



Monroe

North Carolina



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2022

City of Monroe, North Carolina Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2022

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CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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October 21, 2022

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, 2022. 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*, and 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’s ABC Board and the Monroe

Tourism Development Authority as discretely presented component units. The governing members of both 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. City Council adopted new policies to comply with fiscal and programmatic transparency and accountability in the allocation of funds to outside agencies in fiscal year 2022 that include compliance with local, county, state and federal guidelines, statutes and regulations. The new processes will be managed in the Planning and Development Department's Community Development Division to strengthen partnership opportunities and identify gaps in services. Non-governmental agencies that receive support from the City in fiscal year 2022 include: American Red Cross; HealthQuest of Union County; Monroe Athletic Foundation; 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; Union County Historic Preservation Commission; Turning Point; Union County Community Action, Inc.; Community Shelter of Union County; Arc of Union County; Police Athletic League; Alliance for Children; Central Academy of Technology and Arts Band; Hospice of Union County; Village Development Center; Union County Youth Ballet; A Few Good Men; Bridge to Recovery; Common Heart; Angel Shoes, Inc.; HELP Pregnancy Center; Ground 40 Ministries; Excel Enrichment Program; Caraway Foundation; Volunteer2ServeNGive, Inc.; and, Artists Music Guild.

Economic Condition and Outlook

Monroe enjoyed robust capital investment among its manufacturing sector throughout fiscal year 2021-2022 despite a variety of national and global economic factors such as inflation, supply chain constrictions and the ongoing pandemic. Even given these headwinds, fiscal year 2021-2022 saw the highest amount of capital investment in the history of Union County, totaling \$342 Million. This included major announcements from companies such as: Windsor Windows & Doors who is constructing an \$82 Million, 550,000 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 in the face of 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 this record demand for their goods include: Tyson Foods; Greiner Bio-One; Consolidated MetCo; and, Charlotte Pipe. All of these companies have experienced record sales during the past year.

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 23% 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 10 County for Job Creation Nationally Since 2000 – CNN/Money.com; 21+ Years Lowest Unemployment in the Charlotte Region – North Carolina Department of Commerce, Division of Employment Security; and, #1 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 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, continued, 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 January 1, 2013, there has been \$1.2 billion in capital investment announced and over 3,200 jobs created. This investment also generates close to \$900 million of wages for Monroe and Union County's residents and the manufacturing jobs created account for 22% of all employment in the county.

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 and growth potential, adjusting strategic capital project initiatives to accommodate growth projections. A capital reserve fund was established last fiscal year to help with long-term capital improvement costs. Our water treatment and wastewater treatment master plans were recently completed. Our wastewater collection system master plan updates are forthcoming. Our Capital Improvements plans will be adjusted based on master plan recommendations.

Current initiatives are focusing on system resiliency and asset management programs, while ensuring adequate water and wastewater capacity to future demands. The City is experiencing significant residential, commercial, and industrial economic development, which is having a positive effect on 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. A significant wastewater treatment plant expansion is being designed and permitted this fiscal year,

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 renewal and replacement of aging water and wastewater pipeline infrastructure is a priority and the City continues to use innovative trenchless technologies for these programs. As part of our Sewer Asset Management Program, we have purchased six Smart Covers to assist with quickly identifying inflow and infiltration sources, allowing for more efficient utilization of our resources.

Preventative maintenance programs for all equipment continue to be refined. Equipment replacements at the City's water and wastewater treatment facilities are ongoing to ensure reliable and resilient performance. Utility coordination and infrastructure relocations are anticipated for the North Carolina Department of Transportation's (NCDOT) projects in the coming years.

The City's Natural Gas Division operates and maintains a 43-mile natural gas transmission pipeline and 502 miles of natural gas distribution mains per federal regulation 49 CFR Part 192. With the installation of 512 new services, the natural gas customer count has increased to 12,189 customers. Peak gas usage day was on January 4, 2022 with a volume of 18,494 MCF (18,494,000 cubic feet) on a 26.3 heating degree day (28°/34° F). The natural gas volume for the fiscal year was 3,086,350 MCF. Energy Services Utility Locators have located 20,475 NC811 locate tickets, including natural gas, electric, and City fiber telecommunications.

- During the fiscal year 2022, the following projects were completed: installed natural gas facilities to seven new residential subdivisions; installed natural gas facilities to serve four large industrial projects; and, responded to 275 safety calls with a response time of 18.4 minutes.

The City's Electric Division maintains 19.5 miles of 100 kV transmission lines, 304 miles of distribution lines and eight substations. The Electric Division provides electric service to 12,564 customers consisting of residential customers, small commercial and industrial customers with up to 15 MW electric loads. The peak electric load on our system saw a high of 122 MW and annual electric sales of 649,670,220 KWH.

- During fiscal year 2022, the following projects were completed: installed electric facilities to seven new residential subdivisions; installed electric facilities to serve two large industrial projects; Replaced/retired downtown vault switches and high voltage cables; responded to 161 electric outages with an average response time of 22.2 minutes; and, maintained 99.9896% reliability of electricity to our 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, have completed over 2,000 work orders in addition to completing 13 capital improvement projects between 2009 and 2022.

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 Stewart 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 Stewart 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, international Customs processing and aviation fuel/services. An estimated 56,000 aircraft flight operations and over 100 privately-owned based aircraft fuel the Airport's annual economic impact of \$26.4M in business revenue, supporting over 300 supported jobs with \$16M in personal income and generates \$1.9M in state & local taxes. The Airport Layout ("Master") Plan Update has reached its conclusion with City Council's approval, and there is already a great public interest in future areas of hangar development. The Airport is poised to start this 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 2022. Using federal grants, the plan calls for projects that make key airfield improvements such as pavement rehabilitation and expansion, the addition of an air traffic control tower, and new terminal to accommodate the increased traffic and provide a stage for the redevelopment of all sectors on the airport. 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 following programs build trust and build stronger relationships with adults and youth within the community.

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 to deliver food to various communities every Tuesday in Serenity Hills and to Cotton Street Commons every Thursday. Officers also unloaded a tractor-trailer truck from Convoy of Hope that contained food and supplies and then gave it out to the community.

The school resource officers had summer camp in their schools to include sports camps and way finding camp. Officers went to Benton Heights Elementary to welcome the students back to school with a blue light parade. Some summer camps had such high participation that the schools were almost at the same capacity as the normal school year. During these times, officers were in the gym and classrooms interacting with their students. This was the first time in many years that summer camps have been held in our schools.

The Police Athletic League ("PAL") was postponed during this past year but will start back soon. PAL normally has up to 100 participants between the ages of 8 and 11 each year that learn from officers the fundamentals of basketball, baseball and football. This program gives the youth involved a sense of responsibility and accomplishment.

Officers within the Police Department have volunteered their own time to participate and develop community projects that build community relations, reach out to those in need and make our community a better place to live and work. Community Services section held the Bridge Builder Youth Summer Camp with over 120 youth ages 8 to 14 at our three recreation centers, held a bike drive at the J. Ray Shute Center, held safety talks at summer camps and assisted with the delivery and set up of beds for families in need within the City. Several other events were supported between Monroe Parks & Recreation and the Monroe Police Department.

In January 2021, the Police Department started a violent crimes task force to address the violent crimes in our community. They have continued to make progress during this fiscal year. The three violent crime officers have arrested 100 offenders, been assigned 51 cases and submitted 484 pieces of evidence to include 25 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 ("is") and the Federal Bureau of Investigations ("FBI") by assigning four task force officers. This is a collaborative effort to investigate violent and serious drug related crimes that occur within the City of Monroe and surrounding areas.

The Police Department has an Explorer Post with 12 active member participants. Law Enforcement Career Exploring is open to young men and women ages 14 (and completed the 8th 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 is staffed with 87 full-time and two part-time employees. The Operations Division protects the community with 78 members operating out of five strategically located fire stations. These 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 consist of nine full-time and two-part time members. These divisions are housed in the Administrative Office and provide various related services to citizens and department personnel.

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 17 members and is open to young men and women ages 14 through 20.

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 our 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 include: 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; 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, 2022 Accredited and NC 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 \$5,654,000 in private sector property acquisitions and sales and \$760,500 in private sector improvements and new construction. A total private sector investment of \$6,414,500 was realized with nine Downtown commercial properties sold, 17 residential condominiums sold, 9 new business openings and hosted Downtown special events and promotions.

A total of \$636,950.53 of new public investment in Downtown was realized with 17 public improvement projects. Total public-private investment in Downtown of approximately \$6,290,950.53 was reported to North Carolina Main Street. Downtown also logged approximately 1,164 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 is currently renovating this facility to serve as a new Active Adult Center. The current Senior Center facility is too small for the demand and a lack of adequate parking has created challenges. The new facility will provide 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 – 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 currently open for group reservations and birthday parties and will be open to the public no later than January 2023. 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 current 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 will provide much needed space for staff, larger evidence storage and a better functionality to secure the facility. It will be located on the former Scott Aviation property across the street from City Hall. The project is under construction with an estimated completion date of March 2023.

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 working on 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 June 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. 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 or that will be completed by 2023. This includes the Monroe Science Center, Phil Bazemore Active Adult Center and the 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 City's Planning and Development Department consists of six divisions that include Building Standards, Code Enforcement, Community Maintenance, Community Development, Permitting and Planning. During fiscal year 2022, the City implemented new software permitting, plan review and inspections and included modules for code enforcement and planning cases. The software allows online submission of permit applications, plan review and scheduling inspections as well as includes public access that is fully functioning.

The Planning and Development's Community Development Division expanded the City's partnership with South Piedmont Community College's Construction Curriculum Division ("SPCC-CM"). The City provides material and outreach assistance to complete the third scattered site housing rehabilitation for special needs populations. The program provides students the opportunity to train and learn various trades and skills away from the college campus setting.

The City facilitated the reorganization of the East Village, LLC to include the Monroe-Union County Community Development Corporation ("MUCCDC") (existing partner) and Union-Anson County Habitat for Humanity ("Habitat") (new partner) as the new organization. The City provided funds for the closing cost of the land purchase and for neighborhood signage. In addition, the City partnered in the application for Union County Community Development Block Grant ("CDBG") Partnership Funds and provided leveraging funds to begin construction on two remaining lots in the developed section of East Village Subdivision. The City also provided assistance to Habitat for the environmental assessment and will continue to provide expertise and assistance in the redesign and development of the unfinished lots.

The City partnered with Habitat to acquire a lot in the Winchester neighborhood. This partnership will result in the development of a workforce housing unit for an eligible City Police or Fire employee, as first priority. The City strengthened our efforts to promote affordable and fair housing with the creation of fair housing clearinghouse for Monroe administered by the MUCCDC. The City provided funds to repair and make the parking lot ADA handicapped accessibility, as required by law. Due to the pandemic, City Council provided an additional \$1 million for housing mortgage assistance and critical repair for households that had a COVID-19 related incident. The City's Community Development Division is partnering with MUCCDC and Habitat to implement the above programs. In addition, the City provided \$1 million for economic vitality initiatives in fiscal year 2022. The outside agency application process was updated with the development of new policies and processes to increase transparency. The Community Development Division began managing the City's outside agency application process and hosted the first mandatory workshop for outside agency funding during fiscal year 2022 for the 2023 fiscal year disbursements.

The City entered into an extension of the CDBG cooperative agreement with Union County and our partner cities in fiscal year 2022. The City requested in public comment to have the partnership renamed to the Union County Consortium. The consortium title is in line with other jurisdictions. The CDBG Concord Avenue sidewalks and infrastructure project was completed in fiscal year 2022 and received approximately \$522,000 in additional assistance.

In addition to the CDBG grant, the City pursues grant funding to provide resources for the completion of various projects. During fiscal year 2022, the Police Department finalized the coronavirus emergency support grant and the Edward Byrne Memorial Justice grant. These two grants were both used to purchase mobile radios and accessories such as software and holsters.

The airport is ever positioning itself to continue promoting economic growth for the community. Funded through federal grants totaling nearly \$625,000 and state grants from NCDOT totaling nearly \$34,300, rehabilitation of the runway aprons and the update to the airport layout plan has continued. The airport also started a runway approach obstruction removal project in fiscal year 2022. The airport received a Coronavirus Aid, Relief, and Economic Security Act grant in fiscal year 2022 that was utilized to reimburse roughly two months of salaries. These projects will ensure that the facilities keep up with the operational demands for the future.

The Parks and Recreation Department continues to develop Belk Tonawanda Park and has spent nearly \$410,100 of the \$425,000 North Carolina Parks and Recreation Trust Fund grant that was awarded in fiscal year 2020-2021. Belk Tonawanda Park has been equipped with new picnic tables, bench seats and construction of a splash pad began in fiscal year 2022.

The Fire Department provided emergency relief as a result of Tropical Storm Fred. Approximately \$50,700 in grant funds were received to cover salary and equipment expenses directly related to the response team working the emergency event.

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. Approximately \$20,000 of the funds were used to purchase supplies, kids' play equipment and develop a space exhibit in fiscal year 2022.

Downtown Monroe was awarded an infrastructure grant for \$250,000 from the North Carolina Office of State Budget and Management to assist with construction of the Morgan-Windsor Alley Project. As mentioned above, this project will create a new urban, public outdoor space for visitors to enjoy.

In September of 2018, the City incurred damages to several City facilities and property from Hurricane Florence. The City is in the process of working with the Federal Emergency Management Agency ("FEMA") to finalize these Public Assistance Disaster Grants.

The City has been awarded several grants related to Coronavirus relief. In fiscal year 2021, the Ellen Fitzgerald Senior Center was awarded a federal grant in the amount of \$14,496 to enhance virtual learning opportunities and to purchase social distancing signage, personal protective equipment, sanitizing equipment and supplies. Expenses totaled roughly \$900 in fiscal year 2022. The grant is in the final closeout stage.

The City was awarded \$11,326,507 in American Rescue Plan Act ("ARPA") grant funding. These funds are being utilized to reimburse police salaries and improvements to the Bearskin Creek. By utilizing the standard allowance option with the ability to supplant, the City has freed up funds that will be utilized to complete other various projects such as:

Parks & Recreation Improvements

- Sunset Park Renovations (includes dog park, picnic shelter, basketball courts);
- Creft Park playground equipment replacement and basketball court renovations;
- Don Griffin Park playground equipment replacement;
- Dickerson Park restroom renovation; and,
- Belk Tonawanda improvements and splash pad construction.

General Government Improvements

- City Hall renovations;
- Cyber security improvements, increased data storage and modernization to City computer network;
- Downtown parking improvements; and,
- Audio visual equipment in the City Hall Council Chambers.

Stormwater Improvements

- Bearskin Creek stream restoration;
- Stewart Creek stormwater control measures;
- Pinedell Avenue culvert replacement; and,
- Equipment waste disposal facility.

Community Development

- Housing urgent repair project;
- Mortgage and foreclosure assistance project; and,
- Environmental improvements to qualified census tracts.

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. 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 following is a breakdown of total permit revenue and permit issuances during the past three fiscal years:

	FY 2020	FY 2021	FY 2022
Permit Revenue	\$412,149	\$1,131,454	\$2,180,513
Permits Issued	3,622	4,975	8,010

For several years, the Planning Division has been working on 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.

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 our 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 \$222,271,888. 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

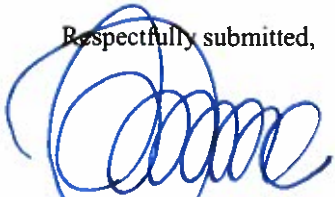
Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 29th consecutive 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. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Accounting Manager 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 our efforts to produce the best financial reports possible for our citizens and they provide leadership and support in maintaining the highest standards of professionalism in the fiscal management of the City. We appreciate their support in granting us the time and funding to generate this document and allowing us to submit it to the GFOA for consideration. Lastly, we would like to express our appreciation to our independent auditing firm, Martin Starnes & Associates, CPAs, P.A., for their cooperation and assistance in these efforts.

Respectfully submitted,



Brian J. Berne
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, 2021

Christopher P. Morill

Executive Director/CEO

**CITY OF MONROE,
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
June 30, 2022**

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

Brian J. Borne
City Manager

S. Mujeeb Shah-Khan
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

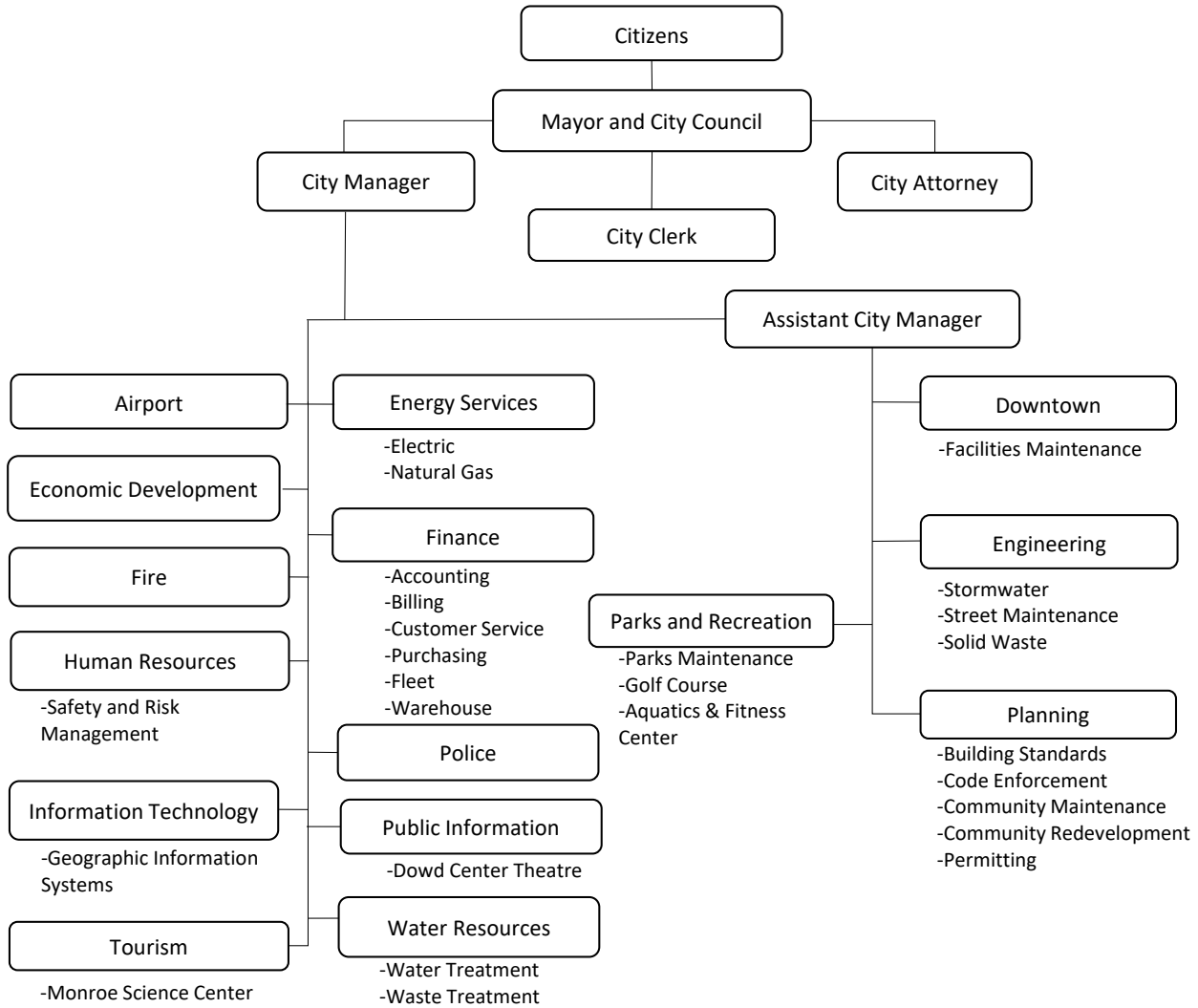
R. Christopher Platé
Executive Director of Economic Development

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
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, 2022, 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, 2022, 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 65%, 63% and 90%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2022, 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 and the Monroe Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note X to the financial statements, in 2022 the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 21, 2022 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 21, 2022

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, 2022. 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

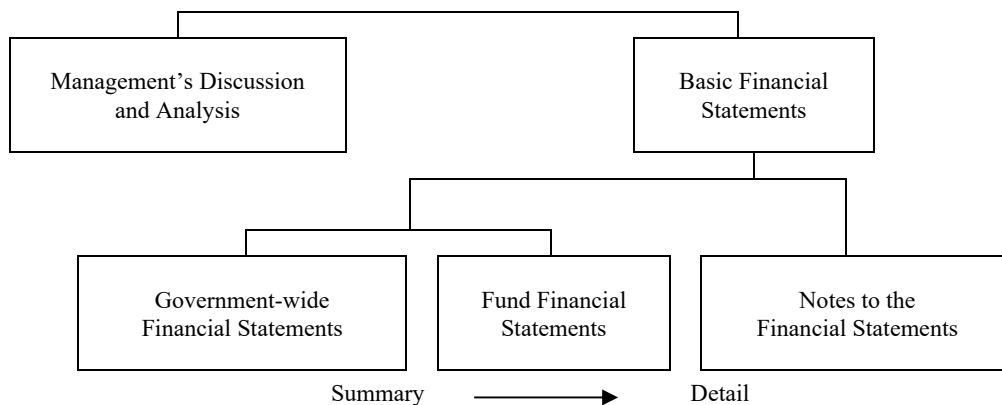
- The assets and deferred outflows of resources of the City of Monroe exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$505,986,160 (net position). Of this amount, \$158,887,195 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$31,727,055. This increase was the net of an increase in the amount of \$10,914,882 from governmental activities and an increase of \$20,812,173 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$63,469,141, an increase of \$15,783,602 in comparison with the prior year. Approximately 64.7 percent of this total amount, or \$41,070,032, is non-spendable or restricted by state statute.
- 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 \$21,830,193, or 55.5 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, increased \$9,128,829 during the fiscal year. The elements of the increase were debt retirements totaling \$7,244,032 and new limited obligation bonds issued for \$16,372,861.

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. Although legally separate from the City, the ABC Board and the Tourism Development Authority are important to the City because the City exercises control over both Boards by appointing their members. The 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 42 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 108 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 20-21.

City of Monroe’s Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$74,651,306	\$55,902,294	\$206,269,318	\$185,357,582	\$280,920,624	\$241,259,876
Capital assets	97,975,291	87,975,035	309,355,119	311,282,741	407,330,410	399,257,776
Total assets	172,626,597	143,877,329	515,624,437	496,640,323	688,251,034	640,517,652
Deferred outflows of resources	14,179,250	13,226,869	9,324,540	9,179,111	23,503,790	22,405,980
Total assets and deferred outflows of resources	186,805,847	157,104,198	524,948,977	505,819,434	711,754,824	662,923,632
Long-term liabilities outstanding	73,149,395	63,835,358	92,167,277	98,691,192	165,316,672	162,526,550
Other liabilities	9,804,613	6,355,032	15,371,457	13,286,025	25,176,070	19,641,057
Total liabilities	82,954,008	70,190,390	107,538,734	111,977,217	190,492,742	182,167,607
Deferred inflows of resources	10,558,079	4,534,930	4,717,843	1,961,990	15,275,922	6,496,920
Total liabilities and deferred inflows of resources	93,512,087	74,725,320	112,256,577	113,939,207	205,768,664	188,664,527
Net position:						
Net investment in capital assets	80,215,566	74,680,776	235,241,163	232,652,757	315,456,729	307,333,533
Restricted	31,642,236	15,706,179	-	-	31,642,236	15,706,179
Unrestricted	(18,564,042)	(8,008,077)	177,451,237	159,227,470	158,887,195	151,219,393
Total net position	\$93,293,760	\$82,378,878	\$412,692,400	\$391,880,227	\$505,986,160	\$474,259,105

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$505,986,160 as of June 30, 2022. Of the City’s total net position \$315,456,729 (62.3%) 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 \$31,642,236 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$158,887,195 (31.4%) 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 \$31,727,055, which consists of an increase in governmental activities in the amount of \$10,914,882 and an increase in business-type activities in the amount of \$20,812,173.

The biggest part of the increase to governmental activities net position was due to an increase in public safety operating grants related to the American Rescue Plan Act as well as an increase in construction in progress for a new Police headquarters and Active Adult Center renovation. The business-type activities increase in net position was due in part to an increase in charges for services in utilities after a slight decrease in the prior year related to the COVID-19 pandemic. The Airport also saw a significant increase in fuel sales due to more traffic during the year. The Water & Sewer fund saw an increase in contributed capital for infrastructure assets. Capital asset changes are outlined later in this report.

The following is a summary of the City's governmental and business-type activities for fiscal year 2022, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 22-23.

City of Monroe's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$12,768,708	\$10,310,804	\$115,933,990	\$101,420,956	\$128,702,698	\$111,731,760
Operating grants and contributions	8,673,881	2,259,127	82,000	-	8,755,881	2,259,127
Capital grants and contributions	779,234	541,836	578,148	14,036,013	1,357,382	14,577,849
General revenues:						
Property taxes, levied for a specific purpose	24,553,058	23,749,495	-	-	24,553,058	23,749,495
Sales and use tax	10,624,120	9,424,718	-	-	10,624,120	9,424,718
Utility sales taxes	3,107,773	3,121,901	-	-	3,107,773	3,121,901
Motor vehicle tax	870,125	883,770	-	-	870,125	883,770
Beer & wine and telecommunications tax	311,118	379,153	-	-	311,118	379,153
Gross receipts tax	133,527	115,082	-	-	133,527	115,082
Other	259,319	1,922,989	1,335,764	(340,639)	1,595,083	1,582,350
Total revenues	62,080,863	52,708,875	117,929,902	115,116,330	180,010,765	167,825,205
Expenses:						
General government	\$9,256,820	\$7,376,614	-	-	\$9,256,820	\$7,376,614
Transportation	3,936,698	6,676,681	-	-	3,936,698	6,676,681
Public safety	29,100,053	28,495,538	-	-	29,100,053	28,495,538
Culture and recreation	5,770,209	4,945,490	-	-	5,770,209	4,945,490
Economic and physical development	1,549,885	1,156,099	-	-	1,549,885	1,156,099
Interest in long-term debt	1,088,994	504,542	-	-	1,088,994	504,542
Water and sewer	-	-	9,886,083	11,122,342	9,886,083	11,122,342
Electrical	-	-	57,866,238	55,176,331	57,866,238	55,176,331
Natural Gas	-	-	16,768,410	12,806,862	16,768,410	12,806,862
Aquatics and Fitness Center	-	-	3,384,859	3,043,837	3,384,859	3,043,837
Stormwater	-	-	2,465,044	2,273,007	2,465,044	2,273,007
Solid waste	-	-	3,003,417	2,833,495	3,003,417	2,833,495
Airport	-	-	4,207,000	3,731,570	4,207,000	3,731,570
Total expenses	50,702,659	49,154,964	97,581,051	90,987,444	148,283,710	140,142,408
Change in net position before transfers	11,378,204	3,553,911	20,348,851	24,128,886	31,727,055	27,682,797
Transfers	(463,322)	807,977	463,322	(807,977)	-	-
Change in net position	10,914,882	3,361,888	20,812,173	23,320,909	31,727,055	27,682,797
Net position, beginning	82,378,878	78,016,990	391,880,227	368,559,318	474,259,105	446,576,308
Net position, ending	\$93,293,760	\$82,378,878	\$412,692,400	\$391,880,227	\$505,986,160	\$474,259,105

Governmental activities – Governmental activities increased the City of Monroe’s net position by \$10,914,882. Key elements of this net increase are as follows:

- Charges for services increased by \$2,457,904 primarily due to an increase in construction permits and an increase in internal service fund operating revenues that are allocated to general government.
- Operating grants and contributions increased \$6,414,754 due largely in part to the receipt of the American Rescue Plan Act grant that was used for the provision of government services in public safety.
- Property taxes increased by \$803,563. The total assessed value increased by \$966,835,073, or 25.2%, from the prior year due to a county-wide revaluation. The City adopted a revenue neutral tax rate.
- Sales and use tax increased by \$1,199,402 or 12.7%.
- Other revenues dropped by \$1,663,670 primarily due to a higher mark to market investment loss and a low interest rate environment throughout the fiscal year.
- General Government expenses increased mainly due to an increase of \$369,948 in pension and OPEB expenses as well as a reduction in the GASB conversion for capital outlay from the prior year of \$835,023
- Transportation expenses went down due to a delay in the award of the street paving contract. This contract will be combined with the fiscal year 2024 paving contract.
- Public Safety expenses increased due to an increase of \$546,640 in pension and OPEB expenses from the prior year and a change in the GASB conversion for capital outlay from the prior year of \$604,515.
- Culture and recreation expenses increased due to a full year of operations for the Center Theatre and an increase of \$45,905 in pension and OPEB expenses as well as a reduction in the GASB conversion for capital outlay from the prior year of \$154,579.
- Economic and physical development expenses increased due to a \$400,000 downtown incentive program project during the year to rehabilitate real property in the downtown area.

