923	4.00
2022	(1)	34,734	-	40,257	3.50
2023	(1)	35,894	-	41,210	3.10

Note:

(1) Personal income not available for 2022 and 2023.

Sources:

- (2) North Carolina Office of State Budget and Management
- (3) US Department of Commerce - Bureau of Economic Analysis
- (4) Union County Public Schools
- (5) Employment Security Commission of North Carolina

CITY OF MONROE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2014		2023	
	Employees	Percentage of Total City Employment (1)	Employees	Percentage of Total City Employment (2)
ATI Specialty Materials	1,200	7.8%	2,000	10.8%
Tyson Foods	1,600	10.4%	1,850	10.0%
Atrium (formerly Carolinas Medical Center-Union)	1,400	9.1%	1,400	7.6%
Union County	886	5.8%	1,297	7.0%
Charlotte Pipe	600	3.9%	641	3.5%
3M - Scott Safety	600	3.9%	550	3.0%
City of Monroe	445	2.9%	543	2.9%
Greiner Bio-One	-	0.0%	450	2.4%
Wal-Mart Stores, Inc.	400	2.6%	400	2.2%
Windsor Windows	-	0.0%	350	1.9%
Circor (formerly IMO Industries)	300	2.0%	300	1.6%
Collins Aerospace (formerly UTC Aerospace)	300	2.0%	230	1.2%
Total	6,531	42.6%	10,011	54.2%

Notes:

- (1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 15,373 as of June 30, 2014.
 (2) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 18,435 as of June 30, 2023.

Source:

Monroe - Union County Economic Development Commission

CITY OF MONROE, NORTH CAROLINA
CONSTRUCTION INFORMATION
LAST TEN YEARS
(in thousands of dollars)

Fiscal Year	Non-Residential		Residential (1)	
	Number of Permits	Value of Permits	Number of Permits	Value of Permits
2014	163	\$ 25,520,277	314	\$ 13,290,139
2015	127	33,105,651	241	13,210,150
2016	212	150,064,502 (2)	284	25,921,890
2017	117	39,677,101	251	18,479,618
2018	114	96,256,468 (2)	224	14,695,332
2019	168	147,102,550 (2)	148	13,805,184
2020	172	27,426,384	246	21,295,243
2021	179	26,750,570	574 (3)	55,394,012
2022	202	139,162,893 (2)	1,284 (3)	119,213,566
2023	174	133,997,109 (2)	889 (3)	100,993,729

Notes:

- (1) Includes new residential dwellings (each residential unit in a multi-family requires a separate permit).
- (2) Several large non-residential projects were issued permits in 2016, 2018, 2019, 2022 and 2023.
- (3) The City has experienced the highest volume of residential permits since the City began issuing permits in 2001.

Source:

City Planning Department

CITY OF MONROE, NORTH CAROLINA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Administration (1)	30	29	28	30	30	29	38	38	42	41
Planning and zoning/Community development	7	7	7	8	8	8	8	8	11	13
Engineering	9	9	9	9	9	9	9	9	10	10
Utility/tax billing and collection	18	19	19	19	19	19	19	19	21	21
Purchasing/Fleet/Warehouse	9	9	9	9	9	9	9	9	10	10
Transportation	19	19	19	19	19	19	19	19	19	19
Police (2)	98	99	99	99	103	104	105	105	111	111
Fire (3)	79	80	81	81	81	84	84	84	87	96
Building standards and code enforcement (4)	6	7	7	8	8	8	8	8	9	11
Culture and recreation (1)	37	37	38	38	37	37	32	32	33	34
Water and sewer:										
Distribution system	34	34	35	35	35	35	36	37	37	38
Water filter plant	12	12	12	12	12	12	12	12	12	12
Waste treatment plant	14	14	14	15	15	15	15	15	15	15
Stormwater	11	11	11	11	11	12	12	13	14	14
Electric (5)	29	29	31	32	32	34	34	35	35	44
Natural gas (5)	14	14	15	15	18	18	20	20	21	27
Solid Waste (4)	1	1	1	1	3	3	5	5	5	3
Aquatics and Fitness Center	11	11	11	11	11	11	11	13	13	13
Airport (6)	7	7	7	7	7	7	7	7	7	11
Total	445	448	453	459	467	473	483	488	512	543

Note:

