

City of

# MONROE

North Carolina  
*a heritage of progress*



## *Comprehensive Annual Financial Report*

For The Fiscal Year Ended June 30, 2015



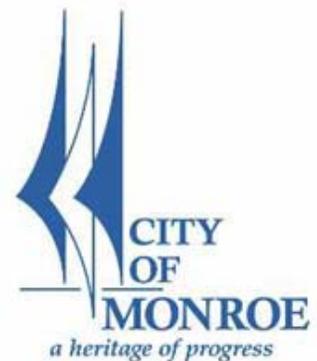
# City of Monroe, North Carolina Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2015

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**CITY OF MONROE, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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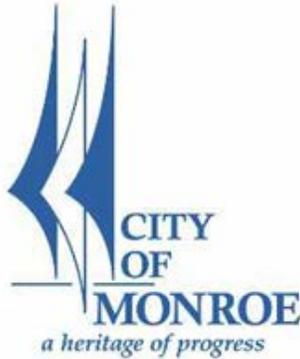
## **Introductory Section**

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- Letter of Transmittal
  - Certificate of Achievement for Excellence in Financial Planning
  - List of Principal Officials
  - Organizational Chart
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# CITY OF MONROE

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October 19, 2015

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, 2015. North Carolina law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The independent certified public accounting firm of Martin Starnes & Associates, CPA’s, P.A., has audited the financial statements and supplemental schedules contained herein, and issued an unqualified opinion on the City of Monroe’s financial statements for the year ended June 30, 2015. The independent auditor’s 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. 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 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 independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Monroe’s CAFR.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the Report of the Independent Auditors.

## **The Reporting Entity and Services Provided**

For financial reporting purposes, in accordance with the criteria in Governmental Accounting Standards Board (“GASB”) Statement No. 14, the City of Monroe includes all funds, agencies, boards, commissions and authorities that are controlled by or are financially dependent upon the City. Control by or financial dependence was determined on the basis of obligation of the City to finance deficits, guarantee debt, select the governing authority, approve the budget, have authority to make a public levy, and to have ownership of assets. As a result of implementing GASB Statement No. 14, the City of Monroe has included the City of Monroe ABC Board and the Monroe Tourism Development Authority as discretely presented component units. Additional information on these legally separate reporting entities can be found in the Notes to the Financial Statements.

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 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, Monroe Athletic Foundation, Community Health Services of Union County, Union County Crisis Assistance Ministry, 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 Literacy Council of Union County, the Union County Community Shelter, Arc of Union County, the Police Athletic League, Alliance for Children, Central Academy of Technology and Arts, Monroe High School Band Boosters and the Union County District Court Judges Office.

## **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 33,000 residents, and has an incorporated area of over 29 square miles. Monroe serves as the County seat for Union County, and is the County’s largest municipality. 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. 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 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.

### **Economic Condition and Outlook**

Monroe's manufacturing and commercial base has capitalized on the current economic expansion. New and existing industries have announced nearly \$300 million in new capital investments in manufacturing equipment, facility expansions and relocations. Monroe's workforce is diversified, consisting of industrial, construction, agricultural, and retail employment. The City's economic base includes major employers involved in aerospace, plastics, 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 50% of the total County's industrial workforce.

Monroe's corporate community continues to grow and prosper giving Monroe and Union County national and international recognition. In 2015, Monroe was named in the Top 5 locations for aerospace suppliers for Boeing and a Top 10 "No-Brainer" manufacturing location in the South by Southern Business & Development magazine. In 2009, Union County was 10<sup>th</sup> in the nation in job creation from 2000 to 2008 by CNN/Money. Monroe has been discussed in coverage among international trade magazines and the Wall Street Journal every year since 2007. This year, web-based smartasset.com ranked Union County and Monroe as the #1 county in the State of North Carolina for investment and #39 nationally. Because of our recruitment and retention efforts, Union County has maintained the lowest unemployment rate in the Charlotte Region for 16+ consecutive years.

