



Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2021

City of Monroe, North Carolina Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2021

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CITY OF MONROE, NORTH CAROLINA

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Introductory Section

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- List of Principal Officials
- Organizational Chart



October 21, 2021

To the Honorable Mayor Bobby Kilgore, Members of the City Council,
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, 2021. The financial statements and supplemental schedules have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPA’s, 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 of Monroe 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 over 35,000 residents, and has an incorporated area of over 30 square miles. Monroe serves as the County seat for Union County. Monroe's corporate limits are approximately seven miles southeast of Charlotte. The City Council may involuntarily annex property into the corporate limits so long as requirements set forth in North Carolina general statutes are met. North Carolina requires that those subject to an involuntary annexation have the opportunity to approve or reject the involuntary annexation initiated by the municipality by referendum. Annexed areas are also required to be guaranteed fire, police, and solid waste services immediately upon annexation and provisions for water and sewer service within three and one-half years of annexation. Voluntary annexations may also be considered and approved at the discretion of City Council, following all statutory requirements.

The City is organized under a Council-Manager form of government, with a six-member City Council and Mayor serving as the governing body, and who are 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, building inspections, code enforcement, police, fire, sanitation, 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, agencies and commissions to assist their efforts in serving our citizens. Organizations that receive support from the City include the 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, the Monroe-Union County Community Development Corporation, the Union County Historic Preservation Commission, Turning Point, Union County Community Action, Inc., the Union County Community Shelter, Arc of Union County, the Police Athletic League, Alliance for Children, Central Academy of Technology and Arts Band, Hospice of Union County, the Humane Society of Union County, the Village Development Center, the Union County Youth Ballet, A Few Good Men, Bridge to Recovery, Common Heart, Angel Shoes Inc., Friendship Missionary Baptist Church, HELP Pregnancy Center and Artists Music Guild.

Economic Condition and Outlook

Monroe enjoyed robust capital investment among its manufacturing sector throughout FY 2020-21 in spite of a variety of global economic factors related to the ongoing pandemic. FY 2020-21 saw \$67.8 Million of investment that included major announcements from companies such as BONA Kemi USA, who is building a \$25 Million distribution center in the Monroe Corporate Center and Collins Aerospace, who is installing over \$30 Million of state-of-the-art production equipment at their Airport Road campus. 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 unprecedeted challenges. Monroe has practiced this successful approach for decades.

Other sectors that are thriving include in 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, Glenmark

Pharmaceuticals, Windsor Windows & Doors and Charlotte Pipe Plastics Division, all of whom 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 (NC Department of Commerce). Also, Monroe's industrial base is international with 10 countries represented among 16 companies.

Monroe has achieved regional, national, and international recognition. Accolades include: Top 10 County for Job Creation Nationally Since 2000 – CNN/Money.com; 20+ Years Lowest Unemployment in the Charlotte Region – NC Department of Commerce, Division of Employment Security; and #1 Aerospace Cluster in North Carolina – NC 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 has continued its partnership with Union County to provide a county-wide economic development organization called Monroe-Union County Economic Development. The goals of the organizational work plan are to:

- Create more job opportunities
- Generate additional industrial/commercial capital investment
- Better define Monroe/Union County for various target audiences

Monroe-Union County Economic Development 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 \$860 Million in capital investment announced and over 2,300 jobs created, an average of \$100 Million per year. This investment also generates over \$650 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 of Monroe 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 fifteen-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 condition and growth potential and adjust strategic capital project initiatives to match growth projections. A capital reserve fund has also been established to meet long-term capital improvement needs. Three (3) Master Plan updates are underway for the City wastewater treatment plant, water supply system, and wastewater collection system. Capital improvements plans will be adjusted based on the Master Plan results.

Current initiatives are focusing on system sustainability and asset management programs, while ensuring adequate water and wastewater capacity to meet economic development 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 come on line.

Multiple water and wastewater projects are in the design and permitting phase based on the Department's Capital Improvement Plan. A significant wastewater treatment plant expansion is anticipated with design/permitting to begin in fiscal year 2023 and 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. Preventative maintenance programs for all equipment continue to be refined. Equipment replacements at the City water and wastewater treatment facilities are ongoing to ensure reliable performance. Utility coordination and infrastructure relocations are anticipated for NC Department of Transportation projects in the coming years.

The City of Monroe's Natural Gas Division operates and maintains a 43-mile natural gas transmission pipeline and 491 miles of natural gas distribution mains per federal regulation 49 CFR Part 192. With the installation of 284 new services, the natural gas customer count has increased to 11,953 customers. Peak gas usage day was on Tuesday, February 2, 2021, with a volume of 16,131 MCF (16,131,000 cubic feet) on a 29.0 heating degree day (43°/29° F). The natural gas volume for the fiscal year was 2,736,090 MCF. Energy Services Utility Locators have located 14,507 NC811 locate tickets, including natural gas, electric, and City fiber telecommunications. During the fiscal year 2021, the following projects were undertaken:

- Installed 18,840' feet of two-inch polyethylene main and 2,418' feet of four-inch polyethylene main to serve four developing residential subdivisions.
- Installed 9,579' of six-inch polyethylene main and 33,609' of four-inch polyethylene main to serve two (2) Edwards Wood Products facilities.

The City of Monroe's Electric Division maintains 19.5 miles of 100 kV transmission lines, 290 miles of distribution lines, and 6 main substations. The Electric Division provides electric service to more than 12,000 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 119.5 MW and annual electric sales of 583,098,981 KILO-Watthours. During fiscal year 2021 the following projects were undertaken:

- Replace/retire downtown vault switches and high voltage cables.
- Added additional electric facilities to serve a new process facility at ATI Metals.
- Installed electric facilities to three new residential subdivisions.
- Responded to 134 electric outages with an average response time of 19.1 minutes.
- Maintained 99.9878% reliability of electricity to our customers.

The City of Monroe 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 homeowner 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 City's Science Center to teach citizens about properties of topography, hydrology, geomorphology, and land management. Opportunities for public involvement include Adopt-a-Stream, a storm drain marker, and water monitoring programs. The Engineering Department also oversees in-house pollution prevention and good housekeeping by the various City of Monroe 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 the watersheds on a three year rotating basis. Stewarts Creek Watershed is walked during the first year rotation, Bearskin Creek Watershed the second year rotation and Richardson, South Fork Crooked and East Fork Twelve Mile Creek Watersheds the third year rotation.

Regarding existing infrastructure, the City of Monroe staffs a 6-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. The stormwater maintenance crew with assistance from street maintenance crews as needed have completed over 1,800 work orders in addition to completing thirteen capital improvement projects between 2009 and 2021.

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.

The Charlotte-Monroe Executive Airport continues to support Monroe, Union County and the Charlotte metro area as the corporate aviation gateway. The designated primary reliever for the Charlotte-Douglas International Airport, the airport supports corporate and general aviation aircraft with an all-weather 7,000-foot runway, international Customs processing, and aviation fuel/services. With an estimated 56,000 aircraft flight operations and over 100 privately-owned based aircraft, the Airport's annual economic impact is \$26.4M in business revenue supporting over 300 supported jobs with \$16M in personal income, and generates \$1.9M in state & local taxes. The design has begun on a pavement rehabilitation project to the principal airport terminal ramp. The project is valued at over three million dollars, and will be funded by a NC Department of Transportation grant. Airport Layout ("Master") Plan is reaching its conclusion and approval, and there is already a great public interest in future areas of hangar development. The Airport has secured a new long-term lease to for the construction of a 15,000 sq. ft. hangar which has been filled with a corporate jet aircraft. The Charlotte-Monroe Executive Airport continues its mission to connect local citizens and companies to the global market and driving our economy forward.

City Council is supportive of the City's public safety departments and supports their efforts in making Monroe a better community. Monroe's Police Department is committed to maintaining high standards by achieving and maintaining accreditation through CALEA. The following programs build trust and build stronger relationships with adults and youth within the community.

The department once again 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, we assist Heart for Monroe to deliver food to Icemorlee Community every Tuesday and Serenity Hills and Cotton Street Commons every Thursday. Officers also unload a tracker trailer truck from Convoy of Hope of food and supplies and then give it out to the community.

The school resource officers had summer camp in their schools. Officers went to Benton Heights Elementary to welcome the students with a blue light parade. Some summer camps had such high participation that the schools were almost at the 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. It normally has up to 100 participants between the ages of 8 and 11 each year to 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 department have volunteered their own time to participate or developed 52 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 for kids age 8 to 14 at our three recreation centers, held a bike drive at J. Ray Shute Center, held safety talks at summer camps and assisted with delivered/set up beds for families in need within the city.

In January 2021, the police department started a violent crimes task force to address the violent crimes in our community. Since the start of the task force, they have federally indicted five separate defendants for federal firearm violations. All were arrested and are in federal custody. The task force executed three search warrants for gang related activity and have conducted multiple search warrants on state arrest cases related to gang indicia. Twenty-five firearms were seized from gang members. The task force validated multiple gang members and areas where gang activity is prevalent. A partnership was created between NC Probation and Union County District Attorney's office to combat violent repeat offenders. \$128,313 in U.S. currency was seized during an investigation into weapons and drugs violation offenses.

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

The Monroe Police Department has an Explorer Post but have postponed meetings and organized events due to the COVID-19 Pandemic. The post normally has 15 active member participants. Law Enforcement Career Exploring is open to young men and women ages 14 (and completed the 8th grade) but not yet 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.

Monroe Fire Department provides a high level of fire protection services to the residents of Monroe, including the following core services; fire suppression, emergency medical first responder, technical rescue, aircraft rescue & firefighting, technician level hazardous materials response, emergency preparedness, community risk reduction, public fire & life safety education and fire investigations. The department is certified through the North Carolina Association of Rescue & EMS in areas of heavy rescue, high angle rescue, confined space rescue and water rescue.

The department is staffed with 84 full-time and two part-time employees. The Operations Division protects the community with 75 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, Training and Administration Divisions consist of 11 members and are housed in the Administrative Office. These divisions provide various related services to our citizens and members.

The Fire Department is accredited through the Commission on Fire Accreditation International and holds a Class 2 ISO Fire Insurance Rating, both of which reflect well on the City's professional fire operations. This rating allows the City's businesses and home owners to enjoy low fire insurance premiums and is noteworthy not only for the City and Fire Department, but for residents, property owners and visitors to Monroe.

The City of Monroe continues to seek funding for roadway improvements to improve our road system network. Engineering Department Staff as well as the City's Planning Department continue to work through the North Carolina Department of Transportation (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 (1) US Highway 74 widening from 4 lanes to 6 lanes from Rocky River Road to Roland Drive; (2) US 74/US 601 Interchange Improvements and (3) Widening of US 601 to 4 lanes with median from US 74 to the Monroe Bypass. The City of Monroe is to contribute a total of approximately \$1,024,480 towards all three projects for the installation of either an 8-foot wide sidewalk and/or a 10-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 which 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 of Monroe, 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 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, 2021 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 \$5,554,500 in private sector property acquisitions and sales and \$1,125,756 in private sector improvements and new construction. A total private sector investment of \$6,680,256 was realized with fifteen (15) downtown properties sold, eleven (11) new business openings, and hosted downtown special events (2021 only) and promotions.

A total of \$2,165,704 of new public investment in downtown was realized with 8 public improvement projects. Total public-private investment in downtown of approximately \$8,845,960 was reported to North Carolina Main Street. Even though Downtown special events and promotions were canceled for the most part of 2020-21, due to COVID-19, volunteers logged approximately 145 hours. Valued at \$153,767.10, volunteers assisted with events, meetings and other promotional and downtown revitalization efforts. A decrease from previous years was due to COVID-19.

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

1. 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 a Certificate of Occupancy was obtained. The theatre is now open for both public and private events.
2. Senior Center - The City purchased the Enquirer Journal Newspaper building in 2016 and plans to renovate this facility to serve as a new Senior 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. The project bid has been awarded and the notice to proceed has been given to the contractor. Plans for project completion is March 2023.
3. 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 intention of the purchase is to convert the facility into the Monroe Science Center. The operation of this facility will be funded by Occupancy Tax Revenue. The construction of the facility has been completed with an anticipated completion opening date of spring 2022, pending any restrictions imposed due to COVID-19.
4. Police Headquarters – The current Police Headquarters is located in a building that was built in 1987. The building was originally utilized by the Union County Department of Social Services until it was purchased by the City in 2001. Since then, the building has housed Fire Administrative offices and Police Headquarters, but it is functionally obsolete and lacking space that adequately serves the public. The new Police Headquarters will provide much needed space for staff, larger evidence storage, and a better functionality to secure facility. It will be located on the former Scott Aviation property across the street from City Hall. Brownfield requirements for Environmental Management Plan are in place and demolition is complete. The project is anticipated to be completed by March 2023.
5. Wayfinding - The City implemented Phase 1, which includes the Downtown Core encompassing Parking signs and Map Kiosks. Phase 2, Downtown Wayfinding and Phase 3, Boulevard Wayfinding are currently under contract and fabrication of the signs are in processing. The anticipated completion of the project is later this year.
6. 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 goal is to put the project out for bid in October with construction beginning in early 2022.

The Information Technology (IT) Department is continuing to update the City's server hardware and software infrastructure. The GIS portal has been improved for field and internal use and now allows public access as well. The GIS division has improved editing capabilities for the GIS portal's field use. The LaserFiche document management system has been upgraded to automatically receive reports from other systems. City View software has been rolled out. This is a major upgrade to plan review and permit processing functions. The City has purchased the Munis software suite and has implemented this software for Finance and will continue to implement several other modules in the upcoming months. IT infrastructure has been expanded with new facilities including the Center Theatre and Science Center which have been added recently. Infrastructure will continue to expand with a new Police Admin building and Senior Center in the next couple of years. The IT department is implementing several security initiatives to protect the IT infrastructure from malware attacks. These security improvements will no longer solely rely on signature based detection, but use artificial intelligence to detect malicious activity on the network or endpoints.

The City of Monroe pursues grant funding to provide resources for the completion of various projects. During the 2020-2021 year, the Police Department finalized two Justice Assistance grants used to purchase field equipment and essentials for the

City's K-9's. In addition, the Police Department utilized 99% of a \$46,776 Coronavirus Emergency Supplemental grant from the U.S. Department of Justice.

The Fire Department continued utilizing a Staffing for Adequate Fire and Emergency Response (SAFER) grant by the U.S. Department of Homeland Security. This three-year grant pays 75% of three firefighter positions' salary and benefits in years one and two of the grant and then 35% for the third year. This grant finalized in January 2021, providing \$13,969 in assistance for fiscal year 2021.

The airport is ever positioning itself to continue promoting economic growth for the community. Funded through federal grants, rehabilitating the runway aprons and updating the airport layout plan has continued. These grants provided nearly \$1,651,000 in assistance for fiscal year 2021. These projects will ensure that the facilities keep up with the operational demands for the future.

The City continues to be a sub-recipient from Union County of a Community Development Block Grant (CDBG) through the Urban County Entitlement Program. The City entered into a cooperative agreement with Union County and work continues on the project for improvements to the Concord Avenue sidewalks and infrastructure. This agreement provided roughly \$522,000 in assistance for fiscal year 2021.

The Parks and Recreation Department was awarded a \$425,000 PARTF grant to assist with the City's current project at Belk Tonawanda Park. This three-year grant will be utilized for development of picnic shelter, restrooms, a splash pad, fitness stations and accessible routes at Belk Tonawanda Park. This grant is expected to finalize by fall of 2023.

The Water Resources Department received two grants through the North Carolina Department of Environmental Quality for Drinking Water and Wastewater Asset Inventory & Assessment in the amount of \$150,000 each. The asset inventory and assessment grants finalized in June 2021.

In September of 2018, the City of Monroe incurred damages to several City facilities and property from Hurricane Florence. The City is in the process with FEMA for finalizing these Public Assistance Disaster Grants.

The City has been awarded several grants related to Coronavirus relief. 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, PPE's, sanitizing equipment and supplies. Approximately 93% of this grant was utilized in fiscal year 2021 and is expected to finalize in October 2021. The City opened a claim with FEMA for other qualifying and reimbursable expenses related to the Coronavirus pandemic in fiscal year 2021. Reimbursement related to this claim totaled to \$13,405. Lastly, the City of Monroe received \$125,880 from the N.C. Pandemic Recovery Office (passed through N.C. Alliance of YMCAs) for reimbursement of personnel expenses related to special programs created to lessen the impact of COVID-19 in the community.

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 5-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs. The program outlines each capital project, the 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.

The City adopted Forward Monroe-Land Use/Transportation Plan in April 2018 with a vision that Monroe will be a dynamic and progressive City that promotes growth that boosts our economy, protects our neighborhoods, and enhances our downtown. Our vibrant community will be a great place to live and work, highlighted by safe and attractive neighborhoods, quality parks and open spaces, and transportation options that make it easy to travel throughout the City. Forward Monroe is the City's blueprint for development, its growth strategy, and the foundation upon which future land use and transportation decisions will be based. The City is currently in the process of adopting our Unified Development Ordinance (UDO) and our zoning map for Monroe titled "Transform Monroe". The City's goal is to develop a clear and user-friendly UDO that is consistent with city plans and policies. The new UDO is the most important tool that will reflect and implement the policies from the City's

Forward Monroe-Land/Use Transportation Plan. The City implemented a new Planning, Permitting, Plan Review and Inspection Software titled “CityView” in December 2020 that is our new platform for all planning, permitting, inspections, plan review and code enforcement projects. The new software was designed to be more effective, efficient, transparent, customer friendly and will provide electronic submittals, review and approval, inspection scheduling and reporting.

The City is focused on community development planning and re-development (revitalization) activities. Two main areas include housing and economic vitality initiatives throughout the City. The first one includes furthering adopted plans such as the Concord Area Master Plan where the City is working to improve the aesthetics, safety, viability and appeal of the area through a comprehensive small area redevelopment plan. Several action items have been accomplished since the plan was adopted that include adopting an overlay district for the Concord Avenue Area that provides the zoning, ordinance standards to initiate the plan implementation, several property acquisitions for economic development, public-private green space, and installation of pedestrian facilities. In addition, the City continues to work throughout the City with community partners to partner in healthy living initiatives including the Winchester Area where we conducted an environmental assessment to identify and mitigate risks along with public nuisance abatement and continue to work with neighborhood groups on various activities. Both of the areas identified focus on low to moderate income census tracts. Healthy and accessible focus activities include partnering with the area Community Housing Development Organization (CHDO) to provide housing counseling and funding for the Down Payment Assistance Program to benefit low to moderate income households. In addition, by partnering with the CHDO, we have expanded services for fair housing and a workforce housing program to expand housing opportunities for those who commute to Monroe for work. We continue to work with our stakeholders to determine gap in services and to leverage services. As a result of our partnerships, we were able to facilitate a new partnership with the local Habitat for Humanity and CHDO to continue to develop additional housing units in our Opportunity Zone. Our housing activities include infill housing, weatherization, land purchase, and scattered site rehab through public private partnerships with our Community Stakeholders to promote inclusion and equal access for all our citizens.

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 \$206,069,917. 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 of Monroe 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, 2020. This was the 28th 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, CPA's, P.A., for their cooperation and assistance in these efforts.

Respectfully submitted,



Brian J. Borne
Interim 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Monell

Executive Director/CEO

**CITY OF MONROE,
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
June 30, 2021**

Elected Officials

Bobby G. Kilgore
Mayor

Marion L. Holloway
Mayor Pro Tem

Surluta A. Anthony

Freddie B. Gordon

Angelia N. James

Lynn A. Keziah

Franco J. McGee

City Administration

E. Larry Faison
City Manager

S. Mujeeb Shah-Khan
City Attorney

Bridgette H. Robinson
City Clerk

Brian J. Borne
Assistant City Manager

Lisa Strickland
Director of Finance

Bruce Bounds
Director of Information Technology

Matthew Black
Downtown Director

Russell G. Colbath
Director of Water Resources

Tonya Edwards
Director of Parks & Recreation

Ronald D. Fowler
Fire Chief

J. Bryan Gilliard
Police Chief

Peter J. Hovanec
Director of Communications & Tourism

David E. Lucore
Director of Energy Services

Sarah A. McAllister
Director of Engineering & Stormwater

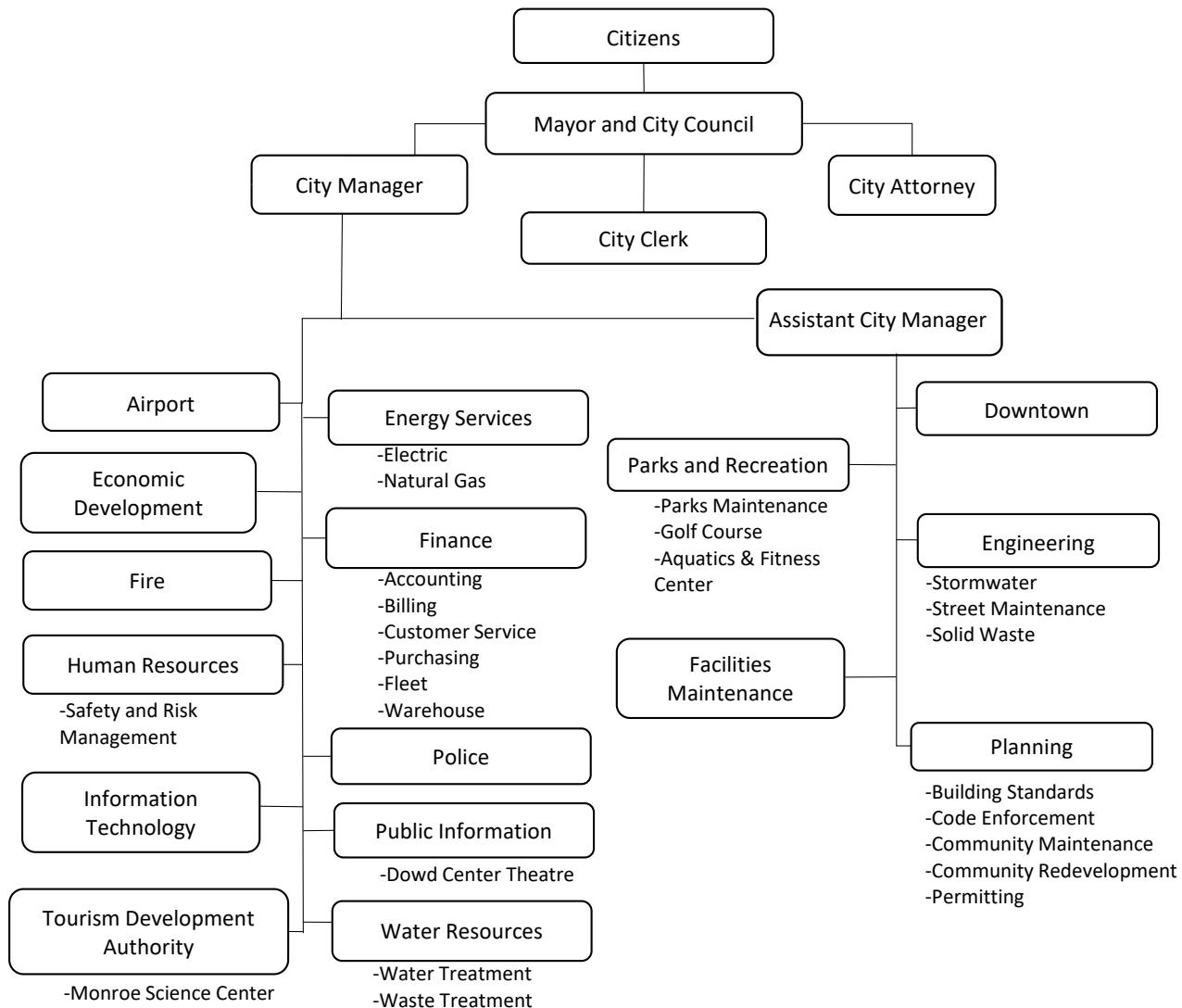
R. Christopher Platé
Executive Director of Economic Development

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 Financial Statements

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Monroe ABC Board which represents 68 percent, 62 percent, and 75 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the 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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 Government 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, 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 the 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 consist 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 and Other 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 introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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, the procedures performed as described above, 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.

The introductory information and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 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 prepared 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, 2021



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, 2021. 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

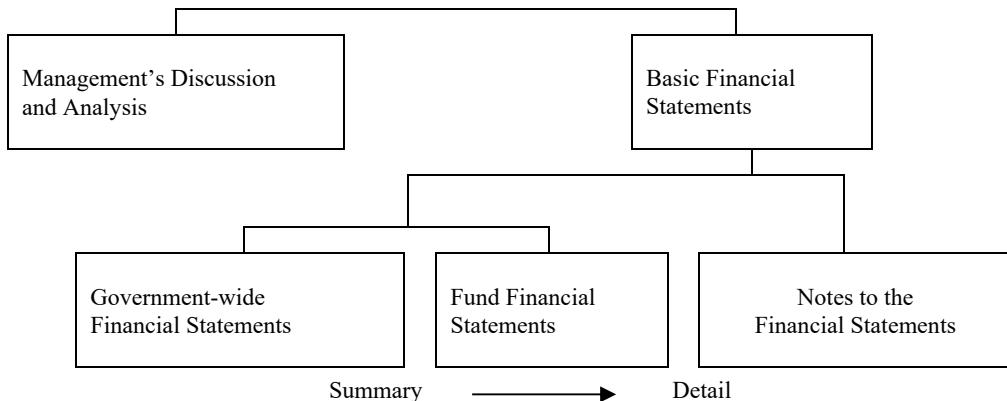
- The assets and deferred outflows of resources of the City of Monroe exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$474,259,105 (net position). Of this amount, \$151,219,393 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$27,682,797. This increase was the net of an increase in the amount of \$4,361,888 from governmental activities and an increase of \$23,320,909 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$47,685,539, an increase of \$4,759,846 in comparison with the prior year. Approximately 19.96 percent of this total amount, or \$9,519,627, 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 \$29,561,047, or 76.5 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, decreased \$6,176,446 (6.0%) during the current fiscal year. The elements of the decrease were debt retirements totaling \$19,512,446 and refunding revenue bonds issued for \$13,336,000.

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 eight 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 which is considered to be a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. These other seven governmental funds are made up of two capital projects funds, a capital reserve fund and three special revenue funds including Community Development, Downtown Monroe, Monroe-Union County Economic Development and the American Rescue Plan Act of 2021.

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

Proprietary Funds – The City of Monroe maintains two types of proprietary funds: enterprise and internal service. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, electric, natural gas, aquatics and fitness center, stormwater, sanitation, and airport operations. These funds are the same as those functions shown in the business-type activities in the Statement of Activities.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 38 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Monroe’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 102 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$55,902,294	\$52,341,182	\$185,357,582	\$176,381,203	\$241,259,876	\$228,722,385
Capital assets	87,975,035	86,390,836	311,282,741	302,326,365	399,257,776	388,717,201
Total assets	143,877,329	138,732,018	496,640,323	478,707,568	640,517,652	617,439,586
Deferred outflows of resources	13,226,869	5,375,210	9,179,111	6,150,706	22,405,980	11,525,916
Total assets and deferred outflows of resources	157,104,198	144,107,228	505,819,434	484,858,274	662,923,632	628,965,502
Long-term liabilities outstanding	63,835,358	54,240,440	98,691,192	98,309,338	162,526,550	152,549,778
Other liabilities	6,355,032	6,361,450	13,286,025	15,617,878	19,641,057	21,979,328
Total liabilities	70,190,390	60,601,890	111,977,217	113,927,216	182,167,607	174,529,106
Deferred inflows of resources	4,534,930	5,488,348	1,961,990	2,371,741	6,496,920	7,860,089
Total liabilities and deferred inflows of resources	74,725,320	66,090,238	113,939,207	116,298,957	188,664,527	182,389,195
Net position:						
Net investment in capital assets	74,680,776	72,231,064	232,652,757	221,098,126	307,333,533	293,329,190
Restricted	15,706,179	14,881,482	-	-	15,706,179	14,881,482
Unrestricted	(8,008,077)	(9,095,556)	159,227,470	147,461,191	151,219,393	138,365,635
Total net position	\$82,378,878	\$78,016,990	\$391,880,227	\$368,559,317	\$474,259,105	\$446,576,307

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$474,259,105 as of June 30, 2021. Of the City’s total net position \$307,333,533 (64.8%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City’s net position \$15,706,179 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$151,219,393 (31.89%) 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 \$27,682,797, which consists of an increase in governmental activities in the amount of \$4,361,888 and an increase in business-type activities in the amount of \$23,320,909.

