

# City of Monroe, North Carolina Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2019

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**CITY OF MONROE, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## **Introductory Section**

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October 17, 2019

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

We are pleased to present to you the Comprehensive Annual Financial Report (“CAFR”) of the City of Monroe for the fiscal year ended June 30, 2019. The financial statements and supplemental schedules have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPA’s, P.A. and that firm’s unmodified report is presented as the first component of the Financial Section of this report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

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

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

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

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

### **The Reporting Entity**

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

Discretely presented component units are reported in a separate column in the Government-wide financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial position, results of operations, and cash flows from those of the City. The City of Monroe has included the City of Monroe ABC Board and the Monroe Tourism Development Authority as discretely presented component units. The governing members of both of these

units are appointed by the City Council. Additional information on these legally separate reporting entities can be found in the Notes to the Financial Statements.

## **Organization of Government**

The City of Monroe was established in 1844, and is located near the center of Union County in the Southern Piedmont region of North Carolina. The City is a diverse community of over 35,000 residents, and has an incorporated area of over 30 square miles. Monroe serves as the County seat for Union County. Monroe's corporate limits are approximately seven miles southeast of Charlotte. The City Council may involuntarily annex property into the corporate limits so long as requirements set forth in North Carolina general statutes are met. North Carolina requires that those subject to an involuntary annexation have the opportunity to approve or reject the involuntary annexation initiated by the municipality by referendum. Annexed areas are also required to be guaranteed fire, police, and solid waste services immediately upon annexation and provisions for water and sewer service within three and one-half years of annexation. Voluntary annexations may also be considered and approved at the discretion of City Council, following all statutory requirements.

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

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

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

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

The City also provides financial support to certain boards, agencies and commissions to assist their efforts in serving our citizens. Organizations that receive support from the City include the American Red Cross, HealthQuest of Union County, Monroe Athletic Foundation, Community Health Services of Union County, Union County Crisis Assistance Ministry, Anson-Union County Habitat for Humanity, Union County Community Arts Council, Council on Aging in Union County, the Monroe-Union County Community Development Corporation, the Union County Historic Preservation Commission, Turning Point, Union County Community Action, Inc., the Union County Community Shelter, Arc of Union County, the Police Athletic League, Alliance for Children, Central Academy of Technology and Arts Band, the Humane Society of Union County, Inc., the Village Development Center, the Union County Youth Ballet and Artists Music Guild.

## **Economic Condition and Outlook**

Monroe's manufacturing and commercial base has capitalized on the current economic expansion. New and existing industries have announced nearly \$277 million in new capital investments in manufacturing equipment, facility expansions and relocations during FY 2018-19. Manufacturing expansion announcements of note in Monroe include: ATI Specialty Materials - \$140 million for a new specialty alloy processing facility; Greiner Bio-One North America - \$12.7 million in equipment investment; and Collins Aerospace - \$27 million for the expansion and equipment purchase at its maintenance, repair and overhaul (MRO) facility in the Monroe Corporate Center. Monroe continues to evolve as a center for business investment and job creation.

Monroe's workforce is diverse, consisting of industrial, construction, agricultural, and retail employment. The City's economic base includes major employers involved in aerospace, plastics, healthcare, food processing, professional services, and education. The City maintains a small town atmosphere and enjoys the benefits of being part of the Charlotte metropolitan

region. While serving as a significant regional employment and commercial center, Monroe residents also make up nearly 66% of the total industrial workforce in Union County.

Monroe has achieved regional, national and international recognition. Accolades include: Top 10 County for Job Creation Nationally Since 2000 – CNN/Money.com; 18+ Years Lowest Unemployment in the Charlotte Region – NC Department of Commerce, Division of Employment Security; and #1 Aerospace Cluster in North Carolina – NC Department of Commerce.

Monroe has evolved into a premier location for precision manufacturing. Nearly 15% of the industrial base and 23% of the manufacturing employment is deep-rooted in aerospace, resulting in the highest geographic concentration of aerospace companies in North Carolina (NC Department of Commerce). Also, Monroe's industrial base is international with 10 countries represented among 16 companies.

The continued investment among the community's existing firms, as well as newly located operations, shows that Monroe's economy is strong. It is now reaping the rewards of its unwavering commitment to creating a pro-business environment in which manufacturers prosper.

### **Major Initiatives**

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

The Water Resources Department continues to monitor economic condition and growth potential and adjust strategic capital project initiatives to match growth projections. A capital reserve fund has also been established to meet long term capital improvement needs. Current initiatives are focusing on system sustainability and asset management programs. The Department recently accepted an NCDEQ grant to develop an asset management and mobile work order system. The system will be on-line by the end of 2019. The renewal and replacement of aging water and wastewater pipeline infrastructure is a priority and the City continues to use innovative trenchless technologies for these programs. The water treatment plant is undergoing a \$5.5-million-dollar upgrade to improve capacity, reliability, and safety.

Preventative maintenance programs for all equipment continue to be refined. Equipment replacements at the City water and wastewater treatment facilities are ongoing to ensure reliable performance. Utility coordination and infrastructure relocations for the Turnpike Authority Monroe Bypass have been completed. There are other major NCDOT projects underway involving utility coordination and relocations. Economic activity from residential, commercial, and industrial development is having a positive effect on revenue.

The City of Monroe's Natural Gas Division operates and maintains a 43-mile natural gas transmission pipeline and 477 miles of natural gas distribution mains per federal regulation 49 CFR Part 192. With the installation of 128 new services, the natural gas customer count has increased to 11,532 customers. Peak gas usage day was on Monday, January 21, 2019, with a volume of 18,448 MCF (18,448,000 cubic feet) on a 39.6 heating degree day (36°/21° F). The natural gas volume for the fiscal year was 3,363,617 MCF. Energy Services Utility Locators have located 16,658 NC811 locate tickets including natural gas, electric, and City fiber telecommunications. During fiscal year 2019 the following projects were undertaken:

- Installed 761 feet of two-inch polyethylene main to provide a two-way feed in Rolling Hills Subdivision.
- Relocated 215 feet of six-inch steel main in conflict with grading on N. Rocky River Rd. at U.S. Highway 74 for NCDOT project 45703.
- Installed 3,501 feet of four-inch polyethylene main and 8,054 feet of two-inch polyethylene main for Stratford Subdivision (Phases 1A and 1B).
- Installed a regulating station on Ridge Rd. to supply natural gas to Stratford Subdivision.
- Installed 40 feet of 4" polyethylene pipe to tie-in the boil-off pipeline of the LNG Peak Shaving Facility to the 60 psig distribution natural gas system, and installed 125 feet of 8" steel pipe to tie-in the send-out pipeline of the LNG Peak Shaving Facility to the distribution 275 psig feeder main.
- Installed 600 feet of six-inch steel pipe operating at 275 psig to relocate Deese Rd. regulating station due to accessibility issues created by the construction of the Monroe Bypass.
- Lowered 347 feet of twelve-inch steel natural gas transmission pipeline and fiber optic telecommunication cable to avoid a conflict for a turning lane to the Hawthorne at the Glen Luxury Apartments on Kannapolis Parkway.

- Installed 5,678 feet of two-inch polyethylene main for Stonebridge Subdivision (Phase IV).
- Installed 3,320 feet of four-inch polyethylene main to replace a two-inch steel main on Concord Ave. with a corrosion leak history.
- Installed seven galvanic anode ground beds on the distribution 275 psig feeder main.
- Responded to 287 emergency responses (gas odor inside/outside calls), twenty-five emergency responses were hazardous leaks.
- Repaired eight underground natural gas leaks and 261 meter leaks.
- Upgraded 199 Itron 40G encoder receiver transmitters (ERTs) to Itron 100G ERTs in a dedicated ERT change out program.
- Construction of the LNG Peak Shaving Facility at 2111 Morgan Mill Rd is nearing completion.

The City's Electric Division maintains 19.5 miles of 100 kV transmission lines, 290 miles of distribution lines, and 6 main substations. The Electric Division provides electric service to approximately 11,000 customers from residential to small commercial and industrial customers with up to 15 MW electric loads. The system had a peak demand of 134 MW and annual electric sales of 656,204,285 Kilo-Watthours. During fiscal year 2019 the following projects were undertaken:

- Replace/retire downtown vault switches and high voltage cables.
- Add additional facilities to serve a new process facility at ATI Metals.
- Install substation security and wildlife protection.
- Expanded electric facilities in the Corporate Center for future growth.
- Upgrade wire size on several overhead high voltage circuits to allow for additional growth and reliability.
- Extend high voltage overhead power lines to serve new territories.
- Paint several substation transformers and replace the oil in them to extend their life and keep them operating efficiently.

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

Regarding existing infrastructure, the City of Monroe staffs a 6-person stormwater maintenance crew dedicated to the improvement and maintenance of the existing stormwater system. Responsibilities include repair, new construction and routine system maintenance of the stormwater infrastructure. The stormwater maintenance crew with assistance from street maintenance crews as needed have completed over 1,600 work orders in addition to completing thirteen capital improvement projects between 2009 and 2019.

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

The Charlotte-Monroe Executive Airport is Monroe's air transportation hub and economic catalyst. With the estimated 56,000 take-offs and landings and 108 privately owned, based aircraft, the Airport supports corporate aviation operators having

worldwide access while providing fuel and other services such as international U. S. Customs terminal. Its annual economic impact is over \$24M in business revenue, supporting over 300 jobs, which in turn offers \$12.3M in personal income and generates \$1.9M in state and local taxes. The Airport continues to improve the facilities by rehabilitating a major aircraft ramp with the assistance of a NC Department of Transportation \$2.8M grant, and utilizing \$400K in FAA entitlement funds to update the Airport Layout (“Master”) Plan. These projects coincide with the boost in growth the Airport is currently experiencing. The new 10,000 square foot hangar is already filled to capacity, and completion of a 12,000 sq. ft. hangar is anticipated for the end of year so the City can increase its based aircraft and expand airport services with a jet charter operation. All this activity at the Charlotte-Monroe Executive Airport demonstrates how it connects people and companies to markets around the globe, supports business growth, and moves our economy forward.

City Council is supportive of the City’s public safety departments and supports their efforts in making Monroe a better community. The following programs were implemented in order for police officers to build stronger relationships with youth and the community.

This year, the department sponsored three Bridge Builder Camps and the Gang Resistance Education and Training (G.R.E.A.T.) camp. The Bridge Builder Camps were week-long programs in three different communities. Officers presented programs and activities for the children as well as provided meals for them every day. Every summer our School Resource officers and Community Services Division take students from the G.R.E.A.T. Program on a week-long day camp and participate with them doing a different activity each day. These programs were used to build trust between law enforcement and our young community members.

The Police Department also sponsors the Police Athletic League Program (PAL). This is the longest running community involvement for the department with the program being in its 14<sup>th</sup> year. Officers work with children ages 7-12 with approximately 100 children participating in the different sports which include football, baseball, and basketball. PAL is a mentoring program where officers partner with the children.

The Monroe Police Department has an active Explorer Post with 15 participants. Law Enforcement Career Exploring is open to young men and women, ages 14 (and completed the 8<sup>th</sup> grade) but not yet 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 Monroe Police Department works in partnership with the Drug Enforcement Administration (DEA) and the Federal Bureau of Investigations (FBI) assigning three task force officers. This is a collaborative effort to investigate serious drug related crimes that occur within the City of Monroe and surrounding areas.

The Monroe Fire Department provides the residents of Monroe with a high level of fire protection and suppression services. The Operations Division protects the community with 75 full-time employees operating three engine companies, one ladder/rescue combination-company, two quint companies, three aviation firefighting units, two brush trucks and two hazardous materials units. The department's equipment is housed in five strategically located fire stations. The department also has nine full-time and two part-time employees serving in the Fire Marshal, Training and Administration Divisions.

The Fire department is accredited through the Commission on Fire Accreditation International, being one of approximately 275 accredited agencies internationally. This is significant not only for the City and Fire department, but for our residents, business owners and visitors to Monroe. The Fire department is certified through the North Carolina Association of Rescue & EMS in the areas of heavy rescue, high angle rescue, confined space rescue and water rescue.

The department embraces a recently updated five-year strategic plan that will guide the department through 2023. The strategic plan is a community driven plan developed with citizen input.

Following a Fire Suppression Rating Survey in December of 2018, the City now holds an improved ISO Fire Insurance Rating of Class 2. This improved rating from a Class 3 to Class 2 reflects well on the City’s professional fire operations and water system infrastructure. This rating also allows the City’s businesses and homes to enjoy low fire insurance premiums.

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

Through the State Transportation Improvements Program (STIP), opportunities are approaching for major changes to two gateways into Monroe. Projects include (1) US Highway 74 widening from 4 lanes to 6 lanes from Rocky River Road to Roland Drive; (2) US 74/US 601 Interchange Improvements and (3) Widening of US 601 to 4 lanes with median from US 74 to the Monroe Bypass. The City of Monroe is to contribute approximately \$360,000 for the US Highway 74 project toward the installation of a 10-foot wide multi-use path (MUP) on one side and an 8-foot wide sidewalk on the opposite side. Similarly, the City of Monroe is to provide \$252,980 on the US 74/ US 601 Interchange project towards the installation of 8-foot wide sidewalks on both sides along the project. As part of the US 601 Widening Project, the City's share for the provision of a 10-foot wide MUP and 8-foot wide sidewalk is \$411,500. Improvements are also taking shape for Old Charlotte Highway with the first section of a project from Seymour Street to NC 200 (Dickerson Boulevard). Sidewalks and bike lanes are planned for these roadway improvements in addition to center medians that will present landscaping opportunities for Monroe. The City's share of the pedestrian improvements is estimated at \$193,000 for the Charlotte Avenue improvements. Other projects include the recently completed intersection improvements along US 74 at the intersection of Secrest Avenue with improvements at Rocky River Road and US 74 currently under construction. In conjunction with the project at US 74 and Rocky River Road, the City is contributing \$250,000 of the estimated costs of \$629,657 to incorporate the realignment of Myers Road and James Hamilton Road with Rocky River Road as part of the superstreet project on US Highway 74.

The City currently maintains just over 169 miles of roadway. Staff developed a pavement maintenance plan in 2007 which divides the streets into two categories: priority and local residential. The priority streets within the City are approximately 22 miles in length with various widths and provide connectivity to the State's Street System and typically serve as collector streets. The local residential streets are considered to be minor streets and primarily serve the immediate neighborhoods, have minimal traffic volumes, and include the remaining 147 miles of street that are currently Powell Bill eligible. The goal of the maintenance plan is to resurface all priority streets on a 12 to 15-year cycle which correlates with the industry standard and local residential streets on longer cycle length. Funding for resurfacing has improved recently with an increase in vehicle tax being approved in Fiscal Year 2017. Prior to the increase, the priority streets were averaging a 19-year cycle for resurfacing and the remaining local residential streets were averaging a 65-year cycle. With the additional funding from the vehicle tax increase, the priority streets should improve to a 15-year cycle and the residential cycle should improve to 35-year cycle.

The City of Monroe, Mayor and City Council and concerned citizens would like to give Downtown its own market niche. City Council has approved a Master Plan for the downtown area. Opening new businesses Downtown, thereby improving the business mix, attracting shoppers and residents, raising property values and sales tax revenues are all elements of the plan. Restored buildings, attractive storefronts and pedestrian friendly walks and streets will change and reinforce the public's perception that Downtown is the 'heart and soul' of Union County. Monroe is a Main Street America, 2019 Accredited and NC Main Street Designated Community, uses the Main Street approach to Downtown revitalization, a comprehensive, incremental four-point approach. The revitalization effort will focus on the areas of design, organization, promotion, and economic restructuring: a practical Downtown management strategy, in combination with the Downtown Master Plan, will produce fundamental changes in the Downtown's economic base. The City has had approximately \$2,130,000 in private sector investments (acquisitions/sales) in four (4) downtown properties, had nine (9) new business openings and hosted downtown special events and promotions. The total value of new public investment in downtown was \$4,714,724 and private investment was \$3,330,216 for a total public/private investment in downtown of approximately \$8,004,939, as reported to North Carolina Main Street. Volunteers logged approximately 1,061 hours, valued at \$24,838, assisting with events, meetings and other downtown revitalization efforts.

The City takes great pride and shows its commitment to revitalization in the downtown area with continuation of four construction projects as follows:

1. Center Theatre - The City purchased the Center Theatre in 2013 and the adjacent units in 2015. The Center Theatre renovation is currently under construction with an anticipated completion date of December 15, 2019 with an estimated opening of early 2020.
2. Senior Center - The City purchased the Enquirer Journal Newspaper building in 2016 and plans to renovate this facility to serve as a new Senior Center. The current Senior Center facility is too small for the demand on the facility and adequate parking has created challenges. The new facility will provide the same services and plenty of parking. Project construction will be bid in fall 2019.
3. Science Center - The City purchased a building that used to be a grocery store near the Union County Public Library on Franklin Street with the intention of converting the facility into a Science Center. The operation of this facility will be funded by Occupancy Tax Revenue. The renovation is currently under construction with an anticipated completion date in fall 2019 with an estimated opening in early 2020.



4. Police Headquarters - The current police headquarters is located in a building that was built in 1987. The building was originally utilized by the Union County Department of Social Services until it was purchased by the City in 2001. This building has housed fire station administrative offices and the police department since then, but is functionally obsolete and lacking space to adequately serve the public. The new police headquarters will provide much needed space for staff and evidence storage as well as being a secure facility. It will be located on the Scott Aviation property across the street from City Hall. Project construction will be bid in fall 2019.

The Information Technology (IT) Department is continuing to update the City's server hardware and software infrastructure. The GIS portal has been improved for field and internal use. The GIS division has added editing capabilities to the GIS portal for field use. The LaserFiche document management system is being upgraded to include automated import. City View software is in the process of being rolled out with a projected go live during this fiscal year as a major upgrade to plan review and permit processing functions. The IT department is in the procurement stage to implement several security initiatives to protect the IT infrastructure from malware attacks. The City has purchased the Lucity software suite and will have it implemented by November 2019 for Water Resource asset management. The IT infrastructure has been expanded with new facilities that been added recently. The IT infrastructure will continue to expand with several facilities that will be added in the near future.

The City of Monroe pursues grant funding to provide resources for the completion of various projects. During the 2018-2019 year, the Police Department continued utilizing a three year COPS Hiring Grant in the amount of \$500,000 that funds up to 75% of entry-level salary and fringe benefits for four full-time officers.

The Fire Department continued utilizing a Staffing for Adequate Fire and Emergency Response (SAFER) grant by the U.S. Department of Homeland Security. This is a three-year grant that pays 75% of three firefighter positions' salary and benefits in years one and two of the grant and then 35% for the third year.

The airport is ever positioning itself to continue promoting economic growth for the community. Funded through federal and state grants, rehabilitating the runway aprons has continued and the taxiway lighting rehabilitation project is under construction. These projects will ensure that the facilities keep up with the operational demands for the future.

During the year, the City was a sub-recipient from Union County of a Community Development Block Grant (CDBG) through the Urban County Entitlement Program. A cooperative agreement has been entered into with Union County and work continues on the project for improvements to the Concord Avenue sidewalks and infrastructure.

The Water and Sewer Department received two grants last year through the North Carolina Department of Environmental Quality for Drinking Water and Wastewater Asset Inventory & Assessment in the amount of \$150,000 each. The asset inventory and assessment grants are currently in progress.

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

In September of 2018, the City of Monroe incurred damages to several City facilities and property from Hurricane Florence. The City is working with the Federal Emergency Management Agency (FEMA) for reimbursement of costs incurred. As of June 30, 2019, \$152,287 had been awarded in Public Assistance Disaster Grants. The City is in the process with FEMA for additional funding through Public Assistance Disaster Grants.

The Police and Fire Departments provided mutual aid assistance for three different missions after Hurricane Florence. These missions were in Boiling Springs Lakes and Maxton, North Carolina. Fire personnel provided support of emergency protective measures through structural, medical, rescue and flood response to the Queheel Fire Department in Maxton, NC. The Police Department provided support of emergency protective measures through providing complete law enforcement services for the Boiling Springs Lake Police Department.

### **Long-Term Financial Planning and Major Initiatives**

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

Annually, the City adopts a 5-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs. The program outlines each capital project, the estimated cost, description and funding source. The City takes into consideration and monitors CIP needs that require additional operating costs and personnel. Using this information, the City updates its long range business models for each of its utility functions. This is done to ensure that each utility will continue to be solvent in long-term projections and has adequate reserves for any upcoming capital expenditures. City Council and management are committed to budgeting and managing all resources in the most cost-effective manner.

As part of the City's strategic plan, the City Council has formally assigned fund balance for use in future years for the airport and street resurfacing. It has also established a capital reserve fund to accumulate funds for greenway construction. The City adopted Forward Monroe-Land Use/Transportation Plan in April 2018 with a vision that Monroe will be a dynamic and progressive city that promotes growth that boosts our economy, protects our neighborhoods, and enhances our downtown. Our vibrant community will be a great place to live and work, highlighted by safe and attractive neighborhoods, quality parks and open spaces, and transportation options that make it easy to travel throughout the City. Forward Monroe is the City's blueprint for development, its growth strategy, and the foundation upon which future land use and transportation decisions will be based.

The City is focusing on community planning and re-development projects in two main areas and housing repair along with economic vitality initiatives throughout the City. The first is the Concord Area Master Plan where the City wishes to improve the aesthetics, safety, viability and appeal of the area through a comprehensive small area redevelopment plan. The plan was adopted in 2015 and an overlay district for the Concord Avenue Area was adopted in 2017 that includes the ordinances and zoning map amendment to initiate the plan implementation. The City received Community Development Block Grants through a partnership with Union County for the construction of a 2100 linear foot pedestrian facility (Handicapped Accessible Sidewalk) from Lomax Street to Old Charlotte Avenue. The City leveraged utility improvements, completed the design phase, and is in the process of right of way acquisitions as part of the funded project. Also in the Concord Area, an environmental analysis and strategy was conducted that resulted in five land acquisitions for future transportation and/or economic development projects. Through our work in the community, the City is a beneficiary of a land donation for greenspace and transportation improvements to benefit the low to moderate income area. The second focus is the Winchester/Paradise Heights area. A Council Committee was established to seek public input on initiatives. We are currently conducting an environmental study of City owned parcels and possible greenspace improvements. In addition, we are conducting an environmental study of infill lots in preparation for housing activities. We continue to provide owner-occupied homeowners with resources and referrals for housing repairs throughout the City including Sutton Park through community partnerships and volunteerism. The City is preparing to market two land bank lots for economic vitality, one will be released with the completion of the Center Theatre.

In order to continue to grow and enhance the overall economy of the area, the City has continued its partnership with Union County to provide a county-wide economic development organization called Monroe-Union County Economic Development. The goals of the organizational work plan are to:

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

Monroe-Union County Economic Development will seek to accomplish these goals through broad and focused marketing methods; aggressive recruitment missions; continued, enhanced existing industry programs; and new product development. The objective is to average \$60 million in new capital investment from both existing and new companies on an annual basis. Since January 1, 2013, there has been \$774 million in capital investment announced and over 1,911 jobs created, an average of \$129 Million per year. This investment also generates over \$650 Million of income for Monroe and Union County's residents and the manufacturing jobs created account for 22% of all employment in the county.

### **Relevant Financial Policies**

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

The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The average cash and investment pool balance during the year was \$164,705,746.

Investment income includes the change in the fair value of investments. During the year monies were invested and secured in accordance with state law.

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

### **Awards and Acknowledgements**

*Awards.* The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 26<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

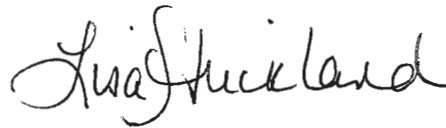
*Acknowledgements.* The preparation of this report is a very intensive project, and could not have been accomplished without the assistance and dedication of the Finance Department staff and other personnel from various departments who assisted in its preparation. A particular thank you goes to Accounting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

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

Respectfully submitted,



Larry Faison  
City Manager



Lisa Strickland  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Monroe  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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**CITY OF MONROE,  
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS  
June 30, 2019**

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**Elected Officials**

Bobby G. Kilgore  
*Mayor*

Gary L. Anderson  
*Mayor Pro Tem*

Surluta A. Anthony

Marion L. Holloway

Billy A. Jordan

Franco J. McGee

Lynn A. Keziah

**City Administration**

E. Larry Faison  
*City Manager*

S. Mujeeb Shah-Khan  
*City Attorney*

Bridgette H. Robinson  
*City Clerk*

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

Lisa Strickland  
*Director of Finance*

Bruce Bounds  
*Director of Information Technology*

Russell G. Colbath  
*Director of Water Resources*

Tonya Edwards  
*Director of Parks & Recreation*

Ronald D. Fowler  
*Fire Chief*

J. Bryan Gilliard  
*Police Chief*

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

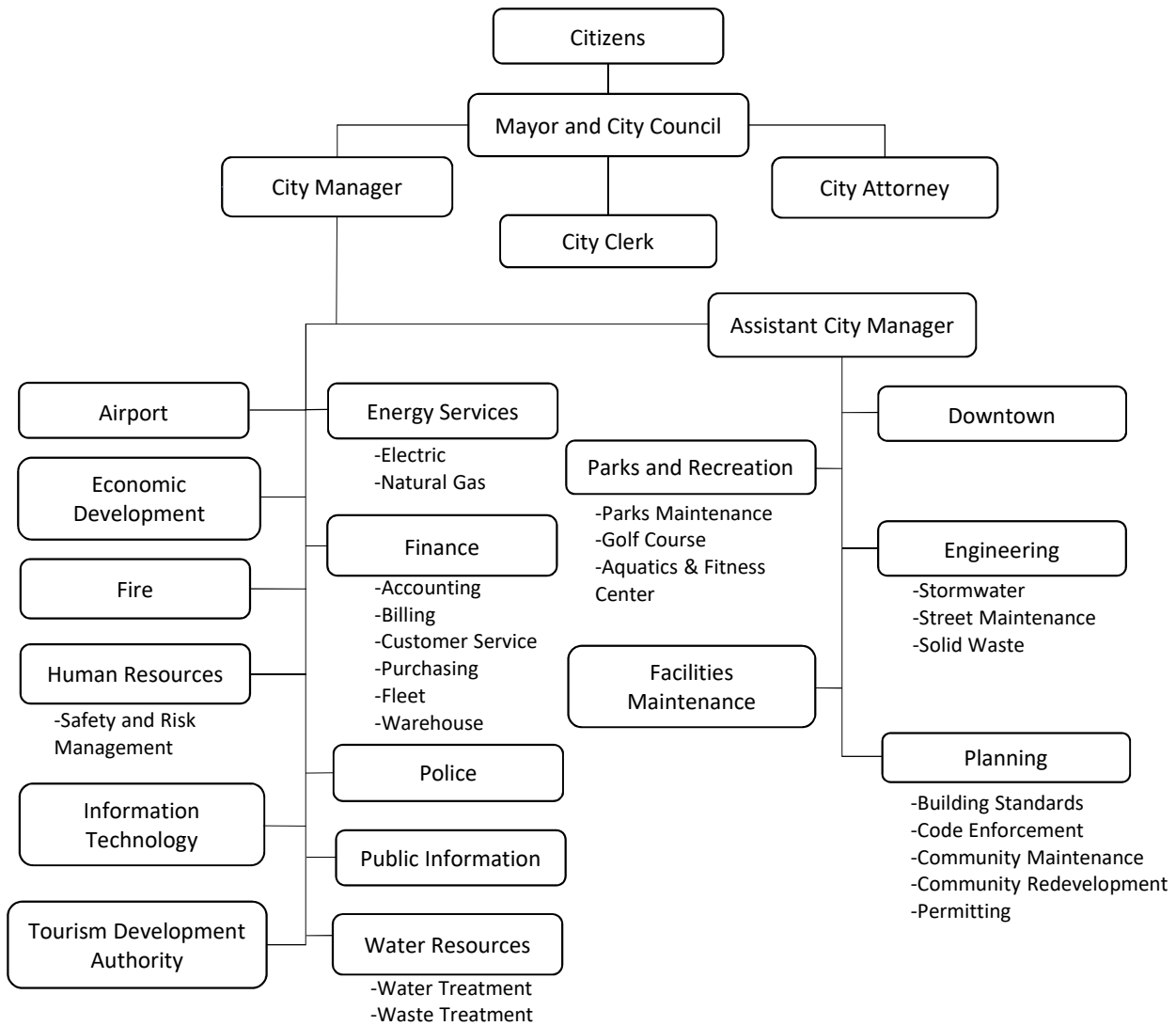
David E. Lucore  
*Interim Director of Energy Services*

R. Christopher Platé  
*Executive Director of Economic Development*

Debra C. Reed  
*Director of Human Resources*

Lisa Stiwinter  
*Director of Planning & Development*

# City of Monroe, North Carolina Organizational Chart



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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Monroe ABC Board which represents 70 percent, 65 percent, and 66 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the City of Monroe ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Monroe ABC Board and the Monroe Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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



### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019 on our consideration of the City of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Monroe's internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* in considering the City of Monroe's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 17, 2019



## 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, 2019. 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

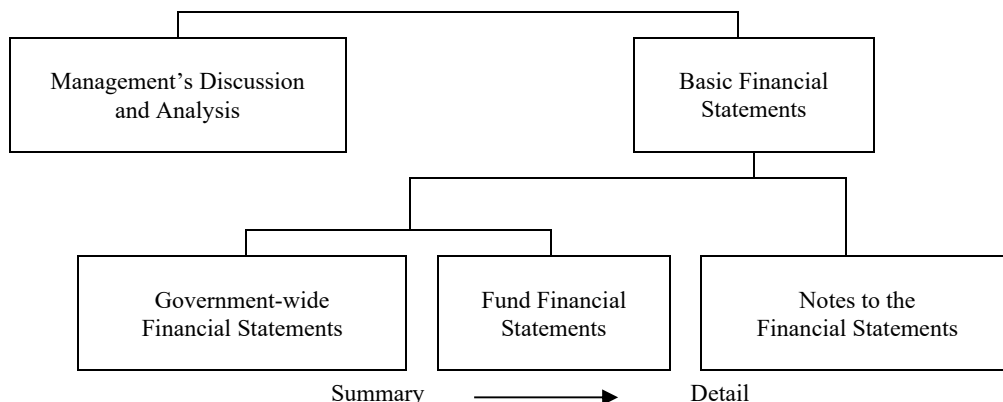
- The assets and deferred outflows of resources of the City of Monroe exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$414,773,839 (net position). Of this amount, \$113,041,076 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$31,296,840. This increase was the net of an increase in the amount of \$3,308,380 from governmental activities and an increase of \$27,988,460 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45,121,273, an increase of \$9,930,934 in comparison with the prior year. Approximately 45.9 percent of this total amount, or \$20,701,147, is non-spendable or restricted by state statute.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$23,712,160, or 68.6 percent, of total General Fund expenditures for the fiscal year.
- The City's total debt not including compensated absences, pension liability, and OPEB liability, net of retirements, increased \$2,684,872 (3%) during the current fiscal year. The elements of the increase were the issuance of bonds in the amount of \$8,217,063, debt retirements totaling \$6,167,191 and new installment financing of \$635,000.

### Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



## **Basic Financial Statements**

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

The City of Monroe maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. These other six governmental funds are made up of two capital projects funds, a capital reserve fund and three special revenue funds including Community Development, Downtown Monroe and Monroe-Union County Economic Development.