Monroe has evolved into a premier location for precision manufacturing. Nearly 15% of the industrial base and 26% 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 – Sept 2008). Also, Monroe's industrial base is international with 11 countries represented among 16 companies. This is further evidenced by recent announcements of Glenmark Pharmaceuticals' \$26 Million manufacturing facility, O'Neil Digital Solutions \$140 million facility, Scott Safety's \$28 million expansion and ATI Specialty Materials expansion of \$70 million.

The continued investment among the community's existing firms, as well as newly-located operations, shows that Monroe weathered the recent economic downturn well. 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. Timing of large capital projects has been adjusted to match growth projections. Current initiatives are focusing on system sustainability and asset management programs. The renewal and replacement of aging water and wastewater pipeline infrastructure is a priority. A strategic initiative to implement a water main pipe bursting program is in the second year. 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/realignments for the Turnpike Authority Monroe Bypass have been funded, and this major NCDOT project is underway. Master planning efforts for evaluating improvement and expansion of the City's Water Treatment Plant and Wastewater Treatment Plant are funded this year.

The City's Natural Gas Department operates a 43 mile natural gas transmission line providing a direct connection between Monroe's distribution system and the Transcontinental Pipeline. The customer count increased to near 10,900 following several successful expansion projects. Many new customers were converting from other energy sources due to the current low natural gas prices. System reinforcement projects were completed to create redundancy for certain areas of the gas system, and other areas have been assessed for future planning. One future reinforcement project involves upgrading the 150 pounds per square inch gauge (psig) system to 275 psig. Preliminary work for the uprate including the inventory of above ground and below ground facilities has been completed. The improvements for the uprate process are ready for implementation. The system reinforcement and uprate projects improve system reliability and improve system operating capabilities. The Monroe Bypass relocation project is designed and the relocation has commenced. The gas department began to incorporate additional technology for field employees including GIS mapping, field data collection capabilities, and routing software to improve emergency response, customer service, and work efficiencies.

The City's Electric Department performed some preventive maintenance on one of our electrical substation transformers to extend its life expectancy. The transformer in an electrical substation is the most expensive piece of equipment to replace so ongoing maintenance helps to reduce our operating costs. Other electric system improvement projects include the replacement of old, outdated vault switches that serve the downtown area. These switches were installed in the mid 1970's and have reached the end of their useful life. New, above-ground switches are being installed systematically over the next few years to improve safety to our employees as well as provide more reliable electric service. Efforts to extend lines to the Monroe By-pass area are also progressing as the road is constructed. These projects provide for improved reliability, a reduction in system losses and better system operating capabilities.

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. Opportunities for public involvement include Adopt-a-Stream and a storm drain marker program. 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 has completed over 1,100 work orders in addition to completing eleven capital improvement projects. In the upcoming year, two capital improvement projects are proposed for the stormwater maintenance crew along Quail Drive and Oak Hill Drive. This is part of a multi-year effort to improve drainage within the Quail Drive/Oak Hill Drive neighborhoods. The first phase is to upgrade the existing drive culverts along Quail Drive with Phases II and III, respectively replacing a new cross drain under Oak Hill Drive and installing a by-pass pipe to reduce the area handled by the cross drain.

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 water quality sampling program will enable a baseline to be

determined for Stewart Creek and is one of the first steps prior to implementing best management practices. Development of the baseline will poise the City to capture future grants as they become available.

The Charlotte-Monroe Executive Airport is a huge economic catalyst for Monroe and Union County. It provides a substantial economic “footprint”, and has a direct impact to the community with all its activities. As a community asset, its direct and indirect impact spurs further activity and growth for the region. There are over one hundred based aircraft, providing a significant tax base and generating revenue at the airport with fuel sales and other services. A transportation hub that connects our community to all parts of the state, nation, and world, the airport has important features that provide the foundation for aviation. The airport boasts a 7,000-foot runway, and air navigation equipment that give all-weather capability for aircraft operations, and the new International Terminal allows the airport to receive international flights. It is these types of features that national and international corporations can utilize as a base to conduct business. The airport’s hangar development plan guides and markets the facilities for growth in hangars and based aircraft. It is these impacts, working in unison, that create the strength of the airport and put emphasis on why it is an economic catalyst for the community.

