



Monroe

North Carolina



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2020

City of Monroe, North Carolina Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2020

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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Introductory Section

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October 21, 2020

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 Comprehensive Annual Financial Report (“CAFR”) of the City of Monroe for the fiscal year ended June 30, 2020. 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 CAFR, 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, the Humane Society of Union County, Inc., the Village Development Center, the Union County Youth Ballet, A Few Good Men, Bridge to Recovery, James Recreational Camps and Artists Music Guild.

Economic Condition and Outlook

Continued confidence in the national economy during the first eight months of FY 2019-20 resulted in a respectable amount of capital investment among Monroe's manufacturing and related sectors. Projects of note included SPX Corporation's \$9,000,000 location decision at the Charlotte-Monroe Executive Airport and Brown Equipment MFG's purchase and retrofit of a long-vacant facility in Monroe's historic Sutton Park.

However, once the world-wide pandemic brought about global economic impacts in March 2020, Monroe's manufacturing sectors experienced a variety of effects. Aerospace companies have struggled the most due to the fact that 90+-percent of the world's commercial aircraft are grounded for lack of passenger demand. Conversely, firms producing products or services in food production, life safety, pharmaceuticals, and construction materials are thriving. Specifically: Tyson Foods, Greiner Bio-One, Glenmark Pharmaceuticals, and Charlotte Pipe –Plastics Division have experienced record sales during the pandemic.

What this shows is that a diverse mix of business sectors is a robust and prudent strategy to preserve a community's economic vitality in the face of unexpected and unprecedented challenges. Monroe has practiced this successful approach for decades.

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. According to our 2020 Industrial Wage Survey, Monroe's 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 \$800 Million in capital investment announced and over 2,000 jobs created, an average of \$100 Million per year. This investment also generates over \$650 Million of income 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. Current initiatives are focusing on system sustainability and asset management programs. The Department recently accepted an NC Department of Environmental Quality grant to develop an asset management and mobile work order system. The system went live in November 2019. 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. A \$5.5-million-dollar upgrade to the John Glenn Water Treatment Plant was completed this past fiscal year. A combination of added finished water storage, and solids handling/safety upgrades will improve capacity, reliability, and safety.

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 for the Turnpike Authority Monroe Bypass have been completed. There are other major NC Department of Transportation projects underway involving utility coordination and relocations. Economic activity from residential, commercial, and industrial development is having a positive effect on revenue. Significant capacity commitments were made to new residential developments and voluntary annexations and the City is expecting very positive future financial returns as these developments come on line.

The City of Monroe's Natural Gas Division operates and maintains a 43-mile natural gas transmission pipeline and 485 miles of natural gas distribution mains per federal regulation 49 CFR Part 192. With the installation of 221 new services, the natural gas customer count has increased to 11,625 customers. Peak gas usage day was on Tuesday, January 21, 2020, with a volume of 17,920 MCF (17,920,000 cubic feet) on a 35.9 heating degree day (38°/24° F). The natural gas volume for the fiscal year was 3,137,325 MCF. Energy Services Utility Locators have located 13,739 NC811 locate tickets, including natural gas, electric, and City fiber telecommunications. During the fiscal year 2020, the following projects were undertaken:

- Installed 25,504 feet of two-inch polyethylene main and 12,429 feet of four-inch polyethylene main to serve five developing residential subdivisions, Martin Ridge Farm and ATI Metals.
- Upgraded the Stitt St. regulating station by replacing the original design to provide maximum capacities and pressures while improving over-pressurization protection.
- Construction and commissioning of the LNG Peak Shaving Facility at 2111 Morgan Mill Rd are completed. Operations of the facility are pending a compliant O&M manual and documented training.

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 131 MW and annual electric sales of 662,492,643 Kilo-Watthours. During fiscal year 2020 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.
- Expanded electric facilities in the Corporate Center for future growth.
- Installed electric facilities to two new residential subdivisions.
- Responded to 159 electric outages with an average response time of 19 minutes.
- Maintained 99.9900% 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 home owner 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 Stewart, Bearskin and Richardson Creek Watersheds in an effort to identify illicit discharges. In a continued effort to identify illicit discharges within the watersheds, the Engineering Department walks one of the three watersheds each year on a rotating basis.

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 1,700 work orders in addition to completing thirteen capital improvement projects between 2009 and 2020.

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

As the corporate aviation gateway for Monroe and Union County, the Charlotte-Monroe Executive Airport is a designated primary reliever for the Charlotte-Douglas International Airport, and can support virtually any corporate general aviation aircraft. With the estimated 56,000 take-offs and landings and over 100 privately-owned based aircraft, the Airport gives corporate aviation operators worldwide access while providing fuel and other services such as international Customs processing. The Airport's annual economic impact is over \$24M in business revenue, supporting over 300 jobs, which in turn offers \$12.3M in personal income and generates \$1.9M in state and local taxes. As the Airport concludes a major rehabilitation project to one of its primary aircraft ramp (valued at over three million dollars, and funded by a NC Department of Transportation \$2.8M grant), and an update to its Airport Layout ("Master") Plan, it is poised to further grow exponentially. The Airport has increased its aircraft basing capability with the opening of a 12,000 sq. ft. hangar which has been filled with two new corporate jet aircraft. With all this activity, the Charlotte-Monroe Executive Airport clearly demonstrates how it connects people and companies to markets around the globe, supports business growth, and moves 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 and Fire Departments are committed to maintaining high standards by achieving and maintaining accreditation through CALEA and CFAI, respectively. The following programs were implemented in order for police officers to build stronger relationships with youth and the community.

This year, the department partnered with Union County Public Schools and distributed 200,000 meals while schools were closed and during the summer months. The department also partnered with Heart for Monroe to deliver 3,500 meals to senior citizens at Serenity Hills and Cotton Street Commons. The department assisted Monroe Housing in distributing 341 care packages to residents. During these difficult times during the pandemic we have helped distribute 76,257 pounds of vegetables to 750 families in need within Monroe.

The Police Athletic League (PAL) included up to 100 participants between the ages of 8 and 11 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 51 community projects that build community relations, reach out to those in need and make our community a better place to live and work. Every summer, except summer 2020 due to the pandemic, our School Resource Officers and Community Services section take the Gang Resistance Education and Training (G.R.E.A.T.) students on a weeklong day camp and participate with them doing a different activity each day. This program is used to build trust between law enforcement and our young community members. This year we have participated in several neighborhood drive-thru promotion ceremonies with our elementary school teachers and staff. The officers and teachers wanted to let students know that during the pandemic we were thinking about them and proud of their accomplishments.

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 active Explorer Post, which has an active membership of 15 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. It embraces a recently updated five-year strategic plan that is a community driven plan developed with citizen input.

Monroe holds a Class 2 ISO Fire Insurance Rating, which reflects well on the City's professional fire operations and water system infrastructure. 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 State Department of Transportation and the Charlotte Regional Transportation Organization to improve the roadway network in Monroe.

Through the State Transportation Improvements Program (STIP), opportunities are 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 approximately \$360,000 for the US Highway 74 project toward the installation of a 10-foot wide multi-use path (MUP) on one side and an 8-foot wide sidewalk on the opposite side. Similarly, the City of Monroe is to provide \$252,980 on the US 74/ US 601 Interchange project towards the installation of 8-foot wide sidewalks on both sides along the project. As part of the US 601 Widening Project, the City's share for the provision of a 10-foot wide MUP and 8-foot wide sidewalk is \$411,500. Improvements are also taking shape for Old Charlotte Highway with the first section of a project from Seymour Street to NC 200 (Dickerson Boulevard). Sidewalks and bike lanes are planned for these roadway improvements in addition to center medians that will present landscaping opportunities for Monroe. The City's share of the pedestrian improvements is estimated at \$193,000 for the Charlotte Avenue improvements. Other projects include the recently completed intersection improvements along US 74 at the intersection of Secrest Avenue with improvements at Rocky River Road and US 74 currently under construction. 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 169 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 147 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, 2020 Accredited and NC Main Street Designated Community, 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 \$1,607,500 in private sector property acquisitions and sales and \$204,500 in private sector improvements and new construction. A total private sector investment of \$1,812,000 was realized with eight (8) downtown properties sold, nine (9) new business openings, three (3) business expansions and hosted downtown special events (2019 only) and promotions.

A total of \$8,117,663 of new public investment in downtown was realized with 15 public improvement projects. Total public-private investment in downtown of approximately \$9,929,663 was reported to North Carolina Main Street. Even though Downtown special events and promotions were canceled in 2020 due to COVID-19, volunteers logged approximately 739

hours. Valued at \$15,866 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 four 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. Opening of the Theatre has been delayed due to COVID-19. We hope to open sometime in 2021.
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 is anticipated to go out for bid in the fall of 2020.
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 renovation is currently under construction with an anticipated completion date in the winter of 2020 with an estimated opening in early 2021, 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 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 is anticipated to go out for bid in the fall of 2020.
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. The anticipated completion of the project is later this year.

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 is in the process of being rolled out with a projected go live during fiscal year 2021 as a major upgrade to plan review and permit processing functions. The City has purchased the Lucity software suite and has implemented this software for Water Resource asset management. Purchase of network components to upgrade and transition the City's Financial Software are underway. IT infrastructure has been expanded with new facilities including the Center Theatre and Science Center that have been added recently. Infrastructure will continue to expand with several facilities that will be added in the near future. The IT department is in the procurement stage to implement several security initiatives to protect the IT infrastructure from malware attacks. These security improvements will no longer be solely signature based, 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 2019-2020 year, the Police Department finalized a three year COPS Hiring Grant in the amount of \$500,000 that funded up to 75% of entry-level salary and fringe benefits for four full-time officers. Also, there were two Justice Assistance grants used to purchase equipment for the City's K-9's.

The Fire Department continued utilizing a Staffing for Adequate Fire and Emergency Response (SAFER) grant by the U.S. Department of Homeland Security. This is a three-year grant that 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 will be finalized in the Fall of 2020.

The airport is ever positioning itself to continue promoting economic growth for the community. Funded through federal and state grants, rehabilitating the runway aprons has continued and the taxiway lighting rehabilitation project was completed during the year. The airport layout plan update has begun. 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. A cooperative agreement has been entered into with Union County and work continues on the project for improvements to the Concord Avenue sidewalks and infrastructure.

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 are still in progress, but expected to wrap up in the Fall of 2020.

The Planning Department received a 2018 Historic Preservation Fund Grant for the Monroe Historic District Design Guidelines Update in the amount of \$19,000. This grant was completed in late August 2019.

In September of 2018, the City of Monroe incurred damages to several City facilities and property from Hurricane Florence. The City is working with the Federal Emergency Management Agency (FEMA) for reimbursement of costs incurred. During the fiscal year June 30, 2020, \$526,213 was expended in Public Assistance Disaster Grants. 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 Airport was awarded a CARES Act State Block Grant in the amount of \$69,000 that was used for offsetting personnel expenses. 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. The City was also awarded a Coronavirus Relief Fund grant from the U.S. Department of Treasury that was passed down from Union County in the amount of \$888,729. These funds are to help offset public safety personnel expenses during the pandemic. The City has also opened a claim with FEMA for other qualifying and reimbursable expenses related to the Coronavirus pandemic and will continue to work through the process with FEMA to obtain reimbursement for these. At this time, no amounts have been awarded or obligated by FEMA.

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.

As part of the City's strategic plan, the City Council has formally assigned fund balance for use in future years for the airport and street resurfacing. It has also established a capital reserve fund to accumulate funds for greenway construction. 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 rewriting our Unified Development Ordinance (UDO) and updating 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. A new Project Planning, Permitting, Plan Review and Inspection Software titled "CityView" will be our new platform for all planning, permitting, inspections, plan review and code enforcement projects to be effective December 2020. The new software will be 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 planning and re-development (revitalization) activities. Two main areas include housing and economic vitality initiatives throughout the City. The first is the Concord Area Master Plan where the City wishes to improve the aesthetics, safety, viability and appeal of the area through a comprehensive small area redevelopment plan. The plan was adopted in 2015 that included an action plan that provided a broad set of recommendations that serves as a guide to

implement the vision. Several action items have been accomplished since the plan was adopted that includes adopting an overlay district for the Concord Avenue Area that provides the zoning and ordinances standards to initiate the plan implementation. A property acquisition program was developed and over the past fiscal year, the City obtained several key tracts in the Concord Avenue Master Plan area for economic development. A land donation was received within the Concord Avenue Area that will serve as a beautification space for the community. The City is dedicated to promoting healthy living and community space, as part of our plan we formed public private partnerships to create and improve housing, as well as create green space. The City of Monroe is part of an Urban County Entitlement (Union County) and is a sub recipient of Community Development Block Grant (CDBG) funds. In partnership with other City Departments (Engineering), we will be leveraging our Powell Bill Funds against the CDBG award to complete the million-dollar pedestrian facility project under the Urban County partnership. The construction of the sidewalks will promote healthy lifestyles and create connectivity to the needed services for the low to moderate income census tract and is also a recommendation identified in the Concord Avenue Master Plan as an action item. The City's general fund provides administration funds to the local Community Housing Development Organization to provide housing counseling as well as manage the City's Down Payment Assistance program for the purchase of housing to benefit low to moderate income households. This year the City conducted an additional environmental study of City owned property and the adjacent neighborhood for another low to moderate income census tract area that is referred to as Winchester. After several issues were identified in the environmental, the City determined that the City owned property should be set aside as greenspace and preserved to create a noise barrier from the train congestion for the residents of this historically African American neighborhood. The City managed the abatement of public health and safety issues on the property. We continue to work with our Community Stakeholders to build partnerships, identify gaps, and promote inclusion of all of our citizens to promote safe housing and revitalization.

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 \$185,222,988. 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the 27th 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 CAFR. 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 CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

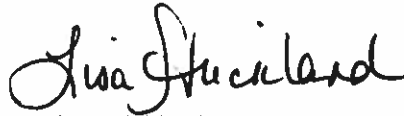
Acknowledgements. The preparation of this report is a very intensive project, and could not have been accomplished without the assistance and dedication of the Finance Department staff and other personnel from various departments who assisted in its preparation. A particular thank you goes to Accounting 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,



Larry Faison
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, 2019



Executive Director/CEO

**CITY OF MONROE,
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
June 30, 2020**

Elected Officials

Bobby G. Kilgore
Mayor

Marion L. Holloway
Mayor Pro Tem

Surluta A. Anthony

Lynn A. Keziah

Freddie B. Gordon

Angelia N. James

Franco J. McGee

City Administration

E. Larry Faison
City Manager

Bridgette H. Robinson
City Clerk

Lisa Strickland
Director of Finance

Russell G. Colbath
Director of Water Resources

Ronald D. Fowler
Fire Chief

Peter J. Hovanec
Director of Communications & Tourism

David E. Lucore
Director of Energy Services

Debra C. Reed
Director of Human Resources

S. Mujeeb Shah-Khan
City Attorney

Brian J. Borne
*Assistant City Manager/Downtown Monroe
Director*

Bruce Bounds
Director of Information Technology

Tonya Edwards
Director of Parks & Recreation

J. Bryan Gilliard
Police Chief

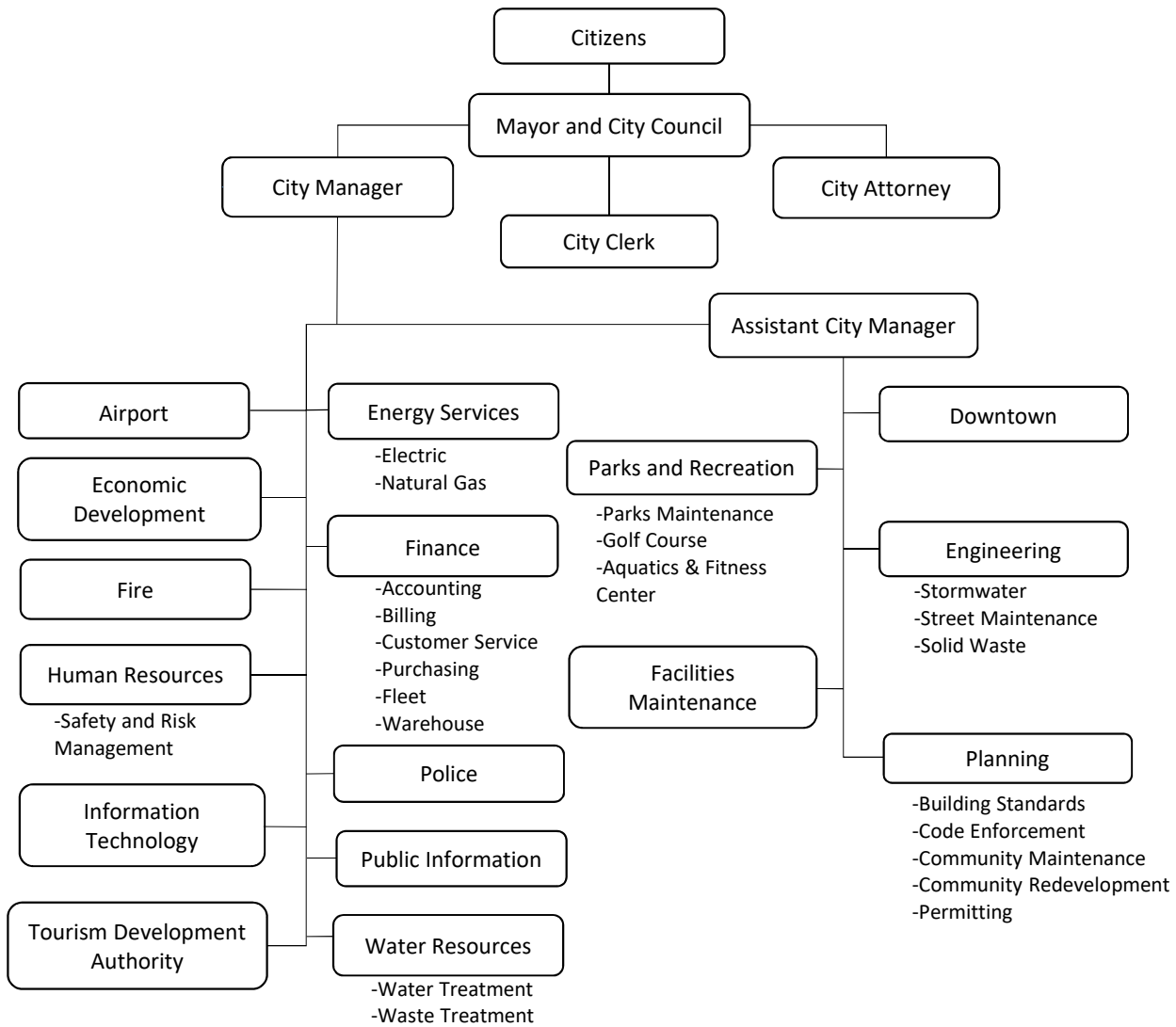
James N. Loyd, Jr.
Director of Engineering & Stormwater

R. Christopher Platé
Executive Director of Economic Development

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, 2020, 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 69 percent, 61 percent, and 69 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, 2020, 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 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, 2020 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, 2020



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, 2020. 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.

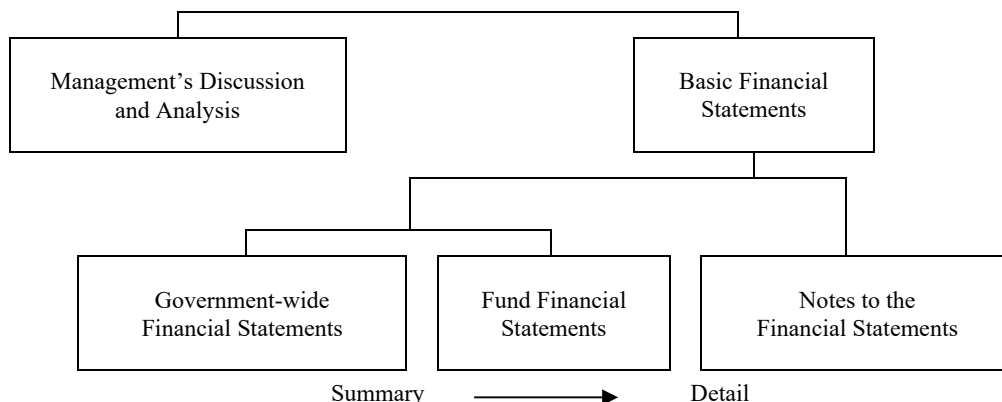
Financial Highlights

- 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 \$446,576,308 (net position). Of this amount, \$138,365,636 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$31,802,469. This increase was the net of an increase in the amount of \$3,374,356 from governmental activities and an increase of \$28,428,113 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,925,693, a decrease of \$2,195,580 in comparison with the prior year. Approximately 39.8 percent of this total amount, or \$17,073,321, 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 \$24,604,409, or 68.5 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 \$2,655,540 (2.5%) during the current fiscal year. The elements of the decrease were debt retirements totaling \$5,784,540 and a new installment financing of \$3,129,000.

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 seven 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 six 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 six governmental funds are made up of two capital projects funds, a capital reserve fund and three special revenue funds including Community Development, Downtown Monroe and Monroe-Union County Economic Development.

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 36 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 100 of this report.

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

Government-Wide Financial Analysis

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

City of Monroe’s Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$52,341,182	\$54,423,627	\$176,381,204	\$157,989,452	\$228,722,386	\$212,413,079
Capital assets	86,390,836	79,219,602	302,326,365	293,869,838	388,717,201	373,089,440
Total assets	138,732,018	133,643,229	478,707,569	451,859,290	617,439,587	585,502,519
Deferred outflows of resources	5,375,210	5,830,690	6,150,706	6,693,270	11,525,916	12,523,960
Total assets and deferred outflows of resources	144,107,228	139,473,919	484,858,275	458,552,560	628,965,503	598,026,479
Long-term liabilities outstanding	54,240,440	53,911,540	98,309,338	102,227,324	152,549,778	156,138,864
Other liabilities	6,361,450	6,464,554	15,617,878	14,298,910	21,979,328	20,763,464
Total liabilities	60,601,890	60,376,094	113,927,216	116,526,234	174,529,106	176,902,328
Deferred inflows of resources	5,488,348	4,455,191	2,371,741	1,895,121	7,860,089	6,350,312
Total liabilities and deferred inflows of resources	66,090,238	64,831,285	116,298,957	118,421,355	182,389,195	183,252,640
Net position:						
Net investment in capital assets	72,231,064	71,001,544	221,098,126	214,143,680	293,329,190	285,145,224
Restricted	14,881,482	16,587,539	-	-	14,881,482	16,587,539
Unrestricted	(9,095,556)	(12,946,449)	147,461,192	125,987,525	138,365,636	113,041,076
Total net position	\$78,016,990	\$74,642,634	\$368,559,318	\$340,131,205	\$446,576,308	\$414,773,839

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$446,576,308 as of June 30, 2020. Of the City’s total net position \$293,329,190 (65.8%) 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 \$14,881,482 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$138,365,636 (30.98%) is unrestricted. This amount may be used at the City’s discretion in meeting its ongoing obligations to citizens and creditors.

The City's net position has increased a total of \$31,802,469, which consists of an increase in governmental activities in the amount of \$3,374,356 and an increase in business-type activities in the amount of \$28,428,113.

The biggest part of the increase to governmental activities net position was due to an increase in capital assets. The business-type activities increase in net position was due to both a credit for excess working capital issued by the North Carolina Municipal Power Agency (NCMPA1) in the amount of \$8,866,032 as well as 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 2020, including revenues and expenses, with a comparison to the prior year. For more detail see the Statement of Activities on page 20-21.

City of Monroe's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$9,254,741	\$8,942,541	\$104,173,505	\$111,519,592	\$113,428,246	\$120,462,133
Operating grants and contributions	3,403,930	2,469,613	69,000	-	3,472,930	2,469,613
Capital grants and contributions	192,163	112,671	10,686,114	1,432,846	10,878,277	1,545,517
General revenues:						
Property taxes, levied for a specific purpose	23,155,820	22,358,697	-	-	23,155,820	22,358,697
Sales and use tax	8,112,035	6,653,962	-	-	8,112,035	6,653,962
Utility sales taxes	3,184,039	3,118,730	-	-	3,184,039	3,118,730
Motor vehicle tax	838,420	833,700	-	-	838,420	833,700
Beer & wine and telecommunications tax	376,392	443,691	-	-	376,392	443,691
Gross receipts tax	102,253	111,505	-	-	102,253	111,505
Other	2,775,997	4,792,969	4,884,847	8,519,894	7,660,844	13,312,863
Total revenues	51,395,790	49,838,079	119,813,466	121,472,332	171,209,256	171,310,411
Expenses:						
General government	\$6,396,828	\$3,460,982	-	-	\$6,396,828	\$3,460,982
Transportation	4,097,362	4,780,204	-	-	4,097,362	4,780,204
Public safety	31,067,915	27,085,904	-	-	31,067,915	27,085,904
Culture and recreation	3,081,416	8,743,095	-	-	3,081,416	8,743,095
Economic and physical development	453,968	1,075,336	-	-	453,968	1,075,336
Interest in long-term debt	501,030	468,627	-	-	501,030	468,627
Water and sewer	-	-	13,583,005	9,975,342	13,583,005	9,975,342
Electrical	-	-	56,544,865	58,253,581	56,544,865	58,253,581
Natural Gas	-	-	11,820,610	14,015,314	11,820,610	14,015,314
Aquatics and Fitness Center	-	-	3,619,614	4,056,468	3,619,614	4,056,468
Stormwater	-	-	1,986,950	2,051,772	1,986,950	2,051,772
Solid waste	-	-	2,628,415	2,349,993	2,628,415	2,349,993
Airport	-	-	3,624,809	3,696,953	3,624,809	3,696,953
Total expenses	45,598,519	45,614,148	93,808,268	94,399,423	139,406,787	140,013,571
(Decrease) Increase in net position before transfers	5,797,271	4,223,931	27,755,198	27,072,909	33,552,466	31,296,840
Transfers	(2,422,915)	(915,551)	2,422,915	915,551	-	-
(Decrease) Increase in net position	3,374,356	3,308,380	28,428,113	27,988,460	31,802,466	31,296,840
Net position, beginning as previously stated	74,642,634	71,334,254	340,131,205	312,142,745	414,773,839	383,476,999
Net position, ending	\$78,016,990	\$74,642,634	\$368,559,318	\$340,131,205	\$446,576,308	\$414,773,839

Governmental activities – Governmental activities increased the City of Monroe’s net position by \$3,374,356. Key elements of this net increase are as follows:

- Property taxes increased by \$797,123. The total assessed value increased by \$139,084,795, or 3.9%, from the prior year. The City’s tax rate remained the same. This increase in value increased the property tax levy by \$927,910 from the prior year.
- Sales and use tax increased by \$1,458,073 or 21.9%.
- Other revenues dropped by \$2,016,972 primarily due to decreased investment earnings resulting from a drop in interest rates.
- General Government expenses increased due to an increase of \$355,341 in pension expenses as well as an increase in internal service fund expenses of \$197,114.
- Public Safety expenses went up due to the purchase of an additional fire apparatus during the year for aircraft firefighting in the amount of \$806,428; an increase of \$761,444 in pension expenses as well as a change in OPEB expense from the prior year of \$941,767.
- Culture and recreation expenses decreased due to the transfer of the Facilities Maintenance Division to General Government as well as the fluctuation in construction expenses for the Dowd Center Theatre project.
- Economic and physical development expenses decreased due to the fluctuation in construction expenses for the Science Center project and the conversion to full accrual.