The biggest part of the increase to governmental activities net position was due to an increase in Other Post Employment Benefits resulting from an interest rate reduction (pursuant to GASB 75) used to calculate this liability. The business-type activities increase in net position was due in part to an increase resulting from this same GASB 75 calculation as well as a credit for excess working capital issued by the North Carolina Municipal Power Agency (NCMPA1) in the amount of \$12,450,966 and an increase in capital 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 2021, 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$10,310,804	\$9,254,741	\$101,420,956	\$104,173,505	\$111,731,760	\$113,428,246
Operating grants and contributions	2,259,127	3,403,930	-	69,000	2,259,127	3,472,930
Capital grants and contributions	541,836	192,163	14,036,013	10,686,114	14,577,849	10,878,277
General revenues:						
Property taxes, levied for a specific purpose	23,749,495	23,155,820	-	-	23,749,495	23,155,820
Sales and use tax	9,424,718	8,112,035	-	-	9,424,718	8,112,035
Utility sales taxes	3,121,901	3,184,039	-	-	3,121,901	3,184,039
Motor vehicle tax	883,770	838,420	-	-	883,770	838,420
Beer & wine and telecommunications tax	379,153	376,392	-	-	379,153	376,392
Gross receipts tax	115,082	102,253	-	-	115,082	102,253
Other	1,922,989	2,775,997	(340,639)	4,884,847	1,582,350	7,660,844
Total revenues	\$52,708,875	\$51,395,790	\$115,116,330	\$119,813,466	\$167,825,205	\$171,209,256
Expenses:						
General government	7,376,614	\$6,396,828	-	-	7,376,614	6,396,828
Transportation	6,676,681	4,097,362	-	-	6,676,681	4,097,362
Public safety	28,495,538	31,067,915	-	-	28,495,538	31,067,915
Culture and recreation	4,945,490	3,081,416	-	-	4,945,490	3,081,416
Economic and physical development	1,156,099	453,968	-	-	1,156,099	453,968
Interest in long-term debt	504,542	501,030	-	-	504,542	501,030
Water and sewer	-	-	11,122,342	13,583,005	11,122,342	13,583,005
Electrical	-	-	55,176,331	56,544,865	55,176,331	56,544,865
Natural Gas	-	-	12,806,862	11,820,610	12,806,862	11,820,610
Aquatics and Fitness Center	-	-	3,043,837	3,619,614	3,043,837	3,619,614
Stormwater	-	-	2,273,007	1,986,950	2,273,007	1,986,950
Solid waste	-	-	2,833,495	2,628,415	2,833,495	2,628,415
Airport	-	-	3,731,570	3,624,809	3,731,570	3,624,809
Total expenses	49,154,964	45,598,519	90,987,444	93,808,268	140,142,408	139,406,787
Change in net position before transfers	3,553,911	5,797,271	24,128,886	27,755,198	27,682,797	33,552,466
Transfers	807,977	(2,422,915)	(807,977)	2,422,915	-	-
Change in net position	4,361,888	3,374,356	23,320,909	28,428,113	27,682,797	31,802,466
Net position, beginning	78,016,990	74,642,634	368,559,318	340,131,205	446,576,308	414,773,839
Net position, ending	\$82,378,878	\$78,016,990	\$391,880,227	\$368,559,318	\$474,259,105	\$446,576,308

Governmental activities – Governmental activities increased the City of Monroe’s net position by \$4,361,888. Key elements of this net increase are as follows:

- Charges for services increased by \$1,056,063 primarily due to increase construction permits and increased activity at the City’s golf course.
- Property taxes increased by \$593,675. The total assessed value increased by \$107,227,127, or 2.9%, from the prior year. The City’s tax rate remained the same. This increase in value increased the property tax levy by \$643,751 from the prior year.
- Sales and use tax increased by \$1,312,683 or 16.2%.
- Other revenues dropped by \$853,008 primarily due to decreased investment earnings resulting from a drop in interest rates.
- General Government expenses increased mainly due to an increase of \$175,369 in pension and OPEB expenses as well as a reduction in the GASB conversion for capital outlay from the prior year of \$651,212.
- Public Safety expenses went down due to the purchase of an additional fire apparatus during the prior year for aircraft firefighting in the amount of \$806,428; an increase of \$721,958 in pension and OPEB expenses from the prior year and a change in the GASB conversion for capital outlay from the prior year of \$738,041.
- Culture and recreation expenses increased due to an increase of \$159,058 in pension and OPEB expenses as well as a reduction in the GASB conversion for capital outlay from the prior year of \$1,649,249.
- Economic and physical development expenses increased due to construction in progress in the prior year of approximately \$2.4 million that was backed out during the GASB conversion. This construction in progress was recognized as capital in the current year as the Monroe Science Center building was completed.

Business-type activities – Business-type activities increased the City of Monroe’s net position by \$23,320,909. Key elements of this net increase are as follows:

- Charges for Services decreased year over year by \$2,752,549 primarily due to the net of the following items:
 - Water and Sewer sales were up by \$855,987.
 - Electric sales decreased by \$4,244,286 due to a decrease in sales as a result of decreased production hours by some of the City’s industrial customers due to COVID-19.
 - Increased natural gas sales in the amount of \$1,386,626.
 - Membership Fees at the Aquatics and Fitness Center decreased \$1,364,930 due to the closure of the facility due to COVID-19.
- Operating expenses for Electric Fund decreased due to decreased power purchases due to decreased demand.
- Operating expenses for Natural Gas Fund increased due to increased power purchases due to increased demand.
- Operating expenses for Water & Sewer Fund decreased due to the settlement of a lawsuit in the amount of \$1,750,000 in fiscal year 2020.
- Capital grants and contributions were inflated for both fiscal year 2020 and 2021 primarily due to credits for excess working capital issued by the North Carolina Municipal Power Agency (NCMPA1) in the amount of \$8,866,032 and \$12,450,966, respectively.

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, 2021, the governmental funds of the City of Monroe reported a combined fund balance of \$47,685,539, which is an increase of \$4,759,846 from last year’s total of \$42,925,693. Of the governmental funds combined ending fund balances, \$11,162,633 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 (\$448,815).
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$16,312,883);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$1,326,662);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$18,434,546).

More information about fund balance is available in section 1.E.11 and section IX. in the notes to the financial statements.

The General Fund is the chief operating fund of the City of Monroe. As of June 30, 2021, the fund balance in the General Fund was \$38,644,926, an increase of \$2,630,438 in comparison with the prior year. Of the total fund balance in the General Fund, \$11,183,063 (28.9%) 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 29.7% of total General Fund expenditures, while total fund balance represents 102.7% of that same amount. In addition to unassigned fund balance, \$11,657,732 is reserved by a minimum fund balance policy that has been adopted by City Council. Revenues exceeded expenditures prior to transfers by \$6,678,524 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 capital projects, airport operations and airport debt retirement.

The Other Government Funds which consist of the Capital Projects Fund, Occupancy Tax Projects Fund, a Governmental Capital Reserve Fund and special revenue funds for Community Development, Downtown Monroe, Monroe-Union County Economic Development and the American Rescue Plan Act of 2021 also impact the total fund balance for governmental funds. The primary reason for the increase of \$2,129,408 in this category is capital project funding for the Concord Avenue sidewalk, greenway construction, improvements at Belk Tonawanda Park, demolition of a downtown building and improvements to the Morgan-Windsor Alley.

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	
	2021	2020	2021	2020
Water and Sewer	\$40,342,669	\$38,775,211	\$7,860,991	\$7,019,675
Electric	84,224,429	72,824,344	12,744,225	14,890,964
Natural Gas	34,516,315	33,306,733	3,156,227	3,970,565
Airport	(1,282,913)	(342,753)	1,081,124	2,317,109
Aquatics and Fitness Center	(536,007)	826,298	(1,507,825)	(490,738)
Stormwater	1,336,263	1,304,200	140,353	925,502
Solid Waste	641,670	833,174	(205,246)	(33,606)

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, 2021, the City of Monroe's Water and Sewer Fund reported a total net position of \$121,663,906, an increase of \$7,860,991 in comparison with the prior year. Overall operating income increased due to an increase in developer installed infrastructure that results reduced operating expenses in the current fiscal year and an increase in capacity fees in the amount of \$822,238. The City is experiencing significant growth and as a result has adjusted timelines for capital improvements and has moved several projects into the design phase earlier than planned. A significant wastewater treatment plant expansion is anticipated to begin construction in fiscal year 2026. 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, 2021, the City of Monroe's Electric Fund reported a total net position of \$158,697,571, an increase of \$12,744,225 in comparison with the prior year. Electric operating revenues decreased by \$2,939,346 primarily due to decreased revenue as a result of COVID-19 and decreased production hours by some of the City's industrial customers. Electric non-operating revenues decreased by \$2,420,410 since last fiscal year. This decrease can be attributed to a decrease in investment earnings at year end. The primary reason for the increase in net position can be attributed to a payment for excess working capital received from (NCMPA1) in the amount of \$12,450,966.

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, 2021, the City of Monroe's Natural Gas Fund reported total net position of \$70,230,776, an increase of \$3,156,227 in comparison with the prior year. Natural gas operating revenues were up by 9.1% from prior year. Operating expenses increased in correlation with the increase in charges for services by an increase in natural gas purchases. Natural Gas lines have been installed to extend the City's service by 44,860 feet to the Anson/Union County boundary. This expansion will provide accessibility to many additional customers in Wingate, Marshville and unincorporated Union County. This fiscal year 254 new customers were added, which is higher than the average of 106 new customers per year.

The Airport Fund accounts for the operation of the Charlotte-Monroe Executive Airport. As of June 30, 2021, the City of Monroe's Airport Fund reported a total net position of \$31,963,097, an increase of \$1,081,124 in comparison with the prior year. Fuel sales for the airport have increased 4.39% over the prior year. The main reason for the increase in net position is due to airport grant reimbursements of \$1,541,703 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 \$3,089,780, or 7.5%. 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 \$2,955,857 and unspent appropriations (various grants, police equitable sharing, and outside agencies), \$641,201.
- Funding was appropriated for various projects including reactivation of the Quonset Hangar at Charlotte-Monroe Executive Airport in the amount of \$130,000, Morgan-Windsor Alley improvements in the amount of \$134,720, additional ERP software modules in the amount of \$134,048 and additional funding needed for the permitting software in the amount of \$123,975.
- Funding was appropriated to cover revenue losses at the Dowd Center Theatre due to a delay in opening because of COVID-19.

Revenues exceeded final budget by \$4,056,963. This was primarily due to the higher than expected sales and use tax collections which were \$2,523,272 higher than budgeted. Ad valorem taxes were also higher than budgeted due to an increase in assessed value. The original budget for fiscal year 2021 was conservative due to the uncertainty surrounding COVID-19.

Expenditures were under budget by \$6,510,880. Expenses were down due to savings realized from vacant positions and turnover totaling approximately \$1,663,954, capital purchases \$321,013, and \$1,944,398 in other operating accounts. Expenditures were 85.2% of the final amended expenditure budget. \$857,510 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.5 on pages 58 - 64 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and land improvements	\$6,518,218	\$6,417,923	\$24,390,103	\$24,379,657	\$30,908,321	\$30,797,580
Buildings and improvements	28,092,035	16,440,431	60,823,837	58,774,761	88,915,872	75,215,192
Equipment	2,624,815	2,037,921	4,926,225	4,880,238	7,551,040	6,918,159
Vehicles and motorized equipment	5,259,906	6,034,450	2,669,448	2,482,191	7,929,354	8,516,641
Other intangibles	199,401	187,795	1,282	1,795	200,683	189,590
Infrastructure	38,326,604	40,328,652	199,037,337	194,726,178	237,363,941	235,054,830
Construction in progress	7,296,763	14,943,664	18,211,012	17,081,545	25,507,775	32,025,209
Total	\$88,317,742	\$86,390,836	\$310,059,244	\$302,326,365	\$398,376,986	\$388,717,201

The City of Monroe's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$398,376,986 (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 \$9,659,785. Major capital asset events during the year included the following:

- Land purchases in Downtown Monroe for economic development
- Renovation of the Center Theatre and the Monroe Science Center have been completed
- Completion of the construction of a Corporate Community Airplane Hangar at the Charlotte-Monroe Executive Airport
- Developer installed water mains and sewer lines at Veronica Springs, Poplin Grove Phase 2A & 2B, Cottage Green Phase 2A & 2B, Redwood, Alexander Commons, Bragg Street
- Completion of water and sewer plant electrical upgrades
- Electric infrastructure improvements including installation of mains to Cottage Green, Kellerton Place and Veronica Springs subdivisions
- Natural gas infrastructure improvements including system expansion to Cottage Green, Kellerton Place, Simpson Farm and Veronica Springs subdivisions and an expansion extending to the Union/Anson County line to serve Edwards Wood Products facilities

Construction in progress totaling \$25,507,775 has decreased overall from last year by \$6,517,434. The amount is the net of the completion of projects totaling \$15,014,547 and new projects that were added totaling \$8,497,113. Projects included in this amount are as follows:

- General – greenway construction, Concord Avenue sidewalk construction, Concord Avenue redevelopment district improvements, 5 points gateway improvements, installation of new financial system software, city-wide wayfinding, Downtown Monroe improvements, Senior Center renovation and construction of a new Police Department headquarters
- Occupancy Tax Capital Project – Monroe Science Center exhibits
- Water – Upgrade water treatment plant carbon feed and implementation of a water/sewer inventory assessment program
- Stormwater - Pinedell Road culvert replacement
- Electric –Replacement of downtown vault switches and expansion at ATI Metals Facility
- Natural Gas – construction of the Liquefied Natural Gas Peak Shaving Facility and expansion projects
- Airport – rehabilitation of the airport apron 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 85 of this report.

City of Monroe's Outstanding Debt
Figure 6

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Install purchase obligations	\$6,758,332	\$7,931,312	\$1,131,011	\$1,324,478	\$7,889,343	\$9,255,790
Revenue bonds	-	-	46,232,445	42,696,054	46,232,445	42,696,054
State revolving loans	-	-	-	6,735,446	-	6,735,446
Limited Obligation Bonds	7,485,338	7,840,913	35,296,885	36,552,254	42,782,223	44,393,167
Total	\$14,243,670	\$15,772,225	\$82,660,341	\$87,308,233	\$96,904,011	\$103,080,457

As of June 30, 2021, the City of Monroe had total debt outstanding of \$96,904,011. During the fiscal year, the City issued revenue bonds in the amount of \$13,336,000 to refund the series 2011 revenue bonds and a state revolving fund loan. The City's bonded debt, \$46,232,445 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 \$42,782,223 represent bonds that were issued for improvements to the natural gas system, the Dowd Center Theatre and Monroe Science Center. City's total debt, net of retirements, decreased \$6,176,446 during the fiscal year. The elements of the decrease were debt retirements totaling \$19,512,446 and new refunding revenue bonds issued for \$13,336,000.

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 \$259,054,982.

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 5.2%, which is a decrease of 2.1% from last year. This rate is slightly higher than Union County's rate of 4.0% and the State's average rate of 4.9%.
- The total tax levy increased 2.8% from fiscal year 2020 to fiscal year 2021 along with the tax collection rate by 0.21%.
- Population decreased 2.1% from 35,432 in 2020 to 34,715 in 2021 with the updated census count.

Governmental Activities – The City adopted a revenue neutral property tax rate of .5025 for fiscal year 2022 with 2022 being a revaluation year. 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 in spite of COVID-19. Economic conditions have affected investment earnings and fee revenue generated by recreational venues such as the Dowd Center Theatre. The City is monitoring the lost revenue and taking precautions to minimize the losses through delayed hiring and delaying purchases. City of Monroe's fiscal year 2021 operating budget (excluding capital projects) increased by approximately 0.3% with General and Governmental Funds increasing by .3% and business-type funds increasing by 0.3% over their current year budgets.

The City takes great pride and shows its commitment to revitalization in the downtown area with continuation of five previously approved projects and the addition of one as follows:

1. Dowd Center Theatre - The City purchased the Center Theatre in 2013 and the adjacent units in 2015. The Dowd Center Theatre renovation is complete and the Theatre is now open for both public and private events
2. Senior Center – The City purchased the Enquirer Journal Newspaper building in 2016 and plans to renovate this facility to serve as a new Senior Center. The current Senior Center facility is too small for the demand on the facility and adequate parking has created challenges. The new facility will provide the same services, ability to expand programming and provide ample parking. The project bid was awarded, construction is beginning and completion is anticipated in March of 2023.

3. Science Center – The City purchased a building that used to be a grocery store near the Union County Public Library on Franklin Street with the intention of converting the facility into a Science Center. The operating costs of this facility will be funded by Occupancy Tax Revenue. The renovation of the building is complete and staff is in the process of setting up the exhibits. The anticipated opening is planned for spring of 2022, pending any restrictions due to COVID-19.
4. Police Headquarters – The current Police Headquarters is located in a building that was built in 1987. The building was originally utilized by the Union County Department of Social Services until it was purchased by the City in 2001. Since then the building has housed Fire Administrative offices and Police Headquarters, but is functionally obsolete and lacking space to adequately serve the public. The new Police Headquarters will provide a much needed space for staff, evidence storage, as well as being a more functional and secure facility. It will be located on the former Scott Aviation property across the street from City Hall. Brownfield requirements for Environmental Management Plan are in place and demolition is complete. The project bid was awarded, construction is beginning and completion is anticipated in March of 2023.
5. Wayfinding- The City implemented Phase 1, which includes the Downtown Core encompassing Parking signs and Map Kiosks. Phase 2, Downtown Wayfinding and Phase 3, Boulevard Wayfinding are currently under contract and the signs are being fabricated. The anticipated completion of the project is late 2021.
6. Morgan-Windsor Alley Project – The City is working on a project to convert Morgan Street into a pedestrian plaza. As part of the downtown 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 goal is to put the project out for bid in October with construction beginning in early 2022.

Funding has been included in the FY 2022 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 2022 has been delayed. Continuing greenway construction funding has been added to this project fund.

Improving existing facilities is priority and the proposed FY 2022 budget continues to address many maintenance issues. The replacement of the roofs on the Mars Meeting room at the Dickerson Center and Winchester Center, replacement of windows at the Dickerson Gym, bathroom partition replacements at Dickerson Center and J Ray Shute, Don Griffin Park greenway repairs, security improvements at the Parks Maintenance Shop and Downtown tree replacements are included in the proposed budget. Funding was also included for Fire Station Renovations.

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. The third phase of a three-part rate increase to cover increased Solid Waste costs went into effect on July 1, 2021. The rate increase will raise residential rates by \$0.85 per month. Electric, natural gas 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 1.44 square miles of land into the City limits over the past four years. There are

5,638 homes approved for development as of August 2021, 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 unit, 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 Supplemental Information

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	City of Monroe	Monroe Tourism	
				ABC Board	Development Authority	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 45,394,938	\$ 166,963,678	\$ 212,358,616	\$ 833,558	\$ 873,039	
Taxes receivable	502,544	-	502,544	-	-	
Accounts receivable	1,665,411	11,739,355	13,404,766	-	55,868	
Note receivable - short-term	27,904	-	27,904	-	-	
Internal balances - short-term	(178,084)	178,084	-	-	-	
Due from other governments	4,925,870	-	4,925,870	-	-	
Due from component units	108,344	-	108,344	-	-	
Inventories	270,087	4,877,668	5,147,755	357,056	1,811	
Prepays	371,479	33,072	404,551	30,229	13,679	
Cash and cash equivalents - restricted	2,813,801	1,565,725	4,379,526	-	-	
Total current assets	<u>55,902,294</u>	<u>185,357,582</u>	<u>241,259,876</u>	<u>1,220,843</u>	<u>944,397</u>	
Non-current assets:						
Restricted cash- Customer deposits	-	535,931	535,931	-	-	
Note receivable	344,859	-	344,859	-	-	
Total non-current assets	<u>344,859</u>	<u>535,931</u>	<u>880,790</u>	<u>-</u>	<u>-</u>	
Internal balances - long term	<u>(687,566)</u>	<u>687,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Capital assets:						
Land, non-depreciable improvements, and construction in progress	13,814,981	42,601,115	56,416,096	317,013	-	
Other capital assets, net of depreciation	74,502,761	267,458,129	341,960,890	484,467	-	
Total capital assets	<u>88,317,742</u>	<u>310,059,244</u>	<u>398,376,986</u>	<u>801,480</u>	<u>-</u>	
Total non-current assets	<u>87,975,035</u>	<u>311,282,741</u>	<u>399,257,776</u>	<u>801,480</u>	<u>-</u>	
Total assets	<u>143,877,329</u>	<u>496,640,323</u>	<u>640,517,652</u>	<u>2,022,323</u>	<u>944,397</u>	
Deferred Outflows of Resources:						
OPEB deferrals	7,072,266	3,135,962	10,208,228	-	-	
Pension deferrals	6,154,603	2,355,020	8,509,623	85,011	-	
Charge on debt defeasance	-	3,688,129	3,688,129	-	-	
Total deferred outflows of resources	<u>13,226,869</u>	<u>9,179,111</u>	<u>22,405,980</u>	<u>85,011</u>	<u>-</u>	
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	1,899,555	7,638,592	9,538,147	378,223	15,931	
Due to primary government	-	-	-	89,722	18,622	
Current portion of long-term liabilities	3,427,835	5,606,152	9,033,987	-	-	
Unearned revenue	2,084	41,281	43,365	-	-	
Payable from restricted assets	235,302	-	235,302	-	-	
Property claims liability	10,294	-	10,294	-	-	
Workers' compensation claims	10,136	-	10,136	-	-	
Healthcare benefits claims	769,826	-	769,826	-	-	
Total current liabilities	<u>6,355,032</u>	<u>13,286,025</u>	<u>19,641,057</u>	<u>467,945</u>	<u>34,553</u>	

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	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	-	535,931	535,931	-	-
Net pension liability	9,515,507	4,215,382	13,730,889	129,360	-
Total pension liability (LEOSSA)	5,026,861	-	5,026,861	-	-
Total OPEB liability	35,662,145	15,813,240	51,475,385	-	-
Due in more than one year	13,630,845	78,126,639	91,757,484	-	-
Total non-current liabilities	63,835,358	98,691,192	162,526,550	129,360	-
Total liabilities	70,190,390	111,977,217	182,167,607	597,305	34,553
Deferred Inflows of Resources:					
OPEB deferrals	4,419,730	1,959,787	6,379,517	-	-
Pension deferrals	94,516	2,203	96,719	15,065	-
Other deferred inflows	20,684	-	20,684	-	-
Total deferred inflows of resources	4,534,930	1,961,990	6,496,920	15,065	-
Net Position:					
Net investment in capital assets	74,680,776	232,652,757	307,333,533	801,480	-
Restricted for:					
Stabilization by state statute	9,070,452	-	9,070,452	-	57,873
Public safety	728,988	-	728,988	-	-
Transportation	2,186,928	-	2,186,928	-	-
Culture and recreation	1,096,868	-	1,096,868	-	-
Occupancy tax capital projects	573,139	-	573,139	-	-
Economic development	449,520	-	449,520	179,287	-
Capital projects	1,600,284	-	1,600,284	-	-
Tourism promotion	-	-	-	-	836,481
Unrestricted	(8,008,077)	159,227,470	151,219,393	514,197	15,490
Total net position	\$ 82,378,878	\$ 391,880,227	\$ 474,259,105	\$ 1,494,964	\$ 909,844

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, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 7,376,614	\$ 2,061,610	\$ -	\$ -
Transportation	6,676,681	449,248	891,760	541,836
Public safety	28,495,538	5,636,424	783,155	-
Culture and recreation	4,945,490	2,163,522	164,212	-
Economic and physical development	1,156,099	-	420,000	-
Interest on long-term debt	504,542	-	-	-
Total governmental activities	<u>49,154,964</u>	<u>10,310,804</u>	<u>2,259,127</u>	<u>541,836</u>
Business-Type Activities:				
Water and sewer	11,122,342	19,473,673	-	43,249
Electric	55,176,331	56,602,550	-	12,450,966
Natural gas	12,806,862	16,429,802	-	95
Aquatics and Fitness Center	3,043,837	1,646,842	-	-
Stormwater	2,273,007	2,533,604	-	-
Solid waste	2,833,495	2,712,591	-	-
Airport	3,731,570	2,021,894	-	1,541,703
Total business-type activities	<u>90,987,444</u>	<u>101,420,956</u>	<u>-</u>	<u>14,036,013</u>
Total primary government	<u>\$ 140,142,408</u>	<u>\$ 111,731,760</u>	<u>\$ 2,259,127</u>	<u>\$ 14,577,849</u>
Component Units:				
ABC Board	\$ 1,516,993	\$ 1,514,400	\$ -	\$ -
Tourism Development Authority	<u>549,815</u>	<u>-</u>	<u>498,971</u>	<u>-</u>
Total component units	<u>\$ 2,066,808</u>	<u>\$ 1,514,400</u>	<u>\$ 498,971</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, 2021

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	\$ (5,315,004)	\$ -	\$ (5,315,004)	\$ -	\$ -
Transportation	(4,793,837)	-	(4,793,837)	-	-
Public safety	(22,075,959)	-	(22,075,959)	-	-
Culture and recreation	(2,617,756)	-	(2,617,756)	-	-
Economic and physical development	(736,099)	-	(736,099)	-	-
Interest on long-term debt	(504,542)	-	(504,542)	-	-
Total governmental activities	<u>(36,043,197)</u>	<u>-</u>	<u>(36,043,197)</u>	<u>-</u>	<u>-</u>
Business-Type Activities:					
Water and sewer	-	8,394,580	8,394,580	-	-
Electric	-	13,877,185	13,877,185	-	-
Natural gas	-	3,623,035	3,623,035	-	-
Aquatics and Fitness Center	-	(1,396,995)	(1,396,995)	-	-
Stormwater	-	260,597	260,597	-	-
Solid waste	-	(120,904)	(120,904)	-	-
Airport	-	(167,973)	(167,973)	-	-
Total business-type activities	<u>-</u>	<u>24,469,525</u>	<u>24,469,525</u>	<u>-</u>	<u>-</u>
Total primary government	<u>(36,043,197)</u>	<u>24,469,525</u>	<u>(11,573,672)</u>	<u>-</u>	<u>-</u>
Component Units:					
ABC Board				(2,593)	-
Tourism Development Authority				-	(50,844)
Total component units				<u>(2,593)</u>	<u>(50,844)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	23,749,495	-	23,749,495	-	-
Sales and use tax	9,424,718	-	9,424,718	-	-
Utility sales taxes	3,121,901	-	3,121,901	-	-
Motor vehicle tax	883,770	-	883,770	-	-
Beer & wine and telecommunications taxes	379,153	-	379,153	-	-
Gross receipts tax	115,082	-	115,082	-	-
Unrestricted investment earnings (loss)	31,006	(888,222)	(857,216)	2,693	(2,751)
Interest earnings on interfund loans	-	54,193	54,193	-	-
Miscellaneous	1,891,983	493,390	2,385,373	-	5,395
Total general revenues	<u>39,597,108</u>	<u>(340,639)</u>	<u>39,256,469</u>	<u>2,693</u>	<u>2,644</u>
Transfers	<u>807,977</u>	<u>(807,977)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>40,405,085</u>	<u>(1,148,616)</u>	<u>39,256,469</u>	<u>2,693</u>	<u>2,644</u>
Change in net position	4,361,888	23,320,909	27,682,797	100	(48,200)
Net Position:					
Beginning of year, July 1	<u>78,016,990</u>	<u>368,559,318</u>	<u>446,576,308</u>	<u>1,494,864</u>	<u>958,044</u>
End of year, June 30	<u>\$ 82,378,878</u>	<u>\$ 391,880,227</u>	<u>\$ 474,259,105</u>	<u>\$ 1,494,964</u>	<u>\$ 909,844</u>

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

CITY OF MONROE, NORTH CAROLINA**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 34,551,770	\$ 7,253,646	\$ 41,805,416
Receivables:			
Taxes	500,691	1,853	502,544
Accounts	495,272	465,250	960,522
Due from other governments	4,512,354	413,516	4,925,870
Due from component unit	89,722	18,622	108,344
Inventories	270,087	-	270,087
Prepays	178,728	-	178,728
Cash and cash equivalents - restricted	1,193,348	1,600,284	2,793,632
Total assets	<u>\$ 41,791,972</u>	<u>\$ 9,753,171</u>	<u>\$ 51,545,143</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,289,631	\$ 609,924	\$ 1,899,555
Accounts payable to be paid from restricted assets	114,352	100,781	215,133
Prepaid privilege license	2,084	-	2,084
Advances from other funds- current portion	193,040	-	193,040
Advances from other funds- long term	687,566	-	687,566
Total liabilities	<u>2,286,673</u>	<u>710,705</u>	<u>2,997,378</u>
Deferred Inflows of Resources	<u>860,373</u>	<u>1,853</u>	<u>862,226</u>
Fund Balances:			
Non-spendable:			
Inventories	270,087	-	270,087
Prepays	178,728	-	178,728
Restricted:			
Stabilization by state statute	5,615,860	3,454,592	9,070,452
General government	-	561,106	561,106
Public safety	774,586	-	774,586
Transportation	1,147,750	1,039,178	2,186,928
Culture and recreation	1,096,868	-	1,096,868
Occupancy tax capital projects	-	573,139	573,139
Economic development	-	449,520	449,520
Capital projects	-	1,600,284	1,600,284
Committed:			
Culture and recreation	-	217,746	217,746
Capital projects	-	1,108,916	1,108,916
Assigned:			
Minimum fund balance requirement	11,657,732	-	11,657,732
Airport grant acceptance	300,395	-	300,395
Downtown projects	3,000,000	-	3,000,000
Subsequent year's expenditures	3,419,857	-	3,419,857
Community Development	-	56,562	56,562
Unassigned	11,183,063	(20,430)	11,162,633
Total fund balances	<u>38,644,926</u>	<u>9,040,613</u>	<u>47,685,539</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,791,972</u>	<u>\$ 9,753,171</u>	<u>\$ 51,545,143</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, 2021

