

Annual Comprehensive

FINANCIAL REPORT



For the Fiscal Year Ended
June 30, 2025

City of Monroe, North Carolina Annual Comprehensive Financial Report

For The Fiscal Year Ended June 30, 2025

Prepared By
Department of Finance

Director of Finance
Lisa Strickland

Assistant Director of Finance
Ashley Ivey





CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	ix-xxi
GFOA's Certificate of Achievement for Excellence in Financial Reporting	xxii
List of Principal Officials	xxiii
Organizational Chart	xxiv
FINANCIAL SECTION	
Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-16
Financial Statements:	
<u>Exhibit</u>	
Government-Wide Financial Statements:	
1 Statement of Net Position	18-19
2 Statement of Activities	20-21
Fund Financial Statements:	
3 Balance Sheet - Governmental Funds	22
4 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
5 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
7 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	27
8 Statement of Net Position - Proprietary Funds	28-31

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
9	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	32-35
10	Statement of Cash Flows - Proprietary Funds	36-39
	Notes to the Financial Statements	40-104
	Required Supplemental Financial Data:	
	Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability	106-107
	Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll	108-109
	Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios	110-111
	Local Government Employees' Retirement System City of Monroe's Proportionate Share of Net Pension Liability (Asset) - Last Ten Fiscal Years	112-113
	Local Government Employees' Retirement System City of Monroe's Contributions - Last Ten Fiscal Years	114-115
	Other Supplementary Information:	
	Major Governmental Funds Budgetary Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	118-120
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund - Capital Projects	121
	Combining and Individual Fund Statements and Schedules:	
	Nonmajor Governmental Funds:	
	Combining Balance Sheet	124-125
	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	126-127

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Governmental Funds Budgetary Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Community Development	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Downtown Monroe	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Occupancy Tax	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Asset Forfeiture	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - American Rescue Plan Act of 2021	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund - Occupancy Tax Capital Projects	133
Fund Balances - Budget and Actual - Capital Projects Fund - Governmental Capital Reserve	134
Major Enterprise Funds Budgetary Schedules:	
Schedule of Revenues and Expenditures - Budget and Actual - (NON-GAAP):	
Water and Sewer Fund	136-138
Water and Sewer Capital Projects Funds - Capital Reserve	139
Water and Sewer Capital Projects Funds	140
Electric Fund	141-143
Electric Capital Projects Fund - Capital Projects	144
Natural Gas Fund	145-147
Natural Gas Capital Projects Fund - Capital Projects	148
Airport Fund	149-151
Airport Capital Projects Fund - Capital Projects	152

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	153
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	154
Combining Statement of Cash Flows	155
Nonmajor Enterprise Funds Budgetary Schedules:	
Schedule of Revenues and Expenditures - Budget and Actual - (NON-GAAP):	
Aquatics and Fitness Center Fund	156-157
Stormwater Fund	158-159
Stormwater Management Capital Projects Fund - Capital Projects	160
Solid Waste Fund	161-162
Internal Service Funds:	
Combining Statement of Net Position	164
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	165
Combining Statement of Cash Flows	166
Internal Service Funds Budgetary Schedules:	
Schedule of Revenues and Expenditures - (NON-GAAP):	
Health and Dental Fund	167
Workers' Compensation Fund	168
Property and Liability Fund	169
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	170
Analysis of Current Tax Levy - City-Wide Levy	171
Schedule of Municipal Service District Taxes Receivable	172
Analysis of Current Tax Levy - Municipal Service District Levy	173
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	176-177
Changes in Net Position	178-181
Fund Balances, Governmental Funds	182-183
Changes in Fund Balances, Governmental Funds	184-185

CITY OF MONROE, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Revenue Capacity:	
Assessed Value and Actual Value of Taxable Property	186
Direct and Overlapping Property Tax Rates	187
Principal Property Taxpayers	188
Property Tax Levies and Collections	190-191
Debt Capacity:	
Ratios of Outstanding Debt by Type	192-193
Direct and Overlapping Governmental Activities Debt	194
Legal Debt Margin Information	196-197
Pledged-Revenue Coverage	198
Demographic and Economic Information:	
Demographic and Economic Statistics	199
Principal Employers	200
Construction Information	201
Operation Information:	
Full-Time Equivalent City Government Employees by Function	202-203
Operating Indicators by Function	204-205
Capital Asset Statistics by Function	206-207
COMPLIANCE SECTION	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	209-210
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	211-213
Schedule of Findings, Responses, and Questioned Costs	214
Schedule of Prior Year Audit Findings	215
Schedule of Expenditures of Federal and State Awards	216-217



Introductory Section

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



December 8, 2025

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

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the City of Monroe for the fiscal year ended June 30, 2025. The financial statements and supplemental schedules have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, P.A. and that firm's unmodified report is presented as the first component of the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

The goal of the annual independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation.

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

The Reporting Entity

In conformity with the standards of GASB, the City of Monroe includes all funds, agencies, boards, commissions and authorities that are controlled by or are financially dependent upon the City. Component units are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization, or, 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on the primary government.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial position, results of operations and cash flows from those of the City. The City of Monroe has included the City of Monroe ABC Board 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 nearly 39,245 residents and has an incorporated area of over 33 square miles. Monroe serves as the County seat for Union County. Monroe's corporate limits are approximately seven miles southeast of Charlotte.

The City is organized under a Council-Manager form of government with a six-member City Council and Mayor serving as the governing body responsible for policy-making and establishing legislative authority. City Council members will begin to be elected in a partisan fashion beginning in 2026 to staggered four-year terms. The Mayor is elected also in a partisan basis beginning 2026 to serve a two-year term and is a full voting member on the City Council.

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

The City provides numerous services for its citizens including airport operations, cultural and recreational activities, general administration, planning, zoning, economic development, community development,

building inspections, code enforcement, police, fire, solid waste, cemetery management, tourism, public works, stormwater, and street maintenance. The City also provides and maintains electric, natural gas, water and sanitary sewer utilities for the benefit of its citizens and businesses. This report includes the fiscal activities of the City in the provision of these services.

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

The City also provides financial support to certain boards, non-governmental agencies, commissions and other government agencies to assist their efforts in serving our citizens. The funding process is managed in the Planning and Development Department's Community Development Division. The process is designed to provide fiscal and programmatic transparency and accountability in the allocation of funds and to strengthen partnership opportunities and identify gaps in services. Non-governmental agencies that received support from the City in fiscal year 2025 include: HealthQuest of Union County; Community Health Services of Union County; Union County Crisis Assistance Ministry; Union County Community Arts Council; Council on Aging in Union County; Monroe-Union County Community Development Corporation; Union County Historic Preservation Commission; Turning Point; Union County Community Action, Inc.; Community Shelter of Union County; HELP Pregnancy Center; Hospice of Union County; Common Heart; Angel Shoes, Inc.; Ground 40 Ministries; Arc of Union Cabarrus, Inc., Food for Families NC, Inc., and Excel Enrichment Program.

Economic Condition and Outlook

The City of Monroe's Office of Economic Development continues to enjoy a robust capital investment among its manufacturing sector throughout fiscal year 2024-2025. Monroe announced the landing of SEECO (Southern Electric Equipment Company) based in North Carolina. Windsor Windows & Doors completed their \$82 Million, 570,000 SF manufacturing center in the Expressway Commerce Park @ Monroe on the City's east side.

In addition, the City has diversified its economic development office to assist retail, construction and other businesses with growth, training and employment opportunities. Monroe was recognized in 2024 as a Good Jobs Great City by the National League of Municipalities due to our employers, partnerships, academic opportunities, and citizens. This demonstrates Monroe's diverse mix of business sectors is a sustainable and strategic strategy to preserve the community's economic vitality and plan for unexpected and/or unprecedented challenges.

Monroe has grown to be a significant regional employment and commercial center with a 3.3% unemployment rate, which is less than the national average of 4.3% according to the Bureau of Labor Statistics. Our citizens make up nearly 66% of the total industrial workforce in Union County. Nearly 15% of the industrial base and 20% of the manufacturing employment is deep-rooted in aerospace, resulting in the highest geographic concentration of aerospace companies in North Carolina (North Carolina Department of Commerce). Also, Monroe's industrial base is diversified with at least ten international countries represented among industries.

Monroe is a premier location for precision manufacturing and continues to grow and enhance the overall economy of the area. Monroe owns and operates its own electric system, water supply, wastewater treatment, and natural gas system. Lastly, the City owns, operates and manages the Charlotte-Monroe Executive Airport which has an on-call US Custom office which allows business owners to travel with less complexity. The City of Monroe's Office of Economic Development will continue to focus on the organizational work plan to create job opportunities, generate additional industrial/commercial capital investment; and foster a pro-business environment that includes the needs and advancement of our citizens.

Additionally, Monroe has a parcel of land that is recognized by the NC Economic Development Partnership as a select site. This distinction allows the City to receive state resources to prepare this land and make it ready for development. The City has received \$440,200 in 2025. The City's award will be used to support the preparation of the 74-acre Expressway Commerce Park, including grading, infrastructure planning, and other site development improvements intended to attract prospective businesses and encourage economic growth. During fiscal year 2025, the City expended \$3,200 of these funds for preliminary planning and site preparation activities. The remaining funds are expected to be utilized in subsequent fiscal years as project development progresses.

Major Initiatives

The City has been involved in many significant initiatives during the past fiscal year. The City Council has identified and addressed key issues that are of importance to the future of the City including utility planning for water, wastewater, electric and natural gas demands brought on by system growth. Guided by the multi-year rate model and tiered structure, a 5% water and sewer rate adjustment was implemented. Electric rates were decreased by an average of 10% largely due to wholesale power cost rate adjustments that Monroe passed to its customers. Natural gas margins remain stable following the rate study, sustaining affordability.

The Water Resources Department continues to monitor economic conditions, growth, system demands and adjust capital project initiatives to ensure projections can be accommodated. Capital focus remains on system rehabilitation efforts, inflow and infiltration reduction, optimization in water treatment process, and future planning for supply and capacity demand.

Several system asset rehabilitation projects took place to support redundancy and resiliency. Some projects include sewer line replacements on Cemetery Street, Magnolia Street, Cedar Street and Stafford Street. A number of water main replacements and linings occurred on Griffith Road, W Jefferson Street and Jackson Street. The Water Resources department is still on track with Sewer Asset Management goals of 1% system replacement per year.

The City continues to experience tremendous residential, commercial and industrial economic development. The development is contributing to increased revenue. Updates to system development fees were implemented for FY25 to reduce burden on ratepayers for capacity building projects and to accumulate funds for projects such as the Wastewater Treatment Plant expansion. Water Resources and a consulting engineer completed design efforts for the three million gallon per day plant expansion. Conservative budgeting and system development fee accumulation will allow this project to be constructed in FY30 and expected completion in FY32.

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

The City's Natural Gas Division operates and maintains a 43-mile natural gas transmission pipeline connected to the Transcontinental Gas Pipeline and 537 miles of natural gas distribution mains per federal regulation 49 CFR Part 192. The Natural Gas Division also operates and maintains a Liquefied Natural Gas (LNG) Peak Shaving Facility per federal regulation 49 CFR Part 193. With the installation of 469 new services, the natural gas customer count has increased to 13,919 customers. The peak gas usage day was on January's GAS Day 21 of 2025 with a volume of 17,758 MCF (17,758,000 cubic feet) on a 42.2 heating degree day (32°/10° F). The natural gas volume for the fiscal year was 36,217,772 CCF. Energy Services Utility Locators located 20,114 NC811 locate tickets that included the following utilities: natural gas; electric; and, City fiber telecommunications. The Natural Gas Division responded to 403 emergency calls with an average response time of 20.3 minutes.

The following projects were completed in fiscal year 2025: natural gas main installations for new residential subdivisions; three integrity digs on the City's transmission pipeline with anomalies excavated and repaired; and engineering work on the Rocky River MAOP Verification and Pressure Increase. These projects underscore the Department's continued investment in growth, pipeline integrity, and public safety.

The City's Electric Division maintains 19.5 miles of 100 kV transmission lines, 302 miles of distribution lines and eight substations. The Electric Division provides electric service to 13,337 customers consisting of residential customers, small commercial and industrial customers with up to 5 MW electric loads. The peak electric load on the system saw a high of 135.87 MW and annual electric sales of 739,883,615 KWH.

During fiscal year 2025, the following projects were completed: installed electric facilities to new residential subdivisions; installed electric facilities to serve large industrial projects; replaced/retired Downtown vault switches and high voltage cables; completed the last section of underground primary in Downtown; completed the Hal Coan substation panel replacement project; responded to 188 electric outages with an average response time of 25.4 minutes; and, maintained 99.9949% reliability of electricity to the customers.

The City implemented a stormwater utility program on January 1, 2009 to address the Environmental Protection Agency's (EPA) National Pollutant Discharge Elimination System (NPDES) Phase II requirements and to provide a comprehensive stormwater maintenance program to improve the existing stormwater system. As part of the NPDES' requirements, the Engineering Department has developed several stormwater public education and involvement programs. These programs include classroom presentations to area students and homeowners' associations using a portable, interactive watershed model known as an EnviroScape. In addition to the classroom presentations, the Engineering Department utilizes a Topobox Sand Model for the Monroe Science Center Honoring Dr. Christine Mann Darden to teach the public about properties of topography, hydrology, geomorphology and land management. Opportunities for public involvement include Adopt-a-Stream, storm drain marker installation and water monitoring programs. The Engineering Department also oversees in-house pollution prevention and good housekeeping by the various City facilities to address spill prevention, vehicle/equipment maintenance

and outdoor storage of materials and wastes. As part of the NPDES' Illicit Discharge Detection and Elimination requirement, the Engineering Department has walked stream segments within the Stewarts, Bearskin, Richardson, South Fork, Crooked and East Fork Twelve Mile Creek Watersheds in an effort to identify illicit discharges. In a continued effort to identify illicit discharges within the watersheds, the Engineering Department walks all watersheds and monitors all mapped outfalls on a five-year rotating basis.

Regarding existing infrastructure, the City staffs an eight-person stormwater maintenance crew dedicated to the improvement and maintenance of the existing stormwater system. Responsibilities include repair, new construction and routine system maintenance of the stormwater infrastructure including daily street sweeping. Storm drainage systems are evaluated and improved as needed prior to the City's paving operations on selected streets. To aid in improving water quality, construction of a new street sweeper facility was completed this year. A sand filter is now in place at the new facility to process sweeper truck water to reduce contaminant load in the Richardson Creek Watershed.

The Engineering Department's comprehensive Stormwater Master Plan study identified needed infrastructure upgrades to mitigate flooding and improve existing stormwater infrastructure. A top priority for improvements was on Pinedell Avenue, which is under construction to replace a one-lane bridge with a two-barrel culvert, a widened road section, and additional safety features. A deteriorating slate and concrete culvert at Winchester Avenue is being designed now and is scheduled for replacement after completion of the Pinedell culvert.

As the designated reliever for the Charlotte-Douglas International Airport, the Charlotte-Monroe Executive Airport (EQY) continues to support Monroe, greater Union County and the Charlotte metropolitan area as the corporate aviation gateway. Corporate and general aviation aircraft take advantage of the facilities that include an all-weather 7,001-foot runway, Customs and Border Patrol processing along with aviation fuel/services. Throughout 2024, Charlotte-Monroe Executive Airport had an estimated 75,823 aircraft flight operations and over 131 privately-owned based aircraft which fuel the Airport's annual economic impact of \$90.1 Million in economic output. The Charlotte-Monroe Executive Airport supports over 420 jobs with \$33.7 Million in personal income and generates \$5.1 Million in state and local taxes. The Airport is poised to start the next era of growth and development as the construction of two hangars that will house corporate jets is set to begin in late 2026. State and federal grants assist the Airport with projects that make key airfield improvements such as tree obstruction and removal, fencing, pavement rehabilitation/expansion and strengthening to 95,000 pounds to allow larger corporate aircraft to land along with the addition of an air traffic control tower. These projects will ensure that the facilities keep up with the projected future growth.

The City of Monroe actively pursues grant funding to support major capital projects at the Charlotte-Monroe Executive Airport. During fiscal year 2025, the Airport managed five active state and federal grant awards from the North Carolina Department of Transportation (NCDOT) and the Federal Aviation Administration (FAA). These grants provided funding for runway tree obstruction removal and fencing, apron rehabilitation, runway approach obstruction removal, and the Aviation Career Education (ACE) Academy summer camp program. Total expenditures of \$649,944 were incurred on these projects during fiscal year 2025, all of which remain in the construction phase.

In addition, the Airport received \$6,000,000 in direct appropriation from North Carolina General Assembly through the North Carolina Division of Aviation to support the construction of a new air traffic

control tower. Expenditures of \$71,928 were incurred on this project in fiscal year 2025, with the remaining funds expected to be utilized in future years as construction progresses. The City was accepted into the FAA Federal Contract Tower Program in 2023 and has 7 years to make substantial advance on construction of a tower. Through this program, the City is responsible for building the tower and the FAA will pay for its operation and staffing.

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

The Police Department partnered with Heart for Monroe and assisted with moving furniture for families that did not have some needed furniture to furnish their homes. This ranged from putting together bed frames to moving in couches and dressers. In addition, the Police Department assisted Heart for Monroe by delivering food to various communities. Officers also unloaded a tractor-trailer truck of food and supplies from Convoy of Hope and distributed the items to the community.

Community services and the Police Department Traffic Unit held two child passenger safety seat education and installation events. The Police Department Traffic Unit also held several events demonstrating how it feels to drive while impaired.

The Police Athletic League was active during this past year. The program had 180 participants between the ages of eight and 14 to learn the fundamentals of basketball and soccer from the officers. This program gives the youth involved a sense of responsibility and accomplishment.

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

The school resource officers escorted graduating Monroe High School students down Main Street with a blue light parade. Several other events were hosted jointly between the Parks and Recreation and the Police Department.

In January 2021, the Police Department started a violent crimes task force to address the violent crimes in the community. The task force continued to make progress during this fiscal year. The three violent crime officers have arrested 117 offenders, been assigned 39 cases and submitted 301 pieces of evidence to include 45 firearms seized. The task force validated multiple gang members and areas where gang activity is prevalent.

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

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

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

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

The Fire Department received six additional positions in fiscal year 2025 to begin the separation of the combination Ladder/Rescue Company in to two separate companies.

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

The Fire Department has an active Explorer Post. The Explorer Post provides fire service career experiences to youth through a combination of classroom lessons, hands-on training and participation in community activities. The Fire Department's Fire Explorer program is open to teens and young men and women ages 14 through 20. The Department also hosts a youth summer camp each year which is open to ages 11 to 14. The camp allows up to 48 children to gain an introduction into firefighter activities and can serve as an introduction to the fire explorer program.

Monroe Fire Department is accredited through the Commission on Fire Accreditation International and holds an Insurance Services Office Class 1 Fire Insurance Rating making it 1 of 30 in the state and reflects well on the City's professional fire operations. This ISO low-insurance classification rating allows the City's businesses and homeowners to enjoy lower fire insurance premiums and is noteworthy not only for the City and the Fire Department, but for citizens, property owners and visitors to Monroe. The Fire Department is also certified through the North Carolina Association of Rescue & EMS in areas of heavy rescue, high angle rescue, confined space rescue and water rescue.

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

Through the State Transportation Improvement Program (STIP), opportunities were approaching for major changes to two gateways into Monroe. Projects included: US Highway 74 widening from four lanes to six lanes from Rocky River Road to Roland Drive; US 74/US 601 interchange improvements; and, widening of US 601 to four lanes with median from US 74 to the Monroe Bypass. The projects have been delayed as part of the state's P7.0 process. In conjunction with the intersection improvement project at US 74 and Rocky River Road, the City has contributed \$250,000 of the estimated costs of \$629,657 to incorporate the realignment of Myers Road and James Hamilton Road with Rocky River Road. That project is scheduled for construction later in 2025.

The City currently owns and maintains just over 171 miles of roadway. Staff developed a pavement maintenance plan in 2007 that divides the streets into two categories: priority and local residential. The priority streets within the City are approximately 22 miles in length with various widths and provide connectivity to the State's street system and typically serve as collector streets. The local residential streets are considered to be streets that primarily serve the immediate neighborhoods, having minimal traffic volumes that include the remaining 149 miles of street that are currently Powell Bill eligible. City Council has established the goal of the maintenance plan to achieve an overall pavement condition index score of 70 over the next ten years. City Council has provided additional resurfacing funds totaling \$4.25 million in an effort to achieve this goal.

Downtown Monroe continues to focus on a lively mix of quality retail shops, professional services, restaurants, entertainment, and upper-floor residential space, providing a variety of opportunities for a distinct cultural experience. Downtown continues to retain a safe, friendly, small-town pedestrian-oriented atmosphere for citizens and visitors while engaging a positive spirit enhanced by its distinct sense of place built upon its architecturally significant buildings.

The Downtown office continued its commitment to business growth and revitalization in FY 2025 by creating and publishing two new economic development incentive programs. These two grants programs replaced the cities eight existing and underutilized Downtown Incentive Grant programs. These programs are now available to property and business owners in the central business district.

The Downtown Building Rehabilitation and Improvement Grant (BRIG) is a matching (50/50) grant program that encourages improvements and/or upgrades to the interior and exteriors of commercial buildings in the Downtown Business District to make them more attractive for new, existing, and expanding businesses and residences.

The GROW MONROE Economic Development Incentive Grant is a matching (50/50) grant program that provides financial assistance to new and existing businesses in the Downtown Business District. This grant offers assistance for non-construction expenses associated with the opening of a new business, or expansion of an existing business. Twenty-Five grants totaling \$218,679 were awarded to 16 businesses and projects in FY 25; and increase of \$184,383.

Downtown Recap:

- Twelve new businesses opened and four closed in FY 25
- Six additional residential spaces were added on Main Street
- Three facades were improved

- Two buildings were rehabbed
- One public improvement project was completed
- \$389,874 in public investment was made
- \$23,360,064 in private investment was made

In May of 2025, with the support of the City Manager's Office and City Council, the Downtown Office was able to successfully complete the Morgan-Windsor Alley Project with the addition of furniture and public art. The alley now offers seating for 62 people and welcomes visitors and citizens daily. This much needed gathering place sits at the center of our historic Main Street. A public mural project was also added in the alley, as well as the installation of cameras to ensure the safety of our visitors.

The Oleo lighting was expanded to Hayne Street building in FY 25. This building light expansion has further beautified the City's downtown at night. There are more improvements planned in FY 26.

The Information Technology (IT) Department is continually working with all Departments in the City to bring innovative solutions to technology needs. Over the past year, the IT Department has worked to improve the resiliency and capacity of the City's technology infrastructure. The expansion of a data center is under construction with a goal of completing construction in summer 2026. The City of Monroe owns its own fiber network, making the City resilient and independent in all of its utilities. Major upgrades are planned in the IT arena including Microsoft 365 and more automation.

The Planning and Development Department includes Building Inspection, Code Enforcement, Community Development, Community Maintenance, Permitting and Planning Divisions. The Department's mission is:

- to facilitate city-wide visioning in land use and transportation planning
- foster inclusive community outreach
- develop the framework for the desired community-wide outcomes
- manage construction-related permitting processes
- provide building inspections and guidance
- enforce health and safety codes
- promote and support housing activities
- educate and ensure protection and preservation of historic and cultural resources
- develop economic vitality opportunities
- provide direct services for the maintenance of City-owned land and/or property
- foster public private partnerships to preserve and build inclusive and sustainable communities

The Department's comprehensive approach involves government officials, business leaders, neighborhood leaders, elected officials, nonprofits, faith-based organizations and citizens in developing community goals, identifying gaps in services, deliverables, revitalization, preservation and community solutions.

The Parks and Recreation Department was awarded a \$500,000 North Carolina Parks and Recreation Trust Fund (PARTF) Grant toward the development of two major projects: The Bearskin Creek Greenway Phase III and the Creft Park renovation. The project is currently in the construction phase. In addition, the Phil

Bazemore Active Adult Center received funds from Centralina Area Agency on Aging and from U.S. Department of Health and Humans Services to be used for the programming needs related to senior and adult activities as well as for health promotion and disease prevention.

In fiscal year 2025, the City of Monroe Fire Department expended grant funds received from multiple sources. A Regional Economic Development Reserve Grant awarded by the North Carolina Office of State Budget and Management was utilized for the relocation, installation, and renovation of two mobile classrooms dedicated to fire training (\$74,223) and for the purchase of hazardous monitoring equipment (\$85,637). The Fire Department was also awarded a Community Development Block Grant in the amount of \$153,052, which was expended for the acquisition of a large-volume ventilation fan to support fire and hazardous material response. In addition, the Fire Department received \$50,384 from the Federal Emergency Management Agency under the Assistance to Firefighters Grant Program, which was used for the purchase and installation of washers and dryers. All of the above funds were expended during fiscal year 2025.

The City of Monroe Police Department was awarded a \$250,000 grant under the U.S. Department of Justice, Office of Community Oriented Policing Services (COPS Hiring Program). The purpose of this award is to provide funding assistance for the hiring or re-hiring of additional career law enforcement officers. During fiscal year 2025, the City incurred expenditures of \$1,073 to support one of the two authorized positions. One School Resource Officer was hired under this program and assigned to serve in the public schools. The remaining position is expected to be filled in fiscal year 2026.

The City was awarded \$11,326,507 in American Rescue Plan Act (ARPA) grant funding in fiscal year 2021. A portion of these funds were utilized to reimburse Police salaries in prior fiscal years. The City obligated the remaining \$1,326,507 by December 31, 2024. The funds will be used for a Water Main Restoration project in Qualified Census Tracts that will be finalized by December 2026.

Long-Term Financial Planning and Major Initiatives

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

Annually, the City adopts a five-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs. The Program outlines each capital project, estimated cost, description and funding source. The City takes into consideration and monitors CIP needs that require additional operating costs and personnel. Using this information, the City updates its long-range business models for each of its utility functions and business-type activities. This is done to ensure that each utility will continue to be solvent in long-term projections and has adequate reserves for any upcoming capital expenditures. City Council, City Manager and Finance Director are committed to budgeting and managing all resources in the most cost-effective manner. The City maintains a debt policy that states that the General Fund and Governmental Fund debt shall not exceed \$3,000 per capita and Monroe's debt is only 15% of this limit.

Relevant Financial Policies

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year was \$272,918,180. Investment income includes the change in the fair value of investments. During the year, monies were invested and secured in accordance with State law.

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

Awards and Acknowledgements

Awards. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

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

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

Respectfully submitted,



Mark Watson
City Manager



Lisa Strickland
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Monroe
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

**CITY OF MONROE,
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS
June 30, 2025**

Elected Officials

Robert Burns
Mayor

William David Dotson
Mayor Pro Tem

Gary L. Anderson

James M. Kerr

Franco J. McGee

Surluta A. Anthony

Julie Thompson

City Administration

Mark Watson
City Manager

Bridgette H. Robinson
City Clerk

Richard G. Long, Jr.
City Attorney

Jeffrey D. Wells
Assistant City Manager

Lisa D. Hollowell
Assistant City Manager

Robert S. Miller
*General Manager of Energy Services &
Water Resources*

Lisa A. Strickland
Director of Finance

Ronald D. Fowler
Fire Chief

W. Rhett Bolen
Police Chief

Peter J. Hovanec
Director of Parks & Recreation & Tourism

Lisa L. Stiwwinter
Director of Planning & Development

Ryan P. Jones
Director of Property Management

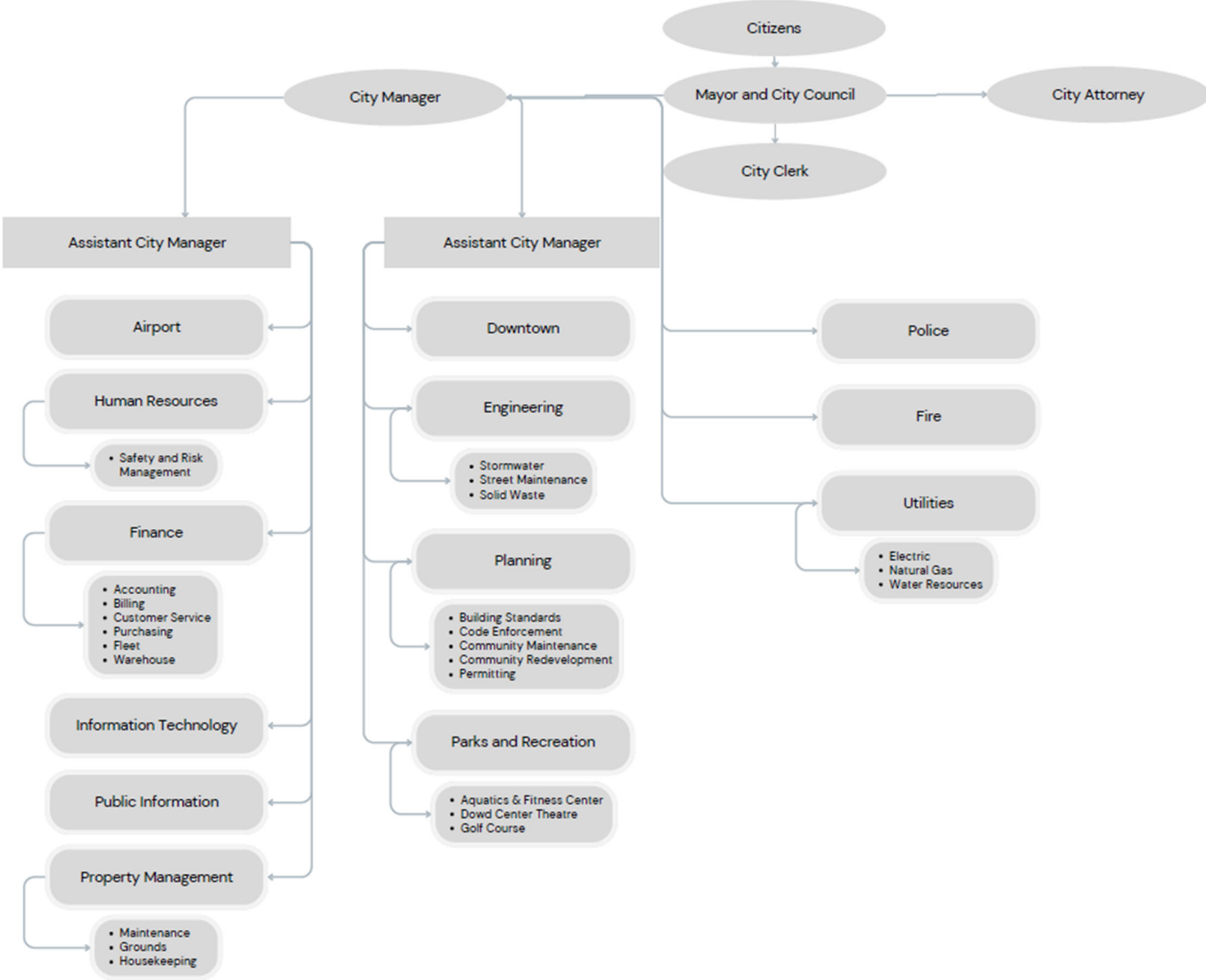
Joshua D. Hyatt
Director of Information Technology

Leesa A. Jensen
Director of Human Resources

Sarah A. McAllister
Director of Engineering & Stormwater

City of Monroe, North Carolina

Organizational Chart



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

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the City of Monroe ABC Board, which represents 73%, 71% and 87%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Monroe ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note XII to the financial statements, in 2025 the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the City of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the City of Monroe's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monroe's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2025

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, 2025. 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

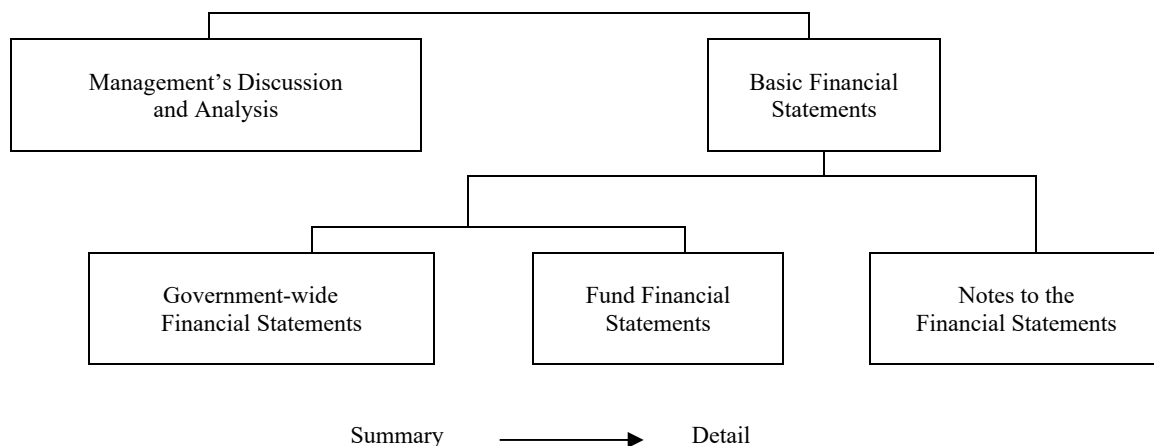
- The assets and deferred outflows of resources of the City of Monroe exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$629,712,228 (net position). Of this amount, \$203,519,901 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$51,554,059. This increase was the net of a decrease in the amount of \$1,242,625 from governmental activities and an increase of \$52,796,684 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,514,805, a decrease of \$1,235,568 in comparison with the prior year. Approximately 46.2 percent of this total amount, or \$27,503,303, is non-spendable or restricted.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$23,671,635, or 39.2 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 \$4,352,756 during the fiscal year. The elements of the decrease were debt retirements totaling \$9,615,610 and new direct placement installment purchasing obligations, lease obligations and subscription obligations issued for \$3,262,854.

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, storm water maintenance, solid waste collection, aquatics and fitness, and airport services offered by the City of Monroe. The final category is the component units. Component units are legally separate from the City, but the City exercises control over these units by appointing all or a portion of their Board members. Component units include the ABC Board and the Tourism Development Authority. These component units are also required to distribute a portion of their profits to the City.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as North Carolina General Statutes or the City's budget ordinance. All of the funds of City of Monroe can be divided into two categories: Governmental Funds and Proprietary Funds.

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

The City of Monroe maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and General Capital Projects Fund which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. These other eight governmental funds are made up of two capital project funds and six special revenue funds including Community Development, Downtown Monroe, Occupancy Tax, Asset Forfeiture and the American Rescue Plan Act of 2021.

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

Proprietary Funds – The City of Monroe maintains two types of proprietary funds: enterprise and internal service. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, electric, natural gas, aquatics and fitness center, storm water, 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 40 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Monroe’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 106 of this report.