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 36 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Monroe’s progress in funding

its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 98 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$54,423,627	\$43,252,320	\$157,989,452	\$153,794,100	\$212,413,079	\$197,046,420
Capital assets	79,219,602	76,144,900	293,869,838	274,424,738	373,089,440	350,569,638
Total assets	133,643,229	119,397,220	451,859,290	428,218,838	585,502,519	547,616,058
Deferred outflows of resources	5,830,690	3,933,183	6,693,270	6,138,589	12,523,960	10,071,772
Total assets and deferred outflows of resources	139,473,919	123,330,403	458,552,560	434,357,427	598,026,479	557,687,830
Long-term liabilities outstanding	53,911,540	44,025,718	102,227,324	105,633,321	156,138,864	149,659,039
Other liabilities	6,464,554	4,629,200	14,298,910	15,127,892	20,763,464	19,757,092
Total liabilities	60,376,094	48,654,918	116,526,234	120,761,213	176,902,328	169,416,131
Deferred inflows of resources	4,455,191	3,341,231	1,895,121	1,453,469	6,350,312	4,794,700
Total liabilities and deferred inflows of resources	64,831,285	51,996,149	118,421,355	122,214,682	183,252,640	174,210,831
Net position:						
Net investment in capital assets	71,001,544	69,530,266	214,143,680	200,306,046	285,145,224	269,836,312
Restricted	16,587,539	9,654,497	-	-	16,587,539	9,654,497
Unrestricted	(12,946,449)	(7,850,509)	125,987,525	111,836,699	113,041,076	103,986,190
Total net position	\$74,642,634	\$71,334,254	\$340,131,205	\$312,142,745	\$414,773,839	\$383,476,999

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$414,773,839 as of June 30, 2019. Of the City’s total net position \$285,145,224 (68.7%) 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 \$16,587,539 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$113,041,076 (27.3%) is unrestricted. This amount may be used at the City’s discretion in meeting its ongoing obligations to citizens and creditors.

The City’s net position has increased a total of \$31,296,840, which consists of an increase in governmental activities in the amount of \$3,308,380 and an increase in business-type activities in the amount of \$27,988,460.

The biggest part of the increase to governmental activities was due to favorable investment earnings this year. The prior year included a mark to market adjustment loss. The business-type activities increase was due to an increase in investment earnings as well as in capital assets. Capital asset changes are outlined later in this report.

The following is a summary of the City's governmental and business-type activities for fiscal year 2019, 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	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$8,942,541	\$8,203,805	\$111,519,592	\$109,863,311	\$120,462,133	\$118,067,116
Operating grants and contributions	2,469,613	2,281,335	-	-	2,469,613	2,281,335
Capital grants and contributions	112,671	1,279,350	1,432,846	106,812	1,545,517	1,386,162
General revenues:						
Property taxes, levied for a specific purpose	22,358,697	21,077,587	-	-	22,358,697	21,077,587
Sales and use tax	6,653,962	6,215,031	-	-	6,653,962	6,215,031
Utility sales taxes	3,118,730	3,077,736	-	-	3,118,730	3,077,736
Motor vehicle tax	833,700	842,065	-	-	833,700	842,065
Beer & wine and telecommunications tax	443,691	462,733	-	-	443,691	462,733
Gross receipts tax	111,505	104,468	-	-	111,505	104,468
Other	4,792,969	127,494	8,519,894	(857,474)	13,312,863	(729,980)
<b>Total revenues</b>	<b>49,838,079</b>	<b>43,671,604</b>	<b>121,472,332</b>	<b>109,112,649</b>	<b>171,310,411</b>	<b>152,784,253</b>
<b>Expenses:</b>						
General government	\$3,460,982	\$4,932,525	\$ -	\$ -	\$3,460,982	\$4,932,525
Transportation	4,780,204	5,757,880	-	-	4,780,204	5,757,880
Public safety	27,085,904	25,300,345	-	-	27,085,904	25,300,345
Culture and recreation	8,743,095	5,153,498	-	-	8,743,095	5,153,498
Economic and physical development	1,075,336	1,338,277	-	-	1,075,336	1,338,277
Interest in long-term debt	468,627	199,984	-	-	468,627	199,984
Water and sewer	-	-	9,975,342	12,339,410	9,975,342	12,339,410
Electrical	-	-	58,253,581	60,763,838	58,253,581	60,763,838
Natural Gas	-	-	14,015,314	14,105,041	14,015,314	14,105,041
Aquatics and Fitness Center	-	-	4,056,468	4,081,878	4,056,468	4,081,878
Stormwater	-	-	2,051,772	2,083,956	2,051,772	2,083,956
Solid waste	-	-	2,349,993	2,348,077	2,349,993	2,348,077
Airport	-	-	3,696,953	3,705,996	3,696,953	3,705,996
<b>Total expenses</b>	<b>45,614,148</b>	<b>42,682,509</b>	<b>94,399,423</b>	<b>99,428,196</b>	<b>140,013,571</b>	<b>142,110,705</b>
(Decrease) Increase in net position before transfers	4,223,931	989,095	27,072,909	9,684,453	31,296,840	10,673,548
Transfers	(915,551)	(1,279,079)	915,551	1,279,079	-	-
(Decrease) Increase in net position	3,308,380	(289,984)	27,988,460	10,963,532	31,296,840	10,673,548
Net position, beginning as previously stated	71,334,254	91,588,015	312,142,745	310,034,679	383,476,999	401,622,694
Restatement	-	(19,963,777)	-	(8,855,466)	-	(28,819,243)
<b>Net position, beginning as restated</b>	<b>71,334,254</b>	<b>71,624,238</b>	<b>312,142,745</b>	<b>301,179,213</b>	<b>383,476,999</b>	<b>372,803,451</b>
<b>Net position, ending</b>	<b>\$74,642,634</b>	<b>\$71,334,254</b>	<b>\$340,131,205</b>	<b>\$312,142,745</b>	<b>\$414,773,839</b>	<b>\$383,476,999</b>

Governmental activities – Governmental activities increased the City of Monroe's net position by \$3,314,706. Key elements of this net increase are as follows:

- Property taxes increased by \$1,281,110. The total assessed value increased by \$41,611,950, or 1.2%, from the prior year. The City's tax rate increased from 0.5863 to 0.6163. This increase in value and rate increased the property tax levy by \$1,261,851 from the prior year.
- The decrease of \$1,166,679 in Capital Grants and Contributions was due to funds received from a Highway Planning and Construction grant for the Bearskin Creek Greenway, in the prior year. A Community Development Block Grant for improvements to the Concord Avenue area sidewalk is still ongoing.
- Public Safety expenses went up due to one-time capital equipment purchases of vehicles and the purchase of a fire apparatus.
- Investment earnings increased by \$4,034,067 due to a favorable mark to market adjustment at year end. In the prior year, a loss on market value was reported.

Business-type activities – Business-type activities increased the City of Monroe's net position by \$27,988,460. Key elements of this net increase are as follows:

- Charges for Services increased year over year by \$1,656,281 primarily due to the net of the following items:
  - Water and sewer sales were up by \$1,648,240 due to an increase in rainfall during the majority of Fall/Winter 2018 that increased sewer treatment and billings.
  - Electric sales decreased by \$115,216.
  - Increased natural gas sales in the amount of \$212,297.
  - Availability fees for the Water & Sewer Fund were down by \$120,069.
  - Fuel sales at the Charlotte-Monroe Executive Airport were down by \$26,680.
- Capital grants and contributions increased by \$1,326,034 primarily due to multiple airport grants that had reimbursable expenditures in fiscal year 2019 but not in 2018. The remainder of the increase is due to FEMA grants received to reimburse the City for storm-related damages during Hurricane Florence in the Fall of 2018.
- Water and sewer expenses decreased due to a full accrual adjustment for developer donated assets that are capitalized and installed to the City's water and sewer infrastructure but not an expense of the City. These donated assets become a part of the City's infrastructure assets and also become the responsibility of the City to maintain.
- Electric expenses decreased due to lower power purchases.

### **Financial Analysis of the City's Funds**

As noted earlier, the City of Monroe uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City of Monroe's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the governmental funds of the City of Monroe reported a combined fund balance of \$45,121,273, which is an increase of \$9,930,934 from last year's total of \$35,190,339. Of the governmental funds combined ending fund balances, \$8,168,701 represents unassigned fund balance and is available for spending at the City's discretion. The remainder of fund balance is classified as follows:

- 1). Non-spendable to indicate that it is not available for spending, as it is not in spendable form (\$856,113).
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$19,845,034);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$213,242);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$16,038,183).



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

The General Fund is the chief operating fund of the City of Monroe. As of June 30, 2019, the fund balance in the General Fund was \$33,447,223, an increase of \$4,884,207 in comparison with the prior year. Of the total fund balance in the General Fund, \$8,168,701 (24.4%) 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 23.6% of total General Fund expenditures, while total fund balance represents 96.7% of that same amount. In addition to unassigned fund balance, \$10,681,100 is reserved by a minimum fund balance policy that has been adopted by City Council. Revenues exceeded expenditures prior to transfers by \$7,636,528 due to revenue exceeding projections and savings in expenditures. Transfers of available fund balance were primarily for general capital projects, one-time capital purchases, airport capital projects, airport operations and airport debt retirement.

The Other Government Funds which consist of the Capital Projects Fund, Occupancy Tax Projects Fund, a Governmental Capital Reserve Fund and special revenue funds for Community Development, Downtown Monroe and Monroe-Union County Economic Development also impact the total fund balance for governmental funds. The primary reason for the increase of \$5,046,727 in this category is the issuance of limited obligation bonds in the Capital Project Fund and the Occupancy Tax Capital Project Fund for the Center Theatre and Science Center projects.

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	
	2019	2018	2019	2018
Water and Sewer	\$34,299,929	\$33,351,283	\$11,474,081	\$4,672,898
Electric	58,146,085	50,247,591	8,714,122	2,279,763
Natural Gas	30,855,495	25,310,347	6,241,727	3,708,475
Airport	(401,179)	789,334	806,242	277,843
Aquatics and Fitness Center	1,066,323	631,030	252,189	(38,696)
Stormwater	1,140,942	747,471	400,132	161,570
Solid Waste	774,587	629,291	124,976	61,415

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

The Water and Sewer Fund accounts for the provision of potable water and sewer service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of June 30, 2019, the City of Monroe’s Water Fund reported a total net position of \$106,783,239, an increase of \$11,474,081 in comparison with the prior year. Total operating revenues increased by 8.3% mainly due to an increase in charges for services revenue because of excess rainfall in the first half of the year causing increased sewer

revenues. The City has planned to increase unrestricted net position in the Water and Sewer Fund by increasing water and sewer rates 3.2% each year. Through uniform annual rate increases, unrestricted net position will be grown to create enough reserves to fund 40% of a new wastewater treatment plant facility. This new facility will replace our aging facility and ensure adequate capacity for future development in approximately 2030. The remaining 60% of funding for the project will be provided through financing at that time.

The Electric Fund accounts for the provision of electric service to City and non-City residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to administration, plant and line maintenance. As of June 30, 2019, the City of Monroe's Electric Fund reported a total net position of \$131,062,382 an increase of \$8,714,122 in comparison with the prior year. Electric non-operating revenues increased by 3,590,558 since last fiscal year. This increase can be attributed to an increase in investment earnings due to a positive change in the mark to market adjustment for investments at year end. Overall operating income increased due to a decrease in the amount of power purchases for the year related to mild seasons compared to the prior year.

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, 2019, the City of Monroe's Natural Gas Fund reported total net position of \$63,103,984, an increase of \$6,241,727 in comparison with the prior year. Natural gas operating revenues were up by 1.2% from prior year. The gross profit for the Natural Gas Fund was up 4.8% from fiscal year 2018.

The Airport Fund accounts for the operation of the Charlotte-Monroe Executive Airport. As of June 30, 2019, the City of Monroe's Airport Fund reported a total net position of \$28,564,864, an increase of \$806,242 in comparison with the prior year. Fuel sales for the airport have decreased 1% over the prior year, but the gross profit for fuel sales has increased by 14.5%. The main reason for the increase in net position is due to airport grant reimbursements of \$800,437 being received in the current year compared to the prior year.

### **General Fund Budgetary Highlights**

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

Total amendments to the General Fund increased expenditures by \$3,381,131, or 8.9%. The key differences between the original budget and the final amended budget can be briefly summarized as follows:

- Funds were appropriated for prior year encumbrances in the amount of \$2,505,709 and unspent appropriations (various grants, police equitable sharing, and outside agencies), \$601,822.
- General Government funds were appropriated to install an emergency signal at Fire Station #4 in the amount of \$180,000.
- Funding was appropriated for an incentive loan for the Buggy Factory in the amount of \$400,000.

Revenues exceeded final budget by \$3,837,774. This was primarily due to the higher than expected investment earnings which were \$2,567,241. Ad valorem taxes were higher than budgeted due to both an increase in assessed value and increased collection rate. Also, higher than anticipated electric sales tax and local option sales tax distributions were received.

Expenditures were under budget by \$6,594,121. Expenses were down due to savings realized from vacant positions and turnover totaling approximately \$906,829, capital purchases \$1,639,386 and \$3,000,801 in other operating accounts. Expenditures were 84.0% of the final amended expenditure

budget. \$2,598,085 was carried over to fiscal year 2020 for items that were not complete at fiscal year-end.

## Capital Assets

The following is a summary of the City of Monroe’s capital assets, net of depreciation for governmental and business-type activities for the current year with a comparison to the prior year. Additional information on the City of Monroe’s capital assets can be found in Note III.A.5 on pages 56 - 62 of this report.

### City of Monroe’s Capital Assets (Net of Depreciation)

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and land improvements	\$5,698,638	\$5,543,726	\$24,379,657	\$19,600,450	\$30,078,295	\$25,144,176
Buildings and improvements	16,986,080	17,131,824	52,275,033	54,137,721	69,261,113	71,268,545
Equipment	1,488,017	1,490,116	5,391,119	4,189,724	6,879,136	5,679,840
Vehicles and motorized equipment	6,187,420	6,174,447	2,570,116	2,639,661	8,757,536	8,814,108
Other intangibles	201,022	283,985	27,325	75,051	228,347	359,036
Infrastructure	42,189,491	44,025,314	187,398,293	177,371,297	229,587,784	221,396,611
Construction in progress	6,468,934	1,495,488	21,828,295	16,410,834	28,297,228	17,906,322
<b>Total</b>	<b>\$79,219,602</b>	<b>\$76,144,900</b>	<b>\$293,869,838</b>	<b>\$274,424,738</b>	<b>\$373,089,440</b>	<b>\$350,569,638</b>

The City of Monroe’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$373,089,440 (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 \$22,519,802. Major capital asset events during the year included the following:

- Land purchase for Industrial Park #3
- Replacement of the generator at the Wastewater Treatment Plant
- Water main on Poplin Road and Charlotte Avenue (Engleside to Walnut)
- Developer installed water mains and sewer lines at Stratford, UC Community Shelter, Food Lion, and Woodlands Creek
- Electric infrastructure improvements and new service at the ATI Specialty Materials Facility
- Natural gas infrastructure improvements including system reinforcement and system expansion

Construction in progress totaling \$28,297,228 has increased overall from last year by \$10,390,906. The amount is the net of the completion of projects totaling \$5,648,593 and new projects that were added totaling \$16,039,500. Projects included in this amount are as follows:

- General – Center Theatre renovation, 5 points gateway improvements, Senior Center renovation and new Police Department headquarters
- Occupancy Tax Capital Project – Monroe Science Center
- Water – John Glen water treatment plant improvements
- Stormwater - Pinedell Road culvert replacement and Quail & Oakhill Drive improvements
- Electric –Replacement of Downtown vault switches
- Natural Gas – construction of the Liquefied Natural Gas Peak Shaving Facility
- Airport – construction of the corporate aircraft hangar, the corporate community hangar and replacement of the runway 5 approach lights

## Debt Administration

The following is a summary of the City's long-term debt for governmental and business-type activity for the current year with a comparison to the prior year. Additional information on long-term debt can be found in note III.B.8 beginning on page 82 of this report.

**City of Monroe's Outstanding Debt**  
**Figure 6**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Install purchase obligations	\$6,818,147	\$7,348,694	\$413,000	\$509,000	\$7,231,147	\$7,857,694
Revenue bonds	-	-	45,324,190	48,552,787	45,324,190	48,552,787
State revolving loans	-	-	7,216,549	7,697,652	7,216,549	7,697,652
Certificates of participation	-	-	-	780,000	-	780,000
Limited Obligation Bonds	8,196,488	-	37,767,623	38,162,992	45,964,111	38,162,992
Total	\$15,014,635	\$7,348,694	\$90,721,362	\$95,702,431	\$105,735,997	\$103,051,125

As of June 30, 2019, the City of Monroe had total debt outstanding of \$105,735,997. During the fiscal year, the City issued an installment financing to finance a fire truck in the amount of \$635,000. The City's bonded debt, \$45,324,190, 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 \$45,964,111 represent bonds that were issued for improvements to the natural gas system and new debt that was issued this past year for \$8,217,063. The new debt was used to fund the construction of the Monroe Science Center and Center Theatre. City's total debt, net of retirements, increased \$2,684,872 during the fiscal year. The elements of the increase were the issuance of bonds in the total amount of \$8,217,063. Also included were other debt retirements totaling \$6,167,191 and new installment financing of \$635,000.

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Monroe is \$236,692,002.

### 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 4.5%, which is an increase of 0.3% from last year. This rate is slightly higher than Union County's rate of 3.9% and the State's average rate of 4.2%.
- The total tax levy increased 1.6% from fiscal year 2018 to fiscal year 2019 along with the tax collection rate by 0.12%.
- Population increased 0.8% from 35,034 in 2018 to 35,330 in 2019.

Governmental Activities – The City maintained a property tax rate of .6163 for fiscal year 2020. The economic conditions that form the foundation of the City's revenues for the upcoming year indicate some improvement in property tax, sales tax and other consumer-oriented revenues. Positive economic conditions continue and the City's revenues for the upcoming year will increase from the prior year. City of Monroe's fiscal year 2020 operating budget (excluding capital projects) increased by approximately 8.5% with General and Governmental Funds increasing by 8.5% and business-type funds increasing by 0.3% over their current year budgets.

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

1. Center Theatre - The City purchased the Center Theatre in 2013 and the adjacent units in 2015. The Center Theatre renovation is currently under construction. The FY 2020 budget includes funding for the grand opening which is expected in early 2020.
2. Senior Center – The City purchased the Enquirer Journal Newspaper building in 2016 and plans to renovate this facility to serve as a new Senior Center. The current Senior Center facility is too small for the demand on the facility and adequate parking has created challenges. The new facility has been designed and will provide the same services and plenty of parking. Construction bids are expected to be solicited in January 2020.
3. Science Center – The City purchased a building that used to be a grocery store near the Union County Public Library on Franklin Street with the intention of converting the facility into a Science Center. The renovation is currently under construction. The FY 2020 budget includes funding for the grand opening estimated to be in early 2020. The purchase of the building and all project costs will be paid from Occupancy Tax Revenue.
4. Police Headquarters - The current police headquarters is located in a building that was built in 1987. The building was originally utilized by the Union County Department of Social Services until it was purchased by the City in 2001. This building has housed fire station administrative offices and the police department since then but is functionally obsolete and lacking space to adequately serve the public. The new police headquarters will provide much needed space for staff and evidence storage as well as being a secure facility. It will be located on the Scott Aviation property across the street from City Hall. Project construction will be bid in January 2020.

The City is enthusiastically pursuing all avenues to beautify our community. Beautification plans provided in this Budget include funding for the purchase of the eighth segment of U.S. 74 tree and flower plantings. Funding for three phases of the Wayfinding sign construction was provided. Revitalization projects in the Winchester Neighborhood and the Concord Avenue redevelopment area have been partially funded. Funding was also included for painting, paving improvements and fencing replacement at various recreation facilities.

Improving existing facilities is priority and the proposed FY 2020 Budget continues to address many deferred maintenance issues. The replacement of the Dickerson Gym roof, resurfacing of the streets in Hillcrest Cemetery, a new pump station for golf course irrigation and bunker/tee box renovations at the golf course are included in the proposed Budget. The budget preserves over \$8 million of unassigned fund balance for the future capital needs of the City.

Business-type Activities – Water and sewer rates were increased by 3.2% each to plan for the significant anticipated cost of future capital projects and necessary system improvements. Solid Waste rates increased \$0.85 per month for residential customers to offset increased contract costs with the City’s provider. 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. Being ready and able to meet these needs puts Monroe in an excellent position to continue to grow our City. Several projects including water and wastewater treatment plant improvements, a liquefied natural gas peak shaving facility and two new airplane storage hangars are currently under construction.

## **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](http://www.monroenc.org), or email [accounting@monroenc.org](mailto:accounting@monroenc.org) for more information.

# Basic Financial Statements

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe Tourism Development Authority
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 39,818,383	\$ 131,447,145	\$ 171,265,528	\$ 793,992	\$ 755,572
Taxes receivable	637,202	-	637,202	-	-
Accounts receivable	1,024,178	13,835,432	14,859,610	-	53,939
Note receivable - short-term	57,046	-	57,046	-	-
Internal balances - short-term	(105,343)	105,343	-	-	-
Due from other governments	3,778,681	-	3,778,681	-	-
Due from component units	47,245	-	47,245	-	-
Inventories	199,218	4,098,813	4,298,031	236,828	2,549
Prepays	818,474	31,299	849,773	26,082	11,503
Cash and cash equivalents - restricted	8,457,068	7,223,550	15,680,618	-	-
Total current assets	54,732,152	156,741,582	211,473,734	1,056,902	823,563
Non-current assets:					
Note receivable	939,345	-	939,345	-	-
Internal balances - long term	(1,247,870)	1,247,870	-	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	12,167,572	46,207,952	58,375,524	317,013	-
Other capital assets, net of depreciation	67,052,030	247,661,886	314,713,916	554,071	-
Total capital assets	79,219,602	293,869,838	373,089,440	871,084	-
Total non-current assets	78,911,077	295,117,708	374,028,785	871,084	-
Total assets	133,643,229	451,859,290	585,502,519	1,927,986	823,563
<b>Deferred Outflows of Resources:</b>					
OPEB deferrals	405,545	179,823	585,368	-	-
Pension deferrals	5,425,145	2,213,235	7,638,380	90,774	-
Charge on debt defeasance	-	4,300,212	4,300,212	-	-
Total deferred outflows of resources	5,830,690	6,693,270	12,523,960	90,774	-
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	2,920,067	8,697,130	11,617,197	382,698	10,013
Due to primary government	-	-	-	29,266	17,979
Current portion of long-term liabilities	3,098,949	5,040,150	8,139,099	-	-
Unearned revenue	2,236	33,072	35,308	-	-
Payable from restricted assets	23,195	528,558	551,753	-	-
Property claims liability	6,346	-	6,346	-	-
Workers' compensation claims	4,637	-	4,637	-	-
Healthcare benefits claims	409,124	-	409,124	-	-
Total current liabilities	6,464,554	14,298,910	20,763,464	411,964	27,992
Non-current liabilities:					
Net pension liability	6,356,654	2,816,008	9,172,662	108,179	-
Total pension liability (LEOSSA)	4,156,173	-	4,156,173	-	-
Total OPEB liability	28,888,971	12,809,891	41,698,862	-	-
Due in more than one year	14,509,742	86,601,425	101,111,167	-	-
Total non-current liabilities	53,911,540	102,227,324	156,138,864	108,179	-
Total liabilities	60,376,094	116,526,234	176,902,328	520,143	27,992

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



CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City of Monroe ABC Board	Monroe Tourism Development Authority
<b>Deferred Inflows of Resources:</b>					
OPEB deferrals	4,113,464	1,823,986	5,937,450	-	-
Pension deferrals	329,805	71,135	400,940	3,853	-
Other deferred inflows	11,922	-	11,922	-	-
Total deferred inflows of resources	4,455,191	1,895,121	6,350,312	3,853	-
<b>Net Position:</b>					
Net investment in capital assets	71,001,544	214,143,680	285,145,224	871,084	-
Restricted for:					
Stabilization by state statute	12,911,281	-	12,911,281	-	53,939
Public safety	707,074	-	707,074	-	-
Transportation	1,641,615	-	1,641,615	-	-
Occupancy tax capital projects	985,639	-	985,639	-	-
Economic development	341,930	-	341,930	149,539	-
Tourism promotion	-	-	-	-	727,580
Unrestricted	(12,946,449)	125,987,525	113,041,076	474,141	14,052
Total net position	\$ 74,642,634	\$ 340,131,205	\$ 414,773,839	\$ 1,494,764	\$ 795,571

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,460,982	\$ 2,296,748	\$ -	\$ -
Transportation	4,780,204	370,869	957,118	102,671
Public safety	27,085,904	4,488,439	894,194	-
Culture and recreation	8,743,095	1,786,485	206,301	-
Economic and physical development	1,075,336	-	412,000	10,000
Interest on long-term debt	468,627	-	-	-
Total governmental activities	<u>45,614,148</u>	<u>8,942,541</u>	<u>2,469,613</u>	<u>112,671</u>
<b>Business-Type Activities:</b>				
Water and sewer	9,975,342	18,671,135	-	126,680
Electric	58,253,581	63,757,113	-	346,474
Natural gas	14,015,314	18,323,169	-	68,096
Aquatics and Fitness Center	4,056,468	4,089,476	-	-
Stormwater	2,051,772	2,332,613	-	507
Solid waste	2,349,993	2,434,484	-	-
Airport	3,696,953	1,911,602	-	891,089
Total business-type activities	<u>94,399,423</u>	<u>111,519,592</u>	<u>-</u>	<u>1,432,846</u>
Total primary government	<u>\$ 140,013,571</u>	<u>\$ 120,462,133</u>	<u>\$ 2,469,613</u>	<u>\$ 1,545,517</u>
<b>Component Units:</b>				
ABC Board	\$ 1,263,376	\$ 1,257,589	\$ -	\$ -
Tourism Development Authority	463,646	-	618,903	-
Total component units	<u>\$ 1,727,022</u>	<u>\$ 1,257,589</u>	<u>\$ 618,903</u>	<u>\$ -</u>

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

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
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ (1,164,234)	\$ -	\$ (1,164,234)	\$ -	\$ -
Transportation	(3,349,546)	-	(3,349,546)	-	-
Public safety	(21,703,271)	-	(21,703,271)	-	-
Culture and recreation	(6,750,309)	-	(6,750,309)	-	-
Economic and physical development	(653,336)	-	(653,336)	-	-
Interest on long-term debt	(468,627)	-	(468,627)	-	-
Total governmental activities	(34,089,323)	-	(34,089,323)	-	-
<b>Business-Type Activities:</b>					
Water and sewer	-	8,822,473	8,822,473	-	-
Electric	-	5,850,006	5,850,006	-	-
Natural gas	-	4,375,951	4,375,951	-	-
Aquatics and Fitness Center	-	33,008	33,008	-	-
Stormwater	-	281,348	281,348	-	-
Solid waste	-	84,491	84,491	-	-
Airport	-	(894,262)	(894,262)	-	-
Total business-type activities	-	18,553,015	18,553,015	-	-
Total primary government	(34,089,323)	18,553,015	(15,536,308)	-	-
<b>Component Units:</b>					
ABC Board				(5,787)	-
Tourism Development Authority				-	155,257
Total component units				(5,787)	155,257
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose	22,358,697	-	22,358,697	-	-
Sales and use tax	6,653,962	-	6,653,962	-	-
Utility sales taxes	3,118,730	-	3,118,730	-	-
Motor vehicle tax	833,700	-	833,700	-	-
Beer & wine and telecommunications taxes	443,691	-	443,691	-	-
Gross receipts tax	111,505	-	111,505	-	-
Unrestricted investment earnings (loss)	3,417,845	8,002,707	11,420,552	5,887	18,146
Interest earnings on interfund loans	-	68,347	68,347	-	-
Miscellaneous	1,375,124	448,840	1,823,964	-	6,696
Total general revenues	38,313,254	8,519,894	46,833,148	5,887	24,842
Transfers	(915,551)	915,551	-	-	-
Total general revenues and transfers	37,397,703	9,435,445	46,833,148	5,887	24,842
Change in net position	3,308,380	27,988,460	31,296,840	100	180,099
<b>Net Position:</b>					
Beginning of year, July 1	71,334,254	312,142,745	383,476,999	1,494,664	615,472
End of year, June 30	\$ 74,642,634	\$ 340,131,205	\$ 414,773,839	\$ 1,494,764	\$ 795,571

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

## CITY OF MONROE, NORTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 29,858,180	\$ 6,153,206	\$ 36,011,386
Receivables:			
Taxes	634,946	2,256	637,202
Accounts	449,763	27,633	477,396
Due from other governments	3,766,628	12,053	3,778,681
Due from component unit	29,266	17,979	47,245
Inventories	199,218	-	199,218
Prepays	656,895	-	656,895
Cash and cash equivalents - restricted	<u>1,800,869</u>	<u>6,637,322</u>	<u>8,438,191</u>
Total assets	<u>\$ 37,395,765</u>	<u>\$ 12,850,449</u>	<u>\$ 50,246,214</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,745,924	\$ 1,174,143	\$ 2,920,067
Accounts payable to be paid from restricted assets	4,318	-	4,318
Prepaid privilege license	2,236	-	2,236
Advances from other funds	<u>1,247,870</u>	<u>-</u>	<u>1,247,870</u>
Total liabilities	<u>3,000,348</u>	<u>1,174,143</u>	<u>4,174,491</u>
<b>Deferred Inflows of Resources</b>	<u>948,194</u>	<u>2,256</u>	<u>950,450</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	199,218	-	199,218
Prepays	656,895	-	656,895
Restricted:			
Stabilization by state statute	6,450,041	6,461,240	12,911,281
Public safety	707,074	-	707,074
Transportation	1,641,615	-	1,641,615
Culture and recreation	80,220	3,177,275	3,257,495
Occupancy tax capital projects	-	985,639	985,639
Economic development	-	341,930	341,930
Committed:			
Culture and recreation	-	213,242	213,242
Assigned:			
Minimum fund balance requirement	10,681,100	-	10,681,100
Airport grant acceptance	456,815	-	456,815
Airport operations - 5-year subsidy	750,000	-	750,000
Street resurfacing - 5-year program	900,000	-	900,000
Subsequent year's expenditures	2,755,544	-	2,755,544
Community Development	-	56,562	56,562
Downtown Monroe	-	438,162	438,162
Unassigned	<u>8,168,701</u>	<u>-</u>	<u>8,168,701</u>
Total fund balances	<u>33,447,223</u>	<u>11,674,050</u>	<u>45,121,273</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,395,765</u>	<u>\$ 12,850,449</u>	<u>\$ 50,246,214</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, 2019

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Fund balances - total governmental funds (Exhibit 3)	\$ 45,121,273
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Gross capital assets at historical cost	\$ 160,015,258
Accumulated depreciation	<u>(80,795,656)</u> 79,219,602
Total pension liability (LEOSSA)	(4,156,173)
Note receivable from outside party	996,391
Net pension liability - LGERS	(6,356,654)
Deferred outflows of resources related to OPEB are not reported in the funds.	405,545
Deferred outflows of resources related to pensions are not reported in the funds.	5,425,145
Deferred inflows of resources related to OPEB are not reported in the funds.	(4,113,464)
Deferred inflows of resources related to pensions are not reported in the funds.	(329,805)
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.	2,123,269
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,084,432
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.	887,550
Internal balance due from business-type activities to governmental activities	(105,343)
Liabilities for earned, but unavailable, revenues in fund statements	938,528
Total OPEB liability	(28,888,971)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).	<u>(17,608,691)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 74,642,634</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, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 22,394,155	\$ 57,037	\$ 22,451,192
Other taxes and licenses	947,522	-	947,522
Unrestricted intergovernmental	10,433,305	-	10,433,305
Restricted intergovernmental	1,839,978	730,972	2,570,950
Sales and services	2,528,712	-	2,528,712
Investment earnings	3,018,594	217,807	3,236,401
Donation	-	10,000	10,000
Miscellaneous	1,057,760	102,315	1,160,075
Total revenues	<u>42,220,026</u>	<u>1,118,131</u>	<u>43,338,157</u>
<b>Expenditures:</b>			
Current:			
General government	4,068,352	-	4,068,352
Transportation	2,963,941	-	2,963,941
Public safety	20,714,819	-	20,714,819
Culture and recreation	5,181,636	-	5,181,636
Economic and physical development	-	2,510,127	2,510,127
Capital outlay	-	4,250,110	4,250,110
Debt service:			
Principal retirement	1,165,548	-	1,165,548
Interest and other charges	489,202	-	489,202
Total expenditures	<u>34,583,498</u>	<u>6,760,237</u>	<u>41,343,735</u>
Revenues over (under) expenditures	<u>7,636,528</u>	<u>(5,642,106)</u>	<u>1,994,422</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	936,296	2,667,206	3,603,502
Transfers to other funds	(4,436,788)	(82,265)	(4,519,053)
Premium from limited obligation bonds issued	-	432,063	432,063
Limited obligation bonds issued	113,171	7,671,829	7,785,000
Installment purchase obligations issued	635,000	-	635,000
Total other financing sources (uses)	<u>(2,752,321)</u>	<u>10,688,833</u>	<u>7,936,512</u>
Net change in fund balances	4,884,207	5,046,727	9,930,934
<b>Fund Balances:</b>			
Beginning of year, July 1	<u>28,563,016</u>	<u>6,627,323</u>	<u>35,190,339</u>
End of year, June 30	<u>\$ 33,447,223</u>	<u>\$ 11,674,050</u>	<u>\$ 45,121,273</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, 2019**