City Council is supportive of the City’s public safety departments and supports their efforts in making Monroe a better community. The Monroe Police Department police officers participated in the Police Athletic League, D.A.R.E to be G.R.E.A.T Camp, Kids and Cops, formally known as Shop with a COP, and Operation True Blue Christmas. These programs impacted the lives of over 300 children in the City of Monroe.

For the first time this summer, the Monroe Police Department held a Summer Feeding Program at the J. Ray Shute Center. The program lasted for eight weeks and approximately 1600 meals were served. After lunch each day, officers held other activities for the children. Another new program that began this year was the Entering Manhood Summit which was attended by approximately 50 students. These programs were implemented in order for officers to build stronger relationships with youth and the community.

The Monroe Police Department worked in partnership with the American Red Cross during this past year as well as having an officer assigned to the Drug Enforcement Administration (DEA) as a member of a task force that partners with various local and federal law enforcement agencies. This is a collaborative effort to investigate serious drug related crimes that occur within the City of Monroe and surrounding areas.

The Monroe Police Department conducted a membership drive for the department’s Explorer Post which now has an active membership of 17 participants. Law Enforcement Career Exploring is open to young men and women ages 14 (and completed the 8th 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 Fire Department maintained accredited agency status through the Commission on Fire Accreditation International. This is significant not only for the city and fire department but for our residents, business owners and visitors to Monroe.

The department pursued various goals and objectives included in the department’s 2014-2018 strategic plan. The strategic plan is a community driven plan that was developed with citizen input.

The city continues to hold a Class 3 fire insurance rating from the Insurance Services Office (ISO), which 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 lower fire insurance premiums.

The Fire Department held its fourth annual awards banquet to recognize the accomplishments of Monroe firefighters throughout the course of the year. Various awards were presented to Monroe firefighters for performing outstanding levels of service.

The City of Monroe continues to seek funding for roadway improvements to improve our road system network. Multiple projects that are associated with the Downtown Master Plan as well as the transportation solutions developed by a related transportation study to enhance the development of the Downtown area are waiting funding. In addition, the City has design and construction drawings prepared for the re-alignment of Concord Avenue with Charlotte Avenue to address congestion as vehicles move out of the Downtown Area and once funding is obtained, will be in position to bid and construct this much needed improvement. The City is constantly looking at methods and practices to adequately maintain existing infrastructure and extend our transportation dollars. The Department is currently in year three of a five year commitment by the City to provide \$300,000 in additional funding to be used for resurfacing streets. Even with this additional funding, the overall condition of the streets is projected to further decline based on the latest pavement condition rating survey and analysis. Should the funding not be continued, the overall condition of the streets will decline more rapidly.

The City of Monroe, Mayor and 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 gradually change and reinforce the public's perception that Downtown is the 'heart and soul' of Union County. Monroe which is designated a National Trust Main Street 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 completed sidewalk and Hayne Street streetscape improvements, made needed street tree replacement and hosted downtown special events and promotions of downtown as a destination. Six properties were acquired by private investors for rehab and eight new businesses located downtown. The value of new public investment in downtown was \$153,000 and private investment was \$824,000 for a total public/private investment in downtown of approximately \$977,000, as reported to North Carolina Main Street. Volunteers logged 1,500 hours assisting with events and other revitalization efforts.

The Information Technology (IT) department is continuing to update the City's server hardware and software infrastructure. The tablet technology that has been deployed to field personnel continues to be a success. Field personnel are able to communicate and access data, which allows them to be more effective on site. IT is still continuing to work with the Fire Department to assist in their new software implementation. The planned completion of this project is January 2016. The IT department has made several improvements and additions to the camera and access control system. The LaserFiche document management system has been upgraded to include workflow and e-forms. Developing e-form and workflow will be part of the City's IT capability and infrastructure improvements. The IT department has replaced an 8 year old IBM iSeries server with a new pSeries Server and also added a second pSeries as a redundant system.