	Total Governmental Funds
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Fund balances - total governmental funds (Exhibit 3)	\$ 47,685,539
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Gross capital assets at historical cost	\$ 176,669,863
Accumulated depreciation	<u>(88,352,121)</u> 88,317,742
Total pension liability (LEOSSA)	(5,026,861)
Note receivable from outside party	372,763
Net pension liability - LGERS	(9,515,507)
Deferred outflows of resources related to OPEB are not reported in the funds.	7,072,266
Deferred outflows of resources related to pensions are not reported in the funds.	6,154,603
Deferred inflows of resources related to OPEB are not reported in the funds.	(4,419,730)
Deferred inflows of resources related to pensions are not reported in the funds.	(94,516)
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.	1,658,183
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.	1,035,544
Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,003,179
Internal balance due from business-type activities to governmental activities	14,956
Liabilities for earned, but unavailable, revenues in fund statements	841,542
Total OPEB liability	(35,662,145)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).	<u>(17,058,680)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 82,378,878</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, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 23,779,403	\$ 60,515	\$ 23,839,918
Other taxes and licenses	1,001,046	-	1,001,046
Unrestricted intergovernmental	13,202,790	-	13,202,790
Restricted intergovernmental	2,518,138	1,126,048	3,644,186
Sales and services	3,020,871	-	3,020,871
Investment earnings	47,697	(8,140)	39,557
Donation	-	319,583	319,583
Miscellaneous	723,366	575,032	1,298,398
Total revenues	44,293,311	2,073,038	46,366,349
Expenditures:			
Current:			
General government	5,796,642	-	5,796,642
Transportation	4,041,886	-	4,041,886
Public safety	21,956,387	-	21,956,387
Culture and recreation	4,045,605	-	4,045,605
Economic and physical development	-	1,097,664	1,097,664
Capital outlay	-	3,455,795	3,455,795
Debt service:			
Principal retirement	1,389,138	118,842	1,507,980
Interest and other charges	385,129	139,988	525,117
Total expenditures	37,614,787	4,812,289	42,427,076
Revenues over (under) expenditures	6,678,524	(2,739,251)	3,939,273
Other Financing Sources (Uses):			
Transfers from other funds	1,676,222	5,573,195	7,249,417
Transfers to other funds	(5,724,308)	(704,536)	(6,428,844)
Total other financing sources (uses)	(4,048,086)	4,868,659	820,573
Net change in fund balances	2,630,438	2,129,408	4,759,846
Fund Balances:			
Beginning of year, July 1	36,014,488	6,911,205	42,925,693
End of year, June 30	\$ 38,644,926	\$ 9,040,613	\$ 47,685,539

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, 2021**

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ 4,759,846

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.). 1,926,906

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 (1,530,461)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B.). 1,528,555

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense- LGERS	(1,235,945)
Pension expense- LEOSSA	(187,543)
Compensated absences	(178,936)
OPEB plan expense	<u>(838,546)</u> (2,440,970)

The Internal Service Fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings. 118,012

Change in net position of governmental activities (Exhibit 2) \$ 4,361,888

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, 2021

	Budgeted Amounts			Variance	
	Original	Final	Actual	Over/Under	
Revenues:					
Ad valorem taxes	\$ 22,750,646	\$ 22,780,646	\$ 23,779,403	\$ 998,757	
Other taxes and licenses	948,075	948,075	1,001,046	52,971	
Unrestricted intergovernmental	10,679,518	10,679,518	13,202,790	2,523,272	
Restricted intergovernmental	1,356,587	1,764,564	2,518,138	753,574	
Sales and services	2,814,103	2,529,090	3,020,871	491,781	
Investment earnings	678,166	678,166	47,697	(630,469)	
Miscellaneous	655,003	856,289	723,366	(132,923)	
Total revenues	<u>39,882,098</u>	<u>40,236,348</u>	<u>44,293,311</u>	<u>4,056,963</u>	
Expenditures:					
Current:					
General government	6,850,320	7,698,000	5,796,642	1,901,358	
Transportation	3,721,291	4,884,036	4,041,886	842,150	
Public safety	22,143,044	23,910,179	21,956,387	1,953,792	
Culture and recreation	5,065,337	5,608,002	4,045,605	1,562,397	
Debt service:					
Principal retirement	2,311,838	1,588,465	1,389,138	199,327	
Interest and other charges	944,057	436,985	385,129	51,856	
Total expenditures	<u>41,035,887</u>	<u>44,125,667</u>	<u>37,614,787</u>	<u>6,510,880</u>	
Revenues over (under) expenditures	<u>(1,153,789)</u>	<u>(3,889,319)</u>	<u>6,678,524</u>	<u>10,567,843</u>	
Other Financing Sources (Uses):					
Transfers from other funds	822,265	1,179,302	1,676,222	496,920	
Transfers to other funds	<u>(2,933,247)</u>	<u>(6,137,863)</u>	<u>(5,724,308)</u>	<u>413,555</u>	
Total other financing sources (uses)	<u>(2,110,982)</u>	<u>(4,958,561)</u>	<u>(4,048,086)</u>	<u>910,475</u>	
Appropriated fund balance	<u>3,264,771</u>	<u>8,847,880</u>	<u>-</u>	<u>(8,847,880)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,630,438</u>	<u>\$ 2,630,438</u>	
Fund Balance:					
Beginning of year, July 1				<u>36,014,488</u>	
End of year, June 30			<u>\$ 38,644,926</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, 2021

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Assets:				
Current assets:				
Cash and cash equivalents	\$ 45,639,880	\$ 78,925,675	\$ 36,148,708	\$ 1,064,511
Accounts receivable	2,256,015	7,871,625	854,825	87,847
Advance to other funds	-	232,635	-	-
Prepaid expenses	5,125	15,878	3,926	469
Inventories	318,530	4,115,423	399,289	39,816
Cash and cash equivalents, restricted	<u>1,034,358</u>	<u>-</u>	<u>402,825</u>	<u>128,542</u>
Total current assets	<u>49,253,908</u>	<u>91,161,236</u>	<u>37,809,573</u>	<u>1,321,185</u>
Non-current assets:				
Restricted assets:				
Restricted cash- Customer deposits	75,770	312,574	147,587	-
Advance to other funds	-	1,375,808	-	-
Capital assets:				
Land and other non-depreciable assets	6,617,622	8,760,280	12,965,909	13,191,357
Other capital assets, net of depreciation	95,014,757	79,736,402	57,264,960	28,164,724
Capital assets (net)	<u>101,632,379</u>	<u>88,496,682</u>	<u>70,230,869</u>	<u>41,356,081</u>
Total non-current assets	<u>101,708,149</u>	<u>90,185,064</u>	<u>70,378,456</u>	<u>41,356,081</u>
Total assets	<u>150,962,057</u>	<u>181,346,300</u>	<u>108,188,029</u>	<u>42,677,266</u>
Deferred Outflows of Resources:				
OPEB deferrals	1,318,900	575,744	291,955	243,977
Pension deferrals	989,569	429,580	222,460	184,105
Charge on debt defeasance	144,847	609,140	2,934,142	-
Total deferred outflows of resources	<u>2,453,316</u>	<u>1,614,464</u>	<u>3,448,557</u>	<u>428,082</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	580,238	4,964,709	1,212,465	413,715
Unearned revenue	-	-	-	-
Compensated absences	239,893	214,990	93,351	33,257
Advance from other funds	-	-	-	39,595
Installment purchase obligations	25,650	22,692	15,256	6,796
Revenue bonds payable	1,350,946	981,237	163,944	886,869
Limited obligation bonds payable	-	-	1,305,369	-
Total current liabilities	<u>2,196,727</u>	<u>6,183,628</u>	<u>2,790,385</u>	<u>1,380,232</u>
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	75,770	312,574	147,587	-
Net pension liability	1,771,284	768,931	398,196	329,540
Compensated absences	118,156	105,890	45,979	16,380
Advance from other funds	-	-	-	688,242
Installment purchase obligations	224,197	198,342	133,348	59,404
Revenue bonds payable - net unamortized premium	19,889,554	13,430,409	2,243,942	7,285,544
Limited obligation bonds payable	-	-	33,991,516	-
Total other post-employment benefits liability	<u>6,650,620</u>	<u>2,903,212</u>	<u>1,472,196</u>	<u>1,230,265</u>
Total non-current liabilities	<u>28,729,581</u>	<u>17,719,358</u>	<u>38,432,764</u>	<u>9,609,375</u>
Total liabilities	<u>30,926,308</u>	<u>23,902,986</u>	<u>41,223,149</u>	<u>10,989,607</u>
Deferred Inflows of Resources:				
OPEB deferrals	824,234	359,805	182,454	152,471
Pension deferrals	925	402	207	173
Total deferred inflows of resources	<u>825,159</u>	<u>360,207</u>	<u>182,661</u>	<u>152,644</u>
Net Position:				
Net investment in capital assets	81,321,237	74,473,142	35,714,461	33,246,010
Unrestricted	<u>40,342,669</u>	<u>84,224,429</u>	<u>34,516,315</u>	<u>(1,282,913)</u>
Total net position	<u>\$ 121,663,906</u>	<u>\$ 158,697,571</u>	<u>\$ 70,230,776</u>	<u>\$ 31,963,097</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, 2021

	Nonmajor Enterprise Funds	Total	Governmental Activities
			Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,184,904	\$ 166,963,678	\$ 3,589,522
Accounts receivable	669,043	11,739,355	704,889
Advance to other funds	-	232,635	-
Prepaid expenses	7,674	33,072	192,751
Inventories	4,610	4,877,668	-
Cash and cash equivalents, restricted	-	1,565,725	-
Total current assets	<u>5,866,231</u>	<u>185,412,133</u>	<u>4,487,162</u>
Non-current assets:			
Restricted assets:			
Restricted cash- Customer deposits	-	535,931	20,169
Advance to other funds	-	1,375,808	-
Capital assets:			
Land and other non-depreciable assets	1,065,947	42,601,115	-
Other capital assets, net of depreciation	7,277,286	267,458,129	-
Capital assets (net)	<u>8,343,233</u>	<u>310,059,244</u>	<u>-</u>
Total non-current assets	<u>8,343,233</u>	<u>311,970,983</u>	<u>20,169</u>
Total assets	<u>14,209,464</u>	<u>497,383,116</u>	<u>4,507,331</u>
Deferred Outflows of Resources:			
OPEB deferrals	705,386	3,135,962	-
Pension deferrals	529,306	2,355,020	-
Charge on debt defasance	-	3,688,129	-
Total deferred outflows of resources	<u>1,234,692</u>	<u>9,179,111</u>	<u>-</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	467,465	7,638,592	790,256
Unearned revenue	41,281	41,281	-
Compensated absences	137,051	718,542	-
Advance from other funds	-	39,595	-
Installment purchase obligations	128,851	199,245	-
Revenue bonds payable	-	3,382,996	-
Limited obligation bonds payable	-	1,305,369	-
Total current liabilities	<u>774,648</u>	<u>13,325,620</u>	<u>790,256</u>
Non-current liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	-	535,931	20,169
Net pension liability	947,431	4,215,382	-
Compensated absences	67,503	353,908	-
Advance from other funds	-	688,242	-
Installment purchase obligations	316,475	931,766	-
Revenue bonds payable - net unamortized premium	-	42,849,449	-
Limited obligation bonds payable	-	33,991,516	-
Total other post-employment benefits liability	<u>3,556,947</u>	<u>15,813,240</u>	<u>-</u>
Total non-current liabilities	<u>4,888,356</u>	<u>99,379,434</u>	<u>20,169</u>
Total liabilities	<u>5,663,004</u>	<u>112,705,054</u>	<u>810,425</u>
Deferred Inflows of Resources:			
OPEB deferrals	440,823	1,959,787	-
Pension deferrals	496	2,203	-
Total deferred inflows of resources	<u>441,319</u>	<u>1,961,990</u>	<u>-</u>
Net Position:			
Net investment in capital assets	7,897,907	232,652,757	-
Unrestricted	1,441,926	159,242,426	3,696,906
Total net position	<u>\$ 9,339,833</u>	<u>391,895,183</u>	<u>\$ 3,696,906</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds		(14,956)	
Net position of business-type activities		<u>\$ 391,880,227</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, 2021**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Operating Revenues:				
Charges for services	\$ 17,292,911	\$ 56,218,225	\$ 16,421,967	\$ 1,888,591
Interfund charges and employee contributions	-	-	-	-
Capacity fees	1,756,316	-	-	-
Other operating revenues	386,714	342,518	2,117	131,338
Total operating revenues	<u>19,435,941</u>	<u>56,560,743</u>	<u>16,424,084</u>	<u>2,019,929</u>
Operating Expenses:				
Distribution systems	403,234	6,124,349	4,345,703	-
Water filter plant	3,568,636	-	-	-
Waste treatment plant	2,922,402	-	-	-
Electric power purchases	-	45,725,211	-	-
Natural gas purchases	-	-	5,314,392	-
Aquatics and Fitness Center operations	-	-	-	-
Airport operations	-	-	-	2,466,714
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	<u>3,434,902</u>	<u>2,686,405</u>	<u>1,636,723</u>	<u>852,836</u>
Total operating expenses	<u>10,329,174</u>	<u>54,535,965</u>	<u>11,296,818</u>	<u>3,319,550</u>
Operating income (loss)	<u>9,106,767</u>	<u>2,024,778</u>	<u>5,127,266</u>	<u>(1,299,621)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	14,335	30,384	20	-
Other non-operating revenues (expenses)	180,214	197,166	116,010	-
Investment earnings	(245,224)	(432,075)	(183,163)	17
Interest income interfund loans	-	54,193	-	-
Interest and other charges	(793,168)	(640,366)	(1,510,044)	(412,020)
Total non-operating revenues (expenses)	<u>(843,843)</u>	<u>(790,698)</u>	<u>(1,577,177)</u>	<u>(412,003)</u>
Income (loss) before capital contributions and transfers	<u>8,262,924</u>	<u>1,234,080</u>	<u>3,550,089</u>	<u>(1,711,624)</u>
Capital grants and contributions	<u>43,249</u>	<u>12,450,966</u>	<u>95</u>	<u>1,541,703</u>
Transfers from other funds	-	-	-	1,633,350
Transfers to other funds	(445,182)	(940,821)	(393,957)	(382,305)
Total transfers (to) from other funds	<u>(445,182)</u>	<u>(940,821)</u>	<u>(393,957)</u>	<u>1,251,045</u>
Change in net position	<u>7,860,991</u>	<u>12,744,225</u>	<u>3,156,227</u>	<u>1,081,124</u>
Net Position:				
Beginning of year, July 1	<u>113,802,915</u>	<u>145,953,346</u>	<u>67,074,549</u>	<u>30,881,973</u>
End of year, June 30	<u>\$ 121,663,906</u>	<u>\$ 158,697,571</u>	<u>\$ 70,230,776</u>	<u>\$ 31,963,097</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, 2021**

	Nonmajor Enterprise Funds	Total	Governmental Activities	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 6,766,798	\$ 98,588,492	\$ -	-
Interfund charges and employee contributions	-	-	9,548,644	-
Capacity fees	-	1,756,316	-	-
Other operating revenues	117,349	980,036	1,742,958	-
Total operating revenues	6,884,147	101,324,844	11,291,602	-
Operating Expenses:				
Distribution systems	-	10,873,286	-	-
Water filter plant	-	3,568,636	-	-
Waste treatment plant	-	2,922,402	-	-
Electric power purchases	-	45,725,211	-	-
Natural gas purchases	-	5,314,392	-	-
Aquatics and Fitness Center operations	2,731,627	2,731,627	-	-
Airport operations	-	2,466,714	-	-
Stormwater operations	2,091,285	2,091,285	-	-
Solid waste operations	2,704,141	2,704,141	-	-
Solid waste maintenance	107,528	107,528	-	-
Operating expenses	-	-	500,729	-
Workers' compensation claims and premiums	-	-	274,755	-
Health benefit claims and premiums	-	-	9,607,150	-
Property and liability claims and premiums	-	-	709,600	-
Depreciation and amortization	501,354	9,112,220	-	-
Total operating expenses	8,135,935	87,617,442	11,092,234	-
Operating income (loss)	(1,251,788)	13,707,402	199,368	-
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	313	45,052	-	-
Other non-operating revenues (expenses)	-	493,390	-	-
Investment earnings	(27,777)	(888,222)	(17,700)	-
Interest income interfund loans	-	54,193	-	-
Interest and other charges	(14,404)	(3,370,002)	-	-
Total non-operating revenues (expenses)	(41,868)	(3,665,589)	(17,700)	-
Income (loss) before capital contributions and transfers	(1,293,656)	10,041,813	181,668	-
Capital grants and contributions	-	14,036,013	-	-
Transfers from other funds	-	1,633,350	-	-
Transfers to other funds	(279,062)	(2,441,327)	(12,596)	-
Transfers (to) from other funds	(279,062)	(807,977)	(12,596)	-
Change in net position	(1,572,718)	23,269,849	169,072	-
Net Position:				
Beginning of year, July 1		10,912,551		3,527,834
End of year, June 30	\$ 9,339,833		\$ 3,696,906	
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change		51,060		-
Change in net position of business-type activities		\$ 23,320,909		-

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, 2021

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Cash Flows from Operating Activities:				
Cash received from customers	\$ 19,891,554	\$ 56,342,189	\$ 16,543,511	\$ 3,282,240
Cash paid for goods and services	(3,810,114)	(48,092,809)	(8,030,568)	(2,703,455)
Cash paid to or on behalf of employees for services	(4,477,235)	(3,730,227)	(1,429,976)	(557,461)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	<u>11,604,205</u>	<u>4,519,153</u>	<u>7,082,967</u>	<u>21,324</u>
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	-	225,199	-	-
Advances to other funds	-	-	-	(38,502)
Change in due from other funds	275,013	243,298	163,572	72,868
Transfers from other funds	-	-	-	1,633,350
Transfers to other funds	(445,182)	(940,821)	(393,957)	(382,305)
Net cash provided (used) by non-capital financing activities	<u>(170,169)</u>	<u>(472,324)</u>	<u>(230,385)</u>	<u>1,285,411</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from issuance of long-term debt	7,316,000	-	-	6,020,000
Proceeds from sale of capital assets	17,812	30,384	20	-
Acquisition and construction of capital assets	(8,704,969)	(3,228,987)	(2,630,899)	(2,277,027)
Capital contributions	43,249	12,450,966	95	1,541,703
Principal paid on bond maturities and equipment obligations	(1,195,285)	(801,560)	(1,255,174)	(765,048)
Retirement of bond debt	(7,275,446)	-	-	(5,895,000)
Interest paid on bond maturities and equipment obligations	(793,168)	(640,366)	(1,510,044)	(412,020)
Net cash provided (used) by capital and related financing activities	<u>(10,591,807)</u>	<u>7,810,437</u>	<u>(5,396,002)</u>	<u>(1,787,392)</u>
Cash Flows from Investing Activities:				
Earnings on investments	(245,224)	(377,882)	(183,163)	17
Net cash provided (used) by investing activities	<u>(245,224)</u>	<u>(377,882)</u>	<u>(183,163)</u>	<u>17</u>
Net increase (decrease) in cash and cash equivalents	597,005	11,479,384	1,273,417	(480,640)
Cash and Cash Equivalents:				
Beginning of year, July 1	46,153,003	67,758,865	35,425,703	1,673,693
End of year, June 30	<u>\$ 46,750,008</u>	<u>\$ 79,238,249</u>	<u>\$ 36,699,120</u>	<u>\$ 1,193,053</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, 2021**

	Nonmajor Enterprise Funds	Total	Governmental Activities
			Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 7,004,327	\$ 103,063,821	\$ 9,280,565
Cash paid for goods and services	(5,249,737)	(67,886,683)	(10,675,632)
Cash paid to or on behalf of employees for services	(2,006,824)	(12,201,723)	-
Other operating revenues	-	-	1,742,958
Net cash provided (used) by operating activities	(252,234)	22,975,415	347,891
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds	-	225,199	-
Advances to other funds	-	(38,502)	-
Change in due from other funds	255,726	1,010,477	-
Transfers from other funds	-	1,633,350	-
Transfers to other funds	(279,062)	(2,441,327)	(12,596)
Net cash provided (used) by non-capital financing activities	(23,336)	389,197	(12,596)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from issuance of long-term debt	-	13,336,000	-
Proceeds from sale of capital assets	313	48,529	-
Acquisition and construction of capital assets	(325,980)	(17,167,862)	-
Capital contributions	-	14,036,013	-
Principal paid on bond maturities and equipment obligations	(124,401)	(4,141,468)	-
Retirement of bond debt	-	(13,170,446)	-
Interest paid on bond maturities and equipment obligations	(14,405)	(3,370,003)	-
Net cash provided (used) by capital and related financing activities	(464,473)	(10,429,237)	-
Cash Flows from Investing Activities:			
Earnings on investments	(27,777)	(834,029)	(17,700)
Net cash provided (used) by investing activities	(27,777)	(834,029)	(17,700)
Net increase (decrease) in cash and cash equivalents	(767,820)	12,101,346	317,595
Cash and Cash Equivalents:			
Beginning of year, July 1	5,952,724	156,963,988	3,292,096
End of year, June 30	\$ 5,184,904	\$ 169,065,334	\$ 3,609,691

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, 2021

	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)	<u>\$ 9,106,767</u>	<u>\$ 2,024,778</u>	<u>\$ 5,127,266</u>	<u>\$ (1,299,621)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,434,902	2,686,405	1,636,723	852,836
Non operating revenue	180,214	197,166	116,010	-
Increase deferred outflows - pension	(175,931)	(76,373)	(39,550)	(32,731)
Increase in net pension liability	414,231	179,823	93,121	77,066
Decrease deferred inflows - pension	(8,234)	(3,574)	(1,851)	(1,532)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	51,637	(421,823)	10,689	1,232,177
(Increase) decrease in inventories	30,687	(459,804)	(24,757)	(17,408)
(Increase) decrease in prepaid expenses	223,562	1,788	764	30,136
Increase (decrease) in accounts payable and accrued liabilities	(1,827,640)	294,087	124,001	(860,947)
Increase (decrease) in customer deposits	199	4,317	(8,036)	-
(Increase) decrease in deferred outflows of resources for OPEB	(1,245,909)	(543,881)	(275,798)	(230,475)
Increase (decrease) in deferred inflows of resources for OPEB	(164,088)	(71,630)	(36,324)	(30,354)
Increase (decrease) in net OPEB liability	1,566,382	683,777	346,738	289,757
Increase (decrease) in compensated absences	17,426	24,097	13,971	12,420
Total adjustments	<u>2,497,438</u>	<u>2,494,375</u>	<u>1,955,701</u>	<u>1,320,945</u>
Net cash provided (used) by operating activities	<u>\$ 11,604,205</u>	<u>\$ 4,519,153</u>	<u>\$ 7,082,967</u>	<u>\$ 21,324</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, 2021**

	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)	\$ (1,251,788)	\$ 13,707,402	\$ 199,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	501,354	9,112,220	-
Non operating revenue	-	493,390	-
Decrease deferred outflows - pension	(94,102)	(418,687)	-
Increase in net pension liability	221,565	985,806	-
Decrease deferred inflows - pension	(4,404)	(19,595)	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(54,700)	817,980	(106,328)
(Increase) decrease in inventories	929	(470,353)	-
(Increase) decrease in prepaid expenses	151,483	407,733	(161,751)
Increase (decrease) in accounts payable and accrued liabilities	162,286	(2,108,213)	416,602
Increase (decrease) in customer deposits	-	(3,520)	-
(Increase) decrease in deferred outflows of resources for OPEB	(666,348)	(2,962,411)	-
Increase (decrease) in deferred inflows of resources for OPEB	(87,760)	(390,156)	-
Increase (decrease) in net OPEB liability	837,747	3,724,401	-
Increase (decrease) in compensated absences	31,504	99,418	-
Total adjustments	999,554	9,268,013	148,523
Net cash provided (used) by operating activities	\$ (252,234)	\$ 22,975,415	\$ 347,891

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, 2021

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 must expend revenues as established in N.C. Session Law 2001-439. 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 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 fund:

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.

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.

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.

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

State law [G.S. 159-30(c)] 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, 2021

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, Electric 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	\$ 1,147,750
Unexpended debt proceeds	45,598
Capital Projects Fund:	
Streets	1,039,178
Unexpended debt proceeds	561,106
Health and Dental Fund:	
Deposits	10,169
Workers' Compensation Fund:	
Deposits	10,000
Total governmental activities	<u>2,813,801</u>

Business-Type Activities:

Water and Sewer Fund:

Customer deposits	75,770
Unexpended debt proceeds	1,034,358

Electric Fund:

Customer deposits	312,574
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Natural Gas Fund:

Customer deposits	147,587
Unexpended debt proceeds	402,825

Airport Fund:

Unexpended debt proceeds	128,542
Total business-type activities	<u>2,101,656</u>

Total restricted cash	<u><u>\$ 4,915,457</u></u>
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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, 2020. 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, 2021

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. *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.

7. *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.

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

The Tourism Development Authority had no capital assets at June 30, 2021.

8. *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 position that applies to a future period 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 position that applies to a future period and so will not be recognized as revenue until then. The City has five items that meet the criterion for this category – prepaid items not yet earned, other receivables, property taxes receivable, OPEB deferrals, and pension deferrals.

9. *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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

10. 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.

The Tourism Development Authority had two employees during the year ended June 30, 2021 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

11. *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.

Non-spendable fund balance at June 30, 2021 is as follows:

Purpose	General	
	Fund	Total
Inventories	\$ 270,087	\$ 270,087
Prepays	178,728	178,728
Total	<u>\$ 448,815</u>	<u>\$ 448,815</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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

“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 General Government – Portion of fund balance that is restricted by revenue source for certain general government operations.

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.

Restricted fund balance at June 30, 2021 is as follows:

Purpose	Nonmajor		
	General Fund	Governmental Funds	Total
Stabilization by state statute	\$ 5,615,860	\$ 3,454,592	\$ 9,070,452
General government	-	561,106	561,106
Public safety	774,586	-	774,586
Transportation	1,147,750	1,039,178	2,186,928
Culture and recreation	1,096,868	-	1,096,868
Occupancy tax capital projects	-	573,139	573,139
Economic development	-	449,520	449,520
Capital projects	-	1,600,284	1,600,284
Total	\$ 8,635,064	\$ 7,677,819	\$ 16,312,883

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

Committed fund balance at June 30, 2021 is as follows:

Purpose	Nonmajor Governmental	
	Funds	Total
Culture and recreation	\$ 217,746	\$ 217,746
Capital projects	1,108,916	1,108,916
Total	<u>\$ 1,326,662</u>	<u>\$ 1,326,662</u>

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

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

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

Downtown Projects – 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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Assigned fund balance at June 30, 2021 is as follows:

Purpose	Nonmajor		
	General Fund	Governmental Funds	Total
Minimum fund balance requirement	\$ 11,657,732	\$ -	\$ 11,657,732
Airport grant acceptance	300,395	-	300,395
Downtown projects	3,000,000	-	3,000,000
Subsequent year's expenditures	3,419,857	-	3,419,857
Community development	-	56,562	56,562
Total	\$ 18,377,984	\$ 56,562	\$ 18,434,546

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

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

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

12. *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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

13. *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.

14. *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.

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 \$(17,058,680) difference are as follows:

Installment purchase obligations	\$ (6,758,332)
Limited obligation bonds	(7,485,338)
Compensated absences	<u>(2,815,010)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i>	
to arrive at <i>net position - government activities</i>	<u>\$ (17,058,680)</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,926,906 difference are as follows:

Capital outlay	\$ 7,234,405
Disposal, net book value	(40,258)
Depreciation expense	<u>(5,267,241)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 1,926,906</u>

Another element of that reconciliation is that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position." The details of this \$1,528,555 are as follows:

Debt issued or incurred	\$ -
Amortization of premium	20,575
Principal payments:	
Installment purchase obligations & limited obligation bonds	<u>1,507,980</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 1,528,555</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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

At June 30, 2021, the City's deposits had a carrying amount of \$19,241,511 and a bank balance of \$20,020,775. 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 \$5,975.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$829,008 and a bank balance of \$913,369. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$413,369 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, 2021, the Tourism Development Authority's deposits had a carrying amount of \$873,039 and a bank balance of \$873,041. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2. *Investments*

As of June 30, 2021, the City had the following investments and maturities:

Investment Type	Valuation		1 Year	1-3 Years	3-5 Years	5+ Years
	Measurement Method	Book Value at 6/30/21				
U.S. Government Agencies	Fair Value Level 2	\$ 66,897,308	\$ -	\$ 13,414,277	\$ 4,007,817	\$ 49,475,214
NC Capital Management Trust -						
Government Portfolio	Fair Value Level 1	131,129,279	N/A	N/A	N/A	N/A
Total		<u>\$ 198,026,587</u>	<u>\$ -</u>	<u>\$ 13,414,277</u>	<u>\$ 4,007,817</u>	<u>\$ 49,475,214</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.

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, Federal Farm Credit 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 AAA-mf by Moody's Investors Service as of June 30, 2021.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Concentration of Credit Risk. The City's Board places no limit on the amount that the City may invest in any one issuer. Approximately 9% of the City's investments are in Federal Farm, Federal Home Loan Bank, and Freddie Mac securities and 25% in Small Business Administration loan investment pools. In addition, the City had 66% of its investment portfolio in the NCCMT – government portfolio at June 30, 2021.

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%. Additional modification to the note on August 1, 2020 revised the terms of the note. Beginning in February 1, 2021, the promissory note will be repaid through monthly installments of \$2,758 through May 2034.

	<u>2021</u>
Total receivable	\$ 353,786
Less current portion	<u>21,578</u>
Total note receivable - non-current	<u><u>\$ 332,208</u></u>

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2022	\$ 21,578
2023	22,312
2024	23,071
2025	23,856
2026	24,667
Thereafter	<u>238,302</u>
Total	<u><u>\$ 353,786</u></u>

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, 2021.