Business-type activities – Business-type activities increased the City of Monroe’s net position by \$28,428,113. Key elements of this net increase are as follows:

- Charges for Services decreased year over year by \$7,139,838 primarily due to the net of the following items:
 - Water and Sewer sales were down by \$416,977.
 - Electric sales decreased by \$2,877,535 due to a downturn in the economy and warm winter weather.
 - Decreased natural gas sales in the amount of \$3,269,272 due to warm winter weather.
 - Availability fees for the Water & Sewer Fund were up by \$436,033.
 - Fuel sales at the Charlotte-Monroe Executive Airport were down by \$118,630.
- Operating expenses for Electric and Natural Gas Fund decreased due to decreased power purchases due to decreased demand.
- Operating expenses for Water & Sewer Fund increased due to the settlement of a lawsuit in the amount of \$1,750,000 and a change in infrastructure renewal and developer installed assets from the prior year of \$2,138,073.
- Capital grants and contributions increased by \$9,253,268 primarily due to a credit for excess working capital issued by the North Carolina Municipal Power Agency (NCMPA1) in the amount of \$8,866,032. The remainder of the increase is due to an increase in grant revenues for Airport related projects in the amount of \$528,317.

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, 2020, the governmental funds of the City of Monroe reported a combined fund balance of \$42,925,693, which is a decrease of \$2,195,580 from last year's total of \$45,121,273. Of the governmental funds combined ending fund balances, \$7,876,849 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 (\$579,386).
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$16,493,935);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$737,506);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$17,238,017).

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, 2020, the fund balance in the General Fund was \$36,014,488, an increase of \$2,567,265 in comparison with the prior year. Of the total fund balance in the General Fund, \$7,876,849 (21.9%) 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 21.9% of total General Fund expenditures, while total fund balance represents 100.2% of that same amount. In addition to unassigned fund balance, \$10,653,137 is reserved by a minimum fund balance policy that has been adopted by City Council. Revenues exceeded expenditures prior to transfers by \$6,415,805 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 and Monroe-Union County Economic Development also impact the total fund balance for governmental funds. The primary reason for the decrease of \$4,762,845 in this category are capital expenditures for sidewalk and greenway construction, the purchase of new financial software, the renovation of the Dowd Center Theatre and Monroe Science Center and improvements to the Concord Avenue redevelopment district.

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	
	2020	2019	2020	2019
Water and Sewer	\$38,775,212	\$34,299,929	\$7,019,676	\$11,474,081
Electric	72,824,344	58,146,085	14,890,964	8,714,122
Natural Gas	33,306,733	30,855,495	3,970,565	6,241,727
Airport	(342,753)	(401,179)	2,317,109	806,242
Aquatics and Fitness Center	826,298	1,066,323	(490,738)	252,189
Stormwater	1,304,200	1,140,942	925,502	400,132
Solid Waste	833,174	774,587	(33,606)	124,976

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 sewer 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, 2020, the City of Monroe's Water and Sewer Fund reported a total net position of \$113,802,915, an increase of \$7,019,676 in comparison with the prior year. Overall operating income decreased due to the settlement of a lawsuit in the amount of \$1,750,000. The City has planned to increase unrestricted net position in the Water and Sewer Fund by increasing water and sewer rates 3.2% each year. Through uniform annual rate increases, unrestricted net position will be grown to create enough reserves to fund 40% of a new wastewater treatment plant facility. This new facility will replace our aging facility and ensure adequate capacity for future development in approximately 2030. The remaining 60% of funding for the project will be provided through financing at that time.

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, 2020, the City of Monroe's Electric Fund reported a total net position of \$145,953,346 an increase of \$14,890,964 in comparison with the prior year. Electric non-operating revenues decreased by \$1,144,554 since last fiscal year. This decrease can be attributed to a decrease in investment earnings at year end. Overall operating income decreased due to a downturn in the economy and a warmer winter.

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, 2020, the City of Monroe's Natural Gas Fund reported total net position of \$67,074,549, an increase of \$3,970,565 in comparison with the prior year. Natural gas operating revenues were down by 17.8% from prior year. This decrease can be attributed to warm winter weather. Operating expenses decreased in correlation with the decrease in charges for services by a decrease in natural gas purchases. Natural Gas lines are currently being 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.

The Airport Fund accounts for the operation of the Charlotte-Monroe Executive Airport. As of June 30, 2020, the City of Monroe's Airport Fund reported a total net position of \$30,881,973, an increase of \$2,317,109 in comparison with the prior year. Fuel sales for the airport have decreased 9% over the prior year. The main reason for the increase in net position is due to airport grant reimbursements of \$528,317 being received in the current year compared to the prior year.

General Fund Budgetary Highlights

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

Total amendments to the General Fund increased expenditures by \$2,786,829, or 6.8%. 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 \$2,526,334 and unspent appropriations (various grants, police equitable sharing, and outside agencies), \$601,822.
- Funding was appropriated for various projects including the purchase of property at 604 W Crowell Street in the amount of \$285,000, for Belk Tonawanda Park Phase 1-A in the amount of \$163,553 and construction of the Corporate Airplane Hangar at Charlotte-Monroe Executive Airport.
- 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 \$2,828,057. This was primarily due to the higher than expected sales and use tax collections which were \$8,112,034. Ad valorem taxes were also higher than budgeted due to an increase in assessed value. Reimbursements from FEMA were also received for storm damage from Hurricane Florence.

Expenditures were under budget by \$7,874,228. Expenses were down due to savings realized from vacant positions and turnover totaling approximately \$1,018,204, capital purchases \$425,327, and \$2,447,225 in other operating accounts. Expenditures were 82.0% of the final amended expenditure budget. \$3,250,411 was carried over to fiscal year 2020 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 56 - 62 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$6,417,923	\$5,698,638	\$24,379,657	\$24,379,657	\$30,797,580	\$30,078,295
Buildings and improvements	16,440,431	16,986,080	58,774,761	52,275,033	75,215,192	69,261,113
Equipment	2,037,921	1,488,017	4,880,238	5,391,119	6,918,159	6,879,136
Vehicles and motorized equipment	6,034,450	6,187,420	2,482,191	2,570,116	8,516,641	8,757,536
Other intangibles	187,795	201,022	1,795	27,325	189,590	228,347
Infrastructure	40,328,652	42,189,491	194,726,178	187,398,293	235,054,830	229,587,784
Construction in progress	14,943,664	6,468,934	17,081,545	21,828,295	32,025,209	28,297,228
Total	\$86,390,836	\$79,219,602	\$302,326,365	\$293,869,838	\$388,717,201	\$373,089,440

The City of Monroe's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$388,717,201 (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 \$15,627,761. Major capital asset events during the year included the following:

- Land purchases in the Concord Avenue Redevelopment District and property adjacent to the new Police Headquarters site
- Improvements at the John Glenn Water Treatment Plant and completion of the construction of a Bulk Airplane Hangar at the Charlotte-Monroe Executive Airport

- Addition of developer installed roads in Glendalough Subdivision
- Water main replacement on Franklin Street
- Developer installed water mains and sewer lines at Stratford Phase II, Poplin Grove Phase 1A & 1B, Cottage Green Phase I, Dogwood Forest Subdivision and Apprentice Academy
- Stormwater improvements at Quail and Oakhill Drive and Glendalough Subdivision
- Completion of airfield lighting improvements and rehab at the Charlotte-Monroe Executive Airport
- Electric infrastructure improvements including installation of mains to Cottage Green, Dogwood Forest, Poplin Grove, Stratford and Veronica Springs Subdivisions, Martin Ridge Farm and ATI Specialty Metals
- Natural gas infrastructure improvements including system reinforcements and system expansion to Cottage Green, Dogwood Forest, Poplin Grove, Stonebridge and Stratford Phase II subdivisions

Construction in progress totaling \$32,025,209 has increased overall from last year by \$3,727,981. The amount is the net of the completion of projects totaling \$11,046,921 and new projects that were added totaling \$14,774,902. Projects included in this amount are as follows:

- General – Dowd Center Theatre renovation, greenway construction, Concord Avenue sidewalk construction, Concord Avenue redevelopment district improvements, 5 points gateway improvements, Senior Center renovation and new Police Department headquarters
- Occupancy Tax Capital Project – Monroe Science Center
- 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
- Natural Gas – construction of the Liquefied Natural Gas Peak Shaving Facility and expansion projects
- Airport – construction of the corporate community hangar and rehabilitation of the apron

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 83 of this report.

City of Monroe's Outstanding Debt

Figure 6

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Install purchase obligations	\$7,931,312	\$6,818,147	\$1,324,478	\$413,000	\$9,255,790	\$7,231,147
Revenue bonds	-	-	42,696,054	45,324,190	42,696,054	45,324,190
State revolving loans	-	-	6,735,446	7,216,549	6,735,446	7,216,549
Limited Obligation Bonds	7,840,913	8,196,488	36,552,254	37,767,623	44,393,167	45,964,111
Total	<u>\$15,772,225</u>	<u>\$15,014,635</u>	<u>\$87,308,233</u>	<u>\$90,721,362</u>	<u>\$103,080,457</u>	<u>\$105,735,997</u>

As of June 30, 2020, the City of Monroe had total debt outstanding of \$103,080,457. During the fiscal year, the City issued an installment financing to finance a fire truck and new financial software in the amount of \$3,129,000. The City's bonded debt, \$42,696,054 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 \$44,393,167 represent bonds that were issued for improvements to the natural gas system and the Dowd Center Theatre and Monroe Science Center totaling. City's total debt, net of retirements, decreased \$2,655,540 during the fiscal year. The elements of the decrease were debt retirements totaling \$5,784,540 and new installment financing of \$3,129,000.

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 \$247,382,255.

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 7.3%, which is an increase of 2.8% from last year. This rate is slightly higher than Union County's rate of 6.1% and the State's average rate of 7.7%.
- The total tax levy increased 4.2% from fiscal year 2019 to fiscal year 2020 along with the tax collection rate by 0.02%.
- Population increased 0.3% from 35,330 in 2019 to 35,432 in 2020.

Governmental Activities – The City maintained a property tax rate of .6163 for fiscal year 2021. 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 four previously approved projects 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, but opening of the Theatre has been delayed due to COVID-19.
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 is anticipated to go out for bid in the fall of 2020.
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 of this facility will be funded by Occupancy Tax Revenue. The renovation is currently under construction with an anticipated completion date in winter of 2020 with an estimated opening in early 2021, 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 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 is anticipated to go out for bid in the fall of 2020.
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. The anticipated completion of the project is late 2020.

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 2021 has been delayed. Continuing greenway construction funding has been added to this project fund. Funding is also included fencing replacement at the cemetery and various recreation facilities.

Improving existing facilities is priority and the proposed FY 2021 budget continues to address many deferred maintenance issues. The replacement of the roof at J Ray Shute Gym and Winchester Head Start, and bunker/tee box renovations at the golf course are included in the proposed Budget.

Business-type Activities – Water and sewer rates were increased by 3.2% each to plan for the significant anticipated cost of future capital projects and necessary system improvements. Due to COVID-19, this increase was made effective on January 1, 2021. Stormwater rates increased 16.75% effective January 1, 2021. The second phase of a three-part rate increase to cover increased Solid Waste costs went into effect on July 1, 2020. The rate increase will raise residential rates by \$0.85 per month. Electric and natural gas 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 .86 square miles of land into the City limits over the past three years. There are 4,287 homes approved for development as of August 2020, 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, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe Tourism Development Authority
Assets:					
Current assets:					
Cash and cash equivalents	\$ 41,878,403	\$ 154,385,366	\$ 196,263,769	\$ 1,034,995	\$ 898,299
Taxes receivable	592,967	-	592,967	-	-
Accounts receivable	1,446,282	12,557,331	14,003,613	-	63,700
Note receivable - short-term	58,772	-	58,772	-	-
Internal balances - short-term	(1,131,160)	1,131,160	-	-	-
Due from other governments	5,126,814	-	5,126,814	-	-
Due from component units	123,474	-	123,474	-	-
Inventories	225,202	4,407,315	4,632,517	298,692	2,146
Prepays	385,184	440,805	825,989	32,629	11,987
Cash and cash equivalents - restricted	3,635,276	2,039,171	5,674,447	-	-
Total current assets	52,341,214	174,961,148	227,302,362	1,366,316	976,132
Non-current assets:					
Restricted cash- Customer deposits	-	539,451	539,451	-	-
Note receivable	880,573	-	880,573	-	-
Total non-current assets	880,573	539,451	1,420,024	-	-
Internal balances - long term	(880,605)	880,605	-	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	21,361,587	41,461,202	62,822,789	317,013	-
Other capital assets, net of depreciation	65,029,249	260,865,163	325,894,412	518,441	-
Total capital assets	86,390,836	302,326,365	388,717,201	835,454	-
Total non-current assets	86,390,804	303,746,421	390,137,225	835,454	-
Total assets	138,732,018	478,707,569	617,439,587	2,201,770	976,132
Deferred Outflows of Resources:					
OPEB deferrals	391,393	173,551	564,944	-	-
Pension deferrals	4,983,817	1,936,333	6,920,150	80,424	-
Charge on debt defeasance	-	4,040,822	4,040,822	-	-
Total deferred outflows of resources	5,375,210	6,150,706	11,525,916	80,424	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	2,642,960	9,770,203	12,413,163	540,495	6,254
Due to primary government	-	-	-	111,640	11,834
Current portion of long-term liabilities	3,294,724	5,290,341	8,585,065	-	-
Unearned revenue	1,997	17,883	19,880	-	-
Payable from restricted assets	48,120	-	48,120	-	-
Property claims liability	30,421	-	30,421	-	-
Workers' compensation claims	3,809	-	3,809	-	-
Healthcare benefits claims	339,419	-	339,419	-	-
Total current liabilities	6,361,450	15,078,427	21,439,877	652,135	18,088

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	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	-	539,451	539,451	-	-
Net pension liability	7,290,212	3,229,576	10,519,788	132,725	-
Total pension liability (LEOSSA)	4,573,806	-	4,573,806	-	-
Total OPEB liability	27,262,847	12,088,839	39,351,686	-	-
Due in more than one year	15,113,575	82,990,923	98,104,498	-	-
Total non-current liabilities	54,240,440	98,848,789	153,089,229	132,725	-
Total liabilities	60,601,890	113,927,216	174,529,106	784,860	18,088
Deferred Inflows of Resources:					
OPEB deferrals	5,299,609	2,349,943	7,649,552	-	-
Pension deferrals	178,592	21,798	200,390	2,470	-
Other deferred inflows	10,147	-	10,147	-	-
Total deferred inflows of resources	5,488,348	2,371,741	7,860,089	2,470	-
Net Position:					
Net investment in capital assets	72,231,064	221,098,126	293,329,190	835,454	-
Restricted for:					
Stabilization by state statute	11,144,133	-	11,144,133	-	64,158
Public safety	560,410	-	560,410	-	-
Transportation	2,002,649	-	2,002,649	-	-
Culture and recreation	505,221	-	505,221	-	-
Occupancy tax capital projects	271,871	-	271,871	-	-
Economic development	397,198	-	397,198	162,395	-
Tourism promotion	-	-	-	-	879,753
Unrestricted	(9,095,556)	147,461,192	138,365,636	497,015	14,133
Total net position	\$ 78,016,990	\$ 368,559,318	\$ 446,576,308	\$ 1,494,864	\$ 958,044

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, 2020

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 6,396,828	\$ 2,445,570	\$ -	\$ -
Transportation	4,097,362	403,360	954,512	192,163
Public safety	31,067,915	4,630,075	1,863,866	-
Culture and recreation	3,081,416	1,775,736	169,552	-
Economic and physical development	453,968	-	416,000	-
Interest on long-term debt	501,030	-	-	-
Total governmental activities	45,598,519	9,254,741	3,403,930	192,163
Business-Type Activities:				
Water and sewer	13,583,005	18,617,686	-	399,983
Electric	56,544,865	60,846,836	-	8,866,032
Natural gas	11,820,610	15,043,176	-	693
Aquatics and Fitness Center	3,619,614	3,011,772	-	-
Stormwater	1,986,950	2,288,415	-	-
Solid waste	2,628,415	2,573,296	-	-
Airport	3,624,809	1,792,324	69,000	1,419,406
Total business-type activities	93,808,268	104,173,505	69,000	10,686,114
Total primary government	\$ 139,406,787	\$ 113,428,246	\$ 3,472,930	\$ 10,878,277
Component Units:				
ABC Board	\$ 1,362,374	\$ 1,357,010	\$ -	\$ -
Tourism Development Authority	436,939	-	585,332	-
Total component units	\$ 1,799,313	\$ 1,357,010	\$ 585,332	\$ -

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, 2020

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	\$ (3,951,258)	\$ -	\$ (3,951,258)	\$ -	\$ -
Transportation	(2,547,327)	-	(2,547,327)	-	-
Public safety	(24,573,974)	-	(24,573,974)	-	-
Culture and recreation	(1,136,128)	-	(1,136,128)	-	-
Economic and physical development	(37,968)	-	(37,968)	-	-
Interest on long-term debt	(501,030)	-	(501,030)	-	-
Total governmental activities	(32,747,685)	-	(32,747,685)	-	-
Business-Type Activities:					
Water and sewer	-	5,434,664	5,434,664	-	-
Electric	-	13,168,003	13,168,003	-	-
Natural gas	-	3,223,259	3,223,259	-	-
Aquatics and Fitness Center	-	(607,842)	(607,842)	-	-
Stormwater	-	301,465	301,465	-	-
Solid waste	-	(55,119)	(55,119)	-	-
Airport	-	(344,079)	(344,079)	-	-
Total business-type activities	-	21,120,351	21,120,351	-	-
Total primary government	(32,747,685)	21,120,351	(11,627,334)	-	-
Component Units:					
ABC Board				(5,364)	-
Tourism Development Authority				-	148,393
Total component units				(5,364)	148,393
General Revenues:					
Taxes:					
Property taxes, levied for general purpose	23,155,820	-	23,155,820	-	-
Sales and use tax	8,112,035	-	8,112,035	-	-
Utility sales taxes	3,184,039	-	3,184,039	-	-
Motor vehicle tax	838,420	-	838,420	-	-
Beer & wine and telecommunications taxes	376,392	-	376,392	-	-
Gross receipts tax	102,253	-	102,253	-	-
Unrestricted investment earnings (loss)	1,226,654	3,847,765	5,074,419	5,464	11,623
Interest earnings on interfund loans	-	61,386	61,386	-	-
Miscellaneous	1,549,343	975,696	2,525,039	-	2,457
Total general revenues	38,544,956	4,884,847	43,429,803	5,464	14,080
Transfers	(2,422,915)	2,422,915	-	-	-
Total general revenues and transfers	36,122,041	7,307,762	43,429,803	5,464	14,080
Change in net position	3,374,356	28,428,113	31,802,469	100	162,473
Net Position:					
Beginning of year, July 1	74,642,634	340,131,205	414,773,839	1,494,764	795,571
End of year, June 30	\$ 78,016,990	\$ 368,559,318	\$ 446,576,308	\$ 1,494,864	\$ 958,044

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

CITY OF MONROE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 31,430,238	\$ 7,176,243	\$ 38,606,481
Receivables:			
Taxes	590,667	2,300	592,967
Accounts	755,049	92,672	847,721
Due from other governments	5,106,571	20,243	5,126,814
Due from component unit	111,640	11,834	123,474
Due from other funds	-	41,990	41,990
Inventories	225,202	-	225,202
Prepays	353,909	275	354,184
Cash and cash equivalents - restricted	2,048,718	1,566,384	3,615,102
Total assets	<u>\$ 40,621,994</u>	<u>\$ 8,911,941</u>	<u>\$ 49,533,935</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,723,784	\$ 919,176	\$ 2,642,960
Accounts payable to be paid from restricted assets	1,154	26,792	27,946
Due to other funds	-	1,052,468	1,052,468
Prepaid privilege license	1,997	-	1,997
Advances from other funds- current portion	186,698	-	186,698
Advances from other funds- long term	880,605	-	880,605
Total liabilities	<u>2,794,238</u>	<u>1,998,436</u>	<u>4,792,674</u>
Deferred Inflows of Resources	<u>1,813,268</u>	<u>2,300</u>	<u>1,815,568</u>
Fund Balances:			
Non-spendable:			
Inventories	225,202	-	225,202
Prepays	353,909	275	354,184
Restricted:			
Stabilization by state statute	7,716,619	3,427,514	11,144,133
General government	-	1,566,384	1,566,384
Public safety	606,479	-	606,479
Transportation	2,002,649	-	2,002,649
Culture and recreation	505,221	-	505,221
Occupancy tax capital projects	-	271,871	271,871
Economic development	-	397,198	397,198
Committed:			
Culture and recreation	-	218,915	218,915
Capital projects	-	518,591	518,591
Assigned:			
Minimum fund balance requirement	10,653,137	-	10,653,137
Airport grant acceptance	9,652	-	9,652
Airport operations - 5-year subsidy	250,000	-	250,000
Street resurfacing - 5-year program	300,000	-	300,000
Downtown projects	3,000,000	-	3,000,000
Subsequent year's expenditures	2,514,771	-	2,514,771
Community Development	-	56,562	56,562
Downtown Monroe	-	453,895	453,895
Unassigned	7,876,849	-	7,876,849
Total fund balances	<u>36,014,488</u>	<u>6,911,205</u>	<u>42,925,693</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,621,994</u>	<u>\$ 8,911,941</u>	<u>\$ 49,533,935</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, 2020

		<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statements of Net Position are different because:		
Fund balances - total governmental funds (Exhibit 3)	\$	42,925,693
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$ 170,060,615	
Accumulated depreciation	<u>(83,669,779)</u>	86,390,836
Total pension liability (LEOSSA)		(4,573,806)
Note receivable from outside party		939,345
Net pension liability - LGERS		(7,290,212)
Deferred outflows of resources related to OPEB are not reported in the funds.		391,393
Deferred outflows of resources related to pensions are not reported in the funds.		4,983,817
Deferred inflows of resources related to OPEB are not reported in the funds.		(5,299,609)
Deferred inflows of resources related to pensions are not reported in the funds.		(178,592)
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.		1,493,352
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.		1,110,843
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.		923,639
Internal balance due from business-type activities to governmental activities		66,016
Liabilities for earned, but unavailable, revenues in fund statements		1,805,421
Total OPEB liability		(27,262,847)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).		<u>(18,408,299)</u>
Net position of governmental activities (Exhibit 1)	\$	<u>78,016,990</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, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 23,143,554	\$ 56,501	\$ 23,200,055
Other taxes and licenses	943,014	-	943,014
Unrestricted intergovernmental	11,886,710	-	11,886,710
Restricted intergovernmental	1,913,223	774,865	2,688,088
Sales and services	2,224,323	-	2,224,323
Investment earnings	1,080,195	81,669	1,161,864
Donation	-	100,000	100,000
Miscellaneous	1,155,239	85,365	1,240,604
Total revenues	<u>42,346,258</u>	<u>1,098,400</u>	<u>43,444,658</u>
Expenditures:			
Current:			
General government	5,643,162	-	5,643,162
Transportation	2,388,675	-	2,388,675
Public safety	22,234,394	-	22,234,394
Culture and recreation	4,097,195	-	4,097,195
Economic and physical development	-	3,327,626	3,327,626
Capital outlay	-	6,366,986	6,366,986
Debt service:			
Principal retirement	1,225,356	115,000	1,340,356
Interest and other charges	341,671	179,934	521,605
Total expenditures	<u>35,930,453</u>	<u>9,989,546</u>	<u>45,919,999</u>
Revenues over (under) expenditures	<u>6,415,805</u>	<u>(8,891,146)</u>	<u>(2,475,341)</u>
Other Financing Sources (Uses):			
Transfers from other funds	832,842	2,977,256	3,810,098
Transfers to other funds	(5,538,882)	(109,977)	(5,648,859)
Installment purchase obligations issued	857,500	1,261,022	2,118,522
Total other financing sources (uses)	<u>(3,848,540)</u>	<u>4,128,301</u>	<u>279,761</u>
Net change in fund balances	2,567,265	(4,762,845)	(2,195,580)
Fund Balances:			
Beginning of year, July 1	<u>33,447,223</u>	<u>11,674,050</u>	<u>45,121,273</u>
End of year, June 30	<u>\$ 36,014,488</u>	<u>\$ 6,911,205</u>	<u>\$ 42,925,693</u>

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

CITY OF MONROE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ (2,195,580)

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.). 7,171,234

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. 809,847
Change in other deferred inflows

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.). (757,591)

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	(1,447,247)	
Pension expense- LEOSSA	(194,059)	
Compensated absences	(42,017)	
OPEB plan expense	<u>425,827</u>	(1,257,496)

The Internal Service Fund, determined to be governmental fund type, is used
by management to charge the costs, net of investment earnings. (396,058)

Change in net position of governmental activities (Exhibit 2) \$ 3,374,356

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, 2020

	Budgeted Amounts			Variance
	Original	Final	Actual	Over/Under
Revenues:				
Ad valorem taxes	\$ 22,349,423	\$ 22,373,423	\$ 23,143,554	\$ 770,131
Other taxes and licenses	939,036	939,036	943,014	3,978
Unrestricted intergovernmental	10,451,091	10,451,091	11,886,710	1,435,619
Restricted intergovernmental	1,428,135	1,500,692	1,913,223	412,531
Sales and services	2,666,032	2,561,032	2,224,323	(336,709)
Investment earnings	804,894	804,894	1,080,195	275,301
Miscellaneous	598,382	888,033	1,155,239	267,206
Total revenues	<u>39,236,993</u>	<u>39,518,201</u>	<u>42,346,258</u>	<u>2,828,057</u>
Expenditures:				
Current:				
General government	6,722,633	7,659,384	5,643,162	2,016,222
Transportation	3,967,872	4,223,012	2,388,675	1,834,337
Public safety	22,082,797	24,378,583	22,234,394	2,144,189
Culture and recreation	5,141,258	5,399,949	4,097,195	1,302,754
Debt service:				
Principal retirement	2,133,138	1,582,886	1,225,356	357,530
Interest and other charges	970,154	560,867	341,671	219,196
Total expenditures	<u>41,017,852</u>	<u>43,804,681</u>	<u>35,930,453</u>	<u>7,874,228</u>
Revenues over (under) expenditures	<u>(1,780,859)</u>	<u>(4,286,480)</u>	<u>6,415,805</u>	<u>10,702,285</u>
Other Financing Sources (Uses):				
Transfers from other funds	807,265	834,979	832,842	(2,137)
Transfers to other funds	(3,134,683)	(5,804,565)	(5,538,882)	265,683
Inception of lease	-	126,209	-	(126,209)
Installment purchase obligations issued	850,000	850,000	857,500	7,500
Total other financing sources (uses)	<u>(1,477,418)</u>	<u>(3,993,377)</u>	<u>(3,848,540)</u>	<u>144,837</u>
Appropriated fund balance	<u>3,258,277</u>	<u>8,279,857</u>	<u>-</u>	<u>(8,279,857)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,567,265</u>	<u>\$ 2,567,265</u>
Fund Balance:				
Beginning of year, July 1			<u>33,447,223</u>	
End of year, June 30			<u>\$ 36,014,488</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, 2020