Business-type activities – Business-type activities increased the City of Monroe’s net position by \$20,812,173. Key elements of this net increase are as follows:

- Charges for Services increased year over year by \$14,513,034 primarily due to the net of the following items:
 - Water and Sewer sales were up by \$3,523,184.
 - Electric sales increased by \$4,334,113 due to an increase in demand.
 - Increased natural gas sales in the amount of \$4,027,276 were primarily due to the increased cost of purchasing natural gas that is passed along to the customer.
 - Membership Fees at the Aquatics and Fitness Center increased \$1,329,452 due to the return of customers as COVID restrictions have relaxed.
 - Revenues at the Charlotte-Monroe Executive Airport have increased \$852,158 due to increased fuel sales.
- Operating expenses for Electric Fund increased \$2,689,907 due to increased power purchases due to increased demand.
- Operating expenses for Natural Gas Fund increased \$3,961,548 due to increased power purchases related to the increased cost of natural gas.
- Operating expenses for Water & Sewer Fund decreased \$1,236,259 mainly due to an increase in developer donated infrastructure assets that are not charged to capital outlay.
- Operating expenses for the Charlotte-Monroe Executive Airport have increased \$475,430 primarily due to increased fuel purchases.

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, 2022, the governmental funds of the City of Monroe reported a combined fund balance of \$63,469,141, which is an increase of \$15,783,602 from last year's total of \$47,685,539. Of the governmental funds combined ending fund balances, \$2,482,625 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 (\$724,013);
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$40,346,019);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$223,217);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$19,693,267).

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, 2022, the fund balance in the General Fund was \$36,433,117, a decrease of \$2,211,809 in comparison with the prior year. Of the total fund balance in the General Fund, \$2,482,625 (6.8%) 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 6.3% of total General Fund expenditures, while total fund balance represents 92.7% of that same amount. In addition to unassigned fund balance, \$12,713,817 is reserved by a minimum fund balance policy that has been adopted by City Council. Revenues exceeded expenditures prior to transfers by \$6,450,021 due to revenue exceeding projections and savings in expenditures. Transfers of available fund balance were primarily for general capital projects, one-time capital purchases, airport operations and airport debt retirement.

The General Capital Projects Fund has increased by \$18,102,385. During the fiscal year, funding was secured through the issuance of Limited Obligation Bonds for the Bobby G. Kilgore Law Enforcement Center and the Phil Bazemore Active Adult Center. Fire Station #6 construction project and the downtown Monroe Morgan-Windsor Alley project were also funded from the General Fund which contributed to the increase 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 \$1,900,770 is down slightly from last year's total of \$2,007,744.

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	
	2022	2021	2022	2021
Water and Sewer	\$48,750,836	\$40,342,669	\$13,327,648	\$7,860,991
Electric	91,537,734	84,224,429	3,214,368	12,744,225
Natural Gas	36,918,597	34,516,315	3,770,664	3,156,227
Airport	(1,194,629)	(1,282,913)	571,345	1,081,124
Aquatics and Fitness Center	(704,286)	(536,007)	(415,662)	(1,507,825)
Stormwater	1,476,815	1,336,263	314,125	140,353
Solid Waste	557,413	641,670	(94,028)	(205,246)

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, 2022, the City of Monroe's Water and Sewer Fund reported a total net position of \$134,991,554, an increase of \$13,327,648 in comparison with the prior year. Overall operating income increased due to an increase in capacity fees in the amount of \$1,991,428 and an increase 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. 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, 2022, the City of Monroe's Electric Fund reported a total net position of \$161,911,939, an increase of \$3,214,368 in comparison with the prior year. Electric operating revenues increased by \$4,348,243 primarily due to increased demand as a result of a return to normal production hours by some of the City's industrial customers who had previously reduced production due to COVID. Electric non-operating revenues decreased by \$780,300 since last fiscal year. This decrease can be attributed to the net of an increase in investment earnings, an increase in miscellaneous revenue related to pole relocations and an increase in the loss on sale of capital assets.

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, 2022, the City of Monroe's Natural Gas Fund reported total net position of \$74,001,440, an increase of \$3,770,664 in comparison with the prior year. Natural gas operating revenues were up by 24.3% from prior year. 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, 2022, the City of Monroe's Airport Fund reported a total net position of \$32,534,442, an increase of

\$571,345 in comparison with the prior year. Fuel sales for the airport have increased 64.4% over the prior year. The main reason for the increase in net position is due to airport grant reimbursements of \$576,848 for capital projects including apron rehabilitation and the airport layout plan update.

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 \$3,098,873, or 7.0%. 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 \$857,511 and unspent appropriations (various unspent donations, grants and incentives, and police equitable sharing), \$456,489.
- Funding was appropriated for various projects including an additional \$1,000,000 in street resurfacing, Fire Station #6 construction in the amount of \$5,000,000, additional funding for the Phil Bazemore Active Adult Center (\$621,966) and additional funding for the Morgan-Windsor Alley improvements in the amount of \$821,190.
- Funding 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 \$2,551,784. This was primarily due to the higher than expected sales and use tax collections which were \$1,815,942 higher than budgeted. The increase in sales and services is primarily due to an increase in inspection fees due to growth.

Expenditures were under budget by \$8,315,640. Expenses were down due to savings realized from vacant positions and turnover totaling approximately \$3,604,712, capital purchases \$353,458, and \$1,773,853 in other operating accounts. Expenditures were 85.2% of the final amended expenditure budget. \$3,780,216 was carried over to fiscal year 2022 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 64 - 70 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and land improvements	\$6,683,118	\$6,518,218	\$18,823,006	\$24,390,103	\$25,506,124	\$30,908,321
Buildings and improvements	27,864,966	28,092,035	58,298,834	60,823,837	86,163,800	88,915,872
Equipment	2,856,681	2,624,815	4,768,017	4,926,225	7,624,698	7,551,040
Vehicles and motorized equipment	4,410,753	5,259,906	2,453,567	2,669,448	6,864,320	7,929,354
Other intangibles	126,963	199,401	318,886	1,282	445,849	200,683
Infrastructure	38,588,211	38,326,604	216,516,415	199,037,337	255,104,626	237,363,941
Construction in progress	17,444,599	7,296,763	8,176,394	18,211,012	25,620,993	25,507,775
Total	\$97,975,291	\$88,317,742	\$309,355,119	\$310,059,244	\$407,330,410	\$398,376,986

The City of Monroe's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$407,330,410 (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 \$8,953,424. Major capital asset events during the year included the following:

- Land sale in Commerce Park for industry expansion
- Sale of Speculative Building #4 that was built for economic development
- Acquisition of the Apex Tool property
- Renovation of the Center Theatre and the Monroe Science Center have been completed
- Completion of the construction of the Concord Avenue sidewalk and the apron rehabilitation project at the Charlotte-Monroe Executive Airport
- Developer installed water mains and sewer lines at Poplin Grove, Cottage Green, Simpson Farms, Kellerton Place and Scotch Meadows
- Completion of water treatment plant carbon feed
- Electric infrastructure improvements including installation of infrastructure to serve Redwood Living, Cottage Green, Kellerton Place, Scotch Meadows and Veronica Springs subdivisions
- Natural gas infrastructure improvements including system expansion to Cottage Green, Kellerton Place, Stallings Brook, Simpson Farm and Veronica Springs subdivisions and a line extension to the Union/Anson County boundary to serve Edwards Wood Products
- A liquefied natural gas peak shaving plant was completed and is in service

Construction in progress totaling \$25,620,993 has increased slightly from last year by \$113,218. The amount is the net of the completion of projects totaling \$16,148,476, retirements of \$194,514 and new projects that were added totaling \$16,456,208. Projects included in this amount are as follows:

- General – the Phil Bazemore Active Adult Center renovation, construction of the Bobby G. Kilgore Law Enforcement Center, Belk Tonawanda Park Improvements, wayfinding signs, information technology network improvements, installation of new financial system software, 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
- Airport – rehabilitation of the Quonset Hangar and update to the airport layout plan

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 91 of this report.

City of Monroe's Outstanding Debt

Figure 6

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Install purchase obligations	\$5,572,129	\$6,758,332	\$931,766	\$1,131,011	\$6,503,895	\$7,889,343
Revenue bonds	-	-	42,849,449	46,232,445	42,849,449	46,232,445
Limited Obligation Bonds	22,687,980	7,485,338	33,991,516	35,296,885	56,679,496	42,782,223
Total	\$28,260,110	\$14,243,670	\$77,772,730	\$82,660,341	\$106,032,840	\$96,904,011

As of June 30, 2022, the City of Monroe had total debt outstanding of \$106,032,840. The City's bonded debt, \$42,849,449 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 \$56,679,496 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 limited obligation bonds in the amount of \$16,372,861 for the construction of the Bobby G. Kilgore Law Enforcement Center and remodeling of an existing facility to be the Phil Bazemore Active Adult Center. The City's total debt, net of retirements, increased \$9,128,829 during the fiscal year. The elements of the increase were debt retirements totaling \$7,244,032 and new limited obligation bonds issued for \$16,372,861.

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 \$324,271,635.

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 4.0%, which is a decrease of 1.2% from last year. This rate is slightly higher than Union County's rate of 3.5% and the State's average rate of 4.1%.
- The total tax levy increased 2.7% from fiscal year 2021 to fiscal year 2022, and the tax collection rate remained at 99.39%.
- Population remained about the same with 34,715 in 2021 to 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 2023 operating budget (excluding capital projects) increased by approximately 7.8% with General and Governmental Funds increasing by 8.0% and business-type funds increasing by 7.6% over their current year budgets.

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 is currently renovating this facility to serve as a new Active Adult Center. The current Senior Center facility is too small for the demand and a lack of adequate parking has created challenges. The new facility will provide 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 – 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 currently open for group reservations and birthday parties and will be open to the public no later than January 2023. 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 current 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 will provide much needed space for staff, larger evidence storage and a better functionality to secure the facility. It will be located on the former Scott Aviation property across the street from City Hall. The project is under construction with an estimated completion date of March 2023.

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 working on 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 June 2023.

Funding has been included in the FY 2023 budget to begin operation of the above facilities as they complete their construction phases and open for business. Funding for debt payments for these facilities has also been included. The City is working to redevelop and beautify many areas. Revitalization projects in the Winchester Neighborhood and the Concord Avenue redevelopment area have been partially funded previously. Additional funding for fiscal year 2023 has been delayed. Continuing greenway construction funding has been added to this project fund.

Maintaining existing facilities is a priority and the proposed FY 2023 budget continues to address many maintenance issues. The replacement of the roofs on the Ellen Fitzgerald Community Center and Customer Service Building, replacement of windows at the Old Water Maintenance Facility, and repairing the insulation panels at Dickerson Gymnasium. The community maintenance crew that addresses problem areas within the City associated with yard waste, trash and bulky items was transferred to the General Fund from the Solid Waste Fund.

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 2.18 square miles of land into the City limits over the past five years. There are 7,461 homes approved for development as of June 2022 including rezoning projects and by-right development, and the City is poised to serve this development. 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
-

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe Tourism Development Authority
Assets:					
Current assets:					
Cash and cash equivalents	\$ 53,345,146	\$ 184,399,390	\$ 237,744,536	\$ 679,017	\$ 905,713
Taxes receivable	483,414	-	483,414	-	-
Accounts receivable	1,521,554	13,008,380	14,529,934	-	72,143
Note receivable - short-term	6,326	-	6,326	-	-
Leases receivable	-	122,962	122,962	-	-
Internal balances - short-term	(176,879)	176,879	-	-	-
Due from other governments	5,243,467	-	5,243,467	-	-
Due from component units	24,000	-	24,000	-	-
Inventories	360,628	6,890,366	7,250,994	402,283	11,990
Prepays	547,793	37,123	584,916	30,356	9,317
Cash and cash equivalents - restricted	13,429,770	198,919	13,628,689	-	-
Total current assets	74,785,219	204,834,019	279,619,238	1,111,656	999,163
Non-current assets:					
Restricted cash - customer deposits	-	589,742	589,742	-	-
Leases receivable, net of current portion	-	197,928	197,928	-	-
Note receivable	406,325	-	406,325	-	-
Internal balances - long term	(619,444)	619,444	-	-	-
Right to use assets, net of amortization	79,206	28,185	107,391	-	3,353
Capital assets:					
Land, non-depreciable improvements, and construction in progress	24,127,717	26,999,400	51,127,117	317,013	-
Other capital assets, net of depreciation	73,847,574	282,355,719	356,203,293	443,198	-
Total capital assets	97,975,291	309,355,119	407,330,410	760,211	-
Total non-current assets	97,841,378	310,790,418	408,631,796	760,211	3,353
Total assets	172,626,597	515,624,437	688,251,034	1,871,867	1,002,516
Deferred Outflows of Resources:					
OPEB deferrals	6,891,545	3,055,834	9,947,379	-	-
Pension deferrals	7,287,705	2,809,238	10,096,943	134,122	-
Charge on debt defeasance	-	3,459,468	3,459,468	-	-
Total deferred outflows of resources	14,179,250	9,324,540	23,503,790	134,122	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	4,910,901	9,655,399	14,566,300	190,633	33,673
Due to primary government	-	-	-	-	24,000
Current portion of long-term liabilities	4,297,336	5,679,919	9,977,255	-	1,862
Unearned revenue	2,055	36,139	38,194	-	-
Payable from restricted assets	36,037	-	36,037	-	-
Property claims liability	11,757	-	11,757	-	-
Workers' compensation claims	10,888	-	10,888	-	-
Healthcare benefits claims	535,639	-	535,639	-	-
Total current liabilities	9,804,613	15,371,457	25,176,070	190,633	59,535

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe Tourism Development Authority
Non-current liabilities:					
Payable from restricted assets	-	589,742	589,742	-	-
Net pension liability	4,123,702	1,826,806	5,950,508	74,074	-
Total pension liability (LEOSSA)	4,585,539	-	4,585,539	-	-
Total OPEB liability	37,602,397	16,673,583	54,275,980	-	-
Due in more than one year	26,837,757	73,077,146	99,914,903	-	1,445
Total non-current liabilities	73,149,395	92,167,277	165,316,672	74,074	1,445
Total liabilities	82,954,008	107,538,734	190,492,742	264,707	60,980
Deferred Inflows of Resources:					
OPEB deferrals	4,036,196	1,789,722	5,825,918	-	-
Pension deferrals	6,501,707	2,609,956	9,111,663	115,597	-
Leases	-	318,165	318,165	-	-
Other deferred inflows	20,176	-	20,176	-	-
Total deferred inflows of resources	10,558,079	4,717,843	15,275,922	115,597	-
Net Position:					
Net investment in capital assets	80,215,566	235,241,163	315,456,729	760,211	-
Restricted for:					
Stabilization by state statute	25,189,566	-	25,189,566	-	79,298
Public safety	1,793,012	-	1,793,012	-	-
Transportation	2,909,378	-	2,909,378	-	-
Culture and recreation	1,082,795	-	1,082,795	-	-
Occupancy tax capital projects	205,491	-	205,491	-	-
Economic development	461,994	-	461,994	199,860	-
Tourism promotion	-	-	-	-	840,931
Unrestricted	(18,564,042)	177,451,237	158,887,195	665,614	21,307
Total net position	\$ 93,293,760	\$ 412,692,400	\$ 505,986,160	\$ 1,625,685	\$ 941,536

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 9,256,820	\$ 3,195,062	\$ -	\$ -
Transportation	3,936,698	467,832	1,051,654	759,748
Public safety	29,100,053	6,601,921	7,194,363	-
Culture and recreation	5,770,209	2,503,893	3,864	19,486
Economic and physical development	1,549,885	-	424,000	-
Interest on long-term debt	1,088,994	-	-	-
Total governmental activities	<u>50,702,659</u>	<u>12,768,708</u>	<u>8,673,881</u>	<u>779,234</u>
Business-Type Activities:				
Water and sewer	9,886,083	22,996,857	-	1,300
Electric	57,866,238	60,936,663	-	-
Natural gas	16,768,410	20,457,078	-	-
Aquatics and Fitness Center	3,384,859	2,976,294	-	-
Stormwater	2,465,044	2,783,700	-	-
Solid waste	3,003,417	2,909,346	-	-
Airport	4,207,000	2,874,052	82,000	576,848
Total business-type activities	<u>97,581,051</u>	<u>115,933,990</u>	<u>82,000</u>	<u>578,148</u>
Total primary government	<u>\$ 148,283,710</u>	<u>\$ 128,702,698</u>	<u>\$ 8,755,881</u>	<u>\$ 1,357,382</u>
Component Units:				
ABC Board	\$ 6,634,066	\$ 6,764,690	\$ -	\$ -
Tourism Development Authority	<u>700,832</u>	<u>-</u>	<u>730,024</u>	<u>-</u>
Total component units	<u>\$ 7,334,898</u>	<u>\$ 6,764,690</u>	<u>\$ 730,024</u>	<u>\$ -</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, 2022

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 Tourism Development Authority
Primary Government:					
Governmental Activities:					
General government	\$ (6,061,758)	\$ -	\$ (6,061,758)		
Transportation	(1,657,464)	-	(1,657,464)		
Public safety	(15,303,769)	-	(15,303,769)		
Culture and recreation	(3,242,966)	-	(3,242,966)		
Economic and physical development	(1,125,885)	-	(1,125,885)		
Interest on long-term debt	(1,088,994)	-	(1,088,994)		
Total governmental activities	(28,480,836)	-	(28,480,836)		
Business-Type Activities:					
Water and sewer	-	13,112,074	13,112,074		
Electric	-	3,070,425	3,070,425		
Natural gas	-	3,688,668	3,688,668		
Aquatics and Fitness Center	-	(408,565)	(408,565)		
Stormwater	-	318,656	318,656		
Solid waste	-	(94,071)	(94,071)		
Airport	-	(674,100)	(674,100)		
Total business-type activities	-	19,013,087	19,013,087		
Total primary government	(28,480,836)	19,013,087	(9,467,749)		
Component Units:					
ABC Board				\$ 130,624	\$ -
Tourism Development Authority				-	29,192
Total component units				130,624	29,192
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	24,553,058	-	24,553,058	-	-
Sales and use tax	10,624,120	-	10,624,120	-	-
Utility sales taxes	3,107,773	-	3,107,773	-	-
Motor vehicle tax	870,125	-	870,125	-	-
Beer & wine and telecommunications taxes	311,118	-	311,118	-	-
Gross receipts tax	133,527	-	133,527	-	-
Unrestricted investment earnings (loss)	(975,213)	310,510	(664,703)	97	897
Lease revenue	-	122,597	122,597	-	-
Interest earnings on interfund loans	-	46,758	46,758	-	-
Miscellaneous	1,234,532	855,899	2,090,431	-	1,603
Total general revenues	39,859,040	1,335,764	41,194,804	97	2,500
Transfers	(463,322)	463,322	-	-	-
Total general revenues and transfers	39,395,718	1,799,086	41,194,804	97	2,500
Change in net position	10,914,882	20,812,173	31,727,055	130,721	31,692
Net Position:					
Beginning of year, July 1	82,378,878	391,880,227	474,259,105	1,494,964	909,844
End of year, June 30	\$ 93,293,760	\$ 412,692,400	\$ 505,986,160	\$ 1,625,685	\$ 941,536

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

CITY OF MONROE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 31,180,522	\$ 15,933,000	\$ 2,078,843	\$ 49,192,365
Receivables:				
Taxes	480,798	-	2,616	483,414
Accounts	809,649	383,810	448	1,193,907
Due from other governments	5,242,940	-	527	5,243,467
Due from component unit	-	-	24,000	24,000
Inventories	360,628	-	-	360,628
Prepays	363,385	-	-	363,385
Cash and cash equivalents - restricted	1,965,444	11,444,157	-	13,409,601
Total assets	<u>\$ 40,403,366</u>	<u>\$ 27,760,967</u>	<u>\$ 2,106,434</u>	<u>\$ 70,270,767</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,412,654	\$ 2,375,713	\$ 122,534	\$ 4,910,901
Accounts payable to be paid from restricted assets	15,868	-	-	15,868
Prepaid privilege license	2,055	-	-	2,055
Advances from other funds - current portion	68,122	-	-	68,122
Advances from other funds - long-term	619,444	-	-	619,444
Total liabilities	<u>3,118,143</u>	<u>2,375,713</u>	<u>122,534</u>	<u>5,616,390</u>
Deferred Inflows of Resources	<u>852,106</u>	<u>250,000</u>	<u>83,130</u>	<u>1,185,236</u>
Fund Balances:				
Non-spendable:				
Inventories	360,628	-	-	360,628
Prepays	363,385	-	-	363,385
Restricted:				
Stabilization by state statute	9,484,228	15,487,537	217,801	25,189,566
Public safety	1,441,688	-	446,568	1,888,256
Transportation	1,870,200	1,039,178	-	2,909,378
Culture and recreation	1,082,795	-	-	1,082,795
Occupancy tax capital projects	-	-	205,491	205,491
Economic development	-	-	461,994	461,994
Capital projects	-	8,608,539	-	8,608,539
Committed:				
Public safety	-	-	5,086	5,086
Culture and recreation	-	-	218,131	218,131
Assigned:				
Minimum fund balance requirement	12,713,817	-	-	12,713,817
Airport grant acceptance	249,678	-	-	249,678
Downtown projects	2,500,000	-	-	2,500,000
Subsequent year's expenditures	3,884,073	-	-	3,884,073
Community Development	-	-	56,562	56,562
Downtown Monroe	-	-	65,274	65,274
Occupancy Tax	-	-	223,863	223,863
Unassigned	2,482,625	-	-	2,482,625
Total fund balances	<u>36,433,117</u>	<u>25,135,254</u>	<u>1,900,770</u>	<u>63,469,141</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,403,366</u>	<u>\$ 27,760,967</u>	<u>\$ 2,106,434</u>	<u>\$ 70,270,767</u>

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, 2022

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statements of Net Position are different because:		
Fund balances - total governmental funds (Exhibit 3)	\$	63,469,141
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		79,206
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$ 190,249,210	
Accumulated depreciation	<u>(92,273,919)</u>	97,975,291
Total pension liability (LEOSSA)		(4,585,539)
Note receivable from outside party		412,651
Net pension liability - LGERS		(4,123,702)
Deferred outflows of resources related to OPEB are not reported in the funds.		6,891,545
Deferred outflows of resources related to pensions are not reported in the funds.		7,287,705
Deferred inflows of resources related to OPEB are not reported in the funds.		(4,036,196)
Deferred inflows of resources related to pensions are not reported in the funds.		(6,501,707)
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.		2,386,662
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.		749,839
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.		970,051
Internal balance due from business-type activities to governmental activities		(108,757)
Liabilities for earned, but unavailable, revenues in fund statements		1,165,060
Total OPEB liability		(37,602,397)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).		<u>(31,135,093)</u>
Net position of governmental activities (Exhibit 1)	\$	<u>93,293,760</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, 2022

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 24,510,295	\$ -	\$ 61,893	\$ 24,572,188
Other taxes and licenses	1,005,826	-	241,174	1,247,000
Unrestricted intergovernmental	14,344,078	-	-	14,344,078
Restricted intergovernmental	1,794,858	759,748	6,281,079	8,835,685
Sales and services	4,551,877	-	-	4,551,877
Investment earnings	(1,006,271)	12,273	8,443	(985,555)
Donation	-	-	20,650	20,650
Miscellaneous	556,145	2,000	355,464	913,609
Total revenues	<u>45,756,808</u>	<u>774,021</u>	<u>6,968,703</u>	<u>53,499,532</u>
Expenditures:				
Current:				
General government	7,272,388	-	-	7,272,388
Transportation	1,668,683	-	-	1,668,683
Public safety	22,390,027	-	94,193	22,484,220
Culture and recreation	4,754,212	-	-	4,754,212
Economic and physical development	-	-	1,651,008	1,651,008
Capital outlay	-	12,447,523	-	12,447,523
Debt service:				
Principal retirement	2,112,635	-	125,708	2,238,343
Interest and other charges	1,108,842	-	135,371	1,244,213
Total expenditures	<u>39,306,787</u>	<u>12,447,523</u>	<u>2,006,280</u>	<u>53,760,590</u>
Revenues over (under) expenditures	<u>6,450,021</u>	<u>(11,673,502)</u>	<u>4,962,423</u>	<u>(261,058)</u>
Other Financing Sources (Uses):				
Transfers from other funds	6,721,885	13,728,910	1,204,656	21,655,451
Transfers to other funds	(15,749,259)	(71,295)	(6,279,283)	(22,099,837)
Lease liability issued	110,955	-	5,230	116,185
Premium from limited obligation bonds issued	95,014	2,597,847	-	2,692,861
Limited obligation bonds issued	159,575	13,520,425	-	13,680,000
Total other financing sources (uses)	<u>(8,661,830)</u>	<u>29,775,887</u>	<u>(5,069,397)</u>	<u>16,044,660</u>
Net change in fund balances	(2,211,809)	18,102,385	(106,974)	15,783,602
Fund Balances:				
Beginning of year, July 1	<u>38,644,926</u>	<u>7,032,869</u>	<u>2,007,744</u>	<u>47,685,539</u>
End of year, June 30	<u>\$ 36,433,117</u>	<u>\$ 25,135,254</u>	<u>\$ 1,900,770</u>	<u>\$ 63,469,141</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, 2022**

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ 15,783,602

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.). 9,657,549

Right to use leased asset capital outlay 116,185

Amortization of right to use leased assets is not reported as an expenditure in the
governmental funds statement (36,978)

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 363,406

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.). (14,095,484)

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	530,566	
Pension expense - LEOSSA	28,472	
Compensated absences	19,071	
OPEB plan expense	<u>(1,737,439)</u>	(1,159,330)

The Internal Service Fund, determined to be governmental fund type, is used
by management to charge the costs, net of investment earnings. 285,932

Change in net position of governmental activities (Exhibit 2) \$ 10,914,882

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, 2022

	Budgeted Amounts			Variance
	Original	Final	Actual	Over/Under
Revenues:				
Ad valorem taxes	\$ 24,279,117	\$ 24,279,119	\$ 24,510,295	\$ 231,176
Other taxes and licenses	952,347	952,347	1,005,826	53,479
Unrestricted intergovernmental	12,522,507	12,522,507	14,344,078	1,821,571
Restricted intergovernmental	1,341,827	1,635,528	1,794,858	159,330
Sales and services	3,135,331	2,949,331	4,551,877	1,602,546
Investment earnings	302,238	302,238	(1,006,271)	(1,308,509)
Miscellaneous	531,840	563,954	556,145	(7,809)
Total revenues	<u>43,065,207</u>	<u>43,205,024</u>	<u>45,756,808</u>	<u>2,551,784</u>
Expenditures:				
Current:				
General government	8,073,784	9,156,567	7,272,388	1,884,179
Transportation	3,615,920	4,842,680	1,668,683	3,173,997
Public safety	23,892,738	24,340,712	22,390,027	1,950,685
Culture and recreation	5,712,375	5,750,244	4,754,212	996,032
Debt service:				
Principal retirement	2,350,218	2,354,914	2,112,635	242,279
Interest and other charges	878,519	1,177,310	1,108,842	68,468
Total expenditures	<u>44,523,554</u>	<u>47,622,427</u>	<u>39,306,787</u>	<u>8,315,640</u>
Revenues over (under) expenditures	<u>(1,458,347)</u>	<u>(4,417,403)</u>	<u>6,450,021</u>	<u>10,867,424</u>
Other Financing Sources (Uses):				
Transfers from other funds	751,500	10,871,419	6,721,885	(4,149,534)
Transfers to other funds	(2,976,264)	(21,954,303)	(15,749,259)	6,205,044
Lease liability issued	-	20,993	110,955	89,962
Limited obligation bond premium	-	95,014	95,014	-
Limited obligation bonds issued	-	203,786	159,575	(44,211)
Total other financing sources (uses)	<u>(2,224,764)</u>	<u>(10,763,091)</u>	<u>(8,661,830)</u>	<u>2,101,261</u>
Appropriated fund balance	<u>3,683,111</u>	<u>15,180,494</u>	<u>-</u>	<u>(15,180,494)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,211,809)</u>	<u>\$ (2,211,809)</u>
Fund Balance:				
Beginning of year, July 1			<u>38,644,926</u>	
End of year, June 30			<u>\$ 36,433,117</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, 2022**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Assets:				
Current assets:				
Cash and cash equivalents	\$ 54,585,578	\$ 85,518,669	\$ 38,330,670	\$ 587,775
Accounts receivable	2,449,842	8,079,939	1,298,259	527,236
Leases receivable	-	-	-	122,962
Advance to other funds	-	108,841	-	-
Prepaid expenses	5,564	16,008	7,569	547
Inventories	435,815	6,055,085	391,434	1,931
Cash and cash equivalents, restricted	70,105	-	-	128,814
Total current assets	<u>57,546,904</u>	<u>99,778,542</u>	<u>40,027,932</u>	<u>1,369,265</u>
Non-current assets:				
Restricted assets:				
Restricted cash - Customer deposits	101,686	319,656	168,400	-
Leases receivable, net of current portion	-	-	-	197,928
Advance to other funds	-	1,266,968	-	-
Right to use assets, net of amortization	8,787	4,921	475	3,353
Capital assets:				
Land and other non-depreciable assets	4,998,192	6,731,488	3,568,841	10,414,433
Other capital assets, net of depreciation	101,178,275	76,713,021	67,114,488	30,505,726
Capital assets (net)	<u>106,176,467</u>	<u>83,444,509</u>	<u>70,683,329</u>	<u>40,920,159</u>
Total non-current assets	<u>106,286,940</u>	<u>85,036,054</u>	<u>70,852,204</u>	<u>41,121,440</u>
Total assets	<u>163,833,844</u>	<u>184,814,596</u>	<u>110,880,136</u>	<u>42,490,705</u>
Deferred Outflows of Resources:				
OPEB deferrals	1,285,201	561,032	284,495	237,742
Pension deferrals	1,180,429	512,434	265,367	219,614
Charge on debt defeasance	132,776	558,379	2,768,313	-
Total deferred outflows of resources	<u>2,598,406</u>	<u>1,631,845</u>	<u>3,318,175</u>	<u>457,356</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,272,501	6,074,907	1,365,394	256,788
Unearned revenue	-	-	-	-
Compensated absences	194,046	205,874	104,374	29,401
Advance from other funds	-	-	-	40,719
Installment purchase obligations	26,134	23,120	15,544	6,925
Lease liabilities	4,879	2,732	264	1,862
Revenue bonds payable	1,343,803	1,020,380	170,484	924,329
Limited obligation bonds payable	-	-	1,360,369	-
Total current liabilities	<u>2,841,363</u>	<u>7,327,013</u>	<u>3,016,429</u>	<u>1,260,024</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, 2022**