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

Net change in fund balances - total governmental funds (Exhibit 5)	\$ 9,930,934
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 III.B.).	3,074,702
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	(187,994)
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 III.B.).	(7,665,940)
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	(178,173)
Pension expense- LEOSSA	(145,002)
Compensated absences	(238,842)
OPEB plan expense	<u>(1,223,502)</u>
	(1,785,519)
The Internal Service Fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings.	<u>(57,803)</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 3,308,380</u>

*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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 21,996,955	\$ 21,996,955	\$ 22,394,155	\$ 397,200
Other taxes and licenses	927,555	927,555	947,522	19,967
Unrestricted intergovernmental	9,771,090	9,771,090	10,433,305	662,215
Restricted intergovernmental	1,527,711	2,010,299	1,839,978	(170,321)
Sales and services	2,174,951	2,178,562	2,528,712	350,150
Investment earnings	477,000	477,000	3,018,594	2,541,594
Miscellaneous	317,212	1,020,791	1,057,760	36,969
Total revenues	<u>37,192,474</u>	<u>38,382,252</u>	<u>42,220,026</u>	<u>3,837,774</u>
<b>Expenditures:</b>				
Current:				
General government	5,050,771	5,559,060	4,068,352	1,490,708
Transportation	3,705,845	3,904,293	2,963,941	940,352
Public safety	21,620,659	23,415,495	20,714,819	2,700,676
Culture and recreation	5,358,414	6,123,172	5,181,636	941,536
Debt service:				
Principal retirement	1,639,189	1,552,702	1,165,548	387,154
Interest and other charges	421,610	622,897	489,202	133,695
Total expenditures	<u>37,796,488</u>	<u>41,177,619</u>	<u>34,583,498</u>	<u>6,594,121</u>
Revenues over (under) expenditures	<u>(604,014)</u>	<u>(2,795,367)</u>	<u>7,636,528</u>	<u>10,431,895</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	762,265	913,551	936,296	22,745
Transfers to other funds	(3,874,130)	(4,613,351)	(4,436,788)	176,563
Limited obligation bonds issued	-	114,800	113,171	(1,629)
Installment purchase obligations issued	625,000	625,000	635,000	10,000
Total other financing sources (uses)	<u>(2,486,865)</u>	<u>(2,960,000)</u>	<u>(2,752,321)</u>	<u>207,679</u>
Appropriated fund balance	<u>3,090,879</u>	<u>5,755,367</u>	<u>-</u>	<u>(5,755,367)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,884,207</u>	<u>\$ 4,884,207</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			<u>28,563,016</u>	
End of year, June 30			<u>\$ 33,447,223</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, 2019

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 39,064,951	\$ 51,534,815	\$ 32,224,570	\$ 2,279,377
Accounts receivable	2,869,845	9,141,282	1,050,868	190,779
Prepaid expenses	5,225	17,265	4,154	2,314
Inventories	290,553	3,440,278	326,963	35,383
Cash and cash equivalents, restricted	2,741,458	-	2,043,091	1,910,443
Total current assets	<u>44,972,032</u>	<u>64,133,640</u>	<u>35,649,646</u>	<u>4,418,296</u>
Non-current assets:				
Restricted assets:				
Customer deposits	74,680	309,546	144,332	-
Advance to other funds	-	2,051,647	-	-
Capital assets:				
Land and other non-depreciable assets	12,961,310	7,562,906	10,080,436	14,377,222
Other capital assets, net of depreciation	80,398,320	80,906,538	57,344,129	22,296,436
Capital assets (net)	<u>93,359,630</u>	<u>88,469,444</u>	<u>67,424,565</u>	<u>36,673,658</u>
Total non-current assets	<u>93,434,310</u>	<u>90,830,637</u>	<u>67,568,897</u>	<u>36,673,658</u>
Total assets	<u>138,406,342</u>	<u>154,964,277</u>	<u>103,218,543</u>	<u>41,091,954</u>
<b>Deferred Outflows of Resources:</b>				
OPEB deferrals	75,630	33,015	16,742	13,990
Pension deferrals	929,991	403,716	209,067	173,021
Charge on debt defeasance	239,140	710,662	3,265,800	84,610
Total deferred outflows of resources	<u>1,244,761</u>	<u>1,147,393</u>	<u>3,491,609</u>	<u>271,621</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,254,875	4,977,454	1,210,799	897,182
Unearned revenue	-	-	-	-
Compensated absences	210,122	191,047	87,733	20,683
Advance from other funds	-	-	-	803,777
Installment purchase obligations	-	-	-	-
Revenue bonds payable	790,826	910,069	152,053	775,187
Limited obligation bonds payable	-	-	1,215,369	-
State revolving loans payable	481,103	-	-	-
Total current liabilities	<u>2,736,926</u>	<u>6,078,570</u>	<u>2,665,954</u>	<u>2,496,829</u>
Liabilities payable from restricted assets:				
Customer deposits	74,680	309,546	144,332	-
Non-current liabilities:				
Net pension liability	1,183,274	513,669	266,008	220,143
Compensated absences	103,493	94,098	43,212	10,188
Installment purchase obligations	-	-	-	-
Revenue bonds payable - net unamortized premium	15,849,543	15,353,740	2,565,291	8,927,481
Limited obligation bonds payable	-	-	36,552,254	-
State revolving loans payable	6,735,446	-	-	-
Total other post-employment benefits liability	5,387,493	2,351,816	1,192,588	996,603
Total non-current liabilities	<u>29,333,929</u>	<u>18,622,869</u>	<u>40,763,685</u>	<u>10,154,415</u>
Total liabilities	<u>32,070,855</u>	<u>24,701,439</u>	<u>43,429,639</u>	<u>12,651,244</u>
<b>Deferred Inflows of Resources:</b>				
OPEB deferrals	767,119	334,873	169,811	141,905
Pension deferrals	29,890	12,976	6,718	5,562
Total deferred inflows of resources	<u>797,009</u>	<u>347,849</u>	<u>176,529</u>	<u>147,467</u>
<b>Net Position:</b>				
Net investment in capital assets	72,483,310	72,916,297	32,248,489	28,966,043
Unrestricted	<u>34,299,929</u>	<u>58,146,085</u>	<u>30,855,495</u>	<u>(401,179)</u>
Total net position	<u>\$ 106,783,239</u>	<u>\$ 131,062,382</u>	<u>\$ 63,103,984</u>	<u>\$ 28,564,864</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, 2019

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 6,343,432	\$ 131,447,145	\$ 3,806,997
Accounts receivable	582,658	13,835,432	546,782
Prepaid expenses	2,341	31,299	161,579
Inventories	5,636	4,098,813	-
Cash and cash equivalents, restricted	-	6,694,992	-
Total current assets	<u>6,934,067</u>	<u>156,107,681</u>	<u>4,515,358</u>
Non-current assets:			
Restricted assets:			
Customer deposits	-	528,558	18,877
Advance to other funds	-	2,051,647	-
Capital assets:			
Land and other non-depreciable assets	1,226,078	46,207,952	-
Other capital assets, net of depreciation	6,716,463	247,661,886	-
Capital assets (net)	<u>7,942,541</u>	<u>293,869,838</u>	<u>-</u>
Total non-current assets	<u>7,942,541</u>	<u>296,450,043</u>	<u>18,877</u>
Total assets	<u>14,876,608</u>	<u>452,557,724</u>	<u>4,534,235</u>
<b>Deferred Outflows of Resources:</b>			
OPEB deferrals	40,446	179,823	-
Pension deferrals	497,440	2,213,235	-
Charge on debt defeasance	-	4,300,212	-
Total deferred outflows of resources	<u>537,886</u>	<u>6,693,270</u>	<u>-</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	356,820	8,697,130	420,107
Unearned revenue	33,072	33,072	-
Compensated absences	106,958	616,543	-
Advance from other funds	-	803,777	-
Installment purchase obligations	99,000	99,000	-
Revenue bonds payable	-	2,628,135	-
Limited obligation bonds payable	-	1,215,369	-
State revolving loans payable	-	481,103	-
Total current liabilities	<u>595,850</u>	<u>14,574,129</u>	<u>420,107</u>
Liabilities payable from restricted assets:			
Customer deposits	-	528,558	18,877
Non-current liabilities:			
Net pension liability	632,914	2,816,008	-
Compensated absences	52,679	303,670	-
Installment purchase obligations	314,000	314,000	-
Revenue bonds payable - net unamortized premium	-	42,696,055	-
Limited obligation bonds payable	-	36,552,254	-
State revolving loans payable	-	6,735,446	-
Total other post-employment benefits liability	2,881,391	12,809,891	-
Total non-current liabilities	<u>3,880,984</u>	<u>102,755,882</u>	<u>18,877</u>
Total liabilities	<u>4,476,834</u>	<u>117,330,011</u>	<u>438,984</u>
<b>Deferred Inflows of Resources:</b>			
OPEB deferrals	410,278	1,823,986	-
Pension deferrals	15,989	71,135	-
Total deferred inflows of resources	<u>426,267</u>	<u>1,895,121</u>	<u>-</u>
<b>Net Position:</b>			
Net investment in capital assets	7,529,541	214,143,680	-
Unrestricted	<u>2,981,852</u>	<u>125,882,182</u>	<u>4,095,251</u>
Total net position	<u>\$ 10,511,393</u>	<u>340,025,862</u>	<u>\$ 4,095,251</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds		<u>105,343</u>	
Net position of business-type activities		<u>\$ 340,131,205</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, 2019

	<b>Major Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Electric</b>	<b>Natural Gas</b>	<b>Airport</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 17,961,501	\$ 63,358,356	\$ 18,321,753	\$ 1,823,194
Interfund charges and employee contributions	-	-	-	-
Availability fees	498,045	-	-	-
Other operating revenues	223,049	404,352	4,207	89,370
Total operating revenues	<u>18,682,595</u>	<u>63,762,708</u>	<u>18,325,960</u>	<u>1,912,564</u>
<b>Operating Expenses:</b>				
Distribution systems	844,777	5,844,005	3,738,973	-
Water filter plant	2,553,189	-	-	-
Waste treatment plant	2,554,773	-	-	-
Electric power purchases	-	48,855,719	-	-
Natural gas purchases	-	-	7,067,414	-
Aquatics and Fitness Center operations	-	-	-	-
Airport operations	-	-	-	2,467,488
Stormwater operations	-	-	-	-
Solid waste operations	-	-	-	-
Solid waste maintenance	-	-	-	-
Operating expenses	-	-	-	-
Workers' compensation claims and premiums	-	-	-	-
Health benefit claims and premiums	-	-	-	-
Property and liability claims and premiums	-	-	-	-
Depreciation and amortization	3,105,088	2,699,443	1,548,506	781,138
Total operating expenses	<u>9,057,827</u>	<u>57,399,167</u>	<u>12,354,893</u>	<u>3,248,626</u>
Operating income (loss)	<u>9,624,768</u>	<u>6,363,541</u>	<u>5,971,067</u>	<u>(1,336,062)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Gain (loss) on sale of capital assets	(56,758)	(184,371)	(65,237)	-
Other non-operating revenues (expenses)	70,749	208,565	165,858	-
Investment earnings	2,586,808	3,121,170	1,877,720	46,428
Interest income interfund loans	-	68,347	-	-
Interest and other charges	(860,757)	(670,043)	(1,595,184)	(448,327)
Total non-operating revenues (expenses)	<u>1,740,042</u>	<u>2,543,668</u>	<u>383,157</u>	<u>(401,899)</u>
Income (loss) before capital contributions and transfers	<u>11,364,810</u>	<u>8,907,209</u>	<u>6,354,224</u>	<u>(1,737,961)</u>
Capital grants and contributions	<u>126,680</u>	<u>346,474</u>	<u>68,096</u>	<u>891,089</u>
Transfers from other funds	-	25,000	-	1,785,261
Transfers to other funds	(17,409)	(564,561)	(180,593)	(132,147)
Total transfers (to) from other funds	<u>(17,409)</u>	<u>(539,561)</u>	<u>(180,593)</u>	<u>1,653,114</u>
Change in net position	11,474,081	8,714,122	6,241,727	806,242
<b>Net Position:</b>				
Beginning of year, July 1	<u>95,309,158</u>	<u>122,348,260</u>	<u>56,862,257</u>	<u>27,758,622</u>
End of year, June 30	<u>\$ 106,783,239</u>	<u>\$ 131,062,382</u>	<u>\$ 63,103,984</u>	<u>\$ 28,564,864</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, 2019

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Operating Revenues:</b>			
Charges for services	\$ 8,565,523	\$ 110,030,327	\$ -
Interfund charges and employee contributions	-	-	8,143,629
Availability fees	-	498,045	-
Other operating revenues	219,719	940,697	1,177,964
Total operating revenues	<u>8,785,242</u>	<u>111,469,069</u>	<u>9,321,593</u>
<b>Operating Expenses:</b>			
Distribution systems	-	10,427,755	-
Water filter plant	-	2,553,189	-
Waste treatment plant	-	2,554,773	-
Electric power purchases	-	48,855,719	-
Natural gas purchases	-	7,067,414	-
Aquatics and Fitness Center operations	3,749,832	3,749,832	-
Airport operations	-	2,467,488	-
Stormwater operations	1,922,153	1,922,153	-
Solid waste operations	2,233,252	2,233,252	-
Solid waste maintenance	96,421	96,421	-
Operating expenses	-	-	507,008
Workers' compensation claims and premiums	-	-	165,410
Health benefit claims and premiums	-	-	8,360,051
Property and liability claims and premiums	-	-	631,885
Depreciation and amortization	441,758	8,575,933	-
Total operating expenses	<u>8,443,416</u>	<u>90,503,929</u>	<u>9,664,354</u>
Operating income (loss)	<u>341,826</u>	<u>20,965,140</u>	<u>(342,761)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Gain (loss) on sale of capital assets	75,532	(230,834)	-
Other non-operating revenues (expenses)	3,668	448,840	-
Investment earnings	370,581	8,002,707	259,949
Interest income interfund loans	-	68,347	-
Interest and other charges	(14,817)	(3,589,128)	-
Total non-operating revenues (expenses)	<u>434,964</u>	<u>4,699,932</u>	<u>259,949</u>
Income (loss) before capital contributions and transfers	<u>776,790</u>	<u>25,665,072</u>	<u>(82,812)</u>
Capital grants and contributions	<u>507</u>	<u>1,432,846</u>	<u>-</u>
Transfers from other funds	-	1,810,261	-
Transfers to other funds	-	(894,710)	-
Transfers (to) from other funds	-	915,551	-
Change in net position	777,297	28,013,469	(82,812)
<b>Net Position:</b>			
Beginning of year, July 1	<u>9,734,096</u>		<u>4,178,063</u>
End of year, June 30	<u>\$ 10,511,393</u>		<u>\$ 4,095,251</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change		<u>(25,009)</u>	
Net position of business-type activities		<u>\$ 27,988,460</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, 2019

	<b>Major Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Electric</b>	<b>Natural Gas</b>	<b>Airport</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 17,733,289	\$ 64,274,360	\$ 18,398,489	\$ 1,793,968
Cash paid for goods and services	(1,245,393)	(51,896,826)	(9,838,660)	(1,332,546)
Cash paid to or on behalf of employees for services	(4,307,720)	(3,368,192)	(1,231,394)	(602,883)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	<u>12,180,176</u>	<u>9,009,342</u>	<u>7,328,435</u>	<u>(141,461)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Advances from other funds	-	211,044	-	-
Advances to other funds	-	-	-	(36,403)
Transfers from other funds	-	25,000	-	1,785,261
Transfers to other funds	(17,409)	(564,561)	(180,593)	(132,147)
Net cash provided (used) by non-capital financing activities	<u>(17,409)</u>	<u>(328,517)</u>	<u>(180,593)</u>	<u>1,616,711</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from sale of capital assets	9,800	7,510	-	-
Acquisition and construction of capital assets	(18,650,763)	(2,698,552)	(4,272,057)	(2,309,292)
Capital contributions	126,680	346,474	68,096	891,089
Principal paid on bond maturities and equipment obligations	(1,381,692)	(1,008,400)	(1,275,912)	(710,100)
Interest paid on bond maturities and equipment obligations	(860,757)	(670,043)	(1,595,184)	(448,327)
Net cash provided (used) by capital and related financing activities	<u>(20,756,732)</u>	<u>(4,023,011)</u>	<u>(7,075,057)</u>	<u>(2,576,630)</u>
<b>Cash Flows from Investing Activities:</b>				
Earnings on investments	2,586,808	3,189,517	1,877,720	46,428
Net cash provided (used) by investing activities	<u>2,586,808</u>	<u>3,189,517</u>	<u>1,877,720</u>	<u>46,428</u>
Net increase (decrease) in cash and cash equivalents	(6,007,157)	7,847,331	1,950,505	(1,054,952)
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	<u>47,888,246</u>	<u>43,997,030</u>	<u>32,461,488</u>	<u>5,244,772</u>
End of year, June 30	<u>\$ 41,881,089</u>	<u>\$ 51,844,361</u>	<u>\$ 34,411,993</u>	<u>\$ 4,189,820</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, 2019

	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 8,773,863	\$ 110,973,969	\$ 7,649,563
Cash paid for goods and services	(5,005,816)	(69,319,241)	(9,722,558)
Cash paid to or on behalf of employees for services	(2,906,645)	(12,416,834)	-
Other operating revenues	-	-	1,177,964
Net cash provided (used) by operating activities	<u>861,402</u>	<u>29,237,894</u>	<u>(895,031)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Advances from other funds	-	211,044	-
Advances to other funds	-	(36,403)	-
Transfers from other funds	-	1,810,261	-
Transfers to other funds	-	(894,710)	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>1,090,192</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from sale of capital assets	75,534	92,844	-
Acquisition and construction of capital assets	(657,996)	(28,588,660)	-
Capital contributions	-	1,432,339	-
Principal paid on bond maturities and equipment obligations	(96,000)	(4,472,104)	-
Interest paid on bond maturities and equipment obligations	(14,817)	(3,589,128)	-
Net cash provided (used) by capital and related financing activities	<u>(693,279)</u>	<u>(35,124,709)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>			
Earnings on investments	370,581	8,071,054	259,949
Net cash provided (used) by investing activities	<u>370,581</u>	<u>8,071,054</u>	<u>259,949</u>
Net increase (decrease) in cash and cash equivalents	538,704	3,274,431	(635,082)
<b>Cash and Cash Equivalents:</b>			
Beginning of year, July 1	<u>5,804,728</u>	<u>135,396,264</u>	<u>4,460,956</u>
End of year, June 30	<u>\$ 6,343,432</u>	<u>\$ 138,670,695</u>	<u>\$ 3,825,874</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, 2019

	<u>Major Enterprise Funds</u>			
	<u>Water and Sewer</u>	<u>Electric</u>	<u>Natural Gas</u>	<u>Airport</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 9,624,768	\$ 6,363,541	\$ 5,971,067	\$ (1,336,062)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	3,105,088	2,699,443	1,548,506	781,138
Non operating revenue	70,749	208,565	165,858	-
Increase deferred outflows - pension	(343,852)	(149,269)	(77,300)	(63,973)
Increase in net pension liability	419,859	182,264	94,387	78,113
Decrease deferred inflows - pension	(42,841)	(18,598)	(9,631)	(7,970)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,022,942)	310,011	(103,083)	(116,983)
(Increase) decrease in inventories	18,322	(151,174)	(48,724)	4,997
(Increase) decrease in prepaid expenses	2,451	1,784	(129)	(1,613)
Increase (decrease) in accounts payable and accrued liabilities	143,570	(584,460)	(300,558)	479,244
Increase (decrease) in customer deposits	436	(8,708)	9,883	-
(Increase) decrease in deferred outflows of resources for OPEB	(583)	(255)	(129)	(107)
Increase (decrease) in deferred inflows of resources for OPEB	228,627	99,803	50,609	42,292
Increase (decrease) in net OPEB liability	128	56	29	22
Increase (decrease) in compensated absences	(23,604)	56,339	27,650	(559)
Total adjustments	<u>2,555,408</u>	<u>2,645,801</u>	<u>1,357,368</u>	<u>1,194,601</u>
Net cash provided (used) by operating activities	<u>\$ 12,180,176</u>	<u>\$ 9,009,342</u>	<u>\$ 7,328,435</u>	<u>\$ (141,461)</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, 2019

	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 341,826	\$ 20,965,140	\$ (342,761)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	441,758	8,575,933	-
Non operating revenue	4,175	449,347	-
Decrease deferred outflows - pension	(183,922)	(818,316)	-
Increase in net pension liability	224,576	999,199	-
Decrease deferred inflows - pension	(22,915)	(101,955)	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(16,223)	(949,220)	(473,502)
(Increase) decrease in inventories	1,794	(174,785)	-
(Increase) decrease in prepaid expenses	941	3,434	(20,564)
Increase (decrease) in accounts payable and accrued liabilities	(47,687)	(309,891)	(58,204)
Increase (decrease) in customer deposits	-	1,611	-
(Increase) decrease in deferred outflows of resources for OPEB	(309)	(1,383)	-
Increase (decrease) in deferred inflows of resources for OPEB	122,276	543,607	-
Increase (decrease) in net OPEB liability	68	303	-
Increase (decrease) in compensated absences	(4,956)	54,870	-
Total adjustments	<u>519,576</u>	<u>8,272,754</u>	<u>(552,270)</u>
Net cash provided (used) by operating activities	<u>\$ 861,402</u>	<u>\$ 29,237,894</u>	<u>\$ (895,031)</u>

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### I. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

##### *City of Monroe ABC Board*

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

##### *City of Monroe Tourism Development Authority*

The members of the City of Monroe Tourism Development Authority's governing board are appointed by the Monroe City Council. The Authority must expend revenues as established in N.C. Session Law 2001-439. Specifically, for the first ten years, at least two-thirds of the proceeds shall be used for tourism-related purposes including tourism-related capital expenditures. The remainder of the funds shall be used to promote travel and tourism as defined by session law. After ten years, two-thirds of the proceeds shall be expended to promote travel and tourism, and one-third expended for tourism-related purposes. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a general government fund (discrete presentation). Complete financial statements for the Authority may be obtained from the entity's administrative offices at City of Monroe Tourism Development Authority, 300 West Crowell Street, Monroe, North Carolina 28112.

#### B. Basis of Presentation

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

*Fund Financial Statements.* The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental fund:

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

The City reports the following nonmajor governmental funds:

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

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

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

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

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

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following nonmajor enterprise funds:

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

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

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

The City reports the following fund types:

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

### C. Measurement Focus and Basis of Accounting

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

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the City are recognized as revenue. 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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

such programs, followed by categorical block grants, and then by general revenues.

### **D. Budgetary Data**

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

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

#### **1. *Deposits and Investments***

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

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

The City, the ABC Board, and the Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NC Capital Management Trust Government Portfolio, an SEC-registered (2a-7) government money market fund, is measured at fair market value. The NCCMT Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

are presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are accounted for at cost.

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

### **2. *Cash and Cash Equivalents***

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

### **3. *Restricted Assets***

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### Governmental Activities:

General Fund:	
Streets	\$ 1,641,615
Unexpended debt proceeds	159,254
Capital Projects Fund:	
Unexpended debt proceeds	6,637,322
Health and Dental Fund:	
Deposits	10,169
Workers' Compensation Fund:	
Deposits	8,708
Total governmental activities	<u>8,457,068</u>

### Business-Type Activities:

Water and Sewer Fund:	
Customer deposits	74,680
Unexpended debt proceeds	2,741,458
Electric Fund:	
Customer deposits	309,546
Natural Gas Fund:	
Customer deposits	144,332
Unexpended debt proceeds	2,043,091
Airport Fund:	
Unexpended debt proceeds	1,910,443
Total business-type activities	<u>7,223,550</u>

Total restricted cash \$ 15,680,618



# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2018. 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.

### 5. *Allowance for Doubtful Accounts*

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

### 6. *Inventories and Prepaid Items*

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

### 7. *Capital Assets*

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

The Tourism Development Authority had no capital assets at June 30, 2019.

### **8. *Deferred Outflows/Inflows of Resources***

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 9. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### 10. *Compensated Absences*

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

#### *Employees Hired before July 1, 1992*

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

#### *Employees Hired after July 1, 1992*

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

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Tourism Development Authority had two employees during the year ended June 30, 2019 and falls under the City's vacation policy.

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

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

### 11. *Net Position/Fund Balances*

#### *Net Position*

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

#### *Fund Balances*

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

The governmental fund types classify fund balances as follows:

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

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

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Non-spendable fund balance at June 30, 2019 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Inventories	\$ 199,218
Prepays	656,895
Total	<u>\$ 856,113</u>

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

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

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

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

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

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

*Restricted for Economic Development* – Portion of fund balance that is restricted by revenue source for economic development purposes.

Restricted fund balance at June 30, 2019 is as follows:

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Purpose</u>	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	
		<u>Funds</u>	
Stabilization by state statute	\$ 6,450,041	\$ 6,461,240	\$ 12,911,281
Public safety	707,074	-	707,074
Transportation	1,641,615	-	1,641,615
Culture and recreation	80,220	3,177,275	3,257,495
Occupancy tax capital projects	-	985,639	985,639
Economic development	-	341,930	341,930
Total	<u>\$ 8,878,950</u>	<u>\$ 10,966,084</u>	<u>\$ 19,845,034</u>

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

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

Committed fund balance at June 30, 2019 is as follows:

<u>Purpose</u>	<u>Nonmajor</u>
	<u>Governmental</u>
	<u>Funds</u>
Culture and recreation	\$ 213,242
Total	<u>213,242</u>

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

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

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

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

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

Assigned fund balance at June 30, 2019 is as follows:

<u>Purpose</u>	<b>General</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Fund</b>	<b>Governmental</b>	
		<b>Funds</b>	
Minimum fund balance requirement	\$ 10,681,100	\$ -	\$ 10,681,100
Airport grant acceptance	456,815	-	456,815
Airport operations - 5-year subsidy	750,000	-	750,000
Street resurfacing - 5-year program	900,000	-	900,000
Subsequent year's expenditures	2,755,544	-	2,755,544
Community development	-	56,562	56,562
Downtown Monroe	-	438,162	438,162
<b>Total</b>	<b>\$ 15,543,459</b>	<b>\$ 494,724</b>	<b>\$ 16,038,183</b>

*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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

fund unforeseen needs.

### 12. *Defined Benefit Cost-Sharing Plan*

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

### 13. *Management Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### 14. *Other Resources*

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

## II. **Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including installment purchase obligations, are not due and payable in the current period and, therefore, are not reported in the funds". The details of this \$(17,608,691) difference are as follows:



**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Installment purchase obligations	\$ (6,818,146)
Limited obligation bonds	(8,196,488)
Compensated absences	<u>(2,594,057)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (17,608,691)</u>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$3,074,702 difference are as follows:

Capital outlay	\$ 8,372,832
Disposal, net book value	(229,455)
Depreciation expense	<u>(5,068,675)</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>\$ 3,074,702</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 \$(7,665,940) are as follows:

Debt issued or incurred	\$ (8,420,000)
Premium on debt issued	\$ (432,063)
Amortization of premium	\$ 20,575
Principal payments:	
Installment purchase obligations	<u>1,165,548</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (7,665,940)</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2019, the City's deposits had a carrying amount of \$23,426,194 and a bank balance of \$23,467,251. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The City's petty cash fund totaled \$5,975.

At June 30, 2019, the ABC Board's deposits had a carrying amount of \$789,442 and a bank balance of \$751,460. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$251,460 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, 2019, the Tourism Development Authority's deposits had a carrying amount of \$755,572 and a bank balance of \$755,572. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 2. Investments

As of June 30, 2019, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/19</u>	<u>Maturities</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	\$ 142,040,657	\$ 3,985,776	\$ 23,291,587	\$ 24,388,595	\$ 90,374,699
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	14,088,160	N/A	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio*	Fair Value Level 1	<u>7,385,160</u>	<u>7,385,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>		<u>\$ 163,513,977</u>	<u>\$ 11,370,936</u>	<u>\$ 23,291,587</u>	<u>\$ 24,388,595</u>	<u>\$ 90,374,699</u>

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

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

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

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

*Credit Risk.* The City has no formal policy regarding credit risk but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in U.S. Government Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Freddie Mac, and Fannie Mae) is rated AAA by Standard and Poor's and Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2019. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high-grade money market instruments as permitted under North Carolina G.S. 159-30 as amended.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

*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.

*Concentration of Credit Risk.* The City's Board places no limit on the amount that the City may invest in any one issuer. More than 80% of the City's investments are in Federal Farm, Federal Home Loan Bank, Freddie Mac and Fannie Mae securities. In addition, the City had 15.5% of its investment portfolio in the NCCMT – government portfolio at June 30, 2019.

**3. Note Receivable**

The City granted a promissory note in December 2010 in the amount of \$1,250,000 to a developer as an incentive agreement to undertake an economic development project to renovate and rehabilitate a downtown historic structure. Modification to the note on May 1, 2014 calls for interest to be paid monthly at the annual rate of 3.35%. Beginning in June 2014, the promissory note will be repaid through monthly installments of \$6,855 through May 2034.

	<b>2019</b>
Total receivable	\$ 964,765
Less current portion	<u>50,720</u>
Total note receivable - non-current	<u><u>\$ 914,045</u></u>

Scheduled future maturities of the note receivable are as follows:

<b>Year</b>	
<b>Ending</b>	<b>Total</b>
2020	\$ 50,720
2021	52,446
2022	54,230
2023	56,074
Thereafter	<u>751,295</u>
Total	<u><u>\$ 964,765</u></u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

The City granted a promissory note in the amount of \$63,255 to an Association for repair of streets in a subdivision. The remaining balance of the promissory note is payable in monthly installments of \$6,326 through May 2024. The note allows for no interest. There were principal collections of \$6,326 for the fiscal year ended June 30, 2019.