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Assets:				
Current assets:				
Cash and cash equivalents	\$ 44,915,286	\$ 67,450,608	\$ 34,564,550	\$ 1,502,198
Accounts receivable	2,307,653	7,449,800	865,514	1,320,022
Due from other funds	275,013	243,298	163,572	72,868
Advance to other funds	-	186,698	-	-
Prepaid expenses	228,687	17,666	4,690	30,605
Inventories	349,217	3,655,619	374,532	22,408
Cash and cash equivalents, restricted	1,162,146	-	705,530	171,495
Total current assets	49,238,002	79,003,689	36,678,388	3,119,596
Non-current assets:				
Restricted assets:				
Restricted cash- Customer deposits	75,571	308,257	155,623	-
Advance to other funds	-	1,646,944	-	-
Capital assets:				
Land and other non-depreciable assets	6,375,881	7,588,548	11,688,761	14,756,754
Other capital assets, net of depreciation	90,136,537	80,477,591	57,554,670	25,229,017
Capital assets (net)	96,512,418	88,066,139	69,243,431	39,985,771
Total non-current assets	96,587,989	90,021,340	69,399,054	39,985,771
Total assets	145,825,991	169,025,029	106,077,442	43,105,367
Deferred Outflows of Resources:				
OPEB deferrals	72,991	31,863	16,157	13,502
Pension deferrals	813,638	353,207	182,910	151,374
Charge on debt defeasance	213,141	659,901	3,099,971	67,809
Total deferred outflows of resources	1,099,770	1,044,971	3,299,038	232,685
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	2,407,878	4,670,622	1,088,464	1,274,662
Unearned revenue	-	-	-	-
Compensated absences	228,218	198,844	83,991	24,935
Advance from other funds	-	-	-	766,339
Installment purchase obligations	25,166	22,264	14,968	6,668
Revenue bonds payable	814,383	942,095	157,404	794,588
Limited obligation bonds payable	-	-	1,255,369	-
State revolving loans payable	481,103	-	-	-
Total current liabilities	3,956,748	5,833,825	2,600,196	2,867,192
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	75,571	308,257	155,623	-
Net pension liability	1,357,053	589,108	305,075	252,474
Compensated absences	112,405	97,939	41,368	12,282
Installment purchase obligations	249,847	221,034	148,604	66,200
Revenue bonds payable - net unamortized premium	15,035,160	14,411,645	2,407,886	8,132,893
Limited obligation bonds payable	-	-	35,296,885	-
State revolving loans payable	6,254,343	-	-	-
Total other post-employment benefits liability	5,084,238	2,219,435	1,125,458	940,508
Total non-current liabilities	28,168,617	17,847,418	39,480,899	9,404,357
Total liabilities	32,125,365	23,681,243	42,081,095	12,271,549
Deferred Inflows of Resources:				
OPEB deferrals	988,322	431,435	218,778	182,825
Pension deferrals	9,159	3,976	2,058	1,705
Total deferred inflows of resources	997,481	435,411	220,836	184,530
Net Position:				
Net investment in capital assets	75,027,703	73,129,002	33,767,816	31,224,726
Unrestricted	38,775,212	72,824,344	33,306,733	(342,753)
Total net position	\$ 113,802,915	\$ 145,953,346	\$ 67,074,549	\$ 30,881,973

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, 2020

	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,952,724	\$ 154,385,366	\$ 3,271,922
Accounts receivable	614,342	12,557,331	598,561
Due from other funds	255,727	1,010,478	-
Advance to other funds	-	186,698	-
Prepaid expenses	159,157	440,805	31,000
Inventories	5,539	4,407,315	-
Cash and cash equivalents, restricted	-	2,039,171	-
Total current assets	6,987,489	175,027,164	3,901,483
Non-current assets:			
Restricted assets:			
Restricted cash- Customer deposits	-	539,451	20,174
Advance to other funds	-	1,646,944	-
Capital assets:			
Land and other non-depreciable assets	1,051,258	41,461,202	-
Other capital assets, net of depreciation	7,467,348	260,865,163	-
Capital assets (net)	8,518,606	302,326,365	-
Total non-current assets	8,518,606	304,512,760	20,174
Total assets	15,506,095	479,539,924	3,921,657
Deferred Outflows of Resources:			
OPEB deferrals	39,038	173,551	-
Pension deferrals	435,204	1,936,333	-
Charge on debt defeasance	-	4,040,822	-
Total deferred outflows of resources	474,242	6,150,706	-
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	328,577	9,770,203	373,649
Unearned revenue	17,883	17,883	-
Compensated absences	115,943	651,931	-
Advance from other funds	-	766,339	-
Installment purchase obligations	124,402	193,468	-
Revenue bonds payable	-	2,708,470	-
Limited obligation bonds payable	-	1,255,369	-
State revolving loans payable	-	481,103	-
Total current liabilities	586,805	15,844,766	373,649
Non-current liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	-	539,451	20,174
Net pension liability	725,866	3,229,576	-
Compensated absences	57,107	321,101	-
Installment purchase obligations	445,325	1,131,010	-
Revenue bonds payable - net unamortized premium	-	39,987,584	-
Limited obligation bonds payable	-	35,296,885	-
State revolving loans payable	-	6,254,343	-
Total other post-employment benefits liability	2,719,200	12,088,839	-
Total non-current liabilities	3,947,498	98,848,789	20,174
Total liabilities	4,534,303	114,693,555	393,823
Deferred Inflows of Resources:			
OPEB deferrals	528,583	2,349,943	-
Pension deferrals	4,900	21,798	-
Total deferred inflows of resources	533,483	2,371,741	-
Net Position:			
Net investment in capital assets	7,948,879	221,098,126	-
Unrestricted	2,963,672	147,527,208	3,527,834
Total net position	\$ 10,912,551	368,625,334	\$ 3,527,834
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds		(66,016)	
Net position of business-type activities		\$ 368,559,318	

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, 2020

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Operating Revenues:				
Charges for services	\$ 17,544,524	\$ 60,459,997	\$ 15,053,174	\$ 1,706,859
Interfund charges and employee contributions	-	-	-	-
Availability fees	934,078	-	-	-
Other operating revenues	217,605	425,176	3,514	92,056
Total operating revenues	18,696,207	60,885,173	15,056,688	1,798,915
Operating Expenses:				
Distribution systems	3,326,320	5,638,685	3,699,174	-
Water filter plant	3,538,722	-	-	-
Waste treatment plant	2,483,281	-	-	-
Electric power purchases	-	47,575,011	-	-
Natural gas purchases	-	-	4,886,273	-
Aquatics and Fitness Center operations	-	-	-	-
Airport operations	-	-	-	2,359,108
Stormwater operations	-	-	-	-
Solid waste operations	-	-	-	-
Solid waste maintenance	-	-	-	-
Operating expenses	-	-	-	-
Workers' compensation claims and premiums	-	-	-	-
Health benefit claims and premiums	-	-	-	-
Property and liability claims and premiums	-	-	-	-
Depreciation and amortization	3,252,094	2,707,353	1,597,770	821,596
Total operating expenses	12,600,417	55,921,049	10,183,217	3,180,704
Operating income (loss)	6,095,790	4,964,124	4,873,471	(1,381,789)
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	(97,788)	(1,636)	5,610	-
Other non-operating revenues (expenses)	401,513	526,150	43,484	69,000
Investment earnings	1,128,645	1,665,992	862,328	18,462
Interest income interfund loans	-	61,386	-	-
Interest and other charges	(884,800)	(622,180)	(1,637,393)	(444,105)
Total non-operating revenues (expenses)	547,570	1,629,712	(725,971)	(356,643)
Income (loss) before capital contributions and transfers	6,643,360	6,593,836	4,147,500	(1,738,432)
Capital grants and contributions	399,983	8,866,032	693	1,419,406
Transfers from other funds	-	-	-	2,636,135
Transfers to other funds	(23,667)	(568,904)	(177,628)	-
Total transfers (to) from other funds	(23,667)	(568,904)	(177,628)	2,636,135
Change in net position	7,019,676	14,890,964	3,970,565	2,317,109
Net Position:				
Beginning of year, July 1	106,783,239	131,062,382	63,103,984	28,564,864
End of year, June 30	\$ 113,802,915	\$ 145,953,346	\$ 67,074,549	\$ 30,881,973

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, 2020

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating Revenues:			
Charges for services	\$ 7,715,922	\$ 102,480,476	\$ -
Interfund charges and employee contributions	-	-	8,608,748
Availability fees	-	934,078	-
Other operating revenues	176,326	914,677	1,529,497
Total operating revenues	7,892,248	104,329,231	10,138,245
Operating Expenses:			
Distribution systems	-	12,664,179	-
Water filter plant	-	3,538,722	-
Waste treatment plant	-	2,483,281	-
Electric power purchases	-	47,575,011	-
Natural gas purchases	-	4,886,273	-
Aquatics and Fitness Center operations	3,312,246	3,312,246	-
Airport operations	-	2,359,108	-
Stormwater operations	1,816,638	1,816,638	-
Solid waste operations	2,506,791	2,506,791	-
Solid waste maintenance	101,304	101,304	-
Operating expenses	-	-	547,591
Workers' compensation claims and premiums	-	-	189,670
Health benefit claims and premiums	-	-	9,368,665
Property and liability claims and premiums	-	-	692,559
Depreciation and amortization	485,922	8,864,735	-
Total operating expenses	8,222,901	90,108,288	10,798,485
Operating income (loss)	(330,653)	14,220,943	(660,240)
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of capital assets	10,023	(83,791)	-
Other non-operating revenues (expenses)	4,549	1,044,696	-
Investment earnings	172,338	3,847,765	92,823
Interest income interfund loans	-	61,386	-
Interest and other charges	(12,078)	(3,600,556)	-
Total non-operating revenues (expenses)	174,832	1,269,500	92,823
Income (loss) before capital contributions and transfers	(155,821)	15,490,443	(567,417)
Capital grants and contributions	-	10,686,114	-
Transfers from other funds	584,154	3,220,289	-
Transfers to other funds	(27,175)	(797,374)	-
Transfers (to) from other funds	556,979	2,422,915	-
Change in net position	401,158	28,599,472	(567,417)
Net Position:			
Beginning of year, July 1	10,511,393		4,095,251
End of year, June 30	\$ 10,912,551		\$ 3,527,834
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change		(171,359)	
Change in net position of business-type activities		\$ 28,428,113	

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, 2020

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Cash Flows from Operating Activities:				
Cash received from customers	\$ 19,437,341	\$ 63,101,115	\$ 15,296,281	\$ 641,381
Cash paid for goods and services	(3,671,162)	(50,167,502)	(7,440,825)	(1,320,163)
Cash paid to or on behalf of employees for services	(4,365,828)	(3,474,448)	(1,277,126)	(610,578)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	11,400,351	9,459,165	6,578,330	(1,289,360)
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	-	218,005	-	-
Advances to other funds	-	-	-	(37,438)
Change in due from other funds	(275,013)	(243,298)	(163,572)	(72,868)
Transfers from other funds	-	-	-	2,636,135
Transfers to other funds	(23,667)	(568,904)	(177,628)	-
Net cash provided (used) by non-capital financing activities	(298,680)	(594,197)	(341,200)	2,525,829
Cash Flows from Capital and Related Financing Activities:				
Proceeds from issuance of long-term debt	275,013	243,298	163,572	72,868
Proceeds from sale of capital assets	56,275	105	5,610	-
Acquisition and construction of capital assets	(6,657,635)	(2,417,827)	(3,423,374)	(4,155,355)
Capital contributions	399,983	8,866,032	693	1,419,406
Principal paid on bond maturities and equipment obligations	(1,147,238)	(747,270)	(1,194,856)	(736,740)
Proceeds from issuance of long-term debt	-	-	-	72,868
Interest paid on bond maturities and equipment obligations	(884,800)	(622,180)	(1,637,393)	(444,105)
Net cash provided (used) by capital and related financing activities	(7,958,402)	5,322,158	(6,085,748)	(3,771,058)
Cash Flows from Investing Activities:				
Earnings on investments	1,128,645	1,727,378	862,328	18,462
Net cash provided (used) by investing activities	1,128,645	1,727,378	862,328	18,462
Net increase (decrease) in cash and cash equivalents	4,271,914	15,914,504	1,013,710	(2,516,127)
Cash and Cash Equivalents:				
Beginning of year, July 1	41,881,089	51,844,361	34,411,993	4,189,820
End of year, June 30	\$ 46,153,003	\$ 67,758,865	\$ 35,425,703	\$ 1,673,693

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, 2020

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 7,693,108	\$ 106,169,226	\$ 8,687,548
Cash paid for goods and services	(4,757,266)	(67,356,918)	(10,843,646)
Cash paid to or on behalf of employees for services	(2,892,825)	(12,620,805)	-
Other operating revenues	-	-	1,529,497
Net cash provided (used) by operating activities	43,017	26,191,503	(626,601)
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds	-	218,005	-
Advances to other funds	-	(37,438)	-
Change in due from other funds	(255,727)	(1,010,478)	-
Transfers from other funds	-	2,636,135	-
Transfers to other funds	(27,175)	(797,374)	-
Net cash provided (used) by non-capital financing activities	(282,902)	1,008,850	-
Cash Flows from Capital and Related Financing Activities:			
Proceeds from issuance of long-term debt	255,727	1,010,478	-
Proceeds from sale of capital assets	10,023	72,013	-
Acquisition and construction of capital assets	(477,833)	(17,132,024)	-
Capital contributions	-	10,686,114	-
Principal paid on bond maturities and equipment obligations	(99,000)	(3,925,104)	-
Proceeds from issuance of long-term debt	-	72,868	-
Interest paid on bond maturities and equipment obligations	(12,078)	(3,600,556)	-
Net cash provided (used) by capital and related financing activities	(323,161)	(12,816,211)	-
Cash Flows from Investing Activities:			
Earnings on investments	172,338	3,909,151	92,823
Net cash provided (used) by investing activities	172,338	3,909,151	92,823
Net increase (decrease) in cash and cash equivalents	(390,708)	18,293,293	(533,778)
Cash and Cash Equivalents:			
Beginning of year, July 1	6,343,432	138,670,695	3,825,874
End of year, June 30	\$ 5,952,724	\$ 156,963,988	\$ 3,292,096

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, 2020

	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)	\$ 6,095,790	\$ 4,964,124	\$ 4,873,471	\$ (1,381,789)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,252,094	2,707,353	1,597,770	821,596
Non operating revenue	401,513	526,150	43,484	-
Increase deferred outflows - pension	116,353	50,509	26,157	21,647
Increase in net pension liability	173,779	75,439	39,067	32,331
Decrease deferred inflows - pension	(20,731)	(9,000)	(4,660)	(3,857)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	562,190	1,691,482	185,354	(1,133,111)
(Increase) decrease in inventories	(58,664)	(215,341)	(47,569)	12,975
(Increase) decrease in prepaid expenses	(223,462)	(401)	(536)	(28,291)
Increase (decrease) in accounts payable and accrued liabilities	1,153,003	(306,832)	(122,335)	377,480
Increase (decrease) in customer deposits	891	(1,289)	11,291	-
(Increase) decrease in deferred outflows of resources for OPEB	2,639	1,152	585	488
Increase (decrease) in deferred inflows of resources for OPEB	221,203	96,562	48,967	40,920
Increase (decrease) in net OPEB liability	(303,255)	(132,381)	(67,130)	(56,095)
Increase (decrease) in compensated absences	27,008	11,638	(5,586)	6,346
Total adjustments	5,304,561	4,495,041	1,704,859	92,429
Net cash provided (used) by operating activities	\$ 11,400,351	\$ 9,459,165	\$ 6,578,330	\$ (1,289,360)
Non-Cash Items:				
Transfer of asset	\$ -	\$ -	\$ -	\$ -

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, 2020

	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)	\$ (330,653)	\$ 14,220,943	\$ (660,240)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	485,922	8,864,735	-
Non operating revenue	4,549	975,696	-
Decrease deferred outflows - pension	62,236	276,902	-
Increase in net pension liability	92,952	413,568	-
Decrease deferred inflows - pension	(11,089)	(49,337)	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(31,684)	1,274,231	(51,779)
(Increase) decrease in inventories	97	(308,502)	-
(Increase) decrease in prepaid expenses	(156,816)	(409,506)	130,579
Increase (decrease) in accounts payable and accrued liabilities	(43,432)	1,057,884	(45,161)
Increase (decrease) in customer deposits	-	10,893	-
(Increase) decrease in deferred outflows of resources for OPEB	1,408	6,272	-
Increase (decrease) in deferred inflows of resources for OPEB	118,305	525,957	-
Increase (decrease) in net OPEB liability	(162,191)	(721,052)	-
Increase (decrease) in compensated absences	13,413	52,819	-
Total adjustments	373,670	11,970,560	33,639
Net cash provided (used) by operating activities	\$ 43,017	\$ 26,191,503	\$ (626,601)
Non-Cash Items:			
Transfer of asset	\$ 584,154	\$ 584,154	\$ -

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, 2020

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 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, 2020

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 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.

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 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.

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).

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. The NCCMT Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are 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, 2020

3. *Restricted Assets*

Unexpended installment financing obligations received by the City are classified as restricted for the General 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	\$ 2,002,649
Unexpended debt proceeds	46,069
Capital Projects Fund:	
Unexpended debt proceeds	1,566,384
Health and Dental Fund:	
Deposits	10,169
Workers' Compensation Fund:	
Deposits	10,005
Total governmental activities	<u>3,635,276</u>

Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	75,571
Unexpended debt proceeds	1,162,146
Electric Fund:	
Customer deposits	308,257
Natural Gas Fund:	
Customer deposits	155,623
Unexpended debt proceeds	705,530
Airport Fund:	
Unexpended debt proceeds	171,495
Total business-type activities	<u>2,578,622</u>

Total restricted cash	<u>\$ 6,213,898</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, 2019. 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, 2020

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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, 2020

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

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

The Tourism Development Authority had no capital assets at June 30, 2020.

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, 2020

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, 2020 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, 2020

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, 2020 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>		<u>Total</u>
Inventories	\$ 225,202	\$ -	\$	225,202
Prepays	353,909	275		354,184
Total	<u>\$ 579,111</u>	<u>\$ 275</u>	<u>\$</u>	<u>579,386</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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for 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 fund balance at June 30, 2020 is as follows:

Purpose	Nonmajor		Total
	General Fund	Governmental Funds	
Stabilization by state statute	\$ 7,716,619	\$ 3,427,514	\$ 11,144,133
General government	-	1,566,384	1,566,384
Public safety	606,479	-	606,479
Transportation	2,002,649	-	2,002,649
Culture and recreation	505,221	-	505,221
Occupancy tax capital projects	-	271,871	271,871
Economic development	-	397,198	397,198
Total	<u>\$ 10,830,968</u>	<u>\$ 5,662,967</u>	<u>\$ 16,493,935</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 is as follows:

<u>Purpose</u>	Nonmajor	Total
	Governmental Funds	
Culture and recreation	\$ 218,915	\$ 218,915
Capital projects	518,591	518,591
Total	<u>\$ 737,506</u>	<u>\$ 737,506</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.

Airport Operations 5-Year Subsidy – The Monroe City Council has approved an assignment to be used over five years to subsidize airport operations.

Street Resurfacing 5-Year Program – The Monroe City Council has approved an assignment to be used over five years to provide funding for additional resurfacing projects.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

Assigned fund balance at June 30, 2020 is as follows:

Purpose	General	Nonmajor	Total
	Fund	Governmental Funds	
Minimum fund balance requirement	\$ 10,653,137	\$ -	\$ 10,653,137
Airport grant acceptance	9,652	-	9,652
Airport operations - 5-year subsidy	250,000	-	250,000
Street resurfacing - 5-year program	300,000	-	300,000
Downtown projects	3,000,000	-	3,000,000
Subsequent year's expenditures	2,514,771	-	2,514,771
Community development	-	56,562	56,562
Downtown Monroe	-	453,895	453,895
Total	<u>\$ 16,727,560</u>	<u>\$ 510,457</u>	<u>\$ 17,238,017</u>

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

The City of Monroe has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-City funds, and City funds. For purposes of fund balance, classification expenditures are to be spent from restricted fund balance first, 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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 \$(18,408,299) difference are as follows:

Installment purchase obligations	\$ (7,931,312)
Limited obligation bonds	(7,840,913)
Compensated absences	<u>(2,636,074)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (18,408,299)</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$7,171,234 difference are as follows:

Capital outlay	\$ 12,913,805
Disposal, net book value	(85,709)
Depreciation expense	<u>(5,072,708)</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>\$ 7,171,234</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 \$(757,591) are as follows:

Debt issued or incurred	\$ (2,118,522)
Amortization of premium	20,575
Principal payments:	
Installment purchase obligations & limited obligation bonds	<u>1,340,356</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>\$ (757,591)</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

III. Detail on All Funds

A. Assets

1. *Deposits*

All of the deposits of the City, the ABC Board, and the Tourism Development Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with agents in these units' names. Under the Pooling Method, which is a collateral pool, all securities held by the City's, the ABC Board's, or the Tourism Development Authority's uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, the ABC Board, and the Tourism Development Authority, these deposits are considered to be held by the City's, the ABC Board's, and the Tourism Development Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the ABC Board, the Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City, the ABC Board, and the Tourism Development Authority under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City, the ABC Board and the Tourism Development Authority do not have formal policies regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City, the ABC Board, and the Tourism Development Authority comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the City's deposits had a carrying amount of \$12,062,426 and a bank balance of \$12,629,182. 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, 2020, the ABC Board's deposits had a carrying amount of \$1,030,445 and a bank balance of \$1,124,125. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$624,125 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, 2020, the Tourism Development Authority's deposits had a carrying amount of \$898,299 and a bank balance of \$898,299. 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, 2020

2. Investments

As of June 30, 2020, the City had the following investments and maturities:

Investment Type	Valuation	Book Value at 6/30/20	1 Year	1-3 Years	3-5 Years	5+ Years
	Measurement Method					
U.S. Government Agencies	Fair Value Level 2	\$ 116,574,738	\$ 3,222,542	\$ 20,444,813	\$ 82,914,705	\$ 9,992,678
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	33,058,706	N/A	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value Level 1	40,775,822	40,775,822	-	-	-
Total		<u>\$ 190,409,266</u>	<u>\$ 43,998,364</u>	<u>\$ 20,444,813</u>	<u>\$ 82,914,705</u>	<u>\$ 9,992,678</u>

*Because the NC Capital Management Trust Term 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 as of June 30, 2020. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high-grade money market instruments as permitted under North Carolina G.S. 159-30 as amended.

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, 2020

Concentration of Credit Risk. The City's Board places no limit on the amount that the City may invest in any one issuer. Approximately 56% of the City's investments are in Federal Farm, Federal Home Loan Bank, and Freddie Mac securities and 5% in Small Business Administration loan investment pools. In addition, the City had 18% of its investment portfolio in the NCCMT – government portfolio and 21% in the NCCMT – term portfolio at June 30, 2020.

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%. Beginning in June 2014, the promissory note will be repaid through monthly installments of \$6,855 through May 2034.

	2020
Total receivable	\$ 914,045
Less current portion	52,446
Total note receivable - non-current	<u>\$ 861,599</u>

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2021	\$ 52,446
2022	54,230
2023	56,074
2024	57,982
2025	59,954
Thereafter	633,359
Total	<u>\$ 914,045</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, 2020.

	2020
Total receivable	\$ 25,300
Less current portion	6,326
Total note receivable - non-current	<u>\$ 18,974</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Scheduled future maturities of the note receivable are as follows:

Year Ending	Total
2021	\$ 6,326
2022	6,326
2023	6,326
2024	6,322
Thereafter	-
Total	<u>\$ 25,300</u>

4. *Receivables and Allowances for Doubtful Accounts*

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

	Governmental Activities	Business-Type Activities
Accounts receivable, net	<u>\$ 1,446,282</u>	<u>\$ 12,557,331</u>

Due from other governments for governmental activities was \$5,126,814 and consists of:

Due from other governments:

State shared revenues	\$ 2,852,976
Grants	1,184,666
State sales tax	612,930
County sales tax	258,061
Other	218,181
Total	<u>\$ 5,126,814</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>\$ 31,088</u>
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Downtown Monroe:

Taxes receivable	<u>\$ 121</u>
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CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. *Capital Assets*

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Governmental Activities:					
General Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 5,618,489	\$ 719,285	\$ -	\$ -	\$ 6,337,774
Construction in progress	4,364,886	5,993,928	-	2,909	10,361,723
Total non-depreciable capital assets	<u>9,983,375</u>	<u>6,713,213</u>	<u>-</u>	<u>2,909</u>	<u>16,699,497</u>
Depreciable Capital Assets:					
Buildings and improvements	28,116,371	110,981	-	-	28,227,352
Equipment	6,117,544	971,973	8,152	-	7,081,365
Vehicles and motorized equipment	19,839,193	1,657,474	1,603,733	22,767	19,915,701
Other intangibles	906,756	72,525	-	-	979,281
Infrastructure	91,480,574	909,746	-	(1,282,239)	91,108,081
Total depreciable capital assets	<u>146,460,438</u>	<u>3,722,699</u>	<u>1,611,885</u>	<u>(1,259,472)</u>	<u>147,311,780</u>
Less Accumulated Depreciation:					
Buildings and improvements	12,063,186	631,849	-	-	12,695,035
Equipment	4,683,700	414,846	8,152	-	5,090,394
Vehicles and motorized equipment	13,651,773	1,724,735	1,518,024	22,767	13,881,251
Other intangibles	705,734	85,752	-	-	791,486
Infrastructure	49,291,083	2,183,522	-	(695,176)	50,779,429
Total accumulated depreciation	<u>80,395,476</u>	<u>\$ 5,040,704</u>	<u>\$ 1,526,176</u>	<u>\$ (672,409)</u>	<u>83,237,595</u>
Total depreciable capital assets, net	<u>66,064,962</u>				<u>64,074,185</u>
General Fund capital assets, net	<u>76,048,337</u>				<u>80,773,682</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Downtown Monroe Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	<u>80,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>80,149</u>
Depreciable Capital Assets:					
Buildings and improvements	<u>67,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,180</u>
Equipment	<u>98,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,071</u>
Total depreciable capital assets	<u>165,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,251</u>
Less Accumulated Depreciation:					
Buildings and improvements	<u>11,757</u>	<u>3,359</u>	<u>-</u>	<u>-</u>	<u>15,116</u>
Equipment	<u>98,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,071</u>
Total accumulated depreciation	<u>109,828</u>	<u>\$ 3,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>113,187</u>
Total depreciable capital assets, net	<u>55,423</u>				<u>52,064</u>
Downtown Monroe Fund capital assets, net	<u>135,572</u>				<u>132,213</u>
Occupancy Tax Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	<u>2,104,048</u>	<u>\$ 2,477,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,581,941</u>
Depreciable Capital Assets:					
Buildings and improvements	<u>966,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>966,820</u>
Equipment	<u>255,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,177</u>
Total depreciable capital assets	<u>1,221,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,221,997</u>
Less Accumulated Depreciation:					
Buildings and improvements	<u>89,348</u>	<u>21,422</u>	<u>-</u>	<u>-</u>	<u>110,770</u>
Equipment	<u>201,004</u>	<u>7,223</u>	<u>-</u>	<u>-</u>	<u>208,227</u>
Total accumulated depreciation	<u>290,352</u>	<u>\$ 28,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>318,997</u>
Total depreciable capital assets, net	<u>931,645</u>				<u>903,000</u>
Occupancy Tax Fund capital assets, net	<u>3,035,693</u>				<u>5,484,941</u>
Governmental activities capital assets, net	<u>\$ 79,219,602</u>				<u>\$ 86,390,836</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

General Fund:

General government	\$ 328,541
Transportation	2,440,329
Public safety	1,671,882
Culture and recreation	598,046
Economic and physical development	1,906
Total General Fund	<u>5,040,704</u>

Downtown Monroe Fund:

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

Economic and physical development	<u>28,645</u>
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Total governmental activities	<u><u>\$ 5,072,708</u></u>
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	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Business-Type Activities:					
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 5,609,034	\$ -	\$ -	\$ -	\$ 5,609,034
Construction in progress	7,352,276	401,499	127,969	(6,858,959)	766,847
Total non-depreciable capital assets	<u>12,961,310</u>	<u>401,499</u>	<u>127,969</u>	<u>(6,858,959)</u>	<u>6,375,881</u>
Depreciable Capital Assets:					
Buildings and improvements	33,331,138	638,278	-	5,997,176	39,966,592
Equipment	9,184,179	241,702	134,502	-	9,291,379
Vehicles and motorized equipment	3,882,829	151,193	55,862	(22,767)	3,955,393
Infrastructure	79,377,444	5,224,963	-	861,783	85,464,190
Total depreciable capital assets	<u>125,775,590</u>	<u>6,256,136</u>	<u>190,364</u>	<u>6,836,192</u>	<u>138,677,554</u>
Less Accumulated Depreciation:					
Buildings and improvements	15,448,017	776,561	-	-	16,224,578
Equipment	5,133,672	853,916	108,408	-	5,879,180
Vehicles and motorized equipment	2,921,590	233,415	55,862	(22,767)	3,076,376
Infrastructure	21,873,991	1,486,892	-	-	23,360,883
Total accumulated depreciation	<u>45,377,270</u>	<u>\$ 3,350,784</u>	<u>\$ 164,270</u>	<u>\$ (22,767)</u>	<u>48,541,017</u>
Total depreciable capital assets, net	<u>80,398,320</u>				<u>90,136,537</u>
Water and Sewer Fund					
capital assets, net	<u>93,359,630</u>				<u>96,512,418</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	6,554,884	\$ -	\$ -	\$ -	6,554,884
Construction in progress	1,008,022	237,515	1,741	(210,132)	1,033,664
Total non-depreciable capital assets	<u>7,562,906</u>	<u>237,515</u>	<u>1,741</u>	<u>(210,132)</u>	<u>7,588,548</u>
Depreciable Capital Assets:					
Buildings and improvements	10,027,115	17,312	-	12,284	10,056,711
Equipment	3,036,585	159,762	340,640	-	2,855,707
Vehicles and motorized equipment	3,656,766	230,479	-	-	3,887,245
Infrastructure	112,776,800	1,772,759	275,773	197,848	114,471,634
Other intangibles	250,173	-	-	-	250,173
Total depreciable capital assets	<u>129,747,439</u>	<u>2,180,312</u>	<u>616,413</u>	<u>210,132</u>	<u>131,521,470</u>
Less Accumulated Depreciation:					
Buildings and improvements	1,181,672	223,905	-	-	1,405,577
Equipment	2,109,611	63,203	340,640	-	1,832,174
Vehicles and motorized equipment	2,933,150	238,683	-	-	3,171,833
Infrastructure	42,391,311	2,268,584	275,773	-	44,384,122
Other intangibles	225,157	25,016	-	-	250,173
Total accumulated depreciation	<u>48,840,901</u>	<u>\$ 2,819,391</u>	<u>\$ 616,413</u>	<u>\$ -</u>	<u>51,043,879</u>
Total depreciable capital assets, net	<u>80,906,538</u>				<u>80,477,591</u>
Electric Fund capital assets, net	<u>88,469,444</u>				<u>88,066,139</u>
Natural Gas Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	1,524,787	\$ -	\$ -	\$ -	1,524,787
Construction in progress	8,555,649	1,608,325	-	-	10,163,974
Total non-depreciable capital assets	<u>10,080,436</u>	<u>1,608,325</u>	<u>-</u>	<u>-</u>	<u>11,688,761</u>
Depreciable Capital Assets:					
Buildings and improvements	569,484	-	-	-	569,484
Equipment	520,812	23,744	-	-	544,556
Vehicles and motorized equipment	1,213,773	136,250	26,631	-	1,323,392
Infrastructure	72,717,167	1,655,055	-	-	74,372,222
Total depreciable capital assets	<u>75,021,236</u>	<u>1,815,049</u>	<u>26,631</u>	<u>-</u>	<u>76,809,654</u>
Less Accumulated Depreciation:					
Buildings and improvements	246,171	13,256	-	-	259,427
Equipment	464,152	12,515	-	-	476,667
Vehicles and motorized equipment	1,013,943	61,164	26,631	-	1,048,476
Infrastructure	15,952,841	1,517,573	-	-	17,470,414
Total accumulated depreciation	<u>17,677,107</u>	<u>\$ 1,604,508</u>	<u>\$ 26,631</u>	<u>\$ -</u>	<u>19,254,984</u>
Total depreciable capital assets, net	<u>57,344,129</u>				<u>57,554,670</u>
Natural Gas Fund capital assets, net	<u>67,424,565</u>				<u>69,243,431</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Airport Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	9,765,358	\$ -	\$ -	\$ -	9,765,358
Construction in progress	4,611,864	4,009,882	-	(3,630,350)	4,991,396
Total non-depreciable capital assets	<u>14,377,222</u>	<u>4,009,882</u>	<u>-</u>	<u>(3,630,350)</u>	<u>14,756,754</u>
Depreciable Capital Assets:					
Buildings and improvements	31,022,301	155	-	1,783,018	32,805,474
Equipment	584,977	-	-	-	584,977
Vehicles and motorized equipment	486,731	-	-	-	486,731
Infrastructure	3,138,867	145,318	-	1,847,332	5,131,517
Other intangibles	2,565	-	-	-	2,565
Total depreciable capital assets	<u>35,235,441</u>	<u>145,473</u>	<u>-</u>	<u>3,630,350</u>	<u>39,011,264</u>
Less Accumulated Depreciation:					
Buildings and improvements	11,535,256	721,329	-	-	12,256,585
Equipment	426,358	25,324	-	-	451,682
Vehicles and motorized equipment	442,311	13,372	-	-	455,683
Infrastructure	534,823	82,704	-	-	617,527
Other intangibles	257	513	-	-	770
Total accumulated depreciation	<u>12,939,005</u>	<u>\$ 843,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,782,247</u>
Total depreciable capital assets, net	<u>22,296,436</u>				<u>25,229,017</u>
Airport Fund capital assets, net	<u>36,673,658</u>				<u>39,985,771</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	10,381,768	56,883	-	-	10,438,651
Equipment	365,859	90,508	-	-	456,367
Vehicles and motorized equipment	49,676	-	-	-	49,676
Total depreciable capital assets	<u>10,797,303</u>	<u>147,391</u>	<u>-</u>	<u>-</u>	<u>10,944,694</u>
Less Accumulated Depreciation:					
Buildings and improvements	4,767,075	262,676	-	-	5,029,751
Equipment	196,390	41,382	-	-	237,772
Vehicles and motorized equipment	41,402	3,310	-	-	44,712
Total accumulated depreciation	<u>5,004,867</u>	<u>\$ 307,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,312,235</u>
Total depreciable capital assets, net	<u>5,792,436</u>				<u>5,632,459</u>
Aquatics and Fitness Center Fund capital assets, net	<u>6,718,030</u>				<u>6,558,053</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	300,484	\$ 45,860	\$ -	\$ (220,680)	125,664
Total non-depreciable capital assets	<u>300,484</u>	<u>45,860</u>	<u>-</u>	<u>(220,680)</u>	<u>125,664</u>
Depreciable Capital Assets:					
Buildings and improvements	20,495	-	-	-	20,495
Equipment	63,597	-	-	-	63,597
Vehicles and motorized equipment	981,601	71,606	46,287	-	1,006,920
Infrastructure	162,048	212,976	-	1,500,010	1,875,034
Total depreciable capital assets	<u>1,227,741</u>	<u>284,582</u>	<u>46,287</u>	<u>1,500,010</u>	<u>2,966,046</u>
Less Accumulated Depreciation:					
Buildings and improvements	3,414	455	-	-	3,869
Equipment	34,706	4,164	-	-	38,870
Vehicles and motorized equipment	395,989	114,384	46,287	-	464,086
Infrastructure	21,066	39,231	-	695,176	755,473
Total accumulated depreciation	<u>455,175</u>	<u>\$ 158,234</u>	<u>\$ 46,287</u>	<u>\$ 695,176</u>	<u>1,262,298</u>
Total depreciable capital assets, net	<u>772,566</u>				<u>1,703,748</u>
Stormwater Fund capital assets, net	<u>1,073,050</u>				<u>1,829,412</u>
Solid Waste Fund:					
Depreciable Capital Assets:					
Other intangibles	967,361	\$ -	\$ -	\$ -	967,361
Vehicles and motorized equipment	83,162	-	-	-	83,162
Buildings and improvements	143,914	-	-	-	143,914
Total depreciable capital assets	<u>1,194,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,437</u>
Less Accumulated Depreciation:					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	36,038	13,124	-	-	49,162
Buildings and improvements	39,577	7,196	-	-	46,773
Total accumulated depreciation	<u>1,042,976</u>	<u>\$ 20,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,063,296</u>
Total depreciable capital assets, net	<u>151,461</u>				<u>131,141</u>
Solid Waste Fund capital assets, net	<u>151,461</u>				<u>131,141</u>
Business-type activities					
capital assets, net	<u>\$ 293,869,838</u>				<u>\$ 302,326,365</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 86,390,836	\$ 302,326,365
Less: Long-term debt	15,772,225	87,308,232
Add: Deferred outflows	-	4,040,822
Add: Unexpended debt proceeds	1,612,453	2,039,171
Net investment in capital assets	<u>\$ 72,231,064</u>	<u>\$ 221,098,126</u>

Discretely Presented Component Units

Capital asset activity for the ABC Board for the year ended June 30, 2020 was as follows:

	July 1, 2019	Additions	Retirements	June 30, 2020
Non-Depreciable Capital Assets:				
Land and land improvements	\$ 317,013	\$ -	\$ -	\$ 317,013
Total non-depreciable capital assets	<u>317,013</u>	<u>-</u>	<u>-</u>	<u>317,013</u>
Depreciable Capital Assets:				
Buildings and improvements	1,069,085	-	-	1,069,085
Equipment	151,827	9,307	40,704	120,430
Vehicles and motorized equipment	15,830	-	-	15,830
Total depreciable capital assets	<u>1,236,742</u>	<u>9,307</u>	<u>40,704</u>	<u>1,205,345</u>
Less Accumulated Depreciation:				
Buildings and improvements	553,487	32,743	-	586,230
Equipment	113,354	12,194	40,704	84,844
Vehicles and motorized equipment	15,830	-	-	15,830
Total accumulated depreciation	<u>682,671</u>	<u>\$ 44,937</u>	<u>\$ 40,704</u>	<u>686,904</u>
Total depreciable capital assets, net	<u>554,071</u>			<u>518,441</u>
ABC Board capital assets, net	<u>\$ 871,084</u>			<u>\$ 835,454</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, 2020

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 938,993	\$ 784,791	\$ 1,723,784
Nonmajor funds	904,853	14,323	919,176
Total governmental activities	<u>\$ 1,843,846</u>	<u>\$ 799,114</u>	<u>\$ 2,642,960</u>
Business-Type Activities:			
Enterprise funds	<u>\$ 9,398,178</u>	<u>\$ 372,025</u>	<u>\$ 9,770,203</u>

Component units' payables at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
ABC Board	<u>\$ 514,745</u>	<u>\$ 25,750</u>	<u>\$ 111,640</u>	<u>\$ 652,135</u>
Tourism Development Authority	<u>\$ 6,254</u>	<u>\$ -</u>	<u>\$ 11,834</u>	<u>\$ 18,088</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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR 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, 2020

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, 2020 was 9.70% of compensation for law enforcement officers and 8.95% 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 \$2,512,465 for the year ended June 30, 2020. The ABC Board's contributions to LGERS for the year ended June 30, 2020 were \$28,564.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the City reported a liability of \$10,519,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 (measurement date), the City's proportion was 0.38521%, which was a decrease of 0.00144% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$4,600,840. At June 30, 2020, 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	\$ 1,801,254	\$ -
Changes of assumptions	1,714,550	-
Net difference between projected and actual earnings on pension plan investments	256,592	-
Changes in proportion and differences between City contributions and proportionate share of contributions	22,409	71,000
City contributions subsequent to the measurement date	2,512,465	-
Total	<u>\$ 6,307,270</u>	<u>\$ 71,000</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$2,512,465 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 ended June 30, 2021. 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
2021	\$ 1,821,690
2022	579,727
2023	1,025,471
2024	296,917
Total	<u>\$ 3,723,805</u>

5. Actuarial Assumptions

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	3.0 percent
Salary increases	3.50 percent
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, 2018 valuation 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, 2020

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, 2019 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	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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, 2020

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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	<u>\$ 24,060,671</u>	<u>\$ 10,519,788</u>	<u>\$ (735,435)</u>

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) 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	<u>91</u>
Total	<u>101</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

Deaths after Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths after Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths after Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$192,771 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the City reported a total pension liability of \$4,573,806. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$400,923.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 292,396	\$ -
Changes of assumptions	212,889	129,390
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>107,595</u>	<u>-</u>
Total	<u><u>\$ 612,880</u></u>	<u><u>\$ 129,390</u></u>

\$107,595 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 ended June 30, 2021.

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
2021	\$ 96,114
2022	96,114
2023	98,561
2024	49,356
2025	35,750
Thereafter	<u>-</u>
Total	<u><u>\$ 375,895</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 3.26%, 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 (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 4,920,235</u>	<u>\$ 4,573,806</u>	<u>\$ 4,255,734</u>

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

	2020
Beginning balance	\$ 4,156,173
Service cost	156,038
Interest on the total pension liability	147,776
Differences between expected and actual experience in the measurement of the total pension liability	182,471
Changes of assumptions or other inputs	124,119
Benefit payments	<u>(192,771)</u>
Ending balance of the total pension liability	<u>\$ 4,573,806</u>

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 4,600,840	\$ 400,923	\$ 5,001,763
Pension liability	10,519,788	4,573,806	15,093,594
Proportionate share of the net pension liability	0.38521%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 1,801,254	\$ 292,396	\$ 2,093,650
Changes of assumptions	1,714,550	212,889	1,927,439
Net difference between projected and actual earnings on plan investments	256,592	-	256,592
Changes in proportion and differences between contributions and proportionate share of contributions	22,409	-	22,409
Benefit payments and administrative costs paid subsequent to the measurement date	2,512,465	107,595	2,620,060

Deferred of Inflows of Resources:

Changes of assumptions	\$ -	\$ 129,390	\$ 129,390
Changes in proportion and differences between contributions and proportionate share of contributions	71,000	-	71,000

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR 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, 2020

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, 2020 were \$574,321, which consisted of \$286,524 from the City and \$287,797 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, 2020 were \$2,220,113, which consisted of \$648,124 in regular contributions, \$379,608 in matching contributions from the City, and \$1,192,381 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, 2020

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	<u>461</u>
Total	<u><u>561</u></u>

Total OPEB Liability

The City's total OPEB liability of \$39,351,686 was measured as of June 30, 2019 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, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation:	
General Employees	3.50 to 7.75 percent
Firefighters	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent
Municipal Bond Index Rate:	
Prior Measurement Date	3.89 percent
Measurement Date	3.50 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, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	<u>\$ 41,698,862</u>
Changes for the year:	
Service cost	1,674,010
Interest	1,611,202
Changes of benefit terms	(2,085,307)
Differences between expect and actual experience	(2,651,754)
Changes in assumptions or other inputs	(330,383)
Benefit payments	<u>(564,944)</u>
Net changes	<u>(2,347,176)</u>
Balance at June 30, 2020	<u><u>\$ 39,351,686</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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 the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care 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 (3.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	<u>\$ 47,301,057</u>	<u>\$ 39,351,686</u>	<u>\$ 33,194,257</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	1% Decrease	Current	1% Increase
Total OPEB liability	<u>\$ 32,501,511</u>	<u>\$ 39,351,686</u>	<u>\$ 48,448,273</u>

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$70,130. At June 30, 2020, 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	\$ -	\$ 2,541,487
Changes of assumptions	-	5,108,065
Benefit payments and administrative costs made subsequent to the measurement date	564,944	-
Total	<u>\$ 564,944</u>	<u>\$ 7,649,552</u>

\$564,944 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 ended June 30, 2021. 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
2021	\$ (1,270,035)
2022	(1,270,035)
2023	(1,270,035)
2024	(1,270,035)
2025	(1,270,035)
Thereafter	(1,299,377)
Total	<u>\$ (7,649,552)</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 4,040,822
OPEB deferrals	564,944
Pension deferrals	6,920,150
Total	<u>\$ 11,525,916</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	<u>Deferred Inflows</u>
Property taxes receivable:	
General	\$ 590,667
Nonmajor governmental	2,300
Privilege license receivable:	
General	173
Special vehicle tax receivable:	
General	12,253
Code enforcement liens receivable:	
General	311,299
Unavailable grant revenue:	
General	888,729
Prepaid taxes, agreements, gift cards, donations, and store credits, not yet earned:	
General	10,147
OPEB deferrals	7,649,552
Pension deferrals	<u>200,390</u>
Total	<u><u>\$ 9,665,510</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. *Construction and Other Significant Commitments*

Construction Commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Projects	Spent To-Date	Remaining Commitment
Governmental:		
Capital projects	\$ 10,361,722	\$ 2,818,609
Occupancy tax	4,581,941	423,434
Enterprise:		
Water and Sewer	766,847	74,538
Stormwater	125,664	20,440
Electric	1,033,665	125,861
Natural Gas	10,163,975	1,023,853
Airport	<u>4,991,396</u>	<u>3,493,047</u>
Total	<u>\$ 32,025,210</u>	<u>\$ 7,979,782</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, 2020

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, 2020 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Activities:

General Fund	\$ 2,955,813
Nonmajor funds	<u>3,260,775</u>
Total governmental activities	<u>\$ 6,216,588</u>

Business-Type Activities:

Water and Sewer Fund	\$ 2,330,887
Electric Fund	656,631
Natural Gas Fund	1,045,372
Airport Fund	3,530,055
Nonmajor funds	<u>379,549</u>
Total business-type activities	<u>\$ 7,942,494</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, 2020

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, 2020 are considered to be current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2020 are as follows:

	Health Benefit Fund	Workers' Compensation Fund	Property and Casualty Fund
Unpaid claims as of June 30, 2018	\$ 439,646	\$ 10,000	\$ 47,542
Claims and premiums paid	8,240,623	165,410	631,885
Incurred claims and premiums	<u>(8,260,976)</u>	<u>(162,065)</u>	<u>(673,081)</u>
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	<u>(9,321,852)</u>	<u>(189,201)</u>	<u>(668,484)</u>
Unpaid claims as of June 30, 2020	<u>\$ 349,588</u>	<u>\$ 13,814</u>	<u>\$ 30,421</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020.

7. Claims, Judgments, and Contingent Liabilities

The City was a defendant in various matters of litigation as of June 30, 2020. 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, 2020

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:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
\$2,391,720 Executed January 30, 2009, to finance construction of a recreation center and a gymnasium, requiring 30 semi-annual installments of \$79,724, plus interest. Interest Rate Modified June 2013 to 2.67%. The recreation center and the gymnasium are pledged as collateral for the debt.	\$ 637,791	\$ -	\$ 637,791
\$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.	1,980,000	-	1,980,000
\$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.	1,288,000	-	1,288,000
\$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.	1,328,000	314,000	1,642,000
\$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.	579,000	-	579,000
\$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.	2,118,521	1,010,478	3,128,999
Total	<u>\$ 7,931,312</u>	<u>\$ 1,324,478</u>	<u>\$ 9,255,790</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The City's outstanding note from direct placements related to governmental activities of \$637,791 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 \$1,980,000 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 \$1,288,000 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 \$1,328,000 and business-type activities of \$314,000 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 \$579,000 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 \$2,118,521 and business-type activities of \$1,010,478 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, 2020

Annual debt service payments of the installment purchase obligations as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,172,980	\$ 180,529	\$ 193,468	\$ 29,237
2022	1,186,202	154,264	199,246	24,766
2023	1,199,424	126,732	204,024	19,691
2024	1,213,645	98,873	97,803	14,489
2025	849,975	71,729	100,025	12,542
2026-2030	2,309,086	131,799	529,912	32,068
Total	<u>\$ 7,931,312</u>		<u>\$ 1,324,478</u>	

Total interest payments	<u>\$ 763,926</u>	<u>\$ 132,793</u>
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At June 30, 2020, the City had a legal debt margin of \$247,382,255.

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:

\$19,620,000 of Combined Enterprise System Revenue Refunding Bonds, Series 2011, due annually in amounts ranging from \$945,000 to \$1,460,000 through March 1, 2028, interest rate varying between 2.0% and 5.0%. The amount shown includes \$230,614 in unamortized bond premiums associated with the bonds.

\$ 7,635,614

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.

21,573,714

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.

13,486,726

Total

\$ 42,696,054

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The future payments of the revenue bonds for the years ending June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,360,001	\$ 1,714,456
2022	2,465,000	1,606,156
2023	2,575,000	1,492,956
2024	2,380,000	1,400,356
2025	2,500,000	1,281,356
2026-2030	12,140,000	4,757,506
2031-2035	7,955,000	2,125,519
2036-2040	3,230,000	1,060,045
2041-2043	2,339,998	238,000
Total	<u>\$ 37,944,999</u>	<u>\$ 15,676,350</u>

The future payments as presented above have not been reduced by the net of unamortized bond premiums totaling \$4,751,055.

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The debt service coverage ratio calculation for the year ended June 30, 2020, is as follows:

Operating revenues	\$ 96,436,983
Operating expenses (1)	73,506,574
Operating income	22,930,409
Non-operating revenues (2)	<u>3,675,427</u>
Income available for debt service	26,605,836
Parity debt service	<u>4,712,369</u>
Debt service coverage ratio	<u>565%</u>
Income available for debt service	26,605,836
Subordinated debt service	<u>7,220,482</u>
Debt service coverage ratio	<u>368%</u>

(1) Per rate covenants, this does not include the depreciation and amortization expense of \$8,378,813.

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

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 \$53,621,350. Principal and interest paid for the current year and total customer net revenues were \$4,071,056 and \$96.4 million, respectively.

c. State Revolving Loans

The City has entered into a state revolving loan to finance water and sewer improvements. This state revolving loan is being serviced by revenues from the Water and Sewer Fund:

Loan payable to the State of North Carolina Water Pollution Control

Revolving Fund with a maximum limit of \$9,622,065, payable

over 20 years, with interest at 2.22%

\$ 6,735,446

The City's outstanding notes from direct borrowings related to business-type activities are not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the Project or benefited systems, or other available funds. The notes contain provisions that an event of default would result in any other monies due to the City from the State may be withheld by the State and applied to the payment of the outstanding note.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Annual debt service requirements to maturity for the state revolving loans are as follows:

Business-Type Activities		
Year Ending June 30	Principal	Interest
2021	\$ 481,103	\$ 149,527
2022	481,103	138,846
2023	481,103	128,166
2024	481,103	117,485
2025	481,103	106,805
2026-2030	2,405,516	373,817
2031-2034	1,924,415	106,806
Total	<u>\$ 6,735,446</u>	<u>\$ 1,121,452</u>

d. Limited Obligation Bonds

	Governmental Funds	Enterprise Funds	Total
On April 14, 2016, the City issued \$27,045,000 in Limited Obligation Bonds (LOBS) to refund the Certificates of Participation used to finance the construction of natural gas improvements. These 23-year LOBS have interest rates varying between 2% and 5%. Although any source of funds legally available may be used, the bonds are serviced by Natural Gas system revenues. The portion of the natural gas pipeline that is located in Union County is pledged as collateral for the debt. The total is shown net of the unamortized bond premium of \$2,618,449 associated with the bonds.	\$ -	\$ 28,498,449	\$ 28,498,449
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 \$173,805 associated with the bonds.	-	8,053,805	8,053,805
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 \$390,913 associated with the bonds.	7,840,913	-	7,840,913
Total	<u>\$ 7,840,913</u>	<u>\$ 36,552,254</u>	<u>\$ 44,393,167</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 335,000	\$ 312,838	\$ 1,110,000	\$ 1,395,313
2022	335,000	299,438	1,160,000	1,350,913
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
2026-2030	1,885,000	973,388	7,645,000	4,898,313
2031-2035	2,055,000	589,100	9,375,000	3,169,438
2036-2040	1,790,000	176,000	9,260,000	1,286,231
2041-2043	-	-	1,420,000	100,625
Total	<u>\$ 7,450,000</u>	<u>\$ 3,146,828</u>	<u>\$ 33,760,000</u>	<u>\$ 15,941,322</u>

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$3,183,167.

e. *Advance Refunding*

On August 11, 2016, the City issued Combined Enterprise System Revenue Refunding Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to be used for future debt service payments of \$20,660,000 of revenue bonds. As a result, a portion of the Combined Enterprise System Revenue Bonds, Series 2008A are considered to be defeased and a portion of the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,212,041. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$3,573,013 and resulted in an economic gain of \$3,288,671. On June 30, 2020, \$20,595,000 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, 2020, \$25,725,000 of bonds outstanding are considered defeased.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

On June 30, 2011, 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 provide for future debt service payments of \$20,015,000. As a result, a portion of the Combined Enterprise System Revenue Bonds, Series 1998 and Series 2008B 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 \$564,153. 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 \$1,618,743 and resulted in an economic gain of \$1,264,016. On June 30, 2020, \$7,840,000 of bonds outstanding are considered defeased.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

f. Changes in Long-Term Liabilities

	Balance				Balance	Current
	June 30, 2019	Increases	Decreases	Transfers	June 30, 2020	Portion of
						Balance
Governmental Activities:						
General and Parks and Recreation Fund:						
Direct placement installment purchasing obligations	\$ 6,818,146	\$ 2,011,906	\$ 1,005,356	\$ -	\$ 7,824,696	\$ 1,163,224
Compensated absences	2,553,761	1,107,429	1,068,817	-	2,592,373	1,736,890
Total pension liability (LEOSSA)	4,156,173	610,404	192,771	-	4,573,806	-
Net pension liability (LGRS)	6,356,654	933,558	-	-	7,290,212	-
Total OPEB liability	28,784,724	1,230,274	2,850,530	-	27,164,468	-
Limited obligation bonds	4,310,000	-	220,000	-	4,090,000	220,000
Less unamortized premiums	242,978	-	12,149	-	230,829	12,149
Total limited obligation bonds	4,552,978	-	232,149	-	4,320,829	232,149
Golf Course:						
Direct placement installment purchasing obligations	-	64,626	-	-	64,626	5,914
Compensated absences	40,296	22,962	19,557	-	43,701	29,279
Total OPEB liability	104,247	4,456	10,324	-	98,379	-
Downtown Monroe Fund:						
Direct placement installment purchasing obligations	-	20,229	-	-	20,229	1,851
Total	-	20,229	-	-	20,229	1,851
Monroe UC Economic Development Fund:						
Direct placement installment purchasing obligations	-	21,761	-	-	21,761	1,991
Total	-	21,761	-	-	21,761	1,991
Occupancy Tax Fund:						
Limited obligation bonds	3,475,000	-	115,000	-	3,360,000	115,000
Less unamortized premiums	168,510	-	8,426	-	160,084	8,426
Total limited obligation bonds	3,643,510	-	123,426	-	3,520,084	123,426
Total governmental activities	\$ 57,010,489	\$ 6,027,605	\$ 5,502,930	\$ -	\$ 57,535,164	\$ 3,294,724