The City of Monroe pursues grant funding to provide resources for the completion of various projects. During the 2014-2015 year, the Police Department utilized a previously awarded grant in the amount of \$17,058 to purchase a Laser data collection system and related equipment.

The airport is ever positioning itself to continue promoting economic growth for the community. Funded through federal and state grants, the airport will continue to improve existing infrastructure with projects. On the forefront for fiscal year 2016 is the Glideslope Relocation project, with a projected budget of \$3 million, the re-installation of the approach light system with a projected budget of \$725,000 and improvements to the runway safety area, projected budget \$1.6 million. These projects will ensure that the facilities keep up with the operational demands for the future.

The Charlotte Regional Transportation Planning Organization adopted their Unified Planning Work Program for fiscal year 2015 in May of 2014 and included a sub-allocation of funds to the City in the amount of \$75,000 for the completion of a Transportation Plan. As of the end of the fiscal year the City

had requested reimbursement for the transportation plan component of the project which will utilize the entire \$75,000 sub-allocation.

The North Carolina Department of Transportation awarded the City a grant in the amount of \$165,000 for the construction of approximately 1,500 linear feet of sidewalk along Secrest Shortcut Road from Red Fox Run Road to Barbee Farm Drive. The project is expected to be complete by the end of 2015.

The City has also received a grant award from the North Carolina Department of Transportation in the amount of \$1,640,000 for construction of an approximately 1.6 miles of greenway from Icemorlee Street to the end of Don Griffin Park. The project is currently in the preliminary engineering and design phase.

The City of Monroe, in partnership with Monroe-Union County Community Development Corporation on behalf of Union County administered a \$225,000 Community Development Block Grant. Funds were used to assist low-moderate income families with housing rehabilitation throughout the County. This grant is in the wrap-up stages and should be complete in late fall of 2015.

### **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. This city takes into consideration and monitors CIP needs that require additional operating costs and personnel. Monroe 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 Monroe 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 is in the process of updating its Land Development Plan with the second Advisory Committee meeting planned for fall 2015. A community workshop has been held, stakeholder interviews have been conducted and website and surveys have been created. The plan update should be complete by late 2016. The City is focusing on re-development projects in two areas. 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 is scheduled for adoption in late 2015. The second area is the Sutton Park area. A redevelopment plan has been created that evaluated existing parcels and made recommendations to redevelop the area to attract new businesses and create business for the local park and surrounding community.

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 the 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. As of September 1, 2015, there has been \$306.5 million in capital investment announced.

### **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 \$125,427,497. 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, 2014. This was the 22<sup>nd</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 Clark 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, 2014**

Executive Director/CEO

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**CITY OF MONROE,  
NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICIALS  
June 30, 2015**

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**Elected Officials**

Bobby G. Kilgore  
*Mayor*

Dottie Nash  
*Mayor Pro Tem*

Surluta Anthony

Debra Duncan

Freddie Gordon

Billy A. Jordan

Lynn A. Keziah

**City Administration**

E. Larry Faison  
*City Manager*

Brian J. Borne  
*Assistant City Manager/Downtown Monroe Director/ Director of Parks & Recreation*