	<b>2019</b>
Total receivable	\$ 31,626
Less current portion	<u>6,326</u>
Total note receivable - non-current	<u>\$ 25,300</u>

Scheduled future maturities of the note receivable are as follows:

<u>Year</u>	
<u>Ending</u>	<u>Total</u>
2020	\$ 6,326
2021	6,326
2022	6,326
2023	6,326
Thereafter	<u>6,322</u>
Total	<u>\$ 31,626</u>

**4. Receivables and Allowances for Doubtful Accounts**

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

	<u>Governmental</u>	<u>Business-Type</u>
	<u>Activities</u>	<u>Activities</u>
Accounts receivable, net	<u>\$ 1,024,178</u>	<u>\$ 13,835,432</u>

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

<b>General Fund:</b>	
Taxes receivable	<u>\$ 33,418</u>
<b>Downtown Monroe:</b>	
Taxes receivable	<u>\$ 119</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**5. Capital Assets**

***Primary Government***

Capital asset activity for the primary government for the year ended June 30, 2019 was as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	\$ 5,463,577	\$ 127,512	\$ -	\$ 27,400	\$ 5,618,489
Construction in progress	<u>783,122</u>	<u>3,794,596</u>	<u>94,803</u>	<u>(118,029)</u>	<u>4,364,886</u>
Total non-depreciable capital assets	<u>6,246,699</u>	<u>3,922,108</u>	<u>94,803</u>	<u>(90,629)</u>	<u>9,983,375</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	27,598,809	470,808	3,363	50,117	28,116,371
Equipment	5,749,558	374,761	6,775	-	6,117,544
Vehicles and motorized equipment	18,681,189	1,785,190	627,186	-	19,839,193
Other intangibles	906,756	-	-	-	906,756
Infrastructure	<u>91,107,608</u>	<u>332,454</u>	<u>-</u>	<u>40,512</u>	<u>91,480,574</u>
Total depreciable capital assets	<u>144,043,920</u>	<u>2,963,213</u>	<u>637,324</u>	<u>90,629</u>	<u>146,460,438</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	11,424,661	638,525	-	-	12,063,186
Equipment	4,322,160	368,315	6,775	-	4,683,700
Vehicles and motorized equipment	12,506,742	1,736,757	591,726	-	13,651,773
Other intangibles	622,771	82,963	-	-	705,734
Infrastructure	<u>47,082,294</u>	<u>2,208,789</u>	<u>-</u>	<u>-</u>	<u>49,291,083</u>
Total accumulated depreciation	<u>75,958,628</u>	<u>\$ 5,035,349</u>	<u>\$ 598,501</u>	<u>\$ -</u>	<u>80,395,476</u>
Total depreciable capital assets, net	<u>68,085,292</u>				<u>66,064,962</u>
General Fund capital assets, net	<u>74,331,991</u>				<u>76,048,337</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Downtown Monroe Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	80,149	\$ -	\$ -	\$ -	80,149
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	67,180	-	-	-	67,180
Equipment	98,071	-	-	-	98,071
Total depreciable capital assets	165,251	-	-	-	165,251
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	8,398	3,359	-	-	11,757
Equipment	98,071	-	-	-	98,071
Total accumulated depreciation	106,469	\$ 3,359	\$ -	\$ -	109,828
Total depreciable capital assets, net	58,782				55,423
Downtown Monroe Fund capital assets, net	138,931				135,572
<b>Occupancy Tax Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Construction in progress	712,366	\$ 1,487,511	\$ 95,829	\$ -	2,104,048
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	966,820	-	-	-	966,820
Equipment	255,177	-	-	-	255,177
Total depreciable capital assets	1,221,997	-	-	-	1,221,997
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	67,926	21,422	-	-	89,348
Equipment	192,459	8,545	-	-	201,004
Total accumulated depreciation	260,385	\$ 29,967	\$ -	\$ -	290,352
Total depreciable capital assets, net	961,612				931,645
Occupancy Tax Fund capital assets, net	1,673,978				3,035,693
Governmental activities capital assets, net	\$ 76,144,900				\$ 79,219,602

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**General Fund:**

General government	\$ 334,765
Transportation	2,493,637
Public safety	1,605,397
Culture and recreation	598,494
Economic and physical development	<u>3,056</u>
Total General Fund	<u>5,035,349</u>

**Downtown Monroe Fund:**

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

Economic and physical development	<u>29,967</u>
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Total governmental activities	<u><u>\$ 5,068,675</u></u>
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	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	\$ 829,827	\$ 4,779,207	\$ -	\$ -	\$ 5,609,034
Construction in progress	<u>2,529,452</u>	<u>4,888,259</u>	<u>65,435</u>	<u>-</u>	<u>7,352,276</u>
Total non-depreciable capital assets	<u>3,359,279</u>	<u>9,667,466</u>	<u>65,435</u>	<u>-</u>	<u>12,961,310</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	33,331,138	-	-	-	33,331,138
Equipment	7,280,985	1,918,050	9,775	(5,081)	9,184,179
Vehicles and motorized equipment	3,855,569	81,974	54,714	-	3,882,829
Infrastructure	<u>72,394,171</u>	<u>6,983,273</u>	<u>-</u>	<u>-</u>	<u>79,377,444</u>
Total depreciable capital assets	<u>116,861,863</u>	<u>8,983,297</u>	<u>64,489</u>	<u>(5,081)</u>	<u>125,775,590</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	14,744,395	703,622	-	-	15,448,017
Equipment	4,267,552	880,976	9,775	(5,081)	5,133,672
Vehicles and motorized equipment	2,720,190	254,990	53,590	-	2,921,590
Infrastructure	<u>20,515,392</u>	<u>1,358,599</u>	<u>-</u>	<u>-</u>	<u>21,873,991</u>
Total accumulated depreciation	<u>42,247,529</u>	<u>\$ 3,198,187</u>	<u>\$ 63,365</u>	<u>\$ (5,081)</u>	<u>45,377,270</u>
Total depreciable capital assets, net	<u>74,614,334</u>				<u>80,398,320</u>
<b>Water and Sewer Fund capital assets, net</b>	<u>77,973,613</u>				<u>93,359,630</u>



# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Electric Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	6,554,884	\$ -	\$ -	\$ -	6,554,884
Construction in progress	<u>3,646,829</u>	<u>299,398</u>	<u>191,881</u>	<u>(2,746,324)</u>	<u>1,008,022</u>
Total non-depreciable capital assets	<u>10,201,713</u>	<u>299,398</u>	<u>191,881</u>	<u>(2,746,324)</u>	<u>7,562,906</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	10,027,115	-	-	-	10,027,115
Equipment	2,977,403	54,101	-	5,081	3,036,585
Vehicles and motorized equipment	3,614,796	41,970	-	-	3,656,766
Infrastructure	107,727,393	2,303,083	-	2,746,324	112,776,800
Other intangibles	<u>250,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,173</u>
Total depreciable capital assets	<u>124,596,880</u>	<u>2,399,154</u>	<u>-</u>	<u>2,751,405</u>	<u>129,747,439</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	958,096	223,576	-	-	1,181,672
Equipment	2,051,031	53,499	-	5,081	2,109,611
Vehicles and motorized equipment	2,692,689	240,461	-	-	2,933,150
Infrastructure	40,141,487	2,249,824	-	-	42,391,311
Other intangibles	<u>175,122</u>	<u>50,035</u>	<u>-</u>	<u>-</u>	<u>225,157</u>
Total accumulated depreciation	<u>46,018,425</u>	<u>\$ 2,817,395</u>	<u>\$ -</u>	<u>\$ 5,081</u>	<u>48,840,901</u>
Total depreciable capital assets, net	<u>78,578,455</u>				<u>80,906,538</u>
<b>Electric Fund capital assets, net</b>	<u>88,780,168</u>				<u>88,469,444</u>
<b>Natural Gas Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	1,524,787	\$ -	\$ -	\$ -	1,524,787
Construction in progress	<u>7,507,678</u>	<u>3,384,263</u>	<u>65,237</u>	<u>(2,271,055)</u>	<u>8,555,649</u>
Total non-depreciable capital assets	<u>9,032,465</u>	<u>3,384,263</u>	<u>65,237</u>	<u>(2,271,055)</u>	<u>10,080,436</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	569,484	-	-	-	569,484
Equipment	500,359	20,453	-	-	520,812
Vehicles and motorized equipment	1,213,773	-	-	-	1,213,773
Infrastructure	<u>69,578,771</u>	<u>867,341</u>	<u>-</u>	<u>2,271,055</u>	<u>72,717,167</u>
Total depreciable capital assets	<u>71,862,387</u>	<u>887,794</u>	<u>-</u>	<u>2,271,055</u>	<u>75,021,236</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	232,915	13,256	-	-	246,171
Equipment	453,189	10,963	-	-	464,152
Vehicles and motorized equipment	949,986	63,957	-	-	1,013,943
Infrastructure	<u>14,483,203</u>	<u>1,469,638</u>	<u>-</u>	<u>-</u>	<u>15,952,841</u>
Total accumulated depreciation	<u>16,119,293</u>	<u>\$ 1,557,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>17,677,107</u>
Total depreciable capital assets, net	<u>55,743,094</u>				<u>57,344,129</u>
<b>Natural Gas Fund capital assets, net</b>	<u>64,775,559</u>				<u>67,424,565</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Airport Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	9,765,358	\$ -	\$ -	\$ -	9,765,358
Construction in progress	2,426,439	2,185,425	-	-	4,611,864
Total non-depreciable capital assets	<u>12,191,797</u>	<u>2,185,425</u>	<u>-</u>	<u>-</u>	<u>14,377,222</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	31,022,301	-	-	-	31,022,301
Equipment	463,675	121,302	-	-	584,977
Vehicles and motorized equipment	486,731	-	-	-	486,731
Infrastructure	3,138,867	-	-	-	3,138,867
Other intangibles	-	2,565	-	-	2,565
Total depreciable capital assets	<u>35,111,574</u>	<u>123,867</u>	<u>-</u>	<u>-</u>	<u>35,235,441</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	10,824,555	710,701	-	-	11,535,256
Equipment	408,738	17,620	-	-	426,358
Vehicles and motorized equipment	428,938	13,373	-	-	442,311
Infrastructure	472,046	62,777	-	-	534,823
Other intangibles	-	257	-	-	257
Total accumulated depreciation	<u>12,134,277</u>	<u>\$ 804,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,939,005</u>
Total depreciable capital assets, net	<u>22,977,297</u>				<u>22,296,436</u>
<b>Airport Fund capital assets, net</b>	<u>35,169,094</u>				<u>36,673,658</u>
<b>Aquatics and Fitness Center Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	925,594	\$ -	\$ -	\$ -	925,594
Total non-depreciable capital assets	<u>925,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,594</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	10,314,335	67,433	-	-	10,381,768
Equipment	309,760	56,099	-	-	365,859
Vehicles and motorized equipment	49,676	-	-	-	49,676
Total depreciable capital assets	<u>10,673,771</u>	<u>123,532</u>	<u>-</u>	<u>-</u>	<u>10,797,303</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	4,495,760	271,315	-	-	4,767,075
Equipment	164,379	32,011	-	-	196,390
Vehicles and motorized equipment	38,092	3,310	-	-	41,402
Total accumulated depreciation	<u>4,698,231</u>	<u>\$ 306,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,004,867</u>
Total depreciable capital assets, net	<u>5,975,540</u>				<u>5,792,436</u>
<b>Aquatics and Fitness Center Fund capital assets, net</b>	<u>6,901,134</u>				<u>6,718,030</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
<b>Stormwater Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Construction in progress	300,436	\$ 48	\$ -	\$ -	300,484
Total non-depreciable capital assets	<u>300,436</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>300,484</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	20,495	-	-	-	20,495
Equipment	34,448	29,149	-	-	63,597
Vehicles and motorized equipment	934,644	505,266	458,309	-	981,601
Infrastructure	162,048	-	-	-	162,048
Total depreciable capital assets	<u>1,151,635</u>	<u>534,415</u>	<u>458,309</u>	<u>-</u>	<u>1,227,741</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	2,959	455	-	-	3,414
Equipment	32,017	2,689	-	-	34,706
Vehicles and motorized equipment	745,881	108,417	458,309	-	395,989
Infrastructure	17,825	3,241	-	-	21,066
Total accumulated depreciation	<u>798,682</u>	<u>\$ 114,802</u>	<u>\$ 458,309</u>	<u>\$ -</u>	<u>455,175</u>
Total depreciable capital assets, net	<u>352,953</u>				<u>772,566</u>
<b>Stormwater Fund capital assets, net</b>	<u>653,389</u>				<u>1,073,050</u>
<b>Solid Waste Fund:</b>					
<b>Depreciable Capital Assets:</b>					
Other intangibles	967,361	\$ -	\$ -	\$ -	967,361
Vehicles and motorized equipment	83,162	-	-	-	83,162
Buildings and improvements	143,914	-	-	-	143,914
Total depreciable capital assets	<u>1,194,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,194,437</u>
<b>Less Accumulated Depreciation:</b>					
Other intangibles	967,361	-	-	-	967,361
Vehicles and motorized equipment	22,914	13,124	-	-	36,038
Buildings and improvements	32,381	7,196	-	-	39,577
Total accumulated depreciation	<u>1,022,656</u>	<u>\$ 20,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,042,976</u>
Total depreciable capital assets, net	<u>171,781</u>				<u>151,461</u>
<b>Solid Waste Fund capital assets, net</b>	<u>171,781</u>				<u>151,461</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 274,424,738</u>				<u>\$ 293,869,838</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

*Net Investment in Capital Assets*

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Capital assets	\$ 79,219,602	\$ 293,869,838
Less: Long-term debt	15,014,634	90,721,362
Add: Deferred outflows	-	4,300,212
Add: Unexpended debt proceeds	<u>6,796,576</u>	<u>6,694,992</u>
Net investment in capital assets	<u>\$ 71,001,544</u>	<u>\$ 214,143,680</u>

*Discretely Presented Component Units*

Capital asset activity for the ABC Board for the year ended June 30, 2019 was as follows:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>
<b>Non-Depreciable Capital Assets:</b>				
Land and land improvements	\$ 317,013	\$ -	\$ -	\$ 317,013
Total non-depreciable capital assets	<u>317,013</u>	<u>-</u>	<u>-</u>	<u>317,013</u>
<b>Depreciable Capital Assets:</b>				
Buildings and improvements	1,055,185	13,900	-	1,069,085
Equipment	123,233	42,721	14,127	151,827
Vehicles and motorized equipment	<u>15,830</u>	<u>-</u>	<u>-</u>	<u>15,830</u>
Total depreciable capital assets	<u>1,194,248</u>	<u>56,621</u>	<u>14,127</u>	<u>1,236,742</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	523,524	29,963	-	553,487
Equipment	116,734	10,747	14,127	113,354
Vehicles and motorized equipment	<u>15,830</u>	<u>-</u>	<u>-</u>	<u>15,830</u>
Total accumulated depreciation	<u>656,088</u>	<u>\$ 40,710</u>	<u>\$ 14,127</u>	<u>682,671</u>
Total depreciable capital assets, net	<u>538,160</u>			<u>554,071</u>
<b>ABC Board capital assets, net</b>	<u>\$ 855,173</u>			<u>\$ 871,084</u>

The Tourism Development Authority had no capital assets.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**B. Liabilities**

**1. Accounts Payable and Accrued Liabilities**

Payables at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund	\$ 661,403	\$ 1,084,521	\$ 1,745,924
Nonmajor funds	1,160,085	14,058	1,174,143
Total governmental activities	<u>\$ 1,821,488</u>	<u>\$ 1,098,579</u>	<u>\$ 2,920,067</u>
<b>Business-Type Activities:</b>			
Enterprise funds	<u>\$ 8,277,038</u>	<u>\$ 420,092</u>	<u>\$ 8,697,130</u>

Component units' payables at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
ABC Board	<u>\$ 266,429</u>	<u>\$ 16,181</u>	<u>\$ 129,354</u>	<u>\$ 411,964</u>
Tourism Development Authority	<u>\$ 10,013</u>	<u>\$ -</u>	<u>\$ 17,979</u>	<u>\$ 27,992</u>

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*1. Description*

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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](http://www.osc.nc.gov).

### *2. Benefits Provided*

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

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

### *3. Contributions*

Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Monroe's contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Monroe were \$2,100,061 for the year ended June 30, 2019. The ABC Board's contributions to LGERS for the year ended June 30, 2019 were \$25,168.

### *4. Refunds of Contributions*

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

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

At June 30, 2019, the City reported a liability of \$9,172,662 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was 0.38665%, which was a decrease of 0.00072% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$2,357,169. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,415,124	\$ 47,484
Changes of assumptions	2,434,070	-
Net difference between projected and actual earnings on pension plan investments	1,259,134	-
Changes in proportion and differences between City contributions and proportionate share of contributions	841	184,222
City contributions subsequent to the measurement date	2,100,061	-
Total	\$ 7,209,230	\$ 231,706

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$2,100,061 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>Amount</b>
<b>June 30</b>	
2020	\$ 2,331,605
2021	1,530,702
2022	283,886
2023	731,270
Thereafter	-
Total	<u>\$ 4,877,463</u>

### 5. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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



# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

### *6. Discount Rate*

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
City's proportionate share of the net pension liability (asset)	<u>\$ 22,033,525</u>	<u>\$ 9,172,662</u>	<u>\$ (1,574,079)</u>

*8. Pension Plan Fiduciary Net Position*

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

**b. Law Enforcement Officers' Special Separation Allowance**

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>88</u>
Total	<u><u>95</u></u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### *Summary of Significant Accounting Policies*

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

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

*Actuarial Assumptions.* The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

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

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

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

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
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*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 \$172,953 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, 2019, the City reported a total pension liability of \$4,156,173. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$330,997.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 185,248	\$ -
Changes of assumptions	149,405	169,234
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>94,497</u>	<u>-</u>
Total	<u>\$ 429,150</u>	<u>\$ 169,234</u>

\$94,497 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020.

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

<b><u>Year Ending June 30</u></b>	<b><u>Amount</u></b>
2020	\$ 41,946
2021	41,946
2022	41,946
2023	44,393
2024	(4,812)
Thereafter	<u>-</u>
Total	<u>\$ 165,419</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

*Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's total pension liability calculated using the discount rate of 3.64%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	<u>\$ 4,479,467</u>	<u>\$ 4,156,173</u>	<u>\$ 3,859,346</u>

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

	<u>2019</u>
Beginning balance	\$ 4,075,929
Service cost	162,022
Interest on the total pension liability	126,067
Differences between expected and actual experience in the measurement of the total pension liability	116,892
Changes of assumptions or other inputs	(151,784)
Benefit payments	<u>(172,953)</u>
Ending balance of the total pension liability	<u>\$ 4,156,173</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 2,357,169	\$ 330,997	\$ 2,688,166
Pension liability	9,172,662	4,156,173	13,328,835
Proportionate share of the net pension liability	0.38665%	n/a	-

**Deferred of Outflows of Resources:**

Differences between expected and actual experience	1,415,124	185,248	1,600,372
Changes of assumptions	2,434,070	149,405	2,583,475
Net difference between projected and actual earnings on plan investments	1,259,134	-	1,259,134
Changes in proportion and differences between contributions and proportionate share of contributions	841	-	841
Benefit payments and administrative costs paid subsequent to the measurement date	2,100,061	94,497	2,194,558

**Deferred of Inflows of Resources:**

Differences between expected and actual experience	47,484	-	47,484
Changes of assumptions		169,234	169,234
Changes in proportion and differences between contributions and proportionate share of contributions	184,222	-	184,222

**c. *Supplemental Retirement Income Plan***

*Law Enforcement Officers*

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

*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, 2019 were \$498,469, which consisted of \$282,504 from the City and \$215,965 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, 2019 were \$2,074,603, which consisted of \$636,266 in regular contributions, \$367,256 in matching contributions from the City, and \$1,071,081 from the employees. No amounts were forfeited.

### **d. Other Post-Employment Benefits**

#### *Healthcare Benefits*

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

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

When a retiree reaches age 65, they are transferred to the Medicare Supplement Group Plan and Part D Group Plan at the above referenced percentage of cost based on years of service. At that time, any dependents covered are offered COBRA coverage.

Membership of the Health Care Plan consisted of the following at June 30, 2017:

Retirees and dependents receiving benefits	90
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>420</u>
Total	<u><u>510</u></u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Total OPEB Liability**

The City's total OPEB liability of \$41,698,862 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation:	
General Employees	3.50 to 7.75 percent
Firefighters	3.50 to 7.75 percent
Law Enforcement Officers	3.50 to 7.35 percent
Municipal Bond Index Rate:	
Prior Measurement Date	3.56 percent
Measurement Date	3.89 percent
Healthcare cost trend rates:	
Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023
Medicare	5.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2020

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2018</b>	\$ 41,697,873
Changes for the year:	
Service cost	1,785,472
Interest	1,474,116
Differences between expect and actual experience	(115,643)
Changes in assumptions or other inputs	(2,557,585)
Benefit payments	<u>(585,371)</u>
Net changes	<u>989</u>
<b>Balance at June 30, 2019</b>	<b><u>\$ 41,698,862</u></b>



**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<b>1% Decrease (2.89%)</b>	<b>Current Discount Rate (3.89%)</b>	<b>1% Increase (4.89%)</b>
Total OPEB liability	<u>\$ 50,172,803</u>	<u>\$ 41,698,862</u>	<u>\$ 35,117,610</u>

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 34,353,685</u>	<u>\$ 41,698,862</u>	<u>\$ 51,500,546</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$2,355,909. At June 30, 2019, 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	\$ -	\$ 254,161
Changes of assumptions	-	5,683,289
Benefit payments and administrative costs made subsequent to the measurement date	<u>585,368</u>	<u>-</u>
Total	<u>\$ 585,368</u>	<u>\$ 5,937,450</u>

\$585,368 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. 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>
2019	\$ (903,679)
2020	(903,679)
2021	(903,679)
2022	(903,679)
2023	(903,679)
Thereafter	<u>(1,419,055)</u>
Total	<u>\$ (5,937,450)</u>

**3. Other Employment Benefits**

The City elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan and not by the City; the City does not determine the number of eligible participants. The City has no

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

liability beyond the payment of monthly contributions. The City of Monroe’s contractually required contribution rate for the year ended June 30, 2019 was 0.06% of compensation for general employees and firefighters. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

**4. *Deferred Outflows and Inflows of Resources***

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

	<b>Deferred Outflows</b>
Charge on debt defeasance	\$ 4,300,212
OPEB deferrals	585,368
Pension deferrals	7,638,380
Total	\$ 12,523,960

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

	<b>Deferred Inflows</b>
Property taxes receivable:	
General	\$ 634,946
Nonmajor governmental	2,256
Privilege license receivable:	
General	75
Code enforcement liens receivable:	
General	301,251
Prepaid taxes, agreements, gift cards, donations, and store credits, not yet earned:	
General	11,922
OPEB deferrals	5,937,450
Pension deferrals	400,940
Total	\$ 7,288,840

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 5. *Construction and Other Significant Commitments*

#### **Construction Commitments**

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent To-Date</u>	<u>Remaining Commitment</u>
Governmental:		
Capital projects	\$ 4,364,886	\$ 4,146,955
Occupancy tax	2,104,048	2,228,347
Enterprise:		
Water and Sewer	7,352,276	1,360,123
Stormwater	300,484	66,300
Electric	1,006,284	113,875
Natural Gas	8,555,650	2,303,761
Airport	<u>4,611,864</u>	<u>1,751,310</u>
Total	<u>\$ 28,295,492</u>	<u>\$ 11,970,671</u>

#### **Interlocal Agreement**

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### 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, 2019 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

#### Governmental Activities:

General Fund	\$ 2,505,709
Nonmajor funds	6,403,575
Total governmental activities	<u>\$ 8,909,284</u>

#### Business-Type Activities:

Water and Sewer Fund	\$ 2,267,804
Electric Fund	690,126
Natural Gas Fund	2,373,481
Airport Fund	1,751,836
Nonmajor funds	346,032
Total business-type activities	<u>\$ 7,429,279</u>

### 6. Risk Management

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

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

#### *Flood Insurance*

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

*Self-Funded Insurance*

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

*Group Health Insurance*

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

*Workers' Compensation Insurance*

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

Due to the degree of turnover of the outstanding claims, the claims payable as of June 30, 2019 are considered to be current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2019 are as follows:

	<b>Health Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Casualty Fund</b>
Unpaid claims as of June 30, 2017	\$ 428,343	\$ 10,000	\$ -
Claims and premiums paid	7,252,837	166,032	662,502
Incurred claims and premiums	<u>(7,241,534)</u>	<u>(166,032)</u>	<u>(614,960)</u>
Unpaid claims as of June 30, 2018	439,646	10,000	47,542
Claims and premiums paid	8,240,623	165,410	631,885
Incurred claims and premiums	<u>(8,260,976)</u>	<u>(162,065)</u>	<u>(673,081)</u>
Unpaid claims as of June 30, 2019	<u>\$ 419,293</u>	<u>\$ 13,345</u>	<u>\$ 6,346</u>

The City protects itself from potential loss through participation in the North Carolina League of Municipalities Interlocal Risk Financing Fund of North Carolina for general liability, automobile liability, public officials and law enforcement liability. The City maintains coverage of \$5,000,000 for comprehensive general liability, automobile liability, public

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

officials and law enforcement liability. The City's potential loss for liability coverage is limited to the deductible amount of \$50,000 per claim for all coverage, except for real and personal property, which has a deductible of \$25,000 per claim.

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

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

The Tourism Development Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority does not carry commercial insurance to cover these risks of loss. The City's insurance coverage for these risks also covers the Authority. The Authority does not carry flood insurance. In accordance with G.S. 159-29, the Finance Officer for the Authority is individually bonded for \$50,000. All risk management activities are reported in the Authority's General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Based on available information, the Authority had no liability claims at June 30, 2019.

### ***7. Claims, Judgments, and Contingent Liabilities***

The City was a defendant in various matters of litigation as of June 30, 2019. While any litigation contains an element of uncertainty, City officials believe that the outcome of any lawsuit or claim which is pending, or all of them combined, will not have a materially adverse effect on the City's financial condition or operations. In addition, there are known incidents that may result in the assertion of claims, as well as claims from unknown incidents that may be asserted for which the City could be liable for a material amount. However, since such claims have not been asserted and are not determinable or measurable, no provision for loss has been included in the financial statements. Also, City officials believe the City's insurance is adequate for the actual or pending lawsuits or claims mentioned above.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**8. Long-Term Obligations**

**a. Installment Purchase Obligations**

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

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
\$1,036,000 Executed August 12, 2004, to finance construction of a street maintenance building, requiring 30 semi-annual installments of \$34,533, plus interest at 3.89%. The street maintenance building is pledged as collateral for the debt.	\$ 34,534	\$ -	\$ 34,534
\$2,391,720 Executed January 30, 2009, to finance construction of a recreation center and a gymnasium, requiring 30 semi-annual installments of \$79,724, plus interest. Interest Rate Modified June 2013 to 2.67%. The recreation center and the gymnasium are pledged as collateral for the debt.	797,240	-	797,240
\$76,262 Executed July 16, 2014 with a vendor, to finance computer equipment, requiring 59 monthly installments of \$1,376, including interest at 2.63%. The computer equipment is pledged as collateral for the debt.	1,372	-	1,372
\$4,400,000 Executed September 17, 2014 with a bank, to finance the design, construction and furnishing of a fire station, requiring 20 semi-annual installments of \$220,000, plus interest at 2.1%. The fire station is pledged as collateral for the debt.	2,420,000	-	2,420,000
\$1,788,000 Executed May 9, 2017 with a bank, to finance fire trucks requiring 10 annual installments ranging from \$165,000 to \$196,000, plus interest at 2.1532%. The fire trucks are pledged as collateral for the debt.	1,457,000	-	1,457,000
\$2,123,000 Executed May 8, 2018 with a bank, to finance fire trucks and street sweepers requiring 10 annual installments ranging from \$163,000 to \$266,000, plus interest at 2.74%. The fire trucks and street sweepers are pledged as collateral for the debt.	1,473,000	413,000	1,886,000
\$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.	<u>635,000</u>	<u>-</u>	<u>635,000</u>
Total	<u>\$ 6,818,146</u>	<u>\$ 413,000</u>	<u>\$ 7,231,146</u>



## **CITY OF MONROE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

The City's outstanding note from direct placements related to governmental activities of \$34,534 is secured by the street maintenance building. 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 \$797,240 is secured by the recreation center and gymnasium. Upon the failure to pay or make timely payments, the lender may declare all installment payments payable by purchaser pursuant to the agreement to be due. Upon default the lender shall proceed by appropriate court action and take possession of the property. The lender may at its option require immediate payment in full of the required payments and amount advanced and all other sums secured by the agreement.

The City's outstanding note from direct placements related to governmental activities of \$1,372 is secured by the computer equipment. Upon the failure to pay or make timely payments, the lessor may retake possession of the equipment.

The City's outstanding note from direct placements related to governmental activities of \$2,420,000 is secured by the fire station. Upon the failure to pay or make timely payments, the bank shall declare the unpaid portion of the outstanding principal components of the installment payments immediately due and payable. Upon default the bank shall proceed by appropriate court action and take possession of the mortgaged property.

The City's outstanding note from direct placements related to governmental activities of \$1,457,000 is secured by the fire trucks. Upon the failure to pay or make timely payments, the lender may declare all installment payments payable by purchaser pursuant to the agreement to be due. Upon default the lender shall proceed by appropriate court action and take possession of the property.

The City's outstanding note from direct placements related to governmental activities of \$1,473,000 and business-type activities of \$413,000 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 \$635,000 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.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Annual debt service payments of the installment purchase obligations as of June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,005,355	\$ 162,662	\$ 99,000	\$ 12,581
2021	978,448	139,286	101,000	9,565
2022	988,448	115,957	105,000	6,488
2023	998,448	92,363	108,000	3,290
2024	1,008,447	68,505	-	-
2025-2029	<u>1,839,000</u>	<u>110,082</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,818,146</u>		<u>\$ 413,000</u>	
Total interest payments		<u>\$ 688,855</u>		<u>\$ 31,924</u>

At June 30, 2019, the City had a legal debt margin of \$236,692,002.

**b. Revenue Bonds**

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

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

\$19,620,000 of Combined Enterprise System Revenue Refunding Bonds, Series 2011, due annually in amounts ranging from \$945,000 to \$1,460,000 through March 1, 2028, interest rate varying between 2.0% and 5.0%. The amount shown includes \$287,754 in unamortized bond premiums associated with the bonds. \$ 8,632,754

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 \$3,202,460 associated with the bonds. 22,852,460

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 \$1,613,976 associated with the bonds. 13,838,976

Total \$ 45,324,190

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

The future payments of the revenue bonds for the years ending June 30, 2019 are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,275,000	\$ 1,796,056
2021	2,360,000	1,714,456
2022	2,465,000	1,606,156
2023	2,575,000	1,492,956
2024	2,380,000	1,400,356
2025-2029	12,580,000	5,312,419
2030-2034	9,440,000	2,567,769
2035-2039	3,100,000	1,191,988
2040-2043	<u>3,045,000</u>	<u>390,250</u>
Total	<u>\$ 40,220,000</u>	<u>\$ 17,472,406</u>

The future payments as presented above have not been reduced by the net of unamortized bond premiums totaling \$5,104,190.

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, 2019, is as follows:

Operating revenues	\$ 102,683,827
Operating expenses (1)	73,926,338
Operating income	28,757,489
Non-operating revenues (2)	<u>7,632,126</u>
Income available for debt service	36,389,615
Parity debt service	<u>5,427,647</u>
Debt service coverage ratio	<u>670%</u>
Income available for debt service	36,389,615
Subordinated debt service	<u>7,938,453</u>
Debt service coverage ratio	<u>458%</u>

(1) Per rate covenants, this does not include the depreciation and amortization expense of \$8,134,175.

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

The City has pledged future water and sewer, electric, airport, and natural gas customer revenues, net of specified operating expenses, to repay \$52.8 million in revenue bonds issued in 2008 and 2011. Proceeds from the bonds provided financing for various capital projects and refunded prior issues. The bonds are payable solely from the revenue sources of the enterprise funds noted above and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 5% of net revenues. The total principal and interest remaining to be paid on the bonds is \$57,692,406. Principal and interest paid for the current year and total customer net revenues were \$4,775,656 and \$101.9 million, respectively.

***c. State Revolving Loans***

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

Loan payable to the State of North Carolina Water Pollution Control Revolving Fund with a maximum limit of \$9,622,065, payable over 20 years, with interest at 2.22%	<u>\$ 7,216,549</u>
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The City's outstanding notes from direct borrowings related to business-type activities are not secured by a pledge of the faith and credit of the State of North Carolina or of the City, but is payable solely from the revenues of the Project or benefited systems, or other available funds. The notes contain provisions that an event of default would result in any other monies due to the City from the State may be withheld by the State and applied to the payment of the outstanding note.