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020	Current Portion of Balance
Business-Type Activities:						
Water and Sewer Fund:						
Compensated absences	\$ 313,615	\$ 200,824	\$ 173,816	\$ -	\$ 340,623	\$ 228,218
Net pension liability (LGRS)	1,183,274	173,779	-	-	1,357,053	-
Total OPEB liability	5,387,493	230,264	533,519	-	5,084,238	-
Direct placement installment purchasing obligations	-	275,013	-	-	275,013	25,166
Revenue bonds	14,598,912	-	666,135	-	13,932,777	692,119
Plus bond premium	2,041,457	-	124,691	-	1,916,766	122,264
Total revenue bonds	<u>16,640,369</u>	<u>-</u>	<u>790,826</u>	<u>-</u>	<u>15,849,543</u>	<u>814,383</u>
Direct borrowing State revolving loans	<u>7,216,549</u>	<u>-</u>	<u>481,103</u>	<u>-</u>	<u>6,735,446</u>	<u>481,103</u>
Total Water and Sewer Fund	<u><u>\$ 30,741,300</u></u>	<u><u>\$ 879,880</u></u>	<u><u>\$ 1,979,264</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 29,641,916</u></u>	<u><u>\$ 1,548,870</u></u>
Electric Fund:						
Compensated absences	\$ 285,145	\$ 157,726	\$ 146,088	\$ -	\$ 296,783	\$ 198,844
Net pension liability (LGRS)	513,669	75,439	-	-	589,108	-
Total OPEB liability	2,351,816	100,518	232,899	-	2,219,435	-
Direct placement installment purchasing obligations	-	243,298	-	-	243,298	22,264
Revenue bonds	13,984,617	-	747,270	-	13,237,347	779,296
Plus bond premium	2,279,192	-	162,799	-	2,116,393	162,799
Total revenue bonds	<u>16,263,809</u>	<u>-</u>	<u>910,069</u>	<u>-</u>	<u>15,353,740</u>	<u>942,095</u>
Total Electric Fund	<u><u>\$ 19,414,439</u></u>	<u><u>\$ 576,981</u></u>	<u><u>\$ 1,289,056</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,702,364</u></u>	<u><u>\$ 1,163,203</u></u>
Natural Gas Fund:						
Compensated absences	\$ 130,945	\$ 37,617	\$ 43,203	\$ -	\$ 125,359	\$ 83,991
Total OPEB liability	1,192,588	50,972	118,102	-	1,125,458	-
Net pension liability (LGRS)	266,008	39,067	-	-	305,075	-
Direct placement installment purchasing obligations	-	163,572	-	-	163,572	14,968
Limited obligation bonds	34,830,000	-	1,070,000	-	33,760,000	1,110,000
Plus bond premium	2,937,623	-	145,369	-	2,792,254	145,369
Total limited obligation bonds	<u>37,767,623</u>	<u>-</u>	<u>1,215,369</u>	<u>-</u>	<u>36,552,254</u>	<u>1,255,369</u>
Revenue bonds	2,336,571	-	124,856	-	2,211,715	130,206
Plus bond premium	380,773	-	27,198	-	353,575	27,198
Total revenue bonds	<u>2,717,344</u>	<u>-</u>	<u>152,054</u>	<u>-</u>	<u>2,565,290</u>	<u>157,404</u>
Total Natural Gas Fund	<u><u>\$ 42,074,508</u></u>	<u><u>\$ 291,228</u></u>	<u><u>\$ 1,528,728</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,837,008</u></u>	<u><u>\$ 1,511,732</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020	Current Portion of Balance
Airport Fund:						
Compensated absences	\$ 30,871	\$ 24,574	\$ 18,228	\$ -	\$ 37,217	\$ 24,935
Net pension liability (LGERS)	220,143	32,331	-	-	252,474	-
Total OPEB liability	996,603	42,597	98,692	-	940,508	-
Direct placement installment purchasing obligations	-	72,868	-	-	72,868	6,668
Revenue bonds	9,299,900	-	736,740	-	8,563,160	758,380
Plus bond premium	402,768	-	38,447	-	364,321	36,208
Total revenue bonds	<u>9,702,668</u>	<u>-</u>	<u>775,187</u>	<u>-</u>	<u>8,927,481</u>	<u>794,588</u>
Total Airport Fund	<u>\$ 10,950,285</u>	<u>\$ 172,370</u>	<u>\$ 892,107</u>	<u>\$ -</u>	<u>\$ 10,230,548</u>	<u>\$ 826,191</u>
Aquatics and Fitness Center Fund:						
Compensated absences	\$ 104,232	\$ 45,824	\$ 50,683	\$ -	\$ 99,373	\$ 66,580
Net pension liability (LGERS)	431,115	63,315	-	-	494,430	-
Total OPEB liability	1,964,016	83,942	194,494	-	1,853,464	-
Direct placement installment purchasing obligations	<u>-</u>	<u>90,736</u>	<u>-</u>	<u>-</u>	<u>90,736</u>	<u>8,303</u>
Total Aquatics and Fitness Center Fund	<u>\$ 2,499,363</u>	<u>\$ 283,817</u>	<u>\$ 245,177</u>	<u>\$ -</u>	<u>\$ 2,538,003</u>	<u>\$ 74,883</u>
Stormwater Fund:						
Compensated absences	\$ 48,367	\$ 39,830	\$ 27,755	\$ -	\$ 60,442	\$ 40,496
Net pension liability (LGERS)	192,626	28,290	-	-	220,916	-
Total OPEB liability	858,997	36,713	85,066	-	810,644	-
Direct placement installment purchasing obligations	<u>413,000</u>	<u>93,118</u>	<u>99,000</u>	<u>-</u>	<u>407,118</u>	<u>109,521</u>
Total Stormwater Fund	<u>\$ 1,512,990</u>	<u>\$ 197,951</u>	<u>\$ 211,821</u>	<u>\$ -</u>	<u>\$ 1,499,120</u>	<u>\$ 150,017</u>
Solid Waste Fund:						
Compensated absences	\$ 7,038	\$ 13,972	\$ 7,775	\$ -	\$ 13,235	\$ 8,867
Net pension liability (LGERS)	9,173	1,347	-	-	10,520	-
Total OPEB liability	58,378	2,495	5,781	-	55,092	-
Direct placement installment purchasing obligations	<u>-</u>	<u>71,873</u>	<u>-</u>	<u>-</u>	<u>71,873</u>	<u>6,578</u>
Total Solid Waste Fund	<u>\$ 74,589</u>	<u>\$ 89,687</u>	<u>\$ 13,556</u>	<u>\$ -</u>	<u>\$ 150,720</u>	<u>\$ 15,445</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

C. Interfund Balances and Activity

Interfund balances at June 30, 2020 consist of the following:

<u>Due to</u>	<u>General Fund</u>	<u>Airport Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Electric Fund	\$ 880,605	\$ 766,339	\$ 243,298	\$ 1,890,242
Water and Sewer Fund	-	-	275,013	275,013
Natural Gas Fund	-	-	163,572	163,572
Airport Fund	-	-	72,868	72,868
Nonmajor Funds	-	-	297,717	297,717
Total	<u>\$ 880,605</u>	<u>\$ 766,339</u>	<u>\$ 1,052,468</u>	<u>\$ 2,699,412</u>

The balance of \$1,067,303 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 \$186,698 and the balance of \$880,605 is not scheduled to be collected in the subsequent year.

The balance of \$766,339 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 \$38,501 and the balance of \$727,838 is not scheduled to be collected in the subsequent year.

The balance of \$1,052,468 due from the capital projects fund to the Electric Fund, Water and Sewer Fund, Natural Gas Fund, the Airport Fund, and Nonmajor Funds is for debt proceeds issued in the current year.

Balances due to/from component units at June 30, 2020 consist of the following:

Due to the Primary Government:

Monroe Tourism Development Authority	<u>\$ 11,834</u>
Monroe ABC Board	<u>\$ 111,640</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Transfers to/from other funds for the year ended June 30, 2020 consist of the following:

From the General Fund to the Airport Fund for Airport subsidy and fuel tanks	\$ 1,638,972
From the Downtown Monroe Fund to the General Fund for repayment of Downtown Pioneer loans	82,265
From the General Fund to the Monroe-Union County Economic Development Special Revenue Fund for county-wide economic development	312,000
From the General Fund to the Airport Capital Project Fund for paving, Corporate Hangar Site Development, Apron Rehab and Airport Layout Plan Update	997,163
From the Capital Projects Fund to the General Fund to close projects	27,712
From the Electric Fund to the General Fund for payment in lieu of taxes	545,237
From the Natural Gas Fund to the General Fund for payment in lieu of taxes	177,628
From the General Fund to the Downtown Monroe Fund for downtown subsidy	115,865
From the General Fund to the Capital Projects Fund for various projects	2,474,882
From the Water and Sewer Fund to the Capital Projects Fund for the Operations Center Paving Project	23,667
From the Electric Fund to the Capital Projects Fund for the Operations Center Paving Project	23,667
From the Stormwater Fund to the Capital Projects Fund for Windsor Street Sidewalk	27,175
From the General Fund to the Stormwater Fund for capital assets	584,154

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 were \$35,989,555.

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, 2020.

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.psnenergy.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, 2020

VIII. Related Party Transactions

The City and its discretely presented component units engaged in the following transactions during the year ended June 30, 2020:

City of Monroe ABC Board:

Payments to the City for profit distributions	\$ 211,640
Payments to the City for law enforcement	<u>77,116</u>
Total	<u>\$ 288,756</u>

Monroe Tourism Development Authority:

Payments of a pro-rata portion of the occupancy tax by the City to the Authority	<u>\$ 585,332</u>
Payment by the Authority to the City for the Occupancy Tax Project	<u>\$ 166,702</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	\$ 36,014,488
Less:	
Inventories	225,202
Prepays	353,909
Stabilization by state statute	7,716,619
Public safety	606,479
Culture and recreation	505,221
Powell Bill reserves	2,002,649
Minimum fund balance requirement	10,653,137
Airport grant acceptance	9,652
Airport operations - 5-year subsidy	250,000
Street resurfacing - 5-year program	300,000
Downtown projects	3,000,000
Subsequent year's expenditures	<u>2,514,771</u>
Remaining fund balance	<u>\$ 7,876,849</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. Significant Effects of Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact City revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

A lawsuit related to water and sewer capacity fees is pending. At the time of report release, it is the opinion of the Attorney that an amount of \$1,750,000 is reasonably estimated and probable for payment when the case goes to court in fiscal year 2021.

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

CITY OF MONROE, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance			
	2020	2019	2018	2017
Beginning balance	\$ 4,156,173	\$ 4,075,929	\$ 3,592,717	\$ 3,520,979
Service cost	156,038	162,022	140,123	144,779
Interest on the total pension liability	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	124,119	(151,784)	226,817	(84,642)
Benefit payments	(192,771)	(172,953)	(153,808)	(112,097)
Ending balance of the total pension liability	<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 FOUR FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Total pension liability	\$ 4,573,806	\$ 4,156,173	\$ 4,075,929	3,592,717
Covered payroll	5,488,440	5,171,410	5,106,289	4,986,204
Total pension liability as a percentage of covered payroll	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 THREE FISCAL YEARS*

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

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Monroe's proportion of the net pension liability (asset) (%)	0.38521%	0.38665%	0.38737%	0.39039%	0.43129%	0.44081%	0.46720%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 10,519,788	\$ 9,172,662	\$ 5,917,943	\$ 8,285,386	\$ 1,935,602	\$ (2,599,661)	\$ 5,631,554
Monroe's covered payroll	\$ 26,409,947	\$ 24,933,732	\$ 23,996,590	\$ 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	39.83%	36.79%	24.66%	35.66%	8.58%	(11.53%)	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* 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 CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION LAST SEVEN FISCAL YEARS

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,512,465	\$ 2,100,061	\$ 1,920,739	\$ 1,790,488	\$ 1,586,301	\$ 1,611,462	\$ 1,604,437
Contributions in relation to the contractually required contribution	<u>2,512,465</u>	<u>2,100,061</u>	<u>1,920,739</u>	<u>1,790,488</u>	<u>1,586,301</u>	<u>1,611,462</u>	<u>1,604,437</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Monroe's covered payroll	\$ 27,454,853	\$ 26,409,947	\$ 24,933,732	\$ 23,996,590	\$ 23,236,408	\$ 22,572,529	\$ 22,549,809
Contributions as a percentage of covered payroll	9.15%	7.95%	7.70%	7.46%	6.83%	7.14%	7.12%

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

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 22,302,923	\$ 23,043,091	\$ 740,168
Penalties and interest	70,500	100,463	29,963
Total	<u>22,373,423</u>	<u>23,143,554</u>	<u>770,131</u>
Other Taxes and Licenses:			
Beer and wine and taxicab licenses	2,300	2,341	41
Gross receipts tax on short-term rental property	100,966	102,253	1,287
Motor vehicle tax	835,770	838,420	2,650
Total	<u>939,036</u>	<u>943,014</u>	<u>3,978</u>
Unrestricted Intergovernmental:			
Sales and use tax	6,750,000	8,112,035	1,362,035
Telecommunications sales tax	279,020	224,436	(54,584)
Utility sales tax	2,870,071	2,994,057	123,986
Video franchise fee	199,000	189,982	(9,018)
Beer and wine tax	150,000	151,956	1,956
State fire fees	3,000	2,604	(396)
ABC profit distribution	200,000	211,640	11,640
Total	<u>10,451,091</u>	<u>11,886,710</u>	<u>1,435,619</u>
Restricted Intergovernmental:			
Powell Bill allocation	947,193	954,512	7,319
Public safety reimbursement grants	140,757	128,613	(12,144)
ABC Revenue for law enforcement	66,877	77,116	10,239
Resource officer reimbursement	197,232	233,270	36,038
Fire reimbursement grants	60,385	93,345	32,960
FEMA reimbursement grants	-	277,510	277,510
Equitable sharing of federally forfeited property	-	90,654	90,654
Campus safety officer reimbursement	88,248	55,353	(32,895)
Historic preservation reimbursement grants	-	2,850	2,850
Total	<u>1,500,692</u>	<u>1,913,223</u>	<u>412,531</u>
Sales and Services:			
Recreational fees	952,811	895,216	(57,595)
Utilities collection fees	426,300	320,293	(106,007)
Building permit fees	400,359	384,269	(16,090)
Cemetery revenues	45,000	58,175	13,175
Sale of fixed assets	120,000	179,682	59,682
Rentals	193,749	72,136	(121,613)
Center Theatre sales and fees	165,271	340	(164,931)
Other fees	257,542	314,212	56,670
Total	<u>2,561,032</u>	<u>2,224,323</u>	<u>(336,709)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Investment Earnings	<u>804,894</u>	<u>1,080,195</u>	<u>275,301</u>
Miscellaneous:			
Payment in lieu of taxes - Monroe Housing Authority	19,000	21,212	2,212
Donations	457,456	672,847	215,391
Other	<u>411,577</u>	<u>461,180</u>	<u>49,603</u>
Total	<u>888,033</u>	<u>1,155,239</u>	<u>267,206</u>
 Total revenues	 <u>39,518,201</u>	 <u>42,346,258</u>	 <u>2,828,057</u>
Expenditures:			
Current:			
General Government:			
Salaries and employee benefits	7,456,038	7,072,564	383,474
Operating expenditures	5,129,076	3,980,087	1,148,989
Capital outlay	849,253	445,830	403,423
Interdepartmental charges	<u>(5,774,983)</u>	<u>(5,855,319)</u>	<u>80,336</u>
Total general government	<u>7,659,384</u>	<u>5,643,162</u>	<u>2,016,222</u>
 Transportation:			
Streets and highways			
Salaries and employee benefits	1,282,538	1,248,356	34,182
Operating expenditures	1,803,561	1,216,828	586,733
Capital outlay	1,551,321	531,529	1,019,792
Interdepartmental charges	<u>(414,408)</u>	<u>(608,038)</u>	<u>193,630</u>
Total transportation	<u>4,223,012</u>	<u>2,388,675</u>	<u>1,834,337</u>
 Public Safety:			
Salaries and employee benefits	18,062,159	17,597,342	464,817
Operating expenditures	3,298,243	2,360,093	938,150
Capital outlay	<u>3,018,181</u>	<u>2,276,959</u>	<u>741,222</u>
Total public safety	<u>24,378,583</u>	<u>22,234,394</u>	<u>2,144,189</u>
 Culture and Recreation:			
Salaries and employee benefits	2,951,976	2,558,554	393,422
Operating expenditures	1,911,748	1,311,419	600,329
Capital outlay	679,273	370,270	309,003
Interdepartmental charges	<u>(143,048)</u>	<u>(143,048)</u>	<u>-</u>
Total culture and recreation	<u>5,399,949</u>	<u>4,097,195</u>	<u>1,302,754</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Debt Service:			
Principal retirement	1,582,886	1,225,356	357,530
Interest and other charges	560,867	341,671	219,196
Total	<u>2,143,753</u>	<u>1,567,027</u>	<u>576,726</u>
 Total expenditures	 <u>43,804,681</u>	 <u>35,930,453</u>	 <u>7,874,228</u>
 Revenues over (under) expenditures	 <u>(4,286,480)</u>	 <u>6,415,805</u>	 <u>10,702,285</u>
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Intrafunds s/b 0-HIDE			
Special revenue funds:			
Monroe Union County Economic Development Fund	(350,000)	(312,000)	38,000
Downtown Monroe Fund	82,265	82,265	-
Downtown Monroe Fund	(131,321)	(115,865)	15,456
Capital projects funds:			
Capital projects	(2,474,882)	(2,474,882)	-
Capital projects	27,714	27,712	(2)
Airport Capital Projects Fund	(997,163)	(997,163)	-
Airport Fund	(1,851,199)	(1,638,972)	212,227
Natural Gas Fund	175,000	177,628	2,628
Electric Fund	550,000	545,237	(4,763)
Inception of lease	126,209	-	(126,209)
Installment purchase obligations issued	850,000	857,500	7,500
Total other financing sources (uses)	<u>(3,993,377)</u>	<u>(3,848,540)</u>	<u>144,837</u>
 Appropriated fund balance	 <u>8,279,857</u>	 <u>-</u>	 <u>(8,279,857)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>2,567,265</u>	 <u>\$ 2,567,265</u>
 Fund Balance:			
Beginning of year, July 1		<u>33,447,223</u>	
 End of year, June 30		<u><u>\$ 36,014,488</u></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 is restricted for the purpose of county-wide economic development.

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, 2020

	Special Revenue Funds			
	Community Development	Downtown Monroe	Monroe Union Economic Development	Total
Assets:				
Cash and cash equivalents	\$ 56,562	\$ 466,668	\$ 435,385	\$ 958,615
Taxes receivable	-	2,300	-	2,300
Accounts receivable	-	27,422	250	27,672
Prepaid items	-	275	-	275
Due from other governments	-	401	-	401
Due from other funds	-	20,229	21,761	41,990
Due from component unit	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-
Total assets	<u>\$ 56,562</u>	<u>\$ 517,295</u>	<u>\$ 457,396</u>	<u>\$ 1,031,253</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 8,587	\$ 23,641	\$ 32,228
Liabilities to be paid from restricted assets	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>8,587</u>	<u>23,641</u>	<u>32,228</u>
Deferred Inflows of Resources	<u>-</u>	<u>2,300</u>	<u>-</u>	<u>2,300</u>
Fund Balances:				
Non-spendable:				
Prepays	-	275	-	275
Restricted:				
Stabilization by state statute	-	52,238	36,557	88,795
General government	-	-	-	-
Occupancy tax capital projects	-	-	-	-
Economic development	-	-	397,198	397,198
Committed:				
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Assigned	<u>56,562</u>	<u>453,895</u>	<u>-</u>	<u>510,457</u>
Total fund balances	<u>56,562</u>	<u>506,408</u>	<u>433,755</u>	<u>996,725</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 517,295</u>	<u>\$ 457,396</u>	<u>\$ 1,031,253</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Capital Project Funds				Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects	Governmental Capital Reserve	Total	
Assets:					
Cash and cash equivalents	\$ 4,759,468	\$ 1,239,245	\$ 218,915	\$ 6,217,628	\$ 7,176,243
Taxes receivable	-	-	-	-	2,300
Accounts receivable	-	65,000	-	65,000	92,672
Prepaid items	-	-	-	-	275
Due from other governments	19,842	-	-	19,842	20,243
Due from other funds	-	-	-	-	41,990
Due from component unit	-	11,834	-	11,834	11,834
Cash and cash equivalents - restricted	1,566,377	7	-	1,566,384	1,566,384
Total assets	<u>\$ 6,345,687</u>	<u>\$ 1,316,086</u>	<u>\$ 218,915</u>	<u>\$ 7,880,688</u>	<u>\$ 8,911,941</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 343,008	\$ 543,940	\$ -	\$ 886,948	\$ 919,176
Liabilities to be paid from restricted assets:	26,792	-	-	26,792	26,792
Due to other funds	1,052,468	-	-	1,052,468	1,052,468
Total liabilities	<u>1,422,268</u>	<u>543,940</u>	<u>-</u>	<u>1,966,208</u>	<u>1,998,436</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,300</u>
Fund Balances:					
Non-spendable:					
Prepays	-	-	-	-	275
Restricted:					
Stabilization by state statute	2,838,451	500,268	-	3,338,719	3,427,514
General government	1,566,377	7	-	1,566,384	1,566,384
Occupancy tax capital projects	-	271,871	-	271,871	271,871
Economic development	-	-	-	-	397,198
Committed:					
Culture and recreation	-	-	218,915	218,915	218,915
Capital projects	518,591	-	-	518,591	518,591
Assigned	-	-	-	-	510,457
Total fund balances	<u>4,923,419</u>	<u>772,146</u>	<u>218,915</u>	<u>5,914,480</u>	<u>6,911,205</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,345,687</u>	<u>\$ 1,316,086</u>	<u>\$ 218,915</u>	<u>\$ 7,880,688</u>	<u>\$ 8,911,941</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, 2020

	Special Revenue Funds			
	Community Development	Downtown Monroe	Monroe Union Economic Development	Total
Revenues:				
Ad valorem taxes	\$ -	\$ 56,501	\$ -	\$ 56,501
Restricted intergovernmental	-	-	416,000	416,000
Donation	-	-	-	-
Miscellaneous	-	82,265	-	82,265
Investment earnings	-	-	11,395	11,395
Total revenues	-	138,766	427,395	566,161
Expenditures:				
Current:				
Economic and physical development:				
Administration	-	168,179	681,554	849,733
Tourism	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	168,179	681,554	849,733
Revenues over (under) expenditures	-	(29,413)	(254,159)	(283,572)
Other Financing Sources (Uses):				
Transfers from other funds	-	115,865	312,000	427,865
Transfers to other funds	-	(82,265)	-	(82,265)
Installment purchase obligations issued	-	20,229	21,761	41,990
Total other financing sources (uses)	-	53,829	333,761	387,590
Net change in fund balances	-	24,416	79,602	104,018
Fund Balances:				
Beginning of year, July 1	56,562	481,992	354,153	892,707
End of year, June 30	\$ 56,562	\$ 506,408	\$ 433,755	\$ 996,725

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Project Funds			Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects	Governmental Capital Reserve	Total
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	192,163	166,702	-	358,865
Donation	-	100,000	-	100,000
Miscellaneous	3,100	-	-	3,100
Investment earnings	18,295	46,306	5,673	70,274
Total revenues	<u>213,558</u>	<u>313,008</u>	<u>5,673</u>	<u>532,239</u>
Expenditures:				
Current:				
Economic and physical development:				
Administration	-	-	-	-
Tourism	-	2,477,893	-	2,477,893
Capital outlay	6,366,986	-	-	6,366,986
Debt service:				
Principal	-	115,000	-	115,000
Interest	-	179,934	-	179,934
Total expenditures	<u>6,366,986</u>	<u>2,772,827</u>	<u>-</u>	<u>9,139,813</u>
Revenues over (under) expenditures	<u>(6,153,428)</u>	<u>(2,459,819)</u>	<u>5,673</u>	<u>(8,607,574)</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,549,391	-	-	2,549,391
Transfers to other funds	(27,712)	-	-	(27,712)
Installment purchase obligations issued	1,219,032	-	-	1,219,032
Total other financing sources (uses)	<u>3,740,711</u>	<u>-</u>	<u>-</u>	<u>4,128,301</u>
Net change in fund balances	(2,412,717)	(2,459,819)	5,673	(4,866,863)
Fund Balances:				
Beginning of year, July 1	<u>7,336,136</u>	<u>3,231,965</u>	<u>213,242</u>	<u>10,781,343</u>
End of year, June 30	<u>\$ 4,923,419</u>	<u>\$ 772,146</u>	<u>\$ 218,915</u>	<u>\$ 5,914,480</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, 2020

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

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 55,805	\$ 56,501	\$ 696
Miscellaneous	83,915	82,265	(1,650)
Total	<u>139,720</u>	<u>138,766</u>	<u>(954)</u>
Expenditures:			
Current:			
Economic and physical development:			
Administration	<u>671,935</u>	<u>168,179</u>	<u>503,756</u>
Total	<u>671,935</u>	<u>168,179</u>	<u>503,756</u>
Debt service:			
Principal retirement	97	-	97
Interest and other charges	<u>23</u>	<u>-</u>	<u>23</u>
Total	<u>120</u>	<u>-</u>	<u>120</u>
Total expenditures	<u>672,055</u>	<u>168,179</u>	<u>503,876</u>
Revenues over (under) expenditures	<u>(532,335)</u>	<u>(29,413)</u>	<u>502,922</u>
Other Financing Sources (Uses)			
Inception of lease	1,287	-	(1,287)
Installment purchasing obligations issued	-	20,229	20,229
Transfers from (to) other funds:			
General Fund	(82,265)	(82,265)	-
General Fund	<u>131,321</u>	<u>115,865</u>	<u>(15,456)</u>
Total other financing sources (uses)	<u>50,343</u>	<u>53,829</u>	<u>3,486</u>
Appropriated fund balance	<u>481,992</u>	<u>-</u>	<u>(481,992)</u>
Net change in fund balance	<u>\$ -</u>	<u>24,416</u>	<u>\$ 24,416</u>
Fund Balance:			
Beginning of year, July 1		<u>481,992</u>	
End of year, June 30		<u>\$ 506,408</u>	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND MONROE UNION COUNTY ECONOMIC DEVELOPMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Interlocal agreement	\$ 450,000	\$ 416,000	\$ (34,000)
Miscellaneous	10,000	-	(10,000)
Investment earnings	7,145	11,395	4,250
Total	<u>467,145</u>	<u>427,395</u>	<u>(39,750)</u>
Expenditures:			
Current:			
Economic and physical development:			
Administration	<u>834,859</u>	<u>681,554</u>	<u>153,305</u>
Total	<u>834,859</u>	<u>681,554</u>	<u>153,305</u>
Debt service:			
Principal retirement	455	-	455
Interest and other charges	<u>109</u>	<u>-</u>	<u>109</u>
Total	<u>564</u>	<u>-</u>	<u>564</u>
Total expenditures	<u>835,423</u>	<u>681,554</u>	<u>153,869</u>
Revenues over (under) expenditures	<u>(368,278)</u>	<u>(254,159)</u>	<u>114,119</u>
Other Financing Sources (Uses):			
Inception of lease	6,055	-	(6,055)
Installment purchasing obligations issued	-	21,761	21,761
Transfers from (to) other funds:			
General Fund	<u>350,000</u>	<u>312,000</u>	<u>(38,000)</u>
Total other financing sources (uses)	<u>356,055</u>	<u>333,761</u>	<u>(22,294)</u>
Appropriated fund balance	<u>12,223</u>	<u>-</u>	<u>(12,223)</u>
Net change in fund balance	<u>\$ -</u>	<u>79,602</u>	<u>\$ 79,602</u>
Fund Balance:			
Beginning of year, July 1		<u>354,153</u>	
End of year, June 30		<u>\$ 433,755</u>	