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,376,698	\$ 184,399,390	\$ 4,152,781
Accounts receivable	653,104	13,008,380	327,647
Leases receivable	-	122,962	-
Advance to other funds	-	108,841	-
Prepaid expenses	7,435	37,123	184,408
Inventories	6,101	6,890,366	-
Cash and cash equivalents, restricted	-	198,919	-
Total current assets	<u>6,043,338</u>	<u>204,765,981</u>	<u>4,664,836</u>
Non-current assets:			
Restricted assets:			
Restricted cash - Customer deposits	-	589,742	20,169
Leases receivable, net of current portion	-	197,928	-
Advance to other funds	-	1,266,968	-
Right to use assets, net of amortization	<u>10,649</u>	<u>28,185</u>	<u>-</u>
Capital assets:			
Land and other non-depreciable assets	1,286,446	26,999,400	-
Other capital assets, net of depreciation	<u>6,844,209</u>	<u>282,355,719</u>	<u>-</u>
Capital assets (net)	<u>8,130,655</u>	<u>309,355,119</u>	<u>-</u>
Total non-current assets	<u>8,141,304</u>	<u>311,437,942</u>	<u>20,169</u>
Total assets	<u>14,184,642</u>	<u>516,203,923</u>	<u>4,685,005</u>
Deferred Outflows of Resources;			
OPEB deferrals	687,364	3,055,834	-
Pension deferrals	631,394	2,809,238	-
Charge on debt defeasance	-	3,459,468	-
Total deferred outflows of resources	<u>1,318,758</u>	<u>9,324,540</u>	<u>-</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	685,809	9,655,399	558,284
Unearned revenue	36,139	36,139	-
Compensated absences	107,184	640,879	-
Advance from other funds	-	40,719	-
Installment purchase obligations	132,302	204,025	-
Lease liabilities	5,913	15,650	-
Revenue bonds payable	-	3,458,996	-
Limited obligation bonds payable	-	1,360,369	-
Total current liabilities	<u>967,347</u>	<u>15,412,176</u>	<u>558,284</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, 2022

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	101,686	319,656	168,400	-
Net pension liability	767,615	333,230	172,565	142,811
Compensated absences	95,575	101,401	51,408	14,481
Advance from other funds	-	-	-	647,524
Installment purchase obligations	198,063	175,222	117,804	52,479
Revenue bonds payable - net unamortized premium	18,570,751	12,410,029	2,073,458	6,336,215
Limited obligation bonds payable - net unamortized premium	-	-	32,631,147	-
Lease liabilities	3,787	2,121	204	1,445
Total other post-employment benefits liability	7,012,457	3,061,166	1,552,293	1,297,199
Total non-current liabilities	26,749,934	16,402,825	36,767,279	8,492,154
Total liabilities	29,591,297	23,729,838	39,783,708	9,752,178
Deferred Inflows of Resources:				
OPEB deferrals	752,708	328,581	166,621	139,240
Leases	-	-	-	318,165
Pension deferrals	1,096,691	476,083	246,542	204,036
Total deferred inflows of resources	1,849,399	804,664	413,163	661,441
Net Position:				
Net investment in capital assets	86,240,718	70,374,205	37,082,843	33,729,071
Unrestricted	48,750,836	91,537,734	36,918,597	(1,194,629)
Total net position	\$ 134,991,554	\$ 161,911,939	\$ 74,001,440	\$ 32,534,442

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, 2022

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Non-current liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	-	589,742	20,169
Net pension liability	410,585	1,826,806	-
Compensated absences	52,793	315,658	-
Advance from other funds	-	647,524	-
Installment purchase obligations	184,173	727,741	-
Revenue bonds payable - net unamortized premium	-	39,390,453	-
Limited obligation bonds payable - net unamortized premium	-	32,631,147	-
Lease liabilities	4,590	12,147	-
Total other post-employment benefits liability	3,750,468	16,673,583	-
Total non-current liabilities	4,402,609	92,814,801	20,169
Total liabilities	5,369,956	108,226,977	578,453
Deferred Inflows of Resources:			
OPEB deferrals	402,572	1,789,722	-
Leases	-	318,165	-
Pension deferrals	586,604	2,609,956	-
Total deferred inflows of resources	989,176	4,717,843	-
Net Position:			
Net investment in capital assets	7,814,326	235,241,163	-
Unrestricted	1,329,942	177,342,480	4,106,552
Total net position	\$ 9,144,268	412,583,643	\$ 4,106,552
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds		108,757	
Net position of business-type activities		\$ 412,692,400	

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, 2022**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Operating Revenues:				
Charges for services	\$ 18,740,030	\$ 60,647,432	\$ 20,412,718	\$ 2,700,947
Interfund charges and employee contributions	-	-	-	-
Capacity fees	3,747,744	-	-	-
Other operating revenues	452,395	261,554	2,149	168,345
Total operating revenues	<u>22,940,169</u>	<u>60,908,986</u>	<u>20,414,867</u>	<u>2,869,292</u>
Operating Expenses:				
Distribution systems	140,162	5,646,730	3,874,603	-
Water filter plant	3,006,229	-	-	-
Waste treatment plant	2,042,553	-	-	-
Electric power purchases	-	47,740,429	-	-
Natural gas purchases	-	-	9,870,028	-
Aquatics and Fitness Center operations	-	-	-	-
Airport operations	-	-	-	3,086,080
Stormwater operations	-	-	-	-
Solid waste operations	-	-	-	-
Solid waste maintenance	-	-	-	-
Operating expenses	-	-	-	-
Workers' compensation claims and premiums	-	-	-	-
Health benefit claims and premiums	-	-	-	-
Property and liability claims and premiums	-	-	-	-
Depreciation and amortization	3,899,504	2,267,598	1,590,972	949,703
Total operating expenses	<u>9,088,448</u>	<u>55,654,757</u>	<u>15,335,603</u>	<u>4,035,783</u>
Operating income (loss)	<u>13,851,721</u>	<u>5,254,229</u>	<u>5,079,264</u>	<u>(1,166,491)</u>
Non-Operating Revenues (Expenses):				
Rate stabilization funds	-	-	-	-
Power agency funding	-	-	-	-
Gain (loss) on sale of capital assets	(106,981)	(1,659,569)	28,406	-
Other non-operating revenues (expenses)	209,195	447,284	199,420	82,000
Investment earnings	87,233	146,441	64,621	3,017
Interest income interfund loans	-	46,758	-	-
Lease revenue	-	-	-	122,597
Interest and other charges	(690,654)	(551,912)	(1,432,807)	(171,217)
Total non-operating revenues (expenses)	<u>(501,207)</u>	<u>(1,570,998)</u>	<u>(1,140,360)</u>	<u>36,397</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, 2022**

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating Revenues:			
Charges for services	\$ 8,440,312	\$ 110,941,439	\$ -
Interfund charges and employee contributions	-	-	10,342,384
Capacity fees	-	3,747,744	-
Other operating revenues	208,245	1,092,688	1,416,331
Total operating revenues	<u>8,648,557</u>	<u>115,781,871</u>	<u>11,758,715</u>
Operating Expenses:			
Distribution systems	-	9,661,495	-
Water filter plant	-	3,006,229	-
Waste treatment plant	-	2,042,553	-
Electric power purchases	-	47,740,429	-
Natural gas purchases	-	9,870,028	-
Aquatics and Fitness Center operations	3,058,467	3,058,467	-
Airport operations	-	3,086,080	-
Stormwater operations	2,253,430	2,253,430	-
Solid waste operations	2,881,713	2,881,713	-
Solid waste maintenance	103,941	103,941	-
Operating expenses	-	-	595,219
Workers' compensation claims and premiums	-	-	472,536
Health benefit claims and premiums	-	-	9,488,778
Property and liability claims and premiums	-	-	780,224
Depreciation and amortization	544,330	9,252,107	-
Total operating expenses	<u>8,841,881</u>	<u>92,956,472</u>	<u>11,336,757</u>
Operating income (loss)	<u>(193,324)</u>	<u>22,825,399</u>	<u>421,958</u>
Non-Operating Revenues (Expenses):			
Rate stabilization funds	-	-	-
Power agency funding	-	-	-
Gain (loss) on sale of capital assets	-	(1,738,144)	-
Other non-operating revenues (expenses)	-	937,899	-
Investment earnings	9,198	310,510	6,624
Interest income interfund loans	-	46,758	-
Lease revenue	-	122,597	-
Interest and other charges	(11,439)	(2,858,029)	-
Total non-operating revenues (expenses)	<u>(2,241)</u>	<u>(3,178,409)</u>	<u>6,624</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, 2022**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Income (loss) before capital contributions and transfers	<u>13,350,514</u>	<u>3,683,231</u>	<u>3,938,904</u>	<u>(1,130,094)</u>
Capital grants and contributions	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>576,848</u>
Transfers from other funds	-	-	-	1,124,591
Transfers to other funds	<u>(24,166)</u>	<u>(468,863)</u>	<u>(168,240)</u>	<u>-</u>
Total transfers (to) from other funds	<u>(24,166)</u>	<u>(468,863)</u>	<u>(168,240)</u>	<u>1,124,591</u>
Change in net position	13,327,648	3,214,368	3,770,664	571,345
Net Position:				
Beginning of year, July 1	<u>121,663,906</u>	<u>158,697,571</u>	<u>70,230,776</u>	<u>31,963,097</u>
End of year, June 30	<u>\$ 134,991,554</u>	<u>\$ 161,911,939</u>	<u>\$ 74,001,440</u>	<u>\$ 32,534,442</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, 2022**

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Income (loss) before capital contributions and transfers	<u>(195,565)</u>	<u>19,646,990</u>	<u>428,582</u>
Capital grants and contributions	<u>-</u>	<u>578,148</u>	<u>-</u>
Transfers from other funds	-	1,124,591	-
Transfers to other funds	<u>-</u>	<u>(661,269)</u>	<u>(18,936)</u>
Transfers (to) from other funds	<u>-</u>	<u>463,322</u>	<u>(18,936)</u>
Change in net position	(195,565)	20,688,460	409,646
Net Position:			
Beginning of year, July 1	<u>9,339,833</u>		<u>3,696,906</u>
End of year, June 30	<u><u>\$ 9,144,268</u></u>		<u><u>\$ 4,106,552</u></u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change		<u>123,713</u>	
Change in net position of business-type activities		<u><u>\$ 20,812,173</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, 2022

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Cash Flows from Operating Activities:				
Cash received from customers	\$ 22,981,014	\$ 61,154,908	\$ 20,188,023	\$ 2,631,697
Cash paid for goods and services	(47,313)	(50,086,852)	(12,036,334)	(2,524,204)
Cash paid to or on behalf of employees for services	(4,409,834)	(4,044,809)	(1,481,541)	(645,112)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	18,523,867	7,023,247	6,670,148	(537,619)
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	-	232,634	-	-
Advances to other funds	-	-	-	(39,594)
Transfers from other funds	-	-	-	1,124,591
Transfers to other funds	(24,166)	(468,863)	(168,240)	-
Net cash provided (used) by non-capital financing activities	(24,166)	(236,229)	(168,240)	1,084,997
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets	2,966,633	7,008,949	28,406	-
Acquisition and construction of capital assets	(11,595,711)	(5,993,520)	(2,049,932)	(523,131)
Capital contributions	1,300	-	-	576,848
Principal paid on bond maturities and equipment obligations	(1,261,141)	(843,658)	(1,312,246)	(909,359)
Interest paid on bond maturities and equipment obligations	(690,654)	(551,912)	(1,432,807)	(171,217)
Net cash provided (used) by capital and related financing activities	(10,579,573)	(380,141)	(4,766,579)	(1,026,859)
Cash Flows from Investing Activities:				
Earnings on investments	87,233	193,199	64,621	3,017
Net cash provided (used) by investing activities	87,233	193,199	64,621	3,017
Net increase (decrease) in cash and cash equivalents	8,007,361	6,600,076	1,799,950	(476,464)
Cash and Cash Equivalents:				
Beginning of year, July 1	46,750,008	79,238,249	36,699,120	1,193,053
End of year, June 30	\$ 54,757,369	\$ 85,838,325	\$ 38,499,070	\$ 716,589

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, 2022

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 8,659,593	\$ 115,615,235	\$ 10,727,969
Cash paid for goods and services	(5,029,912)	(69,724,615)	(11,568,729)
Cash paid to or on behalf of employees for services	(2,974,896)	(13,556,192)	-
Other operating revenues	-	-	1,416,331
Net cash provided (used) by operating activities	654,785	32,334,428	575,571
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds	-	232,634	-
Advances to other funds	-	(39,594)	-
Transfers from other funds	-	1,124,591	-
Transfers to other funds	-	(661,269)	(18,936)
Net cash provided (used) by non-capital financing activities	-	656,362	(18,936)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	-	10,003,988	-
Acquisition and construction of capital assets	(326,427)	(20,488,721)	-
Capital contributions	-	578,148	-
Principal paid on bond maturities and equipment obligations	(134,323)	(4,460,727)	-
Interest paid on bond maturities and equipment obligations	(11,439)	(2,858,029)	-
Net cash provided (used) by capital and related financing activities	(472,189)	(17,225,341)	-
Cash Flows from Investing Activities:			
Earnings on investments	9,198	357,268	6,624
Net cash provided (used) by investing activities	9,198	357,268	6,624
Net increase (decrease) in cash and cash equivalents	191,794	16,122,717	563,259
Cash and Cash Equivalents:			
Beginning of year, July 1	5,184,904	169,065,334	3,609,691
End of year, June 30	\$ 5,376,698	\$ 185,188,051	\$ 4,172,950

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, 2022

	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)	\$ 13,851,721	\$ 5,254,229	\$ 5,079,264	\$ (1,166,491)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,899,504	2,267,598	1,590,972	949,703
Non operating revenue	209,195	447,284	199,420	204,597
Increase deferred outflows - pension	(190,860)	(82,854)	(42,907)	(35,509)
Change in net pension liability	(1,003,669)	(435,701)	(225,631)	(186,729)
Decrease deferred inflows - pension	1,095,766	475,681	246,335	203,863
Changes in assets and liabilities:				
(Increase) decrease in leases receivable	-	-	-	(320,890)
(Increase) decrease in accounts receivable	(193,827)	(208,314)	(443,434)	(439,389)
(Increase) decrease in inventories	(117,285)	(1,939,662)	7,855	37,885
(Increase) decrease in prepaid expenses	(439)	(130)	(3,643)	(78)
Increase (decrease) in accounts payable and accrued liabilities	692,259	1,110,197	152,927	(156,929)
Increase (decrease) in customer deposits	25,916	7,082	20,813	-
(Increase) decrease in deferred outflows of resources for OPEB	33,703	14,712	7,461	6,235
Increase (decrease) in deferred inflows of resources for leases	-	-	-	318,165
Increase (decrease) in deferred inflows of resources for OPEB	(71,526)	(31,224)	(15,833)	(13,231)
Increase (decrease) in net OPEB liability	361,837	157,954	80,097	66,934
Increase (decrease) in compensated absences	(68,428)	(13,605)	16,452	(5,755)
Total adjustments	4,672,146	1,769,018	1,590,884	628,872
Net cash provided (used) by operating activities	\$ 18,523,867	\$ 7,023,247	\$ 6,670,148	\$ (537,619)
Non-Cash Items:				
Right to use asset acquired in exchange for a lease liability	\$ 13,181	\$ 7,382	\$ 713	\$ 5,030

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, 2022

	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)	\$ (193,324)	\$ 22,825,399	\$ 421,958
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	544,330	9,252,107	-
Non operating revenue	-	1,060,496	-
Decrease deferred outflows - pension	(102,088)	(454,218)	-
Change in net pension liability	(536,846)	(2,388,576)	-
Decrease deferred inflows - pension	586,108	2,607,753	-
Changes in assets and liabilities:			
(Increase) decrease in leases receivable	-	(320,890)	-
(Increase) decrease in accounts receivable	15,939	(1,269,025)	377,242
(Increase) decrease in inventories	(1,491)	(2,012,698)	-
(Increase) decrease in prepaid expenses	239	(4,051)	8,343
Increase (decrease) in accounts payable and accrued liabilities	213,201	2,011,655	(231,972)
Increase (decrease) in customer deposits	-	53,811	-
(Increase) decrease in deferred outflows of resources for OPEB	18,024	80,135	-
Increase (decrease) in deferred inflows of resources for leases	-	318,165	-
Increase (decrease) in deferred inflows of resources for OPEB	(38,251)	(170,065)	-
Increase (decrease) in net OPEB liability	193,521	860,343	-
Increase (decrease) in compensated absences	(44,577)	(115,913)	-
Total adjustments	848,109	9,509,029	153,613
Net cash provided (used) by operating activities	\$ 654,785	\$ 32,334,428	\$ 575,571
Non-Cash Items:			
Right to use asset acquired in exchange for a lease liability	\$ 15,974	\$ 42,280	\$ -

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, 2022

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.

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

1. *Deposits and Investments*

All deposits of the City, the ABC Board, 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, 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, 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(c)(8)] authorizes the City, the ABC Board, 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, 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 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, 2022

3. *Restricted Assets*

Unexpended installment financing obligations received by the City are classified as restricted for the General Fund, Capital Projects Fund, Water and Sewer Fund, and Airport Fund, because their use is completely restricted to the purpose for which the installment obligations were issued. 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	\$ 1,870,200
Unexpended debt proceeds	95,244
Capital Projects Fund:	
Public Safety	10,404,979
Streets	-
Health and Dental Fund:	
Deposits	10,169
Workers' Compensation Fund:	
Deposits	10,000
Total governmental activities	<u>12,390,592</u>

Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	101,686
Unexpended debt proceeds	70,105
Electric Fund:	
Customer deposits	319,656
Natural Gas Fund:	
Customer deposits	168,400
Airport Fund:	
Unexpended debt proceeds	<u>128,814</u>
Total business-type activities	<u>788,661</u>
Total restricted cash	<u>\$ 13,179,253</u>

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, 2021. 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, 2022

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, 2022

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

The Tourism Development Authority had no capital assets at June 30, 2022.

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.

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 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The Tourism Development Authority had two employees during the year ended June 30, 2022 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, 2022

Non-spendable fund balance at June 30, 2022 is as follows:

Purpose	General Fund	Total
Inventories	\$ 360,628	\$ 360,628
Prepays	363,385	363,385
Total	<u>\$ 724,013</u>	<u>\$ 724,013</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 prepaids 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 Economic Development – Portion of fund balance that is restricted by revenue source for economic development purposes.

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, 2022

Restricted fund balance at June 30, 2022 is as follows:

Purpose	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Stabilization by state statute	\$ 9,484,228	\$ 15,487,537	\$ 217,801	\$ 25,189,566
Public safety	1,441,688	-	446,568	1,888,256
Transportation	1,870,200	1,039,178	-	2,909,378
Culture and recreation	1,082,795	-	-	1,082,795
Occupancy tax capital projects	-	-	205,491	205,491
Economic development	-	-	461,994	461,994
Capital projects	-	8,608,539	-	8,608,539
Total	\$ 13,878,911	\$ 25,135,254	\$ 1,331,854	\$ 40,346,019

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

Committed fund balance at June 30, 2022 is as follows:

Purpose	Nonmajor Governmental Funds	Total
Culture and recreation	\$ 218,131	\$ 218,131
Public safety	5,086	5,086
Total	\$ 223,217	\$ 223,217

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

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

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

Assigned fund balance at June 30, 2022 is as follows:

Purpose	General Fund	Nonmajor Governmental Funds	Total
Minimum fund balance requirement	\$ 12,713,817	\$ -	\$ 12,713,817
Airport grant acceptance	249,678	-	249,678
Downtown projects	2,500,000	-	2,500,000
Subsequent year's expenditures	3,884,073	-	3,884,073
Community development	-	56,562	56,562
Downtown Monroe	-	65,274	65,274
Occupancy tax	-	223,863	223,863
Total	<u>\$ 19,347,568</u>	<u>\$ 345,699</u>	<u>\$ 19,693,267</u>

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,

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

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 \$(31,135,093) difference are as follows:

Installment purchase obligations	\$ (5,572,129)
Limited obligation bonds	(22,687,980)
Lease liabilities	(79,045)
Compensated absences	<u>(2,795,939)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (31,135,093)</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 \$9,657,549 difference are as follows:

Capital outlay	\$ 14,299,927
Disposal, net book value	(107,111)
Depreciation expense	<u>(4,535,267)</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>\$ 9,657,549</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$(14,095,484) are as follows:

Debt issued or incurred	\$ (13,680,000)
Premium on debt issued	(2,692,861)
Amortization of premium	155,219
Lease liability issued	(116,185)
Principal payments:	
Lease liability payments	37,140
Installment purchase obligations & limited obligation bonds	<u>2,201,203</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>\$ (14,095,484)</u>

III. Detail on All Funds

A. Assets

1. Deposits

All of the deposits of the City, the ABC Board, 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, 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, and the Tourism Development Authority, these deposits are considered to be held by the City's, the ABC Board'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 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, 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 and the 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, 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the City's deposits had a carrying amount of \$21,878,074 and a bank balance of \$21,133,731. Of the bank balance, \$250,000 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 \$5,977.

At June 30, 2022, the ABC Board's deposits had a carrying amount of \$674,467 and a bank balance of \$893,669. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$393,669 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, 2022, the Tourism Development Authority's deposits had a carrying amount of \$905,713 and a bank balance of \$905,713. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

2. Investments

As of June 30, 2022, the City had the following investments and maturities:

Investment Type	Valuation		Book Value at 6/30/22	1 Year	1-3 Years	3-5 Years	5+ Years
	Measurement Method						
U.S. Government Agencies	Fair Value Level 2		\$ 113,458,306	\$ -	\$ -	\$ 5,096,062	\$ 108,362,244
NC Capital Management Trust - Government Portfolio	Fair Value Level 1		116,620,610	N/A	N/A	N/A	N/A
Total			<u>\$ 230,078,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,096,062</u>	<u>\$ 108,362,244</u>

*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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022.

Concentration of Credit Risk. The City's Board places no limit on the amount that the City may invest in any one issuer. Approximately 6% of the City's investments are in Federal Home Loan and Freddie Mac securities and 43% in Small Business Administration loan investment pools. In addition, the City had 51% of its investment portfolio in the NCCMT – government portfolio at June 30, 2022.

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 December 2010 in the amount of \$1,250,000 to a developer as an incentive agreement to undertake an economic development project to renovate and rehabilitate a downtown historic structure. Modification to the note on May 1, 2014 calls for interest to be paid monthly at the annual rate of 3.35%. A second modification was effective on August 1, 2020. This modification allowed for a period of no-interest or payments from this effective date until February 1, 2021 to allow the owner to sell units as individual condominium units. The owner paid lump sum payments in August 2021 to pay off the note ahead of schedule as condominium units were sold.

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, 2022.

	<u>2022</u>
Total receivable	\$ 12,651
Less current portion	<u>6,326</u>
Total note receivable - non-current	<u><u>\$ 6,325</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2023	\$ 6,326
2024	6,325
Total	<u>\$ 12,651</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.

	2022
Total receivable	\$ 400,000
Less current portion	-
Total note receivable - non-current	<u>\$ 400,000</u>

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2029	\$ 400,000
Total	<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>\$ 1,521,554</u>	<u>\$ 13,008,380</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Due from other governments for governmental activities was \$5,243,467 and consists of:

Due from other governments:

State shared revenues	\$ 3,716,038
Grants	393,788
State sales tax	722,731
County sales tax	306,432
Other	<u>104,478</u>
Total	<u>\$ 5,243,467</u>

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>\$ 25,305</u>
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Downtown Monroe:

Taxes receivable	<u>\$ 145</u>
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5. *Lease Receivable*

For the year ended June 30, 2022, 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 July 1, 2021, 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, 2022, the value of the lease receivable is \$81,780. 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, 2022 was \$80,613, and City of Monroe 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, 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, 2022, the value of the lease receivable is \$73,880. 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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$73,620, and City of Monroe recognized lease revenue of \$42,069 during the fiscal year. The lessee has 5 extension option(s), each for 60 months.

On July 1, 2021, 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 06/30/2022, the value of the lease receivable is \$79,923. 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, 2022 was \$79,736, and City of Monroe recognized lease revenue of \$2,534 during the fiscal year. The lessee has 3 extension option(s), each for 120 months.

On July 1, 2021, 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, 2022, the value of the lease receivable is \$67,469. 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, 2022 was \$66,523, and City of Monroe 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, City of Monroe, NC entered into a 192 month lease as Lessor for the use of Aircraft Hangar - 1820 Aviation Dr.. An initial lease receivable was recorded in the amount of \$18,848. As of June 30, 2022, the value of the lease receivable is \$17,838. 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 06/30/2022 was \$17,673, and City of Monroe recognized lease revenue of \$1,175 during the fiscal year.