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

<b>Business-Type Activities</b>		
<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 481,103	\$ 160,207
2021	481,103	149,527
2022	481,103	138,846
2023	481,103	128,166
2024	481,103	117,485
2025-2029	2,405,516	427,220
2030-2034	2,405,518	160,208
Total	<u>\$ 7,216,549</u>	<u>\$ 1,281,659</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**d. Limited Obligation Bonds**

On April 14, 2016, the City issued \$27,045,000 in Limited Obligation Bonds (LOBS) to refund the Certificates of Participation used to finance the construction of natural gas improvements. These 23-year LOBS have interest rates varying between 2% and 5%. Although any source of funds legally available may be used, the bonds are serviced by Natural Gas system revenues. The portion of the natural gas pipeline that is located in Union County is pledged as collateral for the debt. The total is shown net of the unamortized bond premium of \$2,756,262 associated with the bonds. \$ 29,501,262

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 \$181,361 associated with the bonds. 8,266,361

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 \$411,488 associated with the bonds. 8,196,488

Total \$ 45,964,111

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

<b>Business-Type Activities</b>		
<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 1,405,000	\$ 1,764,350
2021	1,445,000	1,708,150
2022	1,495,000	1,650,350
2023	1,560,000	1,577,800
2024	1,605,000	1,519,500
2025-2029	9,140,000	6,321,000
2030-2034	11,075,000	4,152,031
2035-2039	13,030,000	1,994,138
2040-2043	1,860,000	165,175
Total	<u>\$ 42,615,000</u>	<u>\$ 20,852,494</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$3,349,111.

**e. *Advance Refunding***

On August 11, 2016, the City issued Combined Enterprise System Revenue Refunding Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to be used for future debt service payments of \$20,660,000 of revenue bonds. As a result, a portion of the Combined Enterprise System Revenue Bonds, Series 2008A are considered to be defeased and a portion of the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,212,041. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$3,573,013 and resulted in an economic gain of \$3,288,671. On June 30, 2019, \$21,745,000 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, 2019, \$26,535,000 of bonds outstanding are considered defeased.

On June 30, 2011, the City issued Combined Enterprise System Revenue Refunding Bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to provide for future debt service payments of \$20,015,000. As a result, a portion of the Combined Enterprise System Revenue Bonds, Series 1998 and Series 2008B are considered to be defeased and a portion of the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$564,153. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$1,618,743 and resulted in an economic gain of \$1,264,016. On June 30, 2019, \$8,835,000 of bonds outstanding are considered defeased.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**f. Changes in Long-Term Liabilities**

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Governmental Activities:</b>					
<b>General and Parks and Recreation Fund:</b>					
Direct placement installment purchasing obligations	\$ 7,348,694	\$ 635,000	\$ 1,165,548	\$ 6,818,146	\$ 1,005,355
Compensated absences	2,319,866	1,273,906	1,040,011	2,553,761	1,711,020
Total pension liability (LEOSSA)	4,075,929	253,197	172,953	4,156,173	-
Net pension liability (LGERS)	4,101,134	2,255,520	-	6,356,654	-
Total OPEB liability	28,784,042	405,446	404,764	28,784,724	-
Limited obligation bonds	-	4,310,000	-	4,310,000	220,000
Less unamortized premiums	-	255,127	12,149	242,978	12,149
Total limited obligation bonds	-	4,565,127	12,149	4,552,978	232,149
Golf Course:					
Compensated absences	35,349	25,618	20,671	40,296	26,999
Total OPEB liability	104,244	1,469	1,466	104,247	-
Occupancy Tax Fund:					
Limited obligation bonds	-	3,475,000	-	3,475,000	115,000
Less unamortized premiums	-	176,936	8,426	168,510	8,426
Total limited obligation bonds	-	3,651,936	8,426	3,643,510	123,426
Total governmental activities	<u>\$ 46,769,258</u>	<u>\$ 13,067,219</u>	<u>\$ 2,825,988</u>	<u>\$ 57,010,489</u>	<u>\$ 3,098,949</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
Compensated absences	\$ 337,219	\$ 171,947	\$ 195,551	\$ 313,615	\$ 210,122
Net pension liability (LGERS)	763,415	419,859	-	1,183,274	-
Total OPEB liability	5,387,365	75,886	75,758	5,387,493	-
Revenue bonds	15,499,501	-	900,589	14,598,912	666,135
Plus bond premium	2,155,625	-	114,168	2,041,457	124,691
Total revenue bonds	17,655,126	-	1,014,757	16,640,369	790,826
Direct borrowing State revolving loans	7,697,652	-	481,103	7,216,549	481,103
<b>Total Water and Sewer Fund</b>	<u>\$ 31,840,777</u>	<u>\$ 667,692</u>	<u>\$ 1,767,169</u>	<u>\$ 30,741,300</u>	<u>\$ 1,482,051</u>
<b>Electric Fund:</b>					
Compensated absences	\$ 228,806	\$ 224,918	\$ 168,579	\$ 285,145	\$ 191,047
Net pension liability (LGERS)	331,405	182,264	-	513,669	-
Total OPEB liability	2,351,760	33,127	33,071	2,351,816	-
Revenue bonds	14,993,017	-	1,008,400	13,984,617	747,270
Plus bond premium	2,453,120	-	173,928	2,279,192	162,799
Total revenue bonds	17,446,137	-	1,182,328	16,263,809	910,069
<b>Total Electric Fund</b>	<u>\$ 20,358,108</u>	<u>\$ 440,309</u>	<u>\$ 1,383,978</u>	<u>\$ 19,414,439</u>	<u>\$ 1,101,116</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Natural Gas Fund:</b>					
Compensated absences	\$ 103,295	\$ 92,989	\$ 65,339	\$ 130,945	\$ 87,733
Total OPEB liability	1,192,559	16,799	16,770	1,192,588	-
Net pension liability (LGRS)	171,621	94,387	-	266,008	-
Certificates of participation	<u>780,000</u>	<u>-</u>	<u>780,000</u>	<u>-</u>	<u>-</u>
Total certificates of participation	<u>780,000</u>	<u>-</u>	<u>780,000</u>	<u>-</u>	<u>-</u>
Limited obligation bonds	35,080,000	-	250,000	34,830,000	1,070,000
Plus bond premium	3,082,992	-	145,369	2,937,623	145,369
Total limited obligation bonds	<u>38,162,992</u>	<u>-</u>	<u>395,369</u>	<u>37,767,623</u>	<u>1,215,369</u>
Revenue bonds	2,582,482	-	245,911	2,336,571	124,855
Plus bond premium	412,807	-	32,034	380,773	27,198
Total revenue bonds	<u>2,995,289</u>	<u>-</u>	<u>277,945</u>	<u>2,717,344</u>	<u>152,053</u>
<b>Total Natural Gas Fund</b>	<u>\$ 43,405,756</u>	<u>\$ 204,175</u>	<u>\$ 1,535,423</u>	<u>\$ 42,074,508</u>	<u>\$ 1,455,155</u>
<b>Airport Fund:</b>					
Compensated absences	\$ 31,430	\$ 23,204	\$ 23,763	\$ 30,871	\$ 20,683
Net pension liability (LGRS)	142,030	78,113	-	220,143	-
Total OPEB liability	996,580	14,037	14,014	996,603	-
Revenue bonds	10,010,000	-	710,100	9,299,900	736,740
Plus bond premium	446,234	-	43,466	402,768	38,447
Total revenue bonds	<u>10,456,234</u>	<u>-</u>	<u>753,566</u>	<u>9,702,668</u>	<u>775,187</u>
<b>Total Airport Fund</b>	<u>\$ 11,626,274</u>	<u>\$ 115,354</u>	<u>\$ 791,343</u>	<u>\$ 10,950,285</u>	<u>\$ 795,870</u>
<b>Aquatics and Fitness Center Fund:</b>					
Compensated absences	\$ 106,227	\$ 38,498	\$ 40,493	\$ 104,232	\$ 69,836
Net pension liability (LGRS)	278,143	152,972	-	431,115	-
Total OPEB liability	<u>1,963,970</u>	<u>27,663</u>	<u>27,617</u>	<u>1,964,016</u>	<u>-</u>
<b>Total Aquatics and Fitness Center Fund</b>	<u>\$ 2,348,340</u>	<u>\$ 219,133</u>	<u>\$ 68,110</u>	<u>\$ 2,499,363</u>	<u>\$ 69,836</u>
<b>Stormwater Fund:</b>					
Compensated absences	\$ 53,809	\$ 41,360	\$ 46,802	\$ 48,367	\$ 32,406
Net pension liability (LGRS)	124,277	68,349	-	192,626	-
Total OPEB liability	858,976	12,100	12,079	858,997	-
Direct placement installment purchasing obligations	<u>509,000</u>	<u>-</u>	<u>96,000</u>	<u>413,000</u>	<u>99,000</u>
<b>Total Stormwater Fund</b>	<u>\$ 1,546,062</u>	<u>\$ 121,809</u>	<u>\$ 154,881</u>	<u>\$ 1,512,990</u>	<u>\$ 131,406</u>



**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u>			<u>Balance</u>	
	<u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Current Portion of Balance</u>
<b>Solid Waste Fund:</b>					
Compensated absences	\$ 4,557	\$ 5,252	\$ 2,771	\$ 7,038	\$ 4,716
Net pension liability (LGRS)	5,918	3,255	-	9,173	-
Total OPEB liability	<u>58,377</u>	<u>823</u>	<u>822</u>	<u>58,378</u>	<u>-</u>
<b>Total Solid Waste Fund</b>	<u>\$ 68,852</u>	<u>\$ 9,330</u>	<u>\$ 3,593</u>	<u>\$ 74,589</u>	<u>\$ 4,716</u>
Total business-type activities	<u>\$111,194,169</u>	<u>\$ 1,777,802</u>	<u>\$ 5,704,497</u>	<u>\$ 107,267,474</u>	<u>\$ 5,040,150</u>

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

**C. Interfund Balances and Activity**

Interfund balances at June 30, 2019 consist of the following:

<u>Due to</u>	<u>General Fund</u>	<u>Airport Fund</u>	<u>Total</u>
Electric Fund	<u>\$ 1,247,870</u>	<u>\$ 803,777</u>	<u>\$ 2,051,647</u>

The balance of \$1,247,870 due to the Electric Fund from the General Fund resulted from financing of the Propel, Allvac and ATI Specialty Materials land for economic development incentives. One promissory note is for \$1,494,020, payable annually over 15 years with interest accruing at 3.69%. The other promissory note is for \$1,058,562, payable annually over 15 years with interest accruing at 2.84%. The current portion of this note is \$180,567 and the balance of \$1,067,303 is not scheduled to be collected in the subsequent year.

The balance of \$803,777 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 \$37,438 and the balance of \$766,339 is not scheduled to be collected in the subsequent year.

Balances due to/from component units at June 30, 2019 consist of the following:

**Due to the Primary Government:**

Monroe Tourism Development Authority	<u>\$ 17,979</u>
Monroe ABC Board	<u>\$ 29,266</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

Transfers to/from other funds at June 30, 2019 consist of the following:

From the General Fund to the Airport Fund for current operating needs	\$	1,785,261
From the Downtown Monroe Fund to the General Fund for repayment of Downtown Pioneer loans		82,265
From the General Fund to the Monroe-Union County Economic Development Special Revenue Fund for county-wide economic development		309,000
From the Airport Capital Projects Fund to the General Fund to close projects		132,147
From the Capital Projects Fund to the General Fund to close projects		19,139
From the General Fund to the Governmental Capital Reserve for future Greenway Project (year 6 of 6)		100,000
From the Electric Fund to the General Fund for payment in lieu of taxes		547,152
From the Natural Gas Fund to the General Fund for payment in lieu of taxes		155,593
From the General Fund to the Downtown Monroe Fund for general operations, a downtown incentive grant and a loan for the Buggy factory		505,290
From the General Fund to the Capital Projects Fund for various projects		1,737,237
From the Water and Sewer Fund to the Capital Projects Fund for the Operations Center Paving Project		17,409
From the Electric Fund to the Capital Projects Fund for the Operations Center Paving Project		17,409
From the Natural Gas Fund to the Electric Capital Projects Fund for Energy Services Building additional offices		25,000

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

### V. Jointly Governed Organizations

The City, in conjunction with eighteen other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The nineteen members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2019 were \$46,327,279.

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 \$8,408 to the Council during the fiscal year ended June 30, 2019.

### VI. Joint Venture

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

### VII. Related Organization

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

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**VIII. Related Party Transactions**

The City and its discretely presented component units engaged in the following transactions during the year ended June 30, 2019:

**City of Monroe ABC Board:**

Payments to the City for profit distributions	\$ 214,266
Payments to the City for law enforcement	<u>74,301</u>
Total	<u>\$ 288,567</u>

**Monroe Tourism Development Authority:**

Payments of a pro-rata portion of the occupancy tax by the City to the Authority	<u>\$ 618,903</u>
Payment by the Authority to the City for the Occupancy Tax Project	<u>\$ 206,301</u>

**IX. Fund Balance**

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

Total fund balance - General Fund	\$ 33,447,223
Less:	
Inventories	199,218
Prepays	656,895
Stabilization by state statute	6,450,041
Public safety	707,074
Culture and recreation	80,220
Powell Bill reserves	1,641,615
Minimum fund balance requirement	10,681,100
Airport grant acceptance	456,815
Airport operations - 5-year subsidy	750,000
Street resurfacing - 5-year program	900,000
Subsequent year's expenditures	<u>2,755,544</u>
Remaining fund balance	<u>\$ 8,168,701</u>

# **CITY OF MONROE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **X. Summary Disclosures of Significant Contingencies**

#### **Federal and State-Assisted Programs**

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

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



## **Required Supplementary Information**

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

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

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

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

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



## CITY OF MONROE, NORTH CAROLINA

### SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE LAST THREE FISCAL YEARS\*

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

#### Notes to the Schedules:

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

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

**CITY OF MONROE, NORTH CAROLINA**

**OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS\***

<b>Other Post-Employment Benefits</b>		
	<b>2019</b>	<b>2018</b>
Service cost	\$ 1,785,472	\$ 2,039,080
Interest	1,474,116	1,304,239
Differences between expected and actual experience	(115,643)	(201,752)
Changes of assumptions or other inputs	(2,557,585)	(4,544,221)
Benefit payments	<u>(585,371)</u>	<u>(455,985)</u>
Net change in total OPEB liability	989	(1,858,639)
Total OPEB liability - beginning	<u>41,697,873</u>	<u>43,556,512</u>
Total OPEB liability - ending	<u>\$ 41,698,862</u>	<u>\$ 41,697,873</u>
Covered payroll	\$ 22,116,108	\$ 22,116,108
Total OPEB liability as a percentage of covered payroll	188.55%	188.54%

**Notes to the Required Schedules:**

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

<b>Fiscal Year</b>	<b>Rate</b>
2019	3.89%
2018	3.56%

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

**CITY OF MONROE, NORTH CAROLINA**

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

	<b>Local Government Employees' Retirement System</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Monroe's proportion of the net pension liability (asset) (%)	0.38665%	0.38737%	0.39039%	0.43129%	0.44081%	0.46720%
Monroe's proportion of the net pension liability (asset) (\$)	\$ 9,172,662	\$ 5,917,943	\$ 8,285,386	\$ 1,935,602	\$ (2,599,661)	\$ 5,631,554
Monroe's covered payroll	\$ 24,933,732	\$ 23,996,590	\$ 23,236,408	\$ 22,572,529	\$ 22,549,809	\$ 21,999,994
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.79%	24.66%	35.66%	8.58%	( 11.53%)	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

**CITY OF MONROE, NORTH CAROLINA**

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

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

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

## CITY OF MONROE, NORTH CAROLINA

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 21,931,955	\$ 22,270,153	\$ 338,198
Penalties and interest	65,000	124,002	59,002
Total	<u>21,996,955</u>	<u>22,394,155</u>	<u>397,200</u>
<b>Other Taxes and Licenses:</b>			
Beer and wine and taxicab licenses	-	2,317	2,317
Gross receipts tax on short-term rental property	91,785	111,505	19,720
Motor vehicle tax	835,770	833,700	(2,070)
Total	<u>927,555</u>	<u>947,522</u>	<u>19,967</u>
<b>Unrestricted Intergovernmental:</b>			
Sales and use tax	6,147,920	6,653,962	506,042
Telecommunications sales tax	312,200	292,315	(19,885)
Utility sales tax	2,774,878	2,910,697	135,819
Video franchise fee	213,092	208,033	(5,059)
Beer and wine tax	150,000	151,376	1,376
State fire fees	3,000	2,656	(344)
ABC profit distribution	170,000	214,266	44,266
Total	<u>9,771,090</u>	<u>10,433,305</u>	<u>662,215</u>
<b>Restricted Intergovernmental:</b>			
Powell Bill allocation	953,767	957,118	3,351
Public safety reimbursement grants	190,689	166,035	(24,654)
ABC Revenue for law enforcement	80,562	74,301	(6,261)
Resource officer reimbursement	200,898	205,323	4,425
Fire reimbursement grants	128,034	132,298	4,264
FEMA reimbursement grants	353,338	129,765	(223,573)
Equitable sharing of federally forfeited property	24,011	113,865	89,854
Campus safety officer reimbursement	60,000	45,123	(14,877)
Historic preservation reimbursement grants	19,000	16,150	(2,850)
Total	<u>2,010,299</u>	<u>1,839,978</u>	<u>(170,321)</u>
<b>Sales and Services:</b>			
Recreational fees	839,675	933,998	94,323
Utilities collection fees	416,300	444,853	28,553
Building permit fees	397,462	521,875	124,413
Cemetery revenues	40,000	70,620	30,620
Sale of fixed assets	194,471	124,162	(70,309)
Rentals	74,894	105,099	30,205
Other fees	215,760	328,105	112,345
Total	<u>2,178,562</u>	<u>2,528,712</u>	<u>350,150</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Investment Earnings</b>	477,000	3,018,594	2,541,594
<b>Miscellaneous:</b>			
Payment in lieu of taxes - Monroe Housing Authority	19,000	19,712	712
Donations	18,955	25,080	6,125
Other	982,836	1,012,968	30,132
Total	<u>1,020,791</u>	<u>1,057,760</u>	<u>36,969</u>
Total revenues	<u>38,382,252</u>	<u>42,220,026</u>	<u>3,837,774</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Salaries and employee benefits	6,671,332	6,450,369	220,963
Operating expenditures	4,092,617	2,885,364	1,207,253
Capital outlay	335,404	333,694	1,710
Interdepartmental charges	(5,540,293)	(5,601,075)	60,782
Total general government	<u>5,559,060</u>	<u>4,068,352</u>	<u>1,490,708</u>
<b>Transportation:</b>			
Streets and highways			
Salaries and employee benefits	1,259,243	1,129,810	129,433
Operating expenditures	1,595,191	1,094,298	500,893
Capital outlay	1,454,129	1,396,169	57,960
Interdepartmental charges	(404,270)	(656,336)	252,066
Total transportation	<u>3,904,293</u>	<u>2,963,941</u>	<u>940,352</u>
<b>Public Safety:</b>			
Salaries and employee benefits	17,492,526	17,109,820	382,706
Operating expenditures	3,132,598	2,283,468	849,130
Capital outlay	2,790,371	1,321,531	1,468,840
Total public safety	<u>23,415,495</u>	<u>20,714,819</u>	<u>2,700,676</u>
<b>Culture and Recreation:</b>			
Salaries and employee benefits	3,257,167	2,990,667	266,500
Operating expenditures	2,301,550	1,755,360	546,190
Capital outlay	819,049	690,203	128,846
Interdepartmental charges	(254,594)	(254,594)	-
Total culture and recreation	<u>6,123,172</u>	<u>5,181,636</u>	<u>941,536</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Debt Service:</b>			
Principal retirement	1,552,702	1,165,548	387,154
Interest and other charges	<u>622,897</u>	<u>489,202</u>	<u>133,695</u>
Total	<u>2,175,599</u>	<u>1,654,750</u>	<u>520,849</u>
Total expenditures	<u>41,177,619</u>	<u>34,583,498</u>	<u>6,594,121</u>
Revenues over (under) expenditures	<u>(2,795,367)</u>	<u>7,636,528</u>	<u>10,431,895</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
Monroe Union County Economic Development Fund	(309,000)	(309,000)	-
Downtown Monroe Fund	82,265	82,265	-
Downtown Monroe Fund	(519,879)	(505,290)	14,589
Capital projects funds:			
Capital projects	(1,737,237)	(1,737,237)	-
Capital projects	19,139	19,139	-
Governmental Capital Reserve Fund	(100,000)	(100,000)	-
Airport Capital Projects Fund	132,147	132,147	-
Airport Fund	(1,947,235)	(1,785,261)	161,974
Natural Gas Fund	155,000	155,593	593
Electric Fund	525,000	547,152	22,152
Limited obligation bond proceeds	114,800	113,171	(1,629)
Installment purchase obligations issued	<u>625,000</u>	<u>635,000</u>	<u>10,000</u>
Total other financing sources (uses)	<u>(2,960,000)</u>	<u>(2,752,321)</u>	<u>207,679</u>
Appropriated fund balance	<u>5,755,367</u>	<u>-</u>	<u>(5,755,367)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,884,207</u>	<u>\$ 4,884,207</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>28,563,016</u>	
End of year, June 30		<u>\$ 33,447,223</u>	





## Nonmajor Governmental Funds

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### Special Revenue Funds

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

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

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

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

### Capital Projects Funds

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

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

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

### Capital Reserve Funds

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

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

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## CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<b>Special Revenue Funds</b>			
	<b>Community Development</b>	<b>Downtown Monroe</b>	<b>Monroe Union Economic Development</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 56,562	\$ 458,828	\$ 387,111	\$ 902,501
Taxes receivable	-	2,256	-	2,256
Accounts receivable	-	27,633	-	27,633
Due from other governments	-	146	-	146
Due from component unit	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-
Total assets	<u>\$ 56,562</u>	<u>\$ 488,863</u>	<u>\$ 387,111</u>	<u>\$ 932,536</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 4,615	\$ 32,958	\$ 37,573
Total liabilities	<u>-</u>	<u>4,615</u>	<u>32,958</u>	<u>37,573</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>2,256</u>	<u>-</u>	<u>2,256</u>
<b>Fund Balances:</b>				
Non-spendable:				
Restricted:				
Stabilization by state statute	-	43,830	12,223	56,053
Culture and recreation	-	-	-	-
Occupancy tax capital projects	-	-	-	-
Economic development	-	-	341,930	341,930
Committed:				
Culture and recreation	-	-	-	-
Assigned	56,562	438,162	-	494,724
Total fund balances	<u>56,562</u>	<u>481,992</u>	<u>354,153</u>	<u>892,707</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 488,863</u>	<u>\$ 387,111</u>	<u>\$ 932,536</u>

## CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Capital Project Funds			Total	Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects	Governmental Capital Reserve		
<b>Assets:</b>					
Cash and cash equivalents	\$ 4,465,733	\$ 571,730	\$ 213,242	\$ 5,250,705	\$ 6,153,206
Taxes receivable	-	-	-	-	2,256
Accounts receivable	-	-	-	-	27,633
Due from other governments	11,907	-	-	11,907	12,053
Due from component unit	-	17,979	-	17,979	17,979
Cash and cash equivalents - restricted	3,729,537	2,907,785	-	6,637,322	6,637,322
Total assets	<u>\$ 8,207,177</u>	<u>\$ 3,497,494</u>	<u>\$ 213,242</u>	<u>\$ 11,917,913</u>	<u>\$ 12,850,449</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 871,041	\$ 265,529	\$ -	\$ 1,136,570	\$ 1,174,143
Total liabilities	<u>871,041</u>	<u>265,529</u>	<u>-</u>	<u>1,136,570</u>	<u>1,174,143</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,256</u>
<b>Fund Balances:</b>					
Non-spendable:					
Restricted:					
Stabilization by state statute	4,158,861	2,246,326	-	6,405,187	6,461,240
Culture and recreation	3,177,275	-	-	3,177,275	3,177,275
Occupancy tax capital projects	-	985,639	-	985,639	985,639
Economic development	-	-	-	-	341,930
Committed:					
Culture and recreation	-	-	213,242	213,242	213,242
Assigned	-	-	-	-	494,724
Total fund balances	<u>7,336,136</u>	<u>3,231,965</u>	<u>213,242</u>	<u>10,781,343</u>	<u>11,674,050</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,207,177</u>	<u>\$ 3,497,494</u>	<u>\$ 213,242</u>	<u>\$ 11,917,913</u>	<u>\$ 12,850,449</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, 2019

	<b>Special Revenue Funds</b>			
	<b>Community Development</b>	<b>Downtown Monroe</b>	<b>Monroe Union Economic Development</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ 57,037	\$ -	\$ 57,037
Restricted intergovernmental	-	-	412,000	412,000
Donation	-	-	-	-
Miscellaneous	-	82,265	20,050	102,315
Investment earnings	-	-	25,823	25,823
Total revenues	<u>-</u>	<u>139,302</u>	<u>457,873</u>	<u>597,175</u>
<b>Expenditures:</b>				
Current:				
Economic and physical development:				
Administration	-	167,423	692,527	859,950
Tourism	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>167,423</u>	<u>692,527</u>	<u>859,950</u>
Revenues over (under) expenditures	<u>-</u>	<u>(28,121)</u>	<u>(234,654)</u>	<u>(262,775)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	-	505,290	309,000	814,290
Transfers to other funds	-	(82,265)	-	(82,265)
Premium from limited obligation bonds issued	-	-	-	-
Limited obligation bonds issued	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>423,025</u>	<u>309,000</u>	<u>732,025</u>
Net change in fund balances	-	394,904	74,346	469,250
<b>Fund Balances:</b>				
Beginning of year, July 1	<u>56,562</u>	<u>87,088</u>	<u>279,807</u>	<u>423,457</u>
End of year, June 30	<u>\$ 56,562</u>	<u>\$ 481,992</u>	<u>\$ 354,153</u>	<u>\$ 892,707</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, 2019

	Capital Project Funds		Governmental Capital Reserve	Total	Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects			
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 57,037
Restricted intergovernmental	112,671	206,301	-	318,972	730,972
Donation	-	10,000	-	10,000	10,000
Miscellaneous	-	-	-	-	102,315
Investment earnings	68,865	109,877	13,242	191,984	217,807
Total revenues	<u>181,536</u>	<u>326,178</u>	<u>13,242</u>	<u>520,956</u>	<u>1,118,131</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development:					
Administration	-	-	-	-	859,950
Tourism	-	1,650,177	-	1,650,177	1,650,177
Capital outlay	4,250,110	-	-	4,250,110	4,250,110
Total expenditures	<u>4,250,110</u>	<u>1,650,177</u>	<u>-</u>	<u>5,900,287</u>	<u>6,760,237</u>
Revenues over (under) expenditures	<u>(4,068,574)</u>	<u>(1,323,999)</u>	<u>13,242</u>	<u>(5,379,331)</u>	<u>(5,642,106)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	1,752,916	-	100,000	1,852,916	2,667,206
Transfers to other funds	-	-	-	-	(82,265)
Premium from limited obligation bonds issued	255,127	176,936	-	432,063	432,063
Limited obligation bonds issued	4,196,830	3,474,999	-	7,671,829	7,671,829
Total other financing sources (uses)	<u>6,204,873</u>	<u>3,651,935</u>	<u>100,000</u>	<u>9,956,808</u>	<u>10,688,833</u>
Net change in fund balances	2,136,299	2,327,936	113,242	4,577,477	5,046,727
<b>Fund Balances:</b>					
Beginning of year, July 1	<u>5,199,837</u>	<u>904,029</u>	<u>100,000</u>	<u>6,203,866</u>	<u>6,627,323</u>
End of year, June 30	<u>\$ 7,336,136</u>	<u>\$ 3,231,965</u>	<u>\$ 213,242</u>	<u>\$ 10,781,343</u>	<u>\$ 11,674,050</u>

**CITY OF MONROE, NORTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMMUNITY DEVELOPMENT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**

**IN FUND BALANCES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Net change in fund balance	\$ -	\$ -	\$ -
<b>Fund Balance:</b>			
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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 55,805	\$ 57,037	\$ 1,232
Miscellaneous	<u>82,265</u>	<u>82,265</u>	<u>-</u>
Total	<u>138,070</u>	<u>139,302</u>	<u>1,232</u>
<b>Expenditures:</b>			
Current:			
Economic and physical development:			
Administration	<u>662,772</u>	<u>167,423</u>	<u>495,349</u>
Total	<u>662,772</u>	<u>167,423</u>	<u>495,349</u>
Revenues over (under) expenditures	<u>(524,702)</u>	<u>(28,121)</u>	<u>496,581</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from (to) other funds:			
General Fund	(82,265)	(82,265)	-
General Fund	<u>519,879</u>	<u>505,290</u>	<u>(14,589)</u>
Total other financing sources (uses)	<u>437,614</u>	<u>423,025</u>	<u>(14,589)</u>
Appropriated fund balance	<u>87,088</u>	<u>-</u>	<u>(87,088)</u>
Net change in fund balance	<u>\$ -</u>	<u>394,904</u>	<u>\$ 394,904</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>87,088</u>	
End of year, June 30		<u>\$ 481,992</u>	

**CITY OF MONROE, NORTH CAROLINA**

**SPECIAL REVENUE FUND  
MONROE UNION COUNTY ECONOMIC DEVELOPMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Interlocal agreement	\$ 412,000	\$ 412,000	\$ -
Miscellaneous	30,050	20,050	(10,000)
Investment earnings	-	25,823	25,823
Total	<u>442,050</u>	<u>457,873</u>	<u>15,823</u>
<b>Expenditures:</b>			
Current:			
Economic and physical development:			
Administration	<u>781,011</u>	<u>692,527</u>	<u>88,484</u>
Revenues over (under) expenditures	<u>(338,961)</u>	<u>(234,654)</u>	<u>104,307</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
General Fund	<u>309,000</u>	<u>309,000</u>	<u>-</u>
Appropriated fund balance	<u>29,961</u>	<u>-</u>	<u>(29,961)</u>
Net change in fund balance	<u>\$ -</u>	<u>74,346</u>	<u>\$ 74,346</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>279,807</u>	
End of year, June 30		<u>\$ 354,153</u>	



**CITY OF MONROE, NORTH CAROLINA**

**CAPITAL PROJECTS FUND  
CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 2,141,000	\$ 1,683,603	\$ 112,671	\$ 1,796,274	\$ (344,726)
Miscellaneous	-	253	-	253	253
Investment earnings	-	86,225	68,865	155,090	155,090
Total revenues	<u>2,141,000</u>	<u>1,770,081</u>	<u>181,536</u>	<u>1,951,617</u>	<u>(189,383)</u>
<b>Expenditures:</b>					
Capital outlay:					
Construction costs capitalized	8,478,976	7,042,912	436,095	7,479,007	999,969
Construction in progress	24,751,536	570,290	3,794,596	4,364,886	20,386,650
Other costs	138,066	118,647	19,419	138,066	-
Total expenditures	<u>33,368,578</u>	<u>7,731,849</u>	<u>4,250,110</u>	<u>11,981,959</u>	<u>21,386,619</u>
Revenues over (under) expenditures	<u>(31,227,578)</u>	<u>(5,961,768)</u>	<u>(4,068,574)</u>	<u>(10,030,342)</u>	<u>21,197,236</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
To General Fund	(19,139)	-	(19,139)	(19,139)	-
From General Fund	6,858,842	5,121,605	1,737,237	6,858,842	-
Parks and Recreation Fund (General Fund)	1,140,000	1,140,000	-	1,140,000	-
Monroe Fitness and Aquatics Center Fund	100,000	100,000	-	100,000	-
Governmental Capital Reserve Fund	400,000	400,000	-	400,000	-
Water & Sewer Fund	17,409	-	17,409	17,409	-
Electric Fund	17,409	-	17,409	17,409	-
Premium from Limited Obligation Bonds issued	255,127	-	255,127	255,127	-
Limited obligation bonds issued	18,057,930	-	4,196,830	4,196,830	(13,861,100)
Installment purchase obligations issued	4,400,000	4,400,000	-	4,400,000	-
Total other financing sources (uses)	<u>31,227,578</u>	<u>11,161,605</u>	<u>6,204,873</u>	<u>17,366,478</u>	<u>(13,861,100)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,199,837</u>	2,136,299	<u>\$ 7,336,136</u>	<u>\$ 7,336,136</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>5,199,837</u>		
End of year, June 30			<u>\$ 7,336,136</u>		