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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 501,000	\$ 296,221	\$ 192,163	\$ 488,384	\$ (12,616)
Miscellaneous	-	153	3,100	3,253	3,253
Investment earnings	87,502	155,087	18,295	173,382	85,880
Total revenues	<u>588,502</u>	<u>451,461</u>	<u>213,558</u>	<u>665,019</u>	<u>76,517</u>
Expenditures:					
Capital outlay:					
Construction costs capitalized	5,435,411	5,005,752	373,058	5,378,810	56,601
Construction in progress	30,049,116	4,367,794	5,993,928	10,361,722	19,687,394
Other costs	3,320	3,320	-	3,320	-
Total expenditures	<u>35,487,847</u>	<u>9,376,866</u>	<u>6,366,986</u>	<u>15,743,852</u>	<u>19,743,995</u>
Revenues over (under) expenditures	<u>(34,899,345)</u>	<u>(8,925,405)</u>	<u>(6,153,428)</u>	<u>(15,078,833)</u>	<u>19,820,512</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To General Fund	(27,714)	-	(27,712)	(27,712)	2
From General Fund	8,910,539	6,435,657	2,474,882	8,910,539	-
Parks and Recreation Fund (General Fund)	439,109	439,109	-	439,109	-
Monroe Fitness and Aquatics Center Fund	100,000	100,000	-	100,000	-
Governmental Capital Reserve Fund	400,000	400,000	-	400,000	-
Stormwater Fund	27,175	-	27,175	27,175	-
Water & Sewer Fund	41,076	17,409	23,667	41,076	-
Electric Fund	41,076	17,409	23,667	41,076	-
Limited obligation bonds issued	18,313,057	4,451,957	-	4,451,957	(13,861,100)
Installment purchase obligations issued	6,655,027	4,400,000	1,219,032	5,619,032	(1,035,995)
Total other financing sources (uses)	<u>34,899,345</u>	<u>16,261,541</u>	<u>3,740,711</u>	<u>20,002,252</u>	<u>(14,897,093)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,336,136</u>	<u>(2,412,717)</u>	<u>\$ 4,923,419</u>	<u>\$ 4,923,419</u>
Fund Balance:					
Beginning of year, July 1			<u>7,336,136</u>		
End of year, June 30			<u>\$ 4,923,419</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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 2,452,937	\$ 2,503,112	\$ 166,702	\$ 2,669,814	\$ 216,877
Donation	43,000	10,000	100,000	110,000	67,000
Investment earnings	17,015	139,833	46,306	186,139	169,124
Total revenues	<u>2,512,952</u>	<u>2,652,945</u>	<u>313,008</u>	<u>2,965,953</u>	<u>453,001</u>
Expenditures:					
Current:					
Construction costs capitalized	710,372	710,372	-	710,372	-
Construction in progress	4,752,894	2,104,048	2,477,893	4,581,941	170,953
Other costs	103,828	105,829	-	105,829	(2,001)
Total expenditures	<u>5,567,094</u>	<u>2,920,249</u>	<u>2,477,893</u>	<u>5,398,142</u>	<u>168,952</u>
Debt service:					
Principal retirement	256,622	-	115,000	115,000	141,622
Interest and other charges	339,762	152,666	179,934	332,600	7,162
Total	<u>596,384</u>	<u>152,666</u>	<u>294,934</u>	<u>447,600</u>	<u>148,784</u>
Revenues over (under) expenditures	<u>(3,650,526)</u>	<u>(419,970)</u>	<u>(2,459,819)</u>	<u>(2,879,789)</u>	<u>770,737</u>
Other Financing Sources (Uses):					
Proceeds from Limited Obligation Bonds	3,650,526	3,651,935	-	3,651,935	1,409
Total	<u>3,650,526</u>	<u>3,651,935</u>	<u>-</u>	<u>3,651,935</u>	<u>1,409</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,231,965</u>	<u>(2,459,819)</u>	<u>\$ 772,146</u>	<u>\$ 772,146</u>
Fund Balance:					
Beginning of year, July 1			<u>3,231,965</u>		
End of year, June 30			<u>\$ 772,146</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 3,763	\$ 5,673	\$ 1,910
Total revenues	<u>3,763</u>	<u>5,673</u>	<u>1,910</u>
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Capital Projects Fund	(3,763)	-	3,763
Total other financing sources (uses)	<u>(3,763)</u>	<u>-</u>	<u>3,763</u>
 Net change in fund balance	<u>\$ -</u>	5,673	<u>\$ 5,673</u>
 Fund Balance:			
Beginning of year, July 1		<u>213,242</u>	
 End of year, June 30		<u>\$ 218,915</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 7,090,277	\$ 7,557,609	\$ 467,332
Sewer charges	8,743,875	9,285,067	541,192
Water and sewer taps	86,860	89,693	2,833
Availability fees	895,297	934,078	38,781
County waste water charges	<u>547,000</u>	<u>612,155</u>	<u>65,155</u>
Total	17,363,309	18,478,602	1,115,293
Other operating revenues	<u>258,139</u>	<u>217,605</u>	<u>(40,534)</u>
Total operating revenues	<u>17,621,448</u>	<u>18,696,207</u>	<u>1,074,759</u>
Non-operating revenues:			
Other non-operating revenues	70,894	457,789	386,895
Investment earnings	<u>717,153</u>	<u>1,104,760</u>	<u>387,607</u>
Total non-operating revenues	<u>788,047</u>	<u>1,562,549</u>	<u>774,502</u>
Total revenues	<u>18,409,495</u>	<u>20,258,756</u>	<u>1,849,261</u>
Other Financing Sources (Uses):			
Inception of lease	18,485	-	(18,485)
Installment purchasing obligations issued	-	275,013	275,013
Transfers from other funds:			
Water & Sewer Capital Project Fund	<u>1,187,052</u>	<u>1,187,052</u>	<u>-</u>
Total other financing sources (uses)	<u>1,205,537</u>	<u>1,462,065</u>	<u>256,528</u>
Appropriated fund balance	<u>5,998,356</u>	<u>-</u>	<u>(5,998,356)</u>
Total revenues and other financing sources (uses)	<u>\$ 25,613,388</u>	<u>\$ 21,720,821</u>	<u>\$ (3,892,567)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Distribution system:			
Salaries and employee benefits	\$ 2,833,511	\$ 2,682,363	\$ 151,148
Repairs and maintenance	1,432,168	555,625	876,543
Operating expenditures	<u>4,777,951</u>	<u>4,582,316</u>	<u>195,635</u>
Total	<u>9,043,630</u>	<u>7,820,304</u>	<u>1,223,326</u>
Water filter plant:			
Salaries and employee benefits	875,892	824,897	50,995
Operating expenditures	<u>3,009,373</u>	<u>2,713,825</u>	<u>295,548</u>
Total	<u>3,885,265</u>	<u>3,538,722</u>	<u>346,543</u>
Waste treatment plant:			
Salaries and employee benefits	1,140,158	1,075,665	64,493
Operating expenditures	<u>1,974,766</u>	<u>1,407,616</u>	<u>567,150</u>
Total	<u>3,114,924</u>	<u>2,483,281</u>	<u>631,643</u>
Debt service:			
Principal retirement	1,148,911	1,147,238	1,673
Interest and other charges	<u>960,600</u>	<u>884,800</u>	<u>75,800</u>
Total	<u>2,109,511</u>	<u>2,032,038</u>	<u>77,473</u>
Capital outlay	<u>1,316,245</u>	<u>402,759</u>	<u>913,486</u>
Contingency	<u>358,107</u>	<u>-</u>	<u>358,107</u>
Total expenditures	<u>19,827,682</u>	<u>16,277,104</u>	<u>3,550,578</u>
Other Financing Sources (Uses):			
Transfers:			
Capital Reserve Fund	(4,712,039)	(5,200,820)	488,781
Capital Projects Fund	(23,667)	(23,667)	-
Water and Sewer Capital Projects Fund	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,785,706)</u>	<u>(6,274,487)</u>	<u>488,781</u>
Total expenditures and other financing sources (uses)	<u>\$ 25,613,388</u>	<u>\$ 22,551,591</u>	<u>\$ 3,061,797</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, 2020

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

Total revenues and other financing sources (uses)	\$ 21,720,821
Total expenditures and other financing sources (uses)	<u>22,551,591</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(830,770)</u>
Reconciling items:	
Debt principal	1,147,238
Proceeds from issuance of long-term debt	(275,013)
Net revenue from capital projects consolidation	423,868
Capital outlay	402,759
Capital items not charged to capital outlay	4,746,929
Project expenses not capitalized	(35,950)
Disposal of capital asset	(154,063)
Project transfers - intrafund	5,063,768
Change in compensated absences	(27,008)
Change in OPEB liability	303,255
Change in deferred outflows of resources - OPEB	(2,639)
Change in deferred inflows of resources - OPEB	(221,203)
Change in deferred outflows of resources - pensions	(116,353)
Increase in net pension liability	(173,779)
Change in deferred inflows of resources - pensions	20,731
Depreciation and amortization	<u>(3,252,094)</u>
Total reconciling items	<u>7,850,446</u>
Change in net position	<u>\$ 7,019,676</u>

CITY OF MONROE, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUNDS CAPITAL RESERVE SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Water and Sewer Fund	\$ 4,712,039	\$ 5,200,820	\$ 488,781
Water and Sewer Capital Projects Fund	(4,712,039)	(1,800,000)	2,912,039
Total other financing sources (uses)	<u>\$ -</u>	<u>3,400,820</u>	<u>\$ 3,400,820</u>
Fund Balance:			
Beginning of year, July 1		<u>11,972,062</u>	
End of year, June 30		<u>\$ 15,372,882</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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 395,810	\$ 132,840	\$ 399,940	\$ 532,780	\$ 136,970
Investment earnings	-	165,531	23,885	189,416	189,416
Miscellaneous	-	14	43	57	57
Total revenues	395,810	298,385	423,868	722,253	326,443
Expenditures:					
Construction costs capitalized	13,208,837	11,773,035	1,106,448	12,879,483	329,354
Construction in progress	9,200,000	365,348	401,499	766,847	8,433,153
Other costs	611,245	193,404	35,950	229,354	381,891
Total expenditures	23,020,082	12,331,787	1,543,897	13,875,684	9,144,398
Revenues over (under) expenditures	(22,624,272)	(12,033,402)	(1,120,029)	(13,153,431)	9,470,841
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Water and Sewer Fund	(2,799,052)	(1,612,000)	(1,187,052)	(2,799,052)	-
From Water and Sewer Fund	14,918,004	13,868,004	1,050,000	14,918,004	-
From Water and Sewer Capital Reserve	1,800,000	-	1,800,000	1,800,000	-
Proceeds from revenue bonds	8,705,320	8,705,320	-	8,705,320	-
Total other financing sources (uses)	22,624,272	20,961,324	1,662,948	22,624,272	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 8,927,922	\$ 542,919	\$ 9,470,841	\$ 9,470,841

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 62,547,686	\$ 58,064,530	\$ (4,483,156)
Sales tax	<u>3,373,462</u>	<u>2,395,467</u>	<u>(977,995)</u>
Total	65,921,148	60,459,997	(5,461,151)
Other operating revenues	<u>307,000</u>	<u>425,176</u>	<u>118,176</u>
Total operating revenues	<u>66,228,148</u>	<u>60,885,173</u>	<u>(5,342,975)</u>
Non-operating revenues:			
Other non-operating revenues	25,000	526,255	501,255
Investment earnings	<u>868,406</u>	<u>1,429,147</u>	<u>560,741</u>
Total non-operating revenues	<u>893,406</u>	<u>1,955,402</u>	<u>1,061,996</u>
Total revenues	<u>67,121,554</u>	<u>62,840,575</u>	<u>(4,280,979)</u>
Interest income from other funds:			
General Fund	44,486	38,559	(5,927)
Airport Fund	<u>23,861</u>	<u>22,827</u>	<u>(1,034)</u>
Total	<u>68,347</u>	<u>61,386</u>	<u>(6,961)</u>
Total revenues	<u>67,189,901</u>	<u>62,901,961</u>	<u>(4,287,940)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	435,961	-	(435,961)
Inception of lease	10,362	-	(10,362)
Transfers from other funds:			
From Electric Capital Projects Fund	814,381	814,380	(1)
Installment purchase obligations issued	<u>-</u>	<u>243,298</u>	<u>243,298</u>
Total other financing sources (uses)	<u>1,260,704</u>	<u>1,057,678</u>	<u>(203,026)</u>
Total revenues and other financing sources (uses)	<u>\$ 68,450,605</u>	<u>\$ 63,959,639</u>	<u>\$ (4,490,966)</u>

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 4,210,581	\$ 3,570,919	\$ 639,662
Operating expenditures	<u>5,559,087</u>	<u>3,659,084</u>	<u>1,900,003</u>
Total	<u>9,769,668</u>	<u>7,230,003</u>	<u>2,539,665</u>
Electric power purchases	<u>50,421,477</u>	<u>47,575,011</u>	<u>2,846,466</u>
Debt service:			
Principal retirement	748,048	747,270	778
Interest and other charges	<u>633,043</u>	<u>622,180</u>	<u>10,863</u>
Total	<u>1,381,091</u>	<u>1,369,450</u>	<u>11,641</u>
Capital outlay	<u>954,853</u>	<u>390,241</u>	<u>564,612</u>
Contingency	<u>2,424,849</u>	<u>-</u>	<u>2,424,849</u>
Total expenditures	<u>64,951,938</u>	<u>56,564,705</u>	<u>8,387,233</u>
Other Financing Sources (Uses):			
Transfers (to) other funds:			
To Electric Capital Projects Fund	(2,925,000)	(2,925,000)	-
General Fund	(550,000)	(545,237)	(4,763)
Capital projects	<u>(23,667)</u>	<u>(23,667)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,498,667)</u>	<u>(3,493,904)</u>	<u>(4,763)</u>
Total expenditures and other financing sources (uses)	<u>\$ 68,450,605</u>	<u>\$ 60,058,609</u>	<u>\$ 8,391,996</u>

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

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

Total revenues and other financing sources (uses)	\$ 63,959,639
Total expenditures and other financing sources (uses)	<u>60,058,609</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>3,901,030</u>
Reconciling items:	
Debt principal	747,270
Installment purchase obligations issued	(243,298)
Capital outlay	390,241
Capital items not charged to capital outlay	1,729,001
Project expenses not capitalized	(43,763)
Disposal of capital asset	(1,741)
Project transfers - intrafund	2,110,620
Net revenue from capital projects consolidation	9,102,877
Change in compensated absences	(11,638)
Change in OPEB liability	132,381
Change in deferred outflows of resources - OPEB	(1,152)
Change in deferred inflows of resources - OPEB	(96,563)
Change in deferred outflows of resources - pensions	(50,509)
Increase in net pension liability	(75,439)
Change in deferred inflows of resources - pensions	9,000
Depreciation and amortization	<u>(2,707,353)</u>
Total reconciling items	<u>10,989,934</u>
Change in net position	<u>\$ 14,890,964</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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Power agency funding	\$ 14,671,882	\$ 5,592,648	\$ 8,866,032	\$ 14,458,680	\$ (213,202)
Restricted revenue	10,000	356,474	-	356,474	346,474
Investment earnings	-	338,075	236,845	574,920	574,920
Total revenues	<u>14,681,882</u>	<u>6,287,197</u>	<u>9,102,877</u>	<u>15,390,074</u>	<u>708,192</u>
Expenditures:					
Construction costs capitalized	5,841,841	3,552,586	61,070	3,613,656	2,228,185
Construction in progress	12,725,312	796,151	237,515	1,033,666	11,691,646
Other costs	<u>11,141,733</u>	<u>481,451</u>	<u>43,763</u>	<u>525,214</u>	<u>10,616,519</u>
Total expenditures	<u>29,708,886</u>	<u>4,830,188</u>	<u>342,348</u>	<u>5,172,536</u>	<u>24,536,350</u>
Revenues over (under) expenditures	<u>(15,027,004)</u>	<u>1,457,009</u>	<u>8,760,529</u>	<u>10,217,538</u>	<u>25,244,542</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Electric Fund	(814,381)	-	(814,380)	(814,380)	1
From Electric Fund	15,816,385	12,891,380	2,925,000	15,816,380	(5)
Natural Gas Fund	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,027,004</u>	<u>12,916,380</u>	<u>2,110,620</u>	<u>15,027,000</u>	<u>(4)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 14,373,389</u>	<u>\$ 10,871,149</u>	<u>\$ 25,244,538</u>	<u>\$ 25,244,538</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 20,636,000	\$ 15,053,174	\$ (5,582,826)
Other operating revenues	-	3,514	3,514
Total operating revenues	<u>20,636,000</u>	<u>15,056,688</u>	<u>(5,579,312)</u>
Non-operating revenues:			
Other non-operating revenues	-	49,094	49,094
Investment earnings	497,115	842,949	345,834
Total non-operating revenues	<u>497,115</u>	<u>892,043</u>	<u>394,928</u>
Total revenues	<u>21,133,115</u>	<u>15,948,731</u>	<u>(5,184,384)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	227,360	-	(227,360)
Inception of lease	991	-	(991)
Installment purchase obligations issued	-	163,572	163,572
Transfers from other funds			
Natural Gas Capital Project Fund	134,451	134,451	-
Total other financing sources (uses)	<u>362,802</u>	<u>298,023</u>	<u>(64,779)</u>
Total revenues and other financing sources (uses)	<u>\$ 21,495,917</u>	<u>\$ 16,246,754</u>	<u>\$ (5,249,163)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 1,686,949	\$ 1,318,071	\$ 368,878
Operating expenditures	<u>3,524,584</u>	<u>3,017,581</u>	<u>507,003</u>
Total	<u>5,211,533</u>	<u>4,335,652</u>	<u>875,881</u>
Natural gas purchases	<u>10,245,198</u>	<u>4,886,273</u>	<u>5,358,925</u>
Debt service:			
Principal retirement	1,194,929	1,194,856	73
Interest and other charges	<u>1,654,087</u>	<u>1,637,393</u>	<u>16,694</u>
Total	<u>2,849,016</u>	<u>2,832,249</u>	<u>16,767</u>
Capital outlay	<u>357,914</u>	<u>159,994</u>	<u>197,920</u>
Contingency	<u>598,106</u>	<u>-</u>	<u>598,106</u>
Total expenditures	<u>19,261,767</u>	<u>12,214,168</u>	<u>7,047,599</u>
Other Financing Sources (Uses):			
Transfers to other funds:			
General Fund	(175,000)	(177,628)	2,628
Natural Gas Capital Project Fund	<u>(2,059,150)</u>	<u>(2,059,150)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,234,150)</u>	<u>(2,236,778)</u>	<u>2,628</u>
Total expenditures and other financing sources (uses)	<u>\$ 21,495,917</u>	<u>\$ 14,450,946</u>	<u>\$ 7,050,227</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, 2020Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:

Total revenues and other financing sources (uses)	\$ 16,246,754
Total expenditures and other financing sources (uses)	<u>14,450,946</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>1,795,808</u>
Reconciling items:	
Debt principal	1,194,856
Installment purchase obligations issued	(163,572)
Capital outlay	159,994
Capital items not charged to capital outlay	693,103
Project transfers - intrafund	1,924,699
Income from capital projects consolidation	20,072
Project expenses not capitalized	(19,224)
Change in compensated absences	5,585
Change in deferred outflows of resources - OPEB	(585)
Change in deferred inflows of resources - OPEB	(48,967)
Change in OPEB liability	67,130
Change in deferred outflows of resources - pensions	(26,157)
Increase in net pension liability	(39,067)
Change in deferred inflows of resources - pensions	4,660
Depreciation and amortization	<u>(1,597,770)</u>
Total reconciling items	<u>2,174,757</u>
Change in net position	<u>\$ 3,970,565</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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous	\$ -	\$ 2,960	\$ 693	\$ 3,653	\$ 3,653
Investment earnings	-	96,187	19,379	115,566	115,566
Restricted intergovernmental	364,199	300,966	-	300,966	(63,233)
Total revenues	364,199	400,113	20,072	420,185	55,986
Expenditures:					
Construction costs capitalized	4,448,642	2,740,600	961,952	3,702,552	746,090
Construction in progress	14,277,120	8,555,649	1,608,325	10,163,974	4,113,146
Other costs	545,000	111,517	19,224	130,741	414,259
Total expenditures	19,270,762	11,407,766	2,589,501	13,997,267	5,273,495
Revenues over (under) expenditures	(18,906,563)	(11,007,653)	(2,569,429)	(13,577,082)	5,329,481
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Natural Gas Fund	(6,689,451)	(6,555,000)	(134,451)	(6,689,451)	-
From Natural Gas Fund	17,296,014	15,236,864	2,059,150	17,296,014	-
Limited Obligation Bonds	8,300,000	8,274,737	-	8,274,737	(25,263)
Total other financing sources (uses)	18,906,563	16,956,601	1,924,699	18,881,300	(25,263)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 5,948,948	\$ (644,730)	\$ 5,304,218	\$ 5,304,218

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Leases	\$ 370,880	\$ 364,450	\$ (6,430)
Customs	7,200	3,800	(3,400)
Sales of fuel	<u>1,521,110</u>	<u>1,338,609</u>	<u>(182,501)</u>
Total	<u>1,899,190</u>	<u>1,706,859</u>	<u>(192,331)</u>
Other operating revenues	<u>86,923</u>	<u>92,056</u>	<u>5,133</u>
Total operating revenues	<u>1,986,113</u>	<u>1,798,915</u>	<u>(187,198)</u>
Non-operating revenues:			
CARES Grant	-	69,000	69,000
Investment earnings	<u>-</u>	<u>17</u>	<u>17</u>
Total non-operating revenues	<u>-</u>	<u>69,017</u>	<u>69,017</u>
Total revenues	<u>1,986,113</u>	<u>1,867,932</u>	<u>(118,181)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	2,645	-	(2,645)
Installment purchase obligations issued	-	72,868	72,868
Inception of lease	7,064	-	(7,064)
Transfers from other funds:			
General Fund	<u>1,851,199</u>	<u>1,638,972</u>	<u>(212,227)</u>
Total other financing sources (uses)	<u>1,860,908</u>	<u>1,711,840</u>	<u>(149,068)</u>
Total revenues and other financing sources (uses)	<u>\$ 3,847,021</u>	<u>\$ 3,579,772</u>	<u>\$ (267,249)</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 667,535	\$ 648,450	\$ 19,085
Operating expenditures	<u>1,919,103</u>	<u>1,668,880</u>	<u>250,223</u>
Total	<u>2,586,638</u>	<u>2,317,330</u>	<u>269,308</u>
Debt service:			
Principal retirement	774,423	736,740	37,683
Interest and other charges	<u>449,316</u>	<u>444,105</u>	<u>5,211</u>
Total	<u>1,223,739</u>	<u>1,180,845</u>	<u>42,894</u>
Capital outlay	<u>36,644</u>	<u>-</u>	<u>36,644</u>
Total expenditures	<u>\$ 3,847,021</u>	<u>\$ 3,498,175</u>	<u>\$ 348,846</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:

Total revenues and other financing sources (uses)	\$ 3,579,772
Total expenditures	<u>3,498,175</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>81,597</u>
Reconciling items:	
Debt principal	736,740
Installment purchase obligations issued	(72,868)
Net revenue from capital projects consolidation	1,437,851
Transfer from General Fund	997,163
Change in compensated absences	(6,346)
Change in OPEB liability	56,095
Change in deferred outflows of resources - OPEB	(486)
Change in deferred inflows of resources - OPEB	(40,920)
Change in deferred outflows of resources - pensions	(21,647)
Increase in net pension liability	(32,331)
Change in deferred inflows of resources - pensions	3,857
Depreciation and amortization	<u>(821,596)</u>
Total reconciling items	<u>2,235,512</u>
Change in net position	<u>\$ 2,317,109</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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 5,872,337	\$ 2,094,768	\$ 1,419,406	\$ 3,514,174	\$ (2,358,163)
Investment earnings	-	62,943	18,445	81,388	81,388
Miscellaneous	-	6,000	-	6,000	6,000
Total revenues	<u>5,872,337</u>	<u>2,163,711</u>	<u>1,437,851</u>	<u>3,601,562</u>	<u>(2,270,775)</u>
Expenditures:					
Construction costs capitalized	4,421,504	3,630,352	145,473	3,775,825	645,679
Construction in progress	<u>7,610,841</u>	<u>657,554</u>	<u>4,009,882</u>	<u>4,667,436</u>	<u>2,943,405</u>
Total expenditures	<u>12,032,345</u>	<u>4,287,906</u>	<u>4,155,355</u>	<u>8,443,261</u>	<u>3,589,084</u>
Revenues over (under) expenditures	<u>(6,160,008)</u>	<u>(2,124,195)</u>	<u>(2,717,504)</u>	<u>(4,841,699)</u>	<u>1,318,309</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
General Fund	2,525,758	1,528,595	997,163	2,525,758	-
Electric Fund	910,000	910,000	-	910,000	-
Airport Fund	450,000	450,000	-	450,000	-
Proceeds from revenue bonds	<u>2,274,250</u>	<u>2,274,250</u>	<u>-</u>	<u>2,274,250</u>	<u>-</u>
Total other financing sources (uses)	<u>6,160,008</u>	<u>5,162,845</u>	<u>997,163</u>	<u>6,160,008</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,038,650</u>	<u>\$ (1,720,341)</u>	<u>\$ 1,318,309</u>	<u>\$ 1,318,309</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS JUNE 30, 2020

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,194,467	\$ 2,081,630	\$ 676,627	\$ 5,952,724
Accounts receivable	-	258,135	356,207	614,342
Due from other funds	90,736	93,118	71,873	255,727
Prepaid expenses	148,140	9,566	1,451	159,157
Inventories	5,539	-	-	5,539
Total current assets	<u>3,438,882</u>	<u>2,442,449</u>	<u>1,106,158</u>	<u>6,987,489</u>
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	925,594	125,664	-	1,051,258
Other capital assets, net of depreciation	<u>5,632,459</u>	<u>1,703,748</u>	<u>131,141</u>	<u>7,467,348</u>
Total non-current assets	<u>6,558,053</u>	<u>1,829,412</u>	<u>131,141</u>	<u>8,518,606</u>
Total assets	<u>9,996,935</u>	<u>4,271,861</u>	<u>1,237,299</u>	<u>15,506,095</u>
Deferred Outflows of Resources:				
OPEB deferrals	26,609	11,638	791	39,038
Pension deferrals	<u>296,443</u>	<u>132,453</u>	<u>6,308</u>	<u>435,204</u>
Total deferred outflows of resources	<u>323,052</u>	<u>144,091</u>	<u>7,099</u>	<u>474,242</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	106,855	31,266	190,456	328,577
Unearned revenue	17,883	-	-	17,883
Compensated absences	66,580	40,496	8,867	115,943
Installment purchase obligations	<u>8,303</u>	<u>109,521</u>	<u>6,578</u>	<u>124,402</u>
Total current liabilities	<u>199,621</u>	<u>181,283</u>	<u>205,901</u>	<u>586,805</u>
Non-current liabilities:				
Net pension liability	494,430	220,916	10,520	725,866
Compensated absences	32,793	19,946	4,368	57,107
Installment purchase obligations	82,433	297,597	65,295	445,325
Total other post-employment benefits liability	<u>1,853,464</u>	<u>810,644</u>	<u>55,092</u>	<u>2,719,200</u>
Total non-current liabilities	<u>2,463,120</u>	<u>1,349,103</u>	<u>135,275</u>	<u>3,947,498</u>
Total liabilities	<u>2,662,741</u>	<u>1,530,386</u>	<u>341,176</u>	<u>4,534,303</u>
Deferred Inflows of Resources:				
OPEB deferrals	360,294	157,581	10,708	528,583
Pension deferrals	<u>3,337</u>	<u>1,491</u>	<u>72</u>	<u>4,900</u>
Total deferred inflows of resources	<u>363,631</u>	<u>159,072</u>	<u>10,780</u>	<u>533,483</u>
Net Position:				
Net investment in capital assets	6,467,317	1,422,294	59,268	7,948,879
Unrestricted	<u>826,298</u>	<u>1,304,200</u>	<u>833,174</u>	<u>2,963,672</u>
Total net position	<u>\$ 7,293,615</u>	<u>\$ 2,726,494</u>	<u>\$ 892,442</u>	<u>\$ 10,912,551</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, 2020