Bridgette H. Robinson  
*City Clerk*

Lisa Strickland  
*Interim Director of Finance*

S. Mujeeb Shah-Khan  
*City Attorney*

Bruce Bounds  
*Director of Information Technology*

Russell G. Colbath  
*Director of Water Resources*

Joseph B. Gilliard  
*Police Chief*

Ronald D. Fowler  
*Fire Chief*

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

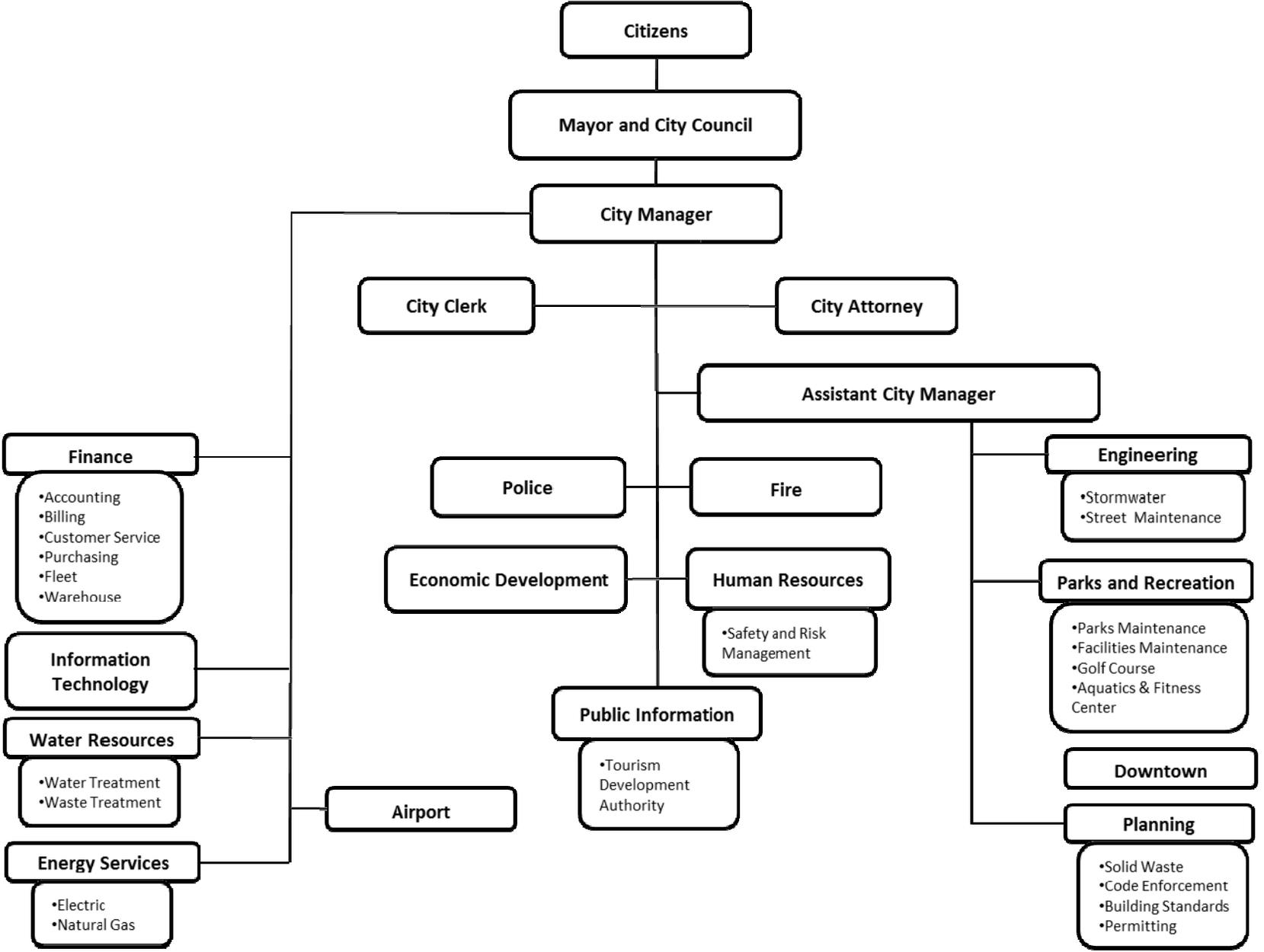
Don D. Mitchell  
*Director of Energy Services*