**CITY OF MONROE, NORTH CAROLINA**

**CAPITAL PROJECT FUND  
OCCUPANCY TAX CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 694,839	\$ 2,941,862	\$ 206,301	\$ 3,148,163	\$ 2,453,324
Donation	8,000	-	10,000	10,000	2,000
Investment earnings	-	39,294	109,877	149,171	149,171
Total revenues	<u>702,839</u>	<u>2,981,156</u>	<u>326,178</u>	<u>3,307,334</u>	<u>2,604,495</u>
<b>Expenditures:</b>					
Current:					
Construction costs capitalized	710,372	1,221,996	-	1,221,996	511,624
Construction in progress	4,537,551	616,537	1,487,511	2,104,048	(2,433,503)
Other costs	149,503	238,594	10,000	248,594	99,091
Total expenditures	<u>5,397,426</u>	<u>2,077,127</u>	<u>1,497,511</u>	<u>3,574,638</u>	<u>(1,822,788)</u>
Debt service:					
Principal retirement	141,622	-	-	-	(141,622)
Interest and other charges	158,678	-	152,666	152,666	(6,012)
Total	<u>300,300</u>	<u>-</u>	<u>152,666</u>	<u>152,666</u>	<u>(147,634)</u>
Revenues over (under) expenditures	(4,994,887)	904,029	(1,323,999)	(419,970)	4,574,917
<b>Other Financing Sources (Uses):</b>					
Future capital projects	1,344,361	-	-	-	(1,344,361)
Premium from Limited Obligation Bonds	176,936	-	176,936	176,936	-
Proceeds from Limited Obligation Bonds	3,473,590	-	3,474,999	3,474,999	1,409
Total	<u>4,994,887</u>	<u>-</u>	<u>3,651,935</u>	<u>3,651,935</u>	<u>(1,342,952)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 904,029</u>	2,327,936	<u>\$ 3,231,965</u>	<u>\$ 3,231,965</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>904,029</u>		
End of year, June 30			<u>\$ 3,231,965</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 13,242	\$ 13,242
Total revenues	<u>-</u>	<u>13,242</u>	<u>13,242</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
Parks and Recreation Fund (General Fund)	\$ 100,000	\$ 100,000	\$ -
Capital Projects Fund	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	113,242	<u>\$ 113,242</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>100,000</u>	
End of year, June 30		<u>\$ 213,242</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Water sales	\$ 7,301,292	\$ 7,417,957	\$ 116,665
Sewer charges	8,530,519	9,241,510	710,991
Water and sewer taps	100,260	91,884	(8,376)
Availability fees	610,331	498,045	(112,286)
County waste water charges	1,144,000	1,210,150	66,150
Total	<u>17,686,402</u>	<u>18,459,546</u>	<u>773,144</u>
Other operating revenues	<u>229,330</u>	<u>223,049</u>	<u>(6,281)</u>
Total operating revenues	<u>17,915,732</u>	<u>18,682,595</u>	<u>766,863</u>
Non-operating revenues:			
Other non-operating revenues	50,432	80,536	30,104
Investment earnings	456,434	2,482,309	2,025,875
Total non-operating revenues	<u>506,866</u>	<u>2,562,845</u>	<u>2,055,979</u>
Total revenues	<u>18,422,598</u>	<u>21,245,440</u>	<u>2,822,842</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds:			
Water & Sewer Capital Project Fund	<u>20,288</u>	<u>20,287</u>	<u>(1)</u>
Total other financing sources (uses)	<u>20,288</u>	<u>20,287</u>	<u>(1)</u>
Appropriated fund balance	<u>13,286,182</u>	<u>-</u>	<u>(13,286,182)</u>
Total revenues and other financing sources (uses)	<u>\$ 31,729,068</u>	<u>\$ 21,265,727</u>	<u>\$ (10,463,341)</u>

## CITY OF MONROE, NORTH CAROLINA

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Distribution system:			
Salaries and employee benefits	\$ 2,937,949	\$ 2,623,234	\$ 314,715
Repairs and maintenance	1,412,291	1,124,607	287,684
Operating expenditures	<u>2,920,334</u>	<u>2,744,203</u>	<u>176,131</u>
Total	<u>7,270,574</u>	<u>6,492,044</u>	<u>778,530</u>
Water filter plant:			
Salaries and employee benefits	882,594	829,765	52,829
Operating expenditures	<u>3,080,560</u>	<u>2,723,424</u>	<u>357,136</u>
Total	<u>3,963,154</u>	<u>3,553,189</u>	<u>409,965</u>
Waste treatment plant:			
Salaries and employee benefits	1,104,538	1,100,099	4,439
Operating expenditures	<u>1,967,820</u>	<u>1,454,674</u>	<u>513,146</u>
Total	<u>3,072,358</u>	<u>2,554,773</u>	<u>517,585</u>
Debt service:			
Principal retirement	1,381,967	1,381,692	275
Interest and other charges	<u>864,207</u>	<u>860,757</u>	<u>3,450</u>
Total	<u>2,246,174</u>	<u>2,242,449</u>	<u>3,725</u>
Capital outlay	<u>2,407,412</u>	<u>2,000,023</u>	<u>407,389</u>
Total expenditures	<u>18,959,672</u>	<u>16,842,478</u>	<u>2,117,194</u>
<b>Other Financing Sources (Uses):</b>			
Transfers:			
Capital Reserve Fund	(5,903,233)	(488,295)	(5,414,938)
Capital Projects Fund	(17,409)	(17,409)	-
Water and Sewer Capital Projects Fund	<u>(6,848,754)</u>	<u>(6,848,754)</u>	<u>-</u>
Total other financing uses	<u>(12,769,396)</u>	<u>(7,354,458)</u>	<u>(5,414,938)</u>
Total expenditures and other financing sources (uses)	<u>\$ 31,729,068</u>	<u>\$ 24,196,936</u>	<u>\$ 7,532,132</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, 2019**

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

Total revenues and other financing sources (uses)	\$ 21,265,727
Total expenditures and other financing sources (uses)	<u>24,196,936</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>(2,931,209)</u>
Reconciling items:	
Debt principal	1,381,692
Net revenue from capital projects consolidation	231,193
Capital outlay	2,000,023
Capital items not charged to capital outlay	6,885,002
Disposal of capital asset	(66,559)
Project transfers - intrafund	7,316,762
Increase in compensated absences	23,603
Change in OPEB liability	(128)
Change in deferred outflows of resources - OPEB	583
Change in deferred inflows of resources - OPEB	(228,627)
Change in deferred outflows of resources - pensions	343,852
Increase in net pension liability	(419,859)
Change in deferred inflows of resources - pensions	42,841
Depreciation and amortization	<u>(3,105,088)</u>
Total reconciling items	<u>14,405,290</u>
Change in net position	<u>\$ 11,474,081</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
Water and Sewer Fund	\$ 5,903,233	\$ 488,295	\$ (5,414,938)
Water and Sewer Fund	<u>(5,903,233)</u>	<u>-</u>	<u>5,903,233</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>488,295</u>	<u>\$ 488,295</u>
 <b>Fund Balance:</b>			
Beginning of year, July 1		<u>11,483,767</u>	
End of year, June 30		<u>\$ 11,972,062</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, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 395,810	\$ 6,160	\$ 126,680	\$ 132,840	\$ (262,970)
Investment earnings	-	61,032	104,499	165,531	165,531
Miscellaneous	-	-	14	14	14
Total revenues	<u>395,810</u>	<u>67,192</u>	<u>231,193</u>	<u>298,385</u>	<u>(97,425)</u>
<b>Expenditures:</b>					
Construction costs capitalized	584,712	471,307	4,877,480	5,348,787	(4,764,075)
Construction in progress	21,141,698	2,464,018	4,888,258	7,352,276	13,789,422
Other costs	<u>65,436</u>	<u>65,436</u>	<u>-</u>	<u>65,436</u>	<u>-</u>
Total expenditures	<u>21,791,846</u>	<u>3,000,761</u>	<u>9,765,738</u>	<u>12,766,499</u>	<u>9,025,347</u>
Revenues over (under) expenditures	<u>(21,396,036)</u>	<u>(2,933,569)</u>	<u>(9,534,545)</u>	<u>(12,468,114)</u>	<u>8,927,922</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
To Water and Sewer Fund	(1,632,288)	(1,612,000)	(20,287)	(1,632,287)	1
From Water and Sewer Fund	14,323,004	7,474,250	6,848,754	14,323,004	-
Proceeds from revenue bonds	<u>8,705,320</u>	<u>8,705,320</u>	<u>-</u>	<u>8,705,320</u>	<u>-</u>
Total other financing sources (uses)	<u>21,396,036</u>	<u>14,567,570</u>	<u>6,828,467</u>	<u>21,396,037</u>	<u>1</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 11,634,001</u>	<u>\$ (2,706,078)</u>	<u>\$ 8,927,923</u>	<u>\$ 8,927,923</u>



## CITY OF MONROE, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 61,964,000	\$ 60,900,313	\$ (1,063,687)
Sales tax	<u>3,718,000</u>	<u>2,458,043</u>	<u>(1,259,957)</u>
Total	65,682,000	63,358,356	(2,323,644)
Other operating revenues	<u>307,000</u>	<u>404,352</u>	<u>97,352</u>
Total operating revenues	<u>65,989,000</u>	<u>63,762,708</u>	<u>(2,226,292)</u>
Non-operating revenues:			
Other non-operating revenues	106,721	216,075	109,354
Investment earnings	<u>604,500</u>	<u>2,783,095</u>	<u>2,178,595</u>
Total non-operating revenues	<u>711,221</u>	<u>2,999,170</u>	<u>2,287,949</u>
Interest income from other funds:			
General Fund	44,486	44,486	-
Airport Fund	<u>23,861</u>	<u>23,861</u>	<u>-</u>
Total	<u>68,347</u>	<u>68,347</u>	<u>-</u>
Total revenues	<u>\$ 66,768,568</u>	<u>\$ 66,830,225</u>	<u>\$ 61,657</u>

## CITY OF MONROE, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 3,988,037	\$ 3,547,234	\$ 440,803
Operating expenditures	<u>5,261,934</u>	<u>4,284,514</u>	<u>977,420</u>
Total	<u>9,249,971</u>	<u>7,831,748</u>	<u>1,418,223</u>
Electric power purchases	<u>52,964,000</u>	<u>48,855,719</u>	<u>4,108,281</u>
Debt service:			
Principal retirement	1,008,400	1,008,400	-
Interest and other charges	<u>673,232</u>	<u>670,043</u>	<u>3,189</u>
Total	<u>1,681,632</u>	<u>1,678,443</u>	<u>3,189</u>
Capital outlay	<u>525,416</u>	<u>96,071</u>	<u>429,345</u>
Contingency	<u>656,941</u>	<u>-</u>	<u>656,941</u>
Total expenditures	<u>65,077,960</u>	<u>58,461,981</u>	<u>6,615,979</u>
<b>Other Financing Sources (Uses):</b>			
Transfers (to) from other funds:			
To Electric Capital Projects Fund	(1,455,000)	(1,455,000)	-
From Electric Capital Projects Fund	306,801	306,801	-
General Fund	(525,000)	(547,152)	22,152
Capital projects	<u>(17,409)</u>	<u>(17,409)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,690,608)</u>	<u>(1,712,760)</u>	<u>22,152</u>
Total expenditures and other financing sources (uses)	<u>\$ 66,768,568</u>	<u>\$ 60,174,741</u>	<u>\$ 6,593,827</u>

## CITY OF MONROE, NORTH CAROLINA

### ELECTRIC FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2019

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

Total revenues and other financing sources	\$ 66,830,225
Total expenditures and other financing uses	<u>60,174,741</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing uses	<u>6,655,484</u>
Reconciling items:	
Debt principal	1,008,400
Capital outlay	96,071
Capital items not charged to capital outlay	2,158,084
Disposal of capital asset	(191,881)
Transfer from Natural Gas Fund	25,000
Project transfers - intrafund	1,148,199
Net revenue from capital projects consolidation	684,549
Increase in compensated absences	(56,340)
Change in OPEB liability	(56)
Change in deferred outflows of resources - OPEB	255
Change in deferred inflows of resources - OPEB	(99,803)
Change in deferred outflows of resources - pensions	149,269
Increase in net pension liability	(182,264)
Change in deferred inflows of resources - pensions	18,598
Depreciation and amortization	<u>(2,699,443)</u>
Total reconciling items	<u>2,058,638</u>
Change in net position	<u>\$ 8,714,122</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, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Power agency funding	\$ 5,805,850	\$ 5,592,648	\$ -	\$ 5,592,648	\$ (213,202)
Restricted revenue	11,710	10,000	346,474	356,474	344,764
Investment earnings	-	-	338,075	338,075	338,075
Total revenues	<u>5,817,560</u>	<u>5,602,648</u>	<u>684,549</u>	<u>6,287,197</u>	<u>469,637</u>
<b>Expenditures:</b>					
Construction costs capitalized	9,925,146	8,718,530	67,123	8,785,653	1,139,493
Construction in progress	10,325,720	708,627	299,398	1,008,025	9,317,695
Other costs	<u>3,926,278</u>	<u>401,834</u>	<u>77,876</u>	<u>479,710</u>	<u>3,446,568</u>
Total expenditures	<u>24,177,144</u>	<u>9,828,991</u>	<u>444,397</u>	<u>10,273,388</u>	<u>13,903,756</u>
Revenues over (under) expenditures	<u>(18,359,584)</u>	<u>(4,226,343)</u>	<u>240,152</u>	<u>(3,986,191)</u>	<u>14,373,393</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
To Electric Fund	(306,801)	-	(306,801)	(306,801)	-
From Electric Fund	18,641,385	17,186,380	1,455,000	18,641,380	(5)
Natural Gas Fund	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources (uses)	<u>18,359,584</u>	<u>17,186,380</u>	<u>1,173,199</u>	<u>18,359,579</u>	<u>(5)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 12,960,037</u>	<u>\$ 1,413,351</u>	<u>\$ 14,373,388</u>	<u>\$ 14,373,388</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 20,636,000	\$ 18,321,753	\$ (2,314,247)
Other operating revenues	-	4,207	4,207
Total operating revenues	<u>20,636,000</u>	<u>18,325,960</u>	<u>(2,310,040)</u>
Non-operating revenues:			
Other non-operating revenues	75,834	165,859	90,025
Investment earnings	<u>307,300</u>	<u>1,812,085</u>	<u>1,504,785</u>
Total non-operating revenues	<u>383,134</u>	<u>1,977,944</u>	<u>1,594,810</u>
Total revenues	<u>21,019,134</u>	<u>20,303,904</u>	<u>(715,230)</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 1,491,436	\$ 1,311,561	\$ 179,875
Operating expenditures	<u>3,443,473</u>	<u>2,693,311</u>	<u>750,162</u>
Total	<u>4,934,909</u>	<u>4,004,872</u>	<u>930,037</u>
Natural gas purchases	<u>9,398,215</u>	<u>7,067,414</u>	<u>2,330,801</u>
Debt service:			
Principal retirement	1,275,912	1,275,912	-
Interest and other charges	<u>1,599,325</u>	<u>1,595,184</u>	<u>4,141</u>
Total	<u>2,875,237</u>	<u>2,871,096</u>	<u>4,141</u>
Capital outlay	<u>79,797</u>	<u>20,453</u>	<u>59,344</u>
Total expenditures	<u>17,288,158</u>	<u>13,963,835</u>	<u>3,324,323</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds:			
General Fund	(155,000)	(155,593)	593
Electric Capital Project Fund	(25,000)	(25,000)	-
Natural Gas Capital Project Fund	<u>(2,785,909)</u>	<u>(2,785,909)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,965,909)</u>	<u>(2,966,502)</u>	<u>593</u>
Contingency	<u>765,067</u>	<u>-</u>	<u>765,067</u>
Total expenditures and other financing sources (uses)	<u>\$ 21,019,134</u>	<u>\$ 16,930,337</u>	<u>\$ 4,089,983</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, 2019**

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

Total revenues and other financing sources (uses)	\$ 20,303,904
Total expenditures and other financing sources (uses)	<u>16,930,337</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>3,373,567</u>
Reconciling items:	
Debt principal	1,275,912
Capital outlay	20,453
Capital items not charged to capital outlay	397,794
Disposal of capital asset	(65,237)
Project transfers - intrafund	2,785,909
Income from capital projects consolidation	133,731
Project expenses not capitalized	(46,281)
Increase in compensated absences	(27,650)
Change in deferred outflows of resources - OPEB	129
Change in deferred inflows of resources - OPEB	(50,609)
Change in OPEB liability	(29)
Change in deferred outflows of resources - pensions	77,300
Increase in net pension liability	(94,387)
Change in deferred inflows of resources - pensions	9,631
Depreciation and amortization	<u>(1,548,506)</u>
Total reconciling items	<u>2,868,160</u>
Change in net position	<u>\$ 6,241,727</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, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Miscellaneous	\$ -	\$ 2,735	\$ 226	\$ 2,961	\$ 2,961
Investment earnings	-	30,553	65,635	96,188	96,188
Restricted intergovernmental	364,199	233,096	67,870	300,966	(63,233)
Total revenues	<u>364,199</u>	<u>266,384</u>	<u>133,731</u>	<u>400,115</u>	<u>35,916</u>
<b>Expenditures:</b>					
Construction costs capitalized	4,101,879	2,271,054	469,548	2,740,602	1,361,277
Construction in progress	12,749,184	5,171,386	3,384,263	8,555,649	4,193,535
Other costs	<u>495,000</u>	<u>65,237</u>	<u>46,280</u>	<u>111,517</u>	<u>383,483</u>
Total expenditures	<u>17,346,063</u>	<u>7,507,677</u>	<u>3,900,091</u>	<u>11,407,768</u>	<u>5,938,295</u>
Revenues over (under) expenditures	<u>(16,981,864)</u>	<u>(7,241,293)</u>	<u>(3,766,360)</u>	<u>(11,007,653)</u>	<u>5,974,211</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
To Natural Gas Fund	(6,555,000)	(6,555,000)	-	(6,555,000)	-
From Natural Gas Fund	15,236,864	12,450,955	2,785,909	15,236,864	-
Limited Obligation Bonds	<u>8,300,000</u>	<u>8,274,737</u>	<u>-</u>	<u>8,274,737</u>	<u>(25,263)</u>
Total other financing sources (uses)	<u>16,981,864</u>	<u>14,170,692</u>	<u>2,785,909</u>	<u>16,956,601</u>	<u>(25,263)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 6,929,399</u>	<u>\$ (980,451)</u>	<u>\$ 5,948,948</u>	<u>\$ 5,948,948</u>



## CITY OF MONROE, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Leases	\$ 331,200	\$ 343,958	\$ 12,758
Customs	7,200	5,600	(1,600)
Sales of fuel	<u>1,625,000</u>	<u>1,473,636</u>	<u>(151,364)</u>
Total	1,963,400	1,823,194	(140,206)
Other operating revenues	<u>69,930</u>	<u>89,370</u>	<u>19,440</u>
Total operating revenues	<u>2,033,330</u>	<u>1,912,564</u>	<u>(120,766)</u>
Non-operating revenues:			
Investment earnings	<u>-</u>	<u>24</u>	<u>24</u>
Total non-operating revenues	<u>-</u>	<u>24</u>	<u>24</u>
Total revenues	<u>2,033,330</u>	<u>1,912,588</u>	<u>(120,742)</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	497	-	(497)
Transfers from other funds:			
General Fund	<u>1,947,235</u>	<u>1,785,261</u>	<u>(161,974)</u>
Total other financing sources (uses)	<u>1,947,732</u>	<u>1,785,261</u>	<u>(162,471)</u>
Total revenues and other financing sources (uses)	<u>\$ 3,981,062</u>	<u>\$ 3,697,849</u>	<u>\$ (283,213)</u>

## CITY OF MONROE, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 657,573	\$ 652,457	\$ 5,116
Operating expenditures	<u>1,985,582</u>	<u>1,767,212</u>	<u>218,370</u>
Total	<u>2,643,155</u>	<u>2,419,669</u>	<u>223,486</u>
Debt service:			
Principal retirement	746,229	710,100	36,129
Interest and other charges	<u>448,193</u>	<u>448,327</u>	<u>(134)</u>
Total	<u>1,194,422</u>	<u>1,158,427</u>	<u>35,995</u>
Capital outlay	<u>143,485</u>	<u>123,867</u>	<u>19,618</u>
Total expenditures	<u>\$ 3,981,062</u>	<u>\$ 3,701,963</u>	<u>\$ 279,099</u>

**CITY OF MONROE, NORTH CAROLINA**

**AIRPORT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019**

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

Total revenues and other financing sources (uses)	\$ 3,697,849
Total expenditures	<u>3,701,963</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>(4,114)</u>
Reconciling items:	
Debt principal	710,100
Capital outlay	123,867
Net revenue from capital projects consolidation	937,493
Transfer from General Fund	(132,147)
Increase in compensated absences	559
Change in OPEB liability	(23)
Change in deferred outflows of resources - OPEB	107
Change in deferred inflows of resources - OPEB	(42,292)
Change in deferred outflows of resources - pensions	63,973
Increase in net pension liability	(78,113)
Change in deferred inflows of resources - pensions	7,970
Depreciation and amortization	<u>(781,138)</u>
Total reconciling items	<u>810,356</u>
Change in net position	<u>\$ 806,242</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, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 8,895,555	\$ 6,022,034	\$ 885,089	\$ 6,907,123	\$ (1,988,432)
Investment earnings	-	16,539	46,404	62,943	62,943
Miscellaneous	-	-	6,000	6,000	6,000
Total revenues	<u>8,895,555</u>	<u>6,038,573</u>	<u>937,493</u>	<u>6,976,066</u>	<u>(1,919,489)</u>
<b>Expenditures:</b>					
Construction costs capitalized	6,490,288	4,794,980	-	4,794,980	1,695,308
Construction in progress	7,550,735	2,426,439	2,185,425	4,611,864	2,938,871
Total expenditures	<u>14,041,023</u>	<u>7,221,419</u>	<u>2,185,425</u>	<u>9,406,844</u>	<u>4,634,179</u>
Revenues over (under) expenditures	<u>(5,145,468)</u>	<u>(1,182,846)</u>	<u>(1,247,932)</u>	<u>(2,430,778)</u>	<u>2,714,690</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
General Fund	1,511,218	1,643,365	(132,147)	1,511,218	-
Electric Fund	910,000	910,000	-	910,000	-
Airport Fund	450,000	450,000	-	450,000	-
Bond premium	275,721	275,721	-	275,721	-
Proceeds from revenue bonds	<u>1,998,529</u>	<u>1,998,529</u>	-	<u>1,998,529</u>	-
Total other financing sources (uses)	<u>5,145,468</u>	<u>5,277,615</u>	<u>(132,147)</u>	<u>5,145,468</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,094,769</u>	<u>\$ (1,380,079)</u>	<u>\$ 2,714,690</u>	<u>\$ 2,714,690</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2019**

	<u>Aquatics and Fitness Center Fund</u>	<u>Stormwater Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 3,671,851	\$ 1,981,024	\$ 690,557	\$ 6,343,432
Accounts receivable	6,885	256,657	319,116	582,658
Prepaid expenses	1,147	570	624	2,341
Inventories	5,636	-	-	5,636
Total current assets	<u>3,685,519</u>	<u>2,238,251</u>	<u>1,010,297</u>	<u>6,934,067</u>
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	925,594	300,484	-	1,226,078
Other capital assets, net of depreciation	5,792,436	772,566	151,461	6,716,463
Total non-current assets	<u>6,718,030</u>	<u>1,073,050</u>	<u>151,461</u>	<u>7,942,541</u>
Total assets	<u>10,403,549</u>	<u>3,311,301</u>	<u>1,161,758</u>	<u>14,876,608</u>
<b>Deferred Outflows of Resources:</b>				
OPEB deferrals	27,570	12,059	817	40,446
Pension deferrals	338,835	151,395	7,210	497,440
Total deferred outflows of resources	<u>366,405</u>	<u>163,454</u>	<u>8,027</u>	<u>537,886</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	162,622	33,595	160,603	356,820
Unearned revenue	33,072	-	-	33,072
Compensated absences	69,836	32,406	4,716	106,958
Installment purchase obligations	-	99,000	-	99,000
Total current liabilities	<u>265,530</u>	<u>165,001</u>	<u>165,319</u>	<u>595,850</u>
Non-current liabilities:				
Net pension liability	431,115	192,626	9,173	632,914
Compensated absences	34,396	15,961	2,322	52,679
Installment purchase obligations	-	314,000	-	314,000
Total other post-employment benefits liability	1,964,016	858,997	58,378	2,881,391
Total non-current liabilities	<u>2,429,527</u>	<u>1,381,584</u>	<u>69,873</u>	<u>3,880,984</u>
Total liabilities	<u>2,695,057</u>	<u>1,546,585</u>	<u>235,192</u>	<u>4,476,834</u>
<b>Deferred Inflows of Resources:</b>				
OPEB deferrals	279,654	122,312	8,312	410,278
Pension deferrals	10,890	4,866	233	15,989
Total deferred inflows of resources	<u>290,544</u>	<u>127,178</u>	<u>8,545</u>	<u>426,267</u>
Net investment in capital assets	6,718,030	660,050	151,461	7,529,541
Unrestricted	1,066,323	1,140,942	774,587	2,981,852
Total net position	<u>\$ 7,784,353</u>	<u>\$ 1,800,992</u>	<u>\$ 926,048</u>	<u>\$ 10,511,393</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, 2019**

	<b>Aquatics and Fitness Center Fund</b>	<b>Stormwater</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 3,931,477	\$ 2,225,545	\$ 2,408,501	\$ 8,565,523
Other operating revenues	160,213	33,300	26,206	219,719
Total operating revenues	<u>4,091,690</u>	<u>2,258,845</u>	<u>2,434,707</u>	<u>8,785,242</u>
<b>Operating Expenses:</b>				
Aquatics and Fitness Center operations	3,749,832	-	-	3,749,832
Stormwater operations	-	1,922,153	-	1,922,153
Solid waste operations	-	-	2,233,252	2,233,252
Solid waste maintenance	-	-	96,421	96,421
Depreciation and amortization	306,636	114,802	20,320	441,758
Total operating expenses	<u>4,056,468</u>	<u>2,036,955</u>	<u>2,349,993</u>	<u>8,443,416</u>
Operating income (loss)	<u>35,222</u>	<u>221,890</u>	<u>84,714</u>	<u>341,826</u>
<b>Non-Operating Revenues (Expenses):</b>				
Gain (loss) on sale of capital assets	-	75,532	-	75,532
Other non-operating revenues (expenses)	1,663	2,005	-	3,668
Investment earnings	215,304	115,015	40,262	370,581
Interest and other charges	-	(14,817)	-	(14,817)
Total non-operating revenues (expenses)	<u>216,967</u>	<u>177,735</u>	<u>40,262</u>	<u>434,964</u>
Income (loss) before capital contributions and transfers	252,189	399,625	124,976	776,790
Capital Contributions	<u>-</u>	<u>507</u>	<u>-</u>	<u>507</u>
Change in net position	<u>252,189</u>	<u>400,132</u>	<u>124,976</u>	<u>777,297</u>
<b>Net Position:</b>				
Beginning of year, July 1	<u>7,532,164</u>	<u>1,400,860</u>	<u>801,072</u>	<u>9,734,096</u>
End of year, June 30	<u>\$ 7,784,353</u>	<u>\$ 1,800,992</u>	<u>\$ 926,048</u>	<u>\$ 10,511,393</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Aquatics and Fitness Center Fund</b>	<b>Stormwater</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 4,092,757	\$ 2,253,813	\$ 2,427,293	\$ 8,773,863
Cash paid for goods and services	(1,633,397)	(1,185,329)	(2,187,090)	(5,005,816)
Cash paid to or on behalf of employees for services	(2,029,218)	(709,832)	(167,595)	(2,906,645)
Net cash provided (used) by operating activities	<u>430,142</u>	<u>358,652</u>	<u>72,608</u>	<u>861,402</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from sale of capital assets	-	75,534	-	75,534
Acquisition and construction of capital assets	(123,533)	(534,463)	-	(657,996)
Principal paid on bond maturities and equipment obligations	-	(96,000)	-	(96,000)
Interest paid on bond maturities and equipment obligations	-	(14,817)	-	(14,817)
Net cash provided (used) by capital and related financing activities	<u>(123,533)</u>	<u>(569,746)</u>	<u>-</u>	<u>(693,279)</u>
<b>Cash Flows from Investing Activities:</b>				
Earnings on investments	<u>215,304</u>	<u>115,015</u>	<u>40,262</u>	<u>370,581</u>
Net cash provided (used) by investing activities	<u>215,304</u>	<u>115,015</u>	<u>40,262</u>	<u>370,581</u>
Net increase (decrease) in cash and cash equivalents	521,913	(96,079)	112,870	538,704
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	<u>3,149,938</u>	<u>2,077,103</u>	<u>577,687</u>	<u>5,804,728</u>
End of year, June 30	<u>\$ 3,671,851</u>	<u>\$ 1,981,024</u>	<u>\$ 690,557</u>	<u>\$ 6,343,432</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	<u>\$ 35,222</u>	<u>\$ 221,890</u>	<u>\$ 84,714</u>	<u>\$ 341,826</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	306,636	114,802	20,320	441,758
Non operating revenues	1,663	2,512	-	4,175
Increase deferred outflows - pension	(125,278)	(55,977)	(2,667)	(183,922)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(877)	(7,619)	(7,727)	(16,223)
(Increase) decrease in prepaid expenses	553	75	313	941
Increase (decrease) in accounts payable and accrued liabilities	(8,119)	(9,345)	(30,223)	(47,687)
(Increase) decrease in deferred outflows of resources for OPEB	(212)	(93)	(4)	(309)
Total adjustments	<u>394,920</u>	<u>136,762</u>	<u>(12,106)</u>	<u>519,576</u>
Net cash provided (used) by operating activities	<u>\$ 430,142</u>	<u>\$ 358,652</u>	<u>\$ 72,608</u>	<u>\$ 861,402</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 3,916,000	\$ 3,931,477	\$ 15,477
Other operating revenues	195,700	160,213	(35,487)
Total operating revenues	<u>4,111,700</u>	<u>4,091,690</u>	<u>(20,010)</u>
Non-operating revenues:			
Other non-operating revenues	9,050	1,665	(7,385)
Investment earnings	33,000	215,304	182,304
Total non-operating revenues	<u>42,050</u>	<u>216,969</u>	<u>174,919</u>
Total revenues	<u>4,153,750</u>	<u>4,308,659</u>	<u>154,909</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>77,916</u>	<u>-</u>	<u>(77,916)</u>
Total revenues and other financing sources (uses)	<u>\$ 4,231,666</u>	<u>\$ 4,308,659</u>	<u>\$ 76,993</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 2,195,193	\$ 2,132,541	\$ 62,652
Operating expenditures	1,762,956	1,524,023	238,933
Total	<u>3,958,149</u>	<u>3,656,564</u>	<u>301,585</u>
Capital outlay	<u>273,517</u>	<u>123,532</u>	<u>149,985</u>
Total expenditures	<u>4,231,666</u>	<u>3,780,096</u>	<u>451,570</u>
Total expenditures and other financing sources (uses)	<u>\$ 4,231,666</u>	<u>\$ 3,780,096</u>	<u>\$ 451,570</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, 2019**