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 2,921,913	\$ 2,256,382	\$ 2,537,627	\$ 7,715,922
Other operating revenues	105,032	34,100	37,194	176,326
Total operating revenues	<u>3,026,945</u>	<u>2,290,482</u>	<u>2,574,821</u>	<u>7,892,248</u>
Operating Expenses:				
Distribution systems				
Aquatics and Fitness Center operations	3,312,246	-	-	3,312,246
Stormwater operations	-	1,816,638	-	1,816,638
Solid waste operations	-	-	2,506,791	2,506,791
Solid waste maintenance	-	-	101,304	101,304
Depreciation and amortization	307,368	158,234	20,320	485,922
Total operating expenses	<u>3,619,614</u>	<u>1,974,872</u>	<u>2,628,415</u>	<u>8,222,901</u>
Operating income (loss)	<u>(592,669)</u>	<u>315,610</u>	<u>(53,594)</u>	<u>(330,653)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	-	10,023	-	10,023
Other non-operating revenues (expenses)	4,549	-	-	4,549
Investment earnings	97,382	54,968	19,988	172,338
Interest and other charges	-	(12,078)	-	(12,078)
Total non-operating revenues (expenses)	<u>101,931</u>	<u>52,913</u>	<u>19,988</u>	<u>174,832</u>
Income (loss) before transfers	<u>(490,738)</u>	<u>368,523</u>	<u>(33,606)</u>	<u>(155,821)</u>
Transfers from other funds	-	584,154	-	584,154
Transfers to other funds	-	(27,175)	-	(27,175)
Total transfers (to) from other funds	<u>-</u>	<u>556,979</u>	<u>-</u>	<u>556,979</u>
Change in net position	<u>(490,738)</u>	<u>925,502</u>	<u>(33,606)</u>	<u>401,158</u>
Net Position:				
Beginning of year, July 1	<u>7,784,353</u>	<u>1,800,992</u>	<u>926,048</u>	<u>10,511,393</u>
End of year, June 30	<u>\$ 7,293,615</u>	<u>\$ 2,726,494</u>	<u>\$ 892,442</u>	<u>\$ 10,912,551</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 2,876,197	\$ 2,280,008	\$ 2,536,903	\$ 7,693,108
Cash paid for goods and services	(1,422,819)	(989,661)	(2,344,786)	(4,757,266)
Cash paid to or on behalf of employees for services	(1,880,753)	(786,037)	(226,035)	(2,892,825)
Net cash provided (used) by operating activities	(427,375)	504,310	(33,918)	43,017
Cash Flows from Non-Capital Financing Activities:				
Change in due from other funds	(90,736)	(93,118)	(71,873)	(255,727)
Transfers to other funds	-	(27,175)	-	(27,175)
Net cash provided (used) by non-capital financing activities	(90,736)	(120,293)	(71,873)	(282,902)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from issuance of long-term debt	90,736	93,118	71,873	255,727
Proceeds from sale of capital assets	-	10,023	-	10,023
Acquisition and construction of capital assets	(147,391)	(330,442)	-	(477,833)
Principal paid on bond maturities and equipment obligations	-	(99,000)	-	(99,000)
Interest paid on bond maturities and equipment obligations	-	(12,078)	-	(12,078)
Net cash provided (used) by capital and related financing activities	(56,655)	(338,379)	71,873	(323,161)
Cash Flows from Investing Activities:				
Earnings on investments	97,382	54,968	19,988	172,338
Net cash provided (used) by investing activities	97,382	54,968	19,988	172,338
Net increase (decrease) in cash and cash equivalents	(477,384)	100,606	(13,930)	(390,708)
Cash and Cash Equivalents:				
Beginning of year, July 1	3,671,851	1,981,024	690,557	6,343,432
End of year, June 30	\$ 3,194,467	\$ 2,081,630	\$ 676,627	\$ 5,952,724

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Aquatics and Fitness Center Fund	Stormwater	Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (592,669)	\$ 315,610	\$ (53,594)	\$ (330,653)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	307,368	158,234	20,320	485,922
Non operating revenues	4,549	-	-	4,549
Changes in assets and liabilities:				
Increase deferred outflows - pension	42,392	18,942	902	62,236
Increase in net pension liability	63,315	28,290	1,347	92,952
Decrease deferred inflows - pension	(7,553)	(3,375)	(161)	(11,089)
(Increase) decrease in accounts receivable	6,885	(1,478)	(37,091)	(31,684)
(Increase) decrease in inventories	97	-	-	97
(Increase) decrease in prepaid expenses	(146,993)	(8,996)	(827)	(156,816)
Increase (decrease) in accounts payable and accrued liabilities	(70,956)	(2,329)	29,853	(43,432)
(Increase) decrease in deferred outflows of resources for OPEB	961	421	26	1,408
Increase (decrease) in deferred inflows of resources for OPEB	80,640	35,269	2,396	118,305
Increase (decrease) in net OPEB liability	(110,552)	(48,353)	(3,286)	(162,191)
Increase (decrease) in compensated absences	(4,859)	12,075	6,197	13,413
Total adjustments	165,294	188,700	19,676	373,670
Net cash provided (used) by operating activities	\$ (427,375)	\$ 504,310	\$ (33,918)	\$ 43,017
Non-Cash Items:				
Transfer of asset	\$ -	\$ -	\$ 584,154	\$ 584,154

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 3,366,500	\$ 2,921,913	\$ (444,587)
Other operating revenues	188,000	105,032	(82,968)
Total operating revenues	<u>3,554,500</u>	<u>3,026,945</u>	<u>(527,555)</u>
Non-operating revenues:			
Other non-operating revenues	5,075	4,548	(527)
Investment earnings	59,688	97,382	37,694
Total non-operating revenues	<u>64,763</u>	<u>101,930</u>	<u>37,167</u>
Total revenues	<u>3,619,263</u>	<u>3,128,875</u>	<u>(490,388)</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Installment purchase obligations issued	-	90,736	90,736
Inception of lease	22,420	-	(22,420)
Appropriated fund balance	682,615	-	(682,615)
Total other financing sources (uses)	<u>705,035</u>	<u>90,736</u>	<u>(614,299)</u>
Total revenues and other financing sources (uses)	<u>\$ 4,324,298</u>	<u>\$ 3,219,611</u>	<u>\$ (1,104,687)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 2,287,972	\$ 1,887,363	\$ 400,609
Operating expenditures	<u>1,725,738</u>	<u>1,360,538</u>	<u>365,200</u>
Total	<u>4,013,710</u>	<u>3,247,901</u>	<u>765,809</u>
Debt service:			
Principal retirement	1,684	-	1,684
Interest and other charges	<u>404</u>	<u>-</u>	<u>404</u>
Total	<u>2,088</u>	<u>-</u>	<u>2,088</u>
Capital outlay	<u>308,500</u>	<u>147,391</u>	<u>161,109</u>
Total expenditures	<u>\$ 4,324,298</u>	<u>\$ 3,395,292</u>	<u>\$ 929,006</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, 2020

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

Total revenues and other financing sources (uses)	\$ 3,219,611
Total expenditures	<u>3,395,292</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(175,681)</u>
Reconciling items:	
Capital outlay	147,391
Installment purchase obligations issued	(90,736)
Change in compensated absences	4,859
Change in deferred outflows of resources - OPEB	(961)
Change in deferred inflows of resources - OPEB	(80,640)
Change in OPEB liability	110,552
Change in deferred outflows of resources - pensions	(42,392)
Increase in net pension liability	(63,315)
Change in deferred inflows of resources - pensions	7,553
Depreciation and amortization	<u>(307,368)</u>
Total reconciling items	<u>(315,057)</u>
Change in net position	<u>\$ (490,738)</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Stormwater receipts	\$ 2,185,186	\$ 2,256,382	\$ 71,196
Other operating revenues	20,150	34,100	13,950
Total operating revenues	<u>2,205,336</u>	<u>2,290,482</u>	<u>85,146</u>
Non-operating revenues:			
Other non-operating revenues	-	10,023	10,023
Investment earnings	<u>32,235</u>	<u>54,968</u>	<u>22,733</u>
Total non-operating revenues	<u>32,235</u>	<u>64,991</u>	<u>32,756</u>
Total revenues	<u>2,237,571</u>	<u>2,355,473</u>	<u>117,902</u>
Other Financing Sources (Uses):			
Appropriated fund balance	296,286	-	296,286
Installment purchase obligations issued	<u>-</u>	<u>93,118</u>	<u>93,118</u>
Total other financing sources (uses)	<u>296,286</u>	<u>93,118</u>	<u>389,404</u>
Total revenues and other financing sources (uses)	<u>\$ 2,533,857</u>	<u>\$ 2,448,591</u>	<u>\$ 507,306</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 912,096	\$ 828,008	\$ 84,088
Operating expenditures	<u>1,385,350</u>	<u>1,158,337</u>	<u>227,013</u>
Total	<u>2,297,446</u>	<u>1,986,345</u>	<u>311,101</u>
Debt service:			
Principal retirement	99,000	99,000	-
Interest and other charges	<u>13,630</u>	<u>12,078</u>	<u>1,552</u>
Total	<u>112,630</u>	<u>111,078</u>	<u>1,552</u>
Capital outlay	<u>96,606</u>	<u>71,606</u>	<u>25,000</u>
Total expenditures	<u>2,506,682</u>	<u>2,169,029</u>	<u>337,653</u>
Other Financing Sources (Uses):			
Transfers from(to) other funds:			
Capital projects	<u>(27,175)</u>	<u>(27,175)</u>	<u>-</u>
Total other financing sources (uses)	<u>(27,175)</u>	<u>(27,175)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,533,857</u>	<u>\$ 2,196,204</u>	<u>\$ 337,653</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:

Total revenues and other financing sources (uses)	\$ 2,448,591
Total expenditures and other financing sources (uses)	<u>2,196,204</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>252,387</u>
Reconciling items:	
Debt principal	99,000
Installment purchase obligations issued	(93,118)
Capital outlay	71,606
Capital items not charged to capital outlay	212,976
Transfer of assets from General Fund	584,154
Change in compensated absences	(12,075)
Change in deferred outflows of resources - OPEB	(421)
Change in deferred inflows of resources - OPEB	(35,269)
Change in OPEB liability	48,353
Change in deferred outflows of resources - pensions	(18,942)
Increase in net pension liability	(28,290)
Change in deferred inflows of resources - pensions	3,375
Depreciation and amortization	<u>(158,234)</u>
Total reconciling items	<u>673,115</u>
Change in net position	<u>\$ 925,502</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, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 507	\$ 507	\$ -	\$ 507	\$ -
Total revenues	<u>507</u>	<u>507</u>	<u>-</u>	<u>507</u>	<u>-</u>
Expenditures:					
Construction costs capitalized	220,680	220,680	-	220,680	-
Construction in progress	360,320	79,804	45,860	125,664	234,656
Other costs	<u>507</u>	<u>507</u>	<u>-</u>	<u>507</u>	<u>-</u>
Total expenditures	<u>581,507</u>	<u>300,991</u>	<u>45,860</u>	<u>346,851</u>	<u>234,656</u>
Revenues over (under) expenditures	<u>(581,000)</u>	<u>(300,484)</u>	<u>(45,860)</u>	<u>(346,344)</u>	<u>234,656</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Stormwater Fund	<u>581,000</u>	<u>581,000</u>	<u>-</u>	<u>581,000</u>	<u>-</u>
Total other financing sources (uses)	<u>581,000</u>	<u>581,000</u>	<u>-</u>	<u>581,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 280,516</u>	<u>\$ (45,860)</u>	<u>\$ 234,656</u>	<u>\$ 234,656</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 2,449,883	\$ 2,537,627	\$ 87,744
Total	<u>2,449,883</u>	<u>2,537,627</u>	<u>87,744</u>
Other operating revenues	<u>25,000</u>	<u>37,194</u>	<u>12,194</u>
Total operating revenues	<u>2,474,883</u>	<u>2,574,821</u>	<u>99,938</u>
Non-operating revenues:			
Investment earnings	<u>11,085</u>	<u>19,988</u>	<u>8,903</u>
Total non-operating revenues	<u>11,085</u>	<u>19,988</u>	<u>8,903</u>
Total revenues	<u>2,485,968</u>	<u>2,594,809</u>	<u>108,841</u>
Other Financing Sources (Uses):			
Appropriated fund balance	280,936	-	280,936
Installment purchase obligations issued	<u>-</u>	<u>71,873</u>	<u>71,873</u>
Total other financing sources (uses)	<u>280,936</u>	<u>71,873</u>	<u>352,809</u>
Total revenues and other financing sources (uses)	<u>\$ 2,766,904</u>	<u>\$ 2,666,682</u>	<u>\$ 461,650</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 170,486	\$ 145,362	\$ 25,124
Operating expenditures	<u>2,480,895</u>	<u>2,354,008</u>	<u>126,887</u>
Total	<u>2,651,381</u>	<u>2,499,370</u>	<u>152,011</u>
Maintenance:			
Salaries and employee benefits	101,084	91,938	9,146
Operating expenditures	<u>14,439</u>	<u>9,366</u>	<u>5,073</u>
Total	<u>115,523</u>	<u>101,304</u>	<u>14,219</u>
Total expenditures	<u>\$ 2,766,904</u>	<u>\$ 2,600,674</u>	<u>\$ 166,230</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, 2020

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

Total revenues and other financing sources (uses)	\$ 2,666,682
Total expenditures	<u>2,600,674</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>66,008</u>
Reconciling items:	
Installment purchase obligations issued	(71,873)
Depreciation	(20,320)
Change in compensated absences	(6,197)
Change in OPEB liability	3,286
Change in deferred outflows of resources - OPEB	(26)
Change in deferred inflows of resources - OPEB	(2,396)
Change in deferred outflows of resources - pensions	(902)
Increase in net pension liability	(1,347)
Change in deferred inflows of resources - pensions	<u>161</u>
Total reconciling items	<u>(99,614)</u>
Change in net position	<u><u>\$ (33,606)</u></u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS JUNE 30, 2020

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 1,213,210	\$ 1,104,652	\$ 954,060	\$ 3,271,922
Accounts receivable (net)	598,561	-	-	598,561
Prepays	21,000	10,000	-	31,000
Total current assets	<u>1,832,771</u>	<u>1,114,652</u>	<u>954,060</u>	<u>3,901,483</u>
Non-current assets:				
Restricted assets:				
Deposits	10,169	10,005	-	20,174
Total non-current assets	<u>10,169</u>	<u>10,005</u>	<u>-</u>	<u>20,174</u>
Total assets	<u>1,842,940</u>	<u>1,124,657</u>	<u>954,060</u>	<u>3,921,657</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	339,419	3,809	30,421	373,649
Total current liabilities	<u>339,419</u>	<u>3,809</u>	<u>30,421</u>	<u>373,649</u>
Non-current liabilities:				
Liabilities payable from restricted assets:				
Deposits	10,169	10,005	-	20,174
Total non-current liabilities	<u>10,169</u>	<u>10,005</u>	<u>-</u>	<u>20,174</u>
Total liabilities	<u>349,588</u>	<u>13,814</u>	<u>30,421</u>	<u>393,823</u>
Net Position:				
Unrestricted	<u>\$ 1,493,352</u>	<u>\$ 1,110,843</u>	<u>\$ 923,639</u>	<u>\$ 3,527,834</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, 2020

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Operating Revenues:				
Interfund charges and employee contributions	\$ 7,538,544	\$ -	\$ 770,204	\$ 8,308,748
Receipts for interfund charges	-	300,000	-	300,000
Other operating revenue	1,494,988	-	34,509	1,529,497
Total operating revenues	9,033,532	300,000	804,713	10,138,245
Operating Expenses:				
Operating expenses	340,426	113,062	94,103	547,591
Workers' compensation claims and premiums	-	189,670	-	189,670
Health care clinic	100,183	-	-	100,183
Insurance	16,335	-	-	16,335
Health benefit claims and premiums	9,252,147	-	-	9,252,147
Property and liability claims and premiums	-	-	692,559	692,559
Total operating expenses	9,709,091	302,732	786,662	10,798,485
Operating income (loss)	(675,559)	(2,732)	18,051	(660,240)
Non-Operating Revenues:				
Investment earnings	45,642	29,143	18,038	92,823
Total non-operating revenues	45,642	29,143	18,038	92,823
Change in net position	(629,917)	26,411	36,089	(567,417)
Net Position:				
Beginning of year, July 1	2,123,269	1,084,432	887,550	4,095,251
End of year, June 30	\$ 1,493,352	\$ 1,110,843	\$ 923,639	\$ 3,527,834

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Cash Flows from Operating Activities:				
Cash received for services	\$ 7,617,344	\$ -	\$ 770,204	\$ 8,387,548
Other operating revenue	1,494,988	-	34,509	1,529,497
Receipts for interfund charges	-	300,000	-	300,000
Cash paid for goods and services	(9,778,796)	(302,263)	(762,587)	(10,843,646)
Net cash provided (used) by operating activities	(666,464)	(2,263)	42,126	(626,601)
Cash Flows from Investing Activities:				
Investment earnings	45,642	29,143	18,038	92,823
Net cash provided (used) by investing activities	45,642	29,143	18,038	92,823
Net increase (decrease) in cash and cash equivalents	(620,822)	26,880	60,164	(533,778)
Cash and Cash Equivalents:				
Beginning of year, July 1	1,844,201	1,087,777	893,896	3,825,874
End of year, June 30	\$ 1,223,379	\$ 1,114,657	\$ 954,060	\$ 3,292,096
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (675,559)	\$ (2,732)	\$ 18,051	\$ (660,240)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(51,779)	-	-	(51,779)
(Increase) decrease in prepaid expenses	130,579	-	-	130,579
Increase (decrease) in accounts payable and accrued liabilities	(69,705)	469	24,075	(45,161)
Total adjustments	9,095	469	24,075	33,639
Net cash provided (used) by operating activities	\$ (666,464)	\$ (2,263)	\$ 42,126	\$ (626,601)

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, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 7,826,139	\$ 7,538,544	\$ (287,595)
Other operating revenue	<u>120,000</u>	<u>1,494,988</u>	<u>1,374,988</u>
Total operating revenues	<u>7,946,139</u>	<u>9,033,532</u>	<u>1,087,393</u>
Non-operating revenues:			
Investment earnings	<u>46,162</u>	<u>45,642</u>	<u>(520)</u>
Total non-operating revenues	<u>46,162</u>	<u>45,642</u>	<u>(520)</u>
Total revenues	<u>7,992,301</u>	<u>9,079,174</u>	<u>1,086,873</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	326,177	340,426	(14,249)
Healthcare clinic	129,296	100,183	29,113
Insurance	17,000	16,335	665
Health benefit claims and premiums	<u>7,947,093</u>	<u>9,252,147</u>	<u>(1,305,054)</u>
Total operating expenditures	<u>8,419,566</u>	<u>9,709,091</u>	<u>(1,289,525)</u>
Appropriated fund balance	<u>427,265</u>	<u>-</u>	<u>427,265</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (629,917)</u>	<u>\$ (629,917)</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, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges	\$ 300,000	\$ 300,000	\$ -
Total operating revenues	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Non-operating revenues:			
Investment earnings	<u>20,312</u>	<u>29,143</u>	<u>8,831</u>
Total non-operating revenues	<u>20,312</u>	<u>29,143</u>	<u>8,831</u>
Total revenues	<u>320,312</u>	<u>329,143</u>	<u>8,831</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	113,062	113,062	-
Workers' compensation claims and premiums paid	<u>284,782</u>	<u>189,670</u>	<u>95,112</u>
Total expenditures	<u>397,844</u>	<u>302,732</u>	<u>95,112</u>
Appropriated fund balance	<u>77,532</u>	<u>-</u>	<u>(77,532)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 26,411</u>	<u>\$ 26,411</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, 2020

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 767,150	\$ 770,204	\$ 3,054
Other operating revenue	<u>20,003</u>	<u>34,509</u>	<u>14,506</u>
Total operating revenues	<u>787,153</u>	<u>804,713</u>	<u>17,560</u>
Non-operating revenues:			
Investment earnings	<u>10,402</u>	<u>18,038</u>	<u>7,636</u>
Total non-operating revenues	<u>10,402</u>	<u>18,038</u>	<u>7,636</u>
Total revenues	<u>797,555</u>	<u>822,751</u>	<u>25,196</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	94,103	94,103	-
Property and liability claims and premiums	<u>708,852</u>	<u>692,559</u>	<u>16,293</u>
Total expenditures	<u>802,955</u>	<u>786,662</u>	<u>16,293</u>
Appropriated fund balance	<u>5,400</u>	<u>-</u>	<u>(5,400)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 36,089</u>	<u>\$ 36,089</u>

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019 - 2020	\$ -	\$ 23,128,484	\$ 22,939,517	\$ 188,967
2018 - 2019	176,557	-	87,111	89,446
2017 - 2018	97,035	-	28,402	68,633
2016 - 2017	65,950	-	19,306	46,644
2015 - 2016	49,975	-	9,433	40,542
2014 - 2015	59,393	-	14,676	44,717
2013 - 2014	78,232	-	19,230	59,002
2012 - 2013	39,123	-	8,918	30,205
2011 - 2012	26,334	-	2,750	23,584
2010 - 2011	33,789	-	3,774	30,015
2009 - 2010	41,976	-	41,976	-
Total	<u>\$ 668,364</u>	<u>\$ 23,128,484</u>	<u>\$ 23,175,093</u>	621,755

Less: Allowance for uncollectible ad valorem taxes receivable

31,088

Ad valorem taxes receivable

\$ 590,667

Reconcilement with Revenues:

General Fund

Ad valorem taxes - General Fund

\$ 23,143,554

Amounts written off per Statute of Limitations

40,515

Refunds, releases of prior years' taxes

91,487

Interest and advertising cost recovery

(100,463)

Total collections and credits

\$ 23,175,093

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY CITY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 3,544,352,944	\$ 0.6163	\$ 21,885,574	\$ 20,515,119	\$ 1,370,455
Registered motor vehicles taxed at prior year's rate	72,261,201		445,077	-	445,077
Total	3,616,614,145		22,330,651	20,515,119	1,815,532
Public Utility Allocation	55,038,765	0.6163	339,274	339,274	-
Discoveries	75,754,563	0.6163	567,903	567,903	-
Releases	(10,319,372)	0.6163	(109,344)	(109,344)	-
Total property valuation	<u>\$ 3,737,088,101</u>				
Net Levy			23,128,484	21,312,952	1,815,532
Uncollected taxes at June 30, 2020			(188,967)	(188,967)	-
Current Year's Taxes Collected			<u>\$ 22,939,517</u>	<u>\$ 21,123,985</u>	<u>\$ 1,815,532</u>
Current Levy Collection Percentage			<u>99.18%</u>	<u>99.11%</u>	<u>100.00%</u>

Secondary Market Disclosures:

	Property Valuation	Rate	Levy
Assessed Valuation:			
Assessment Ratio ¹	100%		
Real property	\$ 2,464,551,124		
Personal property	922,868,708		
Public Service Companies ²	55,038,765		
	3,442,458,597	0.6163	\$ 21,312,952
Motor Vehicle Property	294,629,504	0.6163	1,815,532
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 3,737,088,101</u>		<u>\$ 23,128,484</u>
Distribution of levy:			
General Fund			<u>\$ 23,128,484</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, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019 - 2020	\$ -	\$ 56,025	\$ 55,626	\$ 399
2018 - 2019	415	-	192	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
2009 - 2010	161	-	161	-
Total	<u>\$ 2,375</u>	<u>\$ 56,025</u>	<u>\$ 55,979</u>	<u>2,421</u>

Less: Allowance for uncollectible ad valorem taxes receivable 121

Ad valorem taxes receivable \$ 2,300

Reconciliation with Revenues:

Ad valorem taxes - Downtown Monroe Fund	\$ 56,501
Amounts written off per Statute of Limitations	161
Interest and advertising cost recovery	<u>(683)</u>
Total collections and credits	<u>\$ 55,979</u>

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY MUNICIPAL SERVICE DISTRICT LEVY FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 24,604,356	\$ 0.219	\$ 54,082	\$ 51,879	\$ 2,203
Registered motor vehicles taxed at prior year's rate	373,795		819	-	819
Total	24,978,151		54,901	51,879	3,022
Public Utility Allocation	1,027,781	0.219	2,251	2,251	-
Discoveries	-	0.219	(7)	(7)	-
Releases	(203,881)	0.219	(1,120)	(1,120)	-
Total property valuation	<u>\$ 25,802,051</u>				
Net Levy			56,025	53,003	3,022
Uncollected taxes at June 30, 2020			(399)	(399)	-
Current Year's Taxes Collected			<u>\$ 55,626</u>	<u>\$ 52,604</u>	<u>\$ 3,022</u>
Current Levy Collection Percentage			<u>99.29%</u>	<u>99.25%</u>	<u>100.00%</u>

Secondary Market Disclosures:

	Property Valuation	Rate	Levy
Assessed Valuation:			
Assessment Ratio ¹	100%		
Real property	\$ 21,161,521		
Personal property	2,233,027		
Public Service Companies ²	1,027,781		
	24,422,329	0.219	\$ 53,003
Motor Vehicle Property	1,379,722	0.219	3,022
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 25,802,051</u>		<u>\$ 56,025</u>
Distribution of levy:			
Municipal Service District - Downtown Monroe Fund			<u>\$ 56,025</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 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 71,692	\$ 70,561	\$ 69,784	\$ 69,143	\$ 69,134	\$ 68,979	\$ 68,341	\$ 69,530	\$ 71,002	\$ 72,231
Restricted	670	6,740	5,665	6,484	10,499	7,385	9,813	9,654	16,587	14,882
Unrestricted	<u>20,979</u>	<u>16,261</u>	<u>16,315</u>	<u>18,861</u>	<u>14,429</u>	<u>19,993</u>	<u>13,434</u>	<u>(7,850)</u>	<u>(12,946)</u>	<u>(9,096)</u>
Total governmental activities net position	<u>\$ 93,341</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 144,182	\$ 152,078	\$ 160,289	\$ 169,721	\$ 172,159	\$ 177,673	\$ 193,967	\$ 200,306	\$ 214,144	\$ 221,098
Unrestricted	<u>94,053</u>	<u>95,183</u>	<u>92,520</u>	<u>93,303</u>	<u>106,769</u>	<u>117,605</u>	<u>116,067</u>	<u>111,837</u>	<u>125,987</u>	<u>147,461</u>
Total business-type activities net position	<u>\$ 238,235</u>	<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>
Primary government										
Net investment in capital assets	\$ 215,874	\$ 222,639	\$ 230,073	\$ 238,864	\$ 241,293	\$ 246,652	\$ 262,308	\$ 269,836	\$ 285,146	\$ 293,329
Restricted	670	6,740	5,665	6,484	10,499	7,385	9,813	9,654	16,587	14,882
Unrestricted	<u>115,032</u>	<u>111,444</u>	<u>108,835</u>	<u>112,164</u>	<u>121,198</u>	<u>137,598</u>	<u>129,501</u>	<u>103,987</u>	<u>113,041</u>	<u>138,365</u>
Total primary government net position	<u>\$ 331,576</u>	<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>

Notes:

Fiscal year 2012 reflects implementation of GASB Statement 54. Prior year amounts have not been restated.