Year Ending	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
June 30			
2023	\$ 122,962	\$ 1,963	\$ 124,925
2024	80,258	1,194	81,452
2025	24,734	845	25,579
2026	8,884	1,371	10,255
2027	3,513	625	4,138
2028-2032	18,110	2,580	20,690
2033-2037	19,071	1,620	20,691
2038-2042	12,823	946	13,769
2043-2047	13,154	614	13,768
2048-2052	13,494	275	13,769
2053-2055	3,887	15	3,902
Total	<u>\$ 320,890</u>	<u>\$ 12,048</u>	<u>\$ 332,938</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

6. Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Governmental Activities:					
General Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 6,438,069	\$ 187,400	\$ 22,500	\$ -	\$ 6,602,969
Construction in progress	<u>6,875,981</u>	<u>11,895,913</u>	<u>-</u>	<u>(1,922,610)</u>	<u>16,849,284</u>
Total non-depreciable capital assets	<u>13,314,050</u>	<u>12,083,313</u>	<u>22,500</u>	<u>(1,922,610)</u>	<u>23,452,253</u>
Depreciable Capital Assets:					
Buildings and improvements	35,730,651	308,465	-	274,720	36,313,836
Equipment	8,174,119	619,912	106,827	224,420	8,911,624
Vehicles and motorized equipment	20,323,850	826,464	651,913	60,660	20,559,061
Other intangibles	1,074,803	-	-	-	1,074,803
Infrastructure	<u>91,266,996</u>	<u>187,258</u>	<u>-</u>	<u>1,423,470</u>	<u>92,877,724</u>
Total depreciable capital assets	<u>156,570,419</u>	<u>1,942,099</u>	<u>758,740</u>	<u>1,983,270</u>	<u>159,737,048</u>
Less Accumulated Depreciation:					
Buildings and improvements	13,364,750	777,739	-	-	14,142,489
Equipment	5,589,031	522,222	24,398	-	6,086,855
Vehicles and motorized equipment	15,063,944	1,673,435	649,731	60,660	16,148,308
Other intangibles	875,402	72,438	-	-	947,840
Infrastructure	<u>52,940,392</u>	<u>1,349,121</u>	<u>-</u>	<u>-</u>	<u>54,289,513</u>
Total accumulated depreciation	<u>87,833,519</u>	<u>\$ 4,394,955</u>	<u>\$ 674,129</u>	<u>\$ 60,660</u>	<u>91,615,005</u>
Total depreciable capital assets, net	<u>68,736,900</u>				<u>68,122,043</u>
General Fund capital assets, net	<u>82,050,950</u>				<u>91,574,296</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</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
Equipment	98,071	-	-	-	98,071
Total depreciable capital assets	<u>165,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,251</u>
Less Accumulated Depreciation:					
Buildings and improvements	18,475	3,396	-	-	21,871
Equipment	98,071	-	-	-	98,071
Total accumulated depreciation	<u>116,546</u>	<u>\$ 3,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>119,942</u>
Total depreciable capital assets, net	<u>48,705</u>				<u>45,309</u>
Downtown Monroe Fund capital assets, net	<u>128,854</u>				<u>125,458</u>
Occupancy Tax Capital Project Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	420,782	\$ 174,533	\$ -	\$ -	595,315
Total non-depreciable capital assets	<u>420,782</u>	<u>174,533</u>	<u>-</u>	<u>-</u>	<u>595,315</u>
Depreciable Capital Assets:					
Buildings and improvements	5,864,035	99,982	-	-	5,964,017
Equipment	255,177	-	-	-	255,177
Total depreciable capital assets	<u>6,119,212</u>	<u>99,982</u>	<u>-</u>	<u>-</u>	<u>6,219,194</u>
Less Accumulated Depreciation:					
Buildings and improvements	186,606	129,101	-	-	315,707
Equipment	215,450	7,815	-	-	223,265
Total accumulated depreciation	<u>402,056</u>	<u>\$ 136,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>538,972</u>
Total depreciable capital assets, net	<u>5,717,156</u>				<u>5,680,222</u>
Occupancy Tax Fund capital assets, net	<u>6,137,938</u>				<u>6,275,537</u>
Governmental activities capital assets, net	<u>\$ 88,317,742</u>				<u>\$ 97,975,291</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

General Fund:

General government	\$ 309,608
Transportation	1,805,206
Public safety	1,580,224
Culture and recreation	693,157
Economic and physical development	6,760
Total General Fund	<u>4,394,955</u>

Downtown Monroe Fund:

General government	<u>3,396</u>
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Occupancy Tax Fund:

Economic and physical development	<u>136,916</u>
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Total governmental activities	<u>\$ 4,535,267</u>
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	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Business-Type Activities:					
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 5,619,480	\$ -	\$ 2,879,100	\$ -	\$ 2,740,380
Construction in progress	998,142	2,045,666	194,514	(591,482)	2,257,812
Total non-depreciable capital assets	<u>6,617,622</u>	<u>2,045,666</u>	<u>3,073,614</u>	<u>(591,482)</u>	<u>4,998,192</u>
Depreciable Capital Assets:					
Buildings and improvements	40,187,442	281,406	-	-	40,468,848
Equipment	10,023,452	677,781	90,145	-	10,611,088
Vehicles and motorized equipment	4,423,101	110,364	349,862	(60,660)	4,122,943
Other intangibles	-	866	-	317,720	318,586
Infrastructure	92,461,295	8,479,628	-	273,762	101,214,685
Total depreciable capital assets	<u>147,095,290</u>	<u>9,550,045</u>	<u>440,007</u>	<u>530,822</u>	<u>156,736,150</u>
Less Accumulated Depreciation:					
Buildings and improvements	17,076,954	832,573	-	-	17,909,527
Equipment	6,721,718	849,521	90,145	-	7,481,094
Vehicles and motorized equipment	3,302,926	278,840	349,862	(60,660)	3,171,244
Other intangibles	-	531	-	-	531
Infrastructure	24,978,935	2,016,544	-	-	26,995,479
Total accumulated depreciation	<u>52,080,533</u>	<u>\$ 3,978,009</u>	<u>\$ 440,007</u>	<u>\$ (60,660)</u>	<u>55,557,875</u>
Total depreciable capital assets, net	<u>95,014,757</u>				<u>101,178,275</u>
Water and Sewer Fund					
capital assets, net	<u>101,632,379</u>				<u>106,176,467</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	6,554,884	\$ 1,053,800	\$ 3,741,797	\$ -	3,866,887
Construction in progress	2,205,396	1,635,174	-	(975,969)	2,864,601
Total non-depreciable capital assets	<u>8,760,280</u>	<u>2,688,974</u>	<u>3,741,797</u>	<u>(975,969)</u>	<u>6,731,488</u>
Depreciable Capital Assets:					
Buildings and improvements	10,056,711	-	4,446,034	-	5,610,677
Equipment	3,020,873	93,545	9,735	-	3,104,683
Vehicles and motorized equipment	3,915,271	376,080	148,092	-	4,143,259
Infrastructure	116,120,682	2,834,921	997,165	975,969	118,934,407
Other intangibles	250,173	-	-	-	250,173
Total depreciable capital assets	<u>133,363,710</u>	<u>3,304,546</u>	<u>5,601,026</u>	<u>975,969</u>	<u>132,043,199</u>
Less Accumulated Depreciation:					
Buildings and improvements	1,629,804	222,783	444,012	-	1,408,575
Equipment	1,915,950	73,507	9,735	-	1,979,722
Vehicles and motorized equipment	3,186,210	196,516	130,954	-	3,251,772
Infrastructure	46,645,171	1,884,369	89,604	-	48,439,936
Other intangibles	250,173	-	-	-	250,173
Total accumulated depreciation	<u>53,627,308</u>	<u>\$ 2,377,175</u>	<u>\$ 674,305</u>	<u>\$ -</u>	<u>55,330,178</u>
Total depreciable capital assets, net	<u>79,736,402</u>				<u>76,713,021</u>
Electric Fund capital assets, net	<u>88,496,682</u>				<u>83,444,509</u>
Natural Gas Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	1,524,787	\$ -	\$ -	\$ -	1,524,787
Construction in progress	11,441,122	92,268	-	(9,489,336)	2,044,054
Total non-depreciable capital assets	<u>12,965,909</u>	<u>92,268</u>	<u>-</u>	<u>(9,489,336)</u>	<u>3,568,841</u>
Depreciable Capital Assets:					
Buildings and improvements	569,484	-	-	-	569,484
Equipment	662,265	112,405	-	-	774,670
Vehicles and motorized equipment	1,323,392	-	39,956	-	1,283,436
Infrastructure	75,608,264	1,845,259	-	9,489,336	86,942,859
Total depreciable capital assets	<u>78,163,405</u>	<u>1,957,664</u>	<u>39,956</u>	<u>9,489,336</u>	<u>89,570,449</u>
Less Accumulated Depreciation:					
Buildings and improvements	272,683	13,514	-	-	286,197
Equipment	499,286	44,157	-	-	543,443
Vehicles and motorized equipment	1,110,326	62,943	39,956	-	1,133,313
Infrastructure	19,016,150	1,476,858	-	-	20,493,008
Total accumulated depreciation	<u>20,898,445</u>	<u>\$ 1,597,472</u>	<u>\$ 39,956</u>	<u>\$ -</u>	<u>22,455,961</u>
Total depreciable capital assets, net	<u>57,264,960</u>				<u>67,114,488</u>
Natural Gas Fund capital assets, net	<u>70,230,869</u>				<u>70,683,329</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Airport Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	9,765,358	\$ -	\$ -	\$ -	9,765,358
Construction in progress	3,425,999	392,155	-	(3,169,079)	649,075
Total non-depreciable capital assets	<u>13,191,357</u>	<u>392,155</u>	<u>-</u>	<u>(3,169,079)</u>	<u>10,414,433</u>
Depreciable Capital Assets:					
Buildings and improvements	36,586,270	130,976	-	3,169,079	39,886,325
Equipment	615,258	-	-	-	615,258
Vehicles and motorized equipment	498,976	-	-	-	498,976
Infrastructure	5,131,517	-	-	-	5,131,517
Other intangibles	2,565	-	-	-	2,565
Total depreciable capital assets	<u>42,834,586</u>	<u>130,976</u>	<u>-</u>	<u>3,169,079</u>	<u>46,134,641</u>
Less Accumulated Depreciation:					
Buildings and improvements	13,021,096	817,216	-	-	13,838,312
Equipment	476,803	22,550	-	-	499,353
Vehicles and motorized equipment	450,521	15,902	-	-	466,423
Infrastructure	720,159	102,934	-	-	823,093
Other intangibles	1,283	451	-	-	1,734
Total accumulated depreciation	<u>14,669,862</u>	<u>\$ 959,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,628,915</u>
Total depreciable capital assets, net	<u>28,164,724</u>				<u>30,505,726</u>
Airport Fund capital assets, net	<u>41,356,081</u>				<u>40,920,159</u>
Aquatics and Fitness Center Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	925,594	\$ -	\$ -	\$ -	925,594
Total non-depreciable capital assets	<u>925,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,594</u>
Depreciable Capital Assets:					
Buildings and improvements	10,595,137	62,554	-	-	10,657,691
Equipment	456,367	-	-	-	456,367
Vehicles and motorized equipment	49,676	-	-	-	49,676
Total depreciable capital assets	<u>11,101,180</u>	<u>62,554</u>	<u>-</u>	<u>-</u>	<u>11,163,734</u>
Less Accumulated Depreciation:					
Buildings and improvements	5,292,540	272,704	-	-	5,565,244
Equipment	281,982	44,188	-	-	326,170
Vehicles and motorized equipment	48,022	1,654	-	-	49,676
Total accumulated depreciation	<u>5,622,544</u>	<u>\$ 318,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,941,090</u>
Total depreciable capital assets, net	<u>5,478,636</u>				<u>5,222,644</u>
Aquatics and Fitness Center					
Fund capital assets, net	<u>6,404,230</u>				<u>6,148,238</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	140,353	\$ 220,499	\$ -	\$ -	360,852
Total non-depreciable capital assets	<u>140,353</u>	<u>220,499</u>	<u>-</u>	<u>-</u>	<u>360,852</u>
Depreciable Capital Assets:					
Buildings and improvements	36,653	-	-	-	36,653
Equipment	88,567	-	-	-	88,567
Vehicles and motorized equipment	1,120,597	43,374	-	-	1,163,971
Infrastructure	<u>1,875,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,875,034</u>
Total depreciable capital assets	<u>3,120,851</u>	<u>43,374</u>	<u>-</u>	<u>-</u>	<u>3,164,225</u>
Less Accumulated Depreciation:					
Buildings and improvements	4,728	1,243	-	-	5,971
Equipment	44,818	8,016	-	-	52,834
Vehicles and motorized equipment	584,437	163,195	-	-	747,632
Infrastructure	<u>799,040</u>	<u>31,531</u>	<u>-</u>	<u>-</u>	<u>830,571</u>
Total accumulated depreciation	<u>1,433,023</u>	<u>\$ 203,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,637,008</u>
Total depreciable capital assets, net	<u>1,687,828</u>				<u>1,527,217</u>
Stormwater Fund capital assets, net	<u>1,828,181</u>				<u>1,888,069</u>
Solid Waste Fund:					
Depreciable Capital Assets:					
Other intangibles	967,361	\$ -	\$ -	\$ -	967,361
Vehicles and motorized equipment	83,163	-	-	-	83,163
Buildings and improvements	<u>143,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,914</u>
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	62,286	9,511	-	-	71,797
Buildings and improvements	<u>53,969</u>	<u>6,963</u>	<u>-</u>	<u>-</u>	<u>60,932</u>
Total accumulated depreciation	<u>1,083,616</u>	<u>\$ 16,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,100,090</u>
Total depreciable capital assets, net	<u>110,822</u>				<u>94,348</u>
Solid Waste Fund capital assets, net	<u>110,822</u>				<u>94,348</u>
Business-type activities					
capital assets, net	<u>\$ 310,059,244</u>				<u>\$ 309,355,119</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 98,054,497	\$ 309,383,304
Less: Long-term debt	28,339,154	77,800,528
Add: Deferred outflows	-	3,459,468
Add: Unexpended debt proceeds	10,500,223	198,919
Net investment in capital assets	<u>\$ 80,215,566</u>	<u>\$ 235,241,163</u>

Discretely Presented Component Units

Capital asset activity for the ABC Board for the year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Retirements	June 30, 2022
Non-Depreciable Capital Assets:				
Land and land improvements	\$ 317,013	\$ -	\$ -	\$ 317,013
Total non-depreciable capital assets	<u>317,013</u>	<u>-</u>	<u>-</u>	<u>317,013</u>
Depreciable Capital Assets:				
Buildings and improvements	1,069,085	-	-	1,069,085
Equipment	117,358	4,163	-	121,521
Vehicles and motorized equipment	15,830	-	-	15,830
Total depreciable capital assets	<u>1,202,273</u>	<u>4,163</u>	<u>-</u>	<u>1,206,436</u>
Less Accumulated Depreciation:				
Buildings and improvements	618,973	32,743	-	651,716
Equipment	83,003	12,689	-	95,692
Vehicles and motorized equipment	15,830	-	-	15,830
Total accumulated depreciation	<u>717,806</u>	<u>\$ 45,432</u>	<u>\$ -</u>	<u>763,238</u>
Total depreciable capital assets, net	<u>484,467</u>			<u>443,198</u>
ABC Board capital assets, net	<u>\$ 801,480</u>			<u>\$ 760,211</u>

The Tourism Development Authority had no capital assets.

7. Right to Use Asset

The City has recorded two 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, 2022

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Governmental Activities:					
General Fund					
Right to Use Assets:					
Intangible right to use lease	\$ -	\$ 110,954	\$ -	\$ -	\$ 110,954
Less: accumulated amortization	-	(35,235)	-	-	(35,235)
Right to use assets, net	-	75,719	-	-	75,719
Downtown Monroe Fund					
Right to Use Assets:					
Intangible right to use lease	\$ -	\$ 912	\$ -	\$ -	\$ 912
Less: accumulated amortization	-	(304)	-	-	(304)
Right to use assets, net	-	608	-	-	608
Monroe Union County					
Economic Development:					
Right to Use Assets:					
Intangible right to use lease	\$ -	\$ 4,318	\$ -	\$ -	\$ 4,318
Less: accumulated amortization	-	(1,439)	-	-	(1,439)
Right to use assets, net	-	2,879	-	-	2,879
 Total governmental activities	 \$ -	 \$ 79,206	 \$ -	 \$ -	 \$ 79,206
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Business-Type Activities:					
Water and Sewer Fund:					
Right to Use Assets:					
Intangible right to use lease	\$ -	\$ 13,181	\$ -	\$ -	\$ 13,181
Less: accumulated amortization	-	(4,394)	-	-	(4,394)
Right to use assets, net	-	8,787	-	-	8,787
Electric Fund:					
Right to Use Assets:					
Intangible right to use lease	-	\$ 7,382	\$ -	\$ -	7,382
Less: accumulated amortization	-	(2,461)	-	-	(2,461)
Right to use assets, net	-	4,921	-	-	4,921
Natural Gas Fund:					
Right to Use Assets:					
Intangible right to use lease	-	\$ 713	\$ -	\$ -	713
Less: accumulated amortization	-	(238)	-	-	(238)
Right to use assets, net	-	475	-	-	475

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Airport Fund:					
Right to Use Assets:					
Intangible right to use lease	-	\$ 5,030	\$ -	\$ -	5,030
Less: accumulated amortization	-	(1,677)	-	-	(1,677)
Right to use assets, net	-	<u>3,353</u>	-	-	<u>3,353</u>
 Aquatics and Fitness Center Fund:					
Right to Use Assets:					
Intangible right to use lease	-	\$ 15,974	\$ -	\$ -	15,974
Less: accumulated amortization	-	(5,325)	-	-	(5,325)
Right to use assets, net	-	<u>10,649</u>	-	-	<u>10,649</u>
 Total business-type activities	<u>\$ -</u>	<u>\$ 28,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,185</u>

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Payables at the government-wide level at June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 1,125,112	\$ 1,287,542	\$ 2,412,654
Capital Projects Fund	2,375,713	-	2,375,713
Nonmajor funds	<u>86,905</u>	<u>35,629</u>	<u>122,534</u>
Total governmental activities	<u>\$ 3,587,730</u>	<u>\$ 1,323,171</u>	<u>\$ 4,910,901</u>
 Business-Type Activities:			
Enterprise funds	<u>\$ 9,072,707</u>	<u>\$ 582,692</u>	<u>\$ 9,655,399</u>

Component units' payables at June 30, 2022 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
ABC Board	<u>\$ 182,581</u>	<u>\$ 8,052</u>	<u>\$ -</u>	<u>\$ 190,633</u>
Tourism Development Authority	<u>\$ 25,927</u>	<u>\$ 7,746</u>	<u>\$ 24,000</u>	<u>\$ 57,673</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 was 12.10% of compensation for law enforcement officers and 11.35% 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 \$3,398,074 for the year ended June 30, 2022. The ABC Board's contributions to LGERS for the year ended June 30, 2022 were \$40,039.

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, 2022, the City reported a liability of \$5,950,508 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the City's proportion was 0.38801%, which was an increase of 0.00376% from its proportion measured as of June 30, 2020.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

For the year ended June 30, 2022, the City recognized pension expense of \$2,632,467. At June 30, 2022, 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	\$ 1,893,072	\$ -
Changes of assumptions	3,738,438	-
Net difference between projected and actual earnings on pension plan investments	-	8,501,484
Changes in proportion and differences between City contributions and proportionate share of contributions	121,028	-
City contributions subsequent to the measurement date	3,398,074	-
Total	<u>\$ 9,150,612</u>	<u>\$ 8,501,484</u>

\$3,398,074 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, 2023. 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
2023	\$ 603,158
2024	(130,703)
2025	(619,898)
2026	(2,601,503)
Total	<u>\$ (2,748,946)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2020 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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 used in the December 31, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation sensitive	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, 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 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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)	<u>\$ 23,099,368</u>	<u>\$ 5,950,508</u>	<u>\$ 8,162,012</u>

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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	18
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>92</u>
Total	<u><u>110</u></u>

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	2.06 percent

The discount rate used to measure the TPL is the Bond Buyer 20-Bond GO index as of December 31, 2021.

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

Deaths After Retirement (Healthy): Pub-2010 safety retirees mortality table projected generationally 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 generationally using MP-2019. The male and female rates are set back 3 years.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$324,282 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the City reported a total pension liability of \$4,585,539. 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, 2022, the City recognized pension expense of \$353,285.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,750	\$ 560,477
Changes of assumptions	604,991	49,702
Benefit payments and plan administrative expense made subsequent to the measurement date	199,590	-
Total	<u>\$ 946,331</u>	<u>\$ 610,179</u>

\$199,590 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, 2023.

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
2023	\$ 85,830
2024	36,625
2025	23,019
2026	(8,912)
2027	-
Thereafter	-
Total	<u>\$ 136,562</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 2.06%, 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 (1.06%) or 1-percentage-point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total pension liability	<u>\$ 4,948,585</u>	<u>\$ 4,585,539</u>	<u>\$ 4,253,482</u>

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

	2022
Beginning balance	\$ 5,026,861
Service cost	165,307
Interest on the total pension liability	103,132
Differences between expected and actual experience in the measurement of the total pension liability	(711,957)
Changes of assumptions or other inputs	326,478
Benefit payments	(324,282)
Ending balance of the total pension liability	<u>\$ 4,585,539</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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 2,632,467	\$ 353,285	\$ 2,985,752
Pension liability	5,950,508	4,585,539	10,536,047
Proportionate share of the net pension liability	0.38801%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 1,893,072	\$ 141,750	\$ 2,034,822
Changes of assumptions	3,738,438	604,991	4,343,429
Changes in proportion and differences between contributions and proportionate share of contributions	121,028	-	121,028
Benefit payments and administrative costs paid subsequent to the measurement date	3,398,074	199,590	3,597,664

Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ -	\$ 560,477	\$ 560,477
Changes of assumptions	-	49,702	49,702
Net difference between projected and actual earnings on plan investments	8,501,484	-	8,501,484

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 were \$647,182, which consisted of \$305,400 from the City and \$341,782 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, 2022 were \$2,415,962 which consisted of \$1,101,028 in contributions and matching from the City, and \$1,314,934 from the 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.

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

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	<u>440</u>
Total	<u><u>560</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Total OPEB Liability

The City's total OPEB liability of \$54,275,980 was measured as of June 30, 2021 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	2.16 percent
Municipal Bond Index Rate:	
Prior Measurement Date	2.21 percent
Measurement Date	2.16 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 51,475,385
Changes for the year:	
Service cost	1,770,891
Interest	1,128,148
Differences between expected and actual experience	(831,990)
Changes in assumptions or other inputs	1,589,512
Benefit payments	(855,966)
Net changes	2,800,595
Balance at June 30, 2022	\$ 54,275,980

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 those used for the December 31, 2020 Actuarial Valuation of the North Carolina Local Governmental Employee's Retirement System.

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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$ 65,394,803</u>	<u>\$ 54,275,980</u>	<u>\$ 45,688,054</u>

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>\$ 44,648,554</u>	<u>\$ 54,275,980</u>	<u>\$ 67,112,548</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$3,000,227. At June 30, 2022, 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	\$ -	\$ 2,529,067
Changes of assumptions	9,091,413	3,296,851
Benefit payments and administrative costs made subsequent to the measurement date	855,966	-
Total	<u>\$ 9,947,379</u>	<u>\$ 5,825,918</u>

\$855,966 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, 2023. 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
2023	\$ 101,188
2024	101,188
2025	101,188
2026	557,863
2027	936,495
Thereafter	1,467,573
Total	<u>\$ 3,265,495</u>

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 3,459,468
OPEB deferrals	9,947,379
Pension deferrals	10,096,943
Total	<u>\$ 23,503,790</u>

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

	Deferred Inflows
Property taxes receivable:	
General	\$ 480,798
General - Tax gap bills	11,592
Nonmajor governmental	2,616
Privilege license receivable:	
General	2,085
Code enforcement liens receivable:	
General	291,449
Grant receivable:	
General	46,006
Capital projects	250,000
Nonmajor governmental	80,514
Prepaid taxes, agreements, gift cards, donations, and store credits, not yet earned:	
General	20,176
Lease deferrals	318,165
OPEB deferrals	5,825,918
Pension deferrals	9,111,663
Total	<u>\$ 16,440,982</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

5. *Construction and Other Significant Commitments*

Construction Commitments

The government has active construction projects as of June 30, 2022. At year-end, the government's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent To-Date</u>	<u>Remaining Commitment</u>
Governmental:		
Capital projects	\$ 16,849,284	\$ 15,103,727
Occupancy tax	595,315	8,469
Enterprise:		
Water and Sewer	2,257,812	4,223,603
Stormwater	360,852	39,495
Electric	2,864,601	1,098,517
Natural Gas	2,044,055	768,048
Airport	649,075	156,743
Total	<u>\$ 25,620,994</u>	<u>\$ 21,398,602</u>

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Activities:

General Fund	\$ 3,780,216
Capital projects fund	\$ 15,103,727
Nonmajor funds	192,826
Total governmental activities	<u>\$ 19,076,769</u>

Business-Type Activities:

Water and Sewer Fund	\$ 6,800,887
Electric Fund	5,958,808
Natural Gas Fund	1,068,907
Airport Fund	156,743
Nonmajor funds	277,606
Total business-type activities	<u>\$ 14,262,951</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.

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.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in 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, 2022

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.

Due to the degree of turnover of the outstanding claims, the claims payable as of June 30, 2022 are considered to be current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2022 are as follows:

	Health Benefit Fund	Workers' Compensation Fund	Property and Casualty Fund
Unpaid claims as of June 30, 2020	\$ 349,588	\$ 13,814	\$ 30,421
Claims and premiums paid	9,479,711	274,755	709,600
Incurred claims and premiums	(9,049,304)	(268,433)	(729,727)
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	<u>\$ 545,808</u>	<u>\$ 20,888</u>	<u>\$ 11,757</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 Officer and Tax Collector are each individually bonded for \$250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

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.

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, 2022.

7. Claims, Judgments, and Contingent Liabilities

The City was a defendant in various matters of litigation as of June 30, 2022. 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

On July 1, 2021, 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, 2022, the value of the lease liability is \$90,385. City of Monroe is required to make monthly fixed payments of \$4,491. The lease has an interest rate of 5.5638%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$137,471 with accumulated amortization of \$45,825 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, 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, 2022, the value of the lease liability is \$16,457. City of Monroe is required to make quarterly fixed payments of \$1,134. The lease has an interest rate of 1.0600%. The Equipment estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$20,993 with accumulated amortization of \$5,248 is included with Equipment on the Lease Class activities table found below.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2023	\$ 39,415	\$ 2,737	\$ 42,152
2024	31,774	751	32,525
2025	4,470	66	4,536
2026	3,386	18	3,404
Total	<u>\$ 79,045</u>	<u>\$ 3,572</u>	<u>\$ 82,617</u>

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 15,650	\$ 1,145	\$ 16,795
2024	12,147	283	12,430
Total	<u>\$ 27,797</u>	<u>\$ 1,428</u>	<u>\$ 29,225</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

b. *Installment Purchase Obligations*

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

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<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.	\$ 318,893	\$ -	\$ 318,893
\$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.	1,100,000	-	1,100,000
\$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.	940,000	-	940,000
\$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.	1,025,000	108,000	1,133,000
\$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.	462,000	-	462,000
\$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.	<u>1,726,236</u>	<u>823,766</u>	<u>2,550,002</u>
Total	<u>\$ 5,572,129</u>	<u>\$ 931,766</u>	<u>\$ 6,503,895</u>

The City's outstanding note from direct placements related to governmental activities of \$318,893 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The City's outstanding note from direct placements related to governmental activities of \$1,100,000 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 \$940,000 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 \$1,025,000 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 \$462,000 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 \$1,726,236 and business-type activities of \$823,766 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

Annual debt service payments of the installment purchase obligations as of June 30, 2022 are as follows:

<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>
2023	\$ 1,199,423	\$ 126,728	\$ 204,025	\$ 19,690
2024	1,213,645	98,871	97,803	14,489
2025	849,975	71,727	100,025	12,542
2026	644,196	54,318	101,804	10,551
2027	660,974	38,861	104,026	8,524
2028-2030	1,003,916	38,618	324,083	12,993
Total	<u>\$ 5,572,129</u>		<u>\$ 931,766</u>	
Total interest payments		<u>\$ 429,123</u>		<u>\$ 78,789</u>

At June 30, 2022, the City had a legal debt margin of \$324,271,635.

c. *Revenue Bonds*

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 \$2,516,220 associated with the bonds. \$ 18,871,220

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 \$1,412,231 associated with the bonds. 12,747,229

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%. 5,440,000

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%. 5,791,000

Total \$ 42,849,449

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The future payments of the revenue bonds for the years ending June 30, 2022 are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 3,163,000	\$ 1,386,016
2024	2,923,000	1,328,228
2025	3,007,000	1,234,676
2026	3,087,000	1,137,107
2027	3,141,000	1,076,207
2028-2032	13,584,000	3,779,940
2033-2037	5,656,000	1,510,093
2038-2042	3,540,000	753,250
2043-2047	819,998	41,000
Total	<u>\$ 38,920,998</u>	<u>\$ 12,246,517</u>

The future payments as presented above have not been reduced by the net of unamortized bond premiums totaling \$3,928,451.

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, 2022, is as follows:

Operating revenues	\$ 107,133,314
Operating expenses (1)	75,406,814
Operating income	31,726,500
Non-operating revenues (2)	<u>301,312</u>
Income available for debt service	32,027,812
Parity debt service	<u>4,563,418</u>
Debt service coverage ratio	<u>702%</u>
Income available for debt service	32,027,812
Subordinated debt service	<u>7,158,377</u>
Debt service coverage ratio	<u>447%</u>

(1) Per rate covenants, this does not include the depreciation and amortization expense of \$8,707,777.

(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, 2022

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 revenue bonds 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. The total principal and interest remaining to be paid on the bonds is \$51,167,515. Principal and interest paid for the current year and total customer net revenues were \$4,563,418 and \$107.1 million, respectively.

d. Limited Obligation Bonds

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
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 \$2,342,823 associated with the bonds.	\$ -	\$ 26,382,823	\$ 26,382,823
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 \$158,693 associated with the bonds.	-	7,608,693	7,608,693
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 \$349,763 associated with the bonds.	7,129,763	-	7,129,763

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
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 \$2,558,217 associated with the bonds.	15,558,217	-	15,558,217
Total	<u>\$ 22,687,980</u>	<u>\$ 33,991,516</u>	<u>\$ 56,679,496</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>
2023	\$ 1,030,000	\$ 838,888	\$ 1,215,000	\$ 1,295,113
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
2028-2032	5,375,000	2,396,635	8,375,000	4,163,063
2033-2037	5,560,000	1,213,375	10,055,000	2,491,113
2038-2042	3,635,000	263,500	5,940,000	601,903
2043-2047	-	-	490,000	17,150
Total	<u>\$ 19,780,000</u>	<u>\$ 7,550,200</u>	<u>\$ 31,490,000</u>	<u>\$ 13,195,094</u>

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$5,409,496.