- (1) In 2020, the City Facilities Maintenance division was brought under Administration from Culture & Recreation. In 2023, Monroe-Union County Economic Development Commission was formed and staff was no longer employed by the City.
- (2) In 2018, four additional police officers were added through funding from a COPS Hiring grant; in 2022, six additional police officers were added.
- (3) In 2019, three full time firefighters were added through funding from a SAFER grant; in 2022, three full time fire captains were added. In 2023, 9 additional firefighter positions were added for Fire Station 6.
- (4) In 2018, two full time positions were added to Solid Waste for Community Maintenance; in 2020 the equivalent of 2 positions was allocated to Solid Waste Administration. In 2023, Community Maintenance was moved to general government.
- (5) In 2023, positions were added for safety and training coordinators, lineman, apprentices, administrative assistants, engineering techs, utility locator, gas technicians, and a gas operations superintendent.
- (6) In 2023, two full time customer service staff and two full time line service technicians were added and part-time pooled positions were eliminated.

Source:

City of Monroe payroll system.

CITY OF MONROE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(if available or unless otherwise noted)

Function	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation:										
Street reclamation (tons) (1)	1,730	2,400	2,272	1,229	1,023	197	-	183	-	138
Street repair (tons)	1,012	710	532	272	398	311	814	228	355	663
Utility repair (tons)	784	406	381	417	928	787	645	703	823	804
Sidewalk repair (cubic yards concrete)	329	323	137	166	96	130	158	173	68	131
Pipe repair and replacement (linear feet)	832	853	1,129	1,938	2,737	1,653	2,305	2,912	2,244	1,845
Police:										
Physical arrests (calendar year)	1,852	2,336	2,158	2,494	2,487	2,525	2,485	2,291	2,145	-
Parking violations (calendar year)	3,138	2,395	2,181	2,625	2,951	2,905	2,237	2,242	3,134	-
Traffic violations (calendar year)	5,742	5,565	5,056	4,800	5,994	6,560	6,485	5,445	4,993	-
Fire:										
Calls for service (calendar year)	5,811	6,269	6,170	7,049	6,920	7,065	5,675	7,519	7,605	-
Fire code inspections (calendar year)	961	1,185	2,267	2,105	1,726	1,351	884	1,325	2,333	-
Civilian fire injuries (calendar year)	5	4	2	3	6	2	2	1	2	-
Building standards & code enforcement:										
Building permits issued	3,429	3,740	4,416	4,250	3,666	3,367	3,622	4,476	7,891	6,768
Building inspections	8,331	8,475	9,865	8,659	8,915	9,447	11,063	11,106	20,741	23,753
Code enforcement inspections	1,240	1,687	2,994	3,091	2,560	4,029	4,138	3,114	2,630	3,419
Environmental protection:										
Solid waste collected (annual tonnage)	9,989	9,576	9,218	9,696	9,735	9,435	9,991	11,417	10,800	11,073
Recyclables collected (annual tonnage)	1,976	2,015	1,912	1,870	1,897	2,258	2,220	2,440	2,090	2,279
Culture and recreation:										
Rounds of golf played (calendar year)	32,598	33,035	36,717	36,381	33,858	34,229	41,733	40,778	42,398	-
Aquatics and fitness center members (2)	19,169	20,377	20,778	21,526	21,625	21,593	17,430	12,892	15,748	15,665
Youth athletic program participants (calendar year)	510	456	428	379	501	491	297	764	818	-
Water:										
Average daily production (millions of gallons per day) (3)	6.1	6.6	6.5	6.6	6.2	6.1	6.7	6.2	6.4	5.6
Maximum daily production (millions of gallons per day)	8.3	9.3	9.1	8.2	9.1	8.2	8.5	8.2	7.9	7.5
Customers	11,842	11,971	12,217	12,355	12,533	12,596	12,788	13,073	13,765	14,086
Gallons Billed (in thousands)	1,782,067	1,889,153	1,856,038	1,935,186	1,938,273	1,922,676	1,893,497	1,819,449	1,991,615	2,044,095
Sewer:										
Average daily treatment (millions of gallons per day)	7.2	6.9	7.3	6.1	5.4	7.9	7.1	6.7	5.7	6.5
Customers	10,223	10,363	10,631	10,754	10,921	10,981	11,115	11,376	11,930	11,938
Gallons Billed (in thousands)	2,204,230	2,248,645	2,268,665	2,208,168	2,218,285	2,550,976	2,340,080	2,175,436	2,052,793	1,935,931
Electric:										
Sales (megawatt hours)	654,969	710,133	669,778	711,165	718,185	706,091	667,632	582,590	648,916	679,661
Customers	11,675	11,785	11,916	12,005	12,071	12,154	12,181	12,311	12,564	13,230
Natural gas:										
Sales/deliveries (thousand cubic feet)	316,633	326,144	306,735	308,356	343,814	341,222	313,732	275,637	309,080	330,996
Customers	10,599	10,795	11,033	11,236	11,374	11,486	11,625	11,879	12,189	12,638
Airport:										
Fuel sales (thousands of gallons)	279	326	290	382	350	325	315	345	442	392
Based aircraft	103	102	82	83	115	107	99	110	112	116