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

Government-Wide Financial Analysis

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

City of Monroe’s Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$69,871,992	\$72,526,625	\$256,256,175	\$238,225,307	\$326,128,167	\$310,751,932
Capital assets	114,665,084	110,924,942	375,646,673	344,380,101	490,311,757	455,305,043
Total assets	184,537,076	183,451,567	631,902,848	582,605,408	816,439,924	766,056,975
Deferred outflows of resources	18,311,066	21,176,341	10,405,374	11,666,325	28,716,440	32,842,666
Total assets and deferred outflows of resources	202,848,142	204,627,908	642,308,222	594,271,733	845,156,364	798,899,641
Long-term liabilities outstanding	84,698,463	82,635,020	84,262,523	87,532,549	168,960,986	170,167,569
Other liabilities	13,378,751	12,359,209	21,767,883	21,165,256	35,146,634	33,524,465
Total liabilities	98,077,214	94,994,229	106,030,406	108,697,805	204,107,620	203,692,034
Deferred inflows of resources	7,526,407	9,328,105	3,810,109	4,679,454	11,336,516	14,007,559
Total liabilities and deferred inflows of resources	105,603,621	104,322,334	109,840,515	113,377,259	215,444,136	217,699,593
Net position:						
Net investment in capital assets	88,099,947	84,454,140	314,803,389	279,319,024	402,903,336	363,773,164
Restricted	23,288,991	19,806,708	-	-	23,288,991	19,806,708
Unrestricted	(14,144,417)	(3,955,274)	217,664,318	201,575,450	203,519,901	197,620,176
Total net position	\$97,244,521	\$100,305,574	\$532,467,707	\$480,894,474	\$629,712,228	\$581,200,048

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$629,712,228 as of June 30, 2025. Of the City’s total net position \$402,903,336 (64.0%) 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 \$23,288,991 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$203,519,901 (32.3%) is unrestricted. This amount may be used at the City’s discretion in meeting its ongoing obligations to citizens and creditors.

The City's net position has increased a total of \$51,554,059, which consists of a decrease in governmental activities in the amount of \$1,242,625 and an increase in business-type activities in the amount of \$52,796,684.

The biggest part of the decrease to governmental activities net position was due to an increase in property tax revenues as well as an improvement in investment earnings from the prior year netted against an increase in expenses related to personnel and capital in public safety and general government. The business-type activities increase in net position was largely due in part to a capital credit the Electric fund received from the North Carolina Municipal Power Agency 1 during the fiscal year and an increase in charges for services in utilities related to customer growth and expansion. The Water & Sewer, Electric and Natural Gas funds saw an increase in contributed capital for infrastructure assets related to developer installed assets.

The following is a summary of the City's governmental and business-type activities for fiscal year 2025, 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	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$16,273,871	\$17,142,475	\$132,288,735	\$124,515,821	\$148,562,606	\$141,658,296
Operating grants and contributions	3,136,976	2,225,179	1,795	1,344	3,138,771	2,226,523
Capital grants and contributions	421,283	49,951	13,184,196	1,004,953	13,605,479	1,054,904
General revenues:						
Property taxes, levied for a specific purpose	31,060,952	28,583,088	-	-	31,060,952	28,583,088
Sales and use tax	12,652,465	11,380,354	-	-	12,652,465	11,380,354
Utility sales taxes	3,853,238	3,398,666	-	-	3,853,238	3,398,666
Motor vehicle tax	986,970	933,425	-	-	986,970	933,425
Beer & wine and telecommunications tax	301,347	343,862	-	-	301,347	343,862
Gross receipts tax	170,177	174,572	-	-	170,177	174,572
Other	3,542,917	3,544,488	10,887,830	9,068,513	14,430,747	12,613,001
Total revenues	72,400,196	67,776,060	156,362,556	134,590,631	228,762,752	202,366,691
Expenses:						
General government	\$15,535,139	\$13,390,195	-	-	\$15,535,139	\$13,390,195
Transportation	5,346,905	6,956,177	-	-	5,346,905	6,956,177
Public safety	42,932,405	36,735,398	-	-	42,932,405	36,735,398
Culture and recreation	6,890,644	7,455,953	-	-	6,890,644	7,455,953
Economic and physical development	1,193,535	434,748	-	-	1,193,535	434,748
Interest in long-term debt	793,033	773,403	-	-	793,033	773,403
Water and sewer	-	-	11,800,574	7,290,619	11,800,574	7,290,619
Electrical	-	-	58,397,459	56,073,225	58,397,459	56,073,225
Natural Gas	-	-	18,067,451	14,836,486	18,067,451	14,836,486
Aquatics and Fitness Center	-	-	4,963,747	4,788,600	4,963,747	4,788,600
Stormwater	-	-	2,968,646	2,588,804	2,968,646	2,588,804
Solid waste	-	-	4,061,004	3,587,445	4,061,004	3,587,445
Airport	-	-	4,258,151	4,151,987	4,258,151	4,151,987
Total expenses	72,691,661	65,745,874	104,517,032	93,317,166	177,208,693	159,063,040
Change in net position before transfers	(291,465)	2,030,186	51,845,524	41,273,465	51,554,059	43,303,651
Transfers	(951,160)	510,453	951,160	(510,453)	-	-
Change in net position	(1,242,625)	2,540,639	52,796,684	40,763,012	51,554,059	43,303,651
Net position, beginning	100,305,574	97,764,935	480,894,474	440,131,462	581,200,048	537,896,397
Restatement	(1,818,428)	-	(1,223,451)	-	(3,041,879)	-
Net position, ending	\$97,244,521	\$100,305,574	\$532,467,707	\$480,894,474	\$629,712,228	\$581,200,048

Governmental activities – Governmental activities decreased the City of Monroe’s net position by \$1,242,625. Key elements of this net decrease are as follows:

- Charges for services decreased by \$868,604 primarily due to proceeds from the sale of the former Police department building and property at 108 N. Main Street totaling \$1,505,000 in the prior year, not received in the current year.
- Operating grants and contributions increased by \$911,797 due largely in part to public safety receipts of increased asset forfeiture funding as well as reimbursement for mutual aid assistance.
- Property taxes increased by \$2,477,864. The total assessed value increased by \$172,058,720, or 2.8%, from the prior year.
- Sales and use tax increased by \$1,272,111, or 11.2%.
- Other revenues increased by \$459,636 primarily due to a higher investment earnings rate during the year.
- General Government expenses increased by \$2,144,944 mainly due to an increase in salaries and personnel benefits from new approved positions in fiscal year 2025. Other increases were related to an increase in capital outlay expenses for information technology improvements to expand and modernize the City’s network.
- Public Safety expenses increased by \$6,197,007 mainly due to increased personnel costs. Less vacancies and higher pay have resulted in an increased expense of \$3.9 million. Other increases are related to increased capital outlay for a subscription for police fleet cameras as well as additional police vehicles and a fire truck replacement.
- Economic and physical development expenses increased by \$758,787 due to an increased amount of downtown incentive grants awarded as well as an increase in technical contracted services.

Business-type activities – Business-type activities increased the City of Monroe’s net position by \$52,796,684. Key elements of this net increase are as follows:

- Charges for Services increased year over year by \$7,772,914 primarily due to the net of the following items:
 - Water and Sewer sales were up by \$1,950,674. Capacity fee collections remained strong as a result of continued development and growth in the area.
 - Electric sales decreased by \$2,386,964 due to a rate reduction that was passed along to customers based off of rate study recommendations.
 - Increased natural gas sales in the amount of \$2,588,886 were primarily due to the increased cost of purchasing natural gas in fiscal year 2025 that is passed along to the customer as well as growth in customers and usage during colder winter months of 2025.
 - Revenues at the Aquatics and Fitness Center increased by \$442,170 due to increased rates and customer growth of over 900 new members.
 - Solid Waste and Storm Water revenues continue to increase slightly as a result of an increase in the number of customers served.
 - Revenues at the Charlotte-Monroe Executive Airport have increased slightly from the prior year by \$196,136 and operations have been increasing in the last few years.
- Operating expenses for Water & Sewer Fund increased by \$4,509,955 due to increased costs for personnel, operations at the water filter plant and waste treatment plant and a large amount of developer contributed infrastructure assets totaling \$14,040,590 this year compared to \$16,468,634 in the prior year. The value of these developer installed assets reduces operating expense of the Water and Sewer fund while increasing the asset value of the systems infrastructure.
- Operating expenses for Electric Fund increased by \$2,145,788 mainly due to increased personnel costs resulting from additional personnel and increased salaries and increased capital outlay.
- Operating expenses for Natural Gas Fund increased by \$3,528,310 due to increased power purchases related to the increased cost of natural gas in fiscal year 2025.

Accounting Change

During fiscal year 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is taken. The application of GASB 101 resulted in a restatement of \$1,818,428 and \$1,223,451 to the beginning net position of the governmental activities and business-type activities, respectively. As a result, amounts reported in Management's Discussion and Analysis for fiscal year 2025 are not comparable to those reported for fiscal year 2024, which have not been restated in the prior year comparative information. See Note XII for additional information regarding the impact of this standard on the current year's financial statements.

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, 2025, the governmental funds of the City of Monroe reported a combined fund balance of \$59,514,805, which is a decrease of \$1,235,568 from last year's total of \$60,750,373. Of the governmental funds combined ending fund balances, \$(3,018,871) represents unassigned fund. 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 (\$4,207,462);
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$23,295,841);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$10,951,289);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$24,079,084).

More information about fund balance is available in section 1.E.12 and section VIII. in the notes to the financial statements.

The General Fund is the chief operating fund of the City of Monroe. As of June 30, 2025, the fund balance in the General Fund was \$46,161,420, a decrease of \$1,396,395 in comparison with the prior year. Of the total fund balance in the General Fund, \$(291,390) (-0.60%) 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 -0.48% of total General Fund expenditures, while total fund balance represents 76.4% of that same amount. In addition to unassigned fund balance, \$17,540,299 is reserved by a minimum fund balance policy that has been adopted by City Council. Expenditures exceeded revenues prior to transfers and issuance of debt by \$285,737 due to increases in personnel and capital expenditures in public safety and general government. Transfers of available fund balance were primarily for general capital projects, one-time capital purchases and airport debt retirement.

The General Capital Projects Fund has decreased by \$169,572. Funds were expended toward City computer network improvements for expansion and modernization, community center upgrades and Fire Station #6.

The Other Governmental Funds which consist of the Occupancy Tax Project Fund and a Governmental Capital Reserve Fund, special revenue funds for Community Development, Downtown Monroe, Occupancy Tax, the Police Asset Forfeiture Fund and the American Rescue Plan Act of 2021 also impact the total fund balance for governmental funds. The fund balance of \$1,611,033 is an increase of \$330,399 from last year's total of \$1,280,634.

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	
	2025	2024	2025	2024
Water and Sewer	\$61,220,705	\$57,204,154	\$25,336,787	\$23,802,728
Electric	116,059,634	103,374,047	21,863,646	12,905,931
Natural Gas	40,809,994	40,016,309	4,420,262	4,920,269
Airport	(1,117,957)	(1,256,830)	1,343,872	591,688
Aquatics and Fitness Center	(1,496,542)	(1,273,939)	(168,343)	(2,305,119)
Stormwater	1,852,303	2,977,045	199,520	947,585
Solid Waste	116,120	243,360	(127,817)	(251,428)

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

The Water and Sewer Fund accounts for the provision of potable water and sanitary sewer service to City and non-City residents. All activities necessary for the provision of these services are accounted for in this fund, including, but not limited to administration, engineering, water distribution, sewer collection and treatment plants. As of June 30, 2025, the City of Monroe's Water and Sewer Fund reported a total net position of \$197,297,023, an increase of \$24,858,613 in comparison with the prior year. Overall operating income increased due to a 5% rate increase in both water and sewer pursuant to 15-year rate model and an increase in continued additions in developer installed infrastructure that reduced operating expenses in the current fiscal year. The City is experiencing significant growth which can be evidenced in receipts for system development fees and the addition of 947 water customers.

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, 2025, the City of Monroe's Electric Fund reported a total net position of \$206,287,982, an increase of \$21,409,201 in comparison with the prior year. Electric operating revenues remained consistent with the prior year but growth was seen with an addition of 788 new electric customers. The largest factor of the increase is a \$12,434,262 capital credit received from the North Carolina Municipal Power Agency 1. Investment earnings during the year maintained favorable rates of return.

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, 2025, the City of Monroe's Natural Gas Fund reported total net position of \$87,056,928, an increase of \$4,315,473 in comparison with the prior year. Natural gas operating revenues were up by \$2,588,886, or 14.2%, from prior year which directly

coincides with operating expenses that were up by \$3,528,310. This increase is mainly caused by higher usage from more cold days in the winter of 2025 as well as an increase of 493 customers.

The Airport Fund accounts for the operation of the Charlotte-Monroe Executive Airport. As of June 30, 2025, the City of Monroe's Airport Fund reported a total net position of \$34,324,101, an increase of \$1,322,488 in comparison with the prior year. Fuel sales for the airport remained consistent with the prior year and charges for services for leases and customs service increased by about \$115,000 from the prior year. Investment earnings increased by \$242,037 due to increased rates of return.

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 \$9,011,162, or 14.4%. 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 \$8,092,685 and unspent appropriations (various unspent donations, grants and incentives), \$91,797. The encumbrances that were rolled over included \$2,071,510 for asphalt paving that was not complete and \$865,601 for Fire Engine #6, \$1,405,751 for Fire Rescue #1, \$692,238 for tandem trucks for street division and \$553,353 for police vehicles that were not received at the end of the fiscal year.
- Funding of \$750,000 was appropriated to provide funding for the purchase of golf simulators and provide funding to remodel the ballroom at the Monroe Country Club. This will be a new venue at the City's golf course.
- Funding in the amount of \$201,401 was appropriated to amend the Property Management Department budget to provide funding for ongoing contracts and vehicle purchases and other technical corrections to the budget.
- Funding in the amount of \$142,482 was appropriated to pave the access road at the Charlotte-Monroe Executive Airport from the parking lot to new hangar 10 and hangar 7.
- Technical corrections to debt service and rollover items in the fiscal year 2025 budget were adjusted totaling \$484,927.
- Additional funding for the Dowd Theatre was appropriated to cover operating costs in the amount of \$235,000.
- Funding for \$120,498 was appropriated to implement Governmental Accounting Standard Board (GASB) #87 Leases and #96 Subscriptions. The adjustment provides funds for the capital outlay and debt payments in order to provide compliance with these new accounting standards.

Revenues exceeded final budget by \$2,869,033. This was primarily due to higher property tax revenue collections, higher building permit fee revenue collection and higher than anticipated investment earnings.

Expenditures were under budget by \$11,075,301. Expenses were down due to savings realized from vacant positions and turnover totaling approximately \$2,394,566, capital purchases \$4,951,825 and \$3,626,645 in other operating accounts. Expenditures were 84.5% of the final amended expenditure budget. \$3,736,218 was carried over to fiscal year 2025 for items that were not complete at fiscal year-end.

Capital Assets

The following is a summary of the City of Monroe's capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Monroe's capital assets can be found in Note III.A.6 on pages 61 - 68 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and land improvements	\$6,582,823	\$6,582,823	\$18,275,747	\$18,745,591	\$24,858,570	\$25,328,414
Buildings and improvements	55,257,963	55,973,618	54,077,312	53,940,839	109,335,275	109,914,457
Equipment	5,102,811	3,873,621	5,833,675	5,171,605	10,936,486	9,045,226
Vehicles and motorized equipment	7,674,731	5,540,454	5,728,616	3,404,800	13,403,347	8,945,254
Other intangibles	1,591,623	2,134,239	552,847	642,717	2,144,470	2,776,956
Infrastructure	35,540,958	35,890,220	271,292,472	251,857,947	306,833,430	287,748,167
Intangible right to use lease	148,280	58,304	37,250	7,586	185,530	65,890
Subscriptions	781,126	124,753	15,252	31,893	796,378	156,646
Construction in progress	1,984,769	746,910	19,833,502	10,577,123	21,818,271	11,324,033
Total	\$114,665,084	\$110,924,942	\$375,646,673	\$344,380,101	\$490,311,757	\$455,305,043

The City of Monroe's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$490,311,757 (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 \$35,008,152. Major capital asset events during the year included the following:

- Cyber security enhancements for the city's computer network
- Developer installed drainage, roads, sidewalks and curbs and gutters located in Simpson Farms Subdivision
- Developer installed water mains and sewer lines at Blair Place, Cottage Green, Riverstone, Rocky River Crossing, Secrest Commons, Waxhaw Landing and Wellington
- Completion of the Unionville-Indian Trail parallel water line
- Remodeling of the Monroe Wastewater Treatment Plant administrative building
- Electric substation modernization, reliability and capacity improvements
- Electric infrastructure improvements including installation of infrastructure to serve Secrest Commons, Elevate Rocky River Apartments, Ashton Park, Wellington Pointe, Cedar Meadows and Blue Sky Meadows subdivisions
- Natural gas infrastructure improvements including system expansion to Ashton Park, Blair Place, Canterbury Station, Davis Ridge, Riverstone, Stonebridge, Waxhaw Landing and Wellington Pointe subdivisions and Phifer Road extension to Wingate
- Airport improvements to include tree obstruction removal and fence installation

Construction in progress totaling \$21,818,271 has increased from last year by \$10,494,238. The amount is the net of the completion of projects totaling \$1,539,493, retirements of \$8,548 and new projects that were added totaling \$12,042,279. Projects included in this amount are as follows:

- General – construction of the Bearskin Creek Greenway, Community Center Upgrades and Concord Avenue Area redevelopment
- Water – construction of the Richardson Creek outfall, flow equalization basin, Stewart Creek pump station improvements, design of the new wastewater treatment facility and replacement of the Nelson Heights water tank
- Stormwater – Pinedell Rd culvert replacement and a new wash down facility
- Electric – line extensions to new subdivisions, AMI metering and work management systems and construction of a new Energy Service warehouse storage facility
- Natural Gas – AMI metering and work management systems, liquefied natural gas facility upgrades and construction of a new Energy Service warehouse storage facility
- Airport – apron rehabilitation, runway 5-23 obstruction removal and construction of an air traffic control tower

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.7 beginning on page 87 of this report.

City of Monroe's Outstanding Debt

Figure 6

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Install purchase obligations	\$6,675,089	\$6,050,063	\$939,912	\$629,937	\$7,615,001	\$6,680,000
Lease liabilities	155,555	34,843	42,988	7,287	198,543	42,130
Subscription liabilities	624,017	80,416	-	24,187	624,017	104,603
Revenue bonds	-	-	32,868,460	36,171,457	32,868,460	36,171,457
Limited Obligation Bonds	19,117,326	20,312,544	29,765,409	31,230,778	48,882,735	51,543,322
Total	\$26,571,987	\$26,477,866	\$63,616,769	\$68,063,646	\$90,188,756	\$94,541,512

As of June 30, 2025, the City of Monroe had total debt outstanding of \$90,188,756. The City's bonded debt, \$32,868,460 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 \$48,882,735 represent bonds that were issued for improvements to the natural gas system, the Dowd Center Theatre and Monroe Science Center. During the fiscal year, the City issued an installment purchase obligation in the amount of \$2,210,000 for the purchase of a fire truck and airport refueling trucks. The City's total debt, net of retirements, decreased \$4,352,756 during the fiscal year. The elements of the increase were debt retirements totaling \$9,615,610 and new installment purchase debt and subscription and lease liabilities issued for \$3,262,854.

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 \$438,517,226.

Economic Factors and Next Year's Budgets and Rates

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

- The annual unemployment rate for City of Monroe is 4.0%, which is an increase of 0.3% from last year. This rate is higher than Union County's rate of 3.6% and the state's average rate of 3.7%.
- The total tax levy increased 2.8% from fiscal year 2024 to fiscal year 2025, and the tax collection rate increased from 99.38% in fiscal year 2024 to 99.50% in fiscal year 2025.
- Population increased slightly to 39,245 in 2025 from 37,275 in 2024.

Governmental Activities – Fiscal Year 2026 was a property tax revaluation year in Union County. The City's assessed values for real property increased by 101.9%. The City adopted a property tax rate of .4400 for fiscal year 2026 which is slightly higher than the revenue neutral rate of .3874. The City of Monroe has experienced an estimated 25% increase in population during the last five years. The fiscal year 2026 budget recognizes this growth and is developed with the intention of continuing high quality base services and addressing future demands.

The primary focus of the Fiscal Year 2026 budget was the continued strengthening of the core services that protect the citizens and keep the community safe. The Police Department saw a mid-year investment in wages in fiscal year 2025 that is fully budgeted in fiscal year 2026. This increase has allowed for career growth and the ability to operate at a high service level. Similarly, the City has invested in Fire Department life-saving technology, additional fire apparatus and increased staffing levels to ensure fire coverage for our citizens and safety for its staff members.

City Council and Staff met in September of 2024 to discuss priorities and established a goal that the paving and street maintenance was considered a top priority for the Fiscal Year 2026 budget. The basic street maintenance program that the City had was not sufficient to meet the increased needs to improve our streets that are now impacted by the growth in population as well as wear. The program was upgraded to transform from a basic program funding that leaves the City with 54.8% of its streets in poor or very poor condition and only 20% of roads in good condition within the next ten years, to an enhanced program that will improve conditions to 57.2% of roads in good condition and only 23.7% of roads in poor or very poor. This enhanced program will add nearly \$2.1 million annually in program funding beginning in fiscal year 2026.

The City is proud to have been recognized as one of the ten best cities in North Carolina for small businesses. The City has re-established the Economic Development Department with a focus on the City of Monroe. The City is “business friendly” providing a one-stop shop for development. Monroe is in a unique position to attract commercial and industrial businesses and sustain a good business environment.

City employees continue to remain our single greatest asset. Included is funding a 3% Cost of Living Adjustment. Also included is an increase to the City’s retirement program as required by the state of 0.75% for general employees and 1.00% for law enforcement.

The fiscal year 2026 budget strengthens the foundation of the Property Management Department, established in 2024, by providing for additional staffing in Fiscal Year 2026. By enhancing coordination of building and grounds operations, the City safeguards its prior investments in public facilities. This proactive approach mitigates the risk of costly deferred maintenance and reduces long-term expenditures, ultimately minimizing the financial burden on taxpayers and promoting responsible stewardship of public resources.

Business-type Activities – Water and sewer rates were increased by 5.5% each to plan for the significant anticipated cost of future capital projects and necessary system improvements. Solid Waste fees were increased by \$2 per month to consumer price index increases in the contract for the hauler. Electric, Natural gas and stormwater rates remained the same.

With the extensive planning within our water, sewer, electric and natural gas services, Monroe stands alone in Union County to meet any and all residential and industrial development needs. The City has voluntarily annexed 2.67 square miles of land into the City limits since 2017. Growth over this same period of time has continued to increase. The City has added 946 new homes and 60 residential structures in fiscal year 2024 and 714 new homes and 229 commercial structures in fiscal year 2025. Being ready and able to meet these needs puts Monroe in an excellent position to continue to grow our City.

Requests for Information

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

Basic Financial Statements

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

- Government-Wide Financial Statements
 - Fund Financial Statements
 - Governmental Fund Financial Statements
 - Proprietary Fund Financial Statements
 - Notes to Financial Statements
 - Required Supplemental Information
-

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	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	\$ 57,436,409	\$ 209,063,002	\$ 266,499,411	\$ 1,285,779	\$ 809,020
Taxes receivable	449,163	-	449,163	-	-
Accounts receivable	2,258,145	16,451,139	18,709,284	-	85,203
Note receivable - short-term	8,000	-	8,000	-	-
Leases receivable	-	117,574	117,574	-	-
Internal balances - short-term	(561,673)	561,673	-	-	-
Due from other governments	6,227,920	-	6,227,920	-	-
Due from component units	134,538	-	134,538	-	-
Inventories	212,037	15,524,819	15,736,856	417,035	27,672
Prepays	4,005,425	141,163	4,146,588	35,255	3,750
Cash and cash equivalents - restricted	5,905,756	6,365,072	12,270,828	-	-
Total current assets	76,075,720	248,224,442	324,300,162	1,738,069	925,645
Non-current assets:					
Restricted cash - customer deposits	-	781,734	781,734	-	-
Leases receivable, net of current portion	-	614,271	614,271	-	-
Note receivable	432,000	-	432,000	-	-
Internal balances - long term	(6,635,728)	6,635,728	-	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	8,567,592	38,109,249	46,676,841	317,013	-
Other capital assets, net of depreciation	106,097,492	337,537,424	443,634,916	610,021	97,655
Total capital assets	114,665,084	375,646,673	490,311,757	927,034	97,655
Total non-current assets	108,461,356	383,678,406	492,139,762	927,034	97,655
Total assets	184,537,076	631,902,848	816,439,924	2,665,103	1,023,300
Deferred Outflows of Resources:					
OPEB deferrals	7,041,151	3,122,173	10,163,324	-	-
Pension deferrals	11,269,915	4,509,716	15,779,631	140,750	-
Charge on debt defeasance	-	2,773,485	2,773,485	-	-
Total deferred outflows of resources	18,311,066	10,405,374	28,716,440	140,750	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	2,918,885	7,629,009	10,547,894	472,059	17,048
Due to primary government	-	-	-	-	27,082
Current portion of long-term liabilities	7,027,042	7,232,482	14,259,524	-	67,782
Unearned revenue	1,917	124,106	126,023	-	-
Payable from restricted assets	37,536	-	37,536	-	-
Advance from grantor	1,369,465	6,365,072	7,734,537	-	-
Property claims liability	4,511	-	4,511	-	-
Workers' compensation claims	20,404	-	20,404	-	-
Total pension liability (LEOSSA)	379,269	-	379,269	-	-
Total OPEB liability	940,906	417,214	1,358,120	-	-
Healthcare benefits claims	678,816	-	678,816	-	-
Total current liabilities	13,378,751	21,767,883	35,146,634	472,059	111,912

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	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	-	781,734	781,734	-	-
Net pension liability	18,213,634	8,068,664	26,282,298	220,581	-
Total pension liability (LEOSSA)	4,727,977	-	4,727,977	-	-
Total OPEB liability	35,610,081	15,790,157	51,400,238	-	-
Due in more than one year	26,146,771	59,621,968	85,768,739	-	34,921
Total non-current liabilities	84,698,463	84,262,523	168,960,986	220,581	34,921
Total liabilities	98,077,214	106,030,406	204,107,620	692,640	146,833
Deferred Inflows of Resources:					
OPEB deferrals	6,940,435	3,077,515	10,017,950	-	-
Pension deferrals	568,211	18,040	586,251	19,656	-
Leases	-	714,554	714,554	-	-
Other deferred inflows	17,761	-	17,761	-	-
Total deferred inflows of resources	7,526,407	3,810,109	11,336,516	19,656	-
Net Position:					
Net investment in capital assets	88,099,947	314,803,389	402,903,336	927,034	-
Restricted for:					
Stabilization by state statute	10,846,036	-	10,846,036	-	88,203
General government	429,404	-	429,404	-	-
Public safety	5,353,567	-	5,353,567	-	-
Transportation	4,886,300	-	4,886,300	-	-
Culture and recreation	1,111,737	-	1,111,737	-	-
Occupancy tax capital projects	400	-	400	-	-
Economic development	288,711	-	288,711	221,982	-
Tourism promotion	372,836	-	372,836	-	756,842
Unrestricted	(14,144,417)	217,664,318	203,519,901	944,541	31,422
Total net position	\$ 97,244,521	\$ 532,467,707	\$ 629,712,228	\$ 2,093,557	\$ 876,467

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, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 15,535,139	\$ 3,983,830	\$ 3,400	\$ -
Transportation	5,346,905	627,059	1,311,187	-
Public safety	42,932,405	8,490,891	1,795,992	363,299
Culture and recreation	6,890,644	3,172,091	26,397	57,984
Economic and physical development	1,193,535	-	-	-
Interest on long-term debt	793,033	-	-	-
Total governmental activities	72,691,661	16,273,871	3,136,976	421,283
Business-Type Activities:				
Water and sewer	11,800,574	34,519,757	-	2,761
Electric	58,397,459	62,427,362	-	12,434,262
Natural gas	18,067,451	20,791,659	-	-
Aquatics and fitness center	4,963,747	4,710,892	-	-
Stormwater	2,968,646	3,022,248	-	-
Solid waste	4,061,004	3,927,597	-	-
Airport	4,258,151	2,889,220	1,795	747,173
Total business-type activities	104,517,032	132,288,735	1,795	13,184,196
Total primary government	\$ 177,208,693	\$ 148,562,606	\$ 3,138,771	\$ 13,605,479
Component Units:				
ABC Board	\$ 7,512,373	\$ 7,512,633	\$ -	\$ -
Tourism Development Authority	1,143,176	-	1,125,208	-
Total component units	\$ 8,655,549	\$ 7,512,633	\$ 1,125,208	\$ -

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, 2025

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	\$ (11,547,909)	\$ -	\$ (11,547,909)		
Transportation	(3,408,659)	-	(3,408,659)		
Public safety	(32,282,223)	-	(32,282,223)		
Culture and recreation	(3,634,172)	-	(3,634,172)		
Economic and physical development	(1,193,535)	-	(1,193,535)		
Interest on long-term debt	(793,033)	-	(793,033)		
Total governmental activities	(52,859,531)	-	(52,859,531)		
Business-Type Activities:					
Water and sewer	-	22,721,944	22,721,944		
Electric	-	16,464,165	16,464,165		
Natural gas	-	2,724,208	2,724,208		
Aquatics and fitness center	-	(252,855)	(252,855)		
Stormwater	-	53,602	53,602		
Solid waste	-	(133,407)	(133,407)		
Airport	-	(619,963)	(619,963)		
Total business-type activities	-	40,957,694	40,957,694		
Total primary government	(52,859,531)	40,957,694	(11,901,837)		
Component Units:					
ABC Board				\$ 260	\$ -
Tourism Development Authority				-	(17,968)
Total component units				260	(17,968)
General Revenues:					
Taxes:					
Property taxes, levied for					
general purpose	31,060,952	-	31,060,952	-	-
Sales and use tax	12,652,465	-	12,652,465	-	-
Utility sales taxes	3,853,238	-	3,853,238	-	-
Motor vehicle tax	986,970	-	986,970	-	-
Beer & wine and telecommunications taxes	301,347	-	301,347	-	-
Gross receipts tax	170,177	-	170,177	-	-
Unrestricted investment earnings (loss)	2,647,186	8,559,226	11,206,412	(160)	19,854
Interest earnings on interfund loans	-	32,803	32,803	-	-
Miscellaneous	895,731	2,295,801	3,191,532	-	3,500
Total general revenues	52,568,066	10,887,830	63,455,896	(160)	23,354
Transfers	(951,160)	951,160	-	-	-
Total general revenues and transfers	51,616,906	11,838,990	63,455,896	(160)	23,354
Change in net position	(1,242,625)	52,796,684	51,554,059	100	5,386
Net Position:					
Beginning of year, July 1	100,305,574	480,894,474	581,200,048	2,093,457	910,269
Restatement	(1,818,428)	(1,223,451)	(3,041,879)	-	(39,188)
Beginning of year- July 1, as adjusted or restated	98,487,146	479,671,023	578,158,169	2,093,457	871,081
End of year, June 30	\$ 97,244,521	\$ 532,467,707	\$ 629,712,228	\$ 2,093,557	\$ 876,467

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

CITY OF MONROE, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 39,838,408	\$ 12,319,428	\$ 1,767,409	\$ 53,925,245
Receivables:				
Taxes	448,717	-	446	449,163
Accounts	571,943	28,526	-	600,469
Due from other governments	6,227,582	-	338	6,227,920
Due from component unit	107,456	-	27,082	134,538
Inventories	212,037	-	-	212,037
Prepays	3,995,425	-	-	3,995,425
Cash and cash equivalents - restricted	4,605,008	1,252	1,279,327	5,885,587
Total assets	<u>\$ 56,006,576</u>	<u>\$ 12,349,206</u>	<u>\$ 3,074,602</u>	<u>\$ 71,430,384</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,128,235	\$ 606,854	\$ 183,796	\$ 2,918,885
Accounts payable to be paid from restricted assets	17,367	-	-	17,367
Advance from grantor	90,138	-	1,279,327	1,369,465
Prepaid privilege license	1,917	-	-	1,917
Advances from other funds - current portion	341,612	-	-	341,612
Advances from other funds - long-term	6,635,728	-	-	6,635,728
Total liabilities	<u>9,214,997</u>	<u>606,854</u>	<u>1,463,123</u>	<u>11,284,974</u>
Deferred Inflows of Resources	<u>630,159</u>	<u>-</u>	<u>446</u>	<u>630,605</u>
Fund Balances:				
Non-spendable:				
Inventories	212,037	-	-	212,037
Prepays	3,995,425	-	-	3,995,425
Restricted:				
Stabilization by state statute	10,355,720	-	490,316	10,846,036
General government	-	429,404	-	429,404
Public safety	3,057,427	649,742	1,651,996	5,359,165
Transportation	4,491,905	394,395	-	4,886,300
Culture and recreation	377,271	734,466	-	1,111,737
Tourism promotion	-	-	372,836	372,836
Occupancy tax capital projects	-	-	400	400
Economic development	-	288,711	-	288,711
Capital projects	-	1,252	-	1,252
Committed:				
Public safety	-	-	1,466,614	1,466,614
Culture and recreation	-	-	240,293	240,293
Capital projects	-	9,244,382	-	9,244,382
Assigned:				
Minimum fund balance requirement	17,540,299	-	-	17,540,299
Airport grant acceptance	196,617	-	-	196,617
Downtown projects	1,369,993	-	-	1,369,993
Subsequent year's expenditures	4,856,116	-	-	4,856,116
Community development	-	-	56,562	56,562
Downtown Monroe	-	-	59,497	59,497
Unassigned	(291,390)	-	(2,727,481)	(3,018,871)
Total fund balances	<u>46,161,420</u>	<u>11,742,352</u>	<u>1,611,033</u>	<u>59,514,805</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,006,576</u>	<u>\$ 12,349,206</u>	<u>\$ 3,074,602</u>	<u>\$ 71,430,384</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, 2025**