R. Christopher Platé  
*Executive Director of Economic Development*

Debra C. Reed  
*Director of Human Resources*

Lisa Stiwinter  
*Director of Planning*

# City of Monroe, North Carolina Organizational Chart





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

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

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the 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, 2015, 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 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, 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, 2015, 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, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, and the Local Government Employee's Retirement System Proportionate Share of Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information, although not a required 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 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 U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, 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. In our opinion, 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 19, 2015 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 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 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 19, 2015



## 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, 2015. 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

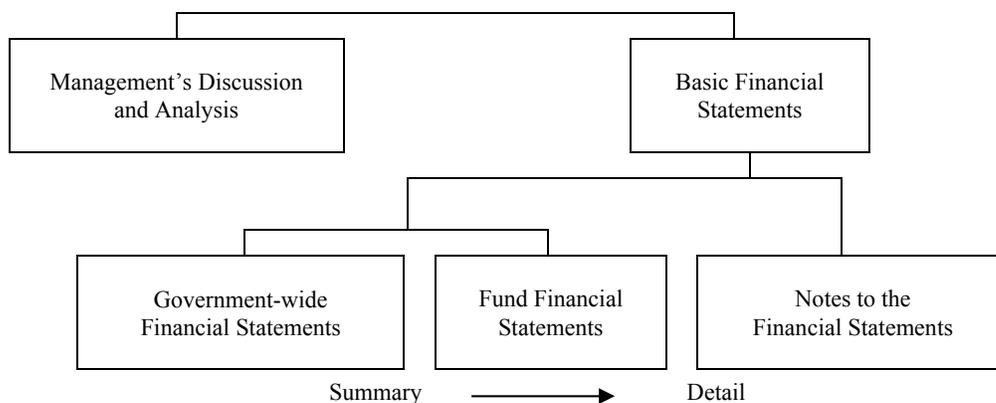
- The assets and deferred outflows of resources of the City of Monroe exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$372,990,462 (net position). Of this amount, \$121,197,966 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$19,505,713. This increase was the net of an increase in the amount of \$2,364,915 from governmental activities and an increase of \$17,140,798 for business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,674,750 an increase of \$6,247,850 in comparison with the prior year. Approximately 20.6 percent of this total amount or \$6,941,982 is non spendable or restricted by state statute.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$21,897,023 or 74.0 percent of total general fund expenditures for the fiscal year.
- The City's total debt not including compensated absences and OPEB liability, net of retirements, decreased \$1,354,562 (1.6%) during the current fiscal year. The elements of the decrease were the issuance of an installment financing loan totaling \$4,400,000 for the construction of Fire Station #4, the issuance of an installment financing loan for a new finance computer server totaling \$76,262 and \$5,830,824 in debt retirements.

### Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



## **Basic Financial Statements**

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

The City of Monroe maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. These other seven governmental funds are made up of two capital projects funds, a capital reserve fund and four special revenue funds including Community Development, Downtown Monroe, State Grant Programs 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 97 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$43,193,964	\$35,003,708	\$119,086,908	\$103,612,514	\$162,280,872	\$138,616,222
Capital assets	73,342,448	73,351,732	251,868,478	254,010,601	325,210,926	327,362,333
Deferred outflows of resources	1,116,743	-	826,122	389,041	1,942,865	389,041
Total assets and deferred outflows of resources	117,653,155	108,355,440	371,781,508	358,012,156	489,434,663	466,367,596
Long-term liabilities outstanding	14,327,683	9,777,762	79,280,340	82,792,339	93,608,023	92,570,101
Other liabilities	4,616,945	4,085,688	11,516,395	12,196,059	16,133,340	16,281,747
Deferred inflows of resources	4,646,297	3,883	2,056,541	-	6,702,838	3,883
Total liabilities and deferred inflows of resources	23,590,925	13,867,333	92,853,276	94,988,398	116,444,201	108,855,731
Net position:						
Net investment in capital assets	69,134,579	69,143,499	172,158,901	169,721,094	241,293,480	238,864,593
Restricted	10,499,016	6,483,869	-	-	10,499,016	6,483,869
Unrestricted	14,428,635	18,860,739	106,769,331	93,302,664	121,197,966	112,163,403
Total net position	\$94,062,230	\$94,488,107	\$278,928,232	\$263,023,758	\$372,990,462	\$357,511,865