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, 2022, \$18,150,000 of bonds outstanding are considered defeased.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, \$24,005,000 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

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Governmental Activities:					
General and Parks and Recreation Fund:					
Direct placement installment purchasing obligations	\$ 6,661,472	\$ -	\$ 1,176,258	\$ 5,485,214	\$ 1,189,292
Lease liabilities	-	110,043	35,037	75,006	37,141
Compensated absences	2,778,365	1,051,687	1,059,439	2,770,613	1,856,310
Total pension liability (LEOSSA)	5,026,861	301,687	743,009	4,585,539	-
Net pension liability (LGBERS)	9,515,507	-	5,391,805	4,123,702	-
Total OPEB liability	35,533,457	2,524,124	590,873	37,466,708	-
Limited obligation bonds	3,870,000	13,680,000	895,000	16,655,000	900,000
Less unamortized premiums	218,680	2,692,861	146,793	2,764,748	146,793
Total limited obligation bonds	4,088,680	16,372,861	1,041,793	19,419,748	1,046,793
Total	63,604,342	20,360,402	10,038,214	73,926,530	4,129,536

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Golf Course:					
Direct placement installment purchasing obligations	58,712	-	6,028	52,684	6,141
Lease liabilities	-	912	312	600	338
Compensated absences	36,645	14,765	26,084	25,326	16,969
Total OPEB liability	128,688	9,141	2,140	135,689	-
Total	224,045	24,818	34,564	214,299	23,448
Downtown Monroe Fund:					
Lease liabilities	-	912	312	600	338
Direct placement installment purchasing obligations	18,378	-	1,887	16,491	1,922
Total	18,378	912	2,199	17,091	2,260
Monroe UC Economic Development Fund:					
Lease liabilities	-	4,318	1,479	2,839	1,598
Direct placement installment purchasing obligations	19,770	-	2,030	17,740	2,068
Total	19,770	4,318	3,509	20,579	3,666
Occupancy Tax Fund:					
Limited obligation bonds	3,245,000	-	120,000	3,125,000	130,000
Less unamortized premiums	151,658	-	8,426	143,232	8,426
Total limited obligation bonds	3,396,658	-	128,426	3,268,232	138,426
Total governmental activities	\$ 67,263,193	\$20,390,450	\$ 10,206,912	\$ 77,446,731	\$ 4,297,336

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences	\$ 358,049	\$ 174,198	\$ 242,626	\$ 289,621	\$ 194,046
Lease liabilities	-	13,181	4,515	8,666	4,879
Net pension liability (LGRS)	1,771,284	-	1,003,669	767,615	-
Total OPEB liability	6,650,620	472,428	110,591	7,012,457	-
Direct placement installment purchasing obligations	249,847	-	25,650	224,197	26,134
Revenue bonds	19,538,658	-	1,230,976	18,307,682	1,248,833
Plus bond premium	1,701,842	-	94,970	1,606,872	94,970
Total revenue bonds	21,240,500	-	1,325,946	19,914,554	1,343,803
Total Water and Sewer Fund	30,270,300	659,807	2,712,997	28,217,110	1,568,862

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Electric Fund:					
Compensated absences	320,880	144,269	157,874	307,275	205,874
Lease liabilities	-	7,381	2,528	4,853	2,732
Net pension liability (LGRS)	768,931	-	435,701	333,230	-
Total OPEB liability	2,903,212	206,230	48,276	3,061,166	-
Direct placement installment purchasing obligations	221,034	-	22,692	198,342	23,120
Revenue bonds	12,458,051	-	818,438	11,639,613	857,581
Plus bond premium	1,953,595	-	162,799	1,790,796	162,799
Total revenue bonds	14,411,646	-	981,237	13,430,409	1,020,380
Total Electric Fund	18,625,703	357,880	1,648,308	17,335,275	1,252,106
Natural Gas Fund:					
Compensated absences	139,330	77,890	61,438	155,782	104,374
Lease liabilities	-	712	244	468	264
Total OPEB liability	1,472,196	104,578	24,481	1,552,293	-
Net pension liability (LGRS)	398,196	-	225,631	172,565	-
Direct placement installment purchasing obligations	148,604	-	15,256	133,348	15,544
Limited obligation bonds	32,650,000	-	1,160,000	31,490,000	1,215,000
Plus bond premium	2,646,885	-	145,369	2,501,516	145,369
Total limited obligation bonds	35,296,885	-	1,305,369	33,991,516	1,360,369
Revenue bonds	2,081,509	-	136,746	1,944,763	143,286
Plus bond premium	326,377	-	27,198	299,179	27,198
Total revenue bonds	2,407,886	-	163,944	2,243,942	170,484
Total Natural Gas Fund	39,863,097	183,180	1,796,363	38,249,914	1,651,035
Airport Fund:					
Compensated absences	49,637	14,847	20,602	43,882	29,401
Lease liabilities	-	5,030	1,723	3,307	1,862
Net pension liability (LGRS)	329,540	-	186,729	142,811	-
Total OPEB liability	1,230,265	87,392	20,458	1,297,199	-
Direct placement installment purchasing obligations	66,200	-	6,796	59,404	6,925
Revenue bonds	7,929,780	-	900,840	7,028,940	913,300
Plus bond premium	242,633	-	11,029	231,604	11,029
Total revenue bonds	8,172,413	-	911,869	7,260,544	924,329
Total Airport Fund	9,848,055	107,269	1,148,177	8,807,147	962,517

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Aquatics and Fitness					
Center Fund:					
Compensated absences	123,252	29,866	52,013	101,105	67,740
Lease liabilities	-	15,975	5,472	10,503	5,913
Net pension liability (LGRS)	645,352	-	365,678	279,674	-
Total OPEB liability	2,424,490	172,224	40,316	2,556,398	-
Direct placement installment purchasing obligations	<u>82,433</u>	<u>-</u>	<u>8,463</u>	<u>73,970</u>	<u>8,623</u>
Total Aquatics and Fitness Center Fund	<u>3,275,527</u>	<u>218,065</u>	<u>471,942</u>	<u>3,021,650</u>	<u>82,276</u>
Stormwater Fund:					
Compensated absences	63,860	11,981	32,653	43,188	28,936
Net pension liability (LGRS)	288,348	-	163,388	124,960	-
Total OPEB liability	1,060,392	75,325	17,633	1,118,084	-
Direct placement installment purchasing obligations	<u>297,597</u>	<u>-</u>	<u>113,685</u>	<u>183,912</u>	<u>116,849</u>
Total Stormwater Fund	<u>1,710,197</u>	<u>87,306</u>	<u>327,359</u>	<u>1,470,144</u>	<u>145,785</u>
Solid Waste Fund:					
Compensated absences	17,442	6,896	8,654	15,684	10,508
Net pension liability (LGRS)	13,731	-	7,780	5,951	-
Total OPEB liability	72,065	5,119	1,198	75,986	-
Direct placement installment purchasing obligations	<u>65,296</u>	<u>-</u>	<u>6,703</u>	<u>58,593</u>	<u>6,830</u>
Total Solid Waste Fund	<u>168,534</u>	<u>12,015</u>	<u>24,335</u>	<u>156,214</u>	<u>17,338</u>
Total business-type activities	<u>\$ 103,761,413</u>	<u>\$ 1,625,522</u>	<u>\$ 8,129,481</u>	<u>\$ 97,257,454</u>	<u>\$ 5,679,919</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, 2022

C. Interfund Balances and Activity

Interfund balances at June 30, 2022 consist of the following:

<u>Due to</u>	<u>General Fund</u>	<u>Airport Fund</u>	<u>Total</u>
Electric Fund	\$ 687,566	\$ 688,243	\$ 1,375,809

The balance of \$687,566 due to the Electric fund from the General fund resulted from financing of the Propel, Allvac and ATI Specialty Materials land for economic development incentives. One promissory note is for \$1,494,020 payable annually over 15 years with interest accruing at 3.69%. The other 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 \$68,122 and the balance of \$619,444 is not scheduled to be collected in the subsequent year.

The balance of \$688,243 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 \$40,719 and the balance of \$647,524 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 \$108,757.

Balances due to/from component units at June 30, 2022 consist of the following:

Due to the Primary Government:

Monroe Tourism Development Authority \$ 24,000

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Transfers to/from other funds for the year ended June 30, 2022 consist of the following:

From the General Fund to the Airport Fund for Airport subsidy and various projects	\$ 1,080,615
From the Downtown Monroe Fund to the General Fund for repayment of Downtown Pioneer loans	355,464
From the General Fund to the Monroe-Union County Economic Development Special Revenue Fund for county-wide economic development	318,000
From the Property and Casualty Fund to the General Fund for insurance proceeds	18,936
To General Fund from American Rescue Plan Act of 2021- for revenue replacement and the provision of government services	5,663,254
From the General Fund to the Airport Capital Project Fund for various projects	43,976
From the Capital Projects Fund to the General Fund for ERP conversions temp labor and emergency lights at Fire Stations	71,295
From the Electric Fund to the General Fund for payment in lieu of taxes	444,696
From the Natural Gas Fund to the General Fund for payment in lieu of taxes	168,240
From the General Fund to the Downtown Monroe Fund for downtown subsidy	259,724
From the General Fund to the Capital Projects Fund for various projects	13,680,577
From the Water and Sewer Fund to the Capital Projects Fund for the Operations Center Paving Project	24,166
From the Electric Fund to the Capital Projects Fund for the Operations Center Paving Project	24,167
From the General Fund to the Asset Forfeiture Fund to setup new fund	366,367
From the Occupancy Tax Capital Project Fund to the Occupancy Tax Fund to setup new fund	260,565

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, 2022 were \$44,473,346.

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 \$8,504 to the Council during the fiscal year ended June 30, 2022.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.psnenergy.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, 2022:

City of Monroe ABC Board:

Payments to the City for profit distributions	\$ 298,540
Payments to the City for law enforcement	<u>81,377</u>
Total	<u>\$ 379,917</u>

Monroe Tourism Development Authority:

Payments of a pro-rata portion of the occupancy tax by the City to the Authority	<u>\$ 723,523</u>
Payment by the Authority to the City for the Occupancy Tax Project	<u>\$ 241,174</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 36,433,117
Less:	
Inventories	360,628
Prepays	363,385
Stabilization by state statute	9,484,228
Public safety	1,441,688
Culture and recreation	1,082,795
Powell Bill reserves	1,870,200
Minimum fund balance requirement	12,713,817
Airport grant acceptance	249,678
Downtown projects	2,500,000
Subsequent year's expenditures	3,884,073
Remaining fund balance	<u>\$ 2,482,625</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.

X. Change in Accounting Principle

For the year ended June 30, 2022, 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

XI. Significant Effects of Subsequent Events

In FY 2020/21, The American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The City was allocated \$11,326,507 of fiscal recovery funds to be paid in two equal installments. The first installment of \$5,663,254 was received in August 2021. The second installment will be received in August 2022. City staff and the City Council have elected to use \$5,663,254 of the ARPA funds for revenue replacement. The City plans on using \$4,336,746 for revenue replacement in Fiscal Year 2023 and the remaining \$1,326,507 for an infrastructure project before the end of the performance period. The \$5,663,254 used for revenue replacement was transferred to the General Fund from the ARPA Fund.

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 Nine Fiscal Years
 - Local Government Employees' Retirement System City of Monroe's Contributions - Last Nine Fiscal Years
-

CITY OF MONROE, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance					
	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 5,026,861	\$ 4,573,806	\$ 4,156,173	\$ 4,075,929	\$ 3,592,717	\$ 3,520,979
Service cost	165,307	161,500	156,038	162,022	140,123	144,779
Interest on the total pension liability	103,132	145,057	147,776	126,067	135,710	123,698
Differences between expected and actual experience in the measurement of the total pension liability	(711,957)	-	182,471	116,892	134,370	-
Changes of assumptions or other inputs	326,478	394,929	124,119	(151,784)	226,817	(84,642)
Benefit payments	(324,282)	(248,431)	(192,771)	(172,953)	(153,808)	(112,097)
Ending balance of the total pension liability	<u>\$ 4,585,539</u>	<u>\$ 5,026,861</u>	<u>\$ 4,573,806</u>	<u>\$ 4,156,173</u>	<u>\$ 4,075,929</u>	<u>\$ 3,592,717</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 TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST SIX FISCAL YEARS*

	Law Enforcement Officers' Special Separation Allowance					
	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 4,585,539	\$ 5,026,861	\$ 4,573,806	\$ 4,156,173	\$ 4,075,929	\$ 3,592,717
Covered- employee payroll	5,288,479	5,488,440	5,488,440	5,171,410	5,106,289	4,986,204
Total pension liability as a percentage of covered employee payroll	86.71%	91.59%	83.34%	80.37%	79.82%	72.05%

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

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FIVE FISCAL YEARS*

	Other Post-Employment Benefits				
	2022	2021	2020	2019	2018
Service cost	\$ 1,770,891	\$ 1,732,600	\$ 1,674,010	\$ 1,785,472	\$ 2,039,080
Interest	1,128,148	1,355,967	1,611,202	1,474,116	1,304,239
Changes of benefit terms	-	-	(2,085,307)	-	-
Differences between expected and actual experience	(831,990)	-	(2,651,754)	(115,643)	(201,752)
Changes of assumptions or other inputs	1,589,512	10,254,689	(330,383)	(2,557,585)	(4,544,221)
Benefit payments	(855,966)	(1,219,557)	(564,944)	(585,371)	(455,985)
Net change in total OPEB liability	2,800,595	12,123,699	(2,347,176)	989	(1,858,639)
Total OPEB liability - beginning	51,475,385	39,351,686	41,698,862	41,697,873	43,556,512
Total OPEB liability - ending	\$ 54,275,980	\$ 51,475,385	\$ 39,351,686	\$ 41,698,862	\$ 41,697,873
Covered-employee payroll	\$ 26,383,362	\$ 25,494,320	\$ 25,494,320	\$ 22,116,108	\$ 22,116,108
Total OPEB liability as a percentage of covered employee payroll	205.72%	201.91%	154.35%	188.55%	188.54%

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
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

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

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
Monroe's proportion of the net pension liability (asset) (%)	0.38801%	0.38425%	0.38521%	0.38665%	0.38737%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 5,950,508	\$ 13,730,889	\$ 10,519,788	\$ 9,172,662	\$ 5,917,943
Monroe's covered payroll	\$ 28,187,749	\$ 27,454,853	\$ 26,409,947	\$ 24,933,732	\$ 23,996,590
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.11%	50.01%	39.83%	36.79%	24.66%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

* 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.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF MONROE, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System			
	2017	2016	2015	2014
Monroe's proportion of the net pension liability (asset) (%)	0.39039%	0.43129%	0.44081%	0.46720%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 8,285,386	\$ 1,935,602	\$ (2,599,661)	\$ 5,631,554
Monroe's covered payroll	\$ 23,236,408	\$ 22,572,529	\$ 22,549,809	\$ 21,999,994
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.66%	8.58%	(11.53%)	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

Local Governmental Employees' Retirement System					
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 3,398,074	\$ 2,913,676	\$ 2,512,465	\$ 2,100,061	\$ 1,920,739
Contributions in relation to the contractually required contribution	<u>3,398,074</u>	<u>2,913,676</u>	<u>2,512,465</u>	<u>2,100,061</u>	<u>1,920,739</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Monroe's covered payroll	\$ 29,452,814	\$ 28,187,749	\$ 27,454,853	\$ 26,409,947	\$ 24,933,732
Contributions as a percentage of covered payroll	11.54%	10.34%	9.15%	7.95%	7.70%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF MONROE, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System			
	2017	2016	2015	2014
Contractually required contribution	\$ 1,790,488	\$ 1,586,301	\$ 1,611,462	\$ 1,604,437
Contributions in relation to the contractually required contribution	<u>1,790,488</u>	<u>1,586,301</u>	<u>1,611,462</u>	<u>1,604,437</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Monroe's covered payroll	\$ 23,996,590	\$ 23,236,408	\$ 22,572,529	\$ 22,549,809
Contributions as a percentage of covered payroll	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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 24,168,899	\$ 24,410,377	\$ 241,478
Penalties and interest	110,220	99,918	(10,302)
Total	<u>24,279,119</u>	<u>24,510,295</u>	<u>231,176</u>
Other Taxes and Licenses:			
Beer and wine and taxicab licenses	2,325	2,174	(151)
Gross receipts tax on short-term rental property	110,022	133,527	23,505
Motor vehicle tax	840,000	870,125	30,125
Total	<u>952,347</u>	<u>1,005,826</u>	<u>53,479</u>
Unrestricted Intergovernmental:			
Sales and use tax	8,808,178	10,624,120	1,815,942
Telecommunications sales tax	219,200	173,341	(45,859)
Utility sales tax	2,927,588	2,924,386	(3,202)
Video franchise fee	193,300	183,387	(9,913)
Beer and wine tax	151,360	137,777	(13,583)
State fire fees	2,656	2,527	(129)
ABC profit distribution	220,225	298,540	78,315
Total	<u>12,522,507</u>	<u>14,344,078</u>	<u>1,821,571</u>
Restricted Intergovernmental:			
Powell Bill allocation	868,889	1,051,654	182,765
Public safety reimbursement grants	201	16,754	16,553
ABC Revenue for law enforcement	76,675	81,377	4,702
Resource officer reimbursement	264,057	397,381	133,324
Fire reimbursement grants	40,000	90,711	50,711
Economic development grants	250,000	-	(250,000)
Equitable sharing of federally forfeited property	-	15,416	15,416
Parks and recreation grants	3,500	3,000	(500)
CARES funding	-	864	864
Campus safety officer reimbursement	132,206	137,701	5,495
Total	<u>1,635,528</u>	<u>1,794,858</u>	<u>159,330</u>
Sales and Services:			
Recreational fees	1,124,366	1,343,544	219,178
Utilities collection fees	409,780	422,641	12,861
Building permit fees	460,000	1,579,968	1,119,968
Cemetery revenues	61,100	69,375	8,275
Sale of capital assets	120,000	235,959	115,959
Rentals	123,155	106,952	(16,203)
Center Theatre sales and fees	345,631	123,418	(222,213)
Other fees	305,299	670,020	364,721
Total	<u>2,949,331</u>	<u>4,551,877</u>	<u>1,602,546</u>
Investment Earnings	<u>302,238</u>	<u>(1,006,271)</u>	<u>(1,308,509)</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous:			
Donations	184,310	283,804	99,494
Other	379,644	272,341	(107,303)
Total	<u>563,954</u>	<u>556,145</u>	<u>(7,809)</u>
 Total revenues	 <u>43,205,024</u>	 <u>45,756,808</u>	 <u>2,551,784</u>
 Expenditures:			
Current:			
General Government:			
Salaries and employee benefits	8,740,451	8,151,851	588,600
Operating expenditures	6,088,993	4,987,864	1,101,129
Capital outlay	860,532	588,151	272,381
Interdepartmental charges	(6,533,409)	(6,455,478)	(77,931)
Total general government	<u>9,156,567</u>	<u>7,272,388</u>	<u>1,884,179</u>
 Transportation:			
Streets and highways			
Salaries and employee benefits	1,438,699	1,210,664	228,035
Operating expenditures	2,582,920	928,326	1,654,594
Capital outlay	1,200,880	193,159	1,007,721
Interdepartmental charges	(379,819)	(663,466)	283,647
Total transportation	<u>4,842,680</u>	<u>1,668,683</u>	<u>3,173,997</u>
 Public Safety:			
Salaries and employee benefits	20,249,936	19,907,337	342,599
Operating expenditures	3,078,084	2,295,153	782,931
Capital outlay	1,012,691	187,537	825,154
Total public safety	<u>24,340,711</u>	<u>22,390,027</u>	<u>1,950,684</u>
 Culture and Recreation:			
Salaries and employee benefits	3,181,970	2,795,271	386,699
Operating expenditures	1,985,410	1,453,906	531,504
Capital outlay	672,100	594,271	77,829
Interdepartmental charges	(89,236)	(89,236)	-
Total culture and recreation	<u>5,750,244</u>	<u>4,754,212</u>	<u>996,032</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, 2022

	Budget	Actual	Variance Over/Under
Debt Service:			
Principal retirement	2,354,914	2,112,635	242,279
Interest and other charges	1,177,310	1,108,842	68,468
Total	3,532,224	3,221,477	310,747
 Total expenditures	 47,622,426	 39,306,787	 8,315,639
 Revenues over (under) expenditures	 (4,417,402)	 6,450,021	 10,867,423
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Special revenue funds:			
Monroe Union County Economic Development Fund	(318,000)	(318,000)	-
American Rescue Plan Act of 2021	10,029,688	5,663,254	(4,366,434)
Downtown Monroe Fund	-	355,464	355,464
Downtown Monroe Fund	(275,285)	(259,724)	15,561
Capital projects funds:			
Capital projects	(19,891,299)	(13,680,577)	6,210,722
Capital projects	71,295	71,295	-
Internal service funds:			
Self Insured Property And Casualty Fund	18,936	18,936	-
Airport Capital Projects Fund	(43,976)	(43,976)	-
Asset Forfeiture	(1)	(366,367)	(366,366)
Airport Fund	(1,425,743)	(1,080,615)	345,128
Natural Gas Fund	200,500	168,240	(32,260)
Electric Fund	551,000	444,696	(106,304)
Lease liability issued	20,993	110,955	89,962
Limited obligation bond premium	95,014	95,014	-
Limited obligation bond proceeds	203,786	159,575	(44,211)
Total other financing sources (uses)	(10,763,092)	(8,661,830)	2,101,262
 Appropriated fund balance	 15,180,494	 -	 (15,180,494)
 Net change in fund balance	 \$ -	 (2,211,809)	 \$ (2,211,809)
 Fund Balance:			
Beginning of year, July 1		38,644,926	
 End of year, June 30		 \$ 36,433,117	

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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 1,706,000	\$ 1,030,219	\$ 759,748	\$ 1,789,967	\$ 83,967
Miscellaneous	-	3,254	2,000	5,254	5,254
Investment earnings	722	84,021	12,273	96,294	95,572
Total revenues	1,706,722	1,117,494	774,021	1,891,515	184,793
Expenditures:					
Capital outlay:					
Construction costs capitalized	10,907,203	9,927,331	489,946	10,417,277	489,926
Construction in progress	45,628,367	4,953,371	11,895,913	16,849,284	28,779,083
Other costs	61,664	-	61,664	61,664	-
Total expenditures	56,597,234	14,880,702	12,447,523	27,328,225	29,269,009
Revenues over (under) expenditures	(54,890,512)	(13,763,208)	(11,673,502)	(25,436,710)	29,453,802
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Natural Gas Fund	199,411	199,411	-	199,411	-
To General Fund	(102,191)	(30,896)	(71,295)	(102,191)	-
From General Fund	30,538,519	12,520,664	13,680,577	26,201,241	(4,337,278)
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	510,424	486,258	24,166	510,424	-
Electric Fund	463,312	439,145	24,167	463,312	-
Premium from Limited Obligation Bonds issued	2,597,847	-	2,597,847	2,597,847	-
Limited obligation bonds issued	17,970,125	4,451,957	13,520,425	17,972,382	2,257
Installment purchase obligations issued	1,202,559	1,219,032	-	1,219,032	16,473
Total other financing sources (uses)	54,890,512	20,796,077	29,775,887	50,571,964	(4,318,548)
Net change in fund balance	\$ -	\$ 7,032,869	18,102,385	\$ 25,135,254	\$ 25,135,254
Fund Balance:					
Beginning of year, July 1			7,032,869		
End of year, June 30			\$ 25,135,254		



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 is 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, 2022

	Special Revenue Funds				Monroe Union Economic Development
	Community Development	Downtown Monroe	Occupancy Tax	Asset Forfeiture	
Assets:					
Cash and cash equivalents	\$ 56,562	\$ 257,840	\$ 255,927	\$ 447,784	\$ 542,781
Taxes receivable	-	2,616	-	-	-
Accounts receivable	-	-	-	-	298
Due from other governments	-	527	-	-	-
Due from component unit	-	-	24,000	-	-
Total assets	<u>\$ 56,562</u>	<u>\$ 260,983</u>	<u>\$ 279,927</u>	<u>\$ 447,784</u>	<u>\$ 543,079</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 12,923	\$ 32,064	\$ 552	\$ 76,737
Total liabilities	<u>-</u>	<u>12,923</u>	<u>32,064</u>	<u>552</u>	<u>76,737</u>
Deferred Inflows of Resources	<u>-</u>	<u>2,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	180,170	24,000	664	4,348
Public safety	-	-	-	446,568	-
Occupancy tax capital projects	-	-	-	-	-
Economic development	-	-	-	-	461,994
Committed:					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Assigned	56,562	65,274	223,863	-	-
Total fund balances	<u>56,562</u>	<u>245,444</u>	<u>247,863</u>	<u>447,232</u>	<u>466,342</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 260,983</u>	<u>\$ 279,927</u>	<u>\$ 447,784</u>	<u>\$ 543,079</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	American Rescue Plan Act of 2021	Total	Occupancy Tax Projects	Governmental Capital Reserve	Total	
Assets:						
Cash and cash equivalents	\$ 5,086	\$ 1,565,980	294,732	\$ 218,131	\$ 512,863	\$ 2,078,843
Taxes receivable	-	2,616	-	-	-	2,616
Accounts receivable	-	298	150	-	150	448
Due from other governments	-	527	-	-	-	527
Due from component unit	-	24,000	-	-	-	24,000
Total assets	<u>\$ 5,086</u>	<u>\$ 1,593,421</u>	<u>\$ 294,882</u>	<u>\$ 218,131</u>	<u>\$ 513,013</u>	<u>\$ 2,106,434</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 122,276	\$ 258	\$ -	\$ 258	\$ 122,534
Total liabilities	<u>-</u>	<u>122,276</u>	<u>258</u>	<u>-</u>	<u>258</u>	<u>122,534</u>
Deferred Inflows of Resources	<u>-</u>	<u>2,616</u>	<u>80,514</u>	<u>-</u>	<u>80,514</u>	<u>83,130</u>
Fund Balances:						
Restricted:						
Stabilization by state statute	-	209,182	8,619	-	8,619	217,801
Public safety	-	446,568	-	-	-	446,568
Occupancy tax capital projects	-	-	205,491	-	205,491	205,491
Economic development	-	461,994	-	-	-	461,994
Committed:						
Public safety	5,086	5,086	-	-	-	5,086
Culture and recreation	-	-	-	218,131	218,131	218,131
Assigned	-	345,699	-	-	-	345,699
Total fund balances	<u>5,086</u>	<u>1,468,529</u>	<u>214,110</u>	<u>218,131</u>	<u>432,241</u>	<u>1,900,770</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,086</u>	<u>\$ 1,593,421</u>	<u>\$ 294,882</u>	<u>\$ 218,131</u>	<u>\$ 513,013</u>	<u>\$ 2,106,434</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Community Development	Downtown Monroe	Occupancy Tax	Asset Forfeiture	Monroe Union Economic Development
Revenues:					
Ad valorem taxes	\$ -	\$ 61,893	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	241,174	-	-
Restricted intergovernmental	-	-	-	174,339	424,000
Donation	-	-	-	-	-
Miscellaneous	-	355,464	-	-	-
Investment earnings	-	-	475	719	1,037
Total revenues	-	417,357	241,649	175,058	425,037
Expenditures:					
Current:					
Public safety	-	-	-	94,193	-
Economic and physical development:					
Administration	-	624,330	-	-	752,163
Tourism	-	-	-	-	-
Debt service:					
Principal	-	2,199	120,000	-	3,509
Interest	-	409	134,351	-	611
Total expenditures	-	626,938	254,351	94,193	756,283
Revenues over (under) expenditures	-	(209,581)	(12,702)	80,865	(331,246)
Other Financing Sources (Uses):					
Transfers from other funds	-	259,724	260,565	366,367	318,000
Transfers to other funds	-	(355,464)	-	-	-
Lease liability issued	-	912	-	-	4,318
Total other financing sources (uses)	-	(94,828)	260,565	366,367	322,318
Net change in fund balances	-	(304,409)	247,863	447,232	(8,928)
Fund Balances:					
Beginning of year, July 1	56,562	549,853	-	-	475,270
End of year, June 30	\$ 56,562	\$ 245,444	\$ 247,863	\$ 447,232	\$ 466,342

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	American Rescue Plan Act of 2021	Total	Occupancy Tax Projects	Governmental Capital Reserve	Total	
Revenues:						
Ad valorem taxes	\$ -	\$ 61,893	\$ -	\$ -	\$ -	\$ 61,893
Other taxes and licenses	-	241,174	-	-	-	241,174
Restricted intergovernmental	5,663,254	6,261,593	19,486	-	19,486	6,281,079
Donation	-	-	20,650	-	20,650	20,650
Miscellaneous	-	355,464	-	-	-	355,464
Investment earnings	5,086	7,317	741	385	1,126	8,443
Total revenues	5,668,340	6,927,441	40,877	385	41,262	6,968,703
Expenditures:						
Current:						
Public safety	-	94,193	-	-	-	94,193
Economic and physical development:						
Administration	-	1,376,493	-	-	-	1,376,493
Tourism	-	-	274,515	-	274,515	274,515
Debt service:						
Principal	-	125,708	-	-	-	125,708
Interest	-	135,371	-	-	-	135,371
Total expenditures	-	1,731,765	274,515	-	274,515	2,006,280
Revenues over (under) expenditures	5,668,340	5,195,676	(233,638)	385	(233,253)	4,962,423
Other Financing Sources (Uses):						
Transfers from other funds	-	1,204,656	-	-	-	1,204,656
Transfers to other funds	(5,663,254)	(6,018,718)	(260,565)	-	(260,565)	(6,279,283)
Lease liability issued	-	5,230	-	-	-	5,230
Total other financing sources (uses)	(5,663,254)	(4,808,832)	(260,565)	-	(260,565)	(5,069,397)
Net change in fund balances	5,086	386,844	(494,203)	385	(493,818)	(106,974)
Fund Balances:						
Beginning of year, July 1	-	1,081,685	708,313	217,746	926,059	2,007,744
End of year, June 30	\$ 5,086	\$ 1,468,529	\$ 214,110	\$ 218,131	\$ 432,241	\$ 1,900,770