		Total Governmental Funds
<hr/>		
Amounts reported for governmental activities in the Statements of Net Position are different because:		
Fund balances - total governmental funds (Exhibit 3)	\$	59,514,805
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$ 219,788,658	
Accumulated depreciation	<u>(105,123,574)</u>	114,665,084
Total pension liability (LEOSSA)		(5,107,246)
Note receivable from outside party		440,000
Net pension liability - LGERS		(18,213,634)
Deferred outflows of resources related to OPEB are not reported in the funds.		7,041,151
Deferred outflows of resources related to pensions are not reported in the funds.		11,269,915
Deferred inflows of resources related to OPEB are not reported in the funds.		(6,940,435)
Deferred inflows of resources related to pensions are not reported in the funds.		(568,211)
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		2,459,712
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.		640,854
Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		1,374,543
Internal balance due from business-type activities to governmental activities		(220,061)
Liabilities for earned, but unavailable, revenues in fund statements		612,844
Total OPEB liability		(36,550,987)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).		<u>(33,173,813)</u>
Net position of governmental activities (Exhibit 1)	\$	<u>97,244,521</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, 2025**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 31,046,125	\$ -	\$ 77,320	\$ 31,123,445
Other taxes and licenses	1,159,304	-	289,310	1,448,614
Unrestricted intergovernmental	17,104,899	-	-	17,104,899
Restricted intergovernmental	2,729,722	57,984	634,617	3,422,323
Sales and services	5,244,121	-	-	5,244,121
Investment earnings	2,428,469	-	112,560	2,541,029
Donation	-	5,780	35,000	40,780
Miscellaneous	397,659	181,064	-	578,723
Total revenues	<u>60,110,299</u>	<u>244,828</u>	<u>1,148,807</u>	<u>61,503,934</u>
Expenditures:				
Current:				
General government	12,591,631	-	-	12,591,631
Transportation	2,947,747	-	-	2,947,747
Public safety	36,740,627	-	217,522	36,958,149
Culture and recreation	4,880,971	-	-	4,880,971
Economic and physical development	-	-	770,352	770,352
Capital outlay	-	2,850,294	-	2,850,294
Debt service:				
Principal retirement	2,402,226	-	147,401	2,549,627
Interest and other charges	832,834	-	115,417	948,251
Total expenditures	<u>60,396,036</u>	<u>2,850,294</u>	<u>1,250,692</u>	<u>64,497,022</u>
Revenues over (under) expenditures	<u>(285,737)</u>	<u>(2,605,466)</u>	<u>(101,885)</u>	<u>(2,993,088)</u>
Other Financing Sources (Uses):				
Transfers from other funds	8,456,581	3,651,636	574,678	12,682,895
Transfers to other funds	(12,258,465)	(1,215,742)	(159,848)	(13,634,055)
Lease liability issued	152,708	-	17,454	170,162
Subscriptions issued	738,518	-	-	738,518
Installment purchase obligations issued	1,800,000	-	-	1,800,000
Total other financing sources (uses)	<u>(1,110,658)</u>	<u>2,435,894</u>	<u>432,284</u>	<u>1,757,520</u>
Net change in fund balances	(1,396,395)	(169,572)	330,399	(1,235,568)
Fund Balances:				
Beginning of year, July 1	<u>47,557,815</u>	<u>11,911,924</u>	<u>1,280,634</u>	<u>60,750,373</u>
End of year, June 30	<u>\$ 46,161,420</u>	<u>\$ 11,742,352</u>	<u>\$ 1,611,033</u>	<u>\$ 59,514,805</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, 2025**

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

Net change in fund balances - total governmental funds (Exhibit 5) \$ (1,235,568)

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.). 3,740,142

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

Change in other deferred inflows (120,636)

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.). (94,121)

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	(1,301,855)	
Pension expense - LEOSSA	(109,686)	
Compensated absences	(926,933)	
OPEB plan expense	<u>(1,029,308)</u>	(3,367,782)

The Internal Service Fund, determined to be governmental fund type, is used
by management to charge the costs, net of investment earnings. (164,660)

Change in net position of governmental activities (Exhibit 2) \$ (1,242,625)

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, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Over/Under
Revenues:				
Ad valorem taxes	\$ 29,440,713	\$ 29,440,713	\$ 31,046,125	\$ 1,605,412
Other taxes and licenses	1,081,929	1,081,929	1,159,304	77,375
Unrestricted intergovernmental	16,376,632	16,376,632	17,104,899	728,267
Restricted intergovernmental	1,965,448	2,737,758	2,729,722	(8,036)
Sales and services	5,200,355	4,983,363	5,244,121	260,758
Investment earnings	2,244,764	2,244,764	2,428,469	183,705
Miscellaneous	315,460	376,107	397,659	21,552
Total revenues	<u>56,625,301</u>	<u>57,241,266</u>	<u>60,110,299</u>	<u>2,869,033</u>
Expenditures:				
Current:				
General government	14,271,443	14,969,783	12,591,631	2,378,152
Transportation	4,973,227	5,399,624	2,947,747	2,451,877
Public safety	35,701,043	42,040,184	36,740,627	5,299,557
Culture and recreation	4,867,535	5,755,124	4,880,971	874,153
Debt service:				
Principal retirement	1,920,303	2,424,833	2,402,226	22,607
Interest and other charges	726,624	881,789	832,834	48,955
Total expenditures	<u>62,460,175</u>	<u>71,471,337</u>	<u>60,396,036</u>	<u>11,075,301</u>
Revenues over (under) expenditures	<u>(5,834,874)</u>	<u>(14,230,071)</u>	<u>(285,737)</u>	<u>13,944,334</u>
Other Financing Sources (Uses):				
Transfers from other funds	635,000	8,456,582	8,456,581	(1)
Transfers to other funds	(9,819,720)	(12,293,438)	(12,258,465)	34,973
Lease liability issued	-	152,708	152,708	-
Subscriptions issued	-	738,519	738,518	(1)
Limited obligation bonds issued	1,253,037	-	-	-
Installment purchase obligations issued	8,300,000	1,800,000	1,800,000	-
Total other financing sources (uses)	<u>368,317</u>	<u>(1,145,629)</u>	<u>(1,110,658)</u>	<u>34,971</u>
Appropriated fund balance	<u>5,466,557</u>	<u>15,375,700</u>	<u>-</u>	<u>(15,375,700)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,396,395)</u>	<u>\$ (1,396,395)</u>
Fund Balance:				
Beginning of year, July 1			<u>47,557,815</u>	
End of year, June 30			<u>\$ 46,161,420</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, 2025**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Assets:				
Current assets:				
Cash and cash equivalents	\$ 65,810,161	\$ 95,575,034	\$ 41,602,187	\$ 1,015,534
Accounts receivable	4,354,150	9,455,780	1,654,424	111,696
Leases receivable	-	-	-	117,574
Advance to other funds	-	341,612	-	-
Prepaid expenses	95,320	34,800	4,721	661
Inventories	1,199,714	13,210,419	1,032,752	72,439
Cash and cash equivalents, restricted	437,000	-	-	5,928,072
Total current assets	<u>71,896,345</u>	<u>118,617,645</u>	<u>44,294,084</u>	<u>7,245,976</u>
Non-current assets:				
Restricted assets:				
Restricted cash - customer deposits	85,502	526,475	169,757	-
Leases receivable, net of current portion	-	-	-	614,271
Advance to other funds	-	7,198,312	-	-
Capital assets:				
Land and other non-depreciable assets	16,954,630	7,346,230	2,153,296	10,005,900
Other capital assets, net of depreciation	135,555,242	92,900,738	73,394,527	30,387,449
Capital assets (net)	<u>152,509,872</u>	<u>100,246,968</u>	<u>75,547,823</u>	<u>40,393,349</u>
Total non-current assets	<u>152,595,374</u>	<u>107,971,755</u>	<u>75,717,580</u>	<u>41,007,620</u>
Total assets	<u>224,491,719</u>	<u>226,589,400</u>	<u>120,011,664</u>	<u>48,253,596</u>
Deferred Outflows of Resources:				
OPEB deferrals	1,313,101	573,211	290,671	242,903
Pension deferrals	1,894,961	822,618	426,000	352,551
Charge on debt defeasance	96,563	406,096	2,270,826	-
Total deferred outflows of resources	<u>3,304,625</u>	<u>1,801,925</u>	<u>2,987,497</u>	<u>595,454</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	885,376	4,890,152	1,239,979	136,469
Advance from grantor	437,000	-	-	5,928,072
Unearned revenue	-	-	-	-
Compensated absences	705,266	835,034	268,999	66,614
Advance from other funds	-	-	-	44,288
Installment purchase obligations	27,707	24,512	16,480	41,106
Lease liabilities	5,645	3,908	540	2,695
Total other post-employment benefits liability	175,469	76,598	38,842	32,459
Revenue bonds payable	1,134,194	1,127,133	188,320	933,349
Limited obligation bonds payable	-	-	1,530,369	-
Total current liabilities	<u>3,370,657</u>	<u>6,957,337</u>	<u>3,283,529</u>	<u>7,185,052</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, 2025**

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,060,086	\$ 209,063,002	\$ 3,511,164
Accounts receivable	875,089	16,451,139	1,657,676
Leases receivable	-	117,574	-
Advance to other funds	-	341,612	-
Prepaid expenses	5,661	141,163	10,000
Inventories	9,495	15,524,819	-
Cash and cash equivalents, restricted	-	6,365,072	-
Total current assets	<u>5,950,331</u>	<u>248,004,381</u>	<u>5,178,840</u>
Non-current assets:			
Restricted assets:			
Restricted cash - customer deposits	-	781,734	20,169
Leases receivable, net of current portion	-	614,271	-
Advance to other funds	-	7,198,312	-
Capital assets:			
Land and other non-depreciable assets	1,649,193	38,109,249	-
Other capital assets, net of depreciation	<u>5,299,468</u>	<u>337,537,424</u>	<u>-</u>
Capital assets (net)	<u>6,948,661</u>	<u>375,646,673</u>	<u>-</u>
Total non-current assets	<u>6,948,661</u>	<u>384,240,990</u>	<u>20,169</u>
Total assets	<u>12,898,992</u>	<u>632,245,371</u>	<u>5,199,009</u>
Deferred Outflows of Resources;			
OPEB deferrals	702,287	3,122,173	-
Pension deferrals	1,013,586	4,509,716	-
Charge on debt defeasance	-	2,773,485	-
Total deferred outflows of resources	<u>1,715,873</u>	<u>10,405,374</u>	<u>-</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	477,033	7,629,009	703,731
Advance from grantor	-	6,365,072	-
Unearned revenue	124,106	124,106	-
Compensated absences	293,334	2,169,247	-
Advance from other funds	-	44,288	-
Installment purchase obligations	25,763	135,568	-
Lease liabilities	1,514	14,302	-
Total other post-employment benefits liability	93,846	417,214	-
Revenue bonds payable	-	3,382,996	-
Limited obligation bonds payable	-	1,530,369	-
Total current liabilities	<u>1,015,596</u>	<u>21,812,171</u>	<u>703,731</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, 2025

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Non-current liabilities:				
Liabilities payable from restricted assets:				
Customer deposits	85,502	526,475	169,757	-
Net pension liability	3,390,416	1,471,811	762,187	630,774
Compensated absences	347,370	411,284	132,492	32,810
Advance from other funds	-	-	-	518,296
Installment purchase obligations	116,515	103,078	69,300	407,107
Revenue bonds payable - net unamortized premium	15,233,489	9,160,290	1,530,495	3,561,190
Limited obligation bonds payable - net unamortized premium	-	-	28,235,040	-
Lease liabilities	12,567	5,795	1,171	5,844
Total other post-employment benefits liability	6,640,912	2,898,973	1,470,047	1,228,469
Total non-current liabilities	25,826,771	14,577,706	32,370,489	6,384,490
Total liabilities	29,197,428	21,535,043	35,654,018	13,569,542
Deferred Inflows of Resources:				
OPEB deferrals	1,294,320	565,013	286,513	239,429
Leases	-	-	-	714,554
Pension deferrals	7,573	3,287	1,702	1,424
Total deferred inflows of resources	1,301,893	568,300	288,215	955,407
Net Position:				
Net investment in capital assets	136,076,318	90,228,348	46,246,934	35,442,058
Unrestricted	61,220,705	116,059,634	40,809,994	(1,117,957)
Total net position	\$ 197,297,023	\$ 206,287,982	\$ 87,056,928	\$ 34,324,101

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, 2025

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Non-current liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	-	781,734	20,169
Net pension liability	1,813,476	8,068,664	-
Compensated absences	144,478	1,068,434	-
Advance from other funds	-	518,296	-
Installment purchase obligations	108,344	804,344	-
Revenue bonds payable - net unamortized premium	-	29,485,464	-
Limited obligation bonds payable - net unamortized premium	-	28,235,040	-
Lease liabilities	3,309	28,686	-
Total other post-employment benefits liability	3,551,756	15,790,157	-
Total non-current liabilities	5,621,363	84,780,819	20,169
Total liabilities	6,636,959	106,592,990	723,900
Deferred Inflows of Resources:			
OPEB deferrals	692,240	3,077,515	-
Leases	-	714,554	-
Pension deferrals	4,054	18,040	-
Total deferred inflows of resources	696,294	3,810,109	-
Net Position:			
Net investment in capital assets	6,809,731	314,803,389	-
Unrestricted	471,881	217,444,257	4,475,109
Total net position	\$ 7,281,612	532,247,646	\$ 4,475,109
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds		220,061	
Net position of business-type activities		\$ 532,467,707	

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, 2025**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Operating Revenues:				
Charges for services	\$ 24,348,237	\$ 62,016,189	\$ 20,798,173	\$ 2,393,262
Interfund charges and employee contributions	-	-	-	-
Capacity fees	4,819,242	-	-	-
Other operating revenues	2,162,319	427,112	1,436	336,269
Total operating revenues	<u>31,329,798</u>	<u>62,443,301</u>	<u>20,799,609</u>	<u>2,729,531</u>
Operating Expenses:				
Distribution systems	126,236	14,368,612	6,534,317	-
Water filter plant	4,090,413	-	-	-
Waste treatment plant	2,350,947	-	-	-
Electric power purchases	-	40,356,568	-	-
Natural gas purchases	-	-	8,252,500	-
Aquatics and fitness center operations	-	-	-	-
Airport operations	-	-	-	3,072,022
Stormwater operations	-	-	-	-
Solid waste operations	-	-	-	-
Operating expenses	-	-	-	-
Workers' compensation claims and premiums	-	-	-	-
Health benefit claims and premiums	-	-	-	-
Property and liability claims and premiums	-	-	-	-
Depreciation and amortization	4,633,376	2,776,030	2,028,762	1,051,920
Total operating expenses	<u>11,200,972</u>	<u>57,501,210</u>	<u>16,815,579</u>	<u>4,123,942</u>
Operating income (loss)	<u>20,128,826</u>	<u>4,942,091</u>	<u>3,984,030</u>	<u>(1,394,411)</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets	3,222,605	(447,944)	-	25,600
Other non-operating revenues (expenses)	7,874	2,084,527	203,400	1,795
Investment earnings	2,641,207	3,737,974	1,690,114	265,879
Interest income interfund loans	-	32,803	-	-
Lease revenue	-	-	-	136,829
Interest and other charges	(599,602)	(448,305)	(1,251,872)	(134,209)
Total non-operating revenues (expenses)	<u>5,272,084</u>	<u>4,959,055</u>	<u>641,642</u>	<u>295,894</u>

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

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating Revenues:			
Charges for services	\$ 11,356,909	\$ 120,912,770	\$ -
Interfund charges and employee contributions	-	-	13,197,592
Capacity fees	-	4,819,242	-
Other operating revenues	315,796	3,242,932	2,563,191
Total operating revenues	<u>11,672,705</u>	<u>128,974,944</u>	<u>15,760,783</u>
Operating Expenses:			
Distribution systems	-	21,029,165	-
Water filter plant	-	4,090,413	-
Waste treatment plant	-	2,350,947	-
Electric power purchases	-	40,356,568	-
Natural gas purchases	-	8,252,500	-
Aquatics and fitness center operations	4,667,252	4,667,252	-
Airport operations	-	3,072,022	-
Stormwater operations	2,794,838	2,794,838	-
Solid waste operations	4,052,431	4,052,431	-
Operating expenses	-	-	819,626
Workers' compensation claims and premiums	-	-	685,598
Health benefit claims and premiums	-	-	13,503,024
Property and liability claims and premiums	-	-	1,140,525
Depreciation and amortization	475,386	10,965,474	-
Total operating expenses	<u>11,989,907</u>	<u>101,631,610</u>	<u>16,148,773</u>
Operating income (loss)	<u>(317,202)</u>	<u>27,343,334</u>	<u>(387,990)</u>
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of capital assets	-	2,800,261	-
Other non-operating revenues (expenses)	-	2,297,596	-
Investment earnings	224,052	8,559,226	152,087
Interest income interfund loans	-	32,803	-
Lease revenue	-	136,829	-
Interest and other charges	(3,490)	(2,437,478)	-
Total non-operating revenues (expenses)	<u>220,562</u>	<u>11,389,237</u>	<u>152,087</u>

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

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Income (loss) before capital contributions and transfers	<u>25,400,910</u>	<u>9,901,146</u>	<u>4,625,672</u>	<u>(1,098,517)</u>
Capital grants and contributions	<u>2,761</u>	<u>12,434,262</u>	<u>-</u>	<u>747,173</u>
Transfers from other funds	-	6,500,000	-	1,738,941
Transfers to other funds	<u>(66,884)</u>	<u>(6,971,762)</u>	<u>(205,410)</u>	<u>(43,725)</u>
Total transfers (to) from other funds	<u>(66,884)</u>	<u>(471,762)</u>	<u>(205,410)</u>	<u>1,695,216</u>
Change in net position	<u>25,336,787</u>	<u>21,863,646</u>	<u>4,420,262</u>	<u>1,343,872</u>
Net Position:				
Beginning of year, July 1	172,438,410	184,878,781	82,741,455	33,001,613
Restatement	<u>(478,174)</u>	<u>(454,445)</u>	<u>(104,789)</u>	<u>(21,384)</u>
Beginning of year, July 1, restated	<u>171,960,236</u>	<u>184,424,336</u>	<u>82,636,666</u>	<u>32,980,229</u>
End of year, June 30	<u>\$ 197,297,023</u>	<u>\$ 206,287,982</u>	<u>\$ 87,056,928</u>	<u>\$ 34,324,101</u>

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

CITY OF MONROE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Income (loss) before capital contributions and transfers	<u>(96,640)</u>	<u>38,732,571</u>	<u>(235,903)</u>
Capital grants and contributions	<u>-</u>	<u>13,184,196</u>	<u>-</u>
Transfers from other funds	-	8,238,941	-
Transfers to other funds	<u>-</u>	<u>(7,287,781)</u>	<u>-</u>
Total transfers (to) from other funds	<u>-</u>	<u>951,160</u>	<u>-</u>
Change in net position	<u>(96,640)</u>	<u>52,867,927</u>	<u>(235,903)</u>
Net Position:			
Beginning of year, July 1	7,542,911		4,711,012
Restatement	<u>(164,659)</u>		<u>-</u>
Beginning of year, July 1, restated	<u>7,378,252</u>		<u>4,711,012</u>
End of year, June 30	<u>\$ 7,281,612</u>		<u>\$ 4,475,109</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change		<u>(71,243)</u>	
Change in net position of business-type activities		<u>\$ 52,796,684</u>	

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
Cash Flows from Operating Activities:				
Cash received from customers	\$ 29,989,743	\$ 65,105,122	\$ 20,336,613	\$ 3,364,449
Cash paid for goods and services	(5,375,014)	(49,157,655)	(12,287,611)	(2,563,531)
Cash paid to or on behalf of employees for services	(1,147,592)	(7,026,121)	(2,532,180)	(1,044,037)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	23,467,137	8,921,346	5,516,822	(243,119)
Cash Flows from Non-Capital Financing Activities:				
Advances from other funds	-	-	-	-
Advances to other funds	-	(6,384,888)	-	(43,065)
Transfers from other funds	-	6,500,000	-	1,738,941
Transfers to other funds	(66,884)	(6,971,762)	(205,410)	(43,725)
Net cash provided (used) by non-capital financing activities	(66,884)	(6,856,650)	(205,410)	1,652,151
Cash Flows from Capital and Related Financing Activities:				
Proceeds from issuance of long-term debt	-	-	-	410,000
Proceeds from sale of capital assets	3,226,185	21,900	-	25,600
Advance from grantor	437,000	-	-	-
Acquisition and construction of capital assets	(24,430,780)	(11,019,919)	(4,059,893)	(1,721,319)
Capital contributions	2,761	12,434,262	-	747,173
Principal paid on bond maturities and equipment obligations	(1,049,944)	(950,526)	(1,490,751)	(925,293)
Interest paid on bond maturities and equipment obligations	(599,602)	(448,305)	(1,251,872)	(134,209)
Net cash provided (used) by capital and related financing activities	(22,414,380)	37,412	(6,802,516)	(1,598,048)
Cash Flows from Investing Activities:				
Earnings on investments	2,641,207	3,770,777	1,690,114	265,879
Net increase (decrease) in cash and cash equivalents	3,627,080	5,872,885	199,010	76,863
Cash and Cash Equivalents:				
Beginning of year, July 1	62,705,583	90,228,624	41,572,934	6,866,743
End of year, June 30	\$ 66,332,663	\$ 96,101,509	\$ 41,771,944	\$ 6,943,606

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, 2025

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 11,666,558	\$ 130,462,485	\$ 12,574,313
Cash paid for goods and services	(6,804,716)	(76,188,527)	(16,047,045)
Cash paid to or on behalf of employees for services	(4,373,069)	(16,122,999)	-
Other operating revenues	-	-	2,563,191
Net cash provided (used) by operating activities	488,773	38,150,959	(909,541)
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds	-	-	-
Advances to other funds	-	(6,427,953)	-
Transfers from other funds	-	8,238,941	-
Transfers to other funds	-	(7,287,781)	-
Net cash provided (used) by non-capital financing activities	-	(5,476,793)	-
Cash Flows from Capital and Related Financing Activities:			
Proceeds from issuance of long-term debt	-	410,000	-
Proceeds from sale of capital assets	-	3,273,685	-
Advance from grantor	-	437,000	-
Acquisition and construction of capital assets	(1,637,853)	(42,869,764)	-
Capital contributions	-	13,184,196	-
Principal paid on bond maturities and equipment obligations	(52,888)	(4,469,402)	-
Interest paid on bond maturities and equipment obligations	(3,490)	(2,437,478)	-
Net cash provided (used) by capital and related financing activities	(1,694,231)	(32,471,763)	-
Cash Flows from Investing Activities:			
Earnings on investments	224,052	8,592,029	152,087
Net increase (decrease) in cash and cash equivalents	(981,406)	8,794,432	(757,454)
Cash and Cash Equivalents:			
Beginning of year, July 1	6,041,492	207,415,376	4,288,787
End of year, June 30	\$ 5,060,086	\$ 216,209,808	\$ 3,531,333

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, 2025

	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)	\$ 20,128,826	\$ 4,942,091	\$ 3,984,030	\$ (1,394,411)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,633,376	2,776,030	2,028,762	1,051,920
Non-operating revenue	7,874	2,084,527	203,400	66,696
Change in deferred outflows - pension	135,653	58,888	30,495	25,237
Change in net pension liability	113,013	49,060	25,406	21,026
Decrease deferred inflows - pension	(6,330)	(2,748)	(1,423)	(1,164)
Changes in assets and liabilities:				
Change in leases receivable	-	-	-	129,457
Change in accounts receivable	(1,317,748)	206,894	(672,493)	575,302
Change in inventories	(154,525)	(1,422,717)	(356,747)	(59,852)
Change in prepaid expenses	(19,051)	263,048	610	959
Change in accounts payable and accrued liabilities	(323,333)	(487,632)	180,060	(576,589)
Change in customer deposits	(11,131)	108,309	5,488	-
Change in deferred outflows of resources for OPEB	298,379	130,253	66,050	55,196
Change in deferred inflows of resources for leases	-	-	-	(137,495)
Change in deferred inflows of resources for OPEB	(301,466)	(131,599)	(66,734)	(55,766)
Change in net OPEB liability	195,044	85,142	43,176	36,080
Change in compensated absences	88,556	261,800	46,742	20,285
Total adjustments	3,338,311	3,979,255	1,532,792	1,151,292
Net cash provided (used) by operating activities	\$ 23,467,137	\$ 8,921,346	\$ 5,516,822	\$ (243,119)
Non-Cash Items:				
Right to use asset acquired in exchange for a lease liability	\$ 22,886	\$ 6,269	\$ 2,190	\$ 10,928

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, 2025

	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)	\$ (317,202)	\$ 27,343,334	\$ (387,990)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	475,386	10,965,474	-
Non-operating revenue	-	2,362,497	-
Change in deferred outflows - pension	72,559	322,832	-
Change in net pension liability	60,448	268,953	-
Decrease deferred inflows - pension	(3,385)	(15,050)	-
Changes in assets and liabilities:			
Change in leases receivable	-	129,457	-
Change in accounts receivable	(52,479)	(1,260,524)	(623,279)
Change in inventories	(1,630)	(1,995,471)	-
Change in prepaid expenses	4,655	250,221	2,100
Change in accounts payable and accrued liabilities	79,206	(1,128,288)	99,628
Change in customer deposits	-	102,666	-
Change in deferred outflows of resources for OPEB	159,580	709,458	-
Change in deferred inflows of resources for leases	-	(137,495)	-
Change in deferred inflows of resources for OPEB	(161,235)	(716,800)	-
Change in net OPEB liability	104,315	463,757	-
Change in compensated absences	68,555	485,938	-
Total adjustments	805,975	10,807,625	(521,551)
Net cash provided (used) by operating activities	\$ 488,773	\$ 38,150,959	\$ (909,541)
Non-Cash Items:			
Right to use asset acquired in exchange for a lease liability	\$ 6,140	\$ 48,413	\$ -

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, 2025

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

City of Monroe ABC Board

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

City of Monroe Tourism Development Authority

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

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following nonmajor governmental funds:

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following nonmajor enterprise funds:

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

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

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

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new or reconnecting current customers to the water and sewer system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for all funds except those which operate under project ordinances. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the ARP special revenue fund, capital projects funds and the enterprise capital projects funds which are consolidated with their respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control is at the functional level for all annually budgeted funds, and any transfers of appropriations between functions require the approval of the City Council. The legal level of budgetary control is at the object level for the funds budgeted by project ordinance, and any transfers of appropriations between objects require the approval of the City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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] 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; mutual fund shares when the mutual fund is certified by the Local Government Commission. The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAAmf by Moody's Investor Services and reported at fair value.

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's securities are carried at fair market value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized 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, 2025

3. *Restricted Assets*

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

Governmental Activities:

General Fund:	
Streets	\$ 4,509,272
Advance from grantor	90,138
Unexpended debt proceeds	5,598
American Rescue Plan Act of 2021:	
Advance from grantor	1,279,327
Capital Projects Fund:	
Unexpended debt proceeds	1,252
Health and Dental Fund:	
Deposits	10,169
Workers' Compensation Fund:	
Deposits	10,000
Total governmental activities	<u>5,905,756</u>

Business-Type Activities:

Water and Sewer Fund:	
Advance from grantor	437,000
Customer deposits	85,502
Electric Fund:	
Customer deposits	526,475
Natural Gas Fund:	
Customer deposits	169,757
Airport Fund:	
Advance from grantor	5,928,072
Total business-type activities	<u>7,146,806</u>

Total restricted cash	<u><u>\$ 13,052,562</u></u>
-----------------------	-----------------------------

4. *Ad Valorem Taxes Receivable*

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. 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, 2025

5. Allowance for Doubtful Accounts

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

6. Lease Receivable

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

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

7. Inventories and Prepaid Items

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

8. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; furniture and equipment, \$5,000; computer software, \$5,000; and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The City's capital assets also include certain right-to-use lease assets. The right-to-use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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

The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus payments made to the SBITA vendor before commencement of the subscription term, plus capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The right-to-use subscription assets are amortized on a straight-line basis over the life of the related SBITA.

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

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

9. *Deferred Outflows/Inflows of Resources*

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

10. *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.

11. *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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

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 vacation 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 sick leave policy provides 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. For financial reporting under GASB 101, the City uses a weighted average number of sick days used over employee's years of service and applies the Last-In, First-Out (LIFO) method to estimate the amount of sick leave that has been earned and will be used as sick leave over the employee's service period. The liability for sick leave is based on this estimate.

The Tourism Development Authority had fourteen employees during the year ended June 30, 2025 and falls under the City's vacation and sick leave policy.

Employees of the City of Monroe ABC Board earn one week of vacation after one year of employment; two weeks of vacation after two years of employment; three weeks of vacation after ten years of employment; and four weeks of vacation after twenty years of employment. Any vacation that is not taken in the year it is earned, is rolled into sick leave.

Employees of the Monroe ABC Board can accumulate an unlimited amount of sick leave. Any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Any unused sick leave accumulated for employees that leave the Board before retirement is forfeited. The Board used a three-year lookback period to estimate the amount of sick leave that has been earned and will be used as sick leave over the employee's service period. The liability for sick leave is based on this estimate.

12. 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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 is as follows:

Purpose	General Fund
Inventories	\$ 212,037
Prepays	3,995,425
Total	<u>\$ 4,207,462</u>

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted for General Government – Portion of fund balance that is restricted by revenue source to be used to fund general government functions.

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 Tourism Promotion – Portion of fund balance that is restricted by revenue source to be used to fund tourism promotion.

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 to be used to fund economic development.

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

Restricted fund balance at June 30, 2025 is as follows:

Purpose	General Fund	Capital Projects	Nonmajor Governmental Funds	Total
Stabilization by state statute	\$ 10,355,720	\$ -	\$ 490,316	\$ 10,846,036
General government	-	429,404	-	429,404
Public safety	3,057,427	649,742	1,651,996	5,359,165
Transportation	4,491,905	394,395	-	4,886,300
Culture and recreation	377,271	734,466	-	1,111,737
Tourism promotion	-	-	372,836	372,836
Occupancy tax capital projects	-	-	400	400
Economic development	-	288,711	-	288,711
Capital projects	-	1,252	-	1,252
Total	\$ 18,282,323	\$ 2,497,970	\$ 2,515,548	\$ 23,295,841

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.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

Committed fund balance at June 30, 2025 is as follows:

Purpose	Capital Projects	Nonmajor Governmental Funds	Total
Culture and recreation	\$ -	\$ 240,293	\$ 240,293
Capital projects	9,244,382	-	9,244,382
Public safety	-	1,466,614	1,466,614
Total	<u>\$ 9,244,382</u>	<u>\$ 1,706,907</u>	<u>\$ 10,951,289</u>

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

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

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

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

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

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Assigned fund balance at June 30, 2025 is as follows:

Purpose	General Fund	Nonmajor Governmental Funds	Total
Minimum fund balance requirement	\$ 17,540,299	\$ -	\$ 17,540,299
Airport grant acceptance	196,617	-	196,617
Downtown projects	1,369,993	-	1,369,993
Subsequent year's expenditures	4,856,116	-	4,856,116
Community development	-	56,562	56,562
Downtown Monroe	-	59,497	59,497
Total	<u>\$ 23,963,025</u>	<u>\$ 116,059</u>	<u>\$ 24,079,084</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.

13. *Defined Benefit Cost-Sharing Plan*

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

14. *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.

15. *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 \$(33,173,813) difference are as follows:

Installment purchase obligations	\$ (6,675,089)
Limited obligation bonds	(19,117,326)
Lease liabilities	(155,555)
Subscription liabilities	(624,017)
Compensated absences	<u>(6,601,826)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (33,173,813)</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 \$3,740,142 difference are as follows:

Capital outlay	\$ 10,130,407
Disposal, net book value	(305,587)
Depreciation expense	<u>(6,084,678)</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>\$ 3,740,142</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 \$(94,121) are as follows:

Debt issued or incurred	\$ (1,800,000)
Amortization of premium	155,218
Lease liability issued	(203,241)
Subscription liabilities issued	(795,725)
Principal payments:	
Subscription liabilities payments	252,124
Lease liability payments	82,529
Installment purchase obligations & limited obligation bonds	<u>2,214,974</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>\$ (94,121)</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025, the City's deposits had a carrying amount of \$7,331,337 and a bank balance of \$8,871,303. Of the bank balance, \$258,132 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 \$7,175.

At June 30, 2025, the ABC Board's deposits had a carrying amount of \$1,281,229 and a bank balance of \$1,542,060. Of the bank balance, \$275,740 was covered by federal depository insurance, and \$1,266,320 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, 2025, the Tourism Development Authority's deposits had a carrying amount of \$808,020 and a bank balance of \$808,020. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2025, the Authority's petty cash totaled \$1,000.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

2. Investments

As of June 30, 2025, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/25</u>	<u>1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>5+ Years</u>
U.S. Government Agencies	Fair Value Level 2	\$245,889,913	\$ 5,090,367	\$ 10,302,734	\$ 17,687,206	\$ 212,809,606
NC Capital Management Trust -	Fair Value Level 1	<u>26,323,548</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total		<u>\$272,213,461</u>	<u>\$ 5,090,367</u>	<u>\$ 10,302,734</u>	<u>\$ 17,687,206</u>	<u>\$ 212,809,606</u>

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

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

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

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

Credit Risk. The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in U.S. Government Agencies (Federal Home Loan Bank and Freddie Mac) is rated AAA by Standard and Poor's and AAA by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard and Poor's and AAA-mf by Moody's Investors Service as of June 30, 2025.

Concentration of Credit Risk. The City's Board places no limit on the amount that the City may invest in any one issuer. Approximately 15% of the City's investments are in Federal Farm and Freddie Mac securities and 75% in Small Business Administration loan investment pools. In addition, the City had 10% of its investment portfolio in the NCCMT – government portfolio at June 30, 2025.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

3. *Note Receivable*

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

	<u>2025</u>
Total receivable	<u>\$ 400,000</u>

Scheduled future maturities of the note receivable are as follows:

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

The City granted a promissory note in the amount of \$65,000 in fiscal year 2025 to the Monroe Rotary Club for an outdoor picnic shelter park project. The note allows for no interest and \$25,000 contribution in the first year with \$8,000 annually thereafter.

	<u>2025</u>
Total receivable	\$ 40,000
Less current portion	<u>8,000</u>
Total note receivable - non-current	<u>\$ 32,000</u>

Scheduled future maturities of the note receivable are as follows:

<u>Year Ending</u>	<u>Total</u>
2026	\$ 8,000
2027	8,000
2028	8,000
2029	8,000
2030	<u>8,000</u>
Total	<u>\$ 40,000</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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>\$ 2,258,145</u>	<u>\$ 16,451,139</u>

Due from other governments for governmental activities was \$6,227,920 and consists of:

Due from other governments:

State shared revenues	\$ 4,045,202
Grants	203,892
State sales tax	1,262,302
County sales tax	425,890
Other	290,634
Total	<u>\$ 6,227,920</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>\$ 23,617</u>
------------------	------------------

Downtown Monroe:

Taxes receivable	<u>\$ 24</u>
------------------	--------------

5. *Lease Receivable*

The City of Monroe's leases receivable are measured at the present value expected to be received during the lease term. Under the lease agreements, the City receives predetermined lease payments. These payments are recorded as an inflow of resources in the period the payment is received. For additional information, refer to the disclosures below.