	<u>2021</u>
Total receivable	\$ 18,977
Less current portion	<u>6,326</u>
Total note receivable - non-current	<u><u>\$ 12,651</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2022	\$ 6,326
2023	6,326
2024	<u>6,325</u>
Total	<u><u>\$ 18,977</u></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><u>\$ 1,665,411</u></u>	<u><u>\$ 11,739,355</u></u>

Due from other governments for governmental activities was \$4,925,870 and consists of:

Due from other governments:

State shared revenues	\$ 3,303,225
Grants	508,200
State sales tax	595,869
County sales tax	251,202
Other	<u>267,374</u>
Total	<u><u>\$ 4,925,870</u></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><u>\$ 26,352</u></u>
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Downtown Monroe:

Taxes receivable	<u><u>\$ 98</u></u>
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CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5. *Capital Assets*

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2021 was as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Governmental Activities:					
General Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 6,337,774	\$ 100,295	\$ -	\$ -	\$ 6,438,069
Construction in progress	10,361,723	3,426,190	- -	(6,911,932)	6,875,981
Total non-depreciable capital assets	<u>16,699,497</u>	<u>3,526,485</u>	<u>- -</u>	<u>(6,911,932)</u>	<u>13,314,050</u>
Depreciable Capital Assets:					
Buildings and improvements	28,227,352	630,535	35,100	6,907,864	35,730,651
Equipment	7,081,365	1,110,426	17,672	- -	8,174,119
Vehicles and motorized equipment	19,915,701	980,534	591,487	19,102	20,323,850
Other intangibles	979,281	95,522	- -	- -	1,074,803
Infrastructure	91,108,081	154,847	- -	4,068	91,266,996
Total depreciable capital assets	<u>147,311,780</u>	<u>2,971,864</u>	<u>644,259</u>	<u>6,931,034</u>	<u>156,570,419</u>
Less Accumulated Depreciation:					
Buildings and improvements	12,695,035	704,815	35,100	- -	13,364,750
Equipment	5,090,394	516,309	17,672	- -	5,589,031
Vehicles and motorized equipment	13,881,251	1,714,820	551,229	19,102	15,063,944
Other intangibles	791,486	83,916	- -	- -	875,402
Infrastructure	50,779,429	2,160,963	- -	- -	52,940,392
Total accumulated depreciation	<u>83,237,595</u>	<u>\$ 5,180,823</u>	<u>\$ 604,001</u>	<u>\$ 19,102</u>	<u>87,833,519</u>
Total depreciable capital assets, net	<u>64,074,185</u>				<u>68,736,900</u>
General Fund capital assets, net	<u>80,773,682</u>				<u>82,050,950</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</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	15,116	3,359	-	-	18,475
Equipment	98,071	—	—	—	98,071
Total accumulated depreciation	<u>113,187</u>	<u>\$ 3,359</u>	<u>\$ —</u>	<u>\$ —</u>	<u>116,546</u>
Total depreciable capital assets, net	<u>52,064</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48,705</u>
Downtown Monroe Fund capital assets, net	<u>132,213</u>				<u>128,854</u>
Occupancy Tax Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	4,581,941	\$ 307,504	\$ —	\$ (4,468,663)	420,782
Total non-depreciable capital assets	<u>4,581,941</u>	<u>307,504</u>	<u>—</u>	<u>(4,468,663)</u>	<u>420,782</u>
Depreciable Capital Assets:					
Buildings and improvements	966,820	428,552	-	4,468,663	5,864,035
Equipment	255,177	—	—	—	255,177
Total depreciable capital assets	<u>1,221,997</u>	<u>428,552</u>	<u>—</u>	<u>4,468,663</u>	<u>6,119,212</u>
Less Accumulated Depreciation:					
Buildings and improvements	110,770	75,836	-	-	186,606
Equipment	208,227	7,223	—	—	215,450
Total accumulated depreciation	<u>318,997</u>	<u>\$ 83,059</u>	<u>\$ —</u>	<u>\$ —</u>	<u>402,056</u>
Total depreciable capital assets, net	<u>903,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,717,156</u>
Occupancy Tax Fund capital assets, net	<u>5,484,941</u>				<u>6,137,938</u>
Governmental activities capital assets, net	<u>86,390,836</u>				<u>88,317,742</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

General Fund:

General government	\$ 343,900
Transportation	2,390,294
Public safety	1,751,477
Culture and recreation	690,862
Economic and physical development	<u>4,290</u>
Total General Fund	<u><u>5,180,823</u></u>

Downtown Monroe Fund:

General government	<u>3,359</u>
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Occupancy Tax Fund:

Economic and physical development	<u>83,059</u>
Total governmental activities	<u><u>\$ 5,267,241</u></u>

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Business-Type Activities:					
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 5,609,034	\$ 10,446	\$ -	\$ -	\$ 5,619,480
Construction in progress	<u>766,847</u>	<u>231,295</u>	<u>-</u>	<u>-</u>	<u>998,142</u>
Total non-depreciable capital assets	<u><u>6,375,881</u></u>	<u><u>241,741</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,617,622</u></u>
Depreciable Capital Assets:					
Buildings and improvements	39,966,592	220,850	-	-	40,187,442
Equipment	9,291,379	732,073	-	-	10,023,452
Vehicles and motorized equipment	3,955,393	513,200	45,492	-	4,423,101
Infrastructure	<u>85,464,190</u>	<u>6,997,105</u>	<u>-</u>	<u>-</u>	<u>92,461,295</u>
Total depreciable capital assets	<u><u>138,677,554</u></u>	<u><u>8,463,228</u></u>	<u><u>45,492</u></u>	<u><u>-</u></u>	<u><u>147,095,290</u></u>
Less Accumulated Depreciation:					
Buildings and improvements	16,224,578	852,376	-	-	17,076,954
Equipment	5,879,180	842,538	-	-	6,721,718
Vehicles and motorized equipment	3,076,376	268,565	42,015	-	3,302,926
Infrastructure	<u>23,360,883</u>	<u>1,618,052</u>	<u>-</u>	<u>-</u>	<u>24,978,935</u>
Total accumulated depreciation	<u><u>48,541,017</u></u>	<u><u>\$ 3,581,531</u></u>	<u><u>\$ 42,015</u></u>	<u><u>\$ -</u></u>	<u><u>52,080,533</u></u>
Total depreciable capital assets, net	<u><u>90,136,537</u></u>				<u><u>95,014,757</u></u>
Water and Sewer Fund capital assets, net					
	<u><u>96,512,418</u></u>				<u><u>101,632,379</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	6,554,884	\$ -	\$ -	\$ -	6,554,884
Construction in progress	1,033,664	1,171,732	- -	- -	2,205,396
Total non-depreciable capital assets	<u>7,588,548</u>	<u>1,171,732</u>	<u>- -</u>	<u>- -</u>	<u>8,760,280</u>
Depreciable Capital Assets:					
Buildings and improvements	10,056,711	- -	- -	- -	10,056,711
Equipment	2,855,707	165,166	- -	- -	3,020,873
Vehicles and motorized equipment	3,887,245	243,041	215,015	- -	3,915,271
Infrastructure	114,471,634	1,649,048	- -	- -	116,120,682
Other intangibles	250,173	- -	- -	- -	250,173
Total depreciable capital assets	<u>131,521,470</u>	<u>2,057,255</u>	<u>215,015</u>	<u>- -</u>	<u>133,363,710</u>
Less Accumulated Depreciation:					
Buildings and improvements	1,405,577	224,227	- -	- -	1,629,804
Equipment	1,832,174	83,776	- -	- -	1,915,950
Vehicles and motorized equipment	3,171,833	229,392	215,015	- -	3,186,210
Infrastructure	44,384,122	2,261,049	- -	- -	46,645,171
Other intangibles	250,173	- -	- -	- -	250,173
Total accumulated depreciation	<u>51,043,879</u>	<u>\$ 2,798,444</u>	<u>\$ 215,015</u>	<u>\$ - -</u>	<u>53,627,308</u>
Total depreciable capital assets, net	<u>80,477,591</u>				<u>79,736,402</u>
Electric Fund capital assets, net	<u>88,066,139</u>				<u>88,496,682</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Natural Gas Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	1,524,787	\$ - -	\$ - -	\$ - -	1,524,787
Construction in progress	10,163,974	1,295,934	- -	(18,786)	11,441,122
Total non-depreciable capital assets	<u>11,688,761</u>	<u>1,295,934</u>	<u>- -</u>	<u>(18,786)</u>	<u>12,965,909</u>
Depreciable Capital Assets:					
Buildings and improvements	569,484	- -	- -	- -	569,484
Equipment	544,556	117,709	- -	- -	662,265
Vehicles and motorized equipment	1,323,392	- -	- -	- -	1,323,392
Infrastructure	74,372,222	1,217,256	- -	18,786	75,608,264
Total depreciable capital assets	<u>76,809,654</u>	<u>1,334,965</u>	<u>- -</u>	<u>18,786</u>	<u>78,163,405</u>
Less Accumulated Depreciation:					
Buildings and improvements	259,427	13,256	- -	- -	272,683
Equipment	476,667	22,619	- -	- -	499,286
Vehicles and motorized equipment	1,048,476	61,850	- -	- -	1,110,326
Infrastructure	17,470,414	1,545,736	- -	- -	19,016,150
Total accumulated depreciation	<u>19,254,984</u>	<u>\$ 1,643,461</u>	<u>\$ - -</u>	<u>\$ - -</u>	<u>20,898,445</u>
Total depreciable capital assets, net	<u>57,554,670</u>				<u>57,264,960</u>
Natural Gas Fund capital assets, net	<u>69,243,431</u>				<u>70,230,869</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Airport Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	9,765,358	\$ -	\$ -	\$ -	9,765,358
Construction in progress	4,991,396	2,049,769	- -	(3,615,166)	3,425,999
Total non-depreciable capital assets	<u>14,756,754</u>	<u>2,049,769</u>	<u>- -</u>	<u>(3,615,166)</u>	<u>13,191,357</u>
Depreciable Capital Assets:					
Buildings and improvements	32,805,474	165,630	- -	3,615,166	36,586,270
Equipment	584,977	30,281	- -	- -	615,258
Vehicles and motorized equipment	486,731	31,347	- -	(19,102)	498,976
Infrastructure	5,131,517	- -	- -	- -	5,131,517
Other intangibles	2,565	- -	- -	- -	2,565
Total depreciable capital assets	<u>39,011,264</u>	<u>227,258</u>	<u>- -</u>	<u>3,596,064</u>	<u>42,834,586</u>
Less Accumulated Depreciation:					
Buildings and improvements	12,256,585	764,511	- -	- -	13,021,096
Equipment	451,682	25,121	- -	- -	476,803
Vehicles and motorized equipment	455,683	13,940	- -	(19,102)	450,521
Infrastructure	617,527	102,632	- -	- -	720,159
Other intangibles	770	513	- -	- -	1,283
Total accumulated depreciation	<u>13,782,247</u>	<u>\$ 906,717</u>	<u>\$ -</u>	<u>\$ (19,102)</u>	<u>14,669,862</u>
Total depreciable capital assets, net	<u>25,229,017</u>				<u>28,164,724</u>
Airport Fund capital assets, net	<u>39,985,771</u>				<u>41,356,081</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</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	10,438,651	156,486	- -	- -	10,595,137
Equipment	456,367	- -	- -	- -	456,367
Vehicles and motorized equipment	49,676	- -	- -	- -	49,676
Total depreciable capital assets	<u>10,944,694</u>	<u>156,486</u>	<u>- -</u>	<u>- -</u>	<u>11,101,180</u>
Less Accumulated Depreciation:					
Buildings and improvements	5,029,751	262,789	- -	- -	5,292,540
Equipment	237,772	44,210	- -	- -	281,982
Vehicles and motorized equipment	44,712	3,310	- -	- -	48,022
Total accumulated depreciation	<u>5,312,235</u>	<u>\$ 310,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,622,544</u>
Total depreciable capital assets, net	<u>5,632,459</u>				<u>5,478,636</u>
Aquatics and Fitness Center Fund capital assets, net	<u>6,558,053</u>				<u>6,404,230</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	125,664	\$ 14,689	\$ -	\$ -	140,353
Total non-depreciable capital assets	<u>125,664</u>	<u>14,689</u>	<u>-</u>	<u>-</u>	<u>140,353</u>
Depreciable Capital Assets:					
Buildings and improvements	20,495	16,158	-	-	36,653
Equipment	63,597	24,970	-	-	88,567
Vehicles and motorized equipment	1,006,920	113,677	-	-	1,120,597
Infrastructure	1,875,034	-	-	-	1,875,034
Total depreciable capital assets	<u>2,966,046</u>	<u>154,805</u>	<u>-</u>	<u>-</u>	<u>3,120,851</u>
Less Accumulated Depreciation:					
Buildings and improvements	3,869	859	-	-	4,728
Equipment	38,870	5,948	-	-	44,818
Vehicles and motorized equipment	464,086	120,351	-	-	584,437
Infrastructure	755,473	43,567	-	-	799,040
Total accumulated depreciation	<u>1,262,298</u>	<u>\$ 170,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,433,023</u>
Total depreciable capital assets, net	<u>1,703,748</u>				<u>1,687,828</u>
Stormwater Fund capital assets, net	<u>1,829,412</u>				<u>1,828,181</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Solid Waste Fund:					
Depreciable Capital Assets:					
Other intangibles	967,361	\$ -	\$ -	\$ -	967,361
Vehicles and motorized equipment	83,163	-	-	-	83,163
Buildings and improvements	143,914	-	-	-	143,914
Total depreciable capital assets	<u>1,194,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,438</u>
Less Accumulated Depreciation:					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	49,162	13,124	-	-	62,286
Buildings and improvements	46,773	7,196	-	-	53,969
Total accumulated depreciation	<u>1,063,296</u>	<u>\$ 20,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,083,616</u>
Total depreciable capital assets, net	<u>131,142</u>				<u>110,822</u>
Solid Waste Fund capital assets, net	<u>131,142</u>				<u>110,822</u>
Business-type activities					
capital assets, net	<u>\$ 302,326,366</u>				<u>\$ 310,059,244</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 88,317,742	\$ 310,059,244
Less: Long-term debt	14,243,670	82,660,341
Add: Deferred outflows	-	3,688,129
Add: Unexpended debt proceeds	606,704	1,565,725
Net investment in capital assets	<u><u>\$ 74,680,776</u></u>	<u><u>\$ 232,652,757</u></u>

Discretely Presented Component Units

Capital asset activity for the ABC Board for the year ended June 30, 2021 was as follows:

	<u><u>July 1, 2020</u></u>	<u><u>Additions</u></u>	<u><u>Retirements</u></u>	<u><u>June 30, 2021</u></u>
Non-Depreciable Capital Assets:				
Land and land improvements	\$ 317,013	\$ -	\$ -	\$ 317,013
Total non-depreciable capital assets	<u><u>317,013</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>317,013</u></u>
Depreciable Capital Assets:				
Buildings and improvements	1,069,085	-	-	1,069,085
Equipment	120,430	13,107	16,179	117,358
Vehicles and motorized equipment	15,830	-	-	15,830
Total depreciable capital assets	<u><u>1,205,345</u></u>	<u><u>13,107</u></u>	<u><u>16,179</u></u>	<u><u>1,202,273</u></u>
Less Accumulated Depreciation:				
Buildings and improvements	586,230	32,743	-	618,973
Equipment	84,844	11,555	13,396	83,003
Vehicles and motorized equipment	15,830	-	-	15,830
Total accumulated depreciation	<u><u>686,904</u></u>	<u><u>\$ 44,298</u></u>	<u><u>\$ 13,396</u></u>	<u><u>717,806</u></u>
Total depreciable capital assets, net	<u><u>518,441</u></u>			<u><u>484,467</u></u>
ABC Board capital assets, net	<u><u>\$ 835,454</u></u>			<u><u>\$ 801,480</u></u>

The Tourism Development Authority had no capital assets.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

B. Liabilities

1. *Accounts Payable and Accrued Liabilities*

Payables at the government-wide level at June 30, 2021 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	\$ 470,074	\$ 819,557	\$ 1,289,631
Nonmajor funds	<u>597,025</u>	<u>12,899</u>	<u>609,924</u>
Total governmental activities	<u><u>\$ 1,067,099</u></u>	<u><u>\$ 832,456</u></u>	<u><u>\$ 1,899,555</u></u>
Business-Type Activities:			
Enterprise funds	<u><u>\$ 7,229,488</u></u>	<u><u>\$ 409,104</u></u>	<u><u>\$ 7,638,592</u></u>

Component units' payables at June 30, 2021 were as follows:

	Salaries		
	Vendors	and Benefits	Other
ABC Board	\$ 367,814	<u>10,409</u>	\$ 89,722
Tourism Development Authority	<u>15,931</u>	<u>-</u>	<u>18,622</u>

2. *Pension Plan Obligations*

a. *Local Governmental Employees' Retirement System*

1. *Description*

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

2. Benefits Provided

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

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

3. Contributions

Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Monroe's contractually required contribution rate for the year ended June 30, 2021 was 10.84% of compensation for law enforcement officers and 10.21% 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 \$2,913,676 for the year ended June 30, 2021. The ABC Board's contributions to LGERS for the year ended June 30, 2021 were \$38,724.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the City reported a liability of \$13,730,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the City's proportion was 0.38425%, which was a decrease of 0.00096% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$4,697,149. At June 30, 2021, 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	\$ 1,733,970	\$ -
Changes of assumptions	1,021,848	-
Net difference between projected and actual earnings on pension plan investments	1,932,255	-
Changes in proportion and differences between City contributions and proportionate share of contributions	69,326	7,173
City contributions subsequent to the measurement date	<u>2,913,676</u>	-
Total	<u>\$ 7,671,075</u>	<u>\$ 7,173</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$2,913,676 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, 2022. 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
2022	\$ 1,338,608
2023	1,783,259
2024	1,056,508
2025	571,851
Thereafter	<hr/>
Total	<u>\$ 4,750,226</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50- 8.10 percent, including inflation & productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 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%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.00%. All rates of return and inflation are annualized.

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 27,858,478	\$ 13,730,889	\$ 1,989,869

8. Pension Plan Fiduciary Net Position

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

b. Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	91
Total	101

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.50, including inflation and productivity factor
Discount rate	2.12 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Deaths Before Retirement: RP-2014 Total Data Set Employee Mortality Table projected generationally using MP-2015.

Deaths After Retirement (Healthy): RP-2014 Total Data Set for Healthy Annuitant Mortality Table projected generationally using MP-2015. Rates are adjusted by 104% for both males and females for ages 50 and older. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50 (with no adjustments).

Deaths After Retirement (Disabled): RP-2014 Total Data Set for Disabled Annuitants Mortality Table projected generationally using MP-2015. Rates are adjusted by 103% (male) and 99% (female) for all ages.

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 \$248,431 as benefits came due for the reporting period.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the City reported a total pension liability of \$5,026,861. The total pension liability was measured as of December 31, 2020 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$473,000.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 217,073	\$ -
Changes of assumptions	477,897	89,546
Benefit payments and plan administrative expense made subsequent to the measurement date	143,578	-
Total	\$ 838,548	\$ 89,546

\$143,578 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, 2022.

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
2022	\$ 165,400
2023	167,847
2024	118,642
2025	105,036
2026	48,499
Thereafter	-
Total	\$ 605,424

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 2.12%, 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 (1.12%) or 1-percentage-point higher (3.12%) than the current rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total pension liability	\$ 5,407,606	\$ 5,026,861	\$ 4,677,283

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

	2021
Beginning balance	\$ 4,573,806
Service cost	161,500
Interest on the total pension liability	145,057
Changes of assumptions or other inputs	394,929
Benefit payments	(248,431)
Ending balance of the total pension liability	\$ 5,026,861

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 December 31, 2018 valuation were based on those used for the December 31, 2018 Actuarial Valuation of the North Carolina Local Government Employee's Retirement System.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 4,697,149	\$ 473,000	\$ 5,170,149
Pension liability	13,730,889	5,026,861	18,757,750
Proportionate share of the net pension liability	0.38425%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 1,733,970	\$ 217,073	\$ 1,951,043
Changes of assumptions	1,021,848	477,897	1,499,745
Net difference between projected and actual earnings on plan investments	1,932,255	-	1,932,255
Changes in proportion and differences between contributions and proportionate share of contributions	69,326	-	69,326
Benefit payments and administrative costs paid subsequent to the measurement date	2,913,676	143,578	3,057,254

Deferred of Inflows of Resources:

Changes of assumptions	\$ -	\$ 89,546	\$ 89,546
Changes in proportion and differences between contributions and proportionate share of contributions	7,173	-	7,173

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, 2021

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, 2021 were \$562,344, which consisted of \$288,937 from the City and \$273,407 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, 2021 were \$2,297,480, which consisted of \$669,311 in regular contributions, \$373,412 in matching contributions from the City, and \$1,254,757 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 Government 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. The City pays the full cost of coverage for these benefits through private insurers. 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. At that time, any dependents covered are offered COBRA coverage.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Membership of the Health Care Plan consisted of the following at June 30, 2019:

Retirees and dependents receiving benefits	100
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	461
Total	561

Total OPEB Liability

The City's total OPEB liability of \$51,475,385 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00 percent
Payroll Growth Assumption	3.50 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation:	
General Employees	3.50 to 7.80 percent
Law Enforcement Officers	3.50 to 7.40 percent
Municipal Bond Index Rate:	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Healthcare cost trend rates:	
Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026
Medicare	5.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2021
Dental	4.00 percent

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$ 39,351,686</u>
Changes for the year:	
Service cost	1,732,600
Interest	1,355,967
Changes in assumptions or other inputs	10,254,689
Benefit payments	<u>(1,219,557)</u>
Net changes	<u>12,123,699</u>
Balance at June 30, 2021	<u>\$ 51,475,385</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on those used for the December 31, 2018 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, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1%	Discount	1%
	Decrease	Rate	Increase
	<u>(1.21%)</u>	<u>(2.21%)</u>	<u>(3.21%)</u>
Total OPEB liability	<u>\$ 61,873,825</u>	<u>\$ 51,475,385</u>	<u>\$ 43,420,929</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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%	1%	
	Decrease	Current	Increase
Total OPEB liability	<u>\$ 42,514,756</u>	<u>\$ 51,475,385</u>	<u>\$ 63,374,486</u>

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$3,084,543. At June 30, 2021, 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	\$ -	\$ 2,177,059
Changes of assumptions	8,988,671	4,202,458
Benefit payments and administrative costs made subsequent to the measurement date	1,219,557	-
Total	<u>\$ 10,208,228</u>	<u>\$ 6,379,517</u>

\$1,219,557 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, 2022. 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
2022	\$ (4,024)
2023	(4,024)
2024	(4,024)
2025	(4,024)
2026	452,651
Thereafter	2,172,599
Total	<u>\$ 2,609,154</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3. *Other Employment Benefits*

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

4. *Deferred Outflows and Inflows of Resources*

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

	Deferred Outflows
Charge on debt defeasance	\$ 3,688,129
OPEB deferrals	10,208,228
Pension deferrals	8,509,623
Total	<u><u>\$ 22,405,980</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	<u>Deferred Inflows</u>
Property taxes receivable:	
General	\$ 500,691
General- Tax gap bills	11,879
Nonmajor governmental	1,853
Privilege license receivable:	
General	65
Code enforcement liens receivable:	
General	281,548
Grant receivable:	
General	45,506
Prepaid taxes, agreements, gift cards, donations, and store credits, not yet earned:	
General	20,684
OPEB deferrals	6,379,517
Pension deferrals	<u>96,719</u>
Total	<u><u>\$ 7,338,462</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

5. *Construction and Other Significant Commitments*

Construction Commitments

The government has active construction projects as of June 30, 2021. At year-end, the government's commitments with contractors are as follows:

Projects	Spent To-Date	Remaining Commitment
Governmental:		
Capital projects	\$ 6,875,981	\$ 2,310,305
Occupancy tax	420,782	116,552
Enterprise:		
Water and Sewer	998,142	453,499
Stormwater	140,353	65,731
Electric	2,205,396	448,753
Natural Gas	11,441,123	637,154
Airport	3,425,999	484,370
Total	<u>\$ 25,507,776</u>	<u>\$ 4,516,364</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, 2021

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, 2021 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Activities:

General Fund	\$ 857,510
Nonmajor funds	2,557,204
Total governmental activities	<u>\$ 3,414,714</u>

Business-Type Activities:

Water and Sewer Fund	\$ 2,771,297
Electric Fund	1,062,777
Natural Gas Fund	729,977
Airport Fund	504,074
Nonmajor funds	<u>256,410</u>
Total business-type activities	<u>\$ 5,324,535</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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021 are considered to be current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2021 are as follows:

	Health Benefit Fund	Workers' Compensation Fund	Property and Casualty Fund
Unpaid claims as of June 30, 2019	\$ 419,293	\$ 13,345	\$ 6,346
Claims and premiums paid	9,252,147	189,670	692,559
Incurred claims and premiums	(9,321,852)	(189,201)	(668,484)
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	<u>\$ 779,995</u>	<u>\$ 20,136</u>	<u>\$ 10,294</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021.

7. *Claims, Judgments, and Contingent Liabilities*

The City was a defendant in various matters of litigation as of June 30, 2021. 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, 2021

8. *Long-Term Obligations*

a. *Installment Purchase Obligations*

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

	Governmental Funds	Enterprise Funds	Total
\$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.	\$ 478,344	\$ -	\$ 478,344
\$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.	1,540,000	\$ -	1,540,000
\$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.	1,116,000	\$ -	1,116,000
\$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.	1,179,000	213,000	1,392,000
\$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.	521,000	\$ -	521,000
\$3,101,725 Executed June 9, 2020 with a bank, to finance a fire truck and financial software requiring 10 annual installments ranging from \$208,000 to \$248,000 plus interest at 1.991%. The fire truck is pledged as collateral for the debt.	1,923,988	918,011	2,841,999
Total	<u>\$ 6,758,332</u>	<u>\$ 1,131,011</u>	<u>\$ 7,889,343</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The City's outstanding note from direct placements related to governmental activities of \$478,344 is secured by the recreation center and gymnasium. Upon the failure to pay or make timely payments, the lender may declare all installment payments payable by purchaser pursuant to the agreement to be due. Upon default the lender shall proceed by appropriate court action and take possession of the property. The lender may at its option require immediate payment in full of the required payments and amount advanced and all other sums secured by the agreement.

The City's outstanding note from direct placements related to governmental activities of \$1,540,000 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 \$1,116,000 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 \$1,179,000 and business-type activities of \$213,000 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 \$521,000 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 \$1,923,988 and business-type activities of \$918,011 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Annual debt service payments of the installment purchase obligations as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,186,203	\$ 154,259	\$ 199,245	\$ 24,765
2023	1,199,424	126,730	204,024	19,691
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
2027-2030	1,664,889	77,479	428,110	21,517
Total	<u>\$ 6,758,332</u>		<u>\$ 1,131,011</u>	
Total interest payments		<u>\$ 583,384</u>		<u>\$ 103,555</u>

At June 30, 2021, the City had a legal debt margin of \$259,054,982.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

b. Revenue Bonds

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

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

On August 11, 2016, the City issued \$20,660,000 in Combined Enterprise System Revenue Bonds, Series 2016 to advance refund a portion of the Series 2008A Revenue Bonds. These 17-year bonds have interest rates varying between 2% and 5%. The total shown is net of the unamortized bond premium of \$2,973,714 associated with the bonds. \$ 20,249,967

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 \$1,546,727 associated with the bonds. 13,124,478

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%. 6,560,000

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%. 6,298,000

Total \$ 46,232,445

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, 2021

The future payments of the revenue bonds for the years ending June 30, 2021 are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,087,000	\$ 1,476,418
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
2027-2031	13,986,000	4,321,423
2032-2036	7,780,000	1,802,217
2037-2041	3,375,000	915,850
2042-2046	<u>1,599,998</u>	<u>121,000</u>
Total	<u>\$ 42,007,998</u>	<u>\$ 13,722,935</u>

The future payments as presented above have not been reduced by the net of unamortized bond premiums totaling \$4,224,447.

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, 2021, is as follows:

Operating revenues	\$ 94,440,697
Operating expenses (1)	70,870,641
Operating income	23,570,056
Non-operating revenues (2)	<u>(860,445)</u>
Income available for debt service	22,709,611
Parity debt service	<u>4,694,185</u>
Debt service coverage ratio	<u>484%</u>
Income available for debt service	22,709,611
Subordinated debt service	<u>7,283,257</u>
Debt service coverage ratio	<u>312%</u>

(1) Per rate covenants, this does not include the depreciation and amortization expense of \$8,610,866.

(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, 2021

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 2033. 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 \$55,730,934. Principal and interest paid for the current year and total customer net revenues were \$3,316,990 and \$94.4 million, respectively.

c. *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 \$2,480,636 associated with the bonds.	\$ -	\$ 27,460,636	\$ 27,460,636
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 \$166,249 associated with the bonds.	- 7,836,249	7,836,249	7,836,249
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 \$370,338 associated with the bonds.	7,485,338 -	7,485,338	7,485,338
Total	<u>\$ 7,485,338</u>	<u>\$ 35,296,885</u>	<u>\$ 42,782,223</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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>
2022	\$ 335,000	\$ 299,438	\$ 1,160,000	\$ 1,350,912
2023	345,000	282,688	1,215,000	1,295,113
2024	350,000	265,438	1,255,000	1,254,063
2025	355,000	247,938	1,320,000	1,191,313
2026	365,000	230,188	1,385,000	1,125,313
2027-2031	1,915,000	894,638	8,020,000	4,522,463
2032-2036	2,095,000	508,113	9,710,000	2,837,919
2037-2041	1,355,000	105,550	7,620,000	917,988
2042-2043	- - -	- - -	965,000	50,925
Total	<u>\$ 7,115,000</u>	<u>\$ 2,833,991</u>	<u>\$ 32,650,000</u>	<u>\$ 14,546,009</u>

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$3,017,223.

d. *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, 2021, \$19,400,000 of bonds outstanding are considered defeased.