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, 2022

	Budget	Actual	Variance Over/Under
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Fund Balance:

Beginning of year, July 1	<u>56,562</u>
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End of year, June 30	<u>\$ 56,562</u>
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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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 61,676	\$ 61,893	\$ 217
Miscellaneous	<u>2,000</u>	<u>355,464</u>	<u>353,464</u>
Total	<u>63,676</u>	<u>417,357</u>	<u>353,681</u>
Expenditures:			
Current:			
Economic and physical development:			
Administration	<u>886,201</u>	<u>624,330</u>	<u>261,871</u>
Total	<u>886,201</u>	<u>624,330</u>	<u>261,871</u>
Debt service:			
Principal retirement	2,205	2,199	6
Interest and other charges	<u>408</u>	<u>409</u>	<u>(1)</u>
Total	<u>2,613</u>	<u>2,608</u>	<u>5</u>
Total expenditures	<u>888,814</u>	<u>626,938</u>	<u>261,876</u>
Revenues over (under) expenditures	<u>(825,138)</u>	<u>(209,581)</u>	<u>615,557</u>
Other Financing Sources (Uses):			
Lease liability issued	-	912	912
Transfers from (to) other funds:			
General Fund	-	(355,464)	(355,464)
General Fund	<u>275,285</u>	<u>259,724</u>	<u>(15,561)</u>
Total other financing sources (uses)	<u>275,285</u>	<u>(94,828)</u>	<u>(370,113)</u>
Appropriated fund balance	<u>549,853</u>	<u>-</u>	<u>(549,853)</u>
Net change in fund balance	<u>\$ -</u>	<u>(304,409)</u>	<u>\$ (304,409)</u>
Fund Balance:			
Beginning of year, July 1		<u>549,853</u>	
End of year, June 30		<u>\$ 245,444</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Occupancy tax revenue	\$ 194,000	\$ 241,174	\$ 47,174
Investment earnings	9,217	475	(8,742)
Total	<u>203,217</u>	<u>241,649</u>	<u>38,432</u>
Expenditures:			
Debt service:			
Principal retirement	250,283	120,000	130,283
Interest and other charges	<u>250,725</u>	<u>134,351</u>	<u>116,374</u>
Total expenditures	<u>501,008</u>	<u>254,351</u>	<u>246,657</u>
Revenues over (under) expenditures	<u>(297,791)</u>	<u>(12,702)</u>	<u>285,089</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Occupancy Tax Capital Projects	<u>297,791</u>	<u>260,565</u>	<u>(37,226)</u>
Total other financing sources (uses)	<u>297,791</u>	<u>260,565</u>	<u>(37,226)</u>
Net change in fund balance	<u>\$ -</u>	<u>247,863</u>	<u>\$ 247,863</u>
Fund Balance:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>\$ 247,863</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ -	\$ 174,339	\$ 174,339
Investment earnings	-	719	719
Total	-	175,058	175,058
Expenditures:			
Current:			
Public safety:			
Operating expenditures	732,734	94,193	638,541
Total expenditures	732,734	94,193	638,541
Revenues over (under) expenditures	(732,734)	80,865	813,599
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
General Fund	732,734	366,367	(366,367)
Total other financing sources (uses)	732,734	366,367	(366,367)
Net change in fund balance	\$ -	447,232	\$ 447,232
Fund Balance:			
Beginning of year, July 1		-	
End of year, June 30		\$ 447,232	

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Interlocal agreement	\$ 424,000	\$ 424,000	\$ -
Investment earnings	<u>4,174</u>	<u>1,037</u>	<u>(3,137)</u>
Total	<u>428,174</u>	<u>425,037</u>	<u>(3,137)</u>
Expenditures:			
Current:			
Economic and physical development:			
Administration	<u>1,132,135</u>	<u>752,163</u>	<u>379,972</u>
Total	<u>1,132,135</u>	<u>752,163</u>	<u>379,972</u>
Debt service:			
Principal retirement	3,532	3,509	23
Interest and other charges	<u>592</u>	<u>611</u>	<u>(19)</u>
Total	<u>4,124</u>	<u>4,120</u>	<u>4</u>
Total expenditures	<u>1,136,259</u>	<u>756,283</u>	<u>379,976</u>
Revenues over (under) expenditures	<u>(708,085)</u>	<u>(331,246)</u>	<u>376,839</u>
Other Financing Sources (Uses):			
Lease liability issued	-	4,318	4,318
General Fund	<u>318,000</u>	<u>318,000</u>	<u>-</u>
Total other financing sources (uses)	<u>318,000</u>	<u>322,318</u>	<u>4,318</u>
Appropriated fund balance	<u>390,085</u>	<u>-</u>	<u>(390,085)</u>
Net change in fund balance	<u>\$ -</u>	<u>(8,928)</u>	<u>\$ (8,928)</u>
Fund Balance:			
Beginning of year, July 1		<u>475,270</u>	
End of year, June 30		<u>\$ 466,342</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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenue	\$ 11,326,507	\$ -	\$ 5,663,254	\$ 5,663,254	\$ (5,663,253)
Investment earnings	532	-	5,086	5,086	4,554
Total revenues	<u>11,327,039</u>	<u>-</u>	<u>5,668,340</u>	<u>5,668,340</u>	<u>(5,658,699)</u>
Expenditures:					
Current:					
Construction costs capitalized					
Construction in progress	<u>1,326,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,326,507</u>
Total expenditures	<u>1,326,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,326,507</u>
Revenues over (under) expenditures	<u>10,000,532</u>	<u>-</u>	<u>5,668,340</u>	<u>5,668,340</u>	<u>(4,332,192)</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To General Fund	<u>(10,000,532)</u>	<u>-</u>	<u>(5,663,254)</u>	<u>(5,663,254)</u>	<u>4,337,278</u>
Total other financing sources (uses)	<u>(10,000,532)</u>	<u>-</u>	<u>(5,663,254)</u>	<u>(5,663,254)</u>	<u>4,337,278</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,086</u>	<u>\$ 5,086</u>	<u>\$ 5,086</u>
Fund Balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 5,086</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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 2,802,539	\$ 2,477,701	\$ 19,486	\$ 2,497,187	\$ (305,352)
Donation	439,260	419,583	20,650	440,233	973
Investment earnings	29,166	182,019	741	182,760	153,594
Total revenues	<u>3,270,965</u>	<u>3,079,303</u>	<u>40,877</u>	<u>3,120,180</u>	<u>(150,785)</u>
Expenditures:					
Current:					
Construction costs capitalized	4,944,769	4,897,214	99,982	4,997,196	(52,427)
Construction in progress	862,260	420,783	174,533	595,316	266,944
Total expenditures	<u>5,807,029</u>	<u>5,317,997</u>	<u>274,515</u>	<u>5,592,512</u>	<u>214,517</u>
Debt service:					
Principal retirement	371,622	230,000	-	230,000	141,622
Interest and other charges	479,055	471,708	-	471,708	7,347
Total	<u>850,677</u>	<u>701,708</u>	<u>-</u>	<u>701,708</u>	<u>148,969</u>
Revenues over (under) expenditures	<u>(3,386,741)</u>	<u>(2,940,402)</u>	<u>(233,638)</u>	<u>(3,174,040)</u>	<u>212,701</u>
Other Financing Sources (Uses):					
Transfer to Occupancy Tax Fund	(260,565)	-	(260,565)	(260,565)	-
Transfer to General Capital Projects	(3,220)	(3,220)	-	(3,220)	-
Proceeds from Limited Obligation Bonds	3,650,526	3,651,935	-	3,651,935	1,409
Total	<u>3,386,741</u>	<u>3,648,715</u>	<u>(260,565)</u>	<u>3,388,150</u>	<u>1,409</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 708,313</u>	<u>(494,203)</u>	<u>\$ 214,110</u>	<u>\$ 214,110</u>
Fund Balance:					
Beginning of year, July 1			<u>708,313</u>		
End of year, June 30			<u>\$ 214,110</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 3,763	\$ 385	\$ (3,378)
Total revenues	<u>3,763</u>	<u>385</u>	<u>(3,378)</u>
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Capital Projects Fund	(3,763)	-	3,763
Total other financing sources (uses)	<u>(3,763)</u>	<u>-</u>	<u>3,763</u>
 Net change in fund balance	<u>\$ -</u>	385	<u>\$ 385</u>
 Fund Balance:			
Beginning of year, July 1		<u>217,746</u>	
 End of year, June 30		<u><u>\$ 218,131</u></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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 7,290,456	\$ 8,594,256	\$ 1,303,800
Sewer charges	8,693,086	9,569,706	876,620
Water and sewer taps	89,944	109,600	19,656
Capacity fees	4,073,734	3,747,744	(325,990)
County waste water charges	550,000	466,468	(83,532)
Total	20,697,220	22,487,774	1,790,554
Other operating revenues	318,143	452,395	134,252
Total operating revenues	21,015,363	22,940,169	1,924,806
Non-operating revenues:			
Other non-operating revenues	32,699	3,175,828	3,143,129
Investment earnings	281,718	57,476	(224,242)
Total non-operating revenues	314,417	3,233,304	2,918,887
Total revenues	21,329,780	26,173,473	4,843,693
Other Financing Sources (Uses):			
Lease liability issued	-	13,181	13,181
Water & Sewer Capital Project Fund	851,212	851,211	(1)
Total other financing sources (uses)	851,212	864,392	13,180
Appropriated fund balance	3,873,302	-	(3,873,302)
Total revenues and other financing sources (uses)	\$ 26,054,294	\$ 27,037,865	\$ 983,571

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Distribution system:			
Salaries and employee benefits	\$ 3,289,106	\$ 3,199,926	\$ 89,180
Repairs and maintenance	2,110,508	664,599	1,445,909
Operating expenditures	3,304,897	3,182,826	122,071
Total	<u>8,704,511</u>	<u>7,047,351</u>	<u>1,657,160</u>
Water filter plant:			
Salaries and employee benefits	1,030,380	920,511	109,869
Operating expenditures	3,466,229	2,768,708	697,521
Total	<u>4,496,609</u>	<u>3,689,219</u>	<u>807,390</u>
Waste treatment plant:			
Salaries and employee benefits	1,286,925	1,218,919	68,006
Operating expenditures	1,870,580	1,558,709	311,871
Total	<u>3,157,505</u>	<u>2,777,628</u>	<u>379,877</u>
Debt service:			
Principal retirement	1,286,210	1,261,141	25,069
Interest and other charges	573,521	690,654	(117,133)
Total	<u>1,859,731</u>	<u>1,951,795</u>	<u>(92,064)</u>
Capital outlay	<u>1,482,482</u>	<u>1,006,494</u>	<u>475,988</u>
Total expenditures	<u>19,700,838</u>	<u>16,472,487</u>	<u>3,228,351</u>
Other Financing Sources (Uses):			
Transfers:			
Water and Sewer Capital Reserve Fund	(4,073,734)	(3,747,744)	325,990
Capital Projects Fund	(24,166)	(24,166)	-
Water and Sewer Capital Projects Fund	(2,255,556)	(2,255,556)	-
Total other financing sources (uses)	<u>(6,353,456)</u>	<u>(6,027,466)</u>	<u>325,990</u>
Total expenditures and other financing sources (uses)	<u>\$ 26,054,294</u>	<u>\$ 22,499,953</u>	<u>\$ 3,554,341</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, 2022

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

Total revenues and other financing sources (uses)	\$ 27,037,865
Total expenditures and other financing sources (uses)	<u>22,499,953</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>4,537,912</u>
Reconciling items:	
Debt principal	1,261,141
Net revenue from capital reserve consolidation	29,014
Net revenue from capital projects consolidation	2,043
Right to use lease asset capitalized	13,181
Capital outlay	993,313
Lease liability issued	(13,181)
Capital items not charged to capital outlay	8,482,077
Disposal of capital asset	(3,073,614)
Project transfers - intrafund	5,152,089
Change in compensated absences	68,428
Change in OPEB liability	(361,837)
Change in deferred outflows of resources - OPEB	(33,703)
Change in deferred inflows of resources - OPEB	71,526
Change in deferred outflows of resources - pensions	190,860
Increase in net pension liability	1,003,669
Change in deferred inflows of resources - pensions	(1,095,766)
Depreciation and amortization	<u>(3,899,504)</u>
Total reconciling items	<u>8,789,736</u>
Change in net position	<u>\$ 13,327,648</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 29,014	\$ (29,014)
Total revenues	<u>-</u>	<u>29,014</u>	<u>(29,014)</u>
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Transfer to Water and Sewer Capital Project Fund	(3,375,608)	(3,375,608)	-
Transfer from Water and Sewer Fund	<u>3,375,608</u>	<u>3,747,744</u>	<u>372,136</u>
Total other financing sources (uses)	<u>-</u>	<u>372,136</u>	<u>372,136</u>
 Net change in fund balance	<u>\$ -</u>	<u>401,150</u>	<u>\$ 401,150</u>
 Fund Balance:			
Beginning of year, July 1		<u>16,329,552</u>	
 End of year, June 30		<u>\$ 16,730,702</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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 300,000	\$ 486,526	\$ -	\$ 486,526	\$ 186,526
Investment earnings	108,362	106,224	743	106,967	(1,395)
Miscellaneous	850,000	43	1,300	1,343	(848,657)
Total revenues	<u>1,258,362</u>	<u>592,793</u>	<u>2,043</u>	<u>594,836</u>	<u>(663,526)</u>
Expenditures:					
Construction costs capitalized	12,098,587	11,994,066	74,655	12,068,721	29,866
Construction in progress	<u>17,779,164</u>	<u>212,146</u>	<u>2,045,666</u>	<u>2,257,812</u>	<u>15,521,352</u>
Total expenditures	<u>29,877,751</u>	<u>12,206,212</u>	<u>2,120,321</u>	<u>14,326,533</u>	<u>15,551,218</u>
Revenues over (under) expenditures	<u>(28,619,389)</u>	<u>(11,613,419)</u>	<u>(2,118,278)</u>	<u>(13,731,697)</u>	<u>14,887,692</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Water and Sewer Fund	(1,520,883)	(669,672)	(851,211)	(1,520,883)	-
From Water and Sewer Fund	15,451,851	13,196,295	2,255,556	15,451,851	-
To Water and Sewer Capital Reserve	(108,362)	(108,362)	-	(108,362)	-
From Water and Sewer Capital Reserve	8,491,463	5,115,855	3,375,608	8,491,463	-
Proceeds from revenue bonds	<u>6,305,320</u>	<u>6,305,320</u>	<u>-</u>	<u>6,305,320</u>	<u>-</u>
Total other financing sources (uses)	<u>28,619,389</u>	<u>23,839,436</u>	<u>4,779,953</u>	<u>28,619,389</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 12,226,017</u>	<u>\$ 2,661,675</u>	<u>\$ 14,887,692</u>	<u>\$ 14,887,692</u>

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 57,279,396	\$ 58,241,950	\$ 962,554
Sales tax	4,009,558	2,405,482	(1,604,076)
Total	61,288,954	60,647,432	(641,522)
Other operating revenues	323,540	261,554	(61,986)
Total operating revenues	61,612,494	60,908,986	(703,508)
Non-operating revenues:			
Other non-operating revenues	30,000	7,456,233	7,426,233
Investment earnings	569,523	125,510	(444,013)
Total non-operating revenues	599,523	7,581,743	6,982,220
Interest income from other funds:			
General Fund	44,486	26,087	(18,399)
Airport Fund	23,861	20,671	(3,190)
Total	68,347	46,758	(21,589)
Total revenues	62,280,364	68,537,487	6,257,123
Other Financing Sources (Uses):			
Appropriated fund balance	119,365	-	(119,365)
Lease liability issued	-	7,382	7,382
Transfers from other funds:			
From Electric Capital Projects Fund	-	20,000	20,000
Total other financing sources (uses)	119,365	27,382	(91,983)
Total revenues and other financing sources (uses)	<u>\$ 62,399,729</u>	<u>\$ 68,564,869</u>	<u>\$ 6,165,140</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 4,605,998	\$ 4,179,358	\$ 426,640
Operating expenditures	5,664,644	4,176,977	1,487,667
Total	10,270,642	8,356,335	1,914,307
Electric power purchases	47,444,524	47,740,429	(295,905)
Debt service:			
Principal retirement	843,697	843,658	39
Interest and other charges	556,033	551,912	4,121
Total	1,399,730	1,395,570	4,160

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Capital outlay	1,609,634	477,006	1,132,628
Total expenditures	<u>60,724,530</u>	<u>57,969,340</u>	<u>2,755,190</u>
Other Financing Sources (Uses):			
Transfers (to) other funds:			
To Electric Capital Projects Fund	(1,100,032)	(1,120,031)	(19,999)
General Fund	(551,000)	(444,696)	106,304
Capital projects	<u>(24,167)</u>	<u>(24,167)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,675,199)</u>	<u>(1,588,894)</u>	<u>86,305</u>
Total expenditures and other financing sources (uses)	<u>\$ 62,399,729</u>	<u>\$ 59,558,234</u>	<u>\$ 2,841,495</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Total revenues and other financing sources (uses)			\$ 68,564,869
Total expenditures and other financing sources (uses)			<u>59,558,234</u>
Revenues and other financing sources over (under) expenditures and other financing uses			<u>9,006,635</u>
Reconciling items:			
Debt principal			843,658
Right to use assets capitalized			7,382
Capital outlay			469,624
Capital items not charged to capital outlay			2,928,778
Project expenses not capitalized			(134,210)
Disposal of capital asset			(8,668,518)
Lease liability issued			(7,382)
Project transfers - intrafund			1,100,031
Net revenue from capital projects consolidation			20,931
Change in compensated absences			13,605
Change in OPEB liability			(157,954)
Change in deferred outflows of resources - OPEB			(14,712)
Change in deferred inflows of resources - OPEB			31,224
Change in deferred outflows of resources - pensions			82,854
Increase in net pension liability			435,701
Change in deferred inflows of resources - pensions			(475,681)
Depreciation and amortization			<u>(2,267,598)</u>
Total reconciling items			<u>(5,792,267)</u>
Change in net position			<u>\$ 3,214,368</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, 2022

		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)
Restricted revenue	1,710	1,710	-	1,710	-
Investment earnings	-	513,882	20,931	534,813	534,813
Total revenues	<u>27,134,122</u>	<u>27,425,238</u>	<u>20,931</u>	<u>27,446,169</u>	<u>312,047</u>
Expenditures:					
Construction costs capitalized	5,483,623	3,398,843	959,944	4,358,787	1,124,836
Construction in progress	26,378,415	1,229,427	1,635,174	2,864,601	23,513,814
Other costs	<u>11,078,431</u>	<u>374,117</u>	<u>134,210</u>	<u>508,327</u>	<u>10,570,104</u>
Total expenditures	<u>42,940,469</u>	<u>5,002,387</u>	<u>2,729,328</u>	<u>7,731,715</u>	<u>35,208,754</u>
Revenues over (under) expenditures	<u>(15,806,347)</u>	<u>22,422,851</u>	<u>(2,708,397)</u>	<u>19,714,454</u>	<u>35,520,801</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Electric Fund	(20,000)	-	(20,000)	(20,000)	-
From Electric Fund	<u>15,826,347</u>	<u>14,706,311</u>	<u>1,120,031</u>	<u>15,826,342</u>	<u>(5)</u>
Total other financing sources (uses)	<u>15,806,347</u>	<u>14,706,311</u>	<u>1,100,031</u>	<u>15,806,342</u>	<u>(5)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 37,129,162</u>	<u>\$ (1,608,366)</u>	<u>\$ 35,520,796</u>	<u>\$ 35,520,796</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 21,931,608	\$ 20,412,718	\$ (1,518,890)
Other operating revenues	-	2,149	2,149
Total operating revenues	<u>21,931,608</u>	<u>20,414,867</u>	<u>(1,516,741)</u>
Non-operating revenues:			
Other non-operating revenues	-	227,826	227,826
Investment earnings	<u>293,022</u>	<u>64,598</u>	<u>(228,424)</u>
Total non-operating revenues	<u>293,022</u>	<u>292,424</u>	<u>(598)</u>
Total revenues	<u>22,224,630</u>	<u>20,707,291</u>	<u>(1,517,339)</u>
Other Financing Sources (Uses):			
Lease liability issued	-	713	713
Total other financing sources (uses)	<u>-</u>	<u>713</u>	<u>713</u>
Total revenues and other financing sources (uses)	<u>\$ 22,224,630</u>	<u>\$ 20,708,004</u>	<u>\$ (1,516,626)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 2,034,099	\$ 1,566,950	\$ 467,149
Operating expenditures	<u>3,683,966</u>	<u>3,047,990</u>	<u>635,976</u>
Total	<u>5,718,065</u>	<u>4,614,940</u>	<u>1,103,125</u>
Natural gas purchases	<u>9,590,198</u>	<u>9,870,028</u>	<u>(279,830)</u>
Debt service:			
Principal retirement	1,312,250	1,312,246	4
Interest and other charges	<u>1,440,295</u>	<u>1,432,807</u>	<u>7,488</u>
Total	<u>2,752,545</u>	<u>2,745,053</u>	<u>7,492</u>
Capital outlay	<u>621,107</u>	<u>113,118</u>	<u>507,989</u>
Contingency	<u>680,622</u>	<u>-</u>	<u>680,622</u>
Total expenditures	<u>19,362,537</u>	<u>17,343,139</u>	<u>2,019,398</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers to other funds:			
General Fund	(200,500)	(168,240)	32,260
Natural Gas Capital Project Fund	<u>(2,661,593)</u>	<u>(2,660,000)</u>	<u>(1,593)</u>
Total other financing sources (uses)	<u>(2,862,093)</u>	<u>(2,828,240)</u>	<u>30,667</u>
 Total expenditures and other financing sources (uses)	 <u>\$ 22,224,630</u>	 <u>\$ 20,171,379</u>	 <u>\$ 2,050,065</u>
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
 Total revenues and other financing sources (uses)			 \$ 20,708,004
 Total expenditures and other financing sources (uses)			 <u>20,171,379</u>
 Revenues and other financing sources over (under) expenditures and other financing uses			 <u>536,625</u>
 Reconciling items:			
Debt principal			1,312,246
Right to use assets capitalized			713
Capital outlay			112,405
Capital items not charged to capital outlay			808,188
Lease liability issued			(713)
Project transfers - intrafund			2,660,000
Income from capital projects consolidation			23
Project expenses not capitalized			(1,877)
Change in compensated absences			(16,452)
Change in deferred outflows of resources - OPEB			(7,461)
Change in deferred inflows of resources - OPEB			15,833
Change in OPEB liability			(80,097)
Change in deferred outflows of resources - pensions			42,907
Change in net pension liability			225,631
Change in deferred inflows of resources - pensions			(246,335)
Depreciation and amortization			<u>(1,590,972)</u>
Total reconciling items			<u>3,234,039</u>
 Change in net position			 <u>\$ 3,770,664</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, 2022

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Miscellaneous	\$ -	\$ 1,270	\$ -	\$ 1,270	\$ 1,270
Investment earnings	-	115,684	23	115,707	115,707
Total revenues	-	116,954	23	116,977	116,977
Expenditures:					
Construction costs capitalized	15,750,624	12,249,095	1,037,071	13,286,166	2,464,458
Construction in progress	6,574,402	1,951,786	92,268	2,044,054	4,530,348
Other costs	660,000	171,095	1,877	172,972	487,028
Total expenditures	22,985,026	14,371,976	1,131,216	15,503,192	7,481,834
Revenues over (under) expenditures	(22,985,026)	(14,255,022)	(1,131,193)	(15,386,215)	7,598,811
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Natural Gas Fund	(6,555,000)	(6,555,000)	-	(6,555,000)	-
From Natural Gas Fund	21,240,026	18,580,026	2,660,000	21,240,026	-
Limited Obligation Bonds	8,300,000	8,274,737	-	8,274,737	(25,263)
Total other financing sources (uses)	22,985,026	20,299,763	2,660,000	22,959,763	(25,263)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 6,044,741	\$ 1,528,807	\$ 7,573,548	\$ 7,573,548

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Leases	\$ 353,742	\$ 459,296	\$ 105,554
Customs	7,200	5,000	(2,200)
Sales of fuel	2,021,110	2,236,651	215,541
Total	<u>2,382,052</u>	<u>2,700,947</u>	<u>318,895</u>
Other operating revenues	<u>138,702</u>	<u>168,345</u>	<u>29,643</u>
Total operating revenues	<u>2,520,754</u>	<u>2,869,292</u>	<u>348,538</u>
Non-operating revenues:			
CARES Grant	82,000	82,000	-
Lease revenue	122,598	122,597	(1)
Investment earnings	2,745	2,752	7
Total non-operating revenues	<u>207,343</u>	<u>207,349</u>	<u>6</u>
Total revenues	<u>2,728,097</u>	<u>3,076,641</u>	<u>348,544</u>
Other Financing Sources (Uses):			
Appropriated fund balance	22,264	-	(22,264)
Lease liability issued	-	5,030	5,030
Transfers from other funds:			
General Fund	<u>1,425,743</u>	<u>1,080,615</u>	<u>(345,128)</u>
Total other financing sources (uses)	<u>1,448,007</u>	<u>1,085,645</u>	<u>(362,362)</u>
Total revenues and other financing sources (uses)	<u>\$ 4,176,104</u>	<u>\$ 4,162,286</u>	<u>\$ (13,818)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 752,518	\$ 686,596	\$ 65,922
Operating expenditures	<u>2,353,934</u>	<u>2,363,676</u>	<u>(9,742)</u>
Total	<u>3,106,452</u>	<u>3,050,272</u>	<u>56,180</u>
Debt service:			
Principal retirement	923,980	909,359	14,621
Interest and other charges	<u>145,672</u>	<u>171,217</u>	<u>(25,545)</u>
Total	<u>1,069,652</u>	<u>1,080,576</u>	<u>(10,924)</u>
Capital outlay	<u>-</u>	<u>5,030</u>	<u>(5,030)</u>
Total expenditures	<u>\$ 4,176,104</u>	<u>\$ 4,135,878</u>	<u>\$ 40,226</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Total revenues and other financing sources (uses)			\$ 4,162,286
Total expenditures			<u>4,135,878</u>
Revenues and other financing sources over (under) expenditures and other financing uses			<u>26,408</u>
Reconciling items:			
Debt principal			909,359
Right to use assets capitalized			5,030
Net revenue from capital projects consolidation			577,113
Transfer from General Fund			43,976
Lease liability issued			(5,030)
Change in compensated absences			5,755
Change in OPEB liability			(66,934)
Change in deferred outflows of resources - OPEB			(6,235)
Change in deferred inflows of resources - OPEB			13,231
Change in deferred outflows of resources - pensions			35,509
Increase in net pension liability			186,729
Change in deferred inflows of resources - pensions			(203,863)
Depreciation and amortization			<u>(949,703)</u>
Total reconciling items			<u>544,937</u>
Change in net position			<u>\$ 571,345</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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 3,524,154	\$ 2,859,356	\$ 576,848	\$ 3,436,204	\$ (87,950)
Investment earnings	-	81,405	265	81,670	81,670
Miscellaneous	-	6,000	-	6,000	6,000
Total revenues	<u>3,524,154</u>	<u>2,946,761</u>	<u>577,113</u>	<u>3,523,874</u>	<u>(280)</u>
Expenditures:					
Construction costs capitalized	7,211,183	6,949,875	130,976	7,080,851	130,332
Construction in progress	<u>776,910</u>	<u>256,920</u>	<u>392,155</u>	<u>649,075</u>	<u>127,835</u>
Total expenditures	<u>7,988,093</u>	<u>7,206,795</u>	<u>523,131</u>	<u>7,729,926</u>	<u>258,167</u>
Revenues over (under) expenditures	<u>(4,463,939)</u>	<u>(4,260,034)</u>	<u>53,982</u>	<u>(4,206,052)</u>	<u>257,887</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	2,189,689	2,145,713	43,976	2,189,689	-
Proceeds from revenue bonds	<u>2,274,250</u>	<u>2,274,250</u>	<u>-</u>	<u>2,274,250</u>	<u>-</u>
Total other financing sources (uses)	<u>4,463,939</u>	<u>4,419,963</u>	<u>43,976</u>	<u>4,463,939</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 159,929</u>	<u>\$ 97,958</u>	<u>\$ 257,887</u>	<u>\$ 257,887</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS JUNE 30, 2022