As of June 30, 2025, City of Monroe, North Carolina, had 6 active leases. The leases have receipts that range from \$1,384 to \$60,668 and interest rates that range from 0.5100% to 2.5830%. As of June 30, 2025, the total combined value of the lease receivable is \$731,845, the total combined value of the short-term lease receivable is \$117,574, and the combined value of the deferred inflow of resources is \$714,554. The leases had \$0 of Variable Receipts and \$0 of Other Receipts, not included in the Lease Receivable, within the fiscal year.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 117,574	\$ 9,374	\$ 126,948
2027	114,677	8,552	123,229
2028	117,255	7,715	124,970
2029	69,759	6,915	76,674
2030	10,723	6,566	17,289
2031-2035	58,514	29,312	87,826
2036-2040	62,872	22,816	85,688
2041-2045	69,238	15,756	84,994
2046-2050	79,592	7,538	87,130
2051-2054	31,641	484	32,125
Total	<u>\$ 731,845</u>	<u>\$ 115,028</u>	<u>\$ 846,873</u>

6. Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended June 30, 2025 was as follows:

	July 1, 2024	Additions	Retirements	Transfers	June 30, 2025
Governmental Activities:					
General Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 6,502,674	\$ -	\$ -	\$ -	\$ 6,502,674
Construction in progress	746,910	1,422,149	8,548	(175,742)	1,984,769
Total non-depreciable capital assets	<u>7,249,584</u>	<u>1,422,149</u>	<u>8,548</u>	<u>(175,742)</u>	<u>8,487,443</u>
Depreciable Capital Assets:					
Buildings and improvements	65,525,876	604,307	-	70,465	66,200,648
Equipment	10,397,094	2,223,386	8,500	87,000	12,698,980
Vehicles and motorized equipment	23,417,606	3,838,913	1,302,837	116,391	26,070,073
Intangible right to use lease	177,210	152,707	-	-	329,917
Subscriptions	204,807	779,625	135,952	-	848,480
Other intangibles	3,719,340	-	-	-	3,719,340
Infrastructure	93,025,899	973,761	-	105,277	94,104,937
Total depreciable capital assets	<u>196,467,832</u>	<u>8,572,699</u>	<u>1,447,289</u>	<u>379,133</u>	<u>203,972,375</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Less Accumulated					
Depreciation/Amortization:					
Buildings and improvements	14,980,883	1,375,816	-	-	16,356,699
Equipment	7,259,949	860,659	8,500	121,750	8,233,858
Vehicles and motorized equipment	17,877,152	1,524,854	1,088,305	81,641	18,395,342
Intangible right to use lease	118,906	63,671	-	-	182,577
Subscriptions	80,054	55,056	53,445	-	81,665
Other intangibles	1,585,101	542,616	-	-	2,127,717
Infrastructure	57,135,679	1,428,300	-	-	58,563,979
Total accumulated depreciation/amortization	99,037,724	5,850,972	1,150,250	203,391	103,941,837
Total depreciable capital assets, net	97,430,108				100,030,538
General Fund capital assets, net	<u>104,679,692</u>				<u>108,517,981</u>
 Downtown Monroe Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	80,149	-	-	-	80,149
 Depreciable Capital Assets:					
Buildings and improvements	67,180	-	-	-	67,180
Intangible right to use lease	912	1,354	-	-	2,266
Subscriptions	-	16,100	-	-	16,100
Equipment	98,071	-	-	-	98,071
Total depreciable capital assets	166,163	17,454	-	-	183,617
 Less Accumulated					
Depreciation/Amortization:					
Buildings and improvements	28,663	3,396	-	-	32,059
Intangible right to use lease	912	414	-	-	1,326
Subscriptions	-	1,789	-	-	1,789
Equipment	98,071	-	-	-	98,071
Total accumulated depreciation/amortization	127,646	5,599	-	-	133,245
Total depreciable capital assets, net	38,517				50,372
Downtown Monroe Fund capital assets, net	<u>118,666</u>				<u>130,521</u>
 Occupancy Tax Capital Project Fund:					
Depreciable Capital Assets:					
Buildings and improvements	5,964,017	118,105	-	-	6,082,122
Equipment	982,952	-	-	-	982,952
Total depreciable capital assets	6,946,969	118,105	-	-	7,065,074

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Less Accumulated Depreciation:					
Buildings and improvements	573,909	129,320	-	-	703,229
Equipment	246,476	98,787	-	-	345,263
Total accumulated depreciation	820,385	228,107	-	-	1,048,492
Total depreciable capital assets, net	6,126,584				6,016,582
Occupancy Tax Fund					
capital assets, net	6,126,584				6,016,582
Governmental activities					
capital assets, net	<u>\$ 110,924,942</u>				<u>\$ 114,665,084</u>

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

General Fund:

General government	\$ 2,132,258
Transportation	1,499,261
Public safety	1,228,176
Culture and recreation	982,067
Economic and physical development	9,210
Total General Fund	<u>5,850,972</u>

Downtown Monroe Fund:

General government	<u>5,599</u>
--------------------	--------------

Occupancy Tax Fund:

Economic and physical development	<u>228,107</u>
-----------------------------------	----------------

Total governmental activities	<u>\$ 6,084,678</u>
-------------------------------	---------------------

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Business-Type Activities:					
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 2,814,081	\$ -	\$ -	\$ -	\$ 2,814,081
Construction in progress	7,782,158	6,358,391	-	-	14,140,549
Total non-depreciable capital assets	<u>10,596,239</u>	<u>6,358,391</u>	<u>-</u>	<u>-</u>	<u>16,954,630</u>
Depreciable Capital Assets:					
Buildings and improvements	42,360,329	603,353	-	-	42,963,682
Equipment	12,086,668	1,190,262	58,747	-	13,218,183
Vehicles and motorized equipment	4,453,576	887,992	13,974	-	5,327,594
Other intangibles	318,586	-	-	-	318,586
Intangible right to use lease	13,181	22,886	-	-	36,067
Infrastructure	127,119,740	15,390,782	-	-	142,510,522
Total depreciable capital assets	<u>186,352,080</u>	<u>18,095,275</u>	<u>72,721</u>	<u>-</u>	<u>204,374,634</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	20,098,034	850,547	-	-	20,948,581
Equipment	9,126,996	852,726	58,747	-	9,920,975
Vehicles and motorized equipment	3,437,775	305,441	10,394	-	3,732,822
Other intangibles	13,276	6,372	-	-	19,648
Intangible right to use lease	13,181	6,993	-	-	20,174
Infrastructure	31,482,997	2,694,195	-	-	34,177,192
Total accumulated depreciation/amortization	<u>64,172,259</u>	<u>4,716,274</u>	<u>69,141</u>	<u>-</u>	<u>68,819,392</u>
Total depreciable capital assets, net	<u>122,179,821</u>				<u>135,555,242</u>
Water and Sewer Fund capital assets, net	<u>132,776,060</u>				<u>152,509,872</u>
Electric Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	3,715,771	-	469,844	-	3,245,927
Construction in progress	1,353,734	3,210,770	-	(464,201)	4,100,303
Total non-depreciable capital assets	<u>5,069,505</u>	<u>3,210,770</u>	<u>469,844</u>	<u>(464,201)</u>	<u>7,346,230</u>
Depreciable Capital Assets:					
Buildings and improvements	5,610,677	-	-	-	5,610,677
Equipment	3,673,917	163,929	5,782	-	3,832,064
Vehicles and motorized equipment	4,983,438	992,758	41,023	9,659	5,944,832
Infrastructure	133,151,760	6,652,462	-	464,201	140,268,423
Intangible right to use lease	19,263	6,269	-	-	25,532
Other intangibles	250,173	-	-	-	250,173
Total depreciable capital assets	<u>147,689,228</u>	<u>7,815,418</u>	<u>46,805</u>	<u>473,860</u>	<u>155,931,701</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	1,657,723	124,574	-	-	1,782,297
Equipment	2,200,330	156,008	5,782	-	2,350,556
Vehicles and motorized equipment	3,591,022	366,670	41,023	9,659	3,926,328
Infrastructure	52,469,119	2,234,941	-	-	54,704,060
Intangible right to use lease	11,673	5,876	-	-	17,549
Other intangibles	250,173	-	-	-	250,173
Total accumulated depreciation/amortization	<u>60,180,040</u>	<u>2,888,069</u>	<u>46,805</u>	<u>9,659</u>	<u>63,030,963</u>
Total depreciable capital assets, net	<u>87,509,188</u>				<u>92,900,738</u>
Electric Fund capital assets, net	<u>92,578,693</u>				<u>100,246,968</u>
Natural Gas Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	1,524,787	-	-	-	1,524,787
Construction in progress	434,486	480,270	-	(286,247)	628,509
Total non-depreciable capital assets	<u>1,959,273</u>	<u>480,270</u>	<u>-</u>	<u>(286,247)</u>	<u>2,153,296</u>
Depreciable Capital Assets:					
Buildings and improvements	569,484	-	-	-	569,484
Equipment	840,503	156,937	-	-	997,440
Vehicles and motorized equipment	2,019,919	235,445	65,391	(91,300)	2,098,673
Intangible right to use lease	713	2,190	-	-	2,903
Other intangibles	25,544	-	-	-	25,544
Infrastructure	94,212,892	3,187,241	-	286,247	97,686,380
Total depreciable capital assets	<u>97,669,055</u>	<u>3,581,813</u>	<u>65,391</u>	<u>194,947</u>	<u>101,380,424</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	313,225	13,514	-	-	326,739
Equipment	640,214	55,967	-	-	696,181
Vehicles and motorized equipment	1,216,718	122,309	65,391	(91,299)	1,182,337
Intangible right to use lease	713	669	-	-	1,382
Other intangibles	2,661	3,193	-	-	5,854
Infrastructure	23,933,555	1,839,849	-	-	25,773,404
Total accumulated depreciation/amortization	<u>26,107,086</u>	<u>2,035,501</u>	<u>65,391</u>	<u>(91,299)</u>	<u>27,985,897</u>
Total depreciable capital assets, net	<u>71,561,969</u>				<u>73,394,527</u>
Natural Gas Fund capital assets, net	<u>73,521,242</u>				<u>75,547,823</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Airport Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	9,765,358	-	-	-	9,765,358
Construction in progress	781,181	72,664	-	(613,303)	240,542
Total non-depreciable capital assets	<u>10,546,539</u>	<u>72,664</u>	<u>-</u>	<u>(613,303)</u>	<u>10,005,900</u>
Depreciable Capital Assets:					
Buildings and improvements	40,160,490	783,352	-	613,303	41,557,145
Equipment	728,258	48,126	-	-	776,384
Vehicles and motorized equipment	498,976	443,037	69,963	-	872,050
Infrastructure	5,131,517	374,140	-	-	5,505,657
Intangible right to use lease	5,030	10,928	-	-	15,958
Other intangibles	404,083	-	-	-	404,083
Total depreciable capital assets	<u>46,928,354</u>	<u>1,659,583</u>	<u>69,963</u>	<u>613,303</u>	<u>49,131,277</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	15,595,218	810,919	-	-	16,406,137
Equipment	546,275	30,839	-	-	577,114
Vehicles and motorized equipment	485,796	21,029	69,963	-	436,862
Infrastructure	1,028,962	116,520	-	-	1,145,482
Intangible right to use lease	5,030	3,339	-	-	8,369
Other intangibles	89,560	80,304	-	-	169,864
Total accumulated depreciation/amortization	<u>17,750,841</u>	<u>1,062,950</u>	<u>69,963</u>	<u>-</u>	<u>18,743,828</u>
Total depreciable capital assets, net	<u>29,177,513</u>				<u>30,387,449</u>
Airport Fund capital assets, net	<u>39,724,052</u>				<u>40,393,349</u>
Aquatics and Fitness Center Fund:					
Non-Depreciable Capital Assets:					
Land and land improvements	<u>925,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,594</u>
Depreciable Capital Assets:					
Buildings and improvements	8,921,857	166,961	-	-	9,088,818
Equipment	698,817	63,391	-	-	762,208
Subscriptions	72,125	-	-	-	72,125
Intangible right to use lease	15,974	6,140	-	-	22,114
Vehicles and motorized equipment	49,676	33,114	18,014	-	64,776
Total depreciable capital assets	<u>9,758,449</u>	<u>269,606</u>	<u>18,014</u>	<u>-</u>	<u>10,010,041</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	6,115,048	222,735	-	-	6,337,783
Equipment	426,397	50,741	-	-	477,138
Subscriptions	40,233	16,640	-	-	56,873
Intangible right to use lease	15,974	1,876	-	-	17,850
Vehicles and motorized equipment	49,676	3,035	18,014	-	34,697
Total accumulated depreciation/amortization	<u>6,647,328</u>	<u>295,027</u>	<u>18,014</u>	<u>-</u>	<u>6,924,341</u>
Total depreciable capital assets, net	<u>3,111,121</u>				<u>3,085,700</u>
Aquatics and Fitness Center					
Fund capital assets, net	<u>4,036,715</u>				<u>4,011,294</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Stormwater Fund:					
Non-Depreciable Capital Assets:					
Construction in progress	225,564	498,035	-	-	723,599
Depreciable Capital Assets:					
Buildings and improvements	36,653	-	-	-	36,653
Equipment	162,537	210,823	-	-	373,360
Vehicles and motorized equipment	1,204,327	665,529	-	(121,750)	1,748,106
Infrastructure	2,050,597	-	-	-	2,050,597
Total depreciable capital assets	3,454,114	876,352	-	(121,750)	4,208,716
Less Accumulated Depreciation:					
Buildings and improvements	8,457	1,243	-	-	9,700
Equipment	78,883	25,117	-	-	104,000
Vehicles and motorized equipment	1,027,465	111,265	-	(121,750)	1,016,980
Infrastructure	893,927	35,042	-	-	928,969
Total accumulated depreciation	2,008,732	172,667	-	(121,750)	2,059,649
Total depreciable capital assets, net	1,445,382				2,149,067
Stormwater Fund capital assets, net	<u>1,670,946</u>				<u>2,872,666</u>
Solid Waste Fund:					
Depreciable Capital Assets:					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	83,163	-	-	-	83,163
Buildings and improvements	143,914	-	-	-	143,914
Total depreciable capital assets	1,194,438	-	-	-	1,194,438
Less Accumulated Depreciation:					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	79,824	728	-	-	80,552
Buildings and improvements	74,860	6,964	-	-	81,824
Total accumulated depreciation	1,122,045	7,692	-	-	1,129,737
Total depreciable capital assets, net	<u>72,393</u>				<u>64,701</u>
Business-type activities capital assets, net	<u>\$ 344,380,101</u>				<u>\$ 375,646,673</u>

Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 114,665,084	\$ 375,646,673
Less: Long-term debt	26,571,987	63,616,769
Add: Deferred outflows	-	2,773,485
Add: Unexpended debt proceeds	6,850	-
Net investment in capital assets	<u>\$ 88,099,947</u>	<u>\$ 314,803,389</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Discretely Presented Component Units

Capital asset activity for the ABC Board for the year ended June 30, 2025 was as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Non-Depreciable Capital Assets:				
Land and land improvements	\$ 317,013	\$ -	\$ -	\$ 317,013
Depreciable Capital Assets:				
Buildings and improvements	1,312,892	-	-	1,312,892
Equipment	185,219	10,321	1,387	194,153
Vehicles and motorized equipment	15,830	-	-	15,830
Total depreciable capital assets	<u>1,513,941</u>	<u>10,321</u>	<u>1,387</u>	<u>1,522,875</u>
Less Accumulated Depreciation:				
Buildings and improvements	721,942	34,023	-	755,965
Equipment	122,736	19,710	1,387	141,059
Vehicles and motorized equipment	15,830	-	-	15,830
Total accumulated depreciation	<u>860,508</u>	<u>53,733</u>	<u>1,387</u>	<u>912,854</u>
Total depreciable capital assets, net	<u>653,433</u>			<u>610,021</u>
ABC Board capital assets, net	<u>\$ 970,446</u>			<u>\$ 927,034</u>

Capital asset activity for the Tourism Development Authority for the year ended June 30, 2025 was as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>
Capital Assets:				
Vehicles and motorized equipment	\$ -	\$ 49,446	\$ -	\$ 49,446
Right-to-use leased equipment	5,030	12,217	-	17,247
Right-to-use subscriptions	14,447	52,652	14,447	52,652
Total capital assets	<u>19,477</u>	<u>114,315</u>	<u>14,447</u>	<u>119,345</u>
Less Accumulated Depreciation/ Amortization:				
Vehicles and motorized equipment	-	2,472	-	2,472
Right-to-use leased equipment	5,030	3,733	-	8,763
Right-to-use subscriptions	14,447	10,455	14,447	10,455
Total accumulated amortization	<u>19,477</u>	<u>16,660</u>	<u>14,447</u>	<u>21,690</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 97,655</u>	<u>\$ -</u>	<u>\$ 97,655</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Payables at the government-wide level at June 30, 2025 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 1,346,210	\$ 782,025	\$ 2,128,235
Capital Projects Fund	606,854	-	606,854
Nonmajor funds	181,553	2,243	183,796
Total governmental activities	<u>\$ 2,134,617</u>	<u>\$ 784,268</u>	<u>\$ 2,918,885</u>
Business-Type Activities:			
Enterprise funds	<u>\$ 7,163,118</u>	<u>\$ 465,891</u>	<u>\$ 7,629,009</u>

Component units' payables at June 30, 2025 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
ABC Board	<u>\$ 418,285</u>	<u>\$ 53,774</u>	<u>\$ -</u>	<u>\$ 472,059</u>
Tourism Development Authority	<u>\$ 11,177</u>	<u>\$ 5,871</u>	<u>\$ 27,082</u>	<u>\$ 44,130</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, local law enforcement officers (LEOs) of participating local governmental entities, firefighters and rescue squad workers. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

2. Benefits Provided

LGERS provides retirement, disability 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. General employee plan members are eligible to retire with unreduced 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. General employee plan members are eligible to retire with reduced 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 and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 workers 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with unreduced 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 reduced retirement benefits at age 50 with 15 years of creditable service as an officer. LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with reduced retirement benefits. 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

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, 2025 was 15.04% of compensation for law enforcement officers and 13.64% 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 \$6,149,847 for the year ended June 30, 2025.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The ABC Board's contributions to LGERS for the year ended June 30, 2025 were \$67,654.

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 interest (currently 4% per year) regardless of the number of years of retirement service credit or for the reason for separation from service. 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, 2025, the City reported a liability of \$26,282,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2025, the City's proportion was 0.38986%, which was an increase of 0.00626% from its proportion as of June 30, 2024.

For the year ended June 30, 2025, the City recognized pension expense of \$8,028,425. At June 30, 2025, 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	\$ 4,605,660	\$ 30,983
Net difference between projected and actual earnings on pension plan investments	3,573,063	-
Changes in proportion and differences between City contributions and proportionate share of contributions	361,049	27,742
City contributions subsequent to the measurement date	6,149,847	-
Total	<u>\$ 14,689,619</u>	<u>\$ 58,725</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

\$6,149,847 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2026. 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
2026	\$ 2,643,160
2027	5,308,921
2028	932,989
2029	(404,023)
Total	<u>\$ 8,481,047</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions and methods used in the December 31, 2023 actuarial valuation, were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation sensitive	6.0%	4.3%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

6. Discount Rate

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 46,573,003	\$ 26,282,298	\$ 9,590,404

8. Pension Plan Fiduciary Net Position

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

b. Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At June 30, 2023, the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	87
Total	112

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the June 30, 2023 valuation. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25, including inflation and productivity factor
Discount rate	4.28 percent

The discount rate used to measure the TPL is the Fidelity GO 20-Bond AA index as of December 31, 2024.

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

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

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

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 \$451,521 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, 2025, the City reported a total pension liability of \$5,107,246. The total pension liability was measured as of December 31, 2024 based on a June 30, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the City recognized pension expense of \$563,321.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 711,226	\$ 116,748
Changes of assumptions	153,808	410,778
Benefit payments and plan administrative expense made subsequent to the measurement date	224,978	-
Total	<u>\$ 1,090,012</u>	<u>\$ 527,526</u>

\$224,978 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2026.

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
2026	\$ 157,278
2027	148,650
2028	62,258
2029	(30,678)
Total	<u>\$ 337,508</u>

Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate. The following presents the City's total pension liability calculated using the discount rate of 4.28%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28%) or 1-percentage-point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	<u>\$ 5,485,392</u>	<u>\$ 5,107,246</u>	<u>\$ 4,762,282</u>

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

	2025
Beginning balance	\$ 5,392,255
Service cost	177,982
Interest on the total pension liability	194,520
Differences between expected and actual experience in the measurement of the total pension liability	(13,606)
Changes of assumptions or other inputs	(192,384)
Benefit payments	(451,521)
Ending balance of the total pension liability	<u>\$ 5,107,246</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

The actuarial assumptions used in the June 30, 2023 valuation were based on those used for the five-year period ending December 31, 2019 Actuarial Valuation of the North Carolina Local Governmental Employee's Retirement System.

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 8,028,425	\$ 563,321	\$ 8,591,746
Pension liability	26,282,298	5,107,246	31,389,544
Proportionate share of the net pension liability	0.38986%	n/a	-

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 4,605,660	\$ 711,226	\$ 5,316,886
Changes of assumptions	-	153,808	153,808
Net difference between projected and actual earnings on plan investments	3,573,063	-	3,573,063
Changes in proportion and differences between contributions and proportionate share of contributions	361,049	-	361,049
Benefit payments and administrative costs paid subsequent to the measurement date	6,149,847	224,978	6,374,825

Deferred of Inflows of Resources:

Differences between expected and actual experience	\$ 30,983	\$ 116,748	\$ 147,731
Changes of assumptions	-	410,778	410,778
Changes in proportion and differences between contributions and proportionate share of contributions	27,742	-	27,742

c. Supplemental Retirement Income Plan

Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The state's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025 were \$1,095,924, which consisted of \$505,132 from the City and \$590,792 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, 2025 were \$3,680,334 which consisted of \$1,626,509 in contributions and matching from the City, and \$2,053,825 from City employees. No amounts were forfeited.

d. Other Post-Employment Benefits

Healthcare Benefits

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

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

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

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Membership of the Health Care Plan consisted of the following at June 30, 2023:

Retirees and dependents receiving benefits	143
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>482</u>
Total	<u><u>625</u></u>

Total OPEB Liability

The City's total OPEB liability of \$52,758,358 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Payroll Growth Assumption	3.25 percent
Discount rate	3.97 percent
Salary increases, including wage inflation:	
General Employees	
Law Enforcement Officers	
Municipal Bond Index Rate:	
Prior Measurement Date	3.86 percent
Measurement Date	3.97 percent
Healthcare cost trend rates:	
Pre-Medicare	7.00 percent
Medicare	5.50 percent
Dental	2.50 percent

The City selected a Municipal Bond Index Rate equal to the Fidelity GO AA 20-Year 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, 2025

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - beginning	<u>\$ 51,248,731</u>
Changes for the year:	
Service cost	2,008,979
Interest	1,947,888
Differences between expected and actual experience	(103,458)
Changes in assumptions or other inputs	(876,599)
Benefit payments	<u>(1,467,183)</u>
Net changes	<u>1,509,627</u>
Total OPEB liability - ending	<u><u>\$ 52,758,358</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.86% to 3.97%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2023 valuation were based on the North Carolina Local Governmental Employee's Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2023 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.97 percent) or 1-percentage-point higher (4.97 percent) than the current discount rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	<u>\$ 61,711,768</u>	<u>\$ 52,758,358</u>	<u>\$ 45,626,167</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 44,879,161	\$ 52,758,358	\$ 62,894,505

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$2,952,812. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,012,508	\$ 1,177,799
Changes of assumptions	4,683,633	8,840,151
Benefit payments and administrative costs made subsequent to the measurement date	1,467,183	-
Total	<u>\$ 10,163,324</u>	<u>\$ 10,017,950</u>

\$1,467,183 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2026	\$ (547,380)
2027	(168,748)
2028	214,691
2029	(957,604)
2030	277,241
Thereafter	(140,009)
Total	<u>\$ (1,321,809)</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

3. *Deferred Outflows and Inflows of Resources*

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

	Deferred Outflows
Charge on debt defeasance	\$ 2,773,485
OPEB deferrals	10,163,324
Pension deferrals	<u>15,779,631</u>
Total	<u><u>\$ 28,716,440</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

	Deferred Inflows
Property taxes receivable:	
General	\$ 448,717
General - Tax gap bills	8,486
Nonmajor governmental	446
Privilege license receivable:	
General	60
Code enforcement liens receivable:	
General	155,133
Prepaid taxes, agreements, gift cards, donations, and store credits, not yet earned:	
General	17,763
Lease deferrals	714,554
OPEB deferrals	10,017,950
Pension deferrals	586,251
Total	<u><u>\$ 11,949,360</u></u>

4. *Construction and Other Significant Commitments*

Construction Commitments

The government has active construction projects as of June 30, 2025. At year-end, the government's commitments with contractors are as follows:

Projects	Spent To-Date	Remaining Commitment
Governmental:		
Capital projects	\$ 1,984,769	\$ 2,468,192
American Rescue Plan Grant	-	1,466,614
Enterprise:		
Water and sewer	14,140,549	2,503,004
Stormwater	723,599	1,411,011
Electric	4,100,304	20,729,937
Natural gas	628,510	1,165,646
Airport	240,542	161,087
Total	<u><u>\$ 21,818,273</u></u>	<u><u>\$ 29,905,491</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Interlocal Agreement

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

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2025 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Activities:

General Fund	\$ 3,612,418
Capital projects fund	2,468,192
Nonmajor funds	1,929,510
Total governmental activities	<u>\$ 8,010,120</u>

Business-Type Activities:

Water and Sewer Fund	\$ 5,058,623
Electric Fund	23,054,377
Natural Gas Fund	1,479,241
Airport Fund	215,781
Nonmajor funds	1,572,414
Total business-type activities	<u>\$ 31,380,436</u>

5. 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,

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Flood Insurance

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

Self-Funded Insurance

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

Group Health Insurance

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

Workers' Compensation Insurance

The City has a self-funded workers' compensation insurance plan. Through this plan, the City has workers' compensation coverage of up to the statutory limits. The self-insurance plan has a \$650,000 retained risk per occurrence with a \$2,000,000 aggregate limit for all employees. The City also carries employer's liability coverage with a \$1,000,000 limit.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The claims payable as of June 30, 2025 are considered to be non-current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2025 are as follows:

	Health Benefit Fund	Workers' Compensation Fund	Property and Casualty Fund
Unpaid claims as of June 30, 2023	\$ 393,754	\$ 41,372	\$ 5,149
Claims and premiums paid	12,295,222	647,044	924,044
Incurred claims and premiums	<u>(12,095,904)</u>	<u>(658,976)</u>	<u>(927,433)</u>
Unpaid claims as of June 30, 2024	593,072	29,440	1,760
Claims and premiums paid	13,355,210	685,598	1,140,525
Incurred claims and premiums	<u>(13,259,297)</u>	<u>(684,634)</u>	<u>(1,137,774)</u>
Unpaid claims as of June 30, 2025	<u>\$ 688,985</u>	<u>\$ 30,404</u>	<u>\$ 4,511</u>

The City protects itself from potential loss through Travelers Property Casualty Company of America for general liability, automobile liability, public officials and law enforcement liability. The City maintains coverage of \$1,000,000 for general liability, \$1,000,000 automobile liability, \$1,000,000 public officials and law enforcement liability and \$4,000,000 umbrella/excess liability. The City's potential loss for liability coverage is limited to the deductible amount of \$50,000 per claim for public officials, law enforcement and employment practice liability; \$25,000 per claim for general liability and automobile liability; and for umbrella/excess liability, \$10,000 per claim.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Director and Deputy Finance Director are individually bonded for \$1,000,000 each. The Tax Collector is bonded under an endorsement to the City's crime coverage policy for \$250,000 per occurrence. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000 per occurrence.

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 \$150,000. All risk management activities are reported in the

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2025.

6. *Claims, Judgments, and Contingent Liabilities*

The City was a defendant in various matters of litigation as of June 30, 2025. 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.

7. *Long-Term Obligations*

a. *Leases*

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

As of June 30, 2025, the City of Monroe, North Carolina, had 5 active leases. The leases have payments that range from \$2,412 to \$51,533 and interest rates that range from 1.0600% to 5.5638%. As of June 30, 2025, the total combined value of the lease liability is \$198,543, the total combined value of the short-term lease liability is \$87,786. The combined value of the right to use asset, as of June 30, 2025 was \$721,004 with accumulated amortization of \$249,227. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 73,474	\$ 3,635	\$ 77,109
2027	39,001	1,991	40,992
2028	40,215	777	40,992
2029	2,865	8	2,873
Total	<u>\$ 155,555</u>	<u>\$ 6,411</u>	<u>\$ 161,966</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2026	\$ 14,302	\$ 1,050	\$ 15,352
2027	14,705	648	15,353
2028	12,896	245	13,141
2029	1,085	3	1,088
Total	<u>\$ 42,988</u>	<u>\$ 1,946</u>	<u>\$ 44,934</u>

b. Subscriptions

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

As of June 30, 2025, the City of Monroe, North Carolina, had 11 active subscriptions. The subscriptions have payments that range from \$7,000 to \$152,742 and interest rates that range from 1.8503% to 3.6310%. As of June 30, 2025, the total combined value of the subscription liability is \$624,017, and the total combined value of the short-term subscription liability is \$179,019. The combined value of the right to use asset, as of June 30, 2025 of \$936,705 with accumulated amortization of \$140,327 is included within the subscription class activities table found below. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2025, were as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 179,019	\$ 17,491	\$ 196,510
2027	173,637	13,191	186,828
2028	144,369	8,373	152,742
2029	126,992	4,246	131,238
Total	<u>\$ 624,017</u>	<u>\$ 43,301</u>	<u>\$ 667,318</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

c. *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>
\$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.	\$ 388,000	\$ -	\$ 388,000
\$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.	536,000	-	536,000
\$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.	275,000	-	275,000
\$3,101,725 Executed June 9, 2020 with a bank, to finance a fire truck and financial software requiring 10 annual installments ranging from \$208,000 to \$248,000 plus interest at 1.991%. The fire truck is pledged as collateral for the debt.	1,110,089	529,912	1,640,001
\$825,000 Executed May 11, 2023 with a bank to finance a fire truck requiring 10 annual installments ranging from \$101,083 to \$101,920 plus interest at 4.0%. The fire truck is pledged as collateral for the debt.	684,000	-	684,000
\$1,400,000 Executed May 16, 2024 with a bank to finance a fire truck requiring 10 annual installments ranging from \$117,000 to \$167,000 plus interest at 4.3027%. The fire truck is pledged as collateral for the debt.	1,283,000	-	1,283,000
\$735,000 Executed May 16, 2024 with a bank to finance a leaf collection truck and golf cart fleet requiring 5 annual installments ranging from \$136,000 to \$159,000 plus interest at 4.3027%. The leaf collection truck is pledged as collateral for the debt.	599,000	-	599,000
\$2,210,000 Executed April 15, 2025 with a bank to finance two airport refueler trucks and a fire truck requiring 10 annual installments ranging from \$182,000 to \$261,000 plus interest at 3.9323%. The trucks are pledged as collateral for the debt.	1,800,000	410,000	2,210,000
Total	<u>\$ 6,675,089</u>	<u>\$ 939,912</u>	<u>\$ 7,615,001</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The City's outstanding note from direct placements related to governmental activities of \$388,000 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 \$536,000 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 \$275,000 is secured by the fire truck. Upon the failure to pay or make timely payments, the lessor may retake possession of the equipment, hold the lessee liable for the difference between the rents payable and the rent paid by the lessee, and take whatever action at law that may appear necessary.

The City's outstanding note from direct placements related to governmental activities of \$1,110,089 and business-type activities of \$529,912 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$684,000 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$1,283,000 is secured by the fire truck. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$599,000 is secured by the leaf collection truck and golf cart fleet. 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 \$1,800,000 and business-type activities of \$410,000 is secured by the trucks. 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, 2025

Annual debt service payments of the installment purchase obligations as of June 30, 2025 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 1,126,431	\$ 236,574	\$ 135,568	\$ 27,390
2027	1,166,354	197,997	139,646	23,318
2028	1,002,091	161,189	142,909	19,847
2029	845,385	127,462	146,615	16,281
2030	636,492	98,304	150,508	12,613
2031-2035	1,898,336	211,321	224,666	27,175
Total	<u>\$ 6,675,089</u>		<u>\$ 939,912</u>	
Total interest payments		<u>\$ 1,032,847</u>		<u>\$ 126,624</u>

At June 30, 2025, the City had a legal debt margin of \$438,517,226.

d. Revenue Bonds

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

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

On August 11, 2016, the City issued \$20,660,000 in Combined Enterprise System Revenue Bonds, Series 2016 to advance refund a portion of the Series 2008A Revenue Bonds. These 17-year bonds have interest rates varying between 2% and 5%. The total shown is net of the unamortized bond premium of \$1,829,979 associated with the bonds. \$ 14,454,979

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 \$1,210,482 associated with the bonds. 11,515,481

On December 8, 2020, the City issued \$6,560,000 in direct placement Combined Enterprise System Revenue Bonds, Series 2020A to advance refund outstanding callable maturities of the City's Combined Enterprise System Refunding Bonds, Series 2011. These 7-year bonds have an interest rate of .92%. 2,606,000

On December 8, 2020, the City issued \$6,776,000 in direct placement Combined Enterprise System Revenue Bonds, Series 2020B to advance refund outstanding maturities of the City's 2014 State of North Carolina Water Pollution Control Revolving Fund Loan. These 14-year bonds have an interest rate of 1.4%. 4,292,000

Total \$ 32,868,460

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 owed by the City under the related agreements.

The future payments of the revenue bonds as of June 30, 2025 are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2026	\$ 3,087,000	\$ 1,137,107
2027	3,141,000	1,076,207
2028	3,229,000	972,339
2029	2,441,000	864,008
2030	2,537,000	759,274
2031-2035	9,823,000	2,190,619
2036-2040	3,230,000	1,060,044
2041-2043	2,339,999	238,000
Total	<u>\$ 29,827,999</u>	<u>\$ 8,297,598</u>

The future payments as presented above have not been reduced by the net of unamortized bond premiums totaling \$3,040,461.

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

The debt service coverage ratio calculation for the year ended June 30, 2025, is as follows:

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Operating revenues	\$ 117,302,239
Operating expenses (1)	79,151,615
Operating income	38,150,624
Non-operating revenues (2)	<u>8,335,174</u>
Income available for debt service	46,485,798
Parity debt service	<u>4,241,676</u>
Debt service coverage ratio	<u>1096%</u>
Income available for debt service	46,485,798
Subordinated debt service	<u>6,837,068</u>
Debt service coverage ratio	<u>680%</u>

(1) Per rate covenants, this does not include the depreciation and amortization expense of \$10,490,088.