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, 2021, \$24,885,000 of bonds outstanding are considered defeased.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

e. *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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

f. *Changes in Long-Term Liabilities*

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
General and Parks and Recreation Fund:					
Direct placement installment purchasing obligations	\$ 7,824,696	\$ -	\$ 1,163,224	\$ 6,661,472	\$ 1,176,258
Compensated absences	2,592,373	1,304,163	1,118,171	2,778,365	1,861,505
Total pension liability (LEOSSA)	4,573,806	701,486	248,431	5,026,861	-
Net pension liability (LGERS)	7,290,212	2,225,295	-	9,515,507	-
Total OPEB liability	27,164,468	9,210,848	841,859	35,533,457	-
Limited obligation bonds	4,090,000	-	220,000	3,870,000	215,000
Less unamortized premiums	230,829	-	12,149	218,680	12,149
Total limited obligation bonds	<u>4,320,829</u>	<u>-</u>	<u>232,149</u>	<u>4,088,680</u>	<u>227,149</u>
Golf Course:					
Direct placement installment purchasing obligations	64,626	-	5,914	58,712	6,028
Compensated absences	43,701	23,212	30,268	36,645	24,552
Total OPEB liability	<u>98,379</u>	<u>33,358</u>	<u>3,049</u>	<u>128,688</u>	<u>-</u>
Downtown Monroe Fund:					
Direct placement installment purchasing obligations	20,229	-	1,851	18,378	1,887
Total	<u>20,229</u>	<u>-</u>	<u>1,851</u>	<u>18,378</u>	<u>1,887</u>
Monroe UC Economic Development Fund:					
Direct placement installment purchasing obligations	21,761	-	1,991	19,770	2,030
Total	<u>21,761</u>	<u>-</u>	<u>1,991</u>	<u>19,770</u>	<u>2,030</u>
Occupancy Tax Fund:					
Limited obligation bonds	3,360,000	-	115,000	3,245,000	120,000
Less unamortized premiums	160,084	-	8,426	151,658	8,426
Total limited obligation bonds	<u>3,520,084</u>	<u>-</u>	<u>123,426</u>	<u>3,396,658</u>	<u>128,426</u>
Total governmental activities	<u>\$ 57,535,164</u>	<u>\$ 13,498,362</u>	<u>\$ 3,770,333</u>	<u>\$ 67,263,193</u>	<u>\$ 3,427,835</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Balance</u>		<u>Balance</u>		<u>Current</u>
	<u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Portion of</u>
	<u>Business-Type Activities:</u>				<u>Balance</u>
Water and Sewer Fund:					
Compensated absences	\$ 340,623	\$ 229,029	\$ 211,603	\$ 358,049	\$ 239,893
Net pension liability (LGERS)	1,357,053	414,231	-	1,771,284	-
Total OPEB liability	5,084,238	1,723,949	157,567	6,650,620	-
Direct placement installment purchasing obligations	275,013	-	25,166	249,847	25,650
Revenue bonds	13,932,777	7,316,000	1,710,119	19,538,658	1,255,976
Plus bond premium	1,916,766	-	214,924	1,701,842	94,970
Total revenue bonds	<u>15,849,543</u>	<u>7,316,000</u>	<u>1,925,043</u>	<u>21,240,500</u>	<u>1,350,946</u>
Direct borrowing state revolving loans	6,735,446	-	6,735,446	-	-
Total Water and Sewer Fund	<u>\$ 29,366,903</u>	<u>\$ 9,683,209</u>	<u>\$ 9,054,825</u>	<u>\$ 30,270,300</u>	<u>\$ 1,616,489</u>
Electric Fund:					
Compensated absences	\$ 296,783	\$ 205,418	\$ 181,321	\$ 320,880	\$ 214,990
Net pension liability (LGERS)	589,108	179,823	-	768,931	-
Total OPEB liability	2,219,435	752,560	68,783	2,903,212	-
Direct placement installment purchasing obligations	243,298	-	22,264	221,034	22,692
Revenue bonds	13,237,347	-	779,296	12,458,051	818,438
Plus bond premium	2,116,393	-	162,798	1,953,595	162,799
Total revenue bonds	<u>15,353,740</u>	<u>-</u>	<u>942,094</u>	<u>14,411,646</u>	<u>981,237</u>
Total Electric Fund	<u>\$ 18,459,066</u>	<u>\$ 1,137,801</u>	<u>\$ 1,214,462</u>	<u>\$ 18,625,703</u>	<u>\$ 1,218,919</u>
Natural Gas Fund:					
Compensated absences	\$ 125,359	\$ 53,426	\$ 39,455	\$ 139,330	\$ 93,351
Total OPEB liability	1,125,458	381,617	34,879	1,472,196	-
Net pension liability (LGERS)	305,075	93,121	-	398,196	-
Direct placement installment purchasing obligations	163,572	-	14,968	148,604	15,256
Limited obligation bonds	33,760,000	-	1,110,000	32,650,000	1,160,000
Plus bond premium	2,792,254	-	145,369	2,646,885	145,369
Total limited obligation bonds	<u>36,552,254</u>	<u>-</u>	<u>1,255,369</u>	<u>35,296,885</u>	<u>1,305,369</u>
Revenue bonds	2,211,715	-	130,206	2,081,509	136,746
Plus bond premium	353,575	-	27,198	326,377	27,198
Total revenue bonds	<u>2,565,290</u>	<u>-</u>	<u>157,404</u>	<u>2,407,886</u>	<u>163,944</u>
Total Natural Gas Fund	<u>\$ 40,837,008</u>	<u>\$ 528,164</u>	<u>\$ 1,502,075</u>	<u>\$ 39,863,097</u>	<u>\$ 1,577,920</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Airport Fund:					
Compensated absences	\$ 37,217	\$ 27,575	\$ 15,155	\$ 49,637	\$ 33,257
Net pension liability (LGERS)	252,474	77,066	-	329,540	-
Total OPEB liability	940,508	318,904	29,147	1,230,265	-
Direct placement installment purchasing obligations	72,868	-	6,668	66,200	6,796
Revenue bonds	8,563,160	6,020,000	6,653,380	7,929,780	875,840
Plus bond premium	364,321	-	121,688	242,633	11,029
Total revenue bonds	<u>8,927,481</u>	<u>6,020,000</u>	<u>6,775,068</u>	<u>8,172,413</u>	<u>886,869</u>
Total Airport Fund	<u><u>\$ 10,157,680</u></u>	<u><u>\$ 6,443,545</u></u>	<u><u>\$ 6,826,038</u></u>	<u><u>\$ 9,848,055</u></u>	<u><u>\$ 926,922</u></u>
Aquatics and Fitness					
Center Fund:					
Compensated absences	\$ 99,373	\$ 55,364	\$ 31,485	\$ 123,252	\$ 82,579
Net pension liability (LGERS)	494,430	150,922	-	645,352	-
Total OPEB liability	1,853,464	628,467	57,441	2,424,490	-
Direct placement installment purchasing obligations	90,736	-	8,303	82,433	8,463
Total Aquatics and Fitness Center Fund	<u><u>\$ 2,538,003</u></u>	<u><u>\$ 834,753</u></u>	<u><u>\$ 97,229</u></u>	<u><u>\$ 3,275,527</u></u>	<u><u>\$ 91,042</u></u>
Stormwater Fund:					
Compensated absences	\$ 60,442	\$ 44,033	\$ 40,615	\$ 63,860	\$ 42,786
Net pension liability (LGERS)	220,916	67,432	-	288,348	-
Total OPEB liability	810,644	274,871	25,123	1,060,392	-
Direct placement installment purchasing obligations	407,118	-	109,521	297,597	113,685
Total Stormwater Fund	<u><u>\$ 1,499,120</u></u>	<u><u>\$ 386,336</u></u>	<u><u>\$ 175,259</u></u>	<u><u>\$ 1,710,197</u></u>	<u><u>\$ 156,471</u></u>
Solid Waste Fund:					
Compensated absences	\$ 13,235	\$ 12,753	\$ 8,546	\$ 17,442	\$ 11,686
Net pension liability (LGERS)	10,520	3,211	-	13,731	-
Total OPEB liability	55,092	18,680	1,707	72,065	-
Direct placement installment purchasing obligations	71,873	-	6,577	65,296	6,703
Total Solid Waste Fund	<u><u>\$ 150,720</u></u>	<u><u>\$ 34,644</u></u>	<u><u>\$ 16,830</u></u>	<u><u>\$ 168,534</u></u>	<u><u>\$ 18,389</u></u>

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

C. Interfund Balances and Activity

Interfund balances at June 30, 2021 consist of the following:

Due to	General Fund	Airport Fund	Total
Electric Fund	\$ 880,606	\$ 727,837	\$ 1,608,443

The balance of \$880,606 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 \$193,040 and the balance of \$687,566 is not scheduled to be collected in the subsequent year.

The balance of \$727,837 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 \$39,595 and the balance of \$688,242 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 \$(14,956).

Balances due to/from component units at June 30, 2021 consist of the following:

Due to the Primary Government:

Monroe Tourism Development Authority \$ 18,622

Monroe ABC Board \$ 89,722

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Transfers to/from other funds for the year ended June 30, 2021 consist of the following:

From the General Fund to the Airport Fund for Airport subsidy and Quonset Hangar	\$ 1,484,656
From the Downtown Monroe Fund to the General Fund for repayment of Downtown Pioneer loans	581,887
From the General Fund to the Monroe-Union County Economic Development Special Revenue Fund for county-wide economic development	315,000
From the Property and Casualty Fund to the General Fund for ERP system additions	12,300
From the Airport Capital Project Fund to the General Fund to close projects	309,437
From the General Fund to the Airport Capital Project Fund to close projects	148,694
From the Capital Projects Fund to the General Fund to close projects	35,300
From the Electric Fund to the General Fund for payment in lieu of taxes	542,752
From the Natural Gas Fund to the General Fund for payment in lieu of taxes	194,546
From the General Fund to the Downtown Monroe Fund for downtown subsidy	199,486
From the General Fund to the Capital Projects Fund for various projects	3,576,472
From the Aquatics and Fitness Center Fund to the Capital Projects Fund for ERP system additions	93,955
From the Occupancy Tax Capital Project Fund to the Capital Projects Fund for ERP system additions	3,220
From the Downtown Monroe Fund to the Capital Projects Fund for ERP system additions and Parklet project	61,729
From the Monroe-Union County Economic Development Special Revenue Fund to the Capital Projects Fund for ERP system additions	22,400
From the Water and Sewer Fund to the Capital Projects Fund for the Operations Center Paving Project and ERP system additions	445,182
From the Airport Fund to the Capital Projects Fund for ERP system additions	72,868
From the Solid Waste Fund to the Capital Projects Fund for ERP system additions	80,565
From the Worker's Compensation Fund to the Capital Projects Fund for ERP system additions	76
From the Property and Casualty Fund to the Capital Projects Fund for ERP system additions	72
From the Health and Dental Fund to the Capital Projects Fund for ERP system additions	148
From the Electric Fund to the Capital Projects Fund for the Operations Center Paving Project and ERP system additions	398,069
From the Stormwater Fund to the Capital Projects Fund for ERP system additions	104,542
From the Natural Gas Fund to the Capital Projects Fund for ERP system additions	199,411

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

V. 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, 2021 were \$30,310,442.

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 \$8,479 to the Council during the fiscal year ended June 30, 2021.

VI. Joint Venture

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

VII. 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

VIII. Related Party Transactions

The City and its discretely presented component units engaged in the following transactions during the year ended June 30, 2021:

City of Monroe ABC Board:

Payments to the City for profit distributions	\$ 274,484
Payments to the City for law enforcement	<u>78,375</u>
Total	<u><u>\$ 352,859</u></u>

Monroe Tourism Development Authority:

Payments of a pro-rata portion of the occupancy tax by the City to the Authority	\$ <u>492,636</u>
Payment by the Authority to the City for the Occupancy Tax Project	<u><u>\$ 164,212</u></u>

IX. 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	\$ 38,644,926
Less:	
Inventories	270,087
Prepays	178,728
Stabilization by state statute	5,615,860
Public safety	774,586
Culture and recreation	1,096,868
Powell Bill reserves	1,147,750
Minimum fund balance requirement	11,657,732
Airport grant acceptance	300,395
Downtown projects	3,000,000
Subsequent year's expenditures	<u>3,419,857</u>
Remaining fund balance	<u><u>\$ 11,183,063</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

X. 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.

XI. Summary Disclosure of Significant Commitments and Contingencies

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

XII. Significant Effects of Subsequent Events

On August 10, 2021, the City closed on 2021 LOBs for the Police Headquarters and Senior Center Renovations totaling \$16,372,861.

The City of Monroe was awarded \$11,326,507 from the Federal American Rescue Plan (ARP). Subsequent to year end the City of Monroe received \$5,663,254. The remaining amount of \$5,663,253 is expected to be received within the next 12 months.

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

CITY OF MONROE, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Beginning balance	\$ 4,573,806	\$ 4,156,173	\$ 4,075,929	\$ 3,592,717	\$ 3,520,979
Service cost	161,500	156,038	162,022	140,123	144,779
Interest on the total pension liability	145,057	147,776	126,067	135,710	123,698
Differences between expected and actual experience in the measurement of the total pension liability	-	182,471	116,892	134,370	-
Changes of assumptions or other inputs	394,929	124,119	(151,784)	226,817	(84,642)
Benefit payments	(248,431)	(192,771)	(172,953)	(153,808)	(112,097)
Ending balance of the total pension liability	<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
PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS***

Law Enforcement Officers' Special Separation Allowance					
	2021	2020	2019	2018	2017
Total pension liability	\$ 5,026,861	\$ 4,573,806	\$ 4,156,173	\$ 4,075,929	3,592,717
Covered- employee payroll	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	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 FOUR FISCAL YEARS*

Other Post-Employment Benefits				
	2021	2020	2019	2018
Service cost	\$ 1,732,600	\$ 1,674,010	\$ 1,785,472	\$ 2,039,080
Interest	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	-	(2,651,754)	(115,643)	(201,752)
Changes of assumptions or other inputs	10,254,689	(330,383)	(2,557,585)	(4,544,221)
Benefit payments	<u>(1,219,557)</u>	<u>(564,944)</u>	<u>(585,371)</u>	<u>(455,985)</u>
Net change in total OPEB liability	12,123,699	(2,347,176)	989	(1,858,639)
Total OPEB liability - beginning	<u>39,351,686</u>	<u>41,698,862</u>	<u>41,697,873</u>	<u>43,556,512</u>
Total OPEB liability - ending	<u><u>\$ 51,475,385</u></u>	<u><u>\$ 39,351,686</u></u>	<u><u>\$ 41,698,862</u></u>	<u><u>\$ 41,697,873</u></u>
 Covered-employee payroll	 \$ 25,494,320	 \$ 25,494,320	 \$ 22,116,108	 \$ 22,116,108
Total OPEB liability as a percentage of covered employee payroll	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
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.

CITY OF MONROE, NORTH CAROLINA

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

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Monroe's proportion of the net pension liability (asset) (%)	0.38425%	0.38521%	0.38665%	0.38737%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 13,730,889	\$ 10,519,788	\$ 9,172,662	\$ 5,917,943
Monroe's covered payroll	\$ 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	50.01%	39.83%	36.79%	24.66%
Plan fiduciary net position as a percentage of the total pension liability**	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 EIGHT FISCAL YEARS***

Local Government 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 EIGHT FISCAL YEARS**

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 2,913,676	\$ 2,512,465	\$ 2,100,061	\$ 1,920,739
Contributions in relation to the contractually required contribution	<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>			
Monroe's covered payroll	\$ 28,187,749	\$ 27,454,853	\$ 26,409,947	\$ 24,933,732
Contributions as a percentage of covered payroll	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 EIGHT FISCAL YEARS**

Local Government 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)	\$ -	\$ -	\$ -	\$ -
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%

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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 22,658,142	\$ 23,681,878	\$ 1,023,736
Penalties and interest	122,504	97,525	(24,979)
Total	<u>22,780,646</u>	<u>23,779,403</u>	<u>998,757</u>
Other Taxes and Licenses:			
Beer and wine and taxicab licenses	2,325	2,194	(131)
Gross receipts tax on short-term rental property	112,050	115,082	3,032
Motor vehicle tax	833,700	883,770	50,070
Total	<u>948,075</u>	<u>1,001,046</u>	<u>52,971</u>
Unrestricted Intergovernmental:			
Sales and use tax	6,848,883	9,424,718	2,575,835
Telecommunications sales tax	239,890	231,170	(8,720)
Utility sales tax	3,017,971	2,929,791	(88,180)
Video franchise fee	200,758	192,110	(8,648)
Beer and wine tax	151,360	147,983	(3,377)
State fire fees	2,656	2,534	(122)
ABC profit distribution	218,000	274,484	56,484
Total	<u>10,679,518</u>	<u>13,202,790</u>	<u>2,523,272</u>
Restricted Intergovernmental:			
Powell Bill allocation	943,272	907,880	(35,392)
Public safety reimbursement grants	66,611	68,005	1,394
ABC Revenue for law enforcement	75,614	78,375	2,761
Resource officer reimbursement	250,921	276,630	25,709
Fire reimbursement grants	43,650	49,088	5,438
FEMA reimbursement grants	-	(34,711)	(34,711)
Economic development grants	50,000	-	(50,000)
Equitable sharing of federally forfeited property	4,036	25,770	21,734
CARES funding	209,787	1,028,075	818,288
Campus safety officer reimbursement	120,673	119,026	(1,647)
Total	<u>1,764,564</u>	<u>2,518,138</u>	<u>753,574</u>
Sales and Services:			
Recreational fees	1,010,720	1,226,437	215,717
Utilities collection fees	428,052	341,560	(86,492)
Building permit fees	379,154	837,646	458,492
Cemetery revenues	59,390	93,200	33,810
Sale of fixed assets	124,640	44,777	(79,863)
Rentals	102,778	49,384	(53,394)
Center Theatre sales and fees	119,401	(340)	(119,741)
Other fees	304,955	428,207	123,252
Total	<u>2,529,090</u>	<u>3,020,871</u>	<u>491,781</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Investment Earnings	<u>678,166</u>	<u>47,697</u>	<u>(630,469)</u>
Miscellaneous:			
Payment in lieu of taxes - Monroe Housing Authority	21,200	-	(21,200)
Donations	395,955	586,345	190,390
Other	439,134	137,021	(302,113)
Total	<u>856,289</u>	<u>723,366</u>	<u>(132,923)</u>
Total revenues	<u>40,236,348</u>	<u>44,293,311</u>	<u>4,056,963</u>
Expenditures:			
Current:			
General Government:			
Salaries and employee benefits	7,755,477	7,416,843	338,634
Operating expenditures	5,234,944	3,885,191	1,349,753
Capital outlay	819,817	640,073	179,744
Interdepartmental charges	(6,112,238)	(6,145,465)	33,227
Total general government	<u>7,698,000</u>	<u>5,796,642</u>	<u>1,901,358</u>
Transportation:			
Streets and highways			
Salaries and employee benefits	1,330,930	1,287,142	43,788
Operating expenditures	1,676,390	1,285,398	390,992
Capital outlay	2,238,521	2,037,080	201,441
Interdepartmental charges	(361,805)	(567,734)	205,929
Total transportation	<u>4,884,036</u>	<u>4,041,886</u>	<u>842,150</u>
Public Safety:			
Salaries and employee benefits	19,179,988	18,291,902	888,086
Operating expenditures	3,210,937	2,410,495	800,442
Capital outlay	1,519,254	1,253,990	265,264
Total public safety	<u>23,910,179</u>	<u>21,956,387</u>	<u>1,953,792</u>
Culture and Recreation:			
Salaries and employee benefits	3,280,000	2,609,954	670,046
Operating expenditures	1,898,919	1,069,027	829,892
Capital outlay	540,784	478,325	62,459
Interdepartmental charges	(111,701)	(111,701)	-
Total culture and recreation	<u>5,608,002</u>	<u>4,045,605</u>	<u>1,562,397</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, 2021**

	Budget	Actual	Variance Over/Under
Debt Service:			
Principal retirement	1,588,465	1,389,138	199,327
Interest and other charges	436,985	385,129	51,856
Total	2,025,450	1,774,267	251,183
 Total expenditures	 44,125,667	 37,614,787	 6,510,880
 Revenues over (under) expenditures	 (3,889,319)	 6,678,524	 10,567,843
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Special revenue funds:			
Monroe Union County Economic Development Fund	(315,000)	(315,000)	-
Downtown Monroe Fund	82,265	581,887	499,622
Downtown Monroe Fund	(248,669)	(199,486)	49,183
Capital projects funds:			
Capital projects	(3,576,472)	(3,576,472)	-
Capital projects	35,300	35,300	-
Self Insured Property And Casualty Fund	12,300	12,300	-
Airport Capital Projects Fund	309,437	309,437	-
Airport Capital Projects Fund	(148,694)	(148,694)	-
Airport Fund	(1,849,028)	(1,484,656)	364,372
Natural Gas Fund	190,000	194,546	4,546
Electric Fund	550,000	542,752	(7,248)
Total other financing sources (uses)	(4,958,561)	(4,048,086)	910,475
 Appropriated fund balance	 8,847,880	 -	 (8,847,880)
 Net change in fund balance	 \$ -	 2,630,438	 \$ 2,630,438
 Fund Balance:			
Beginning of year, July 1			<u>36,014,488</u>
End of year, June 30		<u>\$ 38,644,926</u>	



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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, 2021

	Special Revenue Funds				
	Community Development	Monroe Union			
		Downtown Monroe	Economic Development	Total	
Assets:					
Cash and cash equivalents	\$ 56,562	\$ 88,657	\$ 512,119	\$ 657,338	
Taxes receivable	-	1,853	-	1,853	
Accounts receivable	-	465,000	250	465,250	
Due from other governments	-	436	-	436	
Due from component unit	-	-	-	-	
Cash and cash equivalents - restricted	-	-	-	-	
Total assets	<u>\$ 56,562</u>	<u>\$ 555,946</u>	<u>\$ 512,369</u>	<u>\$ 1,124,877</u>	
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 4,240	\$ 37,099	\$ 41,339	
Liabilities to be paid from restricted assets	-	-	-	-	
Total liabilities	<u>-</u>	<u>4,240</u>	<u>37,099</u>	<u>41,339</u>	
Deferred Inflows of Resources					
	<u>-</u>	<u>1,853</u>	<u>-</u>	<u>1,853</u>	
Fund Balances:					
Non-spendable:					
Restricted:					
Stabilization by state statute	-	570,283	25,750	596,033	
General government	-	-	-	-	
Transportation	-	-	-	-	
Occupancy tax capital projects	-	-	-	-	
Economic development	-	-	449,520	449,520	
Capital projects	-	-	-	-	
Committed:					
Culture and recreation	-	-	-	-	
Capital projects	-	-	-	-	
Assigned	56,562	-	-	56,562	
Unassigned	-	(20,430)	-	(20,430)	
Total fund balances	<u>56,562</u>	<u>549,853</u>	<u>475,270</u>	<u>1,081,685</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 555,946</u>	<u>\$ 512,369</u>	<u>\$ 1,124,877</u>	

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Capital Project Funds				Total	
	Capital Projects	Occupancy	Governmental	Total	Nonmajor Governmental Funds	
		Tax Projects	Capital Reserve			
Assets:						
Cash and cash equivalents	\$ 5,584,257	\$ 794,305	\$ 217,746	\$ 6,596,308	\$ 7,253,646	
Taxes receivable	-	-	-	-	-	1,853
Accounts receivable	-	-	-	-	-	465,250
Due from other governments	413,080	-	-	413,080	413,080	413,516
Due from component unit	-	18,622	-	18,622	18,622	
Cash and cash equivalents - restricted	1,600,284	-	-	1,600,284	1,600,284	
Total assets	<u>\$ 7,597,621</u>	<u>\$ 812,927</u>	<u>\$ 217,746</u>	<u>\$ 8,628,294</u>	<u>\$ 9,753,171</u>	
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 463,971	\$ 104,614	\$ -	\$ 568,585	\$ 609,924	
Liabilities to be paid from restricted assets	100,781	-	-	100,781	100,781	
Total liabilities	<u>\$ 564,752</u>	<u>\$ 104,614</u>	<u>\$ -</u>	<u>\$ 669,366</u>	<u>\$ 710,705</u>	
Deferred Inflows of Resources						
	-	-	-	-	-	1,853
Fund Balances:						
Non-spendable:						
Restricted:						
Stabilization by state statute	2,723,385	135,174	-	2,858,559	3,454,592	
General government	561,106	-	-	561,106	561,106	
Transportation	1,039,178	-	-	1,039,178	1,039,178	
Occupancy tax capital projects	-	573,139	-	573,139	573,139	
Economic development	-	-	-	-	449,520	
Capital projects	1,600,284	-	-	1,600,284	1,600,284	
Committed:						
Culture and recreation	-	-	217,746	217,746	217,746	
Capital projects	1,108,916	-	-	1,108,916	1,108,916	
Assigned	-	-	-	-	56,562	
Unassigned	-	-	-	-	(20,430)	
Total fund balances	<u>\$ 7,032,869</u>	<u>\$ 708,313</u>	<u>\$ 217,746</u>	<u>\$ 7,958,928</u>	<u>\$ 9,040,613</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,597,621</u>	<u>\$ 812,927</u>	<u>\$ 217,746</u>	<u>\$ 8,628,294</u>	<u>\$ 9,753,171</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, 2021

	Special Revenue Funds			
	Community Development	Downtown Monroe	Monroe Union Economic Development	Total
	\$	\$	\$	\$
Revenues:				
Ad valorem taxes	-	60,515	-	60,515
Restricted intergovernmental	-	-	420,000	420,000
Donation	-	-	-	-
Miscellaneous	-	575,032	-	575,032
Investment earnings	-	-	(2,851)	(2,851)
Total revenues	-	635,547	417,149	1,052,696
Expenditures:				
Current:				
Economic and physical development:				
Administration	-	145,697	665,787	811,484
Tourism	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	1,851	1,991	3,842
Interest	-	424	456	880
Total expenditures	-	147,972	668,234	816,206
Revenues over (under) expenditures	-	487,575	(251,085)	236,490
Other Financing Sources (Uses):				
Transfers from other funds	-	199,486	315,000	514,486
Transfers to other funds	-	(643,616)	(22,400)	(666,016)
Total other financing sources (uses)	-	(444,130)	292,600	(151,530)
Net change in fund balances	-	43,445	41,515	84,960
Fund Balances:				
Beginning of year, July 1	56,562	506,408	433,755	996,725
End of year, June 30	\$ 56,562	\$ 549,853	\$ 475,270	\$ 1,081,685

CITY OF MONROE, NORTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Project Funds				Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects	Governmental Capital Reserve	Total	
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 60,515
Restricted intergovernmental	541,836	164,212	-	706,048	1,126,048
Donation	-	319,583	-	319,583	319,583
Miscellaneous	-	-	-	-	575,032
Investment earnings	-	(4,120)	(1,169)	(5,289)	(8,140)
Total revenues	<u>541,836</u>	<u>479,675</u>	<u>(1,169)</u>	<u>1,020,342</u>	<u>2,073,038</u>
Expenditures:					
Current:					
Economic and physical development:					
Administration	-	-	-	-	811,484
Tourism	-	286,180	-	286,180	286,180
Capital outlay	3,455,795	-	-	3,455,795	3,455,795
Debt service:					
Principal	-	115,000	-	115,000	118,842
Interest	-	139,108	-	139,108	139,988
Total expenditures	<u>3,455,795</u>	<u>540,288</u>	<u>-</u>	<u>3,996,083</u>	<u>4,812,289</u>
Revenues over (under) expenditures	<u>(2,913,959)</u>	<u>(60,613)</u>	<u>(1,169)</u>	<u>(2,975,741)</u>	<u>(2,739,251)</u>
Other Financing Sources (Uses):					
Transfers from other funds	5,058,709	-	-	5,058,709	5,573,195
Transfers to other funds	(35,300)	(3,220)	-	(38,520)	(704,536)
Total other financing sources (uses)	<u>5,023,409</u>	<u>(3,220)</u>	<u>-</u>	<u>5,020,189</u>	<u>4,868,659</u>
Net change in fund balances	2,109,450	(63,833)	(1,169)	2,044,448	2,129,408
Fund Balances:					
Beginning of year, July 1	4,923,419	772,146	218,915	5,914,480	6,911,205
End of year, June 30	<u>\$ 7,032,869</u>	<u>\$ 708,313</u>	<u>\$ 217,746</u>	<u>\$ 7,958,928</u>	<u>\$ 9,040,613</u>

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, 2021

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

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND DOWNTOWN MONROE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 55,928	\$ 60,515	\$ 4,587
Miscellaneous	82,265	575,032	492,767
Total	138,193	635,547	497,354
Expenditures:			
Current:			
Economic and physical development:			
Administration	721,429	145,697	575,732
Total	721,429	145,697	575,732
Debt service:			
Principal retirement	1,963	1,851	112
Interest and other charges	995	424	571
Total	2,958	2,275	683
Total expenditures	724,387	147,972	576,415
Revenues over (under) expenditures	(586,194)	487,575	1,073,769
Other Financing Sources (Uses)			
Transfers from (to) other funds:			
General Fund	(82,265)	(581,887)	(499,622)
General Fund	248,669	199,486	(49,183)
Capital Projects Fund	(61,729)	(61,729)	-
Total other financing sources (uses)	104,675	(444,130)	(548,805)
Appropriated fund balance	481,519	-	(481,519)
Net change in fund balance	\$ -	43,445	\$ 43,445
Fund Balance:			
Beginning of year, July 1			506,408
End of year, June 30			\$ 549,853