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

Total revenues and other financing sources (uses)	\$ 4,308,659
Total expenditures and other financing sources (uses)	<u>3,780,096</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>528,563</u>
Reconciling items:	
Capital outlay	123,532
Increase in compensated absences	1,995
Change in deferred outflows of resources - OPEB	212
Change in deferred inflows of resources - OPEB	(83,346)
Change in OPEB liability	(46)
Change in deferred outflows of resources - pensions	125,278
Increase in net pension liability	(152,972)
Change in deferred inflows of resources - pensions	15,609
Depreciation and amortization	<u>(306,636)</u>
Total reconciling items	<u>(276,374)</u>
Change in net position	<u>\$ 252,189</u>

## CITY OF MONROE, NORTH CAROLINA

**STORMWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Stormwater receipts	\$ 2,185,186	\$ 2,225,545	\$ 40,359
Other operating revenues	<u>16,950</u>	<u>33,300</u>	<u>16,350</u>
Total operating revenues	<u>2,202,136</u>	<u>2,258,845</u>	<u>56,709</u>
Non-operating revenues:			
Other non-operating revenues	2,005	77,537	75,532
Investment earnings	<u>10,470</u>	<u>115,015</u>	<u>104,545</u>
Total non-operating revenues	<u>12,475</u>	<u>192,552</u>	<u>180,077</u>
Total revenues	<u>2,214,611</u>	<u>2,451,397</u>	<u>236,786</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 877,479	\$ 751,745	\$ 125,734
Operating expenditures	<u>1,322,808</u>	<u>1,133,564</u>	<u>189,244</u>
Total	<u>2,200,287</u>	<u>1,885,309</u>	<u>314,978</u>
Debt service:			
Principal retirement	112,285	96,000	16,285
Interest and other charges	<u>18,365</u>	<u>14,817</u>	<u>3,548</u>
Total	<u>130,650</u>	<u>110,817</u>	<u>19,833</u>
Capital outlay	<u>623,254</u>	<u>534,415</u>	<u>88,839</u>
Total expenditures	<u>2,954,191</u>	<u>2,530,541</u>	<u>423,650</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	775,580	-	775,580
Transfers from(to) other funds:			
Intrafund - Stormwater Capital Project Fund	<u>(36,000)</u>	<u>(36,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>739,580</u>	<u>(36,000)</u>	<u>775,580</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,214,611</u>	<u>\$ 2,566,541</u>	<u>\$ (351,930)</u>

**CITY OF MONROE, NORTH CAROLINA**

**STORMWATER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2019**

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

Total revenues and other financing sources (uses)	\$ 2,451,397
Total expenditures and other financing sources (uses)	<u>2,566,541</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>(115,144)</u>
Reconciling items:	
Debt principal	96,000
Capital outlay	534,415
Net revenue from capital projects consolidation	507
Project expenses not capitalized	(507)
Intrafund transfers - Stormwater Capital Project Fund	36,000
Decrease in compensated absences	5,442
Change in deferred outflows of resources - OPEB	93
Change in deferred inflows of resources - OPEB	(36,453)
Change in OPEB liability	(21)
Change in deferred outflows of resources - pensions	55,977
Increase in net pension liability	(68,349)
Change in deferred inflows of resources - pensions	6,974
Depreciation and amortization	<u>(114,802)</u>
Total reconciling items	<u>515,276</u>
Change in net position	<u>\$ 400,132</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, 2019**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 507	\$ -	\$ 507	\$ 507	\$ -
Total revenues	<u>507</u>	<u>-</u>	<u>507</u>	<u>507</u>	<u>-</u>
<b>Expenditures:</b>					
Construction in progress	\$ 581,000	\$ 300,436	\$ 48	\$ 300,484	\$ 280,516
Other costs	<u>507</u>	<u>-</u>	<u>507</u>	<u>507</u>	<u>-</u>
Total expenditures	<u>581,507</u>	<u>300,436</u>	<u>555</u>	<u>300,991</u>	<u>280,516</u>
Revenues over (under) expenditures	(581,000)	(300,436)	(48)	(300,484)	280,516
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Stormwater Fund	<u>581,000</u>	<u>545,000</u>	<u>36,000</u>	<u>581,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 244,564</u>	<u>\$ 35,952</u>	<u>\$ 280,516</u>	<u>\$ 280,516</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 2,386,303	\$ 2,408,501	\$ 22,198
Other operating revenues	<u>39,000</u>	<u>26,206</u>	<u>(12,794)</u>
Total operating revenues	<u>2,425,303</u>	<u>2,434,707</u>	<u>9,404</u>
Non-operating revenues:			
Investment earnings	<u>12,275</u>	<u>40,262</u>	<u>27,987</u>
Total revenues	<u>\$ 2,437,578</u>	<u>\$ 2,474,969</u>	<u>\$ 37,391</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 90,383	\$ 88,911	\$ 1,472
Operating expenditures	<u>2,265,382</u>	<u>2,139,129</u>	<u>126,253</u>
Total	<u>2,355,765</u>	<u>2,228,040</u>	<u>127,725</u>
Maintenance:			
Salaries and employee benefits	103,660	82,999	20,661
Operating expenditures	<u>15,919</u>	<u>13,422</u>	<u>2,497</u>
Total	<u>119,579</u>	<u>96,421</u>	<u>23,158</u>
Total expenditures	<u>\$ 2,475,344</u>	<u>\$ 2,324,461</u>	<u>\$ 150,883</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>37,766</u>	<u>-</u>	<u>37,766</u>
Total other financing uses	<u>37,766</u>	<u>-</u>	<u>37,766</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,437,578</u>	<u>\$ 2,324,461</u>	<u>\$ 113,117</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, 2019**

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

Total revenues, other financing sources (uses) and appropriated fund balance	\$ 2,474,969
Total expenditures	<u>2,324,461</u>
Revenues and other financing sources (uses) over (under) expenditures and other financing sources (uses)	<u>150,508</u>
Reconciling items:	
Depreciation	(20,320)
Decrease in compensated absences	(2,482)
Change in OPEB liability	(1)
Change in deferred outflows of resources - OPEB	4
Change in deferred inflows of resources - OPEB	(2,477)
Change in deferred outflows of resources - pensions	2,667
Increase in net pension liability	(3,255)
Change in deferred inflows of resources - pensions	<u>332</u>
Total reconciling items	<u>(25,532)</u>
Change in net position	<u>\$ 124,976</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019**

	<b>Health and Dental Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Liability Fund</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 1,834,032	\$ 1,079,069	\$ 893,896	\$ 3,806,997
Accounts receivable (net)	546,782	-	-	546,782
Prepays	151,579	10,000	-	161,579
Restricted assets:				
Deposits	10,169	8,708	-	18,877
Total current assets	<u>2,542,562</u>	<u>1,097,777</u>	<u>893,896</u>	<u>4,534,235</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	409,124	4,637	6,346	420,107
Liabilities payable from restricted assets:				
Deposits	10,169	8,708	-	18,877
Total current liabilities	<u>419,293</u>	<u>13,345</u>	<u>6,346</u>	<u>438,984</u>
<b>Net Position:</b>				
Unrestricted	<u>\$ 2,123,269</u>	<u>\$ 1,084,432</u>	<u>\$ 887,550</u>	<u>\$ 4,095,251</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Health and Dental Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Liability Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Interfund charges and employee contributions	\$ 7,211,593	\$ -	\$ 732,036	\$ 7,943,629
Receipts for interfund charges	-	200,000	-	200,000
Other operating revenue	1,138,828	248	38,888	1,177,964
Total operating revenues	<u>8,350,421</u>	<u>200,248</u>	<u>770,924</u>	<u>9,321,593</u>
<b>Operating Expenses:</b>				
Operating expenses	316,167	104,054	86,787	507,008
Workers' compensation claims and premiums	-	165,410	-	165,410
Health care clinic	103,489	-	-	103,489
Insurance	15,939	-	-	15,939
Health benefit claims and premiums	8,240,623	-	-	8,240,623
Property and liability claims and premiums	-	-	631,885	631,885
Total operating expenses	<u>8,676,218</u>	<u>269,464</u>	<u>718,672</u>	<u>9,664,354</u>
Operating income (loss)	<u>(325,797)</u>	<u>(69,216)</u>	<u>52,252</u>	<u>(342,761)</u>
<b>Non-Operating Revenues:</b>				
Investment earnings	<u>147,876</u>	<u>70,142</u>	<u>41,931</u>	<u>259,949</u>
Change in net position	(177,921)	926	94,183	(82,812)
<b>Net Position:</b>				
Beginning of year, July 1	<u>2,301,190</u>	<u>1,083,506</u>	<u>793,367</u>	<u>4,178,063</u>
End of year, June 30	<u>\$ 2,123,269</u>	<u>\$ 1,084,432</u>	<u>\$ 887,550</u>	<u>\$ 4,095,251</u>



**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Health and Dental Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property and Liability Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received for services	\$ 6,717,527	\$ -	\$ 732,036	\$ 7,449,563
Other operating revenue	1,138,828	248	38,888	1,177,964
Receipts for interfund charges	-	200,000	-	200,000
Cash paid for goods and services	<u>(8,696,571)</u>	<u>(266,119)</u>	<u>(759,868)</u>	<u>(9,722,558)</u>
Net cash provided (used) by operating activities	<u>(840,216)</u>	<u>(65,871)</u>	<u>11,056</u>	<u>(895,031)</u>
<b>Cash Flows from Investing Activities:</b>				
Investment earnings	<u>147,876</u>	<u>70,142</u>	<u>41,931</u>	<u>259,949</u>
Net increase (decrease) in cash and cash equivalents	(692,340)	4,271	52,987	(635,082)
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	<u>2,536,541</u>	<u>1,083,506</u>	<u>840,909</u>	<u>4,460,956</u>
End of year, June 30	<u>\$ 1,844,201</u>	<u>\$ 1,087,777</u>	<u>\$ 893,896</u>	<u>\$ 3,825,874</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	<u>\$ (325,797)</u>	<u>\$ (69,216)</u>	<u>\$ 52,252</u>	<u>\$ (342,761)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(473,502)	-	-	(473,502)
(Increase) decrease in prepaid expenses	(20,564)	-	-	(20,564)
Increase (decrease) in accounts payable and accrued liabilities	<u>(20,353)</u>	<u>3,345</u>	<u>(41,196)</u>	<u>(58,204)</u>
Total adjustments	<u>(514,419)</u>	<u>3,345</u>	<u>(41,196)</u>	<u>(552,270)</u>
Net cash provided (used) by operating activities	<u>\$ (840,216)</u>	<u>\$ (65,871)</u>	<u>\$ 11,056</u>	<u>\$ (895,031)</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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges and employee contributions	\$ 7,434,128	\$ 7,211,593	\$ (222,535)
Other operating revenue	-	1,138,828	1,138,828
Total operating revenues	<u>7,434,128</u>	<u>8,350,421</u>	<u>916,293</u>
Non-operating revenues:			
Investment earnings	<u>8,000</u>	<u>147,876</u>	<u>139,876</u>
Total revenues	<u>7,442,128</u>	<u>8,498,297</u>	<u>1,056,169</u>
<b>Expenditures:</b>			
Operating expenditures:			
Other operating expenses	315,145	316,167	(1,022)
Healthcare clinic	124,328	103,489	20,839
Insurance	17,000	15,939	1,061
Health benefit claims and premiums	<u>7,510,455</u>	<u>8,240,623</u>	<u>(730,168)</u>
Total operating expenditures	<u>7,966,928</u>	<u>8,676,218</u>	<u>(709,290)</u>
Appropriated fund balance	<u>524,800</u>	<u>-</u>	<u>524,800</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (177,921)</u>	<u>\$ (177,921)</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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges	\$ 200,000	\$ 200,000	\$ -
Other operating revenue	<u>-</u>	<u>248</u>	<u>248</u>
Total operating revenues	<u>200,000</u>	<u>200,248</u>	<u>248</u>
Non-operating revenues:			
Investment earnings	<u>4,530</u>	<u>70,142</u>	<u>65,612</u>
Total revenues	<u>204,530</u>	<u>270,390</u>	<u>65,860</u>
<b>Expenditures:</b>			
Operating expenditures:			
Other operating expenses	104,054	104,054	-
Workers' compensation claims and premiums paid	<u>441,930</u>	<u>165,410</u>	<u>276,520</u>
Total operating expenditures	<u>545,984</u>	<u>269,464</u>	<u>276,520</u>
Appropriated fund balance	<u>341,454</u>	<u>-</u>	<u>(341,454)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 926</u>	<u>\$ 926</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, 2019**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges and employee contributions	\$ 715,536	\$ 732,036	\$ 16,500
Other operating revenue	<u>1,500</u>	<u>38,888</u>	<u>37,388</u>
Total operating revenues	<u>717,036</u>	<u>770,924</u>	<u>53,888</u>
Non-operating revenues:			
Investment earnings	<u>3,000</u>	<u>41,931</u>	<u>38,931</u>
Total non-operating revenues	<u>3,000</u>	<u>41,931</u>	<u>38,931</u>
Total revenues	<u>720,036</u>	<u>812,855</u>	<u>92,819</u>
<b>Expenditures:</b>			
Operating expenditures:			
Other operating expenses	86,787	86,787	-
Property and liability claims and premiums	<u>704,643</u>	<u>631,885</u>	<u>72,758</u>
Total expenditures	<u>791,430</u>	<u>718,672</u>	<u>72,758</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>71,394</u>	<u>-</u>	<u>(71,394)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 94,183</u>	<u>\$ 94,183</u>

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018 - 2019	\$ -	\$ 22,200,574	\$ 22,024,017	\$ 176,557
2017 - 2018	188,241	-	91,206	97,035
2016 - 2017	108,216	-	42,266	65,950
2015 - 2016	72,469	-	22,494	49,975
2014 - 2015	79,623	-	20,230	59,393
2013 - 2014	95,468	-	17,236	78,232
2012 - 2013	62,362	-	23,239	39,123
2011 - 2012	40,398	-	14,064	26,334
2010 - 2011	42,777	-	8,988	33,789
2009 - 2010	51,436	-	9,460	41,976
2008 - 2009	24,568	-	24,568	-
Total	<u>\$ 765,558</u>	<u>\$ 22,200,574</u>	<u>\$ 22,297,768</u>	<u>668,364</u>

Less: Allowance for uncollectible ad valorem taxes receivable 33,418

Ad valorem taxes receivable \$ 634,946

**Reconciliation with Revenues:**

	<u>General Fund</u>
Ad valorem taxes - General Fund	\$ 22,394,155
Amounts written off per Statute of Limitations	21,633
Refunds, releases of prior years' taxes	22,014
Interest and advertising cost recovery	<u>(140,034)</u>
Total collections and credits	<u>\$ 22,297,768</u>

**CITY OF MONROE, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2019**

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 3,453,942,536	\$ 0.6163	\$ 21,387,067	\$ 20,099,898	\$ 1,287,169
Registered motor vehicles taxed at prior year's rate	68,680,592		402,674	-	402,674
Total	3,522,623,128		21,789,741	20,099,898	1,689,843
<b>Public Utility Allocation</b>	62,424,144	\$ 0.6163	384,720	384,720	-
<b>Discoveries</b>	16,912,560	\$ 0.6163	110,631	110,631	-
<b>Releases</b>	(3,956,526)	\$ 0.6163	(84,518)	(84,518)	-
Total property valuation	\$ 3,598,003,306				
<b>Net Levy</b>			22,200,574	20,510,731	1,689,843
Uncollected taxes at June 30, 2019			(176,557)	(176,557)	-
<b>Current Year's Taxes Collected</b>			\$ 22,024,017	\$ 20,334,174	\$ 1,689,843
<b>Current Levy Collection Percentage</b>			99.20%	99.14%	100.00%

**Secondary Market Disclosures:**

	Property Valuation	Rate	Levy
<b>Assessed Valuation:</b>			
Assessment Ratio <sup>1</sup>	100%		
Real property	\$ 2,447,392,973		
Personal property	810,651,303		
Public Service Companies <sup>2</sup>	62,424,143		
	3,320,468,419	0.6163	\$ 20,510,731
Motor Vehicle Property	277,534,887	0.6163	1,689,843
Total levy (includes discoveries, releases, and abatements) <sup>3</sup>	\$ 3,598,003,306		\$ 22,200,574
Distribution of levy:			
General Fund			\$ 22,200,574

<sup>1</sup>Percentage of appraised value has been established by statute.

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

<sup>3</sup>The levy includes interest and penalties.

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF MUNICIPAL SERVICE DISTRICT TAXES RECEIVABLE  
JUNE 30, 2019**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2018</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2019</b>
2018 - 2019	\$ -	\$ 56,258	\$ 55,843	\$ 415
2017 - 2018	479	-	428	51
2016 - 2017	72	-	-	72
2015 - 2016	58	-	7	51
2014 - 2015	290	-	-	290
2013 - 2014	661	-	-	661
2012 - 2013	124	-	-	124
2011 - 2012	195	-	-	195
2010 - 2011	355	-	-	355
2009 - 2010	161	-	-	161
2008 - 2009	149	-	149	-
<b>Total</b>	<b>\$ 2,544</b>	<b>\$ 56,258</b>	<b>\$ 56,427</b>	<b>2,375</b>

Less: Allowance for uncollectible ad valorem taxes receivable 119

Ad valorem taxes receivable \$ 2,256

**Reconciliation with Revenues:**

Ad valorem taxes - Downtown Monroe Fund \$ 57,037

Amounts written off per Statute of Limitations 149

Interest and advertising cost recovery (759)

Total collections and credits \$ 56,427

**CITY OF MONROE, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
MUNICIPAL SERVICE DISTRICT LEVY  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>City-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 24,042,118	\$ 0.219	\$ 52,867	\$ 50,983	\$ 1,884
Registered motor vehicles taxed at prior year's rate	<u>313,831</u>		<u>687</u>	<u>-</u>	<u>687</u>
Total	24,355,949		53,554	50,983	2,571
<b>Public Utility Allocation</b>	1,184,292	0.219	2,594	2,594	-
<b>Discoveries</b>	<u>47,201</u>	0.219	<u>110</u>	<u>110</u>	<u>-</u>
<b>Releases</b>	<u>-</u>	0.219	<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 25,587,442</u>				
<b>Net Levy</b>			56,258	53,687	2,571
Uncollected taxes at June 30, 2019			<u>(415)</u>	<u>(415)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 55,843</u>	<u>\$ 53,272</u>	<u>\$ 2,571</u>
<b>Current Levy Collection Percentage</b>			<u>99.26%</u>	<u>99.23%</u>	<u>100.00%</u>

**Secondary Market Disclosures:**

	<u>Property Valuation</u>	<u>Rate</u>	<u>Levy</u>
<b>Assessed Valuation:</b>			
Assessment Ratio <sup>1</sup>	100%		
Real property	\$ 20,935,219		
Personal property	2,293,840		
Public Service Companies <sup>2</sup>	<u>1,184,292</u>		
	24,413,351	0.219	\$ 53,687
Motor Vehicle Property	<u>1,174,091</u>	0.219	<u>2,571</u>
Total levy (includes discoveries, releases, and abatements) <sup>3</sup>	<u>\$ 25,587,442</u>		<u>\$ 56,258</u>
Distribution of levy:			
Municipal Service District - Downtown Monroe Fund			<u>\$ 56,258</u>

<sup>1</sup>Percentage of appraised value has been established by statute.

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

<sup>3</sup>The levy includes interest and penalties.



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## Statistical Section

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

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



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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 73,296	\$ 71,692	\$ 70,561	\$ 69,784	\$ 69,143	\$ 69,134	\$ 68,979	\$ 68,341	\$ 69,530	\$ 71,002
Restricted	255	670	6,740	5,665	6,484	10,499	7,385	9,813	9,654	16,587
Unrestricted	<u>20,359</u>	<u>20,979</u>	<u>16,261</u>	<u>16,315</u>	<u>18,861</u>	<u>14,429</u>	<u>19,993</u>	<u>13,434</u>	<u>(7,850)</u>	<u>(12,946)</u>
Total governmental activities net position	<u>\$ 93,910</u>	<u>\$ 93,341</u>	<u>\$ 93,562</u>	<u>\$ 91,764</u>	<u>\$ 94,488</u>	<u>\$ 94,062</u>	<u>\$ 96,357</u>	<u>\$ 91,588</u>	<u>\$ 71,334</u>	<u>\$ 74,643</u>
Business-type activities										
Net investment in capital assets	\$ 141,269	\$ 144,182	\$ 152,078	\$ 160,289	\$ 169,721	\$ 172,159	\$ 177,673	\$ 193,967	\$ 200,306	\$ 214,144
Unrestricted	<u>86,319</u>	<u>94,053</u>	<u>95,183</u>	<u>92,520</u>	<u>93,303</u>	<u>106,769</u>	<u>117,605</u>	<u>116,067</u>	<u>111,837</u>	<u>125,987</u>
Total business-type activities net position	<u>\$ 227,588</u>	<u>\$ 238,235</u>	<u>\$ 247,261</u>	<u>\$ 252,809</u>	<u>\$ 263,024</u>	<u>\$ 278,928</u>	<u>\$ 295,278</u>	<u>\$ 310,034</u>	<u>\$ 312,143</u>	<u>\$ 340,131</u>
Primary government										
Net investment in capital assets	\$ 214,565	\$ 215,874	\$ 222,639	\$ 230,073	\$ 238,864	\$ 241,293	\$ 246,652	\$ 262,308	\$ 269,836	\$ 285,146
Restricted	255	670	6,740	5,665	6,484	10,499	7,385	9,813	9,654	16,587
Unrestricted	<u>106,678</u>	<u>115,032</u>	<u>111,444</u>	<u>108,835</u>	<u>112,164</u>	<u>121,198</u>	<u>137,598</u>	<u>129,501</u>	<u>103,987</u>	<u>113,041</u>
Total primary government net position	<u>\$ 321,498</u>	<u>\$ 331,576</u>	<u>\$ 340,823</u>	<u>\$ 344,573</u>	<u>\$ 357,512</u>	<u>\$ 372,990</u>	<u>\$ 391,635</u>	<u>\$ 401,622</u>	<u>\$ 383,477</u>	<u>\$ 414,774</u>

**Notes:**

Fiscal year 2012 reflects implementation of GASB Statement 54. Prior year amounts have not been restated.  
The classification of restricted net position amounts is discussed in the notes to the financial statements section I.E.11.

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

EXPENSES	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 4,952	\$ 5,294	\$ 5,562	\$ 4,354	\$ 4,897	\$ 4,929	\$ 7,646	\$ 5,232	\$ 4,933	\$ 3,461
Transportation	5,667	4,699	5,109	4,801	5,216	5,207	5,215	5,307	5,758	4,780
Public safety	17,775	18,224	19,512	19,067	19,813	21,069	19,675	23,693	25,300	27,086
Culture and recreation	4,906	4,545	5,067	4,069	4,899	5,541	5,389	5,910	5,153	8,743
Economic and physical development	1,784	1,119	953	1,016	1,579	1,134	2,070	1,063	1,338	1,075
Interest on long-term debt	161	107	54	229	164	186	200	227	200	469
Total governmental activities expenses	<u>35,245</u>	<u>33,988</u>	<u>36,257</u>	<u>33,536</u>	<u>36,568</u>	<u>38,066</u>	<u>40,195</u>	<u>41,432</u>	<u>42,682</u>	<u>45,614</u>
Business-type activities:										
Water and sewer	11,520	11,955	11,687	12,356	15,162	10,360	12,281	13,274	12,339	9,975
Electric	43,588	46,840	49,158	51,729	55,559	60,881	58,078	60,175	60,764	58,254
Natural gas	17,585	13,913	11,131	12,710	14,844	13,790	13,595	12,229	14,105	14,015
Aquatics and Fitness Center	3,436	3,549	3,783	4,886	3,607	3,652	3,818	3,849	4,082	4,056
Stormwater	1,351	1,709	1,734	1,874	1,674	1,838	1,879	1,976	2,084	2,052
Solid Waste	2,702	2,697	2,564	2,213	2,067	2,178	2,303	2,511	2,348	2,350
Airport	3,498	3,553	3,611	3,771	3,580	3,405	3,328	3,498	3,706	3,697
Total business-type activities expenses	<u>83,680</u>	<u>84,216</u>	<u>83,668</u>	<u>89,539</u>	<u>96,493</u>	<u>96,104</u>	<u>95,282</u>	<u>97,512</u>	<u>99,428</u>	<u>94,399</u>
Total primary government expenses	<u>\$ 118,925</u>	<u>\$ 118,204</u>	<u>\$ 119,925</u>	<u>\$ 123,075</u>	<u>\$ 133,061</u>	<u>\$ 134,170</u>	<u>\$ 135,477</u>	<u>\$ 138,944</u>	<u>\$ 142,110</u>	<u>\$ 140,013</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,979	\$ 1,955	\$ 1,978	\$ 2,079	\$ 2,349	\$ 2,141	\$ 2,374	\$ 2,203	\$ 2,212	\$ 2,297
Transportation	236	202	218	203	297	359	375	350	327	371
Public safety	2,213	2,312	2,491	2,230	3,055	4,050	4,589	4,161	3,973	4,489
Culture and recreation	1,194	1,232	1,289	653	1,499	1,638	1,734	1,728	1,691	1,787
Economic and physical development	8	3	2	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	-	-	-	75	-	-	-	-
Transportation	986	1,032	930	978	961	972	972	963	964	957
Public safety	732	616	786	312	448	497	318	560	707	894
Culture and recreation	195	204	214	223	240	193	193	212	202	206
Economic and physical development	326	135	220	264	412	528	547	432	408	412
Capital grants and contributions:										
General government	-	-	-	-	170	-	-	-	-	-
Transportation	1,187	-	478	438	304	196	165	208	1,179	103
Public safety	-	49	-	-	-	-	-	-	-	-
Culture and recreation	785	304	-	-	-	-	-	-	100	-
Economic and physical development	-	-	-	-	-	-	-	-	-	10
Total governmental activities program revenues	<u>\$ 9,841</u>	<u>\$ 8,044</u>	<u>\$ 8,606</u>	<u>\$ 7,380</u>	<u>\$ 9,735</u>	<u>\$ 10,649</u>	<u>\$ 11,267</u>	<u>\$ 10,817</u>	<u>\$ 11,763</u>	<u>\$ 11,526</u>

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charge for services:										
Water and sewer	12,365	12,917	13,642	14,000	15,529	16,155	16,743	17,671	17,228	18,671
Electric	43,089	48,454	51,334	53,044	58,057	65,732	62,607	65,606	63,853	63,757
Natural gas	24,251	17,320	11,907	14,261	17,185	18,053	14,485	15,569	18,101	18,323
Aquatics and Fitness Center	3,907	3,927	3,877	4,297	3,588	3,712	4,013	4,097	4,065	4,089
Stormwater	1,776	1,794	1,820	1,846	2,099	2,158	2,158	2,211	2,257	2,333
Solid Waste	2,839	2,822	2,552	2,214	2,190	2,169	2,312	2,411	2,416	2,434
Airport	1,493	1,653	2,012	1,984	1,943	1,927	1,600	1,654	1,944	1,912
Capital grants and contributions:										
Water and sewer	-	-	-	408	475	-	280	-	6	127
Electric	-	-	-	-	-	-	-	-	10	346
Natural gas	-	-	-	-	-	-	62	174	-	68
Stormwater	-	-	-	162	-	-	-	-	-	1
Solid Waste	-	-	-	75	-	-	1	-	-	-
Airport	483	2,150	-	235	3,116	139	2,174	2,699	90	891
Total business-type activities program revenues	90,203	91,037	87,144	92,526	103,980	109,986	106,435	112,092	109,970	112,952
Total primary government revenues	\$ 100,044	\$ 99,081	\$ 95,750	\$ 99,906	\$ 113,715	\$ 120,635	\$ 117,702	\$ 122,909	\$ 121,733	\$ 124,478
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (25,404)	\$ (25,944)	\$ (27,651)	\$ (26,156)	\$ (26,833)	\$ (27,417)	\$ (28,928)	\$ (30,615)	\$ (30,919)	\$ (34,088)
Business-type activities	6,523	6,821	3,476	2,987	7,487	13,882	11,153	14,580	10,542	18,553
Total primary government net (expense) revenue	\$ (18,881)	\$ (19,123)	\$ (24,175)	\$ (23,169)	\$ (19,346)	\$ (13,535)	\$ (17,775)	\$ (16,035)	\$ (20,377)	\$ (15,535)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 16,954	\$ 19,314	\$ 19,357	\$ 19,434	\$ 19,767	\$ 19,375	\$ 19,605	\$ 20,176	\$ 21,078	\$ 22,358
Sales and use tax	3,537	3,906	4,770	4,906	5,136	5,428	5,249	6,196	6,215	6,654
Utility sales taxes	1,721	1,834	1,860	1,951	2,111	2,813	2,905	3,128	3,078	3,118
Motor vehicle tax	125	130	125	129	197	143	140	678	842	834
Beer & wine and telecommunications tax	566	657	620	564	570	568	496	490	463	444
Gross receipts tax	46	49	55	56	63	68	77	98	104	112
Other licenses and fees	720	1,085	1,403	1,210	869	879	-	-	-	-
Grants and contributions not restricted to specific programs	242	218	178	173	-	-	-	-	-	-
Unrestricted investment earnings	273	65	822	(544)	366	680	1,946	(723)	(616)	3,418
Miscellaneous	565	726	807	1,002	1,192	1,095	580	631	744	1,375
Gain on sale of capital assets	96	11	-	116	-	-	-	-	-	-
Transfers	(710)	(2,619)	(2,126)	(4,640)	(714)	(1,267)	225	(1,845)	(1,279)	(916)
Total governmental activities	24,134	25,376	27,871	24,357	29,557	29,782	31,223	28,829	30,629	37,397
Business-type activities:										
Unrestricted investment earnings	971	289	2,936	(1,698)	1,493	1,735	5,144	(2,072)	(1,398)	8,003
Interest earnings on interfund loans	-	-	-	113	88	64	39	81	75	68
Miscellaneous	395	858	443	390	433	192	238	323	466	448
Gain on sale of capital assets	291	60	45	14	-	-	-	-	-	-
Transfers	710	2,619	2,126	4,640	714	1,267	(225)	1,845	1,279	916
Total business-type activities	2,367	3,826	5,550	3,459	2,728	3,258	5,196	177	422	9,435
Total primary government	\$ 26,501	\$ 29,202	\$ 33,421	\$ 27,816	\$ 32,285	\$ 33,040	\$ 36,419	\$ 29,006	\$ 31,051	\$ 46,832
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ (1,270)	\$ (568)	\$ 220	\$ (1,799)	\$ 2,724	\$ 2,365	\$ 2,295	\$ (1,786)	\$ (290)	\$ 3,309
Business-type activities	8,890	10,647	9,026	6,446	10,215	17,140	16,349	14,757	10,964	27,988
Total primary government	\$ 7,620	\$ 10,079	\$ 9,246	\$ 4,647	\$ 12,939	\$ 19,505	\$ 18,644	\$ 12,971	\$ 10,674	\$ 31,297

**Notes:**

Internal service funds were established in 2009. Per GASB, revenues for these funds are allocated between business type and governmental type activities.