(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 direct placement revenue bonds originally issued in 2008 and 2011. Proceeds from the bonds provided financing for various capital projects and refunded prior issues. The bonds are payable solely from the revenue sources of the enterprise funds noted above and are payable through 2043. Annual principal and interest payments on the bonds are expected to require less than 5% of net revenues. In the event of a default, the City agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreement. The total principal and interest remaining to be paid on the bonds is \$38,125,598. Principal and interest paid for the current year and total customer net revenues were \$4,241,676 and \$117.3 million, respectively.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

e. Limited Obligation Bonds

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
On April 14, 2016, the City issued \$27,045,000 in Limited Obligation Bonds (LOBS) to refund the Certificates of Participation used to finance the construction of natural gas improvements. These 23-year LOBS have interest rates varying between 2% and 5%. Although any source of funds legally available may be used, the bonds are serviced by Natural Gas system revenues. The portion of the natural gas pipeline that is located in Union County is pledged as collateral for the debt. The total is shown net of the unamortized bond premium of \$1,929,384 associated with the bonds.	\$ -	\$ 22,904,384	\$ 22,904,384
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 \$136,025 associated with the bonds.	-	6,861,025	6,861,025
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 \$288,038 associated with the bonds.	6,018,038	-	6,018,038
On August 10, 2021, the City issued \$13,680,000 in direct placement Limited Obligation Bonds, Series 2021 to fund the construction of the Monroe Police Headquarters and Senior Center. These 20-year bonds have interest rates varying between 3% and 5%. Although any source of funds legally available may be used, the bonds are serviced from the General Fund. The Police Headquarters is pledged as collateral for the debt. The total shown is net of the unamortized bond premium of \$2,154,288 associated with the bonds.	13,099,288	-	13,099,288
Total	<u>\$ 19,117,326</u>	<u>\$ 29,765,409</u>	<u>\$ 48,882,735</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 1,050,000	\$ 683,638	\$ 1,385,000	\$ 1,125,313
2027	1,055,000	631,138	1,455,000	1,056,063
2028	1,060,000	578,388	1,530,000	983,313
2029	1,070,000	525,388	1,600,000	906,813
2030	1,075,000	479,588	1,675,000	826,813
2031-2035	5,480,000	1,664,300	9,375,000	3,169,438
2036-2040	5,205,000	605,450	9,260,000	1,286,231
2041-2043	680,000	20,400	1,420,000	100,625
Total	<u>\$ 16,675,000</u>	<u>\$ 5,188,290</u>	<u>\$ 27,700,000</u>	<u>\$ 9,454,609</u>

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$4,507,735.

f. 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, 2025, \$14,060,000 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, 2025, \$21,120,000 of bonds outstanding are considered defeased.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

g. Current Refunding

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

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

h. Changes in Long-Term Liabilities

	<u>Balance</u> <u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
General and Parks and Recreation Fund:					
Direct placement installment purchasing obligations	\$ 5,532,164	\$ 1,800,000	\$ 1,080,534	\$ 6,251,630	\$ 1,029,311
Lease liabilities	34,843	197,207	81,358	150,692	71,978
Subscription liabilities	80,416	779,625	247,124	612,917	173,807
Compensated absences*	5,614,760	889,226	-	6,503,986	4,377,348
Total pension liability (LEOSSA)	5,392,255	1,974,354	2,259,363	5,107,246	379,269
Net pension liability (LGRS)	17,606,517	607,117	-	18,213,634	-
Total OPEB liability	35,376,996	2,054,892	1,012,796	36,419,092	937,511
Limited obligation bonds	14,855,000	-	900,000	13,955,000	900,000
Less unamortized premiums	2,471,164	-	146,792	2,324,372	146,792
Total limited obligation bonds	17,326,164	-	1,046,792	16,279,372	1,046,792
Total	86,964,115	8,302,421	5,727,967	89,538,569	8,016,016

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance</u> <u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Portion of</u> <u>Balance</u>
Golf Course:					
Direct placement installment purchasing obligations	505,288	-	92,438	412,850	95,082
Lease liabilities	-	4,562	771	3,791	1,096
Compensated absences*	60,133	37,707	-	97,840	65,552
Total OPEB liability	<u>128,121</u>	<u>7,442</u>	<u>3,668</u>	<u>131,895</u>	<u>3,395</u>
Total	<u>693,542</u>	<u>49,711</u>	<u>96,877</u>	<u>646,376</u>	<u>165,125</u>
Downtown Monroe Fund:					
Lease liabilities	-	1,472	400	1,072	400
Subscription liabilities	-	16,100	5,000	11,100	5,212
Direct placement installment purchasing obligations	<u>12,611</u>	<u>-</u>	<u>2,002</u>	<u>10,609</u>	<u>2,038</u>
Total	<u>12,611</u>	<u>17,572</u>	<u>7,402</u>	<u>22,781</u>	<u>7,650</u>
Occupancy Tax Fund:					
Limited obligation bonds	2,860,000	-	140,000	2,720,000	150,000
Plus unamortized premiums	<u>126,380</u>	<u>-</u>	<u>8,426</u>	<u>117,954</u>	<u>8,426</u>
Total limited obligation bonds	<u>2,986,380</u>	<u>-</u>	<u>148,426</u>	<u>2,837,954</u>	<u>158,426</u>
Total governmental activities	<u>\$ 90,656,648</u>	<u>\$ 8,369,704</u>	<u>\$ 5,980,672</u>	<u>\$ 93,045,680</u>	<u>\$ 8,347,217</u>
Business-Type Activities:					
Water and Sewer Fund:					
Compensated absences*	\$ 964,080	\$ 88,556	\$ -	\$ 1,052,636	\$ 705,266
Lease liabilities	-	24,593	6,381	18,212	5,645
Net pension liability (LGRS)	3,277,403	113,013	-	3,390,416	-
Total OPEB liability	6,621,337	384,604	189,560	6,816,381	175,469
Direct placement installment purchasing obligations	<u>171,445</u>	<u>-</u>	<u>27,223</u>	<u>144,222</u>	<u>27,707</u>
Revenue bonds	16,062,061	-	1,016,340	15,045,721	1,039,224
Plus bond premium	<u>1,416,932</u>	<u>-</u>	<u>94,970</u>	<u>1,321,962</u>	<u>94,970</u>
Total revenue bonds	<u>17,478,993</u>	<u>-</u>	<u>1,111,310</u>	<u>16,367,683</u>	<u>1,134,194</u>
Total Water and Sewer Fund	<u>28,513,258</u>	<u>610,766</u>	<u>1,334,474</u>	<u>27,789,550</u>	<u>2,048,281</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion of Balance
Electric Fund:					
Compensated absences*	984,518	261,800	-	1,246,318	835,034
Lease liabilities	7,287	7,225	4,809	9,703	3,908
Net pension liability (LGRS)	1,422,751	49,060	-	1,471,811	-
Total OPEB liability	2,890,429	167,892	82,750	2,975,571	76,598
Direct placement installment purchasing obligations	151,674	-	24,084	127,590	24,512
Revenue bonds	9,906,661	-	921,633	8,985,028	964,334
Plus bond premium	1,465,194	-	162,799	1,302,395	162,799
Total revenue bonds	11,371,855	-	1,084,432	10,287,423	1,127,133
Total Electric Fund	16,828,514	485,977	1,196,075	16,118,416	2,067,185
Natural Gas Fund:					
Compensated absences*	354,749	46,742	-	401,491	268,999
Lease liabilities	-	2,282	571	1,711	540
Total OPEB liability	1,465,713	85,137	41,961	1,508,889	38,842
Net pension liability (LGRS)	736,781	25,406	-	762,187	-
Direct placement installment purchasing obligations	101,972	-	16,192	85,780	16,480
Limited obligation bonds	29,020,000	-	1,320,000	27,700,000	1,385,000
Plus bond premium	2,210,778	-	145,369	2,065,409	145,369
Total limited obligation bonds	31,230,778	-	1,465,369	29,765,409	1,530,369
Revenue bonds	1,655,218	-	153,988	1,501,230	161,122
Plus bond premium	244,783	-	27,198	217,585	27,198
Total revenue bonds	1,900,001	-	181,186	1,718,815	188,320
Total Natural Gas Fund	35,789,994	159,567	1,705,279	34,244,282	2,043,550
Airport Fund:					
Compensated absences*	79,139	20,285	-	99,424	66,614
Lease liabilities	-	11,579	3,040	8,539	2,695
Net pension liability (LGRS)	609,748	21,026	-	630,774	-
Total OPEB liability	1,224,848	71,146	35,066	1,260,928	32,459
Direct placement installment purchasing obligations	45,426	410,000	7,213	448,213	41,106
Revenue bonds	5,211,060	-	915,040	4,296,020	922,320
Plus bond premium	209,548	-	11,029	198,519	11,029
Total revenue bonds	5,420,608	-	926,069	4,494,539	933,349
Total Airport Fund	7,379,769	534,036	971,388	6,942,417	1,076,223

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	<u>Balance</u> <u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Aquatics and Fitness					
Center Fund:					
Compensated absences*	183,160	28,613	-	211,773	141,888
Lease liabilities	-	8,209	3,386	4,823	1,514
Subscription liabilities	24,187	-	24,187	-	-
Net pension liability (LGRS)	1,194,092	41,175	-	1,235,267	-
Total OPEB liability	2,413,815	140,208	69,104	2,484,919	63,968
Direct placement installment purchasing obligations	<u>56,565</u>	<u>-</u>	<u>8,982</u>	<u>47,583</u>	<u>9,141</u>
Total Aquatics and Fitness Center Fund	<u>3,871,819</u>	<u>218,205</u>	<u>105,659</u>	<u>3,984,365</u>	<u>216,511</u>
Stormwater Fund:					
Compensated absences*	161,906	35,985	-	197,891	132,587
Net pension liability (LGRS)	533,530	18,397	-	551,927	-
Total OPEB liability	1,055,723	61,322	30,224	1,086,821	27,977
Direct placement installment purchasing obligations	<u>58,050</u>	<u>-</u>	<u>9,218</u>	<u>48,832</u>	<u>9,381</u>
Total Stormwater Fund	<u>1,809,209</u>	<u>115,704</u>	<u>39,442</u>	<u>1,885,471</u>	<u>169,945</u>
Solid Waste Fund:					
Compensated absences*	24,191	3,957	-	28,148	18,859
Net pension liability (LGRS)	25,406	876	-	26,282	-
Total OPEB liability	71,749	4,167	2,054	73,862	1,901
Direct placement installment purchasing obligations	<u>44,807</u>	<u>-</u>	<u>7,115</u>	<u>37,692</u>	<u>7,241</u>
Total Solid Waste Fund	<u>166,153</u>	<u>9,000</u>	<u>9,169</u>	<u>165,984</u>	<u>28,001</u>
Total business-type activities	<u>\$ 94,358,716</u>	<u>\$ 2,133,255</u>	<u>\$ 5,361,486</u>	<u>\$ 91,130,485</u>	<u>\$ 7,649,696</u>

*The change in compensated absences above is a net change for the year.

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

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

C. Interfund Balances and Activity

Interfund balances at June 30, 2025 consist of the following:

<u>Due to</u>	<u>General Fund</u>	<u>Airport Fund</u>	<u>Total</u>
Electric Fund	\$ 6,977,340	\$ 562,584	\$ 7,539,924

The balance of \$477,340 due to the Electric Fund from the General Fund resulted from financing of the ATI Specialty Materials land for economic development incentives. The promissory note is for \$1,058,562 payable annually over 15 years with interest accruing at 2.84%. The current portion of this note is \$74,093 and the balance of \$403,248 is not scheduled to be collected in the subsequent year.

The balance of \$6,500,000 due to the Electric Fund from the General Fund resulted from financing of the construction of the Information Technology Data Center and Purchasing Division offices. The promissory note is for \$6,500,000 payable annually over 20 years with interest accruing at 2.00%. The current portion of this note is \$267,519 and the balance of \$6,232,481 is not scheduled to be collected in the subsequent year.

The balance of \$562,584 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 \$44,288 and the balance of \$518,296 is not scheduled to be collected in the subsequent year.

The Internal Service Fund is consolidated into governmental activities. The adjustment related to the enterprise funds is \$(220,061).

Balances due to/from component units at June 30, 2025 consist of the following:

Due to the Primary Government:

Monroe Tourism Development Authority	<u>\$ 27,082</u>
Monroe ABC Board	<u>\$ 107,456</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Transfers to/from other funds for the year ended June 30, 2025 consist of the following:

From the General Fund to the Airport Fund for Airport subsidy and various projects	\$ 1,599,587
From the Airport Capital Project Fund to the General Fund to close projects	43,725
From the Capital Project Fund to the General Fund to close projects	1,076,388
From the Electric Fund to the General Fund for payment in lieu of taxes and advance	6,971,762
From the Natural Gas Fund to the General Fund for payment in lieu of taxes	205,410
From the General Fund to the Downtown Monroe Fund for downtown subsidy	507,242
From the General Fund to the Capital Projects Fund for various projects	3,651,636
From the Capital Project Fund to the Airport Capital Project Fund to close projects	139,354
From the Water and Sewer Fund to the General Fund for replacement of utility billing vehicle	6,554
From the General Fund to the Electric Capital Project Fund for projects	6,500,000
From the Occupancy Tax Capital Project Fund to the Occupancy Tax Fund to close projects	3,912
From the Occupancy Tax Fund to the Occupancy Tax Capital Project Fund to close projects	3,194
From the Water and Sewer Fund to the ARPA fund for projects	60,330
From the Asset Forfeiture Fund to the General Fund for in-car cameras for patrol vehicles	152,742

IV. Jointly Governed Organizations

The City, in conjunction with eighteen other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The nineteen members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2025 were \$37,630,254.

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 \$8,615 to the Council during the fiscal year ended June 30, 2025.

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

V. Joint Venture

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

VI. Related Organization

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

VII. Related Party Transactions

The City and its discretely presented component units engaged in the following transactions during the year ended June 30, 2025:

City of Monroe ABC Board:

Payments to the City for profit distributions	\$ 295,365
Payments to the City for law enforcement	<u>121,002</u>
Total	<u><u>\$ 416,367</u></u>

Monroe Tourism Development Authority:

Payments of a pro-rata portion of the occupancy tax by the City to the Authority	<u><u>\$ 908,446</u></u>
Payment by the Authority to the City for the Occupancy Tax Project	<u><u>\$ 289,310</u></u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

VIII. Fund Balance

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

Total fund balance- General Fund	\$ 46,161,420
Less:	
Inventories	212,037
Prepays	3,995,425
Stabilization by state statute	10,355,720
Public safety	3,057,427
Culture and recreation	377,271
Powell Bill reserves	4,491,905
Minimum fund balance requirement	17,540,299
Airport grant acceptance	196,617
Downtown projects	1,369,993
Subsequent year's expenditures	4,856,116
Remaining fund balance	<u>\$ (291,390)</u>

IX. Summary Disclosures of Significant Contingencies

Federal and State-Assisted Programs

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

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

X. Contingent Liabilities

At June 30, 2025, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

XI. Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2025, the expenditures made in the City's Occupancy Tax Capital Project Fund exceeded appropriations made by the governing board by the following:

Occupancy Tax Capital Project Fund:	
Project expenditures	<u>\$ 59,516</u>

CITY OF MONROE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

These over expenditures occurred because the government failed to amend its project budget to properly budget for the project expenditures. Management and staff will more closely evaluate future activity to ensure compliance in future years.

Non-Compliance with North Carolina General Statutes

In accordance with G.S. [159-13] (b)(3), a contingency appropriation shall not exceed five (5)% of the total of all other appropriations in the same fund. In the current year, there was a violation of the NC General Statute with regard to the contingency appropriation exceeding the aforementioned passage in the Occupancy Tax Fund.

Management Response- Staff will ensure that the contingency appropriation is not more than 5% of the total of other appropriations in the same fund.

XII. Adjustments and Restatements of Beginning Balances

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the Restatement - GASB 101 implementation column in the table below.

	Net Position/Fund Balance 6/30/2024 as Previously Reported	Restatement GASB 101 Implementation	Net Position/Fund Balance 6/30/2024 as Restated/ Adjusted
Government-wide:			
Governmental activities	\$ 100,305,574	\$ (1,818,428)	\$ 98,487,146
Business-type activities	480,894,474	(1,223,451)	479,671,023
Total government-wide	<u>\$ 581,200,048</u>	<u>\$ (3,041,879)</u>	<u>\$ 578,158,169</u>
Proprietary funds:			
Enterprise funds:			
Major funds:			
Water and sewer	\$ 172,438,410	\$ (478,174)	\$ 171,960,236
Electric	184,878,781	(454,445)	184,424,336
Natural gas	82,741,455	(104,789)	82,636,666
Airport	33,001,613	(21,384)	32,980,229
Nonmajor funds:			
Aquatics and fitness center	2,682,024	(51,335)	2,630,689
Stormwater	4,589,941	(113,324)	4,476,617
Total enterprise funds	<u>\$ 480,332,224</u>	<u>\$ (1,223,451)</u>	<u>\$ 479,108,773</u>

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 Employee Payroll
 - Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios
 - Local Governmental Employees' Retirement System - City of Monroe's Proportionate Share of Net Pension Liability (Asset) - Last Ten Fiscal Years
 - Local Governmental Employees' Retirement System - City of Monroe's Contributions - Last Ten Fiscal Years
-

CITY OF MONROE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST NINE FISCAL YEARS*

Law Enforcement Officers' Special Separation Allowance					
	2025	2024	2023	2022	2021
Beginning balance	\$ 5,392,255	\$ 4,764,032	\$ 4,585,539	\$ 5,026,861	\$ 4,573,806
Service cost	177,982	150,343	218,392	165,307	161,500
Interest on the total pension liability	194,520	184,648	90,451	103,132	145,057
Differences between expected and actual experience in the measurement of the total pension liability	(13,606)	613,609	991,772	(711,957)	-
Changes of assumptions or other inputs	(192,384)	98,669	(716,962)	326,478	394,929
Benefit payments	(451,521)	(419,046)	(405,160)	(324,282)	(248,431)
Ending balance of the total pension liability	<u>\$ 5,107,246</u>	<u>\$ 5,392,255</u>	<u>\$ 4,764,032</u>	<u>\$ 4,585,539</u>	<u>\$ 5,026,861</u>

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

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

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

LAST NINE 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>

CITY OF MONROE, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance				
	2025	2024	2023	2022	2021
Total pension liability	\$ 5,107,246	\$ 5,392,255	\$ 4,764,032	\$ 4,585,539	\$ 5,026,861
Covered employee payroll	5,788,718	5,788,718	5,214,248	5,288,479	5,488,440
Total pension liability as a percentage of covered employee payroll	88.23%	93.15%	91.37%	86.71%	91.59%

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

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED EMPLOYEE
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST NINE 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 employee payroll	5,488,440	5,171,410	5,106,289	4,986,204
Total pension liability as a percentage of covered employee payroll	83.34%	80.37%	79.82%	72.05%

CITY OF MONROE, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT FISCAL YEARS*

	Other Post-Employment Benefits			
	2025	2024	2023	2022
Service cost	\$ 2,008,979	\$ 1,695,442	\$ 2,525,725	\$ 1,770,891
Interest	1,947,888	1,605,778	1,161,386	1,128,148
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(103,458)	5,266,507	429,802	(831,990)
Changes of assumptions or other inputs	(876,599)	73,571	(12,872,144)	1,589,512
Benefit payments	(1,467,183)	(1,467,277)	(1,446,039)	(855,966)
Net change in total OPEB liability	1,509,627	7,174,021	(10,201,270)	2,800,595
Total OPEB liability - beginning	51,248,731	44,074,710	54,275,980	51,475,385
Total OPEB liability - ending	\$ 52,758,358	\$ 51,248,731	\$ 44,074,710	\$ 54,275,980
Covered employee payroll	\$ 31,102,170	\$ 31,102,170	\$ 26,383,362	\$ 26,383,362
Total OPEB liability as a percentage of covered employee payroll	169.63%	164.78%	167.05%	205.72%

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
2025	3.97%
2024	3.86%
2023	3.69%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

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

CITY OF MONROE, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT FISCAL YEARS*

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

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

	Local Governmental Employees' Retirement System				
	2025	2024	2023	2022	2021
Monroe's proportion of the net pension liability (asset) (%)	0.38986%	0.38360%	0.38387%	0.38801%	0.38425%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 26,282,298	\$ 25,406,228	\$ 21,506,797	\$ 5,950,508	\$ 13,730,889
Monroe's covered payroll	\$ 36,968,761	\$ 33,790,293	\$ 29,452,814	\$ 28,187,749	\$ 27,454,853
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.09%	75.19%	73.02%	21.11%	50.01%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%

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

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

CITY OF MONROE, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2020	2019	2018	2017	2016
Monroe's proportion of the net pension liability (asset) (%)	0.38521%	0.38665%	0.38737%	0.39039%	0.43129%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 10,519,788	\$ 9,172,662	\$ 5,917,943	\$ 8,285,386	\$ 1,935,602
Monroe's covered payroll	\$ 26,409,947	\$ 24,933,732	\$ 23,996,590	\$ 23,236,408	\$ 22,549,809
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%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

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

Local Governmental Employees' Retirement System					
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 6,149,847	\$ 4,851,063	\$ 4,162,306	\$ 3,398,074	\$ 2,913,676
Contributions in relation to the contractually required contribution	<u>6,149,847</u>	<u>4,851,063</u>	<u>4,162,306</u>	<u>3,398,074</u>	<u>2,913,676</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Monroe's covered payroll	\$ 44,611,836	\$ 36,968,761	\$ 33,790,293	\$ 29,452,814	\$ 28,187,749
Contributions as a percentage of covered payroll	13.79%	13.12%	12.32%	11.54%	10.34%

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

Local Governmental Employees' Retirement System					
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,512,465	\$ 2,100,061	\$ 1,920,739	\$ 1,790,488	\$ 1,586,301
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered payroll	9.15%	7.95%	7.70%	7.46%	6.83%



Other Supplementary Information

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

CITY OF MONROE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 29,350,713	\$ 30,910,226	\$ 1,559,513
Penalties and interest	90,000	135,899	45,899
Total	29,440,713	31,046,125	1,605,412
Other Taxes and Licenses:			
Beer and wine and taxicab licenses	2,225	2,157	(68)
Gross receipts tax on short-term rental property	137,078	170,177	33,099
Motor vehicle tax	942,626	986,970	44,344
Total	1,081,929	1,159,304	77,375
Unrestricted Intergovernmental:			
Sales and use tax	12,624,136	12,652,465	28,329
Telecommunications sales tax	161,035	152,682	(8,353)
Utility sales tax	3,179,149	3,698,843	519,694
Video franchise fee	146,456	154,395	7,939
Beer and wine tax	151,110	148,665	(2,445)
State fire fees	2,656	2,484	(172)
ABC profit distribution	112,090	295,365	183,275
Total	16,376,632	17,104,899	728,267
Restricted Intergovernmental:			
Powell Bill allocation	1,287,105	1,311,187	24,082
Public safety reimbursement grants	121,961	1,073	(120,888)
ABC Revenue for law enforcement	100,850	121,002	20,152
Resource officer reimbursement	376,596	478,700	102,104
Fire reimbursement grants	568,436	608,088	39,652
Economic development grants	80,998	-	(80,998)
Equitable sharing of federally forfeited property	-	24,210	24,210
Parks and recreation grants	40,915	26,397	(14,518)
Campus safety officer reimbursement	160,897	155,665	(5,232)
Interlocal agreement - finance	-	3,400	3,400
Total	2,737,758	2,729,722	(8,036)
Sales and Services:			
Recreational fees	1,689,736	1,665,816	(23,920)
Utilities collection fees	435,008	573,345	138,337
Building permit fees	1,453,325	1,793,309	339,984
Cemetery revenues	52,936	40,685	(12,251)
Sale of capital assets	148,450	152,549	4,099
Rentals	116,100	64,949	(51,151)
Center Theatre sales and fees	296,631	199,134	(97,497)
Other fees	791,177	754,334	(36,843)
Total	4,983,363	5,244,121	260,758

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, 2025

	Budget	Actual	Variance Over/Under
Investment Earnings	<u>2,244,764</u>	<u>2,428,469</u>	<u>183,705</u>
Miscellaneous:			
Donations	22,650	9,178	(13,472)
Other	<u>353,457</u>	<u>388,481</u>	<u>35,024</u>
Total	<u>376,107</u>	<u>397,659</u>	<u>21,552</u>
Total revenues	<u>57,241,266</u>	<u>60,110,299</u>	<u>2,869,033</u>
Expenditures:			
Current:			
General Government:			
Salaries and employee benefits	13,844,783	13,171,488	673,295
Operating expenditures	8,353,217	6,947,318	1,405,899
Capital outlay	2,125,842	1,777,158	348,684
Interdepartmental charges	<u>(9,354,059)</u>	<u>(9,304,333)</u>	<u>(49,726)</u>
Total general government	<u>14,969,783</u>	<u>12,591,631</u>	<u>2,378,152</u>
Transportation:			
Streets and highways			
Salaries and employee benefits	1,802,543	1,677,400	125,143
Operating expenditures	2,212,595	1,669,378	543,217
Capital outlay	1,933,612	262,667	1,670,945
Interdepartmental charges	<u>(549,126)</u>	<u>(661,698)</u>	<u>112,572</u>
Total transportation	<u>5,399,624</u>	<u>2,947,747</u>	<u>2,451,877</u>
Public Safety:			
Salaries and employee benefits	29,023,933	28,527,187	496,746
Operating expenditures	4,808,647	3,854,539	954,108
Capital outlay	7,777,526	3,928,823	3,848,703
Interdepartmental charges	<u>430,078</u>	<u>430,078</u>	<u>-</u>
Total public safety	<u>42,040,184</u>	<u>36,740,627</u>	<u>5,299,557</u>
Culture and Recreation:			
Salaries and employee benefits	2,908,389	2,798,199	110,190
Operating expenditures	2,010,041	1,750,877	259,164
Capital outlay	942,444	437,645	504,799
Interdepartmental charges	<u>(105,750)</u>	<u>(105,750)</u>	<u>-</u>
Total culture and recreation	<u>5,755,124</u>	<u>4,880,971</u>	<u>874,153</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, 2025

	Budget	Actual	Variance Over/Under
Debt Service:			
Principal retirement	2,424,833	2,402,226	22,607
Interest and other charges	881,789	832,834	48,955
Total debt service	3,306,622	3,235,060	71,562
 Total expenditures	 71,471,337	 60,396,036	 11,075,301
 Revenues over (under) expenditures	 (14,230,071)	 (285,737)	 13,944,334
 Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Downtown Monroe Fund	(559,913)	(507,242)	52,671
Capital projects funds:			
Capital projects	(3,651,636)	(3,651,636)	-
Capital projects	1,076,388	1,076,388	-
			-
Water and Sewer Fund	6,554	6,554	-
Airport Capital Projects Fund	43,725	43,725	-
Asset forfeiture	152,742	152,742	-
Airport Fund	(1,581,889)	(1,599,587)	(17,698)
Natural Gas Fund	205,411	205,410	(1)
Electric Fund	6,971,762	6,971,762	-
Electric Capital Project Fund	(6,500,000)	(6,500,000)	-
Subscriptions issued	738,519	738,518	(1)
Lease liability issued	152,708	152,708	-
Installment purchase obligations issued	1,800,000	1,800,000	-
Total other financing sources (uses)	(1,145,629)	(1,110,658)	34,971
 Appropriated fund balance	 15,375,700	 -	 (15,375,700)
 Net change in fund balance	 \$ -	 (1,396,395)	 \$ (1,396,395)
 Fund Balance:			
Beginning of year, July 1		47,557,815	
 End of year, June 30		 \$ 46,161,420	

CITY OF MONROE, NORTH CAROLINA

MAJOR - CAPITAL PROJECTS FUND

CAPITAL PROJECTS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 1,238,000	\$ 745,452	\$ 57,984	\$ 803,436	\$ (434,564)
Donations	2,788	5,999	5,780	11,779	8,991
Miscellaneous	181,064	-	181,064	181,064	-
Investment earnings	722	186,889	-	186,889	186,167
Total revenues	<u>1,422,574</u>	<u>938,340</u>	<u>244,828</u>	<u>1,183,168</u>	<u>(239,406)</u>
Expenditures:					
Capital outlay:					
Construction costs capitalized	34,129,494	32,331,584	889,724	33,221,308	908,186
Construction in progress	25,439,217	592,890	1,391,879	1,984,769	23,454,448
Other costs	1,713,780	289,479	568,691	858,170	855,610
Total expenditures	<u>61,282,491</u>	<u>33,213,953</u>	<u>2,850,294</u>	<u>36,064,247</u>	<u>25,218,244</u>
Revenues over (under) expenditures	<u>(59,859,917)</u>	<u>(32,275,613)</u>	<u>(2,605,466)</u>	<u>(34,881,079)</u>	<u>24,978,838</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Natural Gas Fund	199,411	199,411	-	199,411	-
To General Fund	(7,186,698)	(6,105,290)	(1,076,388)	(7,181,678)	5,020
From General Fund	33,297,348	29,640,466	3,651,636	33,292,102	(5,246)
Parks and Recreation Fund (General Fund)	543,756	543,756	-	543,756	-
Downtown Monroe Fund	20,229	20,229	-	20,229	-
Occupancy Tax Capital Project Fund	3,220	3,220	-	3,220	-
Monroe Fitness and Aquatics Center Fund	193,955	193,955	-	193,955	-
Governmental Capital Reserve Fund	400,000	400,000	-	400,000	-
From Stormwater Fund	131,717	131,717	-	131,717	-
Airport Fund	72,868	72,868	-	72,868	-
To Airport Capital Project Fund	(139,354)	-	(139,354)	(139,354)	-
Solid Waste Fund	80,565	80,565	-	80,565	-
Workers Comp Fund	76	76	-	76	-
Property Casualty Fund	72	72	-	72	-
Health & Dental Fund	148	148	-	148	-
Water & Sewer Fund	557,925	557,925	-	557,925	-
Electric Fund	510,811	510,811	-	510,811	-
Premium from limited obligation bonds issued	2,377,121	2,377,121	-	2,377,121	-
Limited obligation bonds issued	14,341,151	14,341,455	-	14,341,455	304
Installment purchase obligations issued	14,455,596	1,219,032	-	1,219,032	(13,236,564)
Total other financing sources (uses)	<u>59,859,917</u>	<u>44,187,537</u>	<u>2,435,894</u>	<u>46,623,431</u>	<u>(13,236,486)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,911,924</u>	<u>(169,572)</u>	<u>\$ 11,742,352</u>	<u>\$ 11,742,352</u>
Fund Balance:					
Beginning of year, July 1			<u>11,911,924</u>		
End of year, June 30			<u>\$ 11,742,352</u>		



Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Projects Funds

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

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

Capital Reserve Funds

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

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

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds					
	Community Development	Downtown Monroe	Occupancy Tax	Asset Forfeiture	American Rescue Plan Act of 2021	Total
Assets:						
Cash and cash equivalents	\$ 56,562	\$ 191,721	\$ 399,866	\$ 672,820	\$ 205,747	\$ 1,526,716
Taxes receivable	-	446	-	-	-	446
Due from other governments	-	338	-	-	-	338
Due from component unit	-	-	27,082	-	-	27,082
Cash and cash equivalents - restricted	-	-	-	-	1,279,327	1,279,327
Total assets	<u>\$ 56,562</u>	<u>\$ 192,505</u>	<u>\$ 426,948</u>	<u>\$ 672,820</u>	<u>\$ 1,485,074</u>	<u>\$ 2,833,909</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 4,024	\$ 27,030	\$ 152,742	\$ -	\$ 183,796
Advance from grantor	-	-	-	-	1,279,327	1,279,327
Total liabilities	<u>-</u>	<u>4,024</u>	<u>27,030</u>	<u>152,742</u>	<u>1,279,327</u>	<u>1,463,123</u>
Deferred Inflows of Resources	<u>-</u>	<u>446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446</u>
Fund Balances:						
Non-spendable:						
Restricted:						
Stabilization by state statute	-	128,538	27,082	334,696	-	490,316
Tourism promotion	-	-	372,836	-	-	372,836
Public safety	-	-	-	185,382	1,466,614	1,651,996
Occupancy tax capital projects	-	-	-	-	-	-
Committed:						
Culture and recreation	-	-	-	-	-	-
Assigned	56,562	59,497	-	-	-	116,059
Unassigned	-	-	-	-	(2,727,481)	(2,727,481)
Total fund balances	<u>56,562</u>	<u>188,035</u>	<u>399,918</u>	<u>520,078</u>	<u>205,747</u>	<u>1,370,340</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 192,505</u>	<u>\$ 426,948</u>	<u>\$ 672,820</u>	<u>\$ 1,485,074</u>	<u>\$ 2,833,909</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Capital Project Funds			Total Nonmajor Governmental Funds
	Occupancy Tax Projects	Governmental Capital Reserve	Total	
Assets:				
Cash and cash equivalents	\$ 400	\$ 240,293	\$ 240,693	\$ 1,767,409
Taxes receivable	-	-	-	446
Due from other governments	-	-	-	338
Due from component unit	-	-	-	27,082
Cash and cash equivalents - restricted	-	-	-	1,279,327
Total assets	<u>\$ 400</u>	<u>\$ 240,293</u>	<u>\$ 240,693</u>	<u>\$ 3,074,602</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 183,796
Advance from grantor	-	-	-	1,279,327
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,463,123</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>446</u>
Fund Balances:				
Non-spendable:				
Restricted:				
Stabilization by state statute	-	-	-	490,316
Tourism promotion	-	-	-	372,836
Public safety	-	-	-	1,651,996
Occupancy tax capital projects	400	-	400	400
Committed:				
Culture and recreation	-	240,293	240,293	240,293
Assigned	-	-	-	116,059
Unassigned	-	-	-	(2,727,481)
Total fund balances	<u>400</u>	<u>240,293</u>	<u>240,693</u>	<u>1,611,033</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 400</u>	<u>\$ 240,293</u>	<u>\$ 240,693</u>	<u>\$ 3,074,602</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, 2025

	Special Revenue Funds					
	Community Development	Downtown Monroe	Occupancy Tax	Asset Forfeiture	American Rescue Plan Act of 2021	Total
Revenues:						
Ad valorem taxes	\$ -	\$ 77,320	\$ -	\$ -	\$ -	\$ 77,320
Other taxes and licenses	-	-	289,310	-	-	289,310
Restricted intergovernmental	-	-	-	525,439	95,673	621,112
Donation	-	-	-	-	-	-
Investment earnings	-	-	17,329	19,717	61,782	98,828
Total revenues	-	77,320	306,639	545,156	157,455	1,086,570
Expenditures:						
Current:						
Public safety	-	-	-	217,522	-	217,522
Economic and physical development:						
Administration	-	487,445	-	-	100,540	587,985
Tourism	-	-	-	-	-	-
Debt service:						
Principal	-	7,401	140,000	-	-	147,401
Interest	-	388	115,029	-	-	115,417
Total expenditures	-	495,234	255,029	217,522	100,540	1,068,325
Revenues over (under) expenditures	-	(417,914)	51,610	327,634	56,915	18,245
Other Financing Sources (Uses):						
Transfers from other funds	-	507,242	3,912	-	60,330	571,484
Transfers to other funds	-	-	(3,194)	(152,742)	-	(155,936)
Lease liability issued	-	17,454	-	-	-	17,454
Total other financing sources (uses)	-	524,696	718	(152,742)	60,330	433,002
Net change in fund balances	-	106,782	52,328	174,892	117,245	451,247
Fund Balances:						
Beginning of year, July 1	56,562	81,253	347,590	345,186	88,502	919,093
End of year, June 30	\$ 56,562	\$ 188,035	\$ 399,918	\$ 520,078	\$ 205,747	\$ 1,370,340