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, 2021

	Budget	Actual	Variance Over/Under
Revenues:			
Interlocal agreement	\$ 420,000	\$ 420,000	\$ -
Investment earnings	7,580	(2,851)	(10,431)
Total	<u>427,580</u>	<u>417,149</u>	<u>(10,431)</u>
Expenditures:			
Current:			
Economic and physical development:			
Administration	797,765	665,787	131,978
Total	<u>797,765</u>	<u>665,787</u>	<u>131,978</u>
Debt service:			
Principal retirement	3,168	1,991	1,177
Interest and other charges	1,325	456	869
Total	<u>4,493</u>	<u>2,447</u>	<u>2,046</u>
Total expenditures	<u>802,258</u>	<u>668,234</u>	<u>134,024</u>
Revenues over (under) expenditures	<u>(374,678)</u>	<u>(251,085)</u>	<u>123,593</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Capital Projects Fund	(22,400)	(22,400)	-
General Fund	315,000	315,000	-
Total other financing sources (uses)	<u>292,600</u>	<u>292,600</u>	<u>-</u>
Appropriated fund balance	<u>82,078</u>	<u>-</u>	<u>(82,078)</u>
Net change in fund balance	<u>\$ -</u>	<u>41,515</u>	<u>\$ 41,515</u>
Fund Balance:			
Beginning of year, July 1			<u>433,755</u>
End of year, June 30		<u>\$ 475,270</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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenue	\$ 10,400,000	\$ _____ -	\$ _____ -	\$ _____ -	\$ (10,400,000)
Total revenues	<u>10,400,000</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>(10,400,000)</u>
Expenditures:					
Current:					
Project costs	10,400,000	_____ -	_____ -	_____ -	10,400,000
Total expenditures	<u>10,400,000</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>10,400,000</u>
Net change in fund balance	\$ _____ -	\$ _____ -	_____ -	\$ _____ -	\$ _____ -
Fund Balance:					
Beginning of year, July 1				_____ -	
End of year, June 30				\$ _____ -	

CITY OF MONROE, NORTH CAROLINA

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, 2021

	Project Authorization	Actual				Variance Over/Under
		Prior Years	Current Year	Total to Date		
Revenues:						
Restricted intergovernmental	\$ 1,456,000	\$ 488,383	\$ 541,836	\$ 1,030,219	\$ (425,781)	
Miscellaneous	-	3,253	-	3,253	3,253	
Investment earnings	90,085	173,383	-	173,383	83,298	
Total revenues	<u>1,546,085</u>	<u>665,019</u>	<u>541,836</u>	<u>1,206,855</u>	<u>(339,230)</u>	
Expenditures:						
Capital outlay:						
Construction costs capitalized	12,457,829	12,084,848	279,605	12,364,453	93,376	
Construction in progress	27,999,331	3,699,791	3,176,190	6,875,981	21,123,350	
Other costs	3,320	3,320	-	3,320	-	
Total expenditures	<u>40,460,480</u>	<u>15,787,959</u>	<u>3,455,795</u>	<u>19,243,754</u>	<u>21,216,726</u>	
Revenues over (under) expenditures	<u>(38,914,395)</u>	<u>(15,122,940)</u>	<u>(2,913,959)</u>	<u>(18,036,899)</u>	<u>20,877,496</u>	
Other Financing Sources (Uses):						
Transfers from (to) other funds:						
Natural Gas Fund	199,411	-	199,411	199,411	-	
To General Fund	(35,300)	-	(35,300)	(35,300)	-	
From General Fund	12,398,759	9,106,934	3,291,825	12,398,759	-	
Parks and Recreation Fund (General Fund)	543,756	259,109	284,647	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	100,000	93,955	193,955	-	
Governmental Capital Reserve Fund	400,000	400,000	-	400,000	-	
Stormwater Fund	131,717	27,175	104,542	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	486,258	41,076	445,182	486,258	-	
Electric Fund	439,145	41,076	398,069	439,145	-	
Limited obligation bonds issued	18,313,057	4,451,957	-	4,451,957	(13,861,100)	
Installment purchase obligations issued	5,602,559	5,619,032	-	5,619,032	16,473	
Total other financing sources (uses)	<u>38,914,395</u>	<u>20,046,359</u>	<u>5,023,409</u>	<u>25,069,768</u>	<u>(13,844,627)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,923,419</u>	<u>2,109,450</u>	<u>\$ 7,032,869</u>	<u>\$ 7,032,869</u>	
Fund Balance:						
Beginning of year, July 1				4,923,419		
End of year, June 30				<u>\$ 7,032,869</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, 2021

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 2,441,974	\$ 2,313,490	\$ 164,212	\$ 2,477,702	\$ 35,728
Donation	418,760	100,000	319,583	419,583	823
Investment earnings	29,166	186,139	(4,120)	182,019	152,853
Total revenues	<u>2,889,900</u>	<u>2,599,629</u>	<u>479,675</u>	<u>3,079,304</u>	<u>189,404</u>
Expenditures:					
Current:					
Construction costs capitalized	4,944,769	4,918,539	(21,324)	4,897,215	47,554
Construction in progress	741,760	113,279	307,504	420,783	320,977
Total expenditures	<u>5,686,529</u>	<u>5,031,818</u>	<u>286,180</u>	<u>5,317,998</u>	<u>368,531</u>
Debt service:					
Principal retirement	371,622	115,000	115,000	230,000	141,622
Interest and other charges	479,055	332,600	139,108	471,708	7,347
Total	<u>850,677</u>	<u>447,600</u>	<u>254,108</u>	<u>701,708</u>	<u>148,969</u>
Revenues over (under) expenditures	<u>(3,647,306)</u>	<u>(2,879,789)</u>	<u>(60,613)</u>	<u>(2,940,402)</u>	<u>706,904</u>
Other Financing Sources (Uses):					
Transfer to General Capital Project Fund	(3,220)	-	(3,220)	(3,220)	-
Proceeds from Limited Obligation Bonds	<u>3,650,526</u>	<u>3,651,935</u>	<u>-</u>	<u>3,651,935</u>	<u>1,409</u>
Total	<u>3,647,306</u>	<u>3,651,935</u>	<u>(3,220)</u>	<u>3,648,715</u>	<u>1,409</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 772,146</u>	<u>(63,833)</u>	<u>\$ 708,313</u>	<u>\$ 708,313</u>
Fund Balance:					
Beginning of year, July 1				772,146	
End of year, June 30				<u>\$ 708,313</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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Investment earnings	\$ 3,763	\$ (1,169)	\$ (4,932)
Total revenues	<u>3,763</u>	<u>(1,169)</u>	<u>(4,932)</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	\$ -	\$ (1,169)	\$ (1,169)
Fund Balance:			
Beginning of year, July 1		<u>218,915</u>	
End of year, June 30	<u>\$ 217,746</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 7,371,469	\$ 7,656,953	\$ 285,484
Sewer charges	8,964,313	9,081,638	117,325
Water and sewer taps	77,603	109,120	31,517
Capacity fees	1,728,555	1,756,316	27,761
County waste water charges	625,000	445,200	(179,800)
Total	18,766,940	19,049,227	282,287
Other operating revenues	<u>263,147</u>	<u>386,714</u>	<u>123,567</u>
Total operating revenues	<u>19,030,087</u>	<u>19,435,941</u>	<u>405,854</u>
Non-operating revenues:			
Other non-operating revenues	2,352	198,026	195,674
Investment earnings	<u>705,215</u>	<u>(173,994)</u>	<u>(879,209)</u>
Total non-operating revenues	<u>707,567</u>	<u>24,032</u>	<u>(683,535)</u>
Total revenues	<u>19,737,654</u>	<u>19,459,973</u>	<u>(277,681)</u>
Other Financing Sources (Uses):			
Bond refunding proceeds	7,337,540	7,316,000	(21,540)
Water & Sewer Capital Project Fund	718,728	718,727	(1)
Total other financing sources (uses)	<u>8,056,268</u>	<u>8,034,727</u>	<u>(21,541)</u>
Appropriated fund balance	<u>3,790,694</u>	<u>-</u>	<u>(3,790,694)</u>
Total revenues and other financing sources (uses)	<u>\$ 31,584,616</u>	<u>\$ 27,494,700</u>	<u>\$ (4,089,916)</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, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Expenditures:			
Distribution system:			
Salaries and employee benefits	\$ 2,983,939	\$ 2,891,693	\$ 92,246
Repairs and maintenance	2,130,042	1,375,468	754,574
Operating expenditures	<u>3,058,786</u>	<u>2,930,686</u>	<u>128,100</u>
Total	<u>8,172,767</u>	<u>7,197,847</u>	<u>974,920</u>
Water filter plant:			
Salaries and employee benefits	946,505	865,888	80,617
Operating expenditures	<u>3,142,720</u>	<u>2,702,748</u>	<u>439,972</u>
Total	<u>4,089,225</u>	<u>3,568,636</u>	<u>520,589</u>
Waste treatment plant:			
Salaries and employee benefits	1,221,739	1,130,377	91,362
Operating expenditures	<u>2,095,172</u>	<u>1,792,025</u>	<u>303,147</u>
Total	<u>3,316,911</u>	<u>2,922,402</u>	<u>394,509</u>
Debt service:			
Principal retirement	1,200,113	1,195,285	4,828
Interest and other charges	<u>850,747</u>	<u>793,164</u>	<u>57,583</u>
Total	<u>2,050,860</u>	<u>1,988,449</u>	<u>62,411</u>
Capital outlay	<u>2,501,813</u>	<u>1,264,741</u>	<u>1,237,072</u>
Total expenditures	<u>20,131,576</u>	<u>16,942,075</u>	<u>3,189,501</u>
Other Financing Sources (Uses):			
Payment to refunded bond escrow agent	(7,291,977)	(7,275,446)	16,531
Transfers:			
Capital Reserve Fund	(3,359,573)	(4,343,989)	(984,416)
Capital Projects Fund	(445,182)	(445,182)	-
Water and Sewer Capital Projects Fund	<u>(356,308)</u>	<u>(356,308)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,453,040)</u>	<u>(12,420,925)</u>	<u>(967,885)</u>
Total expenditures and other financing sources (uses)	<u>\$ 31,584,616</u>	<u>\$ 29,363,000</u>	<u>\$ 2,221,616</u>

CITY OF MONROE, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDELO OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

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

Total revenues and other financing sources (uses)	\$ 27,494,700
Total expenditures and other financing sources (uses)	<u>29,363,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,868,300)</u>
Reconciling items:	
Debt principal	1,195,285
Proceeds from issuance of long-term debt	(7,316,000)
Retirement of bond debt	7,275,446
Net revenue from capital reserve consolidation	(71,464)
Net revenue from capital projects consolidation	43,482
Capital outlay	1,264,741
Capital items not charged to capital outlay	7,198,487
Disposal of capital asset	(3,477)
Project transfers - intrafund	3,981,570
Change in compensated absences	(17,426)
Change in OPEB liability	(1,566,382)
Change in deferred outflows of resources - OPEB	1,245,909
Change in deferred inflows of resources - OPEB	164,088
Change in deferred outflows of resources - pensions	175,931
Increase in net pension liability	(414,231)
Change in deferred inflows of resources - pensions	8,234
Depreciation and amortization	<u>(3,434,902)</u>
Total reconciling items	<u>9,729,291</u>
Change in net position	\$ 7,860,991

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, 2021**

	Budget	Actual	Variance Over/Under
Revenues:			
Investment earnings	\$ -	\$ (71,464)	\$ 71,464
Total revenues	<u>-</u>	<u>(71,464)</u>	<u>71,464</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Water and Sewer Fund	3,359,573	4,343,989	984,416
Water and Sewer Capital Projects Fund	<u>(3,359,573)</u>	<u>(3,315,855)</u>	<u>43,718</u>
Total other financing sources (uses)	<u>-</u>	<u>1,028,134</u>	<u>1,028,134</u>
Net change in fund balance	<u>\$ -</u>	<u>956,670</u>	<u>\$ 956,670</u>
Fund Balance:			
Beginning of year, July 1		<u>15,372,882</u>	
End of year, June 30		<u>\$ 16,329,552</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, 2021**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 389,502	\$ 532,779	\$ 43,249	\$ 576,028	\$ 186,526
Investment earnings	156,659	189,416	233	189,649	32,990
Miscellaneous	-	43	-	43	43
Total revenues	<u>546,161</u>	<u>722,238</u>	<u>43,482</u>	<u>765,720</u>	<u>219,559</u>
Expenditures:					
Construction costs capitalized	12,724,487	12,731,955	10,446	12,742,401	(17,914)
Construction in progress	13,022,514	766,847	231,295	998,142	12,024,372
Other costs	163,919	163,919	-	163,919	-
Total expenditures	<u>25,910,920</u>	<u>13,662,721</u>	<u>241,741</u>	<u>13,904,462</u>	<u>12,006,458</u>
Revenues over (under) expenditures	<u>(25,364,759)</u>	<u>(12,940,483)</u>	<u>(198,259)</u>	<u>(13,138,742)</u>	<u>12,226,017</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Water and Sewer Fund	(2,330,728)	(1,612,000)	(718,728)	(2,330,728)	-
From Water and Sewer Fund	13,874,312	13,518,004	356,308	13,874,312	-
From Water and Sewer Capital Reserve	5,115,855	1,800,000	3,315,855	5,115,855	-
Proceeds from revenue bonds	<u>8,705,320</u>	<u>8,705,320</u>	<u>-</u>	<u>8,705,320</u>	<u>-</u>
Total other financing sources (uses)	<u>25,364,759</u>	<u>22,411,324</u>	<u>2,953,435</u>	<u>25,364,759</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 9,470,841</u>	<u>\$ 2,755,176</u>	<u>\$ 12,226,017</u>	<u>\$ 12,226,017</u>

CITY OF MONROE, NORTH CAROLINA**ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 61,151,812	\$ 53,863,059	\$ (7,288,753)
Sales tax	4,280,627	2,355,166	(1,925,461)
Total	65,432,439	56,218,225	(9,214,214)
Other operating revenues	323,540	342,518	18,978
Total operating revenues	65,755,979	56,560,743	(9,195,236)
Non-operating revenues:			
Other non-operating revenues	30,000	227,550	197,550
Investment earnings	489,170	(371,040)	(860,210)
Total non-operating revenues	519,170	(143,490)	(662,660)
Total revenues	66,275,149	56,417,253	(9,857,896)
Interest income from other funds:			
General Fund	44,486	32,429	(12,057)
Airport Fund	23,861	21,764	(2,097)
Total	68,347	54,193	(14,154)
Total revenues	66,343,496	56,471,446	(9,872,050)
Other Financing Sources (Uses):			
Appropriated fund balance	743,890	-	(743,890)
Transfers from other funds:			
From Electric Capital Projects Fund	1,042,390	1,042,390	-
Total other financing sources (uses)	1,786,280	1,042,390	(743,890)
Total revenues and other financing sources (uses)	\$ 68,129,776	\$ 57,513,836	\$ (10,615,940)

CITY OF MONROE, NORTH CAROLINA**ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 4,380,182	\$ 3,925,162	\$ 455,020
Operating expenditures	<u>5,380,586</u>	<u>3,539,810</u>	<u>1,840,776</u>
Total	<u>9,760,768</u>	<u>7,464,972</u>	<u>2,295,796</u>
Electric power purchases	<u>50,659,962</u>	<u>45,725,211</u>	<u>4,934,751</u>
Debt service:			
Principal retirement	801,727	801,560	167
Interest and other charges	<u>598,461</u>	<u>640,367</u>	<u>(41,906)</u>
Total	<u>1,400,188</u>	<u>1,441,927</u>	<u>(41,739)</u>
Capital outlay	<u>949,535</u>	<u>408,207</u>	<u>541,328</u>
Contingency	<u>2,586,254</u>	<u>-</u>	<u>2,586,254</u>
Total expenditures	<u>65,356,707</u>	<u>55,040,317</u>	<u>10,316,390</u>
Other Financing Sources (Uses):			
Transfers (to) other funds:			
To Electric Capital Projects Fund	(1,825,000)	(1,825,000)	-
General Fund	(550,000)	(542,752)	7,248
Capital projects	<u>(398,069)</u>	<u>(398,069)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,773,069)</u>	<u>(2,765,821)</u>	<u>7,248</u>
Total expenditures and other financing sources (uses)	<u>\$ 68,129,776</u>	<u>\$ 57,806,138</u>	<u>\$ 10,323,638</u>

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

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

Total revenues and other financing sources (uses)	\$ 57,513,836
Total expenditures and other financing sources (uses)	<u>57,806,138</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(292,302)</u>
Reconciling items:	
Debt principal	801,560
Capital outlay	408,207
Capital items not charged to capital outlay	1,567,561
Project expenses not capitalized	(34,698)
Project transfers - intrafund	782,610
Net revenue from capital projects consolidation	12,389,931
Change in compensated absences	(24,097)
Change in OPEB liability	(683,777)
Change in deferred outflows of resources - OPEB	543,881
Change in deferred inflows of resources - OPEB	71,630
Change in deferred outflows of resources - pensions	76,373
Increase in net pension liability	(179,823)
Change in deferred inflows of resources - pensions	3,574
Depreciation and amortization	<u>(2,686,405)</u>
Total reconciling items	<u>13,036,527</u>
Change in net position	\$ <u>12,744,225</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, 2021**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Power agency funding	\$ 27,132,412	\$ 14,458,680	\$ 12,450,966	\$ 26,909,646	\$ (222,766)
Restricted revenue	1,710	346,474	-	346,474	344,764
Investment earnings	-	574,918	(61,035)	513,883	513,883
Total revenues	<u>27,134,122</u>	<u>15,380,072</u>	<u>12,389,931</u>	<u>27,770,003</u>	<u>635,881</u>
Expenditures:					
Construction costs capitalized	3,839,627	2,568,831	81,488	2,650,319	1,189,308
Construction in progress	26,830,091	1,033,665	1,171,731	2,205,396	24,624,695
Other costs	11,053,399	339,418	34,698	374,116	10,679,283
Total expenditures	<u>41,723,117</u>	<u>3,941,914</u>	<u>1,287,917</u>	<u>5,229,831</u>	<u>36,493,286</u>
Revenues over (under) expenditures	<u>(14,588,995)</u>	<u>11,438,158</u>	<u>11,102,014</u>	<u>22,540,172</u>	<u>37,129,167</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Electric Fund	(1,042,390)	-	(1,042,390)	(1,042,390)	-
From Electric Fund	15,606,385	13,781,380	1,825,000	15,606,380	(5)
Natural Gas Fund	25,000	25,000	-	25,000	-
Total other financing sources (uses)	<u>14,588,995</u>	<u>13,806,380</u>	<u>782,610</u>	<u>14,588,990</u>	<u>(5)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 25,244,538</u>	<u>\$ 11,884,624</u>	<u>\$ 37,129,162</u>	<u>\$ 37,129,162</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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 17,270,938	\$ 16,421,967	\$ (848,971)
Other operating revenues	<u>-</u>	<u>2,117</u>	<u>2,117</u>
Total operating revenues	<u>17,270,938</u>	<u>16,424,084</u>	<u>(846,854)</u>
Non-operating revenues:			
Other non-operating revenues	<u>-</u>	<u>116,030</u>	<u>116,030</u>
Investment earnings	<u>574,060</u>	<u>(183,281)</u>	<u>(757,341)</u>
Total non-operating revenues	<u>574,060</u>	<u>(67,251)</u>	<u>(641,311)</u>
Total revenues	<u>17,844,998</u>	<u>16,356,833</u>	<u>(1,488,165)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>2,400,576</u>	<u>-</u>	<u>(2,400,576)</u>
Total other financing sources (uses)	<u>2,400,576</u>	<u>-</u>	<u>(2,400,576)</u>
Total revenues and other financing sources (uses)	<u>\$ 20,245,574</u>	<u>\$ 16,356,833</u>	<u>\$ (3,888,741)</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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 1,689,699	\$ 1,533,444	\$ 156,255
Operating expenditures	<u>3,655,473</u>	<u>3,310,721</u>	<u>344,752</u>
Total	<u>5,345,172</u>	<u>4,844,165</u>	<u>501,007</u>
 Natural gas purchases	 <u>8,877,855</u>	 <u>5,314,392</u>	 <u>3,563,463</u>
 Debt service:			
Principal retirement	1,253,951	1,255,174	(1,223)
Interest and other charges	<u>1,492,173</u>	<u>1,510,043</u>	<u>(17,870)</u>
Total	<u>2,746,124</u>	<u>2,765,217</u>	<u>(19,093)</u>
 Capital outlay	 <u>233,000</u>	 <u>118,429</u>	 <u>114,571</u>
 Total expenditures	 <u>17,202,151</u>	 <u>13,042,203</u>	 <u>4,159,948</u>
 Other Financing Sources (Uses):			
Transfers to other funds:			
General Fund	(190,000)	(194,546)	(4,546)
Capital Projects Fund	(199,411)	(199,411)	-
Natural Gas Capital Project Fund	<u>(2,654,012)</u>	<u>(2,654,012)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,043,423)</u>	<u>(3,047,969)</u>	<u>(4,546)</u>
 Total expenditures and other financing sources (uses)	 <u>\$ 20,245,574</u>	 <u>\$ 16,090,172</u>	 <u>\$ 4,155,402</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, 2021

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

Total revenues and other financing sources (uses)	\$ 16,356,833
Total expenditures and other financing sources (uses)	<u>16,090,172</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>266,661</u>
Reconciling items:	
Debt principal	1,255,174
Capital outlay	118,429
Capital items not charged to capital outlay	639,123
Project transfers - intrafund	2,654,012
Income from capital projects consolidation	213
Project expenses not capitalized	(40,355)
Change in compensated absences	(13,971)
Change in deferred outflows of resources - OPEB	275,798
Change in deferred inflows of resources - OPEB	36,324
Change in OPEB liability	(346,738)
Change in deferred outflows of resources - pensions	39,550
Increase in net pension liability	(93,121)
Change in deferred inflows of resources - pensions	1,851
Depreciation and amortization	<u>(1,636,723)</u>
Total reconciling items	<u>2,889,566</u>
Change in net position	<u>\$ 3,156,227</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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous	\$ -	\$ 1,175	\$ 95	\$ 1,270	\$ 1,270
Investment earnings	-	115,566	118	115,684	115,684
Total revenues	-	116,741	213	116,954	116,954
Expenditures:					
Construction costs capitalized	4,292,680	2,182,346	577,413	2,759,759	1,532,921
Construction in progress	15,447,346	10,145,188	1,295,934	11,441,122	4,006,224
Other costs	585,000	130,740	40,355	171,095	413,905
Total expenditures	20,325,026	12,458,274	1,913,702	14,371,976	5,953,050
Revenues over (under) expenditures	(20,325,026)	(12,341,533)	(1,913,489)	(14,255,022)	6,070,004
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	18,580,026	15,926,014	2,654,012	18,580,026	-
Limited Obligation Bonds	8,300,000	8,274,737	-	8,274,737	(25,263)
Total other financing sources (uses)	20,325,026	17,645,751	2,654,012	20,299,763	(25,263)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 5,304,218	\$ 740,523	\$ 6,044,741	\$ 6,044,741

CITY OF MONROE, NORTH CAROLINA**AIRPORT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Leases	\$ 415,388	\$ 521,660	\$ 106,272
Customs	7,200	6,000	(1,200)
Sales of fuel	1,521,110	1,360,931	(160,179)
Total	<u>1,943,698</u>	<u>1,888,591</u>	<u>(55,107)</u>
Other operating revenues	193,179	131,338	(61,841)
Total operating revenues	<u>2,136,877</u>	<u>2,019,929</u>	<u>(116,948)</u>
Total revenues	<u>2,136,877</u>	<u>2,019,929</u>	<u>(116,948)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	36,030	-	(36,030)
Transfers from other funds:			
General Fund	1,849,028	1,484,656	(364,372)
Transfers to other funds:			
Capital Projects	(72,868)	(72,868)	-
Bond proceeds	6,088,805	6,020,000	(68,805)
Total other financing sources (uses)	<u>7,900,995</u>	<u>7,431,788</u>	<u>(469,207)</u>
Total revenues and other financing sources (uses)	<u>\$ 10,037,872</u>	<u>\$ 9,451,717</u>	<u>\$ (586,155)</u>

CITY OF MONROE, NORTH CAROLINA**AIRPORT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 655,883	\$ 641,940	\$ 13,943
Operating expenditures	2,027,304	1,740,623	286,681
Total	<u>2,683,187</u>	<u>2,382,563</u>	<u>300,624</u>
Debt service:			
Principal retirement	804,500	765,048	39,452
Interest and other charges	451,936	412,020	39,916
Total	<u>1,256,436</u>	<u>1,177,068</u>	<u>79,368</u>
Capital outlay	<u>65,281</u>	<u>61,629</u>	<u>3,652</u>
Total expenditures	<u>4,004,904</u>	<u>3,621,260</u>	<u>383,644</u>
Other Financing Sources (Uses):			
Payment to refunded bond escrow agent	(6,032,968)	(5,895,000)	(137,968)
Total other financing sources	<u>(6,032,968)</u>	<u>(5,895,000)</u>	<u>(137,968)</u>
Total expenditures and other financing sources (uses)	<u>\$ 10,037,872</u>	<u>\$ 9,516,260</u>	<u>\$ 521,612</u>

CITY OF MONROE, NORTH CAROLINA**AIRPORT FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021****Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 9,451,717
Total expenditures	<u>9,516,260</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(64,543)</u>
Reconciling items:	
Debt principal	765,048
Capital outlay	61,629
Bond proceeds	(6,020,000)
Retirement of bond debt	5,895,000
Net revenue from capital projects consolidation	1,541,720
Transfer from General Fund	148,694
Transfer to General Fund	(309,437)
Change in compensated absences	(12,420)
Change in OPEB liability	(289,757)
Change in deferred outflows of resources - OPEB	230,475
Change in deferred inflows of resources - OPEB	30,354
Change in deferred outflows of resources - pensions	32,731
Increase in net pension liability	(77,066)
Change in deferred inflows of resources - pensions	1,532
Depreciation and amortization	<u>(852,836)</u>
Total reconciling items	<u>1,145,667</u>
Change in net position	<u>\$ 1,081,124</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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 6,039,283	\$ 3,514,174	\$ 1,541,703	\$ 5,055,877	\$ (983,406)
Investment earnings	-	81,388	17	81,405	81,405
Miscellaneous	-	6,000	-	6,000	6,000
Total revenues	6,039,283	3,601,562	1,541,720	5,143,282	(896,001)
Expenditures:					
Construction costs capitalized	8,016,461	7,390,989	165,630	7,556,619	459,842
Construction in progress	4,022,087	1,376,231	2,049,768	3,425,999	596,088
Total expenditures	12,038,548	8,767,220	2,215,398	10,982,618	1,055,930
Revenues over (under) expenditures	(5,999,265)	(5,165,658)	(673,678)	(5,839,336)	159,929
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	2,674,452	2,525,758	148,694	2,674,452	-
To General Fund	(309,437)	-	(309,437)	(309,437)	-
Electric Fund	910,000	910,000	-	910,000	-
Airport Fund	450,000	450,000	-	450,000	-
Proceeds from revenue bonds	2,274,250	2,274,250	-	2,274,250	-
Total other financing sources (uses)	5,999,265	6,160,008	(160,743)	5,999,265	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 994,350	\$ (834,421)	\$ 159,929	\$ 159,929

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2021

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,230,631	\$ 2,365,468	\$ 588,805	\$ 5,184,904
Accounts receivable	48,011	285,622	335,410	669,043
Prepaid expenses	789	6,214	671	7,674
Inventories	4,610	-	-	4,610
Total current assets	<u>2,284,041</u>	<u>2,657,304</u>	<u>924,886</u>	<u>5,866,231</u>
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	925,594	140,353	-	1,065,947
Other capital assets, net of depreciation	<u>5,478,636</u>	<u>1,687,828</u>	<u>110,822</u>	<u>7,277,286</u>
Capital assets (net)	<u>6,404,230</u>	<u>1,828,181</u>	<u>110,822</u>	<u>8,343,233</u>
Total non-current assets	<u>6,404,230</u>	<u>1,828,181</u>	<u>110,822</u>	<u>8,343,233</u>
Total assets	<u>8,688,271</u>	<u>4,485,485</u>	<u>1,035,708</u>	<u>14,209,464</u>
Deferred Outflows of Resources:				
OPEB deferrals	480,808	210,290	14,288	705,386
Pension deferrals	<u>360,542</u>	<u>161,092</u>	<u>7,672</u>	<u>529,306</u>
Total deferred outflows of resources	<u>841,350</u>	<u>371,382</u>	<u>21,960</u>	<u>1,234,692</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	126,211	148,254	193,000	467,465
Unearned revenue	41,281	-	-	41,281
Compensated absences	82,579	42,786	11,686	137,051
Installment purchase obligations	8,463	113,685	6,703	128,851
Total current liabilities	<u>258,534</u>	<u>304,725</u>	<u>211,389</u>	<u>774,648</u>
Non-current liabilities:				
Net pension liability	645,352	288,348	13,731	947,431
Compensated absences	40,673	21,074	5,756	67,503
Installment purchase obligations	73,970	183,912	58,593	316,475
Total other post-employment benefits liability	<u>2,424,490</u>	<u>1,060,392</u>	<u>72,065</u>	<u>3,556,947</u>
Total non-current liabilities	<u>3,184,485</u>	<u>1,553,726</u>	<u>150,145</u>	<u>4,888,356</u>
Total liabilities	<u>3,443,019</u>	<u>1,858,451</u>	<u>361,534</u>	<u>5,663,004</u>
Deferred Inflows of Resources:				
OPEB deferrals	300,475	131,418	8,930	440,823
Pension deferrals	<u>337</u>	<u>151</u>	<u>8</u>	<u>496</u>
Total deferred inflows of resources	<u>300,812</u>	<u>131,569</u>	<u>8,938</u>	<u>441,319</u>
Net Position:				
Net investment in capital assets	6,321,797	1,530,584	45,526	7,897,907
Unrestricted	<u>(536,007)</u>	<u>1,336,263</u>	<u>641,670</u>	<u>1,441,926</u>
Total net position	<u>\$ 5,785,790</u>	<u>\$ 2,866,847</u>	<u>\$ 687,196</u>	<u>\$ 9,339,833</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, 2021**