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,237,778	\$ 2,419,909	\$ 719,011	\$ 5,376,698
Accounts receivable	7,787	291,348	353,969	653,104
Prepaid expenses	444	6,062	929	7,435
Inventories	6,101	-	-	6,101
Total current assets	<u>2,252,110</u>	<u>2,717,319</u>	<u>1,073,909</u>	<u>6,043,338</u>
Non-current assets:				
Right to use assets, net of amortization	10,649	-	-	10,649
Capital assets:				
Land and other non-depreciable assets	925,594	360,852	-	1,286,446
Other capital assets, net of depreciation	5,222,644	1,527,217	94,348	6,844,209
Capital assets (net)	<u>6,148,238</u>	<u>1,888,069</u>	<u>94,348</u>	<u>8,130,655</u>
Total non-current assets	<u>6,158,887</u>	<u>1,888,069</u>	<u>94,348</u>	<u>8,141,304</u>
Total assets	<u>8,410,997</u>	<u>4,605,388</u>	<u>1,168,257</u>	<u>14,184,642</u>
Deferred Outflows of Resources:				
OPEB deferrals	468,522	204,916	13,926	687,364
Pension deferrals	430,081	192,162	9,151	631,394
Total deferred outflows of resources	<u>898,603</u>	<u>397,078</u>	<u>23,077</u>	<u>1,318,758</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	207,712	52,804	425,293	685,809
Lease liabilities	5,913	-	-	5,913
Unearned revenue	36,139	-	-	36,139
Compensated absences	67,740	28,936	10,508	107,184
Installment purchase obligations	8,623	116,849	6,830	132,302
Total current liabilities	<u>326,127</u>	<u>198,589</u>	<u>442,631</u>	<u>967,347</u>
Non-current liabilities:				
Net pension liability	279,674	124,960	5,951	410,585
Compensated absences	33,365	14,252	5,176	52,793
Installment purchase obligations	65,347	67,063	51,763	184,173
Lease liabilities	4,590	-	-	4,590
Total other post-employment benefits liability	2,556,398	1,118,084	75,986	3,750,468
Total non-current liabilities	<u>2,939,374</u>	<u>1,324,359</u>	<u>138,876</u>	<u>4,402,609</u>
Total liabilities	<u>3,265,501</u>	<u>1,522,948</u>	<u>581,507</u>	<u>5,369,956</u>
Deferred Inflows of Resources:				
OPEB deferrals	274,401	120,014	8,157	402,572
Pension deferrals	399,570	178,532	8,502	586,604
Total deferred inflows of resources	<u>673,971</u>	<u>298,546</u>	<u>16,659</u>	<u>989,176</u>
Net Position:				
Net investment in capital assets	6,074,414	1,704,157	35,755	7,814,326
Unrestricted	<u>(704,286)</u>	<u>1,476,815</u>	<u>557,413</u>	<u>1,329,942</u>
Total net position	<u>\$ 5,370,128</u>	<u>\$ 3,180,972</u>	<u>\$ 593,168</u>	<u>\$ 9,144,268</u>

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, 2022

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 2,855,249	\$ 2,704,512	\$ 2,880,551	\$ 8,440,312
Other operating revenues	110,091	70,460	27,694	208,245
Total operating revenues	<u>2,965,340</u>	<u>2,774,972</u>	<u>2,908,245</u>	<u>8,648,557</u>
Operating Expenses:				
Aquatics and Fitness Center operations	3,058,467	-	-	3,058,467
Stormwater operations	-	2,253,430	-	2,253,430
Solid waste operations	-	-	2,881,713	2,881,713
Solid waste maintenance	-	-	103,941	103,941
Depreciation and amortization	323,871	203,985	16,474	544,330
Total operating expenses	<u>3,382,338</u>	<u>2,457,415</u>	<u>3,002,128</u>	<u>8,841,881</u>
Operating income (loss)	<u>(416,998)</u>	<u>317,557</u>	<u>(93,883)</u>	<u>(193,324)</u>
Non-Operating Revenues (Expenses):				
Investment earnings	3,857	4,197	1,144	9,198
Interest and other charges	(2,521)	(7,629)	(1,289)	(11,439)
Total non-operating revenues (expenses)	<u>1,336</u>	<u>(3,432)</u>	<u>(145)</u>	<u>(2,241)</u>
Change in net position	(415,662)	314,125	(94,028)	(195,565)
Net Position:				
Beginning of year, July 1	<u>5,785,790</u>	<u>2,866,847</u>	<u>687,196</u>	<u>9,339,833</u>
End of year, June 30	<u>\$ 5,370,128</u>	<u>\$ 3,180,972</u>	<u>\$ 593,168</u>	<u>\$ 9,144,268</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 3,000,767	\$ 2,769,398	\$ 2,889,428	\$ 8,659,593
Cash paid for goods and services	(1,169,138)	(1,369,986)	(2,490,788)	(5,029,912)
Cash paid to or on behalf of employees for services	(1,749,329)	(963,981)	(261,586)	(2,974,896)
Net cash provided (used) by operating activities	82,300	435,431	137,054	654,785
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(62,554)	(263,873)	-	(326,427)
Principal paid on bond maturities and equipment obligations	(13,935)	(113,685)	(6,703)	(134,323)
Interest paid on bond maturities and equipment obligations	(2,521)	(7,629)	(1,289)	(11,439)
Net cash provided (used) by capital and related financing activities	(79,010)	(385,187)	(7,992)	(472,189)
Cash Flows from Investing Activities:				
Earnings on investments	3,857	4,197	1,144	9,198
Net cash provided (used) by investing activities	3,857	4,197	1,144	9,198
Net increase (decrease) in cash and cash equivalents	7,147	54,441	130,206	191,794
Cash and Cash Equivalents:				
Beginning of year, July 1	2,230,631	2,365,468	588,805	5,184,904
End of year, June 30	\$ 2,237,778	\$ 2,419,909	\$ 719,011	\$ 5,376,698
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (416,998)	\$ 317,557	\$ (93,883)	\$ (193,324)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	323,871	203,985	16,474	544,330
Changes in assets and liabilities:				
Increase deferred outflows - pension	(69,539)	(31,070)	(1,479)	(102,088)
Increase in net pension liability	(365,678)	(163,388)	(7,780)	(536,846)
Decrease deferred inflows - pension	399,233	178,381	8,494	586,108
(Increase) decrease in accounts receivable	40,224	(5,726)	(18,559)	15,939
(Increase) decrease in inventories	(1,491)	-	-	(1,491)
(Increase) decrease in prepaid expenses	345	152	(258)	239
Increase (decrease) in accounts payable and accrued liabilities	76,360	(95,450)	232,291	213,201
(Increase) decrease in deferred outflows of resources for OPEB	12,286	5,374	364	18,024
Increase (decrease) in deferred inflows of resources for OPEB	(26,074)	(11,404)	(773)	(38,251)
Increase (decrease) in net OPEB liability	131,908	57,692	3,921	193,521
Increase (decrease) in compensated absences	(22,147)	(20,672)	(1,758)	(44,577)
Total adjustments	499,298	117,874	230,937	848,109
Net cash provided (used) by operating activities	\$ 82,300	\$ 435,431	\$ 137,054	\$ 654,785
Non-Cash Transactions:				
Right to use asset acquired in exchange for a lease liability	\$ 15,974	\$ -	\$ -	\$ 15,974

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 2,134,063	\$ 2,855,249	\$ 721,186
Other operating revenues	56,210	110,091	53,881
Total operating revenues	<u>2,190,273</u>	<u>2,965,340</u>	<u>775,067</u>
Non-operating revenues:			
Other non-operating revenues	3,790	-	(3,790)
Investment earnings	23,824	3,857	(19,967)
Total non-operating revenues	<u>27,614</u>	<u>3,857</u>	<u>(23,757)</u>
Total revenues	<u>2,217,887</u>	<u>2,969,197</u>	<u>751,310</u>
Other Financing Sources (Uses):			
Lease liability issued	-	15,974	15,974
Appropriated fund balance	1,603,136	-	(1,603,136)
Total other financing sources (uses)	<u>1,603,136</u>	<u>15,974</u>	<u>(1,587,162)</u>
Total revenues and other financing sources (uses)	<u>\$ 3,821,023</u>	<u>\$ 2,985,171</u>	<u>\$ (835,852)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 2,408,233	\$ 1,838,210	\$ 570,023
Operating expenditures	1,298,175	1,160,268	137,907
Total	<u>3,706,408</u>	<u>2,998,478</u>	<u>707,930</u>
Debt service:			
Principal retirement	14,018	13,935	83
Interest and other charges	2,374	2,521	(147)
Total	<u>16,392</u>	<u>16,456</u>	<u>(64)</u>
Capital outlay	<u>98,223</u>	<u>78,528</u>	<u>19,695</u>
Total expenditures	<u>\$ 3,821,023</u>	<u>\$ 3,093,462</u>	<u>\$ 727,561</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, 2022

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

Total revenues and other financing sources (uses)	\$ 2,985,171
Total expenditures	<u>3,093,462</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(108,291)</u>
Reconciling items:	
Capital outlay	62,554
Right to use assets capitalized	15,974
Debt principal	13,935
Lease liability issued	(15,974)
Change in compensated absences	22,147
Change in deferred outflows of resources - OPEB	(12,286)
Change in deferred inflows of resources - OPEB	26,074
Change in OPEB liability	(131,908)
Change in deferred outflows of resources - pensions	69,539
Increase in net pension liability	365,678
Change in deferred inflows of resources - pensions	(399,233)
Depreciation and amortization	<u>(323,871)</u>
Total reconciling items	<u>(307,371)</u>
Change in net position	<u>\$ (415,662)</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Stormwater receipts	\$ 2,793,093	\$ 2,704,512	\$ (88,581)
Other operating revenues	28,950	70,460	41,510
Total operating revenues	<u>2,822,043</u>	<u>2,774,972</u>	<u>(47,071)</u>
Non-operating revenues:			
Investment earnings	17,912	4,197	(13,715)
Total non-operating revenues	<u>17,912</u>	<u>4,197</u>	<u>(13,715)</u>
Total revenues	<u>2,839,955</u>	<u>2,779,169</u>	<u>(60,786)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	826,779	-	826,779
Total other financing sources (uses)	<u>826,779</u>	<u>-</u>	<u>826,779</u>
Total revenues and other financing sources (uses)	<u>\$ 3,666,734</u>	<u>\$ 2,779,169</u>	<u>\$ 765,993</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 1,162,567	\$ 980,315	\$ 182,252
Operating expenditures	1,655,566	1,258,202	397,364
Total	<u>2,818,133</u>	<u>2,238,517</u>	<u>579,616</u>
Debt service:			
Principal retirement	113,685	113,685	-
Interest and other charges	7,916	7,629	287
Total	<u>121,601</u>	<u>121,314</u>	<u>287</u>
Capital outlay	<u>42,000</u>	<u>43,374</u>	<u>(1,374)</u>
Total expenditures	<u>2,981,734</u>	<u>2,403,205</u>	<u>578,529</u>
Other Financing Sources (Uses):			
Transfers from(to) other funds:			
Intrafund - Stormwater Capital Project Fund	(685,000)	(685,000)	-
Total other financing sources (uses)	<u>(685,000)</u>	<u>(685,000)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 3,666,734</u>	<u>\$ 3,088,205</u>	<u>\$ 578,529</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

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

Total revenues and other financing sources (uses)	\$ 2,779,169
Total expenditures and other financing sources (uses)	<u>3,088,205</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(309,036)</u>
Reconciling items:	
Debt principal	113,685
Capital outlay	43,374
Intrafund transfers - Stormwater Capital Project Fund	685,000
Change in compensated absences	20,672
Change in deferred outflows of resources - OPEB	(5,374)
Change in deferred inflows of resources - OPEB	11,404
Change in OPEB liability	(57,692)
Change in deferred outflows of resources - pensions	31,070
Increase in net pension liability	163,388
Change in deferred inflows of resources - pensions	(178,381)
Depreciation and amortization	<u>(203,985)</u>
Total reconciling items	<u>623,161</u>
Change in net position	<u>\$ 314,125</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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction in progress	\$ 1,145,320	\$ 140,353	\$ 220,499	\$ 360,852	\$ 784,468
Total expenditures	<u>1,145,320</u>	<u>140,353</u>	<u>220,499</u>	<u>360,852</u>	<u>784,468</u>
Revenues over (under) expenditures	<u>(1,145,320)</u>	<u>(140,353)</u>	<u>(220,499)</u>	<u>(360,852)</u>	<u>784,468</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Stormwater Fund	1,145,320	460,320	685,000	1,145,320	-
Total other financing sources (uses)	<u>1,145,320</u>	<u>460,320</u>	<u>685,000</u>	<u>1,145,320</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 319,967</u>	<u>\$ 464,501</u>	<u>\$ 784,468</u>	<u>\$ 784,468</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 2,768,906	\$ 2,880,551	\$ 111,645
Total	<u>2,768,906</u>	<u>2,880,551</u>	<u>111,645</u>
Other operating revenues	<u>25,000</u>	<u>27,694</u>	<u>2,694</u>
Total operating revenues	<u>2,793,906</u>	<u>2,908,245</u>	<u>114,339</u>
Non-operating revenues:			
Investment earnings	<u>5,565</u>	<u>1,144</u>	<u>(4,421)</u>
Total non-operating revenues	<u>5,565</u>	<u>1,144</u>	<u>(4,421)</u>
Total revenues	<u>\$ 2,799,471</u>	<u>\$ 2,909,389</u>	<u>\$ 109,918</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 200,355	\$ 168,238	\$ 32,117
Operating expenditures	<u>2,708,845</u>	<u>2,712,486</u>	<u>(3,641)</u>
Total	<u>2,909,200</u>	<u>2,880,724</u>	<u>28,476</u>
Maintenance:			
Salaries and employee benefits	104,820	95,083	9,737
Operating expenditures	<u>16,633</u>	<u>8,858</u>	<u>7,775</u>
Total	<u>121,453</u>	<u>103,941</u>	<u>17,512</u>
Debt service:			
Principal retirement	8,003	6,703	1,300
Interest and other charges	<u>-</u>	<u>1,289</u>	<u>(1,289)</u>
Total	<u>8,003</u>	<u>7,992</u>	<u>11</u>
Total expenditures	<u>3,038,656</u>	<u>2,992,657</u>	<u>45,999</u>
Other Financing Sources (Uses):			
Appropriated net position	<u>239,185</u>	<u>-</u>	<u>239,185</u>
Total other financing uses	<u>239,185</u>	<u>-</u>	<u>239,185</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,799,471</u>	<u>\$ 2,992,657</u>	<u>\$ (193,186)</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, 2022

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

Total revenues and other financing sources (uses)	\$ 2,909,389
Total expenditures	<u>2,992,657</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(83,268)</u>
Reconciling items:	
Debt principal	6,703
Depreciation	(16,474)
Change in compensated absences	1,758
Change in OPEB liability	(3,921)
Change in deferred outflows of resources - OPEB	(364)
Change in deferred inflows of resources - OPEB	773
Change in deferred outflows of resources - pensions	1,479
Increase in net pension liability	7,780
Change in deferred inflows of resources - pensions	<u>(8,494)</u>
Total reconciling items	<u>(10,760)</u>
Change in net position	<u>\$ (94,028)</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, 2022

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 2,420,829	\$ 750,727	\$ 981,225	\$ 4,152,781
Accounts receivable (net)	327,064	-	583	327,647
Prepays	174,408	10,000	-	184,408
Total current assets	<u>2,922,301</u>	<u>760,727</u>	<u>981,808</u>	<u>4,664,836</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>2,932,470</u>	<u>770,727</u>	<u>981,808</u>	<u>4,685,005</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	535,639	10,888	11,757	558,284
Total current liabilities	<u>535,639</u>	<u>10,888</u>	<u>11,757</u>	<u>558,284</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>545,808</u>	<u>20,888</u>	<u>11,757</u>	<u>578,453</u>
Net Position:				
Unrestricted	<u>\$ 2,386,662</u>	<u>\$ 749,839</u>	<u>\$ 970,051</u>	<u>\$ 4,106,552</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, 2022

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Operating Revenues:				
Interfund charges and employee contributions	\$ 9,230,075	\$ -	\$ 813,417	\$ 10,043,492
Receipts for interfund charges	-	298,892	-	298,892
Other operating revenue	1,357,911	4,253	54,167	1,416,331
Total operating revenues	10,587,986	303,145	867,584	11,758,715
Operating Expenses:				
Operating expenses	374,444	117,965	102,810	595,219
Workers' compensation claims and premiums	-	472,536	-	472,536
Health care clinic	127,983	-	-	127,983
Insurance	16,667	-	-	16,667
Health benefit claims and premiums	9,344,128	-	-	9,344,128
Property and liability claims and premiums	-	-	780,224	780,224
Total operating expenses	9,863,222	590,501	883,034	11,336,757
Operating income (loss)	724,764	(287,356)	(15,450)	421,958
Non-Operating Revenues:				
Investment earnings	3,715	1,651	1,258	6,624
Total non-operating revenues	3,715	1,651	1,258	6,624
Income (loss) before transfers	728,479	(285,705)	(14,192)	428,582
Other Financing Sources (Uses):				
Transfers to other funds	-	-	(18,936)	(18,936)
Total other financing sources (uses)	-	-	(18,936)	(18,936)
Change in net position	728,479	(285,705)	(33,128)	409,646
Net Position:				
Beginning of year, July 1	1,658,183	1,035,544	1,003,179	3,696,906
End of year, June 30	\$ 2,386,662	\$ 749,839	\$ 970,051	\$ 4,106,552

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Cash Flows from Operating Activities:				
Cash received for services	\$ 9,610,800	\$ -	\$ 818,277	\$ 10,429,077
Other operating revenue	1,357,911	4,253	54,167	1,416,331
Receipts for interfund charges	-	298,892	-	298,892
Cash paid for goods and services	(10,097,409)	(589,749)	(881,571)	(11,568,729)
Net cash provided (used) by operating activities	<u>871,302</u>	<u>(286,604)</u>	<u>(9,127)</u>	<u>575,571</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers (to) from other funds	-	-	(18,936)	(18,936)
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>(18,936)</u>	<u>(18,936)</u>
Cash Flows from Investing Activities:				
Investment earnings	<u>3,715</u>	<u>1,651</u>	<u>1,258</u>	<u>6,624</u>
Net cash provided (used) by investing activities	<u>3,715</u>	<u>1,651</u>	<u>1,258</u>	<u>6,624</u>
Net increase (decrease) in cash and cash equivalents	875,017	(284,953)	(26,805)	563,259
Cash and Cash Equivalents:				
Beginning of year, July 1	<u>1,555,981</u>	<u>1,045,680</u>	<u>1,008,030</u>	<u>3,609,691</u>
End of year, June 30	<u>\$ 2,430,998</u>	<u>\$ 760,727</u>	<u>\$ 981,225</u>	<u>\$ 4,172,950</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>\$ 724,764</u>	<u>\$ (287,356)</u>	<u>\$ (15,450)</u>	<u>\$ 421,958</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities				
(Increase) decrease in accounts receivable	372,382	-	4,860	377,242
(Increase) decrease in prepaid expenses	8,343	-	-	8,343
Increase (decrease) in accounts payable and accrued liabilities	(234,187)	752	1,463	(231,972)
Total adjustments	<u>146,538</u>	<u>752</u>	<u>6,323</u>	<u>153,613</u>
Net cash provided (used) by operating activities	<u>\$ 871,302</u>	<u>\$ (286,604)</u>	<u>\$ (9,127)</u>	<u>\$ 575,571</u>

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, 2022

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 8,855,140	\$ 9,230,075	\$ 374,935
Other operating revenue	<u>1,514,510</u>	<u>1,357,911</u>	<u>(156,599)</u>
Total operating revenues	<u>10,369,650</u>	<u>10,587,986</u>	<u>218,336</u>
Non-operating revenues:			
Investment earnings	<u>13,390</u>	<u>3,715</u>	<u>(9,675)</u>
Total non-operating revenues	<u>13,390</u>	<u>3,715</u>	<u>(9,675)</u>
Total revenues	<u>10,383,040</u>	<u>10,591,701</u>	<u>208,661</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	349,455	374,444	(24,989)
Healthcare clinic	161,255	127,983	33,272
Insurance	17,500	16,667	833
Health benefit claims and premiums	<u>9,871,053</u>	<u>9,344,128</u>	<u>526,925</u>
Total operating expenditures	<u>10,399,263</u>	<u>9,863,222</u>	<u>536,041</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>16,223</u>	<u>-</u>	<u>16,223</u>
Total other financing sources (uses)	<u>16,223</u>	<u>-</u>	<u>16,223</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 728,479</u>	<u>\$ 728,479</u>

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, 2022

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges	\$ 300,549	\$ 298,892	\$ (1,657)
Other operating revenue	-	4,253	4,253
Total operating revenues	<u>300,549</u>	<u>303,145</u>	<u>2,596</u>
Non-operating revenues:			
Investment earnings	<u>9,738</u>	<u>1,651</u>	<u>(8,087)</u>
Total non-operating revenues	<u>9,738</u>	<u>1,651</u>	<u>(8,087)</u>
Total revenues	<u>310,287</u>	<u>304,796</u>	<u>(5,491)</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	117,988	117,965	23
Workers' compensation claims and premiums paid	<u>329,425</u>	<u>472,536</u>	<u>(143,111)</u>
Total expenditures	<u>447,413</u>	<u>590,501</u>	<u>(143,088)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>137,126</u>	-	<u>(137,126)</u>
Total other financing sources (uses)	<u>137,126</u>	-	<u>(137,126)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (285,705)</u>	<u>\$ (285,705)</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, 2022

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 813,417	\$ 813,417	\$ -
Other operating revenue	38,939	54,167	15,228
Total operating revenues	852,356	867,584	15,228
Non-operating revenues:			
Investment earnings	4,869	1,258	(3,611)
Total non-operating revenues	4,869	1,258	(3,611)
Total revenues	857,225	868,842	11,617
Expenditures:			
Operating expenditures:			
Other operating expenses	102,846	102,810	36
Property and liability claims and premiums	741,749	780,224	(38,475)
Total expenditures	844,595	883,034	(38,439)
Other Financing Sources (Uses):			
Transfer to General Fund	(18,936)	(18,936)	-
Appropriated fund balance	6,306	-	(6,306)
Total other financing sources (uses)	(12,630)	(18,936)	(6,306)
Revenues over (under) expenditures	\$ -	\$ (33,128)	\$ (33,128)

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE JUNE 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021 - 2022	\$ -	\$ 24,414,632	\$ 24,266,347	\$ 148,285
2020 - 2021	145,719	-	81,345	64,374
2019 - 2020	75,524	-	24,200	51,324
2018 - 2019	55,020	-	12,464	42,556
2017 - 2018	51,495	-	8,040	43,455
2016 - 2017	33,351	-	7,268	26,083
2015 - 2016	30,500	-	5,439	25,061
2014 - 2015	35,685	-	4,770	30,915
2013 - 2014	52,712	-	3,689	49,023
2012 - 2013	26,937	-	1,910	25,027
2011 - 2012	20,100	-	20,100	-
Total	<u>\$ 527,043</u>	<u>\$ 24,414,632</u>	<u>\$ 24,435,572</u>	<u>506,103</u>

Less: Allowance for uncollectible ad valorem taxes receivable

25,305

Ad valorem taxes receivable

\$ 480,798

Reconcilement with Revenues:

Ad valorem taxes - General Fund

General Fund

\$ 24,510,295

Amounts written off per Statute of Limitations

(19,328)

Refunds, releases of prior years' taxes

(156,969)

Interest and advertising cost recovery

101,574

Total collections and credits

\$ 24,435,572

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY CITY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2022

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 4,626,188,959	\$ 0.5025	\$ 23,299,450	\$ 21,940,077	\$ 1,359,373
Registered motor vehicles taxed at prior year's rate	81,874,591		504,560	-	504,560
Total	4,708,063,550		23,804,010	21,940,077	1,863,933
Public Utility Allocation	84,401,357	0.5025	424,117	424,117	-
Discoveries	44,943,332	0.5025	335,249	335,249	-
Releases	(26,257,938)	0.5025	(148,744)	(148,744)	-
Total property valuation	<u>\$ 4,811,150,301</u>				
Net Levy			24,414,632	22,550,699	1,863,933
Uncollected taxes at June 30, 2022			(148,285)	(148,285)	-
Current Year's Taxes Collected			<u>\$ 24,266,347</u>	<u>\$ 22,402,414</u>	<u>\$ 1,863,933</u>
Current Levy Collection Percentage			<u>99.39%</u>	<u>99.34%</u>	<u>100.00%</u>

Secondary Market Disclosures:

	Property Valuation	Rate	Levy
Assessed Valuation:			
Assessment Ratio ¹	100%		
Real property	\$ 3,457,754,157		
Personal property	916,598,054		
Public Service Companies ²	84,401,358		
	4,458,753,569	0.5025	\$ 22,550,699
Motor Vehicle Property	352,396,732	0.5025	1,863,933
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 4,811,150,301</u>		<u>\$ 24,414,632</u>
Distribution of levy:			
General Fund			<u>\$ 24,414,632</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, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021 - 2022	\$ -	\$ 62,684	\$ 61,641	\$ 1,043
2020 - 2021	98	-	38	60
2019 - 2020	186	-	-	186
2018 - 2019	223	-	-	223
2017 - 2018	51	-	-	51
2016 - 2017	72	-	-	72
2015 - 2016	51	-	-	51
2014 - 2015	290	-	-	290
2013 - 2014	661	-	-	661
2012 - 2013	124	-	-	124
2011 - 2012	195	-	195	-
Total	<u>\$ 1,951</u>	<u>\$ 62,684</u>	<u>\$ 61,874</u>	<u>2,761</u>

Less: Allowance for uncollectible ad valorem taxes receivable 145

Ad valorem taxes receivable \$ 2,616

Reconciliation with Revenues:

Ad valorem taxes - Downtown Monroe Fund	\$ 61,893
Amounts written off per Statute of Limitations	(195)
Refunds, releases of prior years' taxes	(41)
Interest and advertising cost recovery	<u>217</u>
Total collections and credits	<u><u>\$ 61,874</u></u>

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY MUNICIPAL SERVICE DISTRICT LEVY FOR THE YEAR ENDED JUNE 30, 2022

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 27,957,902	\$ 0.195	\$ 54,682	\$ 52,608	\$ 2,074
Registered motor vehicles taxed at prior year's rate	237,256		520	-	520
Total	28,195,158		55,202	52,608	2,594
Public Utility Allocation	3,812,682	0.195	7,435	7,435	-
Discoveries	43,646	0.195	77	77	-
Releases	(13,964)	0.195	(30)	(30)	-
Total property valuation	<u>\$ 32,037,522</u>				
Net Levy			62,684	60,090	2,594
Uncollected taxes at June 30, 2022			(1,043)	(1,043)	-
Current Year's Taxes Collected			<u>\$ 61,641</u>	<u>\$ 59,047</u>	<u>\$ 2,594</u>
Current Levy Collection Percentage			<u>98.34%</u>	<u>98.26%</u>	<u>100.00%</u>

Secondary Market Disclosures:

	Property Valuation	Rate	Levy
Assessed Valuation:			
Assessment Ratio ¹	100%		
Real property	\$ 24,772,405		
Personal property	2,151,615		
Public Service Companies ²	3,812,682		
	30,736,702	0.195	\$ 60,090
Motor Vehicle Property	1,300,820	0.195	2,594
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 32,037,522</u>		<u>\$ 62,684</u>
Distribution of levy:			
Municipal Service District - Downtown Monroe Fund			<u>\$ 62,684</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.