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Capital Project Funds			Total Nonmajor Governmental Funds
	Occupancy Tax Projects	Governmental Capital Reserve	Total	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 77,320
Other taxes and licenses	-	-	-	289,310
Restricted intergovernmental	13,505	-	13,505	634,617
Donation	35,000	-	35,000	35,000
Investment earnings	3,912	9,820	13,732	112,560
Total revenues	52,417	9,820	62,237	1,148,807
Expenditures:				
Current:				
Public safety	-	-	-	217,522
Economic and physical development:				
Administration	-	-	-	587,985
Tourism	182,367	-	182,367	182,367
Debt service:				
Principal	-	-	-	147,401
Interest	-	-	-	115,417
Total expenditures	182,367	-	182,367	1,250,692
Revenues over (under) expenditures	(129,950)	9,820	(120,130)	(101,885)
Other Financing Sources (Uses):				
Transfers from (to) other funds	3,194	-	3,194	574,678
Transfers to other funds	(3,912)	-	(3,912)	(159,848)
Lease liability issued	-	-	-	17,454
Total other financing sources (uses)	(718)	-	(718)	432,284
Net change in fund balances	(130,668)	9,820	(120,848)	330,399
Fund Balances:				
Beginning of year, July 1	131,068	230,473	361,541	1,280,634
End of year, June 30	\$ 400	\$ 240,293	\$ 240,693	\$ 1,611,033

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, 2025**

	Budget	Actual	Variance Over/Under
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year, July 1		<u>56,562</u>	
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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 74,143	\$ 77,320	\$ 3,177
Expenditures:			
Current:			
Economic and physical development:			
Administration	724,966	487,445	237,521
Debt service:			
Principal retirement	7,401	7,401	-
Interest and other charges	392	388	4
Total	7,793	7,789	4
Total expenditures	732,759	495,234	237,525
Revenues over (under) expenditures	(658,616)	(417,914)	240,702
Other Financing Sources (Uses):			
Lease liability issued	17,454	17,454	-
Transfers from (to) other funds:			
General Fund	559,914	507,242	(52,672)
Total other financing sources (uses)	577,368	524,696	(52,672)
Appropriated fund balance	81,248	-	(81,248)
Net change in fund balance	\$ -	106,782	\$ 106,782
Fund Balance:			
Beginning of year, July 1		81,253	
End of year, June 30		\$ 188,035	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND

OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Over/Under
Revenues:			
Occupancy tax revenue	\$ 273,863	\$ 289,310	\$ 15,447
Investment earnings	17,481	17,329	(152)
Total	<u>291,344</u>	<u>306,639</u>	<u>15,295</u>
Expenditures:			
Current:			
Debt service:			
Principal retirement	140,000	140,000	-
Interest and other charges	115,029	115,029	-
Contingency	37,033	-	37,033
Total	<u>292,062</u>	<u>255,029</u>	<u>37,033</u>
Total expenditures	<u>292,062</u>	<u>255,029</u>	<u>37,033</u>
Revenues over (under) expenditures	<u>(718)</u>	<u>51,610</u>	<u>52,328</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Occupancy Tax Capital Projects	3,912	3,912	-
Occupancy Tax Capital Projects	(3,194)	(3,194)	-
Total other financing sources (uses)	<u>718</u>	<u>718</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>52,328</u>	<u>\$ 52,328</u>
Fund Balance:			
Beginning of year, July 1		<u>347,590</u>	
End of year, June 30		<u>\$ 399,918</u>	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND

ASSET FORFEITURE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental revenue	\$ 487,742	\$ 525,439	\$ 37,697
Investment earnings	-	19,717	19,717
Total	<u>487,742</u>	<u>545,156</u>	<u>57,414</u>
Expenditures:			
Current:			
Public safety:			
Operating expenditures	<u>665,185</u>	<u>217,522</u>	<u>447,663</u>
Revenues over (under) expenditures	<u>(177,443)</u>	<u>327,634</u>	<u>505,077</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
General Fund	(152,742)	(152,742)	-
Appropriated fund balance	<u>330,185</u>	<u>-</u>	<u>(330,185)</u>
Net change in fund balance	<u>\$ -</u>	<u>174,892</u>	<u>\$ 174,892</u>
Fund Balance:			
Beginning of year, July 1		<u>345,186</u>	
End of year, June 30		<u>\$ 520,078</u>	

CITY OF MONROE, NORTH CAROLINA

SPECIAL REVENUE FUND

AMERICAN RESCUE PLAN ACT OF 2021

SCHEDULE OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenue	\$ 11,326,507	\$ 9,951,507	\$ 95,673	\$ 10,047,180	\$ (1,279,327)
Investment earnings	132,360	89,034	61,782	150,816	18,456
Total revenues	11,458,867	10,040,541	157,455	10,197,996	(1,260,871)
Expenditures:					
Current:					
Construction in progress	1,567,158	-	100,540	100,540	1,466,618
Revenues over (under) expenditures	9,891,709	10,040,541	56,915	10,097,456	205,747
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	48,493	48,493	-	48,493	-
From Water & Sewer Fund	60,330	-	60,330	60,330	-
To General Fund	(10,000,532)	(10,000,532)	-	(10,000,532)	-
Total other financing sources (uses)	(9,891,709)	(9,952,039)	60,330	(9,891,709)	-
Net change in fund balance	\$ -	\$ 88,502	117,245	\$ 205,747	\$ 205,747
Fund Balance:					
Beginning of year, July 1			88,502		
End of year, June 30			\$ 205,747		

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, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 100,000	\$ 100,000	\$ 13,505	\$ 113,505	\$ 13,505
Donation	521,014	446,033	35,000	481,033	(39,981)
Investment earnings	7,198	89,313	3,912	93,225	86,027
Total revenues	<u>628,212</u>	<u>635,346</u>	<u>52,417</u>	<u>687,763</u>	<u>59,551</u>
Expenditures:					
Current:					
Construction costs capitalized	5,783,562	5,724,973	118,105	5,843,078	(59,516)
Other costs	<u>181,701</u>	<u>117,439</u>	<u>64,262</u>	<u>181,701</u>	<u>-</u>
Total expenditures	<u>5,965,263</u>	<u>5,842,412</u>	<u>182,367</u>	<u>6,024,779</u>	<u>(59,516)</u>
Revenues over (under) expenditures	<u>(5,337,051)</u>	<u>(5,207,066)</u>	<u>(129,950)</u>	<u>(5,337,016)</u>	<u>35</u>
Other Financing Sources (Uses):					
Transfer from Occupancy Tax Fund	1,795,034	1,777,443	3,194	1,780,637	(14,397)
Transfer to Occupancy Tax Fund	(18,309)	-	(3,912)	(3,912)	14,397
Proceeds from limited obligation bonds	<u>3,560,326</u>	<u>3,560,691</u>	<u>-</u>	<u>3,560,691</u>	<u>365</u>
Total	<u>5,337,051</u>	<u>5,338,134</u>	<u>(718)</u>	<u>5,337,416</u>	<u>365</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 131,068</u>	<u>(130,668)</u>	<u>\$ 400</u>	<u>\$ 400</u>
Fund Balance:					
Beginning of year, July 1			<u>131,068</u>		
End of year, June 30			<u>\$ 400</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 9,820	\$ 9,820
Net change in fund balance	\$ -	9,820	\$ 9,820
Fund Balance:			
Beginning of year, July 1		<u>230,473</u>	
End of year, June 30		<u>\$ 240,293</u>	

Enterprise Funds

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

Capital Reserve Funds

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

CITY OF MONROE, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	\$ 10,098,905	\$ 10,807,194	\$ 708,289
Sewer charges	12,238,792	12,746,349	507,557
Water and sewer taps	197,122	130,819	(66,303)
Capacity fees	6,231,873	4,819,242	(1,412,631)
County waste water charges	533,338	663,875	130,537
Total	<u>29,300,030</u>	<u>29,167,479</u>	<u>(132,551)</u>
Other operating revenues	<u>414,579</u>	<u>2,162,319</u>	<u>1,747,740</u>
Total operating revenues	<u>29,714,609</u>	<u>31,329,798</u>	<u>1,615,189</u>
Non-operating revenues:			
Other non-operating revenues	3,285,625	3,234,059	(51,566)
Investment earnings	<u>1,790,258</u>	<u>1,843,401</u>	<u>53,143</u>
Total non-operating revenues	<u>5,075,883</u>	<u>5,077,460</u>	<u>1,577</u>
Total revenues	<u>34,790,492</u>	<u>36,407,258</u>	<u>1,616,766</u>
Other Financing Sources (Uses):			
Lease liability issued	<u>22,887</u>	<u>22,886</u>	<u>(1)</u>
Appropriated fund balance	<u>4,464,492</u>	<u>-</u>	<u>(4,464,492)</u>
Total revenues and other financing sources (uses)	<u>\$ 39,277,871</u>	<u>\$ 36,430,144</u>	<u>\$ (2,847,727)</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Distribution system:			
Salaries and employee benefits	\$ 5,466,155	\$ 4,892,144	\$ 574,011
Repairs and maintenance	2,010,262	1,361,726	648,536
Operating expenditures	<u>6,152,961</u>	<u>5,445,339</u>	<u>707,622</u>
Total	<u>13,629,378</u>	<u>11,699,209</u>	<u>1,930,169</u>
Water filter plant:			
Salaries and employee benefits	1,262,577	1,148,324	114,253
Operating expenditures	<u>4,752,397</u>	<u>3,594,126</u>	<u>1,158,271</u>
Total	<u>6,014,974</u>	<u>4,742,450</u>	<u>1,272,524</u>
Waste treatment plant:			
Salaries and employee benefits	1,606,069	1,519,305	86,764
Operating expenditures	<u>2,451,926</u>	<u>1,998,137</u>	<u>453,789</u>
Total	<u>4,057,995</u>	<u>3,517,442</u>	<u>540,553</u>
Debt service:			
Principal retirement	1,049,944	1,049,944	-
Interest and other charges	<u>599,648</u>	<u>599,602</u>	<u>46</u>
Total	<u>1,649,592</u>	<u>1,649,546</u>	<u>46</u>
Capital outlay	<u>4,727,175</u>	<u>2,559,080</u>	<u>2,168,095</u>
Total expenditures	<u>30,079,114</u>	<u>24,167,727</u>	<u>5,911,387</u>
Other Financing Sources (Uses):			
Transfers:			
Water and Sewer Capital Reserve Fund	(6,231,873)	(4,819,242)	1,412,631
ARPA Fund	(60,330)	(60,330)	-
General Fund	(6,554)	(6,554)	-
Water and Sewer Capital Projects Fund	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,198,757)</u>	<u>(7,786,126)</u>	<u>1,412,631</u>
Total expenditures and other financing sources (uses)	<u>\$ 39,277,871</u>	<u>\$ 31,953,853</u>	<u>\$ 7,324,018</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, 2025

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

Total revenues and other financing sources (uses)	\$ 36,430,144
Total expenditures and other financing sources (uses)	<u>31,953,853</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>4,476,291</u>
Reconciling items:	
Debt principal	1,049,944
Net revenue from capital reserve consolidation	797,806
Net revenue from capital projects consolidation	2,761
Capital outlay	2,559,080
Lease liability issued	(22,886)
Capital items not charged to capital outlay	13,914,354
Disposal of capital asset	(3,580)
Project transfers - intrafund	7,719,242
Change in compensated absences	(88,556)
Change in OPEB liability	(195,044)
Change in deferred outflows of resources - OPEB	(298,379)
Change in deferred inflows of resources - OPEB	301,466
Change in deferred outflows of resources - pensions	(135,653)
Increase in net pension liability	(113,013)
Change in deferred inflows of resources - pensions	6,330
Depreciation and amortization	<u>(4,633,376)</u>
Total reconciling items	<u>20,860,496</u>
Change in net position	<u>\$ 25,336,787</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 797,806	\$ 797,806
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Transfer to Water and Sewer Capital Project Fund	(7,250,000)	-	7,250,000
Transfer from Water and Sewer Fund	<u>7,250,000</u>	<u>4,819,242</u>	<u>(2,430,758)</u>
Total other financing sources (uses)	<u>-</u>	<u>4,819,242</u>	<u>4,819,242</u>
Net change in fund balance	<u>\$ -</u>	<u>5,617,048</u>	<u>\$ 5,617,048</u>
Fund Balance:			
Beginning of year, July 1		<u>17,575,034</u>	
End of year, June 30		<u>\$ 23,192,082</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, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 840,200	\$ 400,000	\$ 2,761	\$ 402,761	\$ (437,439)
Investment earnings	-	1,927	-	1,927	1,927
Miscellaneous	-	1,300	-	1,300	1,300
Total revenues	840,200	403,227	2,761	405,988	(434,212)
Expenditures:					
Construction costs capitalized	9,447,204	6,084,349	1,621,841	7,706,190	1,741,014
Construction in progress	29,373,205	7,782,158	6,358,391	14,140,549	15,232,656
Total expenditures	38,820,409	13,866,507	7,980,232	21,846,739	16,973,670
Revenues over (under) expenditures	(37,980,209)	(13,463,280)	(7,977,471)	(21,440,751)	16,539,458
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Water and Sewer Fund	(3,845,375)	-	(3,845,374)	(3,845,374)	1
From Water and Sewer Fund	23,913,366	17,212,436	6,745,374	23,957,810	44,444
From water and sewer capital reserve	17,912,218	17,912,218	-	17,912,218	-
Total other financing sources (uses)	37,980,209	35,124,654	2,900,000	38,024,654	44,445
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 21,661,374	\$ (5,077,471)	\$ 16,583,903	\$ 16,583,903

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 67,104,661	\$ 59,631,587	\$ (7,473,074)
Sales tax	<u>2,771,526</u>	<u>2,384,602</u>	<u>(386,924)</u>
Total	69,876,187	62,016,189	(7,859,998)
Other operating revenues	<u>283,098</u>	<u>427,112</u>	<u>144,014</u>
Total operating revenues	<u>70,159,285</u>	<u>62,443,301</u>	<u>(7,715,984)</u>
Non-operating revenues:			
Other non-operating revenues	104,502	2,106,427	2,001,925
Investment earnings	<u>3,120,870</u>	<u>3,249,335</u>	<u>128,465</u>
Total non-operating revenues	<u>3,225,372</u>	<u>5,355,762</u>	<u>2,130,390</u>
Total revenues	<u>73,384,657</u>	<u>67,799,063</u>	<u>(5,585,594)</u>
Interest income from other funds:			
General Fund	15,603	15,603	-
Airport Fund	<u>17,200</u>	<u>17,200</u>	<u>-</u>
Total	<u>32,803</u>	<u>32,803</u>	<u>-</u>
Total revenues	<u>73,417,460</u>	<u>67,831,866</u>	<u>(5,585,594)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	16,567,851	-	(16,567,851)
Lease liability issued	<u>6,270</u>	<u>6,269</u>	<u>(1)</u>
Total other financing sources (uses)	<u>16,574,121</u>	<u>6,269</u>	<u>(16,567,852)</u>
Total revenues and other financing sources (uses)	<u>\$ 89,991,581</u>	<u>\$ 67,838,135</u>	<u>\$ (22,153,446)</u>

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Over/Under
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 7,477,874	\$ 7,477,874	\$ -
Operating expenditures	7,891,649	7,081,217	810,432
Total	<u>15,369,523</u>	<u>14,559,091</u>	<u>810,432</u>
Electric power purchases	<u>46,743,837</u>	<u>40,356,568</u>	<u>6,387,269</u>
Debt service:			
Principal retirement	950,527	950,526	1
Interest and other charges	448,347	448,306	41
Total	<u>1,398,874</u>	<u>1,398,832</u>	<u>42</u>
Capital outlay	<u>5,522,585</u>	<u>4,362,956</u>	<u>1,159,629</u>
Total expenditures	<u>69,034,819</u>	<u>60,677,447</u>	<u>8,357,372</u>
Other Financing Sources (Uses):			
Transfers (to) other funds:			
To Electric Capital Projects Fund	(21,142,849)	(21,142,849)	-
From Electric Capital Projects Fund	7,157,849	7,157,849	-
General Fund	<u>(6,971,762)</u>	<u>(6,971,762)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,956,762)</u>	<u>(20,956,762)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 89,991,581</u>	<u>\$ 81,634,209</u>	<u>\$ 8,357,372</u>

CITY OF MONROE, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:

Total revenues and other financing sources (uses)	\$ 67,838,135
Total expenditures and other financing sources (uses)	<u>81,634,209</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(13,796,074)</u>
Reconciling items:	
Debt principal	950,526
Capital outlay	4,362,956
Capital items not charged to capital outlay	641,276
Disposal of capital asset	(469,844)
Lease liability issued	(6,269)
Transfer from General Fund	6,500,000
Project transfers - intrafund	13,985,000
Net revenue from capital projects consolidation	12,922,901
Change in compensated absences	(261,800)
Change in OPEB liability	(85,142)
Change in deferred outflows of resources - OPEB	(130,253)
Change in deferred inflows of resources - OPEB	131,599
Change in deferred outflows of resources - pensions	(58,888)
Increase in net pension liability	(49,060)
Change in deferred inflows of resources - pensions	2,748
Depreciation and amortization	<u>(2,776,030)</u>
Total reconciling items	<u>35,659,720</u>
Change in net position	<u>\$ 21,863,646</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, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Power agency funding	\$ 27,132,412	\$ 26,909,646	\$ 12,434,262	\$ 39,343,908	\$ 12,211,496
Investment earnings	456,562	1,163,339	488,639	1,651,978	1,195,416
Total revenues	<u>27,588,974</u>	<u>28,072,985</u>	<u>12,922,901</u>	<u>40,995,886</u>	<u>13,406,912</u>
Expenditures:					
Construction costs capitalized	21,043,663	9,638,662	3,122,324	12,760,986	8,282,677
Construction in progress	35,715,863	1,200,673	2,899,632	4,100,305	31,615,558
Other costs	<u>11,198,251</u>	<u>209,952</u>	<u>-</u>	<u>209,952</u>	<u>10,988,299</u>
Total expenditures	<u>67,957,777</u>	<u>11,049,287</u>	<u>6,021,956</u>	<u>17,071,243</u>	<u>50,886,534</u>
Revenues over (under) expenditures	<u>(40,368,803)</u>	<u>17,023,698</u>	<u>6,900,945</u>	<u>23,924,643</u>	<u>64,293,446</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From Electric Fund	50,189,227	29,046,371	21,142,849	50,189,220	(7)
To Electric Fund	(16,770,424)	(9,612,575)	(7,157,849)	(16,770,424)	-
From General Fund	6,500,000	-	6,500,000	6,500,000	-
From Water and Sewer Fund	160,000	160,000	-	160,000	-
From Natural Gas Fund	<u>290,000</u>	<u>290,000</u>	<u>-</u>	<u>290,000</u>	<u>-</u>
Total other financing sources (uses)	<u>40,368,803</u>	<u>19,883,796</u>	<u>20,485,000</u>	<u>40,368,796</u>	<u>(7)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 36,907,494</u>	<u>\$ 27,385,945</u>	<u>\$ 64,293,439</u>	<u>\$ 64,293,439</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 22,707,718	\$ 20,798,173	\$ (1,909,545)
Other operating revenues	<u>2,000</u>	<u>1,436</u>	<u>(564)</u>
Total operating revenues	<u>22,709,718</u>	<u>20,799,609</u>	<u>(1,910,109)</u>
Non-operating revenues:			
Other non-operating revenues	140,653	203,400	62,747
Investment earnings	<u>1,534,213</u>	<u>1,690,114</u>	<u>155,901</u>
Total non-operating revenues	<u>1,674,866</u>	<u>1,893,514</u>	<u>218,648</u>
Total revenues	<u>24,384,584</u>	<u>22,693,123</u>	<u>(1,691,461)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	2,504,546	-	(2,504,546)
Lease liability issued	<u>2,190</u>	<u>2,190</u>	<u>-</u>
Total other financing sources (uses)	<u>2,506,736</u>	<u>2,190</u>	<u>(2,504,546)</u>
Total revenues and other financing sources (uses)	<u>\$ 26,891,320</u>	<u>\$ 22,695,313</u>	<u>\$ (4,196,007)</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 3,026,770	\$ 2,675,893	\$ 350,877
Operating expenditures	5,079,023	4,389,506	689,517
Total	<u>8,105,793</u>	<u>7,065,399</u>	<u>1,040,394</u>
Natural gas purchases	<u>10,407,776</u>	<u>8,252,500</u>	<u>2,155,276</u>
Debt service:			
Principal retirement	1,490,751	1,490,751	-
Interest and other charges	1,251,873	1,251,872	1
Total	<u>2,742,624</u>	<u>2,742,623</u>	<u>1</u>
Capital outlay	<u>1,074,716</u>	<u>394,572</u>	<u>680,144</u>
Total expenditures	<u>22,330,909</u>	<u>18,455,094</u>	<u>3,875,815</u>
Other Financing Sources (Uses):			
Transfers to other funds:			
General Fund	(205,411)	(205,410)	1
Natural Gas Capital Project Fund	(4,355,000)	(4,354,999)	(1)
Total other financing sources (uses)	<u>(4,560,411)</u>	<u>(4,560,409)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 26,891,320</u>	<u>\$ 23,015,503</u>	<u>\$ 3,875,815</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, 2025**

	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:	
Total revenues and other financing sources (uses)	\$ 22,695,313
Total expenditures and other financing sources (uses)	<u>23,015,503</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(320,190)</u>
Reconciling items:	
Debt principal	1,490,751
Capital outlay	394,572
Capital items not charged to capital outlay	1,042,824
Capital outlay not capitalized	(368,030)
Lease liability issued	(2,190)
Project transfers - intrafund	4,354,999
Change in compensated absences	(46,742)
Change in deferred outflows of resources - OPEB	(66,050)
Change in deferred inflows of resources - OPEB	66,734
Change in OPEB liability	(43,176)
Change in deferred outflows of resources - pensions	(30,495)
Change in net pension liability	(25,406)
Change in deferred inflows of resources - pensions	1,423
Depreciation and amortization	<u>(2,028,762)</u>
Total reconciling items	<u>4,740,452</u>
Change in net position	<u>\$ 4,420,262</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, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous	\$ -	\$ 724	\$ -	\$ 724	\$ 724
Expenditures:					
Construction costs capitalized	15,542,757	9,444,737	2,144,415	11,589,152	3,953,605
Construction in progress	8,588,419	148,238	480,271	628,509	7,959,910
Other costs	1,334,779	474,744	368,031	842,775	492,004
Total expenditures	25,465,955	10,067,719	2,992,717	13,060,436	12,405,519
Revenues over (under) expenditures	(25,465,955)	(10,066,995)	(2,992,717)	(13,059,712)	12,406,243
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
To Natural Gas Fund	(391,732)	-	(391,732)	(391,732)	-
From Natural Gas Fund	25,857,687	21,110,956	4,746,731	25,857,687	-
Total other financing sources (uses)	25,465,955	21,110,956	4,354,999	25,465,955	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 11,043,961	\$ 1,362,282	\$ 12,406,243	\$ 12,406,243

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Leases	\$ 676,967	\$ 621,877	\$ (55,090)
Customs	10,905	10,300	(605)
Sales of fuel	<u>1,982,216</u>	<u>1,761,085</u>	<u>(221,131)</u>
Total	<u>2,670,088</u>	<u>2,393,262</u>	<u>(276,826)</u>
Other operating revenues	<u>242,920</u>	<u>336,269</u>	<u>93,349</u>
Total operating revenues	<u>2,913,008</u>	<u>2,729,531</u>	<u>(183,477)</u>
Non-operating revenues:			
State grants	5,000	1,795	(3,205)
Lease revenue	137,481	136,829	(652)
Other non-operating revenues	-	25,600	25,600
Investment earnings	<u>12,675</u>	<u>12,676</u>	<u>1</u>
Total non-operating revenues	<u>155,156</u>	<u>176,900</u>	<u>21,744</u>
Total revenues	<u>3,068,164</u>	<u>2,906,431</u>	<u>(161,733)</u>
Other Financing Sources:			
Appropriated fund balance	278,762	-	(278,762)
Installment purchase obligations issued	410,000	410,000	-
Lease liability issued	10,928	10,928	-
Transfers from other funds:			
General Fund	<u>1,581,889</u>	<u>1,599,587</u>	<u>17,698</u>
Total other financing sources	<u>2,281,579</u>	<u>2,020,515</u>	<u>(261,064)</u>
Total revenues and other financing sources	<u>\$ 5,349,743</u>	<u>\$ 4,926,946</u>	<u>\$ (422,797)</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 1,168,003	\$ 1,144,932	\$ 23,071
Operating expenditures	<u>1,959,912</u>	<u>1,817,129</u>	<u>142,783</u>
Total	<u>3,127,915</u>	<u>2,962,061</u>	<u>165,854</u>
Debt service:			
Principal retirement	968,358	925,293	43,065
Interest and other charges	<u>135,524</u>	<u>134,209</u>	<u>1,315</u>
Total	<u>1,103,882</u>	<u>1,059,502</u>	<u>44,380</u>
Capital outlay	<u>893,793</u>	<u>865,331</u>	<u>28,462</u>
Contingency	<u>224,153</u>	<u>-</u>	<u>224,153</u>
Total expenditures	<u>\$ 5,349,743</u>	<u>\$ 4,886,894</u>	<u>\$ 462,849</u>

CITY OF MONROE, NORTH CAROLINA

AIRPORT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:	
Total revenues and other financing sources (uses)	\$ 4,926,946
Total expenditures	<u>4,886,894</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>40,052</u>
Reconciling items:	
Debt principal	925,293
Installment purchase obligations issued	(410,000)
Capital outlay	865,331
Project expenditures not capitalized	(9,067)
Net revenue from capital projects consolidation	1,000,376
Transfer from General Capital Project Fund	139,354
Transfer to General Fund	(43,725)
Lease liability issued	(10,928)
Change in compensated absences	(20,285)
Change in OPEB liability	(36,080)
Change in deferred outflows of resources - OPEB	(55,196)
Change in deferred inflows of resources - OPEB	55,766
Change in deferred outflows of resources - pensions	(25,237)
Increase in net pension liability	(21,026)
Change in deferred inflows of resources - pensions	1,164
Depreciation and amortization	<u>(1,051,920)</u>
Total reconciling items	<u>1,303,820</u>
Change in net position	<u>\$ 1,343,872</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, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 7,561,955	\$ 752,574	\$ 747,173	\$ 1,499,747	\$ (6,062,208)
Investment earnings	-	106,024	253,203	359,227	359,227
Miscellaneous	-	6,000	-	6,000	6,000
Total revenues	<u>7,561,955</u>	<u>864,598</u>	<u>1,000,376</u>	<u>1,864,974</u>	<u>(5,696,981)</u>
Expenditures:					
Construction costs capitalized	5,371,466	4,519,206	794,251	5,313,457	58,009
Construction in progress	6,324,850	167,878	72,664	240,542	6,084,308
Other costs	9,068	-	9,068	9,068	-
Total expenditures	<u>11,705,384</u>	<u>4,687,084</u>	<u>875,983</u>	<u>5,563,067</u>	<u>6,142,317</u>
Revenues over (under) expenditures	<u>(4,143,429)</u>	<u>(3,822,486)</u>	<u>124,393</u>	<u>(3,698,093)</u>	<u>445,336</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From General Fund	1,773,550	1,773,550	-	1,773,550	-
To General Fund	(43,725)	-	(43,725)	(43,725)	-
From General Capital Project Fund	139,354	-	139,354	139,354	-
Proceeds from revenue bonds	<u>2,274,250</u>	<u>2,274,250</u>	<u>-</u>	<u>2,274,250</u>	<u>-</u>
Total other financing sources (uses)	<u>4,143,429</u>	<u>4,047,800</u>	<u>95,629</u>	<u>4,143,429</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 225,314</u>	<u>\$ 220,022</u>	<u>\$ 445,336</u>	<u>\$ 445,336</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS JUNE 30, 2025

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,976,105	\$ 3,034,842	\$ 49,139	\$ 5,060,086
Accounts receivable	20,114	371,185	483,790	875,089
Prepaid expenses	1,108	3,692	861	5,661
Inventories	9,495	-	-	9,495
Total current assets	<u>2,006,822</u>	<u>3,409,719</u>	<u>533,790</u>	<u>5,950,331</u>
Capital assets:				
Land and other non-depreciable assets	925,594	723,599	-	1,649,193
Other capital assets, net of depreciation	3,085,700	2,149,067	64,701	5,299,468
Capital assets (net)	<u>4,011,294</u>	<u>2,872,666</u>	<u>64,701</u>	<u>6,948,661</u>
Total assets	<u>6,018,116</u>	<u>6,282,385</u>	<u>598,491</u>	<u>12,898,992</u>
Deferred Outflows of Resources:				
OPEB deferrals	478,693	209,365	14,229	702,287
Pension deferrals	690,415	308,482	14,689	1,013,586
Total deferred outflows of resources	<u>1,169,108</u>	<u>517,847</u>	<u>28,918</u>	<u>1,715,873</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	141,802	31,020	304,211	477,033
Lease liabilities	1,514	-	-	1,514
Unearned revenue	124,106	-	-	124,106
Compensated absences	141,888	132,587	18,859	293,334
Total other post-employment benefits liability	63,968	27,977	1,901	93,846
Installment purchase obligations	9,141	9,381	7,241	25,763
Total current liabilities	<u>482,419</u>	<u>200,965</u>	<u>332,212</u>	<u>1,015,596</u>
Liabilities payable from restricted assets:				
Non-current liabilities:				
Net pension liability	1,235,267	551,927	26,282	1,813,476
Compensated absences	69,885	65,304	9,289	144,478
Installment purchase obligations	38,442	39,451	30,451	108,344
Lease liabilities	3,309	-	-	3,309
Total other post-employment benefits liability	2,420,951	1,058,844	71,961	3,551,756
Total non-current liabilities	<u>3,767,854</u>	<u>1,715,526</u>	<u>137,983</u>	<u>5,621,363</u>
Total liabilities	<u>4,250,273</u>	<u>1,916,491</u>	<u>470,195</u>	<u>6,636,959</u>
Deferred Inflows of Resources:				
OPEB deferrals	471,845	206,370	14,025	692,240
Pension deferrals	2,760	1,234	60	4,054
Total deferred inflows of resources	<u>474,605</u>	<u>207,604</u>	<u>14,085</u>	<u>696,294</u>
Net Position:				
Net investment in capital assets	3,958,888	2,823,834	27,009	6,809,731
Unrestricted	<u>(1,496,542)</u>	<u>1,852,303</u>	<u>116,120</u>	<u>471,881</u>
Total net position	<u>\$ 2,462,346</u>	<u>\$ 4,676,137</u>	<u>\$ 143,129</u>	<u>\$ 7,281,612</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, 2025

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 4,510,168	\$ 2,947,894	\$ 3,898,847	\$ 11,356,909
Other operating revenues	207,032	79,380	29,384	315,796
Total operating revenues	<u>4,717,200</u>	<u>3,027,274</u>	<u>3,928,231</u>	<u>11,672,705</u>
Operating Expenses:				
Distribution systems				
Aquatics and fitness center operations	4,667,252	-	-	4,667,252
Stormwater operations	-	2,794,838	-	2,794,838
Solid waste operations	-	-	4,052,431	4,052,431
Depreciation and amortization	295,027	172,667	7,692	475,386
Total operating expenses	<u>4,962,279</u>	<u>2,967,505</u>	<u>4,060,123</u>	<u>11,989,907</u>
Operating income (loss)	<u>(245,079)</u>	<u>59,769</u>	<u>(131,892)</u>	<u>(317,202)</u>
Non-Operating Revenues (Expenses):				
Investment earnings	78,204	140,892	4,956	224,052
Interest and other charges	(1,468)	(1,141)	(881)	(3,490)
Total non-operating revenues (expenses)	<u>76,736</u>	<u>139,751</u>	<u>4,075</u>	<u>220,562</u>
Change in net position	<u>(168,343)</u>	<u>199,520</u>	<u>(127,817)</u>	<u>(96,640)</u>
Net Position:				
Beginning of year, July 1	2,682,024	4,589,941	270,946	7,542,911
Restatement	(51,335)	(113,324)	-	(164,659)
Beginning of year, July 1, restated	<u>2,630,689</u>	<u>4,476,617</u>	<u>270,946</u>	<u>7,378,252</u>
End of year, June 30	<u>\$ 2,462,346</u>	<u>\$ 4,676,137</u>	<u>\$ 143,129</u>	<u>\$ 7,281,612</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Aquatics and Fitness Center Fund	Stormwater Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,750,712	\$ 2,998,295	\$ 3,917,551	\$ 11,666,558
Cash paid for goods and services	(1,564,156)	(1,431,411)	(3,809,149)	(6,804,716)
Cash paid to or on behalf of employees for services	(2,889,711)	(1,261,252)	(222,106)	(4,373,069)
Net cash provided (used) by operating activities	296,845	305,632	(113,704)	488,773
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(263,466)	(1,374,387)	-	(1,637,853)
Principal paid on bond maturities and equipment obligations	(36,555)	(9,218)	(7,115)	(52,888)
Interest paid on bond maturities and equipment obligations	(1,468)	(1,141)	(881)	(3,490)
Net cash provided (used) by capital and related financing activities	(301,489)	(1,384,746)	(7,996)	(1,694,231)
Cash Flows from Investing Activities:				
Earnings on investments	78,204	140,892	4,956	224,052
Net increase (decrease) in cash and cash equivalents	73,560	(938,222)	(116,744)	(981,406)
Cash and Cash Equivalents:				
Beginning of year, July 1	1,902,545	3,973,064	165,883	6,041,492
End of year, June 30	\$ 1,976,105	\$ 3,034,842	\$ 49,139	\$ 5,060,086
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (245,079)	\$ 59,769	\$ (131,892)	\$ (317,202)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	295,027	172,667	7,692	475,386
Changes in assets and liabilities:				
Increase deferred outflows - pension	49,424	22,083	1,052	72,559
Increase in net pension liability	41,175	18,397	876	60,448
Decrease deferred inflows - pension	(2,306)	(1,030)	(49)	(3,385)
(Increase) decrease in accounts receivable	(9,736)	(32,192)	(10,551)	(52,479)
(Increase) decrease in inventories	(1,630)	-	-	(1,630)
(Increase) decrease in prepaid expenses	1,571	3,213	(129)	4,655
Increase (decrease) in accounts payable and accrued liabilities	69,809	(3,865)	13,262	79,206
(Increase) decrease in deferred outflows of resources for OPEB	108,774	47,574	3,232	159,580
Increase (decrease) in deferred inflows of resources for OPEB	(109,901)	(48,067)	(3,267)	(161,235)
Increase (decrease) in net OPEB liability	71,104	31,098	2,113	104,315
Increase (decrease) in compensated absences	28,613	35,985	3,957	68,555
Total adjustments	541,924	245,863	18,188	805,975
Net cash provided (used) by operating activities	\$ 296,845	\$ 305,632	\$ (113,704)	\$ 488,773
Non-Cash Transactions:				
Right to use asset acquired in exchange for a lease liability	\$ 6,140	\$ -	\$ -	\$ 6,140