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 1,596,117	\$ 2,491,539	\$ 2,679,142	\$ 6,766,798
Other operating revenues	46,204	38,150	32,995	117,349
Total operating revenues	<u>1,642,321</u>	<u>2,529,689</u>	<u>2,712,137</u>	<u>6,884,147</u>
Operating Expenses:				
Aquatics and Fitness Center operations	2,731,627	-	-	2,731,627
Stormwater operations	-	2,091,285	-	2,091,285
Solid waste operations	-	-	2,704,141	2,704,141
Solid waste maintenance	-	-	107,528	107,528
Depreciation and amortization	<u>310,309</u>	<u>170,725</u>	<u>20,320</u>	<u>501,354</u>
Total operating expenses	<u>3,041,936</u>	<u>2,262,010</u>	<u>2,831,989</u>	<u>8,135,935</u>
Operating income (loss)	<u>(1,399,615)</u>	<u>267,679</u>	<u>(119,852)</u>	<u>(1,251,788)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	-	313	-	313
Investment earnings	(12,354)	(12,100)	(3,323)	(27,777)
Interest and other charges	<u>(1,901)</u>	<u>(10,997)</u>	<u>(1,506)</u>	<u>(14,404)</u>
Total non-operating revenues (expenses)	<u>(14,255)</u>	<u>(22,784)</u>	<u>(4,829)</u>	<u>(41,868)</u>
Income (loss) before transfers	<u>(1,413,870)</u>	<u>244,895</u>	<u>(124,681)</u>	<u>(1,293,656)</u>
Transfers to other funds	<u>(93,955)</u>	<u>(104,542)</u>	<u>(80,565)</u>	<u>(279,062)</u>
Total transfers (to) from other funds	<u>(93,955)</u>	<u>(104,542)</u>	<u>(80,565)</u>	<u>(279,062)</u>
Change in net position	<u>(1,507,825)</u>	<u>140,353</u>	<u>(205,246)</u>	<u>(1,572,718)</u>
Net Position:				
Beginning of year, July 1	<u>7,293,615</u>	<u>2,726,494</u>	<u>892,442</u>	<u>10,912,551</u>
End of year, June 30	<u>\$ 5,785,790</u>	<u>\$ 2,866,847</u>	<u>\$ 687,196</u>	<u>\$ 9,339,833</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,765,059	\$ 2,505,554	\$ 2,733,714	\$ 7,004,327
Cash paid for goods and services	(1,640,683)	(1,082,340)	(2,526,714)	(5,249,737)
Cash paid to or on behalf of employees for services	(905,949)	(826,151)	(274,724)	(2,006,824)
Net cash provided (used) by operating activities	(781,573)	597,063	(67,724)	(252,234)
Cash Flows from Non-Capital Financing Activities:				
Change in due from other funds	90,735	93,118	71,873	255,726
Transfers to other funds	(93,955)	(104,542)	(80,565)	(279,062)
Net cash provided (used) by non-capital financing activities	(3,220)	(11,424)	(8,692)	(23,336)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets	-	313	-	313
Acquisition and construction of capital assets	(156,486)	(169,494)	-	(325,980)
Principal paid on bond maturities and equipment obligations	(8,303)	(109,521)	(6,577)	(124,401)
Interest paid on bond maturities and equipment obligations	(1,900)	(10,999)	(1,506)	(14,405)
Net cash provided (used) by capital and related financing activities	(166,689)	(289,701)	(8,083)	(464,473)
Cash Flows from Investing Activities:				
Earnings on investments	(12,354)	(12,100)	(3,323)	(27,777)
Net cash provided (used) by investing activities	(12,354)	(12,100)	(3,323)	(27,777)
Net increase (decrease) in cash and cash equivalents	(963,836)	283,838	(87,822)	(767,820)
Cash and Cash Equivalents:				
Beginning of year, July 1	3,194,467	2,081,630	676,627	5,952,724
End of year, June 30	\$ 2,230,631	\$ 2,365,468	\$ 588,805	\$ 5,184,904

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,399,615)	\$ 267,679	\$ (119,852)	\$ (1,251,788)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	310,309	170,725	20,320	501,354
Changes in assets and liabilities:				
Increase deferred outflows - pension	(64,099)	(28,639)	(1,364)	(94,102)
Increase in net pension liability	150,922	67,432	3,211	221,565
Decrease deferred inflows - pension	(3,000)	(1,340)	(64)	(4,404)
(Increase) decrease in accounts receivable	(48,011)	(27,486)	20,797	(54,700)
(Increase) decrease in inventories	929	-	-	929
(Increase) decrease in prepaid expenses	147,351	3,352	780	151,483
Increase (decrease) in accounts payable and accrued liabilities	42,754	116,988	2,544	162,286
(Increase) decrease in deferred outflows of resources for OPEB	(454,199)	(198,651)	(13,498)	(666,348)
Increase (decrease) in deferred inflows of resources for OPEB	(59,819)	(26,163)	(1,778)	(87,760)
Increase (decrease) in net OPEB liability	571,026	249,748	16,973	837,747
Increase (decrease) in compensated absences	23,879	3,418	4,207	31,504
Total adjustments	618,042	329,384	52,128	999,554
Net cash provided (used) by operating activities	\$ (781,573)	\$ 597,063	\$ (67,724)	\$ (252,234)

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, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 2,922,716	\$ 1,596,117	\$ (1,326,599)
Other operating revenues	174,100	46,204	(127,896)
Total operating revenues	<u>3,096,816</u>	<u>1,642,321</u>	<u>(1,454,495)</u>
Non-operating revenues:			
Other non-operating revenues	5,000	-	(5,000)
Investment earnings	67,323	(12,354)	(79,677)
Total non-operating revenues	<u>72,323</u>	<u>(12,354)</u>	<u>(84,677)</u>
Total revenues	<u>3,169,139</u>	<u>1,629,967</u>	<u>(1,539,172)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,353,476</u>	<u>-</u>	<u>(1,353,476)</u>
Total other financing sources (uses)	<u>1,353,476</u>	<u>-</u>	<u>(1,353,476)</u>
Total revenues and other financing sources (uses)	<u>\$ 4,522,615</u>	<u>\$ 1,629,967</u>	<u>\$ (2,892,648)</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, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 2,381,635	\$ 1,546,968	\$ 834,667
Operating expenditures	<u>1,760,994</u>	<u>1,019,950</u>	<u>741,044</u>
Total	<u>4,142,629</u>	<u>2,566,918</u>	<u>1,575,711</u>
Debt service:			
Principal retirement	12,546	8,303	4,243
Interest and other charges	<u>5,364</u>	<u>1,900</u>	<u>3,464</u>
Total	<u>17,910</u>	<u>10,203</u>	<u>7,707</u>
Capital outlay	<u>268,121</u>	<u>156,486</u>	<u>111,635</u>
Total expenditures	<u>4,428,660</u>	<u>2,733,607</u>	<u>1,695,053</u>
Other Financing Sources (Uses):			
Transfers to other funds:			
Capital Projects Fund	<u>93,955</u>	<u>93,955</u>	<u>-</u>
Total other financing sources (uses)	<u>93,955</u>	<u>93,955</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 4,522,615</u>	<u>\$ 2,827,562</u>	<u>\$ 1,695,053</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, 2021

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

Total revenues and other financing sources (uses)	\$ 1,629,967
Total expenditures	<u>2,827,562</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,197,595)</u>
Reconciling items:	
Capital outlay	156,486
Debt principal	8,303
Change in compensated absences	(23,879)
Change in deferred outflows of resources - OPEB	454,199
Change in deferred inflows of resources - OPEB	59,819
Change in OPEB liability	(571,026)
Change in deferred outflows of resources - pensions	64,099
Increase in net pension liability	(150,922)
Change in deferred inflows of resources - pensions	3,000
Depreciation and amortization	<u>(310,309)</u>
Total reconciling items	<u>(310,230)</u>
Change in net position	\$ <u>(1,507,825)</u>

CITY OF MONROE, NORTH CAROLINA**STORMWATER FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Stormwater receipts	\$ 2,468,501	\$ 2,491,539	\$ 23,038
Other operating revenues	25,050	38,150	13,100
Total operating revenues	<u>2,493,551</u>	<u>2,529,689</u>	<u>36,138</u>
Non-operating revenues:			
Other non-operating revenues	-	313	313
Investment earnings	36,782	(12,100)	(48,882)
Total non-operating revenues	<u>36,782</u>	<u>(11,787)</u>	<u>(48,569)</u>
Total revenues	<u>2,530,333</u>	<u>2,517,902</u>	<u>(12,431)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	406,085	-	406,085
Total other financing sources (uses)	<u>406,085</u>	<u>-</u>	<u>406,085</u>
Total revenues and other financing sources (uses)	<u>\$ 2,936,418</u>	<u>\$ 2,517,902</u>	<u>\$ 393,654</u>

CITY OF MONROE, NORTH CAROLINA**STORMWATER FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 975,631	\$ 893,563	\$ 82,068
Operating expenditures	1,472,228	1,131,918	340,310
Total	<u>2,447,859</u>	<u>2,025,481</u>	<u>422,378</u>
Debt service:			
Principal retirement	108,701	109,521	(820)
Interest and other charges	13,316	10,996	2,320
Total	<u>122,017</u>	<u>120,517</u>	<u>1,500</u>
Capital outlay	<u>162,000</u>	<u>154,805</u>	<u>7,195</u>
Total expenditures	<u>2,731,876</u>	<u>2,300,803</u>	<u>431,073</u>
Other Financing Sources (Uses):			
Transfers from(to) other funds:			
Intrafund - Stormwater Capital Project Fund	(100,000)	(100,000)	-
Capital projects	(104,542)	(104,542)	-
Total other financing sources (uses)	<u>(204,542)</u>	<u>(204,542)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,936,418</u>	<u>\$ 2,505,345</u>	<u>\$ 431,073</u>

CITY OF MONROE, NORTH CAROLINA**STORMWATER FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021****Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:**

Total revenues and other financing sources (uses)	\$ 2,517,902
Total expenditures and other financing sources (uses)	<u>2,505,345</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>12,557</u>
Reconciling items:	
Debt principal	109,521
Capital outlay	154,805
Intrafund transfers - Stormwater Capital Project Fund	100,000
Change in compensated absences	(3,418)
Change in deferred outflows of resources - OPEB	198,651
Change in deferred inflows of resources - OPEB	26,163
Change in OPEB liability	(249,748)
Change in deferred outflows of resources - pensions	28,639
Increase in net pension liability	(67,432)
Change in deferred inflows of resources - pensions	1,340
Depreciation and amortization	<u>(170,725)</u>
Total reconciling items	<u>127,796</u>
Change in net position	<u>\$ 140,353</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, 2021**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction costs capitalized	\$ 220,680	\$ 220,680	\$ -	\$ 220,680	\$ -
Construction in progress	460,320	125,664	14,689	140,353	319,967
Total expenditures	<u>681,000</u>	<u>346,344</u>	<u>14,689</u>	<u>361,033</u>	<u>319,967</u>
Revenues over (under) expenditures	(681,000)	(346,344)	(14,689)	(361,033)	319,967
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Stormwater Fund	681,000	581,000	100,000	681,000	-
Total other financing sources (uses)	<u>681,000</u>	<u>581,000</u>	<u>100,000</u>	<u>681,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 234,656	\$ 85,311	\$ 319,967	\$ 319,967

CITY OF MONROE, NORTH CAROLINA**SOLID WASTE FUND****SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 2,623,970	\$ 2,679,142	\$ 55,172
Total	<u>2,623,970</u>	<u>2,679,142</u>	<u>55,172</u>
Other operating revenues	25,000	32,995	7,995
Total operating revenues	<u>2,648,970</u>	<u>2,712,137</u>	<u>63,167</u>
Non-operating revenues:			
Investment earnings	13,465	(3,323)	(16,788)
Total non-operating revenues	<u>13,465</u>	<u>(3,323)</u>	<u>(16,788)</u>
Total revenues	<u>2,662,435</u>	<u>2,708,814</u>	<u>46,379</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
General Fund	(80,565)	(80,565)	-
Appropriated fund balance	390,431	-	390,431
Total other financing sources (uses)	<u>309,866</u>	<u>(80,565)</u>	<u>390,431</u>
Total revenues and other financing sources (uses)	<u>\$ 2,972,301</u>	<u>\$ 2,628,249</u>	<u>\$ 436,810</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, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 189,241	\$ 184,429	\$ 4,812
Operating expenditures	2,660,791	2,512,025	148,766
Total	<u>2,850,032</u>	<u>2,696,454</u>	<u>153,578</u>
Maintenance:			
Salaries and employee benefits	98,399	98,317	82
Operating expenditures	14,649	9,211	5,438
Total	<u>113,048</u>	<u>107,528</u>	<u>5,520</u>
Debt service:			
Principal retirement	7,715	6,577	1,138
Interest and other charges	1,506	1,506	-
Total	<u>9,221</u>	<u>8,083</u>	<u>1,138</u>
Total expenditures	<u>\$ 2,972,301</u>	<u>\$ 2,812,065</u>	<u>\$ 160,236</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, 2021**

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

Total revenues and other financing sources (uses)	\$ 2,628,249
Total expenditures	<u>2,812,065</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(183,816)</u>
Reconciling items:	
Debt principal	6,577
Depreciation	(20,320)
Change in compensated absences	(4,207)
Change in OPEB liability	(16,973)
Change in deferred outflows of resources - OPEB	13,498
Change in deferred inflows of resources - OPEB	1,778
Change in deferred outflows of resources - pensions	1,364
Increase in net pension liability	(3,211)
Change in deferred inflows of resources - pensions	<u>64</u>
Total reconciling items	<u>(21,430)</u>
Change in net position	<u>\$ (205,246)</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, 2021

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 1,545,812	\$ 1,035,680	\$ 1,008,030	\$ 3,589,522
Accounts receivable (net)	699,446	-	5,443	704,889
Prepaids	182,751	10,000	-	192,751
Total current assets	<u>2,428,009</u>	<u>1,045,680</u>	<u>1,013,473</u>	<u>4,487,162</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>2,438,178</u>	<u>1,055,680</u>	<u>1,013,473</u>	<u>4,507,331</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	769,826	10,136	10,294	790,256
Total current liabilities	<u>769,826</u>	<u>10,136</u>	<u>10,294</u>	<u>790,256</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>779,995</u>	<u>20,136</u>	<u>10,294</u>	<u>810,425</u>
Net Position:				
Unrestricted	<u>\$ 1,658,183</u>	<u>\$ 1,035,544</u>	<u>\$ 1,003,179</u>	<u>\$ 3,696,906</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, 2021

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Operating Revenues:				
Interfund charges and employee contributions	\$ 8,473,659	\$ -	\$ 774,436	\$ 9,248,095
Receipts for interfund charges	-	300,549	-	300,549
Other operating revenue	1,627,659	-	115,299	1,742,958
Total operating revenues	<u>10,101,318</u>	<u>300,549</u>	<u>889,735</u>	<u>11,291,602</u>
Operating Expenses:				
Operating expenses	321,938	95,373	83,418	500,729
Workers' compensation claims and premiums	-	274,755	-	274,755
Health care clinic	110,910	-	-	110,910
Insurance	16,529	-	-	16,529
Health benefit claims and premiums	9,479,711	-	-	9,479,711
Property and liability claims and premiums	-	-	709,600	709,600
Total operating expenses	<u>9,929,088</u>	<u>370,128</u>	<u>793,018</u>	<u>11,092,234</u>
Operating income (loss)	<u>172,230</u>	<u>(69,579)</u>	<u>96,717</u>	<u>199,368</u>
Non-Operating Revenues:				
Investment earnings	(7,251)	(5,644)	(4,805)	(17,700)
Total non-operating revenues	<u>(7,251)</u>	<u>(5,644)</u>	<u>(4,805)</u>	<u>(17,700)</u>
Income (loss) before transfers	<u>164,979</u>	<u>(75,223)</u>	<u>91,912</u>	<u>181,668</u>
Other Financing Sources (Uses):				
Transfers to other funds	(148)	(76)	(12,372)	(12,596)
Total other financing sources (uses)	<u>(148)</u>	<u>(76)</u>	<u>(12,372)</u>	<u>(12,596)</u>
Change in net position	164,831	(75,299)	79,540	169,072
Net Position:				
Beginning of year, July 1	<u>1,493,352</u>	<u>1,110,843</u>	<u>923,639</u>	<u>3,527,834</u>
End of year, June 30	<u>\$ 1,658,183</u>	<u>\$ 1,035,544</u>	<u>\$ 1,003,179</u>	<u>\$ 3,696,906</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Cash Flows from Operating Activities:				
Cash received for services	\$ 8,211,023	\$ -	\$ 768,993	\$ 8,980,016
Other operating revenue	1,627,659	-	115,299	1,742,958
Receipts for interfund charges	-	300,549	-	300,549
Cash paid for goods and services	(9,498,681)	(363,806)	(813,145)	(10,675,632)
Net cash provided (used) by operating activities	<u>340,001</u>	<u>(63,257)</u>	<u>71,147</u>	<u>347,891</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers (to) from other funds	(148)	(76)	(12,372)	(12,596)
Net cash provided (used) by non-capital financing activities	<u>(148)</u>	<u>(76)</u>	<u>(12,372)</u>	<u>(12,596)</u>
Cash Flows from Investing Activities:				
Investment earnings	(7,251)	(5,644)	(4,805)	(17,700)
Net cash provided (used) by investing activities	<u>(7,251)</u>	<u>(5,644)</u>	<u>(4,805)</u>	<u>(17,700)</u>
Net increase (decrease) in cash and cash equivalents	332,602	(68,977)	53,970	317,595
Cash and Cash Equivalents:				
Beginning of year, July 1	<u>1,223,379</u>	<u>1,114,657</u>	<u>954,060</u>	<u>3,292,096</u>
End of year, June 30	<u>\$ 1,555,981</u>	<u>\$ 1,045,680</u>	<u>\$ 1,008,030</u>	<u>\$ 3,609,691</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>\$ 172,230</u>	<u>\$ (69,579)</u>	<u>\$ 96,717</u>	<u>\$ 199,368</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	(100,885)	-	(5,443)	(106,328)
(Increase) decrease in prepaid expenses	(161,751)	-	-	(161,751)
Increase (decrease) in accounts payable and accrued liabilities	430,407	6,322	(20,127)	416,602
Total adjustments	<u>167,771</u>	<u>6,322</u>	<u>(25,570)</u>	<u>148,523</u>
Net cash provided (used) by operating activities	<u>\$ 340,001</u>	<u>\$ (63,257)</u>	<u>\$ 71,147</u>	<u>\$ 347,891</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, 2021

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 8,474,050	\$ 8,473,659	\$ (391)
Other operating revenue	1,266,530	1,627,659	361,129
Total operating revenues	<u>9,740,580</u>	<u>10,101,318</u>	<u>360,738</u>
Non-operating revenues:			
Investment earnings	37,767	(7,251)	(45,018)
Total non-operating revenues	<u>37,767</u>	<u>(7,251)</u>	<u>(45,018)</u>
Total revenues	<u>9,778,347</u>	<u>10,094,067</u>	<u>315,720</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	323,874	321,938	1,936
Healthcare clinic	144,355	110,910	33,445
Insurance	17,000	16,529	471
Health benefit claims and premiums	<u>9,301,395</u>	<u>9,479,711</u>	<u>(178,316)</u>
Total operating expenditures	<u>9,786,624</u>	<u>9,929,088</u>	<u>(142,464)</u>
Other Financing Sources (Uses):			
Transfers to other funds	(148)	(148)	-
Appropriated fund balance	8,425	-	8,425
Total other financing sources (uses)	<u>8,277</u>	<u>(148)</u>	<u>8,425</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 164,831</u>	<u>\$ 164,831</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, 2021

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges	\$ 300,549	\$ 300,549	\$ -
Total operating revenues	<u>300,549</u>	<u>300,549</u>	<u>-</u>
Non-operating revenues:			
Investment earnings	20,033	(5,644)	(25,677)
Total non-operating revenues	<u>20,033</u>	<u>(5,644)</u>	<u>(25,677)</u>
Total revenues	<u>320,582</u>	<u>294,905</u>	<u>(25,677)</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	95,373	95,373	-
Workers' compensation claims and premiums paid	<u>284,814</u>	<u>274,755</u>	<u>10,059</u>
Total expenditures	<u>380,187</u>	<u>370,128</u>	<u>10,059</u>
Other Financing Sources (Uses):			
Transfer to Capital Projects Fund	(76)	(76)	-
Appropriated fund balance	<u>59,681</u>	<u>-</u>	<u>(59,681)</u>
Total other financing sources (uses)	<u>59,605</u>	<u>(76)</u>	<u>(59,681)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (75,299)</u>	<u>\$ (75,299)</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, 2021

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 774,436	\$ 774,436	\$ -
Other operating revenue	32,303	115,299	82,996
Total operating revenues	<u>806,739</u>	<u>889,735</u>	<u>82,996</u>
Non-operating revenues:			
Investment earnings	10,181	(4,805)	(14,986)
Total non-operating revenues	<u>10,181</u>	<u>(4,805)</u>	<u>(14,986)</u>
Total revenues	<u>816,920</u>	<u>884,930</u>	<u>68,010</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	83,418	83,418	-
Property and liability claims and premiums	732,567	709,600	22,967
Total expenditures	<u>815,985</u>	<u>793,018</u>	<u>22,967</u>
Other Financing Sources (Uses):			
Transfer to General Fund	(12,300)	(12,300)	-
Transfer to Capital Projects Fund	(72)	(72)	-
Appropriated fund balance	11,437	-	(11,437)
Total other financing sources (uses)	<u>(935)</u>	<u>(12,372)</u>	<u>(11,437)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 79,540</u>	<u>\$ 79,540</u>

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

Fiscal Year	Uncollected Balance		Collections And Credits	Uncollected Balance	
	June 30, 2020	Additions		June 30, 2021	June 30, 2021
2020 - 2021	\$ -	\$ 23,772,235	\$ 23,626,516	\$ 145,719	
2019 - 2020	188,967	-	113,443	75,524	
2018 - 2019	89,446	-	34,426	55,020	
2017 - 2018	68,633	-	17,138	51,495	
2016 - 2017	46,644	-	13,293	33,351	
2015 - 2016	40,542	-	10,042	30,500	
2014 - 2015	44,717	-	9,032	35,685	
2013 - 2014	59,002	-	6,290	52,712	
2012 - 2013	30,205	-	3,268	26,937	
2011 - 2012	23,584	-	3,484	20,100	
2010 - 2011	30,015	-	30,015	-	
Total	<u>\$ 621,755</u>	<u>\$ 23,772,235</u>	<u>\$ 23,866,947</u>		<u>527,043</u>
Less: Allowance for uncollectible ad valorem taxes receivable					<u>26,352</u>
Ad valorem taxes receivable				<u>\$ 500,691</u>	
Reconcilement with Revenues:					
Ad valorem taxes - General Fund			General Fund		
			\$ 23,779,403		
Amounts written off per Statute of Limitations			(28,982)		
Refunds, releases of prior years' taxes			36,035		
Interest and advertising cost recovery			<u>80,491</u>		
Total collections and credits			<u>\$ 23,866,947</u>		

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

CITY-WIDE LEVY

FOR THE YEAR ENDED JUNE 30, 2021

	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	\$ 3,683,223,582	0.6163	\$ 22,764,512	\$ 21,195,277	\$ 1,569,235
Registered motor vehicles taxed at prior year's rate	75,277,049		463,923	-	463,923
Total	3,758,500,631		23,228,435	21,195,277	2,033,158
Public Utility Allocation	68,491,230	0.6163	422,111	422,111	-
Discoveries	29,743,703	0.6163	201,327	201,327	-
Releases	(12,420,336)	0.6163	(79,638)	(79,638)	-
Total property valuation	<u>\$ 3,844,315,228</u>				
Net Levy			23,772,235	21,739,077	2,033,158
Uncollected taxes at June 30, 2021			(145,719)	(145,719)	-
Current Year's Taxes Collected			<u>\$ 23,626,516</u>	<u>\$ 21,593,358</u>	<u>\$ 2,033,158</u>
Current Levy Collection Percentage			<u>99.39%</u>	<u>99.33%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
	Property Valuation	Rate	Levy		
Assessed Valuation:					
Assessment Ratio ¹	100%				
Real property	\$ 2,506,493,834				
Personal property	939,431,092				
Public Service Companies ²	68,491,230				
	3,514,416,156	0.6163	\$ 21,739,077		
Motor Vehicle Property	329,899,072	0.6163	2,033,158		
'Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 3,844,315,228</u>		<u>\$ 23,772,235</u>		
Distribution of levy:					
General Fund			<u>\$ 23,772,235</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, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020 - 2021	\$ -	\$ 59,897	\$ 59,799	\$ 98
2019 - 2020	399	-	213	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
2010 - 2011	355	-	355	-
Total	\$ 2,421	\$ 59,897	\$ 60,367	\$ 1,951

Less: Allowance for uncollectible ad valorem taxes receivable 98

Ad valorem taxes receivable \$ 1,853

Reconcilement with Revenues:

Ad valorem taxes - Downtown Monroe Fund \$ 60,515

Amounts written off per Statute of Limitations (355)

Refunds, releases of prior years' taxes (268)

Interest and advertising cost recovery 475

Total collections and credits \$ 60,367

CITY OF MONROE, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
MUNICIPAL SERVICE DISTRICT LEVY
FOR THE YEAR ENDED JUNE 30, 2021**

	Total Levy				
	City-Wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original Levy:					
Property taxed at current year's rate	\$ 23,933,931	\$ 0.219	\$ 52,608	\$ 50,999	\$ 1,609
Registered motor vehicles taxed at prior year's rate	292,429		640	-	640
Total	24,226,360		53,248	50,999	2,249
Public Utility Allocation	3,051,055	0.219	6,682	6,682	-
Discoveries	-	0.219	(7)	(7)	-
Releases	(10,790)	0.219	(26)	(26)	-
Total property valuation	<u>\$ 27,266,625</u>				
Net Levy			59,897	57,648	2,249
Uncollected taxes at June 30, 2021			(98)	(98)	-
Current Year's Taxes Collected			<u>\$ 59,799</u>	<u>\$ 57,550</u>	<u>\$ 2,249</u>
Current Levy Collection Percentage			<u>99.84%</u>	<u>99.83%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
	Property Valuation	Rate	Levy		
Assessed Valuation:					
Assessment Ratio ¹	100%				
Real property	\$ 20,987,716				
Personal property	2,200,868				
Public Service Companies ²	3,051,055				
	26,239,639	0.219	\$ 57,648		
Motor Vehicle Property	1,026,986	0.219	2,249		
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 27,266,625</u>		<u>\$ 59,897</u>		
Distribution of levy:					
Municipal Service District - Downtown Monroe Fund			<u>\$ 59,897</u>		

¹Percentage of appraised value has been established by statute.

²Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

³The levy includes interest and penalties.



Statistical Section

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

	Page
Financial Trends – These tables contain trend information to help the reader understand how the City's financial performance and well being have been changed over time.....	171
Revenue Capacity – These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.....	176
Debt Capacity – These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	180
Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.....	184
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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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 70,561	\$ 69,784	\$ 69,143	\$ 69,134	\$ 68,979	\$ 68,341	\$ 69,530	\$ 71,002	\$ 72,231	\$ 74,681
Restricted	6,740	5,665	6,484	10,499	7,385	9,813	9,654	16,587	14,882	15,706
Unrestricted	16,261	16,315	18,861	14,429	19,993	13,434	(7,850)	(12,946)	(9,096)	(8,008)
Total governmental activities net position	<u>\$ 93,562</u>	<u>\$ 91,764</u>	<u>\$ 94,488</u>	<u>\$ 94,062</u>	<u>\$ 96,357</u>	<u>\$ 91,588</u>	<u>\$ 71,334</u>	<u>\$ 74,643</u>	<u>\$ 78,017</u>	<u>\$ 82,379</u>
Business-type activities										
Net investment in capital assets	\$ 152,078	\$ 160,289	\$ 169,721	\$ 172,159	\$ 177,673	\$ 193,967	\$ 200,306	\$ 214,144	\$ 221,098	\$ 232,653
Unrestricted	95,183	92,520	93,303	106,769	117,605	116,067	111,837	125,987	147,461	159,227
Total business-type activities net position	<u>\$ 247,261</u>	<u>\$ 252,809</u>	<u>\$ 263,024</u>	<u>\$ 278,928</u>	<u>\$ 295,278</u>	<u>\$ 310,034</u>	<u>\$ 312,143</u>	<u>\$ 340,131</u>	<u>\$ 368,559</u>	<u>\$ 391,880</u>
Primary government										
Net investment in capital assets	\$ 222,639	\$ 230,073	\$ 238,864	\$ 241,293	\$ 246,652	\$ 262,308	\$ 269,836	\$ 285,146	\$ 293,329	\$ 307,334
Restricted	6,740	5,665	6,484	10,499	7,385	9,813	9,654	16,587	14,882	15,706
Unrestricted	111,444	108,835	112,164	121,198	137,598	129,501	103,987	113,041	138,365	151,219
Total primary government net position	<u>\$ 340,823</u>	<u>\$ 344,573</u>	<u>\$ 357,512</u>	<u>\$ 372,990</u>	<u>\$ 391,635</u>	<u>\$ 401,622</u>	<u>\$ 383,477</u>	<u>\$ 414,774</u>	<u>\$ 446,576</u>	<u>\$ 474,259</u>

Notes:

Fiscal year 2012 reflects implementation of GASB Statement 54.