Notes:

(1) Street reclamation crew was pulled to work on utility cuts during fiscal years 2019 through 2023 resulting in the decrease in those years.

(2) During 2020, COVID-19 and a related Governor's executive order prohibited fitness centers from being open for several months.

This caused membership to drop for June 30, 2020. Memberships have not returned to pre-COVID-19 trends due to continued concerns by patrons, but are improving.

(3) Due to replacement of large water lines within the distribution system and construction at the water treatment facility, the City utilized the Union County contracted supply more to offset system demand.

Also, a leak detection contractor was utilized to assist with locating several large leaks resulting in less volume being pumped once repairs were made.

Sources:

Various City departments.

CITY OF MONROE, NORTH CAROLINA
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 (unless otherwise noted)

Function	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation:										
Municipal Boundary (square miles)	29.63	29.63	29.63	29.63	30.05	30.34	30.49	31.07	31.81	32.14
Streets (miles)	170	170	170	170	170	170	171	171	171	171
Sidewalks (miles)	64	64	64	64	65	65	65	65	67	68
Curb and gutter (miles)	131	131	131	131	132	133	133	133	133	133
Stormwater (miles)	36	36	36	36	36	36	37	37	37	37
Bridges (square feet)	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884
Speed humps/cushions (each)	330	336	343	355	358	372	374	381	381	381
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	92	92	92	96	96	96	96	96	98	98
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire apparatus (line and reserve)	15	15	18	18	18	18	19	19	19	19
Culture and recreation:										
Acreage (city limits)	552	552	552	552	554	555	555	555	555	564
Aquatics and Fitness Center	1	1	1	1	1	1	1	1	1	1
Playgrounds (1)	8	8	8	9	9	9	9	9	9	9
Gymnasiums	4	4	4	4	4	4	4	4	4	4
Basketball courts	11	11	11	11	11	11	14	14	14	14
Tennis courts (2)	10	8	8	6	6	6	6	6	6	6
Playing fields (baseball/soccer/football) (3)	20	20	20	20	20	20	20	17	17	17
Swimming pools	3	3	3	3	3	3	3	3	3	3
Splash Pad (4)	-	-	-	-	-	-	-	-	-	1
Outdoor Fitness Station (4)	-	-	-	-	-	-	-	-	-	1
Dog Park (4)	-	-	-	-	-	-	-	-	-	1
Golf course	1	1	1	1	1	1	1	1	1	1
Driving range	1	1	1	1	1	1	1	1	1	1
Greenway (miles)	0.5	2.0	2.0	3.1	4.3	4.3	4.8	5.3	5.3	5.3
Theatre (5)	-	-	-	-	-	-	-	1	1	1
Water:										
Water mains (miles)	291	291	291	292	293	293	294	296	301	309
Treatment capacity (millions of gallons per day) (6)	12.99	12.99	12.99	12.99	12.99	12.99	12.99	12.99	12.99	12.99
Sewer:										
Sanitary sewers (miles)	295	295	295	295	295	294	297	299	304	310
Treatment capacity (millions of gallons per day)	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Electric:										
Substations (7)	9	7	7	7	7	7	7	7	8	8
Lines (miles per calendar year)	286	289	291	293	294	295	298	304	307	-
Natural gas:										
Lines (miles per calendar year)	457	464	468	473	477	486	500	502	514	-
Airport:										
Runway (feet)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Hangars (square feet) (8)	87,603	87,603	87,603	87,603	87,603	97,603	112,003	112,003	112,003	112,003

Notes:

- (1) In 2017, a new playground was added at the Dickerson Center.
- (2) In 2017, tennis courts at Sutton Park were replaced with a covered shelter.
- (3) In 2021, 3 soccer fields at Monroe Middle School were no longer maintained by the City.
- (4) In 2023, the City added a Splash Pad and an outdoor fitness station with cornhole boards and table tennis at Belk Tonawanda Park. A Dog Park was added at Sunset Park in 2023 also.
- (5) In 2021, the Dowd Center Theatre was capitalized by the City.
- (6) In 2014, additional water supply became available via a water supply agreement with Union County. The agreement provides a guaranteed 1.99 MGD of water supply to the City, and the agreement term is in perpetuity, or 99 years if perpetuity is challenged. This water supply is delivered from the Catawba River WTP (CRWTP) which is co-owned by Union County and Lancaster County, South Carolina. The 1.99 MGD represents a 5.53% interest in the CRWTP.
- (7) In 2014, as part of the electric systems ongoing work to retire old 4KV facilities, two 4KV substations were retired. In 2022 a new substation, SAF II, was installed at a new ATI Metals facility.
- (8) In addition to City owned hangars, there are three private hangars on airport property. These private hangar leases will expire in February 2026, July 2037 and November 2053. In 2019, a 10,000 square foot City owned hangar was completed and in 2020, a new 14,400 square foot City owned hangar was completed and are both currently being leased.

Sources:

Various City departments.



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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Monroe, North Carolina

We have audited, in accordance with the 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 (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 24, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Monroe ABC Board, as described in our report on the City of Monroe's financial statements. The financial statements of the City of Monroe ABC Board, the Monroe-Union County Economic Development Commission, and the Monroe Tourism Development Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the City of Monroe ABC Board, the Monroe-Union County Economic Development Commission, or the Monroe Tourism Development Authority.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Monroe's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Monroe's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Monroe's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Monroe's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Monroe's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2023

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& ASSOCIATES, CPAs, P.A.

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Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Monroe, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Monroe, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Monroe's major federal programs for the year ended June 30, 2023. The City of Monroe's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Monroe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Monroe and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Monroe's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Monroe's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Monroe's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Monroe's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Monroe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Monroe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Monroe's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

October 24, 2023

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Report on Compliance for Each Major State Program; Report on Internal Control over Compliance Required by the Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Monroe, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Monroe, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Monroe's major state programs for the year ended June 30, 2023. The City of Monroe's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Monroe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Monroe and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Monroe's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Monroe's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Monroe's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Monroe's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Monroe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Monroe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Monroe's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

October 24, 2023

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- | | |
|---|---------------|
| • Material weakness(es) identified? | No |
| • Significant deficiency(s) identified? | None reported |

Type of auditor's report issued on compliance
for major state programs

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the State Single
Audit Implementation Act?

No

Identification of major state programs:

Program Name

Powell Bill

Auditee qualified as low-risk auditee?

Yes

2. Financial Statement Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

CITY OF MONROE, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

None reported.

CITY OF MONROE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
Federal Grants:						
Cash Programs:						
U.S. Department of Justice:						
Direct Programs:						
Offices, Boards and Divisions						
Equitable Sharing Program	16.922		\$ 182,540	\$ -	\$ -	\$ -
U.S. Department of Treasury:						
State and Local Fiscal Recovery Funds:						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0305	4,288,253	-	-	-
Drug Enforcement Administration:						
Equitable Sharing Program	21.016		21,250	-	-	-
U.S. Department of Transportation:						
Passed through N.C. Department of Transportation:						
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act	20.106	36237.17.17.1	32,706	-	-	-
Total assistance - Federal Programs			4,524,749	-	-	-
State Grants:						
Cash Assistance:						
N.C. Department of Transportation:						
Powell Bill			-	339,726	-	-
State Aid to Airports - Airport Apron Rehabilitation		36244.24.8.1	-	58,642	-	-
N.C. Division of Parks and Recreation:						
N.C. Parks and Recreation Trust Fund (PARTF)	2021-932		5,508	-	1,009,143	
N.C. Office of State Budget and Management:						
N.C. State Capital and Infrastructure Grant		Contract 10281	250,000	-	-	-
N.C. Department of Natural and Cultural Resources:						
N.C. General Fund Directed Grant		E-AIA-W-17-0051	80,514	-	-	-
Total assistance - State Programs			-	734,390	-	1,009,143
Total assistance			\$ 4,524,749	\$ 734,390	\$ -	\$ 1,009,143

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Monroe under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Monroe, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City of Monroe.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Monroe has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



OUR VISION

The Finance Department strives to provide quality services and cost-effective financial practices with both accuracy and transparency, thus ensuring the continued growth and economic success of the City of Monroe, its citizens and surrounding communities.

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