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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 4,594,004	\$ 4,510,168	\$ (83,836)
Other operating revenues	<u>191,508</u>	<u>207,032</u>	<u>15,524</u>
Total operating revenues	<u>4,785,512</u>	<u>4,717,200</u>	<u>(68,312)</u>
Non-operating revenues:			
Other non-operating revenues	3,790	-	(3,790)
Investment earnings	<u>82,263</u>	<u>78,204</u>	<u>(4,059)</u>
Total non-operating revenues	<u>86,053</u>	<u>78,204</u>	<u>(7,849)</u>
Total revenues	<u>4,871,565</u>	<u>4,795,404</u>	<u>(76,161)</u>
Other Financing Sources (Uses):			
Lease liability issued	6,141	6,140	(1)
Appropriated fund balance	<u>324,074</u>	<u>-</u>	<u>(324,074)</u>
Total other financing sources (uses)	<u>330,215</u>	<u>6,140</u>	<u>(324,075)</u>
Total revenues and other financing sources (uses)	<u>\$ 5,201,780</u>	<u>\$ 4,801,544</u>	<u>\$ (400,236)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 3,005,856	\$ 2,984,474	\$ 21,382
Operating expenditures	<u>1,705,305</u>	<u>1,495,895</u>	<u>209,410</u>
Total	<u>4,711,161</u>	<u>4,480,369</u>	<u>230,792</u>
Debt service:			
Principal retirement	36,556	36,555	1
Interest and other charges	<u>1,483</u>	<u>1,468</u>	<u>15</u>
Total	<u>38,039</u>	<u>38,023</u>	<u>16</u>
Capital outlay	<u>284,412</u>	<u>269,606</u>	<u>14,806</u>
Contingency	<u>168,168</u>	<u>-</u>	<u>168,168</u>
Total expenditures	<u>\$ 5,201,780</u>	<u>\$ 4,787,998</u>	<u>\$ 413,782</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, 2025

	<u>Variance</u> <u>Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual)	
to Full Accrual:	
Total revenues and other financing sources (uses)	\$ 4,801,544
Total expenditures	<u>4,787,998</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>13,546</u>
Reconciling items:	
Capital outlay	269,606
Debt principal	36,555
Lease liability issued	(6,140)
Change in compensated absences	(28,613)
Change in deferred outflows of resources - OPEB	(108,774)
Change in deferred inflows of resources - OPEB	109,901
Change in OPEB liability	(71,104)
Change in deferred outflows of resources - pensions	(49,424)
Increase in net pension liability	(41,175)
Change in deferred inflows of resources - pensions	2,306
Depreciation and amortization	<u>(295,027)</u>
Total reconciling items	<u>(181,889)</u>
Change in net position	<u><u>\$ (168,343)</u></u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Stormwater receipts	\$ 2,987,871	\$ 2,947,894	\$ (39,977)
Other operating revenues	<u>141,200</u>	<u>79,380</u>	<u>(61,820)</u>
Total operating revenues	<u>3,129,071</u>	<u>3,027,274</u>	<u>(101,797)</u>
Non-operating revenues:			
Investment earnings	<u>120,310</u>	<u>140,892</u>	<u>20,582</u>
Total revenues	<u>3,249,381</u>	<u>3,168,166</u>	<u>(81,215)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,582,221</u>	<u>-</u>	<u>1,582,221</u>
Total revenues and other financing sources (uses)	<u>\$ 4,831,602</u>	<u>\$ 3,168,166</u>	<u>\$ 1,501,006</u>
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 1,389,642	\$ 1,376,543	\$ 13,099
Operating expenditures	<u>1,535,225</u>	<u>1,312,255</u>	<u>222,970</u>
Total	<u>2,924,867</u>	<u>2,688,798</u>	<u>236,069</u>
Debt service:			
Principal retirement	9,218	9,218	-
Interest and other charges	<u>1,141</u>	<u>1,141</u>	<u>-</u>
Total	<u>10,359</u>	<u>10,359</u>	<u>-</u>
Capital outlay	<u>906,376</u>	<u>876,352</u>	<u>30,024</u>
Total expenditures	<u>3,841,602</u>	<u>3,575,509</u>	<u>266,093</u>
Other Financing Sources (Uses):			
Transfers from(to) other funds:			
Intrafund - Stormwater Capital Project Fund	<u>(990,000)</u>	<u>(990,000)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 4,831,602</u>	<u>\$ 4,565,509</u>	<u>\$ 266,093</u>

CITY OF MONROE, NORTH CAROLINA

STORMWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:	
Total revenues and other financing sources (uses)	\$ 3,168,166
Total expenditures and other financing sources (uses)	<u>4,565,509</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,397,343)</u>
Reconciling items:	
Debt principal	9,218
Capital outlay	876,352
Intrafund transfers - Stormwater Capital Project Fund	990,000
Change in compensated absences	(35,985)
Change in deferred outflows of resources - OPEB	(47,574)
Change in deferred inflows of resources - OPEB	48,067
Change in OPEB liability	(31,098)
Change in deferred outflows of resources - pensions	(22,083)
Increase in net pension liability	(18,397)
Change in deferred inflows of resources - pensions	1,030
Depreciation and amortization	<u>(172,667)</u>
Total reconciling items	<u>1,596,863</u>
Change in net position	<u><u>\$ 199,520</u></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, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Construction costs capitalized	\$ 175,563	\$ 175,563	\$ -	\$ 175,563	\$ -
Construction in progress	2,876,302	225,564	498,035	723,599	2,152,703
Total expenditures	<u>3,051,865</u>	<u>401,127</u>	<u>498,035</u>	<u>899,162</u>	<u>2,152,703</u>
Revenues over (under) expenditures	<u>(3,051,865)</u>	<u>(401,127)</u>	<u>(498,035)</u>	<u>(899,162)</u>	<u>2,152,703</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
From Stormwater Fund	2,705,320	1,635,320	1,070,000	2,705,320	-
To Stormwater Fund	(80,000)	-	(80,000)	(80,000)	-
General Capital Projects Fund	<u>426,545</u>	<u>426,545</u>	<u>-</u>	<u>426,545</u>	<u>-</u>
Total other financing sources (uses)	<u>3,051,865</u>	<u>2,061,865</u>	<u>990,000</u>	<u>3,051,865</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,660,738</u>	<u>\$ 491,965</u>	<u>\$ 2,152,703</u>	<u>\$ 2,152,703</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 3,991,400	\$ 3,898,847	\$ (92,553)
Other operating revenues	33,388	29,384	(4,004)
Total operating revenues	4,024,788	3,928,231	(96,557)
Non-operating revenues:			
Investment earnings	16,453	4,956	(11,497)
Total revenues	4,041,241	3,933,187	(108,054)
Other Financing Sources (Uses):			
Appropriated net position	185,555	-	185,555
Total revenues and other financing sources (uses)	\$ 4,226,796	\$ 3,933,187	\$ 77,501
Expenditures:			
Operations:			
Salaries and employee benefits	\$ 231,342	\$ 230,725	\$ 617
Operating expenditures	3,827,257	3,813,792	13,465
Total	4,058,599	4,044,517	14,082
Debt service:			
Principal retirement	8,007	7,115	892
Interest and other charges	-	881	(881)
Total	8,007	7,996	11
Contingency	160,190	-	160,190
Total expenditures	\$ 4,226,796	\$ 4,052,513	\$ 174,283

CITY OF MONROE, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Variance</u> <u>Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual)	
to Full Accrual:	
Total revenues and other financing sources (uses)	\$ 3,933,187
Total expenditures	<u>4,052,513</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(119,326)</u>
Reconciling items:	
Debt principal	7,115
Depreciation	(7,692)
Change in compensated absences	(3,957)
Change in OPEB liability	(2,113)
Change in deferred outflows of resources - OPEB	(3,232)
Change in deferred inflows of resources - OPEB	3,267
Change in deferred outflows of resources - pensions	(1,052)
Increase in net pension liability	(876)
Change in deferred inflows of resources - pensions	<u>49</u>
Total reconciling items	<u>(8,491)</u>
Change in net position	<u>\$ (127,817)</u>

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City maintains three internal service funds.

- Health and Dental Fund
 - Workers' Compensation Fund
 - Property and Liability Fund
-
-

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

JUNE 30, 2025

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 1,481,435	\$ 651,258	\$ 1,378,471	\$ 3,511,164
Accounts receivable (net)	1,657,093	-	583	1,657,676
Prepays	-	10,000	-	10,000
Total current assets	3,138,528	661,258	1,379,054	5,178,840
Non-current assets:				
Restricted assets:				
Deposits	10,169	10,000	-	20,169
Total assets	3,148,697	671,258	1,379,054	5,199,009
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	678,816	20,404	4,511	703,731
Non-current liabilities:				
Liabilities payable from restricted assets:				
Deposits	10,169	10,000	-	20,169
Total liabilities	688,985	30,404	4,511	723,900
Net Position:				
Unrestricted	\$ 2,459,712	\$ 640,854	\$ 1,374,543	\$ 4,475,109

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, 2025

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Operating Revenues:				
Interfund charges and employee contributions	\$ 11,447,297	\$ -	\$ 1,156,353	\$ 12,603,650
Receipts for interfund charges	-	593,942	-	593,942
Other operating revenue	2,493,774	17,807	51,610	2,563,191
Total operating revenues	<u>13,941,071</u>	<u>611,749</u>	<u>1,207,963</u>	<u>15,760,783</u>
Operating Expenses:				
Operating expenses	548,891	152,920	117,815	819,626
Workers' compensation claims and premiums	-	685,598	-	685,598
Health care clinic	128,105	-	-	128,105
Insurance	19,709	-	-	19,709
Health benefit claims and premiums	13,355,210	-	-	13,355,210
Property and liability claims and premiums	-	-	1,140,525	1,140,525
Total operating expenses	<u>14,051,915</u>	<u>838,518</u>	<u>1,258,340</u>	<u>16,148,773</u>
Operating income (loss)	<u>(110,844)</u>	<u>(226,769)</u>	<u>(50,377)</u>	<u>(387,990)</u>
Non-Operating Revenues:				
Investment earnings	<u>65,903</u>	<u>35,253</u>	<u>50,931</u>	<u>152,087</u>
Change in net position	(44,941)	(191,516)	554	(235,903)
Net Position:				
Beginning of year, July 1	<u>2,504,653</u>	<u>832,370</u>	<u>1,373,989</u>	<u>4,711,012</u>
End of year, June 30	<u>\$ 2,459,712</u>	<u>\$ 640,854</u>	<u>\$ 1,374,543</u>	<u>\$ 4,475,109</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Health and Dental Fund	Workers' Compensation Fund	Property and Liability Fund	Total
Cash Flows from Operating Activities:				
Cash received for services	\$ 10,824,018	\$ -	\$ 1,156,353	\$ 11,980,371
Other operating revenue	2,493,774	17,807	51,610	2,563,191
Receipts for interfund charges	-	593,942	-	593,942
Cash paid for goods and services	(13,956,002)	(835,454)	(1,255,589)	(16,047,045)
Net cash provided (used) by operating activities	(638,210)	(223,705)	(47,626)	(909,541)
Cash Flows from Investing Activities:				
Investment earnings	65,903	35,253	50,931	152,087
Net increase (decrease) in cash and cash equivalents	(572,307)	(188,452)	3,305	(757,454)
Cash and Cash Equivalents:				
Beginning of year, July 1	2,063,911	849,710	1,375,166	4,288,787
End of year, June 30	<u>\$ 1,491,604</u>	<u>\$ 661,258</u>	<u>\$ 1,378,471</u>	<u>\$ 3,531,333</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (110,844)	\$ (226,769)	\$ (50,377)	\$ (387,990)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(623,279)	-	-	(623,279)
(Increase) decrease in prepaid expenses	-	2,100	-	2,100
Increase (decrease) in accounts payable and accrued liabilities	95,913	964	2,751	99,628
Total adjustments	(527,366)	3,064	2,751	(521,551)
Net cash provided (used) by operating activities	<u>\$ (638,210)</u>	<u>\$ (223,705)</u>	<u>\$ (47,626)</u>	<u>\$ (909,541)</u>

CITY OF MONROE, NORTH CAROLINA

HEALTH AND DENTAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2025

	Financial Plan	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 9,876,563	\$ 11,447,297	\$ 1,570,734
Other operating revenue	<u>2,320,554</u>	<u>2,493,774</u>	<u>173,220</u>
Total operating revenues	12,197,117	13,941,071	1,743,954
Non-operating revenues:			
Investment earnings	<u>66,839</u>	<u>65,903</u>	<u>(936)</u>
Total revenues	<u>12,263,956</u>	<u>14,006,974</u>	<u>1,743,018</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	453,347	548,891	(95,544)
Healthcare clinic	165,859	128,105	37,754
Insurance	19,259	19,709	(450)
Health benefit claims and premiums	<u>11,662,096</u>	<u>13,355,210</u>	<u>(1,693,114)</u>
Total operating expenditures	<u>12,300,561</u>	<u>14,051,915</u>	<u>(1,751,354)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>36,605</u>	<u>-</u>	<u>36,605</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (44,941)</u>	<u>\$ (44,941)</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, 2025

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges	\$ 446,177	\$ 593,942	\$ 147,765
Other operating revenue	<u>-</u>	<u>17,807</u>	<u>17,807</u>
Total operating revenues	446,177	611,749	165,572
Non-operating revenues:			
Investment earnings	<u>42,160</u>	<u>35,253</u>	<u>(6,907)</u>
Total revenues	<u>488,337</u>	<u>647,002</u>	<u>158,665</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	152,973	152,920	53
Workers' compensation claims and premiums paid	<u>335,364</u>	<u>685,598</u>	<u>(350,234)</u>
Total expenditures	<u>488,337</u>	<u>838,518</u>	<u>(350,181)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (191,516)</u>	<u>\$ (191,516)</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, 2025

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Interfund charges and employee contributions	\$ 1,156,353	\$ 1,156,353	\$ -
Other operating revenue	<u>20,003</u>	<u>51,610</u>	<u>31,607</u>
Total operating revenues	1,176,356	1,207,963	31,607
Non-operating revenues:			
Investment earnings	<u>30,849</u>	<u>50,931</u>	<u>20,082</u>
Total revenues	<u>1,207,205</u>	<u>1,258,894</u>	<u>51,689</u>
Expenditures:			
Operating expenditures:			
Other operating expenses	117,896	117,815	81
Property and liability claims and premiums	<u>1,246,309</u>	<u>1,140,525</u>	<u>105,784</u>
Total expenditures	<u>1,364,205</u>	<u>1,258,340</u>	<u>105,865</u>
Other Financing Sources (Uses):			
Appropriated fund balance	<u>157,000</u>	<u>-</u>	<u>(157,000)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 554</u>	<u>\$ 554</u>

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE JUNE 30, 2025

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections And Credits	Uncollected Balance June 30, 2025
2024 - 2025	\$ -	\$ 30,879,343	\$ 30,726,101	\$ 153,242
2023 - 2024	175,742	-	105,595	70,147
2022 - 2023	125,243	-	35,309	89,934
2021 - 2022	42,836	-	10,795	32,041
2020 - 2021	31,039	-	5,773	25,266
2019 - 2020	38,004	-	7,694	30,310
2018 - 2019	24,065	-	4,542	19,523
2017 - 2018	32,140	-	8,458	23,682
2016 - 2017	17,354	-	4,058	13,296
2015 - 2016	18,807	-	3,914	14,893
2014 - 2015	24,046	-	24,046	-
Total	<u>\$ 529,276</u>	<u>\$ 30,879,343</u>	<u>\$ 30,936,285</u>	<u>472,334</u>

Less: Allowance for uncollectible ad valorem taxes receivable 23,617

Ad valorem taxes receivable \$ 448,717

Reconciliation with Revenues:

Ad valorem taxes - General Fund

General Fund

\$ 31,046,125

Amounts written off per Statute of Limitations (24,046)

Refunds, releases of prior years' taxes (221,693)

Interest and advertising cost recovery 135,899

Total collections and credits \$ 30,936,285

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY CITY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 5,907,340,518	\$ 0.5025	\$ 29,636,650	\$ 27,702,829	\$ 1,933,821
Registered motor vehicles taxed at prior year's rate	<u>109,140,182</u>		<u>548,616</u>	<u>-</u>	<u>548,616</u>
Total	6,016,480,700		30,185,266	27,702,829	2,482,437
Public Utility Allocation	95,539,479	0.5025	480,086	480,086	-
Discoveries	38,864,569	0.5025	224,569	224,569	-
Releases	<u>(2,299,572)</u>	0.5025	<u>(10,578)</u>	<u>(10,578)</u>	<u>-</u>
Total property valuation	<u>\$ 6,148,585,176</u>				
Net Levy			30,879,343	28,396,906	2,482,437
Uncollected taxes at June 30, 2025			<u>(153,242)</u>	<u>(153,242)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 30,726,101</u>	<u>\$ 28,243,664</u>	<u>\$ 2,482,437</u>
Current Levy Collection Percentage			<u>99.50%</u>	<u>99.46%</u>	<u>100.00%</u>
<u>Secondary Market Disclosures:</u>					
	Property Valuation	Rate	Levy		
Assessed Valuation:					
Assessment Ratio ¹	100%				
Real property	\$ 4,193,264,665				
Personal property	1,335,873,770				
Public Service Companies ²	95,539,479				
GAP	<u>29,927,056</u>				
	5,654,604,970	0.5025	\$ 28,396,906		
Motor Vehicle Property	<u>493,980,206</u>	0.5025	<u>2,482,437</u>		
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 6,148,585,176</u>		<u>\$ 30,879,343</u>		
Distribution of levy:					
General Fund			<u>\$ 30,879,343</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, 2025

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections And Credits	Uncollected Balance June 30, 2025
2024 - 2025	\$ -	\$ 76,526	\$ 76,521	\$ 5
2023 - 2024	130	-	6	124
2022 - 2023	-	-	-	-
2021 - 2022	2	-	-	2
2020 - 2021	60	-	49	11
2019 - 2020	181	-	47	134
2018 - 2019	218	-	52	166
2017 - 2018	51	-	51	-
2016 - 2017	72	-	50	22
2015 - 2016	51	-	45	6
2014 - 2015	264	-	264	-
Total	<u>\$ 1,029</u>	<u>\$ 76,526</u>	<u>\$ 77,085</u>	<u>470</u>

Less: Allowance for uncollectible ad valorem taxes receivable 24

Ad valorem taxes receivable \$ 446

Reconciliation with Revenues:

Ad valorem taxes - Downtown Monroe Fund	\$ 77,320
Amounts written off per Statute of Limitations	(264)
Refunds, releases of prior years' taxes	(425)
Interest and advertising cost recovery	<u>454</u>
Total collections and credits	<u>\$ 77,085</u>

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY MUNICIPAL SERVICE DISTRICT LEVY FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 33,246,703	\$ 0.195	\$ 64,918	\$ 63,019	\$ 1,899
Registered motor vehicles taxed at prior year's rate	<u>446,072</u>		<u>870</u>	<u>-</u>	<u>870</u>
Total	33,692,775		65,788	63,019	2,769
Public Utility Allocation	5,154,451	0.195	10,051	10,051	-
Discoveries	324,810	0.195	838	838	-
Releases	<u>(70,190)</u>	0.195	<u>(151)</u>	<u>(151)</u>	<u>-</u>
Total property valuation	<u>\$ 39,101,846</u>				
Net Levy			76,526	73,757	2,769
Uncollected taxes at June 30, 2025			<u>(5)</u>	<u>(5)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 76,521</u>	<u>\$ 73,752</u>	<u>\$ 2,769</u>
Current Levy Collection Percentage			<u>99.99%</u>	<u>99.99%</u>	<u>100.00%</u>
<u>Secondary Market Disclosures:</u>					
	Property Valuation	Rate	Levy		
Assessed Valuation:					
Assessment Ratio ¹	100%				
Real property	\$ 29,455,764				
Personal property	3,071,877				
Public Service Companies ²	<u>5,154,451</u>				
	37,682,092	0.195	\$ 73,757		
Motor Vehicle Property	<u>1,419,754</u>	0.195	<u>2,769</u>		
Total levy (includes discoveries, releases, and abatements) ³	<u>\$ 39,101,846</u>		<u>\$ 76,526</u>		
Distribution of levy:					
Municipal Service District - Downtown Monroe Fund			<u>\$ 76,526</u>		

¹Percentage of appraised value has been established by statute.

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

³The levy includes interest and penalties.



Statistical Section

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

	<u>Page</u>
Financial Trends – These tables contain trend information to help the reader understand how the City’s financial performance and well being have been changed over time.....	176
Revenue Capacity – These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.....	186
Debt Capacity – These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.....	192
Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.....	199
Operation Information – These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities.....	202

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports to the relevant year.

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

	FISCAL YEAR				
	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	\$ 68,979	\$ 68,341	\$ 69,530	\$ 71,002	\$ 72,231
Restricted	7,385	9,813	9,654	16,587	14,882
Unrestricted	<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>\$ 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	\$ 177,673	\$ 193,967	\$ 200,306	\$ 214,144	\$ 221,098
Unrestricted	<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>\$ 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	\$ 246,652	\$ 262,308	\$ 269,836	\$ 285,146	\$ 293,329
Restricted	7,385	9,813	9,654	16,587	14,882
Unrestricted	<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>\$ 391,635</u>	<u>\$ 401,622</u>	<u>\$ 383,477</u>	<u>\$ 414,774</u>	<u>\$ 446,576</u>

Notes:

The classification of restricted net position amounts is discussed in the notes to the financial statements section I.E.13.

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

	FISCAL YEAR				
	2021	2022	2023	2024	2025
Governmental activities					
Net investment in capital assets	\$ 74,681	\$ 80,216	\$ 81,099	\$ 84,454	\$ 88,100
Restricted	15,706	31,642	21,028	19,807	23,289
Unrestricted	<u>(8,008)</u>	<u>(18,564)</u>	<u>(4,362)</u>	<u>(3,955)</u>	<u>(14,144)</u>
Total governmental activities net position	<u>\$ 82,379</u>	<u>\$ 93,294</u>	<u>\$ 97,765</u>	<u>\$ 100,306</u>	<u>\$ 97,245</u>
Business-type activities					
Net investment in capital assets	\$ 232,653	\$ 235,241	\$ 251,038	\$ 279,319	\$ 314,803
Unrestricted	<u>159,227</u>	<u>177,451</u>	<u>189,093</u>	<u>201,575</u>	<u>217,664</u>
Total business-type activities net position	<u>\$ 391,880</u>	<u>\$ 412,692</u>	<u>\$ 440,131</u>	<u>\$ 480,894</u>	<u>\$ 532,467</u>
Primary government					
Net investment in capital assets	\$ 307,334	\$ 315,457	\$ 332,137	\$ 363,773	\$ 402,903
Restricted	15,706	31,642	21,028	19,807	23,289
Unrestricted	<u>151,219</u>	<u>158,887</u>	<u>184,731</u>	<u>197,620</u>	<u>203,520</u>
Total primary government net position	<u>\$ 474,259</u>	<u>\$ 505,986</u>	<u>\$ 537,896</u>	<u>\$ 581,200</u>	<u>\$ 629,712</u>

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

	FISCAL YEAR				
	2016	2017	2018	2019	2020
EXPENSES					
Governmental activities:					
General government	\$ 7,646	\$ 5,232	\$ 4,933	\$ 3,461	\$ 6,397
Transportation	5,215	5,307	5,758	4,780	4,097
Public safety	19,675	23,693	25,300	27,086	31,068
Culture and recreation	5,389	5,910	5,153	8,743	3,081
Economic and physical development	2,070	1,063	1,338	1,075	454
Interest on long-term debt	200	227	200	469	501
Total governmental activities expenses	<u>40,195</u>	<u>41,432</u>	<u>42,682</u>	<u>45,614</u>	<u>45,598</u>
Business-type activities:					
Water and sewer	12,281	13,274	12,339	9,975	13,583
Electric	58,078	60,175	60,764	58,254	56,545
Natural gas	13,595	12,229	14,105	14,015	11,821
Aquatics and Fitness Center	3,818	3,849	4,082	4,056	3,620
Stormwater	1,879	1,976	2,084	2,052	1,987
Solid Waste	2,303	2,511	2,348	2,350	2,628
Airport	3,328	3,498	3,706	3,697	3,625
Total business-type activities expenses	<u>95,282</u>	<u>97,512</u>	<u>99,428</u>	<u>94,399</u>	<u>93,809</u>
Total primary government expenses	<u>\$ 135,477</u>	<u>\$ 138,944</u>	<u>\$ 142,110</u>	<u>\$ 140,013</u>	<u>\$ 139,407</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	\$ 2,374	\$ 2,203	\$ 2,212	\$ 2,297	\$ 2,445
Transportation	375	350	327	371	403
Public safety	4,589	4,161	3,973	4,489	4,630
Culture and recreation	1,734	1,728	1,691	1,787	1,776
Economic and physical development	-	-	-	-	-
Operating grants and contributions:					
General government	-	-	-	-	-
Transportation	972	963	964	957	955
Public safety	318	560	707	894	1,864
Culture and recreation	193	212	202	206	170
Economic and physical development	547	432	408	412	416
Capital grants and contributions:					
General government	-	-	-	-	-
Transportation	165	208	1,179	103	192
Public safety	-	-	-	-	-
Culture and recreation	-	-	100	-	-
Economic and physical development	-	-	-	10	-
	<u>\$ 11,267</u>	<u>\$ 10,817</u>	<u>\$ 11,763</u>	<u>\$ 11,526</u>	<u>\$ 12,851</u>

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

	FISCAL YEAR				
	2021	2022	2023	2024	2025
EXPENSES					
Governmental activities:					
General government	\$ 7,377	\$ 9,257	\$ 10,174	\$ 13,390	\$ 15,535
Transportation	6,677	3,937	6,679	6,956	5,347
Public safety	28,495	29,100	33,521	36,735	42,932
Culture and recreation	4,945	5,770	7,033	7,456	6,890
Economic and physical development	1,156	1,550	1,109	435	1,193
Interest on long-term debt	505	1,089	824	774	793
Total governmental activities expenses	<u>49,155</u>	<u>50,703</u>	<u>59,340</u>	<u>65,746</u>	<u>72,690</u>
Business-type activities:					
Water and sewer	11,122	9,886	13,024	7,291	11,801
Electric	55,176	57,866	53,818	56,073	58,397
Natural gas	12,807	16,768	19,117	14,836	18,067
Aquatics and Fitness Center	3,044	3,385	4,084	4,789	4,964
Stormwater	2,273	2,465	2,463	2,589	2,969
Solid Waste	2,833	3,003	3,188	3,587	4,061
Airport	3,732	4,207	4,203	4,152	4,258
Total business-type activities expenses	<u>90,987</u>	<u>97,580</u>	<u>99,897</u>	<u>93,317</u>	<u>104,517</u>
Total primary government expenses	<u>\$ 140,142</u>	<u>\$ 148,283</u>	<u>\$ 159,237</u>	<u>\$ 159,063</u>	<u>\$ 177,207</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	\$ 2,062	\$ 3,195	\$ 3,368	\$ 5,489	\$ 3,984
Transportation	449	468	563	602	627
Public safety	5,636	6,602	7,305	8,004	8,491
Culture and recreation	2,164	2,504	2,818	3,047	3,172
Economic and physical development	-	-	-	-	-
Operating grants and contributions:					
General government	-	-	9	12	3
Transportation	892	1,051	1,040	1,170	1,311
Public safety	783	7,194	4,896	963	1,796
Culture and recreation	164	4	9	25	26
Economic and physical development	420	424	-	56	-
Capital grants and contributions:					
General government	-	-	-	-	-
Transportation	542	760	328	-	-
Public safety	-	-	-	-	363
Culture and recreation	-	20	81	50	58
Economic and physical development	-	-	-	-	-
	<u>\$ 13,112</u>	<u>\$ 22,222</u>	<u>\$ 20,417</u>	<u>\$ 19,418</u>	<u>\$ 19,831</u>

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

	FISCAL YEAR				
	2016	2017	2018	2019	2020
Business-type activities:					
Charge for services:					
Water and sewer	16,743	17,671	17,228	18,671	18,617
Electric	62,607	65,606	63,853	63,757	60,846
Natural gas	14,485	15,569	18,101	18,323	15,043
Aquatics and Fitness Center	4,013	4,097	4,065	4,089	3,011
Stormwater	2,158	2,211	2,257	2,333	2,288
Solid Waste	2,312	2,411	2,416	2,434	2,573
Airport	1,600	1,654	1,944	1,912	1,792
Operating grants and contributions:					
Airport	-	-	-	-	69
Capital grants and contributions:					
Water and sewer	280	-	6	127	399
Electric	-	-	10	346	8,866
Natural gas	62	174	-	68	6
Stormwater	-	-	-	1	-
Solid Waste	1	-	-	-	-
Airport	2,174	2,699	90	891	1,419
Total business-type activities program revenues	106,435	112,092	109,970	112,952	114,929
Total primary government revenues	<u>\$ 117,702</u>	<u>\$ 122,909</u>	<u>\$ 121,733</u>	<u>\$ 124,478</u>	<u>\$ 127,780</u>
NET (EXPENSE) REVENUE					
Governmental activities	\$ (28,928)	\$ (30,615)	\$ (30,919)	\$ (34,088)	\$ (32,747)
Business-type activities	11,153	14,580	10,542	18,553	21,120
Total primary government net (expense) revenue	<u>\$ (17,775)</u>	<u>\$ (16,035)</u>	<u>\$ (20,377)</u>	<u>\$ (15,535)</u>	<u>\$ (11,627)</u>
GENERAL REVENUES AND OTHER CHANGES					
IN NET POSITION					
Governmental activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 19,605	\$ 20,176	\$ 21,078	\$ 22,358	\$ 23,156
Sales and use tax	5,249	6,196	6,215	6,654	8,112
Utility sales taxes	2,905	3,128	3,078	3,118	3,184
Motor vehicle tax	140	678	842	834	838
Beer & wine and telecommunications tax	496	490	463	444	376
Gross receipts tax	77	98	104	112	102
Other licenses and fees	-	-	-	-	-
Unrestricted investment earnings	1,946	(723)	(616)	3,418	1,227
Miscellaneous	580	631	744	1,375	1,549
Transfers	225	(1,845)	(1,279)	(916)	(2,423)
Total governmental activities	<u>31,223</u>	<u>28,829</u>	<u>30,629</u>	<u>37,397</u>	<u>36,121</u>
Business-type activities:					
Unrestricted investment earnings	5,144	(2,072)	(1,398)	8,003	3,848
Interest earnings on interfund loans	39	81	75	68	61
Miscellaneous	238	323	466	448	976
Transfers	(225)	1,845	1,279	916	2,423
Total business-type activities	<u>5,196</u>	<u>177</u>	<u>422</u>	<u>9,435</u>	<u>7,308</u>
Total primary government	<u>\$ 36,419</u>	<u>\$ 29,006</u>	<u>\$ 31,051</u>	<u>\$ 46,832</u>	<u>\$ 43,429</u>
CHANGE IN NET POSITION					
Governmental activities	\$ 2,295	\$ (1,786)	\$ (290)	\$ 3,309	\$ 3,374
Business-type activities	16,349	14,757	10,964	27,988	28,428
Total primary government	<u>\$ 18,644</u>	<u>\$ 12,971</u>	<u>\$ 10,674</u>	<u>\$ 31,297</u>	<u>\$ 31,802</u>

Notes:

Per GASB, revenues for internal service funds are allocated between business type and governmental type activities

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

	FISCAL YEAR				
	2021	2022	2023	2024	2025
Business-type activities:					
Charge for services:					
Water and sewer	19,474	22,997	25,863	28,146	34,519
Electric	56,602	60,937	62,118	64,842	62,427
Natural gas	16,430	20,457	22,640	18,228	20,792
Aquatics and Fitness Center	1,647	2,976	3,671	4,288	4,711
Stormwater	2,533	2,784	2,846	2,997	3,022
Solid Waste	2,712	2,909	3,110	3,322	3,928
Airport	2,022	2,874	2,827	2,693	2,889
Operating grants and contributions:					
Airport	-	82	-	1	2
Capital grants and contributions:					
Water and sewer	43	1	81	400	3
Electric	12,451	-	-	-	12,434
Natural gas	1	-	-	-	-
Stormwater	-	-	40	-	-
Solid Waste	-	-	-	-	-
Airport	1,542	577	91	605	747
Total business-type activities program revenues	115,457	116,594	123,287	125,522	145,474
Total primary government revenues	<u>\$ 128,569</u>	<u>\$ 138,816</u>	<u>\$ 143,704</u>	<u>\$ 144,940</u>	<u>\$ 165,305</u>
NET (EXPENSE) REVENUE					
Governmental activities	\$ (36,043)	\$ (28,481)	\$ (38,923)	\$ (46,328)	\$ (52,859)
Business-type activities	24,470	19,014	23,390	32,205	40,957
Total primary government net (expense) revenue	<u>\$ (11,573)</u>	<u>\$ (9,467)</u>	<u>\$ (15,533)</u>	<u>\$ (14,123)</u>	<u>\$ (11,902)</u>
GENERAL REVENUES AND OTHER CHANGES					
IN NET POSITION					
Governmental activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 23,749	\$ 24,554	\$ 26,217	\$ 28,583	\$ 31,061
Sales and use tax	9,425	10,624	10,844	11,380	12,652
Utility sales taxes	3,122	3,108	3,352	3,399	3,853
Motor vehicle tax	884	870	913	933	987
Beer & wine and telecommunications tax	379	311	320	344	301
Gross receipts tax	115	133	151	175	170
Other licenses and fees	-	-	-	-	-
Unrestricted investment earnings	31	(975)	1,084	2,577	2,647
Miscellaneous	1,892	1,234	892	967	896
Transfers	808	(463)	(377)	510	(951)
Total governmental activities	<u>40,405</u>	<u>39,396</u>	<u>43,396</u>	<u>48,868</u>	<u>51,616</u>
Business-type activities:					
Unrestricted investment earnings	(888)	311	2,803	7,841	8,559
Interest earnings on interfund loans	54	46	39	36	33
Miscellaneous	493	978	828	1,192	2,296
Transfers	(808)	463	377	(510)	951
Total business-type activities	<u>(1,149)</u>	<u>1,798</u>	<u>4,047</u>	<u>8,559</u>	<u>11,839</u>
Total primary government	<u>\$ 39,256</u>	<u>\$ 41,194</u>	<u>\$ 47,443</u>	<u>\$ 57,427</u>	<u>\$ 63,455</u>
CHANGE IN NET POSITION					
Governmental activities	\$ 4,362	\$ 10,915	\$ 4,473	\$ 2,540	\$ (1,243)
Business-type activities	23,321	20,812	27,437	40,764	52,796
Total primary government	<u>\$ 27,683</u>	<u>\$ 31,727</u>	<u>\$ 31,910</u>	<u>\$ 43,304</u>	<u>\$ 51,553</u>

CITY OF MONROE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR				
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 901	\$ 1,094	\$ 827	\$ 856	\$ 579
Restricted	5,846	7,554	7,989	8,879	10,831
Assigned	18,885	13,521	14,508	15,543	16,727
Unassigned	4,337	5,152	5,239	8,169	7,877
Total General Fund	<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	\$ 11	\$ 1	\$ 4	\$ -	\$ 1
Restricted	1,705	2,857	2,399	10,966	5,663
Committed	1,690	3,843	4,107	213	737
Assigned	192	199	117	495	510
Unassigned	-	-	-	-	-
Total all other governmental funds	<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.13.