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 4,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,614	-	-	-	-	-	-	-	-	-
Nonspendable	\$ -	\$ 331	\$ 339	\$ 256	\$ 1,138	\$ 282	\$ 901	\$ 1,094	\$ 827	\$ 856
Restricted	-	4,130	6,009	5,664	4,840	4,951	5,846	7,554	7,989	8,879
Assigned	-	2,975	9,134	11,679	12,457	13,763	18,885	13,521	14,508	15,543
Unassigned	-	13,042	5,827	3,607	6,533	8,067	4,337	5,152	5,239	8,169
Total General Fund	<u>\$ 19,626</u>	<u>\$ 20,478</u>	<u>\$ 21,309</u>	<u>\$ 21,206</u>	<u>\$ 24,968</u>	<u>\$ 27,063</u>	<u>\$ 29,969</u>	<u>\$ 27,321</u>	<u>\$ 28,563</u>	<u>\$ 33,447</u>
All Other Governmental Funds										
Reserved	\$ 233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	1,609	-	-	-	-	-	-	-	-	-
Capital Projects Funds	(114)	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	1	13	1	11	1	4	-
Restricted	-	-	-	-	1,758	5,548	1,705	2,857	2,399	10,966
Committed	-	-	-	-	588	996	1,690	3,843	4,107	213
Assigned	-	1,281	1,560	2,026	102	113	192	199	117	495
Unassigned	-	-	-	-	(2)	(46)	-	-	-	-
Total all other governmental funds	<u>\$ 1,728</u>	<u>\$ 1,281</u>	<u>\$ 1,560</u>	<u>\$ 2,027</u>	<u>\$ 2,459</u>	<u>\$ 6,612</u>	<u>\$ 3,598</u>	<u>\$ 6,900</u>	<u>\$ 6,627</u>	<u>\$ 11,674</u>

**Notes:**

Fiscal year 2011 reflects implementation of GASB Statement 54. Prior year amounts have not been restated.  
The classification of fund balance amounts is discussed in the notes to the financial statements section I.E.11.

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

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Ad valorem taxes	\$ 16,909	\$ 19,217	\$ 19,426	\$ 19,443	\$ 19,788	\$ 19,409	\$ 19,744	\$ 20,285	\$ 21,208	\$ 22,451
Other taxes and licenses	874	1,249	1,313	1,558	1,497	1,087	219	778	949	948
Unrestricted intergovernmental	6,044	6,586	7,408	7,567	7,952	8,967	8,839	9,987	9,991	10,433
Restricted intergovernmental	3,274	2,399	2,217	1,846	2,060	2,461	2,194	2,375	3,551	2,571
Program income	7	2	2	-	-	-	-	-	-	-
Sales and services	1,740	1,708	1,766	1,420	1,921	1,944	2,469	2,282	2,521	2,529
Investment earnings	273	64	822	(544)	481	646	1,842	(669)	(578)	3,236
Miscellaneous	548	747	793	747	779	989	395	461	525	1,170
Total revenues	<u>29,669</u>	<u>31,972</u>	<u>33,747</u>	<u>32,037</u>	<u>34,478</u>	<u>35,503</u>	<u>35,702</u>	<u>35,499</u>	<u>38,167</u>	<u>43,338</u>
<b>EXPENDITURES</b>										
General government	4,170	3,410	3,327	2,052	2,796	1,729	888	2,913	2,882	627
Transportation	1,727	1,484	1,802	1,970	1,979	1,957	2,400	2,346	2,610	2,243
Public safety	14,385	14,332	15,654	15,147	15,394	16,250	14,599	17,430	18,121	18,055
Culture and recreation	3,554	3,894	3,896	3,018	3,930	4,127	4,084	3,655	3,006	4,258
Economic and physical development	1,909	2,045	951	1,415	1,614	2,864	5,157	2,684	2,848	6,133
Capital outlay	2,832	1,091	2,298	2,806	2,076	4,158	7,483	4,335	6,654	8,373
Debt service:										
Principal retirement	1,922	1,962	1,685	1,311	1,124	1,193	1,248	1,198	1,213	1,166
Interest and other charges	337	61	54	229	164	186	199	227	200	489
Total expenditures	<u>30,836</u>	<u>28,279</u>	<u>29,667</u>	<u>27,948</u>	<u>29,077</u>	<u>32,464</u>	<u>36,058</u>	<u>34,788</u>	<u>37,534</u>	<u>41,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,167)</u>	<u>3,693</u>	<u>4,080</u>	<u>4,089</u>	<u>5,401</u>	<u>3,039</u>	<u>(356)</u>	<u>711</u>	<u>633</u>	<u>1,994</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from (to) others	(710)	(3,419)	(2,548)	(3,725)	(2,057)	(1,267)	249	(1,845)	(1,279)	(916)
Repayment of advance from other funds	(131)	(131)	-	-	-	-	-	-	-	-
Limited obligation bonds issued, including premiums	-	-	-	-	-	-	-	-	-	8,217
Installment purchase obligations issued	475	263	748	-	850	4,476	-	1,788	1,614	635
Total other financing sources (uses)	<u>(366)</u>	<u>(3,287)</u>	<u>(1,800)</u>	<u>(3,725)</u>	<u>(1,207)</u>	<u>3,209</u>	<u>249</u>	<u>(57)</u>	<u>335</u>	<u>7,936</u>
Net change in fund balances	<u>\$ (1,533)</u>	<u>\$ 406</u>	<u>\$ 2,280</u>	<u>\$ 364</u>	<u>\$ 4,194</u>	<u>\$ 6,248</u>	<u>\$ (107)</u>	<u>\$ 654</u>	<u>\$ 968</u>	<u>\$ 9,930</u>
Debt service as a percentage of noncapital expenditures	8.07%	7.44%	6.35%	6.13%	4.77%	4.87%	5.06%	4.68%	4.58%	5.02%

**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			
2010	\$ 1,097,648	\$ 1,288,641	\$ 186,439	\$ 765,537	\$ 60,724	\$ 3,398,989	\$ 0.4964
2011	1,133,184	1,296,350	189,559	777,420	69,218	3,465,731	0.5547
2012	1,151,666	1,298,253	197,410	761,938	66,714	3,475,981	0.5549
2013	1,172,544	1,308,774	219,424	740,811	66,312	3,507,865	0.5527
2014	1,162,848	1,326,417	393,733	742,552	63,594	3,689,144	0.5435
2015	1,156,965	1,347,344	277,624	661,619	61,545	3,505,097	0.5495
2016	1,122,222	1,223,096	303,873	667,684	62,807	3,379,682	0.5780
2017	1,127,552	1,244,699	275,945	703,452	63,375	3,415,023	0.5624
2018	1,153,295	1,268,456	287,062	807,840	65,122	3,581,775	0.5861
2019	1,220,489	1,247,839	278,709	812,945	63,608	3,623,590	0.6142

**Notes:**

- (1) A county-wide property revaluation was done in 2015 and is reflected in the fiscal year 2016 assessed values. This valuation is required by law to be done at least every 8 years, but may be done more often. The last revaluation was in 2008.
- (2) Property is assessed at actual value; therefore, the assessed value is equal to actual value.  
Tax Rates are per \$100 of assessed value.

**Sources:**

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



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

Fiscal Year	City of Monroe			Overlapping Rate	Total
	General Fund Basic Rate	Municipal Service District Basic Rate	Total Weighted Average Rate <sup>(1)</sup>	Union County Basic Rate	Direct and Overlapping Rates
2010	\$ 0.4950	\$ 0.2000	\$ 0.4964	\$ 0.6650	\$ 1.1614
2011	0.5550	0.2000	0.5547	0.6650	1.2197
2012	0.5550	0.2000	0.5549	0.6650	1.2199
2013	0.5550	0.2000	0.5527	0.6600	1.2127
2014	0.5550	0.2000	0.5435	0.6600	1.2035
2015	0.5550	0.2000	0.5495	0.7614	1.3109
2016	0.5863	0.2190	0.5780	0.7765	1.3545
2017	0.5863	0.2190	0.5624	0.7665	1.3289
2018	0.5863	0.2190	0.5861	0.7810	1.3671
2019	0.6163	0.2190	0.6142	0.7309	1.3451

**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)**

<b>Taxpayer</b>	<b>2010</b>			<b>2019</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
ATI Specialty Materials (Allvac)	\$ 251,325	1	7.4%	\$ 232,125	1	6.4%
Charlotte Pipe & Foundry Co.	115,370	2	3.4%	126,312	2	3.5%
Tyson Farms, Inc. (Tyson Foods, Inc.)	44,034	3	1.3%	45,446	3	1.3%
Consolidated Metco, Inc.	34,434	5	1.0%	41,188	4	1.1%
Glenmark Pharmaceuticals	-		-	40,735	5	1.1%
Greiner Bio-One	20,302	8	0.6%	37,099	6	1.0%
O'Neil Digital Solutions, LLC	-		-	33,194	7	0.9%
Inland American Monroe Poplin	33,677	6	1.0%	31,324	8	0.9%
Goulston Technologies	-		-	27,884	9	0.8%
Wal-Mart	-		-	22,609	10	0.6%
Yale Security (Assa Abloy - Door Security)	24,512	7	0.7%	-		-
Scott Technologies	19,623	9	0.6%	-		-
Monroe Mall (Madison)	18,314	10	0.5%	-		-
Turbomeca	36,426	4	1.1%	-		-
<b>Total</b>	<b>\$ 598,017</b>		<b>17.6%</b>	<b>\$ 637,916</b>		<b>17.6%</b>

**Source:**  
City of Monroe Tax System

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

Fiscal Year	Taxes Levied for the Fiscal Year	Public Utility Allocation	Discoveries	Abatements	Taxes Levied for the Fiscal Year (Adjusted)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
						Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2010	\$ 16,490	\$ 300	\$ 160	\$ 78	\$ 16,872	\$ 16,292	96.56%	\$ 538	\$ 16,830	99.75%
2011	18,859	384	69	88	19,224	18,646	96.99	544	19,190	99.82
2012	18,962	362	299	335	19,288	18,780	97.37	481	19,261	99.86
2013	18,983	361	130	86	19,388	18,887	97.42	462	19,349	99.80
2014	19,712	348	81	89	20,052	19,295	96.22	678	19,973	99.61
2015	18,915	336	66	57	19,260	18,888	98.07	312	19,200	99.69
2016	19,279	363	69	178	19,533	19,270	98.65	213	19,483	99.74
2017	19,581	367	133	103	19,978	19,752	98.86	160	19,912	99.67
2018	20,338	377	315	35	20,995	20,806	99.10	92	20,898	99.54
2019	21,843	387	111	85	22,256	22,080	99.20	-	22,080	99.20

**Source:**  
City of Monroe Tax System

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

Fiscal Year	Governmental Activities		Business-type Activities					Per Capita (1)	Percentage of Personal Income (1)
	Installment Purchase Obligations	Limited Obligation Bonds	Limited Obligation Bonds	Revenue Bonds	State Revolving Loans	Installment Purchase Obligations	Total Primary Government		
2010	\$ 8,209	\$ -	\$ -	\$ 51,320	\$ 4,278	\$ 36,291	\$ 100,098	\$ 2,626	1.45%
2011	6,736	-	-	48,980	3,451	35,134	94,301	2,857	1.29
2012	6,024	-	-	47,425	4,654	32,671	90,774	2,731	1.14
2013	4,303	-	-	45,707	8,504	32,206	90,720	2,732	1.08
2014	4,322	-	-	43,394	10,592	30,693	89,001	2,681	0.99
2015	7,605	-	-	41,001	9,470	29,569	87,645	2,575	0.90
2016	6,357	-	30,215	38,528	8,718	2,404	86,222	2,512	0.82
2017	6,947	-	29,887	37,251	8,179	1,530	83,794	2,413	0.73
2018	(2) 7,349	-	38,163	48,553	7,698	1,289	103,052	2,941	-
2019	(2) 6,818	8,196	37,768	45,324	7,217	413	105,736	2,993	-

**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 2017 and 2018 personal income not available to calculate fiscal year 2018 and 2019.

(2) Personal income not available for 2018 and 2019.

**CITY OF MONROE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2019**  
**(in thousands of dollars)**

<b>Governmental Unit</b>	<b>Debt Outstanding (1)</b>	<b>Estimated Percentage Applicable (2)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Union County, overlapping debt	\$ 328,978	13.8%	\$ 45,442
Total direct debt	<u>15,014</u>	100%	<u>15,014</u>
Total direct and overlapping debt	<u>\$ 343,992</u>		<u>\$ 60,456</u>

**Notes:**

(1) Includes governmental activities debt only.

(2) Determined by ratio of assessed value of property subject to taxation in Union County (\$26,233,277,057) and City of Monroe (\$3,623,590,748).

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit (8% of assessed value)	\$ 271,919	\$ 277,258	\$ 278,078	\$ 280,629	\$ 295,131	\$ 280,408	\$ 270,375	\$ 284,215	\$ 286,542	\$ 289,887
Total net debt applicable to limit	44,500	41,871	38,500	36,509	35,014	37,175	38,976	38,364	46,801	53,195
Legal debt margin	\$ 227,419	\$ 135,387	\$ 238,578	\$ 244,120	\$ 260,117	\$ 243,233	\$ 231,399	\$ 245,851	\$ 239,741	\$ 236,692
Total net debt applicable to the limit as a percentage of debt limit	16.37%	15.10%	14.20%	13.01%	11.86%	13.26%	14.42%	13.50%	16.33%	18.35%

**Legal Debt Margin  
Calculation for Fiscal Year 2019**

Assessed value		<u>\$ 3,623,591</u>
Debt limit (8% of total assessed value)		289,887
Bonded debt	\$ -	
Debt not evidenced by bonds	<u>53,195</u>	
Gross debt		\$ 53,195
Less: deductions allowed by North Carolina General Statutes:		
Bonded debt incurred for water purposes	-	
Bonded debt incurred for sewer purposes	<u>-</u>	
Total deductions		<u>-</u>
Net debt applicable to limit		<u>53,195</u>
Legal debt margin		<u>\$ 236,692</u>

**Note:**

NC Statute GS 159-55 limits the City's debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the City's net debt outstanding applicable to the limit, and represents the City's legal borrowing authority.

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

<b>Fiscal Year</b>	<b>Operating Revenues</b>	<b>Less Operating Expenses (1)</b>	<b>Operating Income</b>	<b>Nonoperating Revenues (2)</b>	<b>Income Available for Debt Service</b>	<b>Debt Service</b>		<b>Coverage</b>
						<b>Principal</b>	<b>Interest</b>	
2010	\$ 75,197	\$ 67,175	\$ 8,022	\$ 939	\$ 8,961	\$ 2,005	\$ 2,399	203%
2011	80,045	66,284	13,761	277	14,038	2,772	2,461	268
2012	78,729	65,795	12,935	2,808	15,742	3,112	1,966	310
2013	83,091	70,200	12,891	(1,642)	11,249	2,917	2,132	223
2014	91,644	78,463	13,181	1,442	14,623	3,002	2,020	291
2015	101,194	77,381	23,813	1,679	25,493	3,386	2,158	460
2016	95,008	76,367	18,641	4,957	23,597	3,107	1,994	463
2017	100,293	77,953	22,340	(1,984)	20,356	3,009	1,324	470
2018	101,170	79,604	21,566	(1,327)	20,239	3,056	1,719	424
2019	102,684	73,926	28,757	7,632	36,390	3,346	2,082	670

**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**

<b>Fiscal Year</b>	<b>(City) Population (2)</b>	<b>(County) Personal Income (thousands of dollars) (3)</b>	<b>(County) Per Capita Personal Income (3)</b>	<b>(County) Public School Enrollment (4)</b>	<b>(County) Unemployment Rate (5)</b>
2010	38,120	\$ 6,912,014	\$ 34,184	39,366	9.50%
2011	33,007	7,304,614	35,552	39,900	9.40
2012	33,238	7,950,910	38,130	40,359	8.60
2013	33,201	8,386,195	39,417	40,958	8.00
2014	33,708	8,997,563	41,166	42,047	5.70
2015	34,032	9,726,903	43,669	42,035	5.10
2016	34,323	10,479,508	46,246	42,552	4.50
2017	34,725	11,486,771	49,648	41,541	3.70
2018 (1)	35,034	-	-	41,509	3.70
2019 (1)	35,330	-	-	41,372	3.90

**Note:**

(1) Personal income not available for 2018 and 2019.

**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**

<b>Employer</b>	<b>2010</b>		<b>2019</b>	
	<b>Employees</b>	<b>Percentage of Total City Employment (1)</b>	<b>Employees</b>	<b>Percentage of Total City Employment (2)</b>
Tyson Foods	1,450	10.9%	1,850	10.3%
ATI Specialty Materials	1,060	8.0%	1,800	10.0%
Atrium (formerly Carolinas Medical Center-Union)	956	7.2%	1,400	7.8%
Union County	573	4.3%	1,049	5.8%
Charlotte Pipe	505	3.8%	550	3.1%
3M Scott Safety	500	3.8%	550	3.1%
City of Monroe	460	3.5%	473	2.6%
Wal-Mart Stores, Inc.	350	2.6%	400	2.2%
Greiner Bio-One	-	0.0%	350	1.9%
Windsor Windows	-	0.0%	350	1.9%
Circor (formerly IMO Industries)	240	1.8%	294	1.6%
UTC Aerospace (formerly Goodrich Corporation)	240	1.8%	220	1.2%
<b>Total</b>	<b>6,334</b>	<b>47.7%</b>	<b>9,286</b>	<b>51.6%</b>

**Notes:**

- (1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 13,325 as of June 30, 2010.
- (2) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 18,000 as of June 30, 2019.

**Source:**

Monroe - Union County Economic Development

**CITY OF MONROE, NORTH CAROLINA  
CONSTRUCTION INFORMATION  
LAST TEN YEARS  
(in thousands of dollars)**

<b>Fiscal Year</b>	<b>Non-Residential</b>		<b>Residential (1)</b>	
	<b>Number of Permits</b>	<b>Value of Permits</b>	<b>Number of Permits</b>	<b>Value of Permits</b>
2010	67	\$ 9,031,198	363	\$ 12,864,800
2011	111	22,327,324	147	11,937,410
2012	87	32,422,060	225	13,845,321
2013	164	63,765,204	242	15,483,164
2014	163	25,520,277	314	13,290,139
2015	127	33,105,651	241	13,210,150
2016	212	150,064,502 (2)	284	25,921,890
2017	117	39,677,101	251	18,479,618
2018	114	96,256,468 (2)	224	14,695,332
2019	168	147,102,550 (2)	148	13,805,184

**Notes:**

(1) Includes new residential dwellings (each residential unit in a multi-family requires a separate permit)

(2) Several large non-residential projects were issued permits in 2016, 2018 and 2019.

**Source:**

City Planning Department

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

<b>Function</b>	<b>FISCAL YEAR</b>									
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General Government:										
Administration	28	27	28	29	30	29	28	30	30	29
Planning and zoning	11	8	8	7	7	7	7	8	8	8
Engineering	10	10	10	9	9	9	9	9	9	9
Utility/tax billing and collection	18	19	17	17	18	19	19	19	19	19
Purchasing/Fleet/Warehouse	9	9	9	9	9	9	9	9	9	9
Transportation	24	19	19	19	19	19	19	19	19	19
Police (1)	101	104	104	98	98	99	99	99	103	104
Fire (2)	84	82	82	79	79	80	81	81	81	84
Building standards and code enforcement	11	4	6	6	6	7	7	8	8	8
Culture and recreation	39	38	40	41	37	37	38	38	37	37
Water and sewer:										
Distribution system	34	34	34	34	34	34	35	35	35	35
Water filter plant	11	11	12	12	12	12	12	12	12	12
Waste treatment plant	14	14	14	14	14	14	14	15	15	15
Stormwater	9	11	10	10	11	11	11	11	11	12
Electric	27	28	28	29	29	29	31	32	32	34
Natural gas	14	13	14	14	14	14	15	15	18	18
Solid Waste (3)	1	-	1	1	1	1	1	1	3	3
Aquatics and Fitness Center	10	10	11	11	11	11	11	11	11	11
Airport	9	9	9	7	7	7	7	7	7	7
<b>Total</b>	<b>464</b>	<b>450</b>	<b>456</b>	<b>446</b>	<b>445</b>	<b>448</b>	<b>453</b>	<b>459</b>	<b>467</b>	<b>473</b>

**Note:**

- (1) In 2018, four additional police officers were added through funding from a COPS Hiring grant.
- (2) In 2019, three full time firefighters were added through funding from a SAFER grant.
- (3) In 2018, two full time positions were added to Solid Waste for Community Maintenance.

**Source:**

City of Monroe payroll system.

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

Function	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transportation:										
Street reclamation (tons) (1)	2,858	2,295	2,720	2,503	1,730	2,400	2,272	1,229	1,023	197
Street repair (tons)	595	456	915	929	1,012	710	532	272	398	311
Utility repair (tons)	527	780	1,019	868	784	406	381	417	928	787
Sidewalk repair (cubic yards concrete)	66	116	271	178	329	323	137	166	96	130
Pipe repair and replacement (linear feet)	2,132	2,526	2,151	1,300	832	853	1,129	1,938	2,737	1,653
Police:										
Physical arrests (calendar year)	3,204	3,132	3,025	2,367	1,852	2,336	2,158	2,494	2,487	-
Parking violations (calendar year)	3,510	3,558	3,074	3,346	3,138	2,395	2,181	2,625	2,951	-
Traffic violations (calendar year)	6,368	9,179	6,704	6,305	5,742	5,565	5,056	4,800	5,994	-
Fire:										
Calls for service (calendar year)	5,514	5,699	5,714	5,734	5,811	6,269	6,170	7,049	6,920	-
Fire code inspections (calendar year)	1,220	1,244	1,343	1,114	961	1,185	2,267	2,105	1,726	-
Civilian fire injuries (calendar year)	2	2	4	-	5	4	2	3	6	-
Building standards & code enforcement:										
Building permits issued	2,876	2,701	3,901	3,771	3,429	3,740	4,416	4,250	3,666	3,367
Building inspections	7,553	7,009	7,300	7,411	8,331	8,475	9,865	8,659	8,915	9,447
Code enforcement inspections	6,422	1,750	2,415	1,938	1,240	1,687	2,994	3,091	2,560	4,029
Environmental protection: (2)										
Solid waste collected (annual tonnage)	34,155	31,968	24,405	8,609	9,989	9,576	9,218	9,696	9,735	9,435
Recyclables collected (annual tonnage)	788	748	626	1,467	1,976	2,015	1,912	1,870	1,897	2,258
Culture and recreation:										
Rounds of golf played (calendar year)	26,556	26,565	27,105	27,492	32,598	33,035	36,717	36,381	33,858	-
Aquatics and fitness center members	20,444	19,972	19,628	19,814	19,169	20,377	20,778	21,526	21,625	21,593
Youth athletic program participants (calendar year)	400	335	467	572	510	456	428	379	501	-
Water:										
Average daily production (millions of gallons per day)	5.8	6.0	6.2	5.8	6.1	6.6	6.5	6.6	6.2	6.1
Maximum daily production (millions of gallons per day)	9.1	9.1	9.1	8.5	8.3	9.3	9.1	8.2	9.1	8.2
Customers	11,462	11,478	11,630	11,700	11,842	11,971	12,217	12,355	12,533	12,596
Gallons Billed (in thousands)	1,748,800	1,803,119	1,820,040	1,798,377	1,782,067	1,889,153	1,856,038	1,935,186	1,938,273	1,922,676
Sewer:										
Average daily treatment (millions of gallons per day)	6.8	5.8	5.7	6.6	7.2	6.9	7.3	6.1	5.4	7.9
Customers	9,959	9,970	10,099	10,120	10,223	10,363	10,631	10,754	10,921	10,981
Gallons Billed (in thousands)	2,016,900	2,005,753	2,012,091	2,063,159	2,204,230	2,248,645	2,268,665	2,208,168	2,218,285	2,550,976
Electric:										
Sales (megawatt hours)	591,112	645,072	653,004	638,273	654,969	710,133	669,778	711,165	718,185	706,091
Customers	10,324	10,300	10,369	11,685	11,675	11,785	11,916	12,005	12,071	12,154
Natural gas:										
Sales/deliveries (thousand cubic feet)	273,909	308,852	287,804	297,961	316,633	326,144	306,735	308,356	343,814	341,222
Customers	10,216	10,221	10,667	10,512	10,599	10,795	11,033	11,236	11,374	11,486
Airport:										
Fuel sales (thousands of gallons)	340	331	309	294	279	326	290	382	350	325
Based aircraft	97	92	87	94	103	102	82	83	115	107

**Notes:**

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

**Sources:**

Various City departments.

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

Function	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Transportation:										
Municipal Boundary (square miles)	29.63	29.63	29.63	29.63	29.63	29.63	29.63	29.63	30.05	30.34
Streets (miles)	166	166	167	169	170	170	170	170	170	170
Sidewalks (miles)	61	61	62	63	64	64	64	64	65	65
Curb and gutter (miles)	127	127	128	130	131	131	131	131	132	133
Stormwater (miles)	34	34	35	35	36	36	36	36	51	56
Bridges (square feet)	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884
Speed humps/cushions (each)	279	286	301	309	330	336	343	355	358	372
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	92	92	92	92	92	92	92	96	96	96
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire apparatus (line and reserve)	14	14	15	15	15	15	18	18	18	18
Culture and recreation:										
Acreage (city limits)	552	552	552	552	552	552	552	552	554	555
Aquatics and Fitness Center	1	1	1	1	1	1	1	1	1	1
Playgrounds (1)	8	8	8	8	8	8	8	9	9	9
Gymnasiums	4	4	4	4	4	4	4	4	4	4
Basketball courts	11	11	11	11	11	11	11	11	11	11
Tennis courts (2)	10	10	10	10	10	8	8	6	6	6
Playing fields (baseball/soccer/football)	20	20	20	20	20	20	20	20	20	20
Swimming pools	3	3	3	3	3	3	3	3	3	3
Golf course	1	1	1	1	1	1	1	1	1	1
Driving range	1	1	1	1	1	1	1	1	1	1
Greenway (miles)	0.5	0.5	0.5	0.5	0.5	2.0	2.0	3.1	4.3	4.3
Water:										
Water mains (miles)	291	291	291	291	291	291	291	292	293	293
Treatment capacity (millions of gallons per day) (3)	11	11	11	11	12.99	12.99	12.99	12.99	12.99	12.99
Sewer:										
Sanitary sewers (miles)	295	295	295	295	295	295	295	295	295	294
Treatment capacity (millions of gallons per day)	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Electric:										
Substations (4)	9	9	9	9	9	7	7	7	7	7
Lines (miles per calendar year)	293	293	285	285	286	289	291	293	294	-
Natural gas:										
Lines (miles per calendar year)	443	449	455	455	457	464	468	473	477	-
Airport:										
Runway (feet) (5)	5,500	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Hangars (square feet) (6)	87,603	87,603	87,603	87,603	87,603	87,603	87,603	87,603	87,603	97,603

**Notes:**

- (1) In 2017, a new playground was added at the Dickerson Center.
- (2) In 2017, tennis courts at Sutton Park were replaced with a covered shelter.
- (3) In 2014, additional water supply became available via a water supply agreement with Union County. The agreement provides a guaranteed 1.99 MGD of water supply to the City, and the agreement term is in perpetuity, or 99 years if perpetuity is challenged. This water supply is delivered from the Catawba River WTP (CRWTP) which is co-owned by Union County and Lancaster County, South Carolina. The 1.99 MGD represents a 5.53% interest in the CRWTP.
- (4) In 2014, as part of the electric systems ongoing work to retire old 4KV facilities, two 4KV substations were retired.
- (5) In 2011, an extension of runway 5 was completed.
- (6) In addition to City owned hangars, there are three private hangars on airport property. These private hangar leases will expire in February 2026, July 2037 and November 2053. In 2019, a new 10,000 square foot City owned hangar was completed and is currently being leased.

**Sources:**

Various City departments.



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

*“A Professional Association of Certified Public Accountants and Management Consultants”*

## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

### **Independent Auditor’s Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 17, 2019. 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*.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Monroe’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Monroe’s internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Monroe's financial statements are free of 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 determination of financial statement amounts. 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 or the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 17, 2019



# MARTIN ♦ STARNES

## & ASSOCIATES, CPAs, P.A.

*“A Professional Association of Certified Public Accountants and Management Consultants”*

### **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With Uniform Guidance; And the State Single Audit Implementation Act**

#### **Independent Auditor’s Report**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Monroe’s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Monroe’s major federal programs for the year ended June 30, 2019. The City of Monroe’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management’s Responsibility**

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

#### **Auditor’s Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the City of Monroe complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the City of Monroe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Monroe's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Monroe's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 17, 2019

# 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; In Accordance With Uniform Guidance; And The State Single Audit Implementation Act**

#### **Independent Auditor’s Report**

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

#### **Report on Compliance for Each Major State Program**

We have audited the City of Monroe’s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Monroe’s major state programs for the year ended June 30, 2019. The City of Monroe’s major state programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

#### **Management’s Responsibility**

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

#### **Auditor’s Responsibility**

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

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

### **Opinion on Each Major State Program**

In our opinion, the City of Monroe complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the City of Monroe is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Monroe's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 17, 2019



# CITY OF MONROE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

### 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

#### Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	No

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**1. Summary of Auditor's Results (continued)**

**State Awards**

Internal control over major state programs:

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

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

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

Identification of major state programs:

**Program Name**

Powell Bill  
State Aid to Airports

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2. Financial Statement Findings**

None reported.

**3. Federal Award Findings and Questioned Costs**

None reported.

**4. State Award Findings and Questioned Costs**

None reported.



**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2018-001:** Corrected

**2018-002:** Corrected

## CITY OF MONROE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients	Local Expenditures
<b>Federal Grants:</b>						
<b>Cash Programs:</b>						
<b>U.S. Department of Justice:</b>						
<b>Direct Programs:</b>						
Drug Enforcement Administration Equitable Sharing Program	16.922		\$ 64,478	\$ -	\$ -	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0599	-	-	-	60
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0685	-	-	-	60
Public Safety Partnership and Community Policing Grants	16.710		166,035	-	-	60,014
<b>U.S. Department of Homeland Security:</b>						
<b>Federal Emergency Management Agency:</b>						
<b>Passed through N.C. Department of Public Safety:</b>						
2016 Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2016-FH-00169	132,298	-	-	48,056
Disaster Grants- Public Assistance	97.036	PA-04-NC-4393-PW	114,215	38,072	-	-
Disaster Grants- Public Assistance	97.036	198159-9/18-18-NC; 204513-10/15/18-NC	28,546	-	-	-
Disaster Grants- Public Assistance	97.036	199974-9/26/18-NC	20,522	-	-	-
<b>U.S. Department of Housing &amp; Urban Development:</b>						
<b>Passed through Union County:</b>						
<b>CDBG Entitlement Grants Cluster:</b>						
Community Development Block Grant- Entitlement Grant	14.218	B-16-UC-37-0004-B35	102,671	-	-	-
<b>Total CDBG Entitlement Grants Cluster</b>			<u>102,671</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of the Interior:</b>						
<b>Passed through N.C. Department of Natural &amp; Cultural Resources</b>						
2018 Historic Preservation Fund Grant- Monroe Design Guidelines Update	15.904	P18AF00042	16,150	-	-	-
<b>U.S. Department of Transportation:</b>						
<b>Passed through N.C. Department of Transportation:</b>						
Airport Improvement Program	20.106	36237.17.16.2; 36237.17.15.3	867,506	-	-	-
Total Assistance - Federal Programs			<u>1,512,421</u>	<u>38,072</u>	<u>-</u>	<u>108,190</u>
<b>State Grants:</b>						
<b>Cash Assistance:</b>						
<b>N.C. Department of Transportation:</b>						
Powell Bill			-	605,108	-	-
State Aid to Airports		36244.24.6.1; 36244.24.7.1	-	740,364	-	-
<b>N.C. Department of Environmental Quality:</b>						
Drinking Water Asset Inventory & Assessment Grant		H-AIA-D-17-0106	-	18,589	-	4,647
Wastewater Asset Inventory & Assessment Grant		E-AIA-W-17-0051	-	18,589	-	4,647
Total assistance - State Programs			-	1,382,650	-	9,294
Total assistance			<u>\$ 1,512,421</u>	<u>\$ 1,420,722</u>	<u>\$ -</u>	<u>\$ 117,484</u>

**CITY OF MONROE, NORTH CAROLINA****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019****Notes to the Schedule of Expenditures of Federal and State Financial Awards:****1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the City of Monroe under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Monroe, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City of Monroe.

**2. Summary of Significant Accounting Policies**

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

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

**3. Prior Year Expenditures**

Expenditures for the State Aid to Airports program of \$685,800 are from September 2003 and have been included on this Schedule due to reimbursement in FY 2019.