The classification of restricted net position amounts is discussed in the notes to the financial statements section I.E.11.

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

	FISCAL YEAR										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
EXPENSES											
Governmental activities:											
General government	\$ 5,562	\$ 4,354	\$ 4,897	\$ 4,929	\$ 7,646	\$ 5,232	\$ 4,933	\$ 3,461	\$ 6,397	\$ 7,377	
Transportation	5,109	4,801	5,216	5,207	5,215	5,307	5,758	4,780	4,097	6,677	
Public safety	19,512	19,067	19,813	21,069	19,675	23,693	25,300	27,086	31,068	28,495	
Culture and recreation	5,067	4,069	4,899	5,541	5,389	5,910	5,153	8,743	3,081	4,945	
Economic and physical development	953	1,016	1,579	1,134	2,070	1,063	1,338	1,075	454	1,156	
Interest on long-term debt	54	229	164	186	200	227	200	469	501	505	
Total governmental activities expenses	<u>36,257</u>	<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>	
Business-type activities:											
Water and sewer	11,687	12,356	15,162	10,360	12,281	13,274	12,339	9,975	13,583	11,122	
Electric	49,158	51,729	55,559	60,881	58,078	60,175	60,764	58,254	56,545	55,176	
Natural gas	11,131	12,710	14,844	13,790	13,595	12,229	14,105	14,015	11,821	12,807	
Aquatics and Fitness Center	3,783	4,886	3,607	3,652	3,818	3,849	4,082	4,056	3,620	3,044	
Stormwater	1,734	1,874	1,674	1,838	1,879	1,976	2,084	2,052	1,987	2,273	
Solid Waste	2,564	2,213	2,067	2,178	2,303	2,511	2,348	2,350	2,628	2,833	
Airport	3,611	3,771	3,580	3,405	3,328	3,498	3,706	3,697	3,625	3,732	
Total business-type activities expenses	<u>83,668</u>	<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>	
Total primary government expenses	<u>\$ 119,925</u>	<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>	
PROGRAM REVENUES											
Governmental activities:											
Charges for services:											
General government	\$ 1,978	\$ 2,079	\$ 2,349	\$ 2,141	\$ 2,374	\$ 2,203	\$ 2,212	\$ 2,297	\$ 2,445	\$ 2,062	
Transportation	218	203	297	359	375	350	327	371	403	449	
Public safety	2,491	2,230	3,055	4,050	4,589	4,161	3,973	4,489	4,630	5,636	
Culture and recreation	1,289	653	1,499	1,638	1,734	1,728	1,691	1,787	1,776	2,164	
Economic and physical development	2	-	-	-	-	-	-	-	-	-	
Operating grants and contributions:											
General government	-	-	-	75	-	-	-	-	-	-	
Transportation	930	978	961	972	972	963	964	957	955	892	
Public safety	786	312	448	497	318	560	707	894	1,864	783	
Culture and recreation	214	223	240	193	193	212	202	206	170	164	
Economic and physical development	220	264	412	528	547	432	408	412	416	420	
Capital grants and contributions:											
General government	-	-	170	-	-	-	-	-	-	-	
Transportation	478	438	304	196	165	208	1,179	103	192	542	
Public safety	-	-	-	-	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	-	100	-	-	-	
Economic and physical development	-	-	-	-	-	-	-	10	-	-	
	<u>\$ 8,606</u>	<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>	

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

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charge for services:										
Water and sewer	\$ 13,642	\$ 14,000	\$ 15,529	\$ 16,155	\$ 16,743	\$ 17,671	\$ 17,228	\$ 18,671	\$ 18,617	\$ 19,474
Electric	51,334	53,044	58,057	65,732	62,607	65,606	63,853	63,757	60,846	56,602
Natural gas	11,907	14,261	17,185	18,053	14,485	15,569	18,101	18,323	15,043	16,430
Aquatics and Fitness Center	3,877	4,297	3,588	3,712	4,013	4,097	4,065	4,089	3,011	1,647
Stormwater	1,820	1,846	1,897	2,099	2,158	2,211	2,257	2,333	2,288	2,533
Solid Waste	2,552	2,214	2,190	2,169	2,312	2,411	2,416	2,434	2,573	2,712
Airport	2,012	1,984	1,943	1,927	1,600	1,654	1,944	1,912	1,792	2,022
Operating grants and contributions:										
Airport	-	-	-	-	-	-	-	-	69	-
Capital grants and contributions:										
Water and sewer	-	408	475	-	280	-	6	127	399	43
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
Total business-type activities program revenues	<u>\$ 87,144</u>	<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>
Total primary government revenues	<u>\$ 95,750</u>	<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>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (27,651)	\$ (26,156)	\$ (26,833)	\$ (27,417)	\$ (28,928)	\$ (30,615)	\$ (30,919)	\$ (34,088)	\$ (32,747)	\$ (36,043)
Business-type activities	3,476	2,987	7,487	13,882	11,153	14,580	10,542	18,553	21,120	24,470
Total primary government net (expense) revenue	<u>\$ (24,175)</u>	<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>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 19,357	\$ 19,434	\$ 19,767	\$ 19,375	\$ 19,605	\$ 20,176	\$ 21,078	\$ 22,358	\$ 23,156	\$ 23,749
Sales and use tax	4,770	4,906	5,136	5,428	5,249	6,196	6,215	6,654	8,112	9,425
Utility sales taxes	1,860	1,951	2,111	2,813	2,905	3,128	3,078	3,118	3,184	3,122
Motor vehicle tax	125	129	197	143	140	678	842	834	838	884
Beer & wine and telecommunications tax	620	564	570	568	496	490	463	444	376	379
Gross receipts tax	55	56	63	68	77	98	104	112	102	115
Other licenses and fees	1,403	1,210	869	879	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	178	173	-	-	-	-	-	-	-	-
Unrestricted investment earnings	822	(544)	366	680	1,946	(723)	(616)	3,418	1,227	31
Miscellaneous	807	1,002	1,192	1,095	580	631	744	1,375	1,549	1,892
Gain on sale of capital assets	-	116	-	-	-	-	-	-	-	-
Transfers	(2,126)	(4,640)	(714)	(1,267)	225	(1,845)	(1,279)	(916)	(2,423)	808
Total governmental activities	<u>\$ 27,871</u>	<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>
Business-type activities:										
Unrestricted investment earnings	2,936	(1,698)	1,493	1,735	5,144	(2,072)	(1,398)	8,003	3,848	(888)
Interest earnings on interfund loans	-	113	88	64	39	81	75	68	61	54
Miscellaneous	443	390	433	192	238	323	466	448	976	493
Gain on sale of capital assets	45	14	-	-	-	-	-	-	-	-
Transfers	2,126	4,640	714	1,267	(225)	1,845	1,279	916	2,423	(808)
Total business-type activities	<u>\$ 5,550</u>	<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>
Total primary government	<u>\$ 33,421</u>	<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>
CHANGE IN NET POSITION										
Governmental activities	\$ 220	\$ (1,799)	\$ 2,724	\$ 2,365	\$ 2,295	\$ (1,786)	\$ (290)	\$ 3,309	\$ 3,374	\$ 4,362
Business-type activities	9,026	6,446	10,215	17,140	16,349	14,757	10,964	27,988	28,428	23,321
Total primary government	<u>\$ 9,246</u>	<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>

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 339	\$ 256	\$ 1,138	\$ 282	\$ 901	\$ 1,094	\$ 827	\$ 856	\$ 579	\$ 449
Restricted	6,009	5,664	4,840	4,951	5,846	7,554	7,989	8,879	10,831	8,635
Assigned	9,134	11,679	12,457	13,763	18,885	13,521	14,508	15,543	16,727	18,378
Unassigned	5,827	3,607	6,533	8,067	4,337	5,152	5,239	8,169	7,877	11,183
Total General Fund	<u>\$ 21,309</u>	<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>
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
Committed	-	-	588	996	1,690	3,843	4,107	213	737	1,327
Assigned	1,560	2,026	102	113	192	199	117	495	510	56
Unassigned	-	-	(2)	(46)	-	-	-	-	-	(20)
Total all other governmental funds	<u>\$ 1,560</u>	<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>

Notes:

The classification of fund balance amounts is discussed in the notes to the financial statements section I.E.11.

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ad valorem taxes	\$ 19,426	\$ 19,443	\$ 19,788	\$ 19,409	\$ 19,744	\$ 20,285	\$ 21,208	\$ 22,451	\$ 23,200	\$ 23,840
Other taxes and licenses	1,313	1,558	1,497	1,087	219	778	949	948	943	1,001
Unrestricted intergovernmental	7,408	7,567	7,952	8,967	8,839	9,987	9,991	10,433	11,887	13,203
Restricted intergovernmental	2,217	1,846	2,060	2,461	2,194	2,375	3,551	2,571	2,688	3,644
Program income	2	-	-	-	-	-	-	-	-	-
Sales and services	1,766	1,420	1,921	1,944	2,469	2,282	2,521	2,529	2,224	3,021
Investment earnings	822	(544)	481	646	1,842	(669)	(578)	3,236	1,162	40
Miscellaneous	793	747	779	989	395	461	525	1,170	1,341	1,617
Total revenues	<u>33,747</u>	<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>
EXPENDITURES										
General government	3,327	2,052	2,796	1,729	888	2,913	2,882	627	4,992	5,286
Transportation	1,802	1,970	1,979	1,957	2,400	2,346	2,610	2,243	1,852	3,678
Public safety	15,654	15,147	15,394	16,250	14,599	17,430	18,121	18,055	20,040	20,742
Culture and recreation	3,896	3,018	3,930	4,127	4,084	3,655	3,006	4,258	3,706	3,135
Economic and physical development	951	1,415	1,614	2,864	5,157	2,684	2,848	6,133	849	319
Capital outlay	2,298	2,806	2,076	4,158	7,483	4,335	6,654	8,373	12,914	7,234
Debt service:										
Principal retirement	1,685	1,311	1,124	1,193	1,248	1,198	1,213	1,166	1,225	1,508
Interest and other charges	54	229	164	186	199	227	200	489	342	525
Total expenditures	<u>29,667</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>4,080</u>	<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>
OTHER FINANCING SOURCES (USES)										
Transfers from (to) others	(2,548)	(3,725)	(2,057)	(1,267)	249	(1,845)	(1,279)	(916)	(1,839)	821
Repayment of advance from other funds	-	-	-	-	-	-	-	-	-	-
Limited obligation bonds issued, including premiums	-	-	-	-	-	-	-	8,217	-	-
Installment purchase obligations issued	748	-	850	4,476	-	1,788	1,614	635	2,119	-
Total other financing sources (uses)	<u>(1,800)</u>	<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>
Net change in fund balances	<u>\$ 2,280</u>	<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>
Debt service as a percentage of noncapital expenditures	6.35%	6.13%	4.77%	4.87%	5.06%	4.68%	4.58%	5.02%	4.75%	5.78%

CITY OF MONROE, NORTH CAROLINA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Real Property		Personal Property		Public Service Companies	Total Assessed Value	Total Direct Tax Rate
	Commercial	Residential	Motor Vehicle	Other			
2012	\$ 1,151,666	\$ 1,298,253	\$ 197,410	\$ 761,938	\$ 66,714	\$ 3,475,981	\$ 0.5549
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

Notes:

(1) A county-wide property revaluation was done in 2015 and is reflected in the fiscal year 2016 assessed values. This valuation is required by law to be done at least every 8 years, but may be done more often.

(2) Property is assessed at actual value; therefore, the assessed value is equal to actual value.
Tax Rates are per \$100 of assessed value.

Sources:

Union County Tax Assessor's Office and North Carolina Property Tax Commission.

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)

Fiscal Year	City of Monroe			Overlapping Rate		Total	
	General Fund		Municipal Service District	Total Weighted	Union County	Direct and Overlapping Rates	
	Basic Rate	Basic Rate	Average Rate ⁽¹⁾	Basic Rate			
2012	\$ 0.5550	\$ 0.2000	\$ 0.5549	\$ 0.6650		\$ 1.2199	
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	

Notes:

(1) Total City tax rate is a weighted average of all types of City of Monroe tax rates.

Union County rate is a direct rate.

Source:

Union County, Tax Assessment Division

CITY OF MONROE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(in thousands of dollars)

Taxpayer	2012			2021			Percentage of Total Taxable Assessed
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank		
	Value	Rank	Percentage of Total Taxable Assessed Value	Value	Rank		
ATI Specialty Materials (Allvac)	\$ 302,928	1	8.7%	\$ 263,390	1		6.8%
Charlotte Pipe & Foundry Co.	110,752	2	3.2%	134,753	2		3.5%
Consolidated Metco, Inc.	24,457	7	0.7%	63,503	3		1.6%
Tyson Farms, Inc. (Tyson Foods, Inc.)	38,351	4	1.1%	50,098	4		1.3%
Greiner Bio-One	23,586	8	0.7%	46,948	5		1.2%
Glenmark Pharmaceuticals	-		-	41,850	6		1.1%
Goulston Technologies	-		-	39,841	7		1.0%
Scott Technologies	19,073	10	0.5%	31,345	8		0.8%
O'Neil Digital Solutions, LLC	-		-	30,933	9		0.8%
Inland American Monroe Poplin	27,050	5	0.8%	30,442	10		0.8%
Yale Security (Assa Abloy - Door Security)	26,392	6	0.8%	-			-
Wal-Mart	20,108	9	0.6%	-			-
Turbomeca	47,471	3	1.4%	-			-
Total	\$ 640,168		18.5%	\$ 733,103			18.9%

Source:

City of Monroe Tax System

CITY OF MONROE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Taxes Levied for the Fiscal Year			Public Utility			Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy			Total Collections to Date			
										Amount		Percentage of Levy	Collections in Subsequent Years		Amount	
															Percentage of Adjusted Levy	
2012	\$ 18,962	\$ 362	\$ 299	\$ 335	\$ 19,288	\$ 18,780	97.37%			\$ 488	\$ 19,268	99.90%				
2013	18,983	361	130	86	19,388	18,887	97.42			474	19,361	99.86				
2014	19,712	348	81	89	20,052	19,295	96.22			704	19,999	99.74				
2015	18,915	336	66	57	19,260	18,888	98.07			336	19,224	99.81				
2016	19,279	363	69	178	19,533	19,270	98.65			232	19,502	99.84				
2017	19,581	367	133	103	19,978	19,752	98.86			193	19,945	99.83				
2018	20,338	377	315	35	20,995	20,806	99.10			137	20,943	99.75				
2019	21,843	387	111	85	22,256	22,080	99.20			121	22,201	99.75				
2020	22,386	341	568	110	23,185	22,995	99.18			114	23,109	99.67				
2021	23,282	429	201	80	23,832	23,686	99.39			-	23,686	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						Per Capita (1)	Percentage of Personal Income (1)
	Installment Purchase Obligations	Limited Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	State Revolving Loans	Installment Purchase Obligations	Total Primary Government			
2012	\$ 6,024	\$ -	\$ -	\$ 47,425	\$ 4,654	\$ 32,671	\$ 90,774	\$ 2,731	1.14%	
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	(2)	7,931	7,841	36,552	6,735	1,325	103,080	2,909	-	
2021	(2)	6,758	7,485	35,297	46,232	-	1,131	96,903	2,791	-

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 2019 and 2020 personal income not available to calculate fiscal year 2020 and 2021.

(2) Personal income not available for 2020 and 2021.

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021
(in thousands of dollars)

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Union County, overlapping debt	\$ 397,600	13.8%	\$ 55,013
Total direct debt	<u>14,243</u>	100%	<u>14,243</u>
Total direct and overlapping debt	<u>\$ 411,843</u>		<u>\$ 69,256</u>

Notes:

- (1) Includes governmental activities debt only.
- (2) Determined by ratio of assessed value of property subject to taxation in Union County (\$27,981,476,232) and City of Monroe (\$3,871,581,853).

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit (8% of assessed value)	\$ 278,078	\$ 280,629	\$ 295,131	\$ 280,408	\$ 270,375	\$ 284,215	\$ 286,542	\$ 289,887	\$ 301,031	\$ 309,727
Total net debt applicable to limit	38,500	36,509	35,014	37,175	38,976	38,364	46,801	53,195	53,649	50,672
Legal debt margin	\$ 238,578	\$ 244,120	\$ 260,117	\$ 243,233	\$ 231,399	\$ 245,851	\$ 239,741	\$ 236,692	\$ 247,382	\$ 259,055
Total net debt applicable to the limit as a percentage of debt limit	14.20%	13.01%	11.86%	13.26%	14.42%	13.50%	16.33%	18.35%	17.82%	16.36%

Legal Debt Margin	
<u>Calculation for Fiscal Year 2021</u>	
Assessed value	<u>\$ 3,871,582</u>
Debt limit (8% of total assessed value)	309,727
Bonded debt	\$ -
Debt not evidenced by bonds	<u>50,672</u>
Gross debt	\$ 50,672
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>50,672</u>
Legal debt margin	<u>\$ 259,055</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	
2012	\$ 78,729	\$ 65,795	\$ 12,935	\$ 2,808	\$ 15,742	\$ 3,112	\$ 1,966	310%
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

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)
2012	33,238	\$ 7,950,910	\$ 38,130	40,359	8.60%
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	(1)	35,432	-	41,451	6.10
2021	(1)	34,715	-	39,923	4.00

Note:

(1) Personal income not available for 2020 and 2021.

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	2012		2021	
	Employees	Percentage of Total City Employment (1)	Employees	Percentage of Total City Employment (2)
Tyson Foods	1,600	10.5%	1,850	10.6%
ATI Specialty Materials	1,250	8.2%	1,400	8.0%
Atrium (formerly Carolinas Medical Center-Union)	1,500	9.9%	1,400	8.0%
Union County	573	3.8%	1,216	7.0%
Charlotte Pipe	450	3.0%	550	3.2%
3M Scott Safety	550	3.6%	550	3.2%
City of Monroe	452	3.0%	488	2.8%
Wal-Mart Stores, Inc.	350	2.3%	400	2.3%
Greiner Bio-One	-	0.0%	350	2.0%
Windsor Windows	-	0.0%	350	2.0%
Circor (formerly IMO Industries)	240	1.6%	200	1.1%
Goodrich Corporation	240	1.6%	-	0.0%
Collins Aerospace (formerly UTC Aerospace)	-	0.0%	150	0.9%
Total	7,205	47.5%	8,904	50.9%

Notes:

(1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 15,228 as of June 30, 2012.
(2) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 17,441 as of June 30, 2021.

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
2012	87	\$ 32,422,060	225	\$ 13,845,321
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

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 and 2019.
- (3) The City has experienced the highest volume of residential permits since the City began issuing permits in 2012.

Source:

City Planning Department

CITY OF MONROE, NORTH CAROLINA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Administration (1)	28	29	30	29	28	30	30	29	38	38
Planning and zoning/Community development	8	7	7	7	7	8	8	8	8	8
Engineering	10	9	9	9	9	9	9	9	9	9
Utility/tax billing and collection	17	17	18	19	19	19	19	19	19	19
Purchasing/Fleet/Warehouse	9	9	9	9	9	9	9	9	9	9
Transportation	19	19	19	19	19	19	19	19	19	19
Police (2)	104	98	98	99	99	99	103	104	105	105
Fire (3)	82	79	79	80	81	81	81	84	84	84
Building standards and code enforcement	6	6	6	7	7	8	8	8	8	8
Culture and recreation (1)	40	41	37	37	38	38	37	37	32	32
Water and sewer:										
Distribution system	34	34	34	34	35	35	35	35	36	37
Water filter plant	12	12	12	12	12	12	12	12	12	12
Waste treatment plant	14	14	14	14	14	15	15	15	15	15
Stormwater	10	10	11	11	11	11	11	12	12	13
Electric	28	29	29	29	31	32	32	34	34	35
Natural gas	14	14	14	14	15	15	18	18	20	20
Solid Waste (4)	1	1	1	1	1	1	3	3	5	5
Aquatics and Fitness Center	11	11	11	11	11	11	11	11	11	13
Airport	9	7	7	7	7	7	7	7	7	7
Total	456	446	445	448	453	459	467	473	483	488

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.
- (3) In 2019, three full time firefighters were added through funding from a SAFER grant.
- (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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation:										
Street reclamation (tons) (1)	2,720	2,503	1,730	2,400	2,272	1,229	1,023	197	-	183
Street repair (tons)	915	929	1,012	710	532	272	398	311	814	228
Utility repair (tons)	1,019	868	784	406	381	417	928	787	645	703
Sidewalk repair (cubic yards concrete)	271	178	329	323	137	166	96	130	158	173
Pipe repair and replacement (linear feet)	2,151	1,300	832	853	1,129	1,938	2,737	1,653	2,305	2,912
Police:										
Physical arrests (calendar year)	3,025	2,367	1,852	2,336	2,158	2,494	2,487	2,525	2,485	-
Parking violations (calendar year)	3,074	3,346	3,138	2,395	2,181	2,625	2,951	2,905	2,237	-
Traffic violations (calendar year)	6,704	6,305	5,742	5,565	5,056	4,800	5,994	6,560	6,485	-
Fire:										
Calls for service (calendar year)	5,714	5,734	5,811	6,269	6,170	7,049	6,920	7,065	5,675	-
Fire code inspections (calendar year)	1,343	1,114	961	1,185	2,267	2,105	1,726	1,351	884	-
Civilian fire injuries (calendar year)	4	-	5	4	2	3	6	2	2	-
Building standards & code enforcement:										
Building permits issued	3,901	3,771	3,429	3,740	4,416	4,250	3,666	3,367	3,622	4,476
Building inspections	7,300	7,411	8,331	8,475	9,865	8,659	8,915	9,447	11,063	11,106
Code enforcement inspections	2,415	1,938	1,240	1,687	2,994	3,091	2,560	4,029	4,138	3,114
Environmental protection: (2)										
Solid waste collected (annual tonnage)	24,405	8,609	9,989	9,576	9,218	9,696	9,735	9,435	9,991	11,417
Recyclables collected (annual tonnage)	626	1,467	1,976	2,015	1,912	1,870	1,897	2,258	2,220	2,440
Culture and recreation:										
Rounds of golf played (calendar year)	27,105	27,492	32,598	33,035	36,717	36,381	33,858	34,229	41,733	-
Aquatics and fitness center members (3)	19,628	19,814	19,169	20,377	20,778	21,526	21,625	21,593	17,430	12,892
Youth athletic program participants (calendar year)	467	572	510	456	428	379	501	491	297	-
Water:										
Average daily production (millions of gallons per day)	6.2	5.8	6.1	6.6	6.5	6.6	6.2	6.1	6.7	6.2
Maximum daily production (millions of gallons per day)	9.1	8.5	8.3	9.3	9.1	8.2	9.1	8.2	8.5	8.2
Customers	11,630	11,700	11,842	11,971	12,217	12,355	12,533	12,596	12,788	13,073
Gallons Billed (in thousands)	1,820,040	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
Sewer:										
Average daily treatment (millions of gallons per day)	5.7	6.6	7.2	6.9	7.3	6.1	5.4	7.9	7.1	6.7
Customers	10,099	10,120	10,223	10,363	10,631	10,754	10,921	10,981	11,115	11,376
Gallons Billed (in thousands)	2,012,091	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
Electric:										
Sales (megawatt hours)	653,004	638,273	654,969	710,133	669,778	711,165	718,185	706,091	667,632	582,590
Customers	10,369	11,685	11,675	11,785	11,916	12,005	12,071	12,154	12,181	12,311
Natural gas:										
Sales/deliveries (thousand cubic feet)	287,804	297,961	316,633	326,144	306,735	308,356	343,814	341,222	313,732	275,637
Customers	10,667	10,512	10,599	10,795	11,033	11,236	11,374	11,486	11,625	11,879
Airport:										
Fuel sales (thousands of gallons)	309	294	279	326	290	382	350	325	315	345
Based aircraft	87	94	103	102	82	83	115	107	99	110

Notes:

- (1) Street reclamation crew was pulled to work on utility cuts during fiscal year 2019 and 2020 resulting in the decrease in those years.
- (2) The City of Monroe stopped providing commercial dumpster collection services in 2012. The City of Monroe now provides 95 gallon recycling carts versus 18 gallon bins.
- (3) 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.

Sources:

Various City departments.

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

Function	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation:										
Municipal Boundary (square miles)	29.63	29.63	29.63	29.63	29.63	29.63	30.05	30.34	30.49	31.07
Streets (miles)	167	169	170	170	170	170	170	170	171	171
Sidewalks (miles)	62	63	64	64	64	64	65	65	65	65
Curb and gutter (miles)	128	130	131	131	131	131	132	133	133	133
Stormwater (miles)	35	35	36	36	36	36	36	36	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)	301	309	330	336	343	355	358	372	374	381
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	92	92	92	92	92	96	96	96	96	96
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire apparatus (line and reserve)	15	15	15	15	18	18	18	18	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	8	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	11	14	14
Tennis courts (2)	10	10	10	8	8	6	6	6	6	6
Playing fields (baseball/soccer/football) (3)	20	20	20	20	20	20	20	20	20	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	0.5	2.0	2.0	3.1	4.3	4.3	4.8	5.3
Theatre (4)	-	-	-	-	-	-	-	-	-	1
Water:										
Water mains (miles)	291	291	291	291	291	292	293	293	294	296
Treatment capacity (millions of gallons per day) (5)	11	11	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	295	294	297	299
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	9	7	7	7	7	7	7	7
Lines (miles per calendar year)	285	285	286	289	291	293	294	295	298	-
Natural gas:										
Lines (miles per calendar year)	455	455	457	464	468	473	477	486	500	-
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	87,603	97,603	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.
- (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, 2021, 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, 2021. 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.

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 may exist that have not been identified.

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, 2021

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

We have audited the City of Monroe's compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Monroe's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Monroe's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Monroe's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Monroe complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of the City of Monroe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Monroe's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Monroe's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2021

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

We have audited the City of Monroe's compliance with the types of compliance requirements described in 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Monroe's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Monroe's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Monroe's compliance.

Opinion on Each Major State Program

In our opinion, the City of Monroe complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of the City of Monroe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Monroe's internal control over compliance with the requirements that could have a direct and material effect on each major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 combination of deficiencies, in internal 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 requirement 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, 2021

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

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>
---------------------	------------

Equitable Sharing Program	16.922
---------------------------	--------

Airport Improvement Program	20.106
-----------------------------	--------

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	Yes
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CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	None reported

Type of auditor's report issued on compliance
for major state programs

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the State Single
Audit Implementation Act?

No

Identification of major state programs:

Program Name

Powell Bill

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, 2021**

None reported.

CITY OF MONROE, NORTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
Federal Grants:						
Cash Programs:						
U.S. Department of Justice:						
Direct Programs:						
Offices, Boards and Divisions						
Equitable Sharing Program	16.922		\$ 223,645	\$ -	\$ -	\$ -
Office of Justice Programs						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-599	12,808	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0365	8,624	-	-	-
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1157	46,575	-	-	-
U.S. Department of Homeland Security:						
Federal Emergency Management Agency:						
Passed through N.C. Department of Public Safety:						
2016 Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00169	13,969	-	-	58,126
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4487DR-NC	13,405	-	-	-
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	2,407	-	-	-
Urban County Entitlement Program- Phase II	14.218	B-19-UC-37-0004	520,000	-	-	282,277
Total CDBG Entitlement Grants Cluster			522,407	-	-	282,277
U.S. Department of Treasury:						
Passed through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Passed through NC Alliance of YMCAs:						
COVID-19 Coronavirus Relief Fund	21.019	103-01-097-01; 103-01-097-02; 103-01-097-03; 103-01-097-04; 103-01-097-05	125,880	-	-	-
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	13,466	-	-	-
Total Aging Cluster			13,466	-	-	-
U.S. Department of Transportation:						
Passed through N.C. Department of Transportation:						
Airport Improvement Program	20.106	36237.17.18.1; 36237.17.17.1	1,650,133	-	-	171,769
Total Assistance - Federal Programs			2,630,912	-	-	512,172

CITY OF MONROE, NORTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
State Grants:						
Cash Assistance:						
N.C. Department of Transportation:						
Powell Bill				978,867		
N.C. Division of Parks and Recreation:						
N.C. Parks and Recreation Trust Fund (PARTF)	2021-932			9,429		
N.C. Department of Environmental Quality:						
Drinking Water Asset Inventory & Assessment Grant	H-AIA-D-17-0106		-	35,749	-	1,220
Wastewater Asset Inventory & Assessment Grant	E-AIA-W-17-0051		-	7,500	-	-
Total assistance - State Programs			-	1,031,545	-	1,220
Total assistance			\$ 2,630,912	\$ 1,031,545	\$	\$ 513,392

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, 2021. 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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(704) 282-4500**



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