CITY OF MONROE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(in thousands of dollars)

	FISCAL YEAR				
	2021	2022	2023	2024	2025
General Fund:					
Nonspendable	\$ 449	\$ 724	\$ 2,141	\$ 3,293	\$ 4,207
Restricted	8,635	13,879	15,340	17,573	18,282
Assigned	18,378	19,347	19,275	21,835	23,963
Unassigned	11,183	2,483	5,824	4,857	(291)
Total General Fund	<u>\$ 38,645</u>	<u>\$ 36,433</u>	<u>\$ 42,580</u>	<u>\$ 47,558</u>	<u>\$ 46,161</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,678	26,467	5,689	2,240	5,012
Committed	1,327	223	10,474	10,496	10,951
Assigned	56	346	402	456	116
Unassigned	(20)	-	-	-	(2,727)
Total all other governmental funds	<u>\$ 9,041</u>	<u>\$ 27,036</u>	<u>\$ 16,565</u>	<u>\$ 13,192</u>	<u>\$ 13,352</u>

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				
	2016	2017	2018	2019	2020
REVENUES					
Ad valorem taxes	\$ 19,744	\$ 20,285	\$ 21,208	\$ 22,451	\$ 23,200
Other taxes and licenses	219	778	949	948	943
Unrestricted intergovernmental	8,839	9,987	9,991	10,433	11,887
Restricted intergovernmental	2,194	2,375	3,551	2,571	2,688
Sales and services	2,469	2,282	2,521	2,529	2,224
Investment earnings	1,842	(669)	(578)	3,236	1,162
Miscellaneous	395	461	525	1,170	1,341
Total revenues	<u>35,702</u>	<u>35,499</u>	<u>38,167</u>	<u>43,338</u>	<u>43,445</u>
EXPENDITURES					
General government	888	2,913	2,882	627	4,992
Transportation	2,400	2,346	2,610	2,243	1,852
Public safety	14,599	17,430	18,121	18,055	20,040
Culture and recreation	4,084	3,655	3,006	4,258	3,706
Economic and physical development	5,157	2,684	2,848	6,133	849
Capital outlay	7,483	4,335	6,654	8,373	12,914
Debt service:					
Principal retirement	1,248	1,198	1,213	1,166	1,225
Interest and other charges	199	227	200	489	342
Total expenditures	<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>(356)</u>	<u>711</u>	<u>633</u>	<u>1,994</u>	<u>(2,475)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from (to) others	249	(1,845)	(1,279)	(916)	(1,839)
Lease liability issued	-	-	-	-	-
Subscriptions issued	-	-	-	-	-
Limited obligation bonds issued, including premiums	-	-	-	8,217	-
Installment purchase obligations issued	-	1,788	1,614	635	2,119
Total other financing sources (uses)	<u>249</u>	<u>(57)</u>	<u>335</u>	<u>7,936</u>	<u>280</u>
Net change in fund balances	<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	5.06%	4.68%	4.58%	5.02%	4.75%

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				
	2021	2022	2023	2024	2025
REVENUES					
Ad valorem taxes	\$ 23,840	\$ 24,572	\$ 26,174	\$ 28,586	\$ 31,123
Other taxes and licenses	1,001	1,247	1,340	1,387	1,449
Unrestricted intergovernmental	13,203	14,344	14,664	15,466	17,105
Restricted intergovernmental	3,644	8,836	6,652	2,278	3,422
Sales and services	3,021	4,552	4,304	6,621	5,244
Investment earnings	40	(986)	1,063	2,484	2,541
Miscellaneous	1,617	934	474	353	620
Total revenues	<u>46,366</u>	<u>53,499</u>	<u>54,671</u>	<u>57,175</u>	<u>61,504</u>
EXPENDITURES					
General government	5,286	6,864	6,742	7,860	10,027
Transportation	3,678	1,439	4,423	4,619	2,990
Public safety	20,742	22,305	24,634	27,605	32,906
Culture and recreation	3,135	3,998	5,019	5,109	4,314
Economic and physical development	319	1,372	895	278	631
Capital outlay	7,234	14,300	14,500	7,785	10,131
Debt service:					
Principal retirement	1,508	2,238	2,357	2,487	2,550
Interest and other charges	525	1,244	979	929	948
Total expenditures	<u>42,427</u>	<u>53,760</u>	<u>59,549</u>	<u>56,672</u>	<u>64,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,939</u>	<u>(261)</u>	<u>(4,878)</u>	<u>503</u>	<u>(2,993)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from (to) others	821	(444)	(427)	(1,185)	(951)
Lease liability issued	-	116	3	62	170
Subscriptions issued	-	-	137	90	739
Limited obligation bonds issued, including premiums	-	16,373	-	-	-
Installment purchase obligations issued	-	-	841	2,135	1,800
Total other financing sources (uses)	<u>821</u>	<u>16,045</u>	<u>554</u>	<u>1,102</u>	<u>1,758</u>
Net change in fund balances	<u>\$ 4,760</u>	<u>\$ 15,784</u>	<u>\$ (4,324)</u>	<u>\$ 1,605</u>	<u>\$ (1,235)</u>
Debt service as a percentage of noncapital expenditures	5.78%	8.82%	7.41%	6.99%	6.43%

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			
2016	\$ 1,122,222	\$ 1,223,096	\$ 303,873	\$ 667,684	\$ 62,807	\$ 3,379,682	\$ 0.5780
2017	1,127,552	1,244,699	275,945	703,452	63,375	3,415,023	0.5624
2018	1,153,295	1,268,456	287,062	807,840	65,122	3,581,775	0.5861
2019	1,220,489	1,247,839	278,709	812,945	63,608	3,623,590	0.6142
2020	1,246,040	1,239,672	296,009	925,102	56,066	3,762,889	0.6161
2021	1,274,626	1,252,856	330,926	941,632	71,542	3,871,582	0.6156
2022	1,466,369	2,016,158	353,697	918,750	88,214	4,843,188	0.5054
2023	1,437,727	2,165,604	403,414	1,104,070	92,111	5,202,926	0.5019
2024	1,538,077	2,385,435	772,800	1,228,178	91,138	6,015,628	0.4742
2025	1,636,665	2,586,055	495,400	1,368,873	100,694	6,187,687	0.5003

Notes:

- (1) A county-wide property revaluation was done in 2015 and 2021 and is reflected in the fiscal year 2016 and 2022 assessed values, respectively.
This valuation is required by law to be done at least every 8 years, but may be done more often.
- (2) Property is assessed at actual value; therefore, the assessed value is equal to actual value.
Tax Rates are per \$100 of assessed value.

Sources:

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

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

Fiscal Year	City of Monroe			Overlapping Rate	Total Direct and Overlapping Rates
	General Fund Basic Rate	Municipal Service District Basic Rate	Total Weighted Average Rate⁽¹⁾	Union County Basic Rate	
2016	\$ 0.5863	\$ 0.2190	\$ 0.5780	\$ 0.7765	\$ 1.3545
2017	0.5863	0.2190	0.5624	0.7665	1.3289
2018	0.5863	0.2190	0.5861	0.7810	1.3671
2019	0.6163	0.2190	0.6142	0.7309	1.3451
2020	0.6163	0.2190	0.6161	0.7309	1.3470
2021	0.6163	0.2190	0.6156	0.7309	1.3465
2022	0.5025	0.1950	0.5054	0.5880	1.0934
2023	0.5025	0.1950	0.5019	0.5880	1.0899
2024	0.5025	0.1950	0.4742	0.5880	1.0622
2025	0.5025	0.1950	0.5003	0.5880	1.0883

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)**

	2016			2025		
	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)	\$ 207,238	1	6.1%	\$ 354,882	1	5.7%
Charlotte Pipe & Foundry Co.	116,262	2	3.4%	211,520	2	3.4%
Goulston Technologies	22,488	8	0.7%	77,052	3	1.2%
Consolidated Metco, Inc.	22,082	9	0.7%	74,523	4	1.2%
Tyson Farms, Inc. (Tyson Foods, Inc.)	40,149	3	1.2%	74,476	5	1.2%
Greiner Bio-One	32,564	4	1.0%	65,712	6	1.1%
Goodrich Corporation	-		-	49,283	7	0.8%
Bonakemi USA, Inc.	-		-	41,813	8	0.7%
O'Neil Digital Solutions, LLC	-		-	37,137	9	0.6%
Yale Security (Assa Abloy - Door Security)	24,263	6	0.7%	35,966	10	0.6%
Scott Technologies	23,263	7	0.7%	-		-
Inland American Monroe Poplin	31,325	5	0.9%	-		-
Wal-Mart Stores, Inc.	21,383	10	0.6%	-		-
Total	<u>\$ 541,017</u>		<u>16.0%</u>	<u>\$ 1,022,364</u>		<u>16.5%</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)
2016	\$ 19,279	\$ 363	\$ 69	\$ 178	\$ 19,533
2017	19,581	367	133	103	19,978
2018	20,338	377	315	35	20,995
2019	21,843	387	111	85	22,256
2020	22,386	341	568	110	23,185
2021	23,282	429	201	80	23,832
2022	23,859	432	335	149	24,477
2023	25,596	451	102	36	26,113
2024	27,839	445	360	120	28,524
2025	30,251	490	225	10	30,956

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	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
2016	\$ 19,270	98.65%	\$ 248	\$ 19,518	99.92%
2017	19,752	98.86	213	19,965	99.93
2018	20,806	99.10	165	20,971	99.89
2019	22,080	99.20	156	22,236	99.91
2020	22,995	99.18	160	23,155	99.87
2021	23,686	99.39	121	23,807	99.90
2022	24,328	99.39	117	24,445	99.87
2023	25,899	99.18	124	26,023	99.66
2024	28,348	99.38	106	28,454	99.38
2025	30,802	99.50	-	30,802	99.50

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		
	Installment Purchase Obligations	Limited Obligation Bonds	Lease Liability	Subscription Liability	Limited Obligation Bonds	Revenue Bonds	State Revolving Loans
2016	\$ 6,357	\$ -	\$ -	\$ -	\$ 30,215	\$ 38,528	\$ 8,718
2017	6,947	-	-	-	29,887	37,251	8,179
2018	7,349	-	-	-	38,163	48,553	7,698
2019	6,818	8,196	-	-	37,768	45,324	7,217
2020	7,931	7,841	-	-	36,552	42,696	6,735
2021	6,758	7,485	-	-	35,297	46,232	-
2022	5,572	22,688	79	-	33,992	42,849	-
2023	5,198	21,503	42	65	32,631	39,390	-
2024	(2) 6,050	20,313	35	80	31,231	36,171	-
2025	(2) 6,675	19,117	154	629	29,765	32,868	-

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 2022 and 2023 personal income not available to calculate fiscal year 2023 and 2024.
- (2) Personal income not available for 2023 and 2024.

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

Fiscal Year	Business-type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	Lease Liability	Subscription Liability	Installment Purchase Obligations			
2016	\$ -	\$ -	\$ 2,404	\$ 86,222	\$ 2,512	0.82%
2017	-	-	1,530	83,794	2,413	0.73
2018	-	-	1,289	103,052	2,941	0.85
2019	-	-	413	105,736	2,993	0.83
2020	-	-	1,325	103,080	2,909	0.74
2021	-	-	1,131	96,903	2,791	0.62
2022	28	-	932	106,140	3,056	0.63
2023	21	48	728	99,626	2,776	0.54
2024	7	24	630	94,541	2,536	-
2025	43	-	940	90,191	2,298	-

CITY OF MONROE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025
(in thousands of dollars)

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Union County, overlapping debt	\$ 421,168	14.8%	\$ 62,365
Total direct debt	<u>26,575</u>	100%	<u>26,575</u>
Total direct and overlapping debt	<u>\$ 447,743</u>		<u>\$ 88,940</u>

Notes:

- (1) Includes governmental activities debt only.
- (2) Determined by ratio of assessed value of property subject to taxation in Union County (\$41,786,853,641) and City of Monroe (\$6,187,687,022).

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				
	2016	2017	2018	2019	2020
Debt limit (8% of assessed value)	\$ 270,375	\$ 284,215	\$ 286,542	\$ 289,887	\$ 301,031
Total net debt applicable to limit	38,976	38,364	46,801	53,195	53,649
Legal debt margin	\$ 231,399	\$ 245,851	\$ 239,741	\$ 236,692	\$ 247,382
Total net debt applicable to the limit as a percentage of debt limit	14.42%	13.50%	16.33%	18.35%	17.82%

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
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(in thousands of dollars)

	FISCAL YEAR				
	2021	2022	2023	2024	2025
Debt limit (8% of assessed value)	\$ 309,727	\$ 387,455	\$ 416,234	\$ 481,250	\$ 495,015
Total net debt applicable to limit	50,672	63,183	60,059	58,223	56,498
Legal debt margin	\$ 259,055	\$ 324,272	\$ 356,175	\$ 423,027	\$ 438,517
Total net debt applicable to the limit as a percentage of debt limit	16.36%	16.31%	14.43%	12.10%	11.41%

CITY OF MONROE, NORTH CAROLINA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Operating Revenues	Less Operating Expenses	Operating Income	Nonoperating Revenues (2)	Income Available for Debt Service	Debt Service		Coverage
		(1)				Principal	Interest	
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	102,683	73,926	28,757	7,632	36,389	3,346	2,082	670
2020	96,437	73,507	22,930	3,675	26,605	2,756	1,956	565
2021	94,441	70,871	23,570	(860)	22,710	2,838	1,856	484
2022	107,133	75,406	31,727	301	32,028	3,087	1,476	702
2023	113,421	78,454	34,967	2,723	37,690	3,163	1,386	829
2024	113,579	69,595	43,984	7,619	51,603	2,923	1,328	1,214
2025	117,302	79,152	38,150	8,335	46,486	3,007	1,235	1,096

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)
2016		34,323	\$ 10,479,508	\$ 46,246	42,552	4.50%
2017		34,725	11,486,771	49,648	41,541	3.70%
2018		35,034	12,108,123	51,326	41,509	3.70%
2019		35,330	12,812,641	53,417	41,372	3.90%
2020		35,432	13,895,901	56,820	41,451	6.10%
2021		34,715	15,539,167	63,777	39,923	4.00%
2022		34,734	16,847,280	67,641	40,257	3.50%
2023		35,894	18,606,363	72,553	41,210	3.10%
2024	(1)	37,275	-	-	41,345	3.60%
2025	(1)	39,245	-	-	40,870	3.40%

Note:

(1) Personal income not available for 2024 and 2025.

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	2016		2025	
	Employees	Percentage of Total City Employment (1)	Employees	Percentage of Total City Employment (2)
ATI Specialty Materials	1,465	8.6%	2,000	10.7%
Tyson Foods	1,850	10.9%	1,400	7.5%
Atrium (formerly Carolinas Medical Center-Union)	1,400	8.2%	1,400	7.5%
Union County	936	5.5%	1,393	7.5%
3M - Scott Safety	600	3.5%	650	3.5%
Charlotte Pipe	600	3.5%	640	3.4%
City of Monroe	453	2.7%	615	3.3%
Greiner Bio-One	300	1.8%	450	2.4%
Wal-Mart Stores, Inc.	400	2.4%	400	2.1%
Windsor Windows	-	0.0%	350	1.9%
Circor (formerly IMO Industries)	266	1.6%	300	1.6%
Collins Aerospace (formerly UTC Aerospace)	-	0.0%	250	1.3%
Total	8,270	48.7%	9,848	52.7%

Notes:

- (1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 16,975 as of June 30, 2016.
- (2) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 18,691 as of June 30, 2025.

Source:

City Economic Development Department

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
2016	212	\$ 150,064,502 (2)	284	\$ 25,921,890
2017	117	39,677,101	251	18,479,618
2018	114	96,256,468 (2)	224	14,695,332
2019	168	147,102,550 (2)	148	13,805,184
2020	172	27,426,384	246	21,295,243
2021	179	26,750,570	574 (3)	55,394,012
2022	202	139,162,893 (2)	1,284 (3)	119,213,566
2023	174	133,997,109 (2)	889 (3)	100,993,729
2024	218	110,009,199 (2)	1,208 (3)	159,084,594
2025	350	130,662,183 (2)	1,048 (3)	126,666,407

Notes:

- (1) Includes new residential dwellings (each residential unit in a multi-family requires a separate permit).
- (2) Several large non-residential projects were issued permits in 2016, 2018, 2019, 2022, 2023, 2024 and 2025.
- (3) The City has experienced the highest volume of residential permits since the City began issuing permits in 2001.

Source:

City Planning Department

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

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

Note:

- (1) In 2020, the City Facilities Maintenance division was brought under Administration from Culture & Recreation. In 2023, Monroe-Union County Economic Development Commission was formed and staff was no longer employed by the City. In 2025, Grounds moved from Culture & Recreation to Administration as part of the Property Management division. Positions were added for Property Management to include business manager, locksmith, HVAC technician, HVAC crew leader, electrician, plumber, carpenter, two facilities maintenance workers and equipment operator.
- (2) In 2018, four additional police officers were added through funding from a COPS Hiring grant; in 2022, six additional police officers were added. In 2025, four police officers were added.
- (3) In 2019, three full time firefighters were added through funding from a SAFER grant; in 2022, three full time fire captains were added. In 2023, nine additional firefighter positions were added for Fire Station 6. In 2025, three fire captains and three firefighters were added.
- (4) In 2018, two full time positions were added to Solid Waste for Community Maintenance; in 2020 the equivalent of two positions was allocated to Solid Waste Administration. In 2023, Community Maintenance was moved to general government.
- (5) In 2023, positions were added for safety and training coordinators, lineman, apprentices, administrative assistants, engineering techs, utility locator, gas technicians, and a gas operations superintendent.
- (6) In 2023, two full time customer service staff and two full time line service technicians were added and part-time pooled positions were eliminated. In 2025, two line service technicians were added.
- (7) In 2024, positions were added for administrative assistants, construction inspector, general manager of operations, systems engineer, civil engineer, field supervisor, operators, GIS technician, line superintendent and records management specialist. In 2025, positions were added for construction inspector, deputy director, utility services manager, maintenance crew leader and construction and maintenance manager.

Source:

City of Monroe payroll system.

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

Function	FISCAL YEAR				
	2021	2022	2023	2024	2025
General Government:					
Administration (1)	38	42	41	43	70
Planning and zoning/Community development	8	11	13	14	15
Engineering	9	10	10	10	12
Utility/tax billing and collection	19	21	21	21	24
Purchasing/Fleet/Warehouse	9	10	10	10	11
Transportation	19	19	19	19	19
Police (2)	105	111	111	111	117
Fire (3)	84	87	96	96	103
Building standards and code enforcement (4)	8	9	11	12	13
Culture and recreation (1)	32	33	34	36	26
Water and sewer:					
Distribution system (7)	37	37	38	46	54
Water filter plant (7)	12	12	12	13	12
Waste treatment plant	15	15	15	16	18
Stormwater	13	14	14	14	15
Electric (5), (7)	35	35	44	48	50
Natural gas (5), (7)	20	21	27	28	28
Solid Waste (4)	5	5	3	3	2
Aquatics and Fitness Center	13	13	13	13	13
Airport (6)	7	7	11	11	13
Total	<u>488</u>	<u>512</u>	<u>543</u>	<u>564</u>	<u>615</u>

**CITY OF MONROE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(if available or unless otherwise noted)**

Page 1 of 2

Function	FISCAL YEAR				
	2016	2017	2018	2019	2020
Transportation:					
Street reclamation (tons) (1)	2,272	1,229	1,023	197	-
Street repair (tons)	532	272	398	311	814
Utility repair (tons)	381	417	928	787	645
Sidewalk repair (cubic yards concrete)	137	166	96	130	158
Pipe repair and replacement (linear feet)	1,129	1,938	2,737	1,653	2,305
Police:					
Physical arrests (calendar year)	2,158	2,494	2,487	2,525	2,485
Parking violations (calendar year)	2,181	2,625	2,951	2,905	2,237
Traffic violations (calendar year)	5,056	4,800	5,994	6,560	6,485
Fire:					
Calls for service (calendar year)	6,170	7,049	6,920	7,065	5,675
Fire code inspections (calendar year)	2,267	2,105	1,726	1,351	884
Civilian fire injuries (calendar year)	2	3	6	2	2
Building standards & code enforcement:					
Building permits issued	4,416	4,250	3,666	3,367	3,622
Building inspections	9,865	8,659	8,915	9,447	11,063
Code enforcement inspections	2,994	3,091	2,560	4,029	4,138
Environmental protection:					
Solid waste collected (annual tonnage)	9,218	9,696	9,735	9,435	9,991
Recyclables collected (annual tonnage)	1,912	1,870	1,897	2,258	2,220
Culture and recreation:					
Rounds of golf played (calendar year)	36,717	36,381	33,858	34,229	41,733
Aquatics and fitness center members (2)	20,778	21,526	21,625	21,593	17,430
Youth athletic program participants (calendar year)	428	379	501	491	297
Water:					
Average daily production (millions of gallons per day) (3)	6.5	6.6	6.2	6.1	6.7
Maximum daily production (millions of gallons per day)	9.1	8.2	9.1	8.2	8.5
Customers	12,217	12,355	12,533	12,596	12,788
Gallons Billed (in thousands)	1,856,038	1,935,186	1,938,273	1,922,676	1,893,497
Sewer:					
Average daily treatment (millions of gallons per day)	7.3	6.1	5.4	7.9	7.1
Customers	10,631	10,754	10,921	10,981	11,115
Gallons Billed (in thousands)	2,268,665	2,208,168	2,218,285	2,550,976	2,340,080
Electric:					
Sales (megawatt hours)	669,778	711,165	718,185	706,091	667,632
Customers	11,916	12,005	12,071	12,154	12,181
Natural gas:					
Sales/deliveries (thousand cubic feet)	3,067,350	3,083,560	3,438,140	3,412,220	3,137,320
Customers	11,033	11,236	11,374	11,486	11,625
Airport:					
Fuel sales (thousands of gallons)	290	382	350	325	315
Based aircraft	82	83	115	107	99

Notes:

- (1) Street reclamation crew was pulled to work on utility cuts during fiscal years 2019 through 2023 resulting in the decrease in those years.
- (2) During 2020, COVID-19 and a related Governor's executive order prohibited fitness centers from being open for several months. This caused membership to drop for June 30, 2020. Memberships have not returned to pre-COVID-19 trends due to continued concerns by patrons, but are improving.
- (3) Due to replacement of large water lines within the distribution system and construction at the water treatment facility, the City utilized the Union County contracted supply more to offset system demand. Also, a leak detection contractor was utilized to assist with locating several large leaks resulting in less volume being pumped once repairs were made.

Sources:

Various City departments.

**CITY OF MONROE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(if available or unless otherwise noted)**

Page 2 of 2

Function	FISCAL YEAR				
	2021	2022	2023	2024	2025
Transportation:					
Street reclamation (tons) (1)	183	-	138	583	701
Street repair (tons)	228	355	663	1,519	1,204
Utility repair (tons)	703	823	804	1,108	825
Sidewalk repair (cubic yards concrete)	173	68	131	191	71
Pipe repair and replacement (linear feet)	2,912	2,244	1,845	1,431	1,371
Police:					
Physical arrests (calendar year)	2,291	2,145	2,035	2,054	-
Parking violations (calendar year)	2,242	3,134	1,470	1,679	-
Traffic violations (calendar year)	5,445	4,993	5,049	6,041	-
Fire:					
Calls for service (calendar year)	7,519	7,605	7,715	7,822	-
Fire code inspections (calendar year)	1,325	2,333	1,115	1,954	-
Civilian fire injuries (calendar year)	1	2	2	1	-
Building standards & code enforcement:					
Building permits issued	4,476	7,891	6,768	8,290	7,761
Building inspections	11,106	20,741	23,753	25,934	24,512
Code enforcement inspections	3,114	2,630	3,419	2,690	4,243
Environmental protection:					
Solid waste collected (annual tonnage)	11,417	10,800	11,073	11,618	12,022
Recyclables collected (annual tonnage)	2,440	2,090	2,279	2,539	2,687
Culture and recreation:					
Rounds of golf played (calendar year)	40,778	42,398	43,149	40,831	-
Aquatics and fitness center members (2)	12,892	15,748	15,665	17,056	18,047
Youth athletic program participants (calendar year)	764	818	768	855	-
Water:					
Average daily production (millions of gallons per day) (3)	6.2	6.4	5.6	6.2	6.4
Maximum daily production (millions of gallons per day)	8.2	7.9	7.5	7.9	9.1
Customers	13,073	13,765	14,086	15,114	16,061
Gallons Billed (in thousands)	1,819,449	1,991,615	2,044,095	2,072,959	2,167,679
Sewer:					
Average daily treatment (millions of gallons per day)	6.7	5.7	6.5	6.9	6.8
Customers	11,376	11,930	11,938	12,831	14,059
Gallons Billed (in thousands)	2,175,436	2,052,793	1,935,931	2,287,199	2,768,763
Electric:					
Sales (megawatt hours)	582,590	648,916	679,661	695,375	744,329
Customers	12,311	12,564	13,230	13,951	14,739
Natural gas:					
Sales/deliveries (thousand cubic feet)	2,756,370	3,090,800	3,309,961	3,482,956	3,621,777
Customers	11,879	12,189	12,638	13,201	13,694
Airport:					
Fuel sales (thousands of gallons)	345	442	392	344	509
Based aircraft	110	112	116	100	133

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

Function	FISCAL YEAR				
	2016	2017	2018	2019	2020
Transportation:					
Municipal Boundary (square miles)	29.63	29.63	30.05	30.34	30.49
Streets (miles)	170	170	170	170	171
Sidewalks (miles)	64	64	65	65	65
Curb and gutter (miles)	131	131	132	133	133
Stormwater (miles)	36	36	36	36	37
Bridges (square feet)	15,884	15,884	15,884	15,884	15,884
Speed humps/cushions (each)	343	355	358	372	374
Public safety:					
Police stations	1	1	1	1	1
Patrol vehicles	92	96	96	96	96
Fire stations	5	5	5	5	5
Fire apparatus (line and reserve)	18	18	18	18	19
Culture and recreation:					
Acreage (city limits)	552	552	554	555	555
Aquatics and Fitness Center	1	1	1	1	1
Playgrounds (1)	8	9	9	9	9
Gymnasiums	4	4	4	4	4
Basketball courts	11	11	11	11	14
Tennis courts (2)	8	6	6	6	6
Pickleball courts (2)	-	-	-	-	-
Playing fields (baseball/soccer/football) (3)	20	20	20	20	20
Swimming pools	3	3	3	3	3
Splash Pad (4)	-	-	-	-	-
Outdoor Fitness Station (4)	-	-	-	-	-
Dog Park (4)	-	-	-	-	-
Golf course	1	1	1	1	1
Driving range	1	1	1	1	1
Greenway (miles)	2.0	3.1	4.3	4.3	4.8
Theatre (5)	-	-	-	-	-
Water:					
Water mains (miles)	291	292	293	293	294
Treatment capacity (millions of gallons per day) (6)	12.99	12.99	12.99	12.99	12.99
Sewer:					
Sanitary sewers (miles)	295	295	295	294	297
Treatment capacity (millions of gallons per day)	10.4	10.4	10.4	10.4	10.4
Electric:					
Substations (7)	7	7	7	7	7
Lines (miles per calendar year)	291	293	294	295	298
Natural gas:					
Lines (miles per calendar year)	468	473	477	486	500
Airport:					
Runway (feet)	7,000	7,000	7,000	7,000	7,000
Hangars (square feet) (8)	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. In 2025, three tennis courts at Dickerson Recreation Complex were converted to ten pickleball courts.
- (3) In 2021, 3 soccer fields at Monroe Middle School were no longer maintained by the City.
- (4) In 2023, the City added a Splash Pad and an outdoor fitness station with cornhole boards and table tennis at Belk Tonawanda Park. A Dog Park was added at Sunset Park in 2023 also.
- (5) In 2021, the Dowd Center Theatre was capitalized by the City.
- (6) In 2014, additional water supply became available via a water supply agreement with Union County. The agreement provides a guaranteed 1.99 MGD of water supply to the City, and the agreement term is in perpetuity, or 99 years if perpetuity is challenged. This water supply is delivered from the Catawba River WTP (CRWTP) which is co-owned by Union County and Lancaster County, South Carolina. The 1.99 MGD represents a 5.53% interest in the CRWTP.
- (7) In 2014, as part of the electric systems ongoing work to retire old 4KV facilities, two 4KV substations were retired. In 2022 a new substation, SAF II, was installed at a new ATI Metals facility.
- (8) In addition to City owned hangars, there are three private hangars on airport property. These private hangar leases will expire in February 2026, July 2037 and November 2053. In 2019, a 10,000 square foot City owned hangar was completed and in 2020, a new 14,400 square foot City owned hangar was completed and are both currently being leased.

Sources:

Various City departments.

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

Function	FISCAL YEAR				
	2021	2022	2023	2024	2025
Transportation:					
Municipal Boundary (square miles)	31.07	31.81	32.14	32.76	33.18
Streets (miles)	171	171	171	171	173
Sidewalks (miles)	65	67	68	68	71
Curb and gutter (miles)	133	133	133	135	138
Stormwater (miles)	37	37	37	37	40
Bridges (square feet)	15,884	15,884	15,884	15,884	15,884
Speed humps/cushions (each)	381	381	381	387	392
Public safety:					
Police stations	1	1	1	1	1
Patrol vehicles	96	98	98	100	100
Fire stations	5	5	5	6	6
Fire apparatus (line and reserve)	19	19	19	22	24
Culture and recreation:					
Acreage (city limits)	555	555	564	564	564
Aquatics and Fitness Center	1	1	1	1	1
Playgrounds (1)	9	9	9	9	9
Gymnasiums	4	4	4	4	4
Basketball courts	14	14	14	14	14
Tennis courts (2)	6	6	6	6	3
Pickleball courts (2)	-	-	-	-	10
Playing fields (baseball/soccer/football) (3)	17	17	17	17	17
Swimming pools	3	3	3	3	3
Splash Pad (4)	-	-	1	1	1
Outdoor Fitness Station (4)	-	-	1	1	1
Dog Park (4)	-	-	1	1	1
Golf course	1	1	1	1	1
Driving range	1	1	1	1	1
Greenway (miles)	5.3	5.3	5.3	5.3	5.3
Theatre (5)	1	1	1	1	1
Water:					
Water mains (miles)	296	301	309	327	328
Treatment capacity (millions of gallons per day) (6)	12.99	12.99	12.99	12.99	12.99
Sewer:					
Sanitary sewers (miles)	299	304	310	318	319
Treatment capacity (millions of gallons per day)	10.4	10.4	10.4	10.4	10.4
Electric:					
Substations (7)	7	8	8	8	8
Lines (miles per calendar year)	304	307	308	328	-
Natural gas:					
Lines (miles per calendar year)	502	514	530	555	-
Airport:					
Runway (feet)	7,000	7,000	7,000	7,000	7,001
Hangars (square feet) (8)	112,003	112,003	112,003	112,003	131,740



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, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2025. 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 compliance and other matters associated with the City of Monroe ABC Board or the Monroe Tourism Development Authority or that are reported separately by those auditors who audited the financial statements of the City of Monroe ABC Board.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Monroe's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Monroe's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Monroe's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Monroe's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Monroe's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2025

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, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Monroe, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Monroe's major state programs for the year ended June 30, 2025. The City of Monroe's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Monroe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Monroe and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Monroe's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Monroe's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Monroe's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Monroe's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Monroe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Monroe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Monroe's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2025

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2025

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

State Awards

Internal control over major state programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Powell Bill

Auditee qualified as low-risk auditee? Yes

2. Financial Statement Findings

None reported

3. State Award Findings and Questioned Costs

None reported

CITY OF MONROE, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

None reported

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
Federal Grants:						
Cash Programs:						
U.S. Department of Justice:						
Direct Program:						
Offices, Boards and Divisions						
Equitable Sharing Program	16.922		\$ 132,599	\$ -	\$ -	\$ -
Passed through N.C. Department of Public Safety:						
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-24-GG-03702-UHPX	1,073	-	-	1,199
U.S. Department of Homeland Security:						
Passed through N.C. Department of Public Safety						
Federal Emergency Management Agency:						
Assistance to Firefighters Grant	97.044	FG-00485	50,384	-	-	6,457
U.S. Department of Treasury:						
State and Local Fiscal Recovery Funds:						
Passed through N.C. Department of Environmental Quality						
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0305	95,673	-	-	-
Drug Enforcement Administration:						
Direct Program:						
Equitable Sharing Program	21.016		84,923	-	-	-
U.S. Department of Health and Human Services						
Passed through N.C. Department of						
Aging and Adult Services						
Passed through Centralina Area Agency on Aging:						
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90HDRC0007-01-00	1,500	-	-	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	23/24 AABCT3PH	609	-	-	-
Aging Cluster						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	23/24 AANCT3SS	18,543	-	-	2,267
Total Aging Cluster			18,543	-	-	2,267
U.S. Department of Transportation:						
Passed through N.C. Department of Transportation:						
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	36237.17.20.1	181,991	-	-	-
U.S. Department of Housing and Urban Development:						
Passed through Union County:						
CDBG- Entitlement/Special Purpose Grants Cluster:						
Community Development Block Grants/Entitlement Grants	14.218	59	153,052	-	-	-
Total CDBG- Entitlement/Special Purpose Grants Cluster			153,052	-	-	-
Total assistance - Federal Programs			720,347	-	-	9,923
State Grants:						
Cash Assistance:						
N.C. Department of Transportation:						
Powell Bill			-	1,179,269	-	-
State Aid to Airports - Airport Apron Rehabilitation		36244.24.8.1	-	662	-	74
State Aid to Airports- Runway 5-23 Airport Tree Obstruction Removal and Fencing		36244.24.9.1	-	549,248	-	55,100
State Aid to Airports- TALONS		36244.24.10.1	-	1,800	-	1,800
State Aid to Airports- Transportation Reserve Program		36244.24.9.2	-	71,928	-	-
Total State Aid to Airports			-	623,638	-	56,974

CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through) Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
N.C. Division of Parks and Recreation:						
N.C. Parks and Recreation Trust Fund (PARTF)		2023-1072	-	57,984	-	57,984
N.C. Office of State Budget and Management						
Regional Economic Development Reserve		10282	-	159,861	-	-
N.C. Department of Commerce						
Selectsite Readiness Program		03-211	-	3,200	-	-
N.C. Division of Aging and Adult Services:						
Passed through Centralina Area Agency on Aging						
Senior Center General Purpose Grant			-	3,654	-	406
Total assistance - State Programs			-	2,027,606	-	115,364
Total assistance			\$ 720,347	\$ 2,027,606	\$ -	\$ 125,287

Notes to the Schedule of Expenditures of Federal and State 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, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Monroe, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City of Monroe.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Monroe has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Our Vision

The Finance Department strives to provide quality services and cost-effective financial practices with both accuracy and transparency, thus ensuring the continued growth and economic success of the City of Monroe, its citizens and surrounding communities.