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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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 69,784	\$ 69,143	\$ 69,134	\$ 68,979	\$ 68,341	\$ 69,530	\$ 71,002	\$ 72,231	\$ 74,681	\$ 80,216
Restricted	5,665	6,484	10,499	7,385	9,813	9,654	16,587	14,882	15,706	31,642
Unrestricted	16,315	18,861	14,429	19,993	13,434	(7,850)	(12,946)	(9,096)	(8,008)	(18,564)
Total governmental activities net position	\$ 91,764	\$ 94,488	\$ 94,062	\$ 96,357	\$ 91,588	\$ 71,334	\$ 74,643	\$ 78,017	\$ 82,379	\$ 93,294
Business-type activities										
Net investment in capital assets	\$ 160,289	\$ 169,721	\$ 172,159	\$ 177,673	\$ 193,967	\$ 200,306	\$ 214,144	\$ 221,098	\$ 232,653	\$ 235,241
Unrestricted	92,520	93,303	106,769	117,605	116,067	111,837	125,987	147,461	159,227	177,451
Total business-type activities net position	\$ 252,809	\$ 263,024	\$ 278,928	\$ 295,278	\$ 310,034	\$ 312,143	\$ 340,131	\$ 368,559	\$ 391,880	\$ 412,692
Primary government										
Net investment in capital assets	\$ 230,073	\$ 238,864	\$ 241,293	\$ 246,652	\$ 262,308	\$ 269,836	\$ 285,146	\$ 293,329	\$ 307,334	\$ 315,457
Restricted	5,665	6,484	10,499	7,385	9,813	9,654	16,587	14,882	15,706	31,642
Unrestricted	108,835	112,164	121,198	137,598	129,501	103,987	113,041	138,365	151,219	158,887
Total primary government net position	\$ 344,573	\$ 357,512	\$ 372,990	\$ 391,635	\$ 401,622	\$ 383,477	\$ 414,774	\$ 446,576	\$ 474,259	\$ 505,986

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ 4,354	\$ 4,897	\$ 4,929	\$ 7,646	\$ 5,232	\$ 4,933	\$ 3,461	\$ 6,397	\$ 7,377	\$ 9,257
Transportation	4,801	5,216	5,207	5,215	5,307	5,758	4,780	4,097	6,677	3,937
Public safety	19,067	19,813	21,069	19,675	23,693	25,300	27,086	31,068	28,495	29,100
Culture and recreation	4,069	4,899	5,541	5,389	5,910	5,153	8,743	3,081	4,945	5,770
Economic and physical development	1,016	1,579	1,134	2,070	1,063	1,338	1,075	454	1,156	1,550
Interest on long-term debt	229	164	186	200	227	200	469	501	505	1,089
Total governmental activities expenses	<u>33,536</u>	<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>
Business-type activities:										
Water and sewer	12,356	15,162	10,360	12,281	13,274	12,339	9,975	13,583	11,122	9,886
Electric	51,729	55,559	60,881	58,078	60,175	60,764	58,254	56,545	55,176	57,866
Natural gas	12,710	14,844	13,790	13,595	12,229	14,105	14,015	11,821	12,807	16,768
Aquatics and Fitness Center	4,886	3,607	3,652	3,818	3,849	4,082	4,056	3,620	3,044	3,385
Stormwater	1,874	1,674	1,838	1,879	1,976	2,084	2,052	1,987	2,273	2,465
Solid Waste	2,213	2,067	2,178	2,303	2,511	2,348	2,350	2,628	2,833	3,003
Airport	3,771	3,580	3,405	3,328	3,498	3,706	3,697	3,625	3,732	4,207
Total business-type activities expenses	<u>89,539</u>	<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>
Total primary government expenses	<u>\$ 123,075</u>	<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>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 2,079	\$ 2,349	\$ 2,141	\$ 2,374	\$ 2,203	\$ 2,212	\$ 2,297	\$ 2,445	\$ 2,062	\$ 3,195
Transportation	203	297	359	375	350	327	371	403	449	468
Public safety	2,230	3,055	4,050	4,589	4,161	3,973	4,489	4,630	5,636	6,602
Culture and recreation	653	1,499	1,638	1,734	1,728	1,691	1,787	1,776	2,164	2,504
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	75	-	-	-	-	-	-	-
Transportation	978	961	972	972	963	964	957	955	892	1,051
Public safety	312	448	497	318	560	707	894	1,864	783	7,194
Culture and recreation	223	240	193	193	212	202	206	170	164	4
Economic and physical development	264	412	528	547	432	408	412	416	420	424
Capital grants and contributions:										
General government	-	170	-	-	-	-	-	-	-	-
Transportation	438	304	196	165	208	1,179	103	192	542	760
Public safety	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	100	-	-	-	20
Economic and physical development	-	-	-	-	-	-	10	-	-	-
	<u>\$ 7,380</u>	<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>

CITY OF MONROE, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charge for services:										
Water and sewer	14,000	15,529	16,155	16,743	17,671	17,228	18,671	18,617	19,474	22,997
Electric	53,044	58,057	65,732	62,607	65,606	63,853	63,757	60,846	56,602	60,937
Natural gas	14,261	17,185	18,053	14,485	15,569	18,101	18,323	15,043	16,430	20,457
Aquatics and Fitness Center	4,297	3,588	3,712	4,013	4,097	4,065	4,089	3,011	1,647	2,976
Stormwater	1,846	1,897	2,099	2,158	2,211	2,257	2,333	2,288	2,533	2,784
Solid Waste	2,214	2,190	2,169	2,312	2,411	2,416	2,434	2,573	2,712	2,909
Airport	1,984	1,943	1,927	1,600	1,654	1,944	1,912	1,792	2,022	2,874
Operating grants and contributions:										
Airport	-	-	-	-	-	-	-	69	-	82
Capital grants and contributions:										
Water and sewer	408	475	-	280	-	6	127	399	43	1
Electric	-	-	-	-	-	10	346	8,866	12,451	-
Natural gas	-	-	-	62	174	-	68	6	1	-
Stormwater	162	-	-	-	-	-	1	-	-	-
Solid Waste	75	-	-	1	-	-	-	-	-	-
Airport	235	3,116	139	2,174	2,699	90	891	1,419	1,542	577
Total business-type activities program revenues	<u>92,526</u>	<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>
Total primary government revenues	<u>\$ 99,906</u>	<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>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (26,156)	\$ (26,833)	\$ (27,417)	\$ (28,928)	\$ (30,615)	\$ (30,919)	\$ (34,088)	\$ (32,747)	\$ (36,043)	\$ (28,481)
Business-type activities	<u>2,987</u>	<u>7,487</u>	<u>13,882</u>	<u>11,153</u>	<u>14,580</u>	<u>10,542</u>	<u>18,553</u>	<u>21,120</u>	<u>24,470</u>	<u>19,014</u>
Total primary government net (expense) revenue	<u>\$ (23,169)</u>	<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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 19,434	\$ 19,767	\$ 19,375	\$ 19,605	\$ 20,176	\$ 21,078	\$ 22,358	\$ 23,156	\$ 23,749	\$ 24,554
Sales and use tax	4,906	5,136	5,428	5,249	6,196	6,215	6,654	8,112	9,425	10,624
Utility sales taxes	1,951	2,111	2,813	2,905	3,128	3,078	3,118	3,184	3,122	3,108
Motor vehicle tax	129	197	143	140	678	842	834	838	884	870
Beer & wine and telecommunications tax	564	570	568	496	490	463	444	376	379	311
Gross receipts tax	56	63	68	77	98	104	112	102	115	133
Other licenses and fees	1,210	869	879	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	173	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	(544)	366	680	1,946	(723)	(616)	3,418	1,227	31	(975)
Miscellaneous	1,002	1,192	1,095	580	631	744	1,375	1,549	1,892	1,234
Gain on sale of capital assets	116	-	-	-	-	-	-	-	-	-
Transfers	(4,640)	(714)	(1,267)	225	(1,845)	(1,279)	(916)	(2,423)	808	(463)
Total governmental activities	<u>24,357</u>	<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>
Business-type activities:										
Unrestricted investment earnings	(1,698)	1,493	1,735	5,144	(2,072)	(1,398)	8,003	3,848	(888)	311
Lease revenue	-	-	-	-	-	-	-	-	-	122
Interest earnings on interfund loans	113	88	64	39	81	75	68	61	54	46
Miscellaneous	390	433	192	238	323	466	448	976	493	856
Gain on sale of capital assets	14	-	-	-	-	-	-	-	-	-
Transfers	4,640	714	1,267	(225)	1,845	1,279	916	2,423	(808)	463
Total business-type activities	<u>3,459</u>	<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>
Total primary government	<u>\$ 27,816</u>	<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>
CHANGE IN NET POSITION										
Governmental activities	\$ (1,799)	\$ 2,724	\$ 2,365	\$ 2,295	\$ (1,786)	\$ (290)	\$ 3,309	\$ 3,374	\$ 4,362	\$ 10,915
Business-type activities	<u>6,446</u>	<u>10,215</u>	<u>17,140</u>	<u>16,349</u>	<u>14,757</u>	<u>10,964</u>	<u>27,988</u>	<u>28,428</u>	<u>23,321</u>	<u>20,812</u>
Total primary government	<u>\$ 4,647</u>	<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>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 256	\$ 1,138	\$ 282	\$ 901	\$ 1,094	\$ 827	\$ 856	\$ 579	\$ 449	\$ 724
Restricted	5,664	4,840	4,951	5,846	7,554	7,989	8,879	10,831	8,635	13,879
Assigned	11,679	12,457	13,763	18,885	13,521	14,508	15,543	16,727	18,378	19,347
Unassigned	3,607	6,533	8,067	4,337	5,152	5,239	8,169	7,877	11,183	2,483
Total General Fund	<u>\$ 21,206</u>	<u>\$ 24,968</u>	<u>\$ 27,063</u>	<u>\$ 29,969</u>	<u>\$ 27,321</u>	<u>\$ 28,563</u>	<u>\$ 33,447</u>	<u>\$ 36,014</u>	<u>\$ 38,645</u>	<u>\$ 36,433</u>
All Other Governmental Funds										
Nonspendable	\$ 1	\$ 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
Committed	-	588	996	1,690	3,843	4,107	213	737	1,327	223
Assigned	2,026	102	113	192	199	117	495	510	56	346
Unassigned	-	(2)	(46)	-	-	-	-	-	(20)	-
Total all other governmental funds	<u>\$ 2,027</u>	<u>\$ 2,459</u>	<u>\$ 6,612</u>	<u>\$ 3,598</u>	<u>\$ 6,900</u>	<u>\$ 6,627</u>	<u>\$ 11,674</u>	<u>\$ 6,911</u>	<u>\$ 9,041</u>	<u>\$ 27,036</u>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Ad valorem taxes	\$ 19,443	\$ 19,788	\$ 19,409	\$ 19,744	\$ 20,285	\$ 21,208	\$ 22,451	\$ 23,200	\$ 23,840	\$ 24,572
Other taxes and licenses	1,558	1,497	1,087	219	778	949	948	943	1,001	1,247
Unrestricted intergovernmental	7,567	7,952	8,967	8,839	9,987	9,991	10,433	11,887	13,203	14,344
Restricted intergovernmental	1,846	2,060	2,461	2,194	2,375	3,551	2,571	2,688	3,644	8,836
Sales and services	1,420	1,921	1,944	2,469	2,282	2,521	2,529	2,224	3,021	4,552
Investment earnings	(544)	481	646	1,842	(669)	(578)	3,236	1,162	40	(986)
Miscellaneous	747	779	989	395	461	525	1,170	1,341	1,617	934
Total revenues	<u>32,037</u>	<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>
EXPENDITURES										
General government	2,052	2,796	1,729	888	2,913	2,882	627	4,992	5,286	6,864
Transportation	1,970	1,979	1,957	2,400	2,346	2,610	2,243	1,852	3,678	1,439
Public safety	15,147	15,394	16,250	14,599	17,430	18,121	18,055	20,040	20,742	22,305
Culture and recreation	3,018	3,930	4,127	4,084	3,655	3,006	4,258	3,706	3,135	3,998
Economic and physical development	1,415	1,614	2,864	5,157	2,684	2,848	6,133	849	319	1,372
Capital outlay	2,806	2,076	4,158	7,483	4,335	6,654	8,373	12,914	7,234	14,300
Debt service:										
Principal retirement	1,311	1,124	1,193	1,248	1,198	1,213	1,166	1,225	1,508	2,238
Interest and other charges	229	164	186	199	227	200	489	342	525	1,244
Total expenditures	<u>27,948</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>4,089</u>	<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>
OTHER FINANCING SOURCES (USES)										
Transfers from (to) others	(3,725)	(2,057)	(1,267)	249	(1,845)	(1,279)	(916)	(1,839)	821	(444)
Lease liability issued	-	-	-	-	-	-	-	-	-	116
Limited obligation bonds issued, including premiums	-	-	-	-	-	-	8,217	-	-	16,373
Installment purchase obligations issued	-	850	4,476	-	1,788	1,614	635	2,119	-	-
Total other financing sources (uses)	<u>(3,725)</u>	<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>
Net change in fund balances	<u>\$ 364</u>	<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>
Debt service as a percentage of noncapital expenditures	6.13%	4.77%	4.87%	5.06%	4.68%	4.58%	5.02%	4.75%	5.78%	8.82%

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 (2)
	Commercial (1)	Residential	Motor Vehicle	Other			
2013	\$ 1,172,544	\$ 1,308,774	\$ 219,424	\$ 740,811	\$ 66,312	\$ 3,507,865	\$ 0.5527
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

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 Basic Rate	Municipal Service District Basic Rate	Total Weighted Average Rate⁽¹⁾	Union County Basic Rate	Direct and Overlapping Rates
2013	\$ 0.5550	\$ 0.2000	\$ 0.5527	\$ 0.6600	\$ 1.2127
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

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)**

	2013			2022		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayer						
ATI Specialty Materials (Allvac)	\$ 298,194	1	8.5%	\$ 229,262	1	4.7%
Charlotte Pipe & Foundry Co.	96,901	2	2.8%	146,675	2	3.0%
Consolidated Metco, Inc.	24,188	7	0.7%	66,913	3	1.4%
Tyson Farms, Inc. (Tyson Foods, Inc.)	38,015	3	1.1%	51,206	4	1.1%
Greiner Bio-One	23,372	8	0.7%	46,263	5	1.0%
Goulston Technologies	-		-	41,830	6	0.9%
Glenmark Pharmaceuticals	-		-	40,994	7	0.8%
O'Neil Digital Solutions, LLC	-		-	36,837	8	0.8%
Inland American Monroe Poplin	27,050	5	0.8%	30,839	9	0.6%
Yale Security (Assa Abloy - Door Security)	24,547	6	0.7%	29,939	10	0.6%
Wal-Mart	20,294	10	0.6%	-		-
Monroe Mall (Madison)	20,843	9	0.6%	-		-
Turbomeca	37,353	4	1.1%	-		-
Total	<u>\$ 610,757</u>		<u>17.6%</u>	<u>\$ 720,758</u>		<u>14.9%</u>

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 Allocation	Discoveries	Abatements	Taxes Levied for the Fiscal Year (Adjusted)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2013	\$ 18,983	\$ 361	\$ 130	\$ 86	\$ 19,388	\$ 18,887	97.42%	\$ 476	\$ 19,363	99.87%
2014	19,712	348	81	89	20,052	19,295	96.22	707	20,002	99.75
2015	18,915	336	66	57	19,260	18,888	98.07	341	19,229	99.84
2016	19,279	363	69	178	19,533	19,270	98.65	238	19,508	99.87
2017	19,581	367	133	103	19,978	19,752	98.86	200	19,952	99.87
2018	20,338	377	315	35	20,995	20,806	99.10	145	20,951	99.79
2019	21,843	387	111	85	22,256	22,080	99.20	133	22,213	99.81
2020	22,386	341	568	110	23,185	22,995	99.18	138	23,133	99.78
2021	23,282	429	201	80	23,832	23,686	99.39	82	23,768	99.73
2022	23,859	432	335	149	24,477	24,328	99.39	-	24,328	99.39

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				Total Primary Government	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			
2013	\$ 4,303	\$ -	\$ -	\$ 45,707	\$ 8,504	\$ 32,206	\$ 90,720	\$ 2,732	1.08%
2014	4,322	-	-	43,394	10,592	30,693	89,001	2,681	0.99
2015	7,605	-	-	41,001	9,470	29,569	87,645	2,575	0.90
2016	6,357	-	30,215	38,528	8,718	2,404	86,222	2,512	0.82
2017	6,947	-	29,887	37,251	8,179	1,530	83,794	2,413	0.73
2018	7,349	-	38,163	48,553	7,698	1,289	103,052	2,941	0.85
2019	6,818	8,196	37,768	45,324	7,217	413	105,736	2,993	0.83
2020	7,931	7,841	36,552	42,696	6,735	1,325	103,080	2,909	0.74
2021 (2)	6,758	7,485	35,297	46,232	-	1,131	96,903	2,791	-
2022 (2)	5,572	22,688	33,992	42,849	-	932	106,033	3,053	-

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 2020 and 2021 personal income not available to calculate fiscal year 2021 and 2022.

(2) Personal income not available for 2021 and 2022.

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022
(in thousands of dollars)

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Union County, overlapping debt	\$ 380,700	13.2%	\$ 50,248
Total direct debt	<u>28,260</u>	100%	<u>28,260</u>
Total direct and overlapping debt	<u>\$ 408,960</u>		<u>\$ 78,508</u>

Notes:

- (1) Includes governmental activities debt only.
- (2) Determined by ratio of assessed value of property subject to taxation in Union County (\$36,693,704,212) and City of Monroe (\$4,843,187,823).

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit (8% of assessed value)	\$ 280,629	\$ 295,131	\$ 280,408	\$ 270,375	\$ 284,215	\$ 286,542	\$ 289,887	\$ 301,031	\$ 309,727	\$ 387,455
Total net debt applicable to limit	36,509	35,014	37,175	38,976	38,364	46,801	53,195	53,649	50,672	63,183
Legal debt margin	\$ 244,120	\$ 260,117	\$ 243,233	\$ 231,399	\$ 245,851	\$ 239,741	\$ 236,692	\$ 247,382	\$ 259,055	\$ 324,272
Total net debt applicable to the limit as a percentage of debt limit	13.01%	11.86%	13.26%	14.42%	13.50%	16.33%	18.35%	17.82%	16.36%	16.31%

Legal Debt Margin
Calculation for Fiscal Year 2022

Assessed value		<u>\$ 4,843,188</u>
Debt limit (8% of total assessed value)		387,455
Bonded debt	\$ -	
Debt not evidenced by bonds	<u>63,183</u>	
Gross debt		\$ 63,183
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>63,183</u>
Legal debt margin		<u>\$ 324,272</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	
2013	\$ 83,091	\$ 70,200	\$ 12,891	\$ (1,642)	\$ 11,249	\$ 2,917	\$ 2,132	223%
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

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)
2013	33,201	\$ 8,386,195	\$ 39,417	40,958	8.00%
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 (1)	34,715	-	-	39,923	4.00
2022 (1)	34,734	-	-	40,257	3.50

Note:

(1) Personal income not available for 2021 and 2022.

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	2013		2022	
	Employees	Percentage of Total City Employment (1)	Employees	Percentage of Total City Employment (2)
Tyson Foods	1,580	10.1%	1,850	10.4%
ATI Specialty Materials	1,140	7.3%	1,400	7.9%
Atrium (formerly Carolinas Medical Center-Union)	1,400	9.0%	1,400	7.9%
Union County	573	3.7%	1,239	7.0%
Charlotte Pipe	450	2.9%	550	3.1%
3M - Scott Safety	550	3.5%	550	3.1%
City of Monroe	446	2.9%	512	2.9%
Greiner Bio-One	-	0.0%	450	2.5%
Wal-Mart Stores, Inc.	350	2.2%	400	2.2%
Windsor Windows	-	0.0%	350	2.0%
Circor (formerly IMO Industries)	260	1.7%	300	1.7%
Collins Aerospace (formerly UTC Aerospace)	275	1.8%	220	1.2%
Total	7,024	45.1%	9,221	51.9%

Notes:

- (1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 15,591 as of June 30, 2013.
(2) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 17,812 as of June 30, 2022.

Source:

Monroe - Union County Economic Development

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
2013	164	\$ 63,765,204	242	\$ 15,483,164
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

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 and 2022.
- (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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Administration (1)	29	30	29	28	30	30	29	38	38	42
Planning and zoning/Community development	7	7	7	7	8	8	8	8	8	11
Engineering	9	9	9	9	9	9	9	9	9	10
Utility/tax billing and collection	17	18	19	19	19	19	19	19	19	21
Purchasing/Fleet/Warehouse	9	9	9	9	9	9	9	9	9	10
Transportation	19	19	19	19	19	19	19	19	19	19
Police (2)	98	98	99	99	99	103	104	105	105	111
Fire (3)	79	79	80	81	81	81	84	84	84	87
Building standards and code enforcement	6	6	7	7	8	8	8	8	8	9
Culture and recreation (1)	41	37	37	38	38	37	37	32	32	33
Water and sewer:										
Distribution system	34	34	34	35	35	35	35	36	37	37
Water filter plant	12	12	12	12	12	12	12	12	12	12
Waste treatment plant	14	14	14	14	15	15	15	15	15	15
Stormwater	10	11	11	11	11	11	12	12	13	14
Electric	29	29	29	31	32	32	34	34	35	35
Natural gas	14	14	14	15	15	18	18	20	20	21
Solid Waste (4)	1	1	1	1	1	3	3	5	5	5
Aquatics and Fitness Center	11	11	11	11	11	11	11	11	13	13
Airport	7	7	7	7	7	7	7	7	7	7
Total	446	445	448	453	459	467	473	483	488	512

Note:

- (1) In 2020, the City Facilities Maintenance division was brought under Administration from Culture & Recreation.
- (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.
- (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.

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transportation:										
Street reclamation (tons) (1)	2,503	1,730	2,400	2,272	1,229	1,023	197	-	183	-
Street repair (tons)	929	1,012	710	532	272	398	311	814	228	355
Utility repair (tons)	868	784	406	381	417	928	787	645	703	823
Sidewalk repair (cubic yards concrete)	178	329	323	137	166	96	130	158	173	68
Pipe repair and replacement (linear feet)	1,300	832	853	1,129	1,938	2,737	1,653	2,305	2,912	2,244
Police:										
Physical arrests (calendar year)	2,367	1,852	2,336	2,158	2,494	2,487	2,525	2,485	2,291	-
Parking violations (calendar year)	3,346	3,138	2,395	2,181	2,625	2,951	2,905	2,237	2,242	-
Traffic violations (calendar year)	6,305	5,742	5,565	5,056	4,800	5,994	6,560	6,485	5,445	-
Fire:										
Calls for service (calendar year)	5,734	5,811	6,269	6,170	7,049	6,920	7,065	5,675	7,519	-
Fire code inspections (calendar year)	1,114	961	1,185	2,267	2,105	1,726	1,351	884	1,325	-
Civilian fire injuries (calendar year)	-	5	4	2	3	6	2	2	1	-
Building standards & code enforcement:										
Building permits issued	3,771	3,429	3,740	4,416	4,250	3,666	3,367	3,622	4,476	7,891
Building inspections	7,411	8,331	8,475	9,865	8,659	8,915	9,447	11,063	11,106	20,741
Code enforcement inspections	1,938	1,240	1,687	2,994	3,091	2,560	4,029	4,138	3,114	2,630
Environmental protection:										
Solid waste collected (annual tonnage)	8,609	9,989	9,576	9,218	9,696	9,735	9,435	9,991	11,417	10,800
Recyclables collected (annual tonnage)	1,467	1,976	2,015	1,912	1,870	1,897	2,258	2,220	2,440	2,090
Culture and recreation:										
Rounds of golf played (calendar year)	27,492	32,598	33,035	36,717	36,381	33,858	34,229	41,733	40,778	-
Aquatics and fitness center members (2)	19,814	19,169	20,377	20,778	21,526	21,625	21,593	17,430	12,892	15,748
Youth athletic program participants (calendar year)	572	510	456	428	379	501	491	297	764	-
Water:										
Average daily production (millions of gallons per day)	5.8	6.1	6.6	6.5	6.6	6.2	6.1	6.7	6.2	6.4
Maximum daily production (millions of gallons per day)	8.5	8.3	9.3	9.1	8.2	9.1	8.2	8.5	8.2	7.9
Customers	11,700	11,842	11,971	12,217	12,355	12,533	12,596	12,788	13,073	13,765
Gallons Billed (in thousands)	1,798,377	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
Sewer:										
Average daily treatment (millions of gallons per day)	6.6	7.2	6.9	7.3	6.1	5.4	7.9	7.1	6.7	5.7
Customers	10,120	10,223	10,363	10,631	10,754	10,921	10,981	11,115	11,376	11,930
Gallons Billed (in thousands)	2,063,159	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
Electric:										
Sales (megawatt hours)	638,273	654,969	710,133	669,778	711,165	718,185	706,091	667,632	582,590	648,916
Customers	11,685	11,675	11,785	11,916	12,005	12,071	12,154	12,181	12,311	12,564
Natural gas:										
Sales/deliveries (thousand cubic feet)	297,961	316,633	326,144	306,735	308,356	343,814	341,222	313,732	275,637	309,080
Customers	10,512	10,599	10,795	11,033	11,236	11,374	11,486	11,625	11,879	12,189
Airport:										
Fuel sales (thousands of gallons)	294	279	326	290	382	350	325	315	345	442
Based aircraft	94	103	102	82	83	115	107	99	110	112

Notes:

(1) Street reclamation crew was pulled to work on utility cuts during fiscal years 2019 through 2022 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.

Sources:

Various City departments.

CITY OF MONROE, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(unless otherwise noted)

Function	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transportation:										
Municipal Boundary (square miles)	29.63	29.63	29.63	29.63	29.63	30.05	30.34	30.49	31.07	31.81
Streets (miles)	169	170	170	170	170	170	170	171	171	171
Sidewalks (miles)	63	64	64	64	64	65	65	65	65	67
Curb and gutter (miles)	130	131	131	131	131	132	133	133	133	133
Stormwater (miles)	35	36	36	36	36	36	36	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)	309	330	336	343	355	358	372	374	381	381
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	92	92	92	92	96	96	96	96	96	98
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire apparatus (line and reserve)	15	15	15	18	18	18	18	19	19	19
Culture and recreation:										
Acreage (city limits)	552	552	552	552	552	554	555	555	555	555
Aquatics and Fitness Center	1	1	1	1	1	1	1	1	1	1
Playgrounds (1)	8	8	8	8	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	11	14	14	14
Tennis courts (2)	10	10	8	8	6	6	6	6	6	6
Playing fields (baseball/soccer/football) (3)	20	20	20	20	20	20	20	20	17	17
Swimming pools	3	3	3	3	3	3	3	3	3	3
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	0.5	2.0	2.0	3.1	4.3	4.3	4.8	5.3	5.3
Theatre (4)	-	-	-	-	-	-	-	-	1	1
Water:										
Water mains (miles)	291	291	291	291	292	293	293	294	296	301
Treatment capacity (millions of gallons per day) (5)	11	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	295	294	297	299	304
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 (6)	9	9	7	7	7	7	7	7	7	8
Lines (miles per calendar year)	285	286	289	291	293	294	295	298	304	-
Natural gas:										
Lines (miles per calendar year)	455	457	464	468	473	477	486	500	502	-
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) (7)	87,603	87,603	87,603	87,603	87,603	87,603	97,603	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 2021, the Dowd Center Theatre was capitalized by the City.
- (5) 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.
- (6) 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.
- (7) 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.



MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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
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, 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, 2022, 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 21, 2022. 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 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 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 21, 2022

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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
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, 2022. 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, 2022.

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*); and 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 21, 2022

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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
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, 2022. 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, 2022.

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 21, 2022

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

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
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Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No
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Identification of major state programs:

Program Name

N.C. Parks and Recreation Trust Fund (PARTF)

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, 2022**

None reported.

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-Through) Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-Through to Subrecipients</u>	<u>Local Expenditures</u>
Federal Grants:						
Cash Programs:						
U.S. Department of Justice:						
Direct Programs:						
Offices, Boards and Divisions						
Equitable Sharing Program	16.922		\$ 94,193	\$ -	\$ -	\$ -
Office of Justice Programs:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-599	16,553	-	-	-
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1157	201	-	-	-
U.S. Department of Housing & Urban Development:						
Passed through Union County:						
CDBG Entitlement Grants Cluster:						
Community Development Block Grant/Entitlement Grants - Urban County Entitlement Program	14.218	B-16-UC-37-004-B35	354,400	-	-	-
Total CDBG Entitlement Grants Cluster			354,400	-	-	-
U.S. Department of Treasury:						
State and Local Fiscal Recovery Funds:						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0305	5,663,254	-	-	-
U.S. Department of Health and Human Services						
Passed through N.C. Department of						
Aging and Adult Services						
Passed through Centralina Area Agency on Aging:						
Aging Cluster						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2001NCSSC3-00	864	-	-	-
Total Aging Cluster			864	-	-	-
U.S. Department of Transportation:						
Passed through N.C. Department of Transportation:						
Airport Improvement Program, COVID-19 Airports Program, and Infrastructure Investment and Jobs Act Programs	20.106	36237.17.18.1; 36237.17.17.1; 36237.17.19.2	542,606	-	-	41,739
COVID-19 Airport Improvement Program, COVID-19 Airports Program, and Infrastructure Investment and Jobs Act Programs	20.106	3-37-SBGP-60-2020	82,000	-	-	-
Total assistance - Federal Programs			6,754,071	-	-	41,739
State Grants:						
Cash Assistance:						
N.C. Department of Transportation:						
Powell Bill			-	365,356	-	-
Airport Apron Rehabilitation		36244.24.8.1	-	34,245	-	-
N.C. Division of Parks and Recreation:						
N.C. Parks and Recreation Trust Fund (PARTF)		2021-932	-	410,063	-	410,258
N.C. Department of Public Safety:						
N.C. Emergency Management Tropical Storm Fred		Mission 280965	-	50,711	-	-
N.C. Department of Natural and Cultural Resources:						
N.C. General Fund Directed Grant		E-AIA-W-17-0051	-	19,486	-	-
Total assistance - State Programs			-	879,861	-	410,258
Total assistance			\$ 6,754,071	\$ 879,861	\$ -	\$ 451,997

CITY OF MONROE, NORTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022****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, 2022. 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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