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)

EXPENSES	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 5,294	\$ 5,562	\$ 4,354	\$ 4,897	\$ 4,929	\$ 7,646	\$ 5,232	\$ 4,933	\$ 3,461	\$ 6,397
Transportation	4,699	5,109	4,801	5,216	5,207	5,215	5,307	5,758	4,780	4,097
Public safety	18,224	19,512	19,067	19,813	21,069	19,675	23,693	25,300	27,086	31,068
Culture and recreation	4,545	5,067	4,069	4,899	5,541	5,389	5,910	5,153	8,743	3,081
Economic and physical development	1,119	953	1,016	1,579	1,134	2,070	1,063	1,338	1,075	454
Interest on long-term debt	107	54	229	164	186	200	227	200	469	501
Total governmental activities expenses	33,988	36,257	33,536	36,568	38,066	40,195	41,432	42,682	45,614	45,598
Business-type activities:										
Water and sewer	11,955	11,687	12,356	15,162	10,360	12,281	13,274	12,339	9,975	13,583
Electric	46,840	49,158	51,729	55,559	60,881	58,078	60,175	60,764	58,254	56,545
Natural gas	13,913	11,131	12,710	14,844	13,790	13,595	12,229	14,105	14,015	11,821
Aquatics and Fitness Center	3,549	3,783	4,886	3,607	3,652	3,818	3,849	4,082	4,056	3,620
Stormwater	1,709	1,734	1,874	1,674	1,838	1,879	1,976	2,084	2,052	1,987
Solid Waste	2,697	2,564	2,213	2,067	2,178	2,303	2,511	2,348	2,350	2,628
Airport	3,553	3,611	3,771	3,580	3,405	3,328	3,498	3,706	3,697	3,625
Total business-type activities expenses	84,216	83,668	89,539	96,493	96,104	95,282	97,512	99,428	94,399	93,809
Total primary government expenses	\$ 118,204	\$ 119,925	\$ 123,075	\$ 133,061	\$ 134,170	\$ 135,477	\$ 138,944	\$ 142,110	\$ 140,013	\$ 139,407
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 1,955	\$ 1,978	\$ 2,079	\$ 2,349	\$ 2,141	\$ 2,374	\$ 2,203	\$ 2,212	\$ 2,297	\$ 2,445
Transportation	202	218	203	297	359	375	350	327	371	403
Public safety	2,312	2,491	2,230	3,055	4,050	4,589	4,161	3,973	4,489	4,630
Culture and recreation	1,232	1,289	653	1,499	1,638	1,734	1,728	1,691	1,787	1,776
Economic and physical development	3	2	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	-	-	75	-	-	-	-	-
Transportation	1,032	930	978	961	972	972	963	964	957	955
Public safety	616	786	312	448	497	318	560	707	894	1,864
Culture and recreation	204	214	223	240	193	193	212	202	206	170
Economic and physical development	135	220	264	412	528	547	432	408	412	416
Capital grants and contributions:										
General government	-	-	-	170	-	-	-	-	-	-
Transportation	-	478	438	304	196	165	208	1,179	103	192
Public safety	49	-	-	-	-	-	-	-	-	-
Culture and recreation	304	-	-	-	-	-	-	100	-	-
Economic and physical development	-	-	-	-	-	-	-	-	10	-
	\$ 8,044	\$ 8,606	\$ 7,380	\$ 9,735	\$ 10,649	\$ 11,267	\$ 10,817	\$ 11,763	\$ 11,526	\$ 12,851

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

	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charge for services:										
Water and sewer	12,917	13,642	14,000	15,529	16,155	16,743	17,671	17,228	18,671	18,617
Electric	48,454	51,334	53,044	58,057	65,732	62,607	65,606	63,853	63,757	60,846
Natural gas	17,320	11,907	14,261	17,185	18,053	14,485	15,569	18,101	18,323	15,043
Aquatics and Fitness Center	3,927	3,877	4,297	3,588	3,712	4,013	4,097	4,065	4,089	3,011
Stormwater	1,794	1,820	1,846	1,897	2,099	2,158	2,211	2,257	2,333	2,288
Solid Waste	2,822	2,552	2,214	2,190	2,169	2,312	2,411	2,416	2,434	2,573
Airport	1,653	2,012	1,984	1,943	1,927	1,600	1,654	1,944	1,912	1,792
Operating grants and contributions:										
Airport	-	-	-	-	-	-	-	-	-	69
Capital grants and contributions:										
Water and sewer	-	-	408	475	-	280	-	6	127	399
Electric	-	-	-	-	-	-	-	10	346	8,866
Natural gas	-	-	-	-	-	62	174	-	68	6
Stormwater	-	-	162	-	-	-	-	-	1	-
Solid Waste	-	-	75	-	-	1	-	-	-	-
Airport	2,150	-	235	3,116	139	2,174	2,699	90	891	1,419
Total business-type activities program revenues	91,037	87,144	92,526	103,980	109,986	106,435	112,092	109,970	112,952	114,929
Total primary government revenues	\$ 99,081	\$ 95,750	\$ 99,906	\$ 113,715	\$ 120,635	\$ 117,702	\$ 122,909	\$ 121,733	\$ 124,478	\$ 127,780
NET (EXPENSE) REVENUE										
Governmental activities	\$ (25,944)	\$ (27,651)	\$ (26,156)	\$ (26,833)	\$ (27,417)	\$ (28,928)	\$ (30,615)	\$ (30,919)	\$ (34,088)	\$ (32,747)
Business-type activities	6,821	3,476	2,987	7,487	13,882	11,153	14,580	10,542	18,553	21,120
Total primary government net (expense) revenue	\$ (19,123)	\$ (24,175)	\$ (23,169)	\$ (19,346)	\$ (13,535)	\$ (17,775)	\$ (16,035)	\$ (20,377)	\$ (15,535)	\$ (11,627)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 19,314	\$ 19,357	\$ 19,434	\$ 19,767	\$ 19,375	\$ 19,605	\$ 20,176	\$ 21,078	\$ 22,358	\$ 23,156
Sales and use tax	3,906	4,770	4,906	5,136	5,428	5,249	6,196	6,215	6,654	8,112
Utility sales taxes	1,834	1,860	1,951	2,111	2,813	2,905	3,128	3,078	3,118	3,184
Motor vehicle tax	130	125	129	197	143	140	678	842	834	838
Beer & wine and telecommunications tax	657	620	564	570	568	496	490	463	444	376
Gross receipts tax	49	55	56	63	68	77	98	104	112	102
Other licenses and fees	1,085	1,403	1,210	869	879	-	-	-	-	-
Grants and contributions not restricted to specific programs	218	178	173	-	-	-	-	-	-	-
Unrestricted investment earnings	65	822	(544)	366	680	1,946	(723)	(616)	3,418	1,227
Miscellaneous	726	807	1,002	1,192	1,095	580	631	744	1,375	1,549
Gain on sale of capital assets	11	-	116	-	-	-	-	-	-	-
Transfers	(2,619)	(2,126)	(4,640)	(714)	(1,267)	225	(1,845)	(1,279)	(916)	(2,423)
Total governmental activities	25,376	27,871	24,357	29,557	29,782	31,223	28,829	30,629	37,397	36,121
Business-type activities:										
Unrestricted investment earnings	289	2,936	(1,698)	1,493	1,735	5,144	(2,072)	(1,398)	8,003	3,848
Interest earnings on interfund loans	-	-	113	88	64	39	81	75	68	61
Miscellaneous	858	443	390	433	192	238	323	466	448	976
Gain on sale of capital assets	60	45	14	-	-	-	-	-	-	-
Transfers	2,619	2,126	4,640	714	1,267	(225)	1,845	1,279	916	2,423
Total business-type activities	3,826	5,550	3,459	2,728	3,258	5,196	177	422	9,435	7,308
Total primary government	\$ 29,202	\$ 33,421	\$ 27,816	\$ 32,285	\$ 33,040	\$ 36,419	\$ 29,006	\$ 31,051	\$ 46,832	\$ 43,429
CHANGE IN NET POSITION										
Governmental activities	\$ (568)	\$ 220	\$ (1,799)	\$ 2,724	\$ 2,365	\$ 2,295	\$ (1,786)	\$ (290)	\$ 3,309	\$ 3,374
Business-type activities	10,647	9,026	6,446	10,215	17,140	16,349	14,757	10,964	27,988	28,428
Total primary government	\$ 10,079	\$ 9,246	\$ 4,647	\$ 12,939	\$ 19,505	\$ 18,644	\$ 12,971	\$ 10,674	\$ 31,297	\$ 31,802

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 331	\$ 339	\$ 256	\$ 1,138	\$ 282	\$ 901	\$ 1,094	\$ 827	\$ 856	\$ 579
Restricted	4,130	6,009	5,664	4,840	4,951	5,846	7,554	7,989	8,879	10,831
Assigned	2,975	9,134	11,679	12,457	13,763	18,885	13,521	14,508	15,543	16,727
Unassigned	13,042	5,827	3,607	6,533	8,067	4,337	5,152	5,239	8,169	7,877
Total General Fund	<u>\$ 20,478</u>	<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>
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
Committed	-	-	-	588	996	1,690	3,843	4,107	213	737
Assigned	1,281	1,560	2,026	102	113	192	199	117	495	510
Unassigned	-	-	-	(2)	(46)	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,281</u>	<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>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Ad valorem taxes	\$ 19,217	\$ 19,426	\$ 19,443	\$ 19,788	\$ 19,409	\$ 19,744	\$ 20,285	\$ 21,208	\$ 22,451	\$ 23,200
Other taxes and licenses	1,249	1,313	1,558	1,497	1,087	219	778	949	948	943
Unrestricted intergovernmental	6,586	7,408	7,567	7,952	8,967	8,839	9,987	9,991	10,433	11,887
Restricted intergovernmental	2,399	2,217	1,846	2,060	2,461	2,194	2,375	3,551	2,571	2,688
Program income	2	2	-	-	-	-	-	-	-	-
Sales and services	1,708	1,766	1,420	1,921	1,944	2,469	2,282	2,521	2,529	2,224
Investment earnings	64	822	(544)	481	646	1,842	(669)	(578)	3,236	1,162
Miscellaneous	747	793	747	779	989	395	461	525	1,170	1,341
Total revenues	<u>31,972</u>	<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>
EXPENDITURES										
General government	3,410	3,327	2,052	2,796	1,729	888	2,913	2,882	627	4,992
Transportation	1,484	1,802	1,970	1,979	1,957	2,400	2,346	2,610	2,243	1,852
Public safety	14,332	15,654	15,147	15,394	16,250	14,599	17,430	18,121	18,055	20,040
Culture and recreation	3,894	3,896	3,018	3,930	4,127	4,084	3,655	3,006	4,258	3,706
Economic and physical development	2,045	951	1,415	1,614	2,864	5,157	2,684	2,848	6,133	849
Capital outlay	1,091	2,298	2,806	2,076	4,158	7,483	4,335	6,654	8,373	12,914
Debt service:										
Principal retirement	1,962	1,685	1,311	1,124	1,193	1,248	1,198	1,213	1,166	1,225
Interest and other charges	61	54	229	164	186	199	227	200	489	342
Total expenditures	<u>28,279</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>3,693</u>	<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>
OTHER FINANCING SOURCES (USES)										
Transfers from (to) others	(3,419)	(2,548)	(3,725)	(2,057)	(1,267)	249	(1,845)	(1,279)	(916)	(1,839)
Repayment of advance from other funds	(131)	-	-	-	-	-	-	-	-	-
Limited obligation bonds issued, including premiums	-	-	-	-	-	-	-	-	8,217	-
Installment purchase obligations issued	263	748	-	850	4,476	-	1,788	1,614	635	2,119
Total other financing sources (uses)	<u>(3,287)</u>	<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>
Net change in fund balances	<u>\$ 406</u>	<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>
Debt service as a percentage of noncapital expenditures	7.44%	6.35%	6.13%	4.77%	4.87%	5.06%	4.68%	4.58%	5.02%	4.75%

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

Fiscal Year	Real Property		Personal Property		Public Service Companies	Total Assessed Value	Total Direct Tax Rate (2)
	Commercial (1)	Residential	Motor Vehicle	Other			
2011	\$ 1,133,184	\$ 1,296,350	\$ 189,559	\$ 777,420	\$ 69,218	\$ 3,465,731	\$ 0.5547
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

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 Basic Rate	Municipal Service District Basic Rate	Total Weighted Average Rate⁽¹⁾	Union County Basic Rate	Direct and Overlapping Rates
2011	\$ 0.5550	\$ 0.2000	\$ 0.5547	\$ 0.6650	\$ 1.2197
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

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)**

	2011			2020		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayer						
ATI Specialty Materials (Allvac)	\$ 306,725	1	8.9%	\$ 248,473	1	6.6%
Charlotte Pipe & Foundry Co.	107,378	2	3.1%	129,950	2	3.5%
Consolidated Metco, Inc.	29,984	5	0.9%	52,110	3	1.4%
Greiner Bio-One	19,421	8	0.6%	47,547	4	1.3%
Tyson Farms, Inc. (Tyson Foods, Inc.)	41,533	4	1.2%	46,302	5	1.2%
Glenmark Pharmaceuticals	-		-	39,867	6	1.1%
O'Neil Digital Solutions, LLC	-		-	32,008	7	0.9%
Inland American Monroe Poplin	27,788	6	0.8%	30,442	8	0.8%
Goulston Technologies	-		-	29,447	9	0.7%
Scott Technologies	18,422	9	0.5%	27,646	10	0.7%
Yale Security (Assa Abloy - Door Security)	25,126	7	0.7%	-		-
Monroe Mall (Madison)	18,455	10	0.5%	-		-
Turbomeca	45,457	3	1.3%	-		-
Total	<u>\$ 640,289</u>		<u>18.5%</u>	<u>\$ 683,792</u>		<u>18.2%</u>

Source:
City of Monroe Tax System

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

Fiscal Year	Taxes Levied for the Fiscal Year	Public Utility Allocation	Discoveries	Abatements	Taxes Levied for the Fiscal Year (Adjusted)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2011	\$ 18,859	\$ 384	\$ 69	\$ 88	\$ 19,224	\$ 18,646	96.99%	\$ 548	\$ 19,194	99.84%
2012	18,962	362	299	335	19,288	18,780	97.37	484	19,264	99.88
2013	18,983	361	130	86	19,388	18,887	97.42	471	19,358	99.85
2014	19,712	348	81	89	20,052	19,295	96.22	697	19,992	99.70
2015	18,915	336	66	57	19,260	18,888	98.07	327	19,215	99.77
2016	19,279	363	69	178	19,533	19,270	98.65	222	19,492	99.79
2017	19,581	367	133	103	19,978	19,752	98.86	179	19,931	99.76
2018	20,338	377	315	35	20,995	20,806	99.10	120	20,926	99.67
2019	21,843	387	111	85	22,256	22,080	99.20	86	22,166	99.60
2020	22,386	341	568	110	23,185	22,995	99.18	-	22,995	99.18

Source:
City of Monroe Tax System

CITY OF MONROE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities		Business-type Activities					Per Capita (1)	Percentage of Personal Income (1)
	Installment Purchase Obligations	Limited Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	State Revolving Loans	Installment Purchase Obligations	Total Primary Government		
2011	\$ 6,736	\$ -	\$ -	\$ 48,980	\$ 3,451	\$ 35,134	\$ 94,301	\$ 2,857	1.29%
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 (2)	6,818	8,196	37,768	45,324	7,217	413	105,736	2,993	-
2020 (2)	7,931	7,841	36,552	42,696	6,735	1,325	103,080	2,909	-

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 2018 and 2019 personal income not available to calculate fiscal year 2019 and 2020.
- (2) Personal income not available for 2019 and 2020.

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020
(in thousands of dollars)

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Union County, overlapping debt	\$ 427,842	13.9%	\$ 59,484
Total direct debt	<u>15,772</u>	100%	<u>15,772</u>
Total direct and overlapping debt	<u>\$ 443,614</u>		<u>\$ 75,256</u>

Notes:

- (1) Includes governmental activities debt only.
- (2) Determined by ratio of assessed value of property subject to taxation in Union County (\$27,064,764,098) and City of Monroe (\$3,762,890,151).

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit (8% of assessed value)	\$ 277,258	\$ 278,078	\$ 280,629	\$ 295,131	\$ 280,408	\$ 270,375	\$ 284,215	\$ 286,542	\$ 289,887	\$ 301,031
Total net debt applicable to limit	41,871	38,500	36,509	35,014	37,175	38,976	38,364	46,801	53,195	53,649
Legal debt margin	\$ 135,387	\$ 238,578	\$ 244,120	\$ 260,117	\$ 243,233	\$ 231,399	\$ 245,851	\$ 239,741	\$ 236,692	\$ 247,382
Total net debt applicable to the limit as a percentage of debt limit	15.10%	14.20%	13.01%	11.86%	13.26%	14.42%	13.50%	16.33%	18.35%	17.82%

Legal Debt Margin
Calculation for Fiscal Year 2020

Assessed value		<u>\$ 3,762,890</u>
Debt limit (8% of total assessed value)		301,031
Bonded debt	\$ -	
Debt not evidenced by bonds	<u>53,649</u>	
Gross debt		\$ 53,649
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>53,649</u>
Legal debt margin		<u>\$ 247,382</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	
2011	\$ 80,045	\$ 66,284	\$ 13,761	\$ 277	\$ 14,038	\$ 2,772	\$ 2,461	268%
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

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)
2011	33,007	\$ 7,304,614	\$ 35,552	39,900	9.40%
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 (1)	35,330	-	-	41,372	3.90
2020 (1)	35,432	-	-	41,451	6.10

Note:

(1) Personal income not available for 2019 and 2020.

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	2011		2020	
	Employees	Percentage of Total City Employment (1)	Employees	Percentage of Total City Employment (2)
Tyson Foods	1,500	10.2%	1,850	11.2%
ATI Specialty Materials	1,250	8.5%	1,400	8.4%
Atrium (formerly Carolinas Medical Center-Union)	1,500	10.2%	1,400	8.4%
Union County	573	3.9%	1,162	7.0%
Charlotte Pipe	450	3.1%	550	3.3%
3M Scott Safety	550	3.8%	550	3.3%
City of Monroe	460	3.1%	483	2.9%
Wal-Mart Stores, Inc.	350	2.4%	400	2.4%
Greiner Bio-One	-	0.0%	350	2.1%
Windsor Windows	-	0.0%	350	2.1%
Circor (formerly IMO Industries)	265	1.8%	200	1.2%
Collins Aerospace (formerly UTC Aerospace)	250	1.7%	150	0.9%
Total	7,148	48.7%	8,845	53.2%

Notes:

- (1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 14,648 as of June 30, 2011.
(2) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 16,570 as of June 30, 2020.

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
2011	111	\$ 22,327,324	147	\$ 11,937,410
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	142	36,852,579	201	22,310,678

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.

Source:

City Planning Department

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

Function	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Administration (1)	27	28	29	30	29	28	30	30	29	38
Planning and zoning/Community development	8	8	7	7	7	7	8	8	8	8
Engineering	10	10	9	9	9	9	9	9	9	9
Utility/tax billing and collection	19	17	17	18	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	104	98	98	99	99	99	103	104	105
Fire (3)	82	82	79	79	80	81	81	81	84	84
Building standards and code enforcement	4	6	6	6	7	7	8	8	8	8
Culture and recreation (1)	38	40	41	37	37	38	38	37	37	32
Water and sewer:										
Distribution system	34	34	34	34	34	35	35	35	35	36
Water filter plant	11	12	12	12	12	12	12	12	12	12
Waste treatment plant	14	14	14	14	14	14	15	15	15	15
Stormwater	11	10	10	11	11	11	11	11	12	12
Electric	28	28	29	29	29	31	32	32	34	34
Natural gas	13	14	14	14	14	15	15	18	18	20
Solid Waste (4)	-	1	1	1	1	1	1	3	3	5
Aquatics and Fitness Center	10	11	11	11	11	11	11	11	11	11
Airport	9	9	7	7	7	7	7	7	7	7
Total	450	456	446	445	448	453	459	467	473	483

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transportation:										
Street reclamation (tons) (1)	2,295	2,720	2,503	1,730	2,400	2,272	1,229	1,023	197	-
Street repair (tons)	456	915	929	1,012	710	532	272	398	311	814
Utility repair (tons)	780	1,019	868	784	406	381	417	928	787	645
Sidewalk repair (cubic yards concrete)	116	271	178	329	323	137	166	96	130	158
Pipe repair and replacement (linear feet)	2,526	2,151	1,300	832	853	1,129	1,938	2,737	1,653	2,305
Police:										
Physical arrests (calendar year)	3,132	3,025	2,367	1,852	2,336	2,158	2,494	2,487	2,525	-
Parking violations (calendar year)	3,558	3,074	3,346	3,138	2,395	2,181	2,625	2,951	2,905	-
Traffic violations (calendar year)	9,179	6,704	6,305	5,742	5,565	5,056	4,800	5,994	6,560	-
Fire:										
Calls for service (calendar year)	5,699	5,714	5,734	5,811	6,269	6,170	7,049	6,920	7,065	-
Fire code inspections (calendar year)	1,244	1,343	1,114	961	1,185	2,267	2,105	1,726	1,351	-
Civilian fire injuries (calendar year)	2	4	-	5	4	2	3	6	2	-
Building standards & code enforcement:										
Building permits issued	2,701	3,901	3,771	3,429	3,740	4,416	4,250	3,666	3,367	3,622
Building inspections	7,009	7,300	7,411	8,331	8,475	9,865	8,659	8,915	9,447	11,063
Code enforcement inspections	1,750	2,415	1,938	1,240	1,687	2,994	3,091	2,560	4,029	4,138
Environmental protection: (2)										
Solid waste collected (annual tonnage)	31,968	24,405	8,609	9,989	9,576	9,218	9,696	9,735	9,435	9,991
Recyclables collected (annual tonnage)	748	626	1,467	1,976	2,015	1,912	1,870	1,897	2,258	2,220
Culture and recreation:										
Rounds of golf played (calendar year)	26,565	27,105	27,492	32,598	33,035	36,717	36,381	33,858	34,229	-
Aquatics and fitness center members (3)	19,972	19,628	19,814	19,169	20,377	20,778	21,526	21,625	21,593	17,430
Youth athletic program participants (calendar year)	335	467	572	510	456	428	379	501	491	-
Water:										
Average daily production (millions of gallons per day)	6.0	6.2	5.8	6.1	6.6	6.5	6.6	6.2	6.1	6.7
Maximum daily production (millions of gallons per day)	9.1	9.1	8.5	8.3	9.3	9.1	8.2	9.1	8.2	8.5
Customers	11,478	11,630	11,700	11,842	11,971	12,217	12,355	12,533	12,596	12,788
Gallons Billed (in thousands)	1,803,119	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
Sewer:										
Average daily treatment (millions of gallons per day)	5.8	5.7	6.6	7.2	6.9	7.3	6.1	5.4	7.9	7.1
Customers	9,970	10,099	10,120	10,223	10,363	10,631	10,754	10,921	10,981	11,115
Gallons Billed (in thousands)	2,005,753	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
Electric:										
Sales (megawatt hours)	645,072	653,004	638,273	654,969	710,133	669,778	711,165	718,185	706,091	667,632
Customers	10,300	10,369	11,685	11,675	11,785	11,916	12,005	12,071	12,154	12,181
Natural gas:										
Sales/deliveries (thousand cubic feet)	308,852	287,804	297,961	316,633	326,144	306,735	308,356	343,814	341,222	313,732
Customers	10,221	10,667	10,512	10,599	10,795	11,033	11,236	11,374	11,486	11,625
Airport:										
Fuel sales (thousands of gallons)	331	309	294	279	326	290	382	350	325	315
Based aircraft	92	87	94	103	102	82	83	115	107	99

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 verses 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 as of June 30, 2020.

Sources:

Various City departments.

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

Function	FISCAL YEAR									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transportation:										
Municipal Boundary (square miles)	29.63	29.63	29.63	29.63	29.63	29.63	29.63	30.05	30.34	30.49
Streets (miles)	166	167	169	170	170	170	170	170	170	171
Sidewalks (miles)	61	62	63	64	64	64	64	65	65	65
Curb and gutter (miles)	127	128	130	131	131	131	131	132	133	133
Stormwater (miles)	34	35	35	36	36	36	36	36	36	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)	286	301	309	330	336	343	355	358	372	374
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	92	92	92	92	92	92	96	96	96	96
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire apparatus (line and reserve)	14	15	15	15	15	18	18	18	18	19
Culture and recreation:										
Acreage (city limits)	552	552	552	552	552	552	552	554	555	555
Aquatics and Fitness Center	1	1	1	1	1	1	1	1	1	1
Playgrounds (1)	8	8	8	8	8	8	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	11	14
Tennis courts (2)	10	10	10	10	8	8	6	6	6	6
Playing fields (baseball/soccer/football)	20	20	20	20	20	20	20	20	20	20
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	0.5	2.0	2.0	3.1	4.3	4.3	4.8
Water:										
Water mains (miles)	291	291	291	291	291	291	292	293	293	294
Treatment capacity (millions of gallons per day) (3)	11	11	11	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	295	294	297
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 (4)	9	9	9	9	7	7	7	7	7	7
Lines (miles per calendar year)	293	285	285	286	289	291	293	294	295	-
Natural gas:										
Lines (miles per calendar year)	449	455	455	457	464	468	473	477	486	-
Airport:										
Runway (feet) (5)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Hangars (square feet) (6)	87,603	87,603	87,603	87,603	87,603	87,603	87,603	87,603	97,603	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 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.
- (4) In 2014, as part of the electric systems ongoing work to retire old 4KV facilities, two 4KV substations were retired.
- (5) In 2011, an extension of runway 5 was completed.
- (6) 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, 2020, 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, 2020. 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, 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, 2020

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, 2020. 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, 2020.

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, 2020

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, 2020. 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, 2020.

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, 2020



CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

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>CFDA#</u>
Disaster Grants Public Assistance (Presidentially Declared Disasters)	97.036
Airport Improvement Program	20.106
COVID-19 Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	No

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

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

Type of auditor's report issued on compliance for major state programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No
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Identification of major state programs:

Program Name

Powell Bill

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020**

None reported.

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA 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:						
Equitable Sharing Program	16.922		\$ 29,762	\$ -	\$ -	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0685	13,431	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0365	5,894	-	-	-
Public Safety Partnership and Community Policing Grants	16.710		109,289	-	-	80,130
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	93,345	-	-	118,646
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-04-NC-4393-PW	394,660	131,553	-	227,891
U.S. Department of Housing & Urban Development:						
Passed through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
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	192,162	-	-	-
Total CDBG Entitlement Grants Cluster			192,162	-	-	-
U.S. Department of Treasury:						
Passed through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Passed through Union County:						
COVID-19 Coronavirus Relief Fund	21.019	02-88-05	888,729	-	-	-
U.S. Department of the Interior:						
Passed through N.C. Department of Natural & Cultural Resources:						
Historic Preservation Fund Grants-In-Aid: 2018 Historic Preservation Fund Grant - Monroe Design Guidelines Update	15.904	P18AF00042	2,850	-	-	900
U.S. Department of Transportation:						
Passed through N.C. Department of Transportation:						
COVID-19 Airport Improvement Program	20.106	3-37-SBGP-60-2020	69,000	-	-	4,313
Airport Improvement Program	20.106	36237.17.18.1; 36237.17.16.2; 36237.17.17.1	1,453,034	-	-	16,965
Total Assistance - Federal Programs			3,252,156	131,553	-	448,845
State Grants:						
Cash Assistance:						
N.C. Department of Transportation:						
Powell Bill			-	602,254	-	-
N.C. Department of Environmental Quality:						
Drinking Water Asset Inventory & Assessment Grant		H-AIA-D-17-0106	-	56,536	-	7,333
Wastewater Asset Inventory & Assessment Grant		E-AIA-W-17-0051	-	56,536	-	7,333
Total assistance - State Programs			-	715,326	-	14,666
Total assistance			\$ 3,252,156	\$ 846,879	\$ -	\$ 463,511

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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.

3. Coronavirus Relief Funds

The City of Monroe received \$888,729 of funding from the Coronavirus Relief Fund (21.019) from Union County in accordance with HB 1043 and HB 1023. The City of Monroe has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.





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.

**P.O. Box 69
Monroe, NC 28111
(704) 282-4500**

The background of the entire page is a photograph of a theater interior, viewed from the audience's perspective. The stage is at the far end, with a large blue curtain. Two large, colorful, abstract light projections are visible on the side walls. The audience seating is visible in the foreground, and the overall lighting is dim, with the stage and side walls being the primary light sources.

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