The assets and deferred outflows of the City of Monroe exceeded liabilities and deferred inflows by \$372,990,462 as of June 30, 2015. Of the City’s total net position \$241,293,480 (64.7%) 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 (\$10,499,016) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$121,197,966 (32.5%) 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 by \$19,505,713 during the current fiscal year. During the current fiscal year, net position for governmental activities increased \$2,364,915 from the prior fiscal year for an ending balance of \$94,062,230. The increase in the net position of governmental activities is primarily the result of both increased sales tax collections and savings realized from less than anticipated operating expenses. The net position for business-type activities increased \$17,140,798. The biggest part of this increase was due to increased cash provided by operating activities in the City’s electric, natural gas, and

water and sewer operations. Also, the City of Monroe implemented GASB Statement 68 this year. With the new reporting change, the City has allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by a total of \$4,027,116. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City of Monroe's management.

At the end of the current fiscal year, the City of Monroe is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The following is a summary of the City's governmental and business-type activities for fiscal year 2015, 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	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$8,187,601	\$7,200,416	\$109,847,282	\$100,388,738	\$118,034,883	\$107,589,154
Operating grants and contributions	2,264,635	2,059,848	-	-	2,264,635	2,059,848
Capital grants and contributions	196,406	474,880	139,724	3,590,892	336,130	4,065,772
General revenues:						
Property taxes, levied for a specific purpose	19,374,635	19,767,102	-	-	19,374,635	19,767,102
Local option sales tax	5,428,591	5,136,372	-	-	5,428,591	-
Utility taxes	2,582,909	1,887,999	-	-	2,582,909	-
Other property taxes	211,482	260,690	-	-	211,482	-
Other sales taxes	568,005	569,499	-	-	568,005	8,946,739
Other licenses and fees	1,108,839	1,092,179	-	-	1,108,839	-
Other	1,775,307	1,557,626	1,991,093	2,013,988	3,766,400	3,571,614
<b>Total revenues</b>	<b>41,698,410</b>	<b>40,006,611</b>	<b>111,978,099</b>	<b>105,993,618</b>	<b>153,676,509</b>	<b>146,000,229</b>
<b>Expenses:</b>						
General government	\$4,929,105	\$4,896,697	\$ -	\$ -	\$4,929,105	\$4,896,697
Transportation	5,206,654	5,216,324	-	-	5,206,654	5,216,324
Public safety	21,069,376	19,813,339	-	-	21,069,376	19,813,339
Culture and recreation	5,541,200	4,899,836	-	-	5,541,200	4,899,836
Economic and physical development	1,133,778	1,578,796	-	-	1,133,778	1,578,796
Interest in long-term debt	186,071	163,594	-	-	186,071	163,594
Water and sewer	-	-	10,359,757	15,161,863	10,359,757	15,161,863
Electrical	-	-	60,881,067	55,558,613	60,881,067	55,558,613
Natural Gas	-	-	13,790,431	14,844,112	13,790,431	14,844,112
Aquatics and Fitness Center	-	-	3,652,309	3,607,379	3,652,309	3,607,379
Stormwater	-	-	1,837,878	1,674,229	1,837,878	1,674,229
Solid waste	-	-	2,178,431	2,067,047	2,178,431	2,067,047
Airport	-	-	3,404,739	3,579,554	3,404,739	3,579,554
<b>Total expenses</b>	<b>38,066,184</b>	<b>36,568,586</b>	<b>96,104,612</b>	<b>96,492,797</b>	<b>134,170,796</b>	<b>133,061,383</b>
(Decrease) Increase in net position before transfers	3,632,226	3,438,025	15,873,487	9,500,821	19,505,713	12,938,846
Transfers	(1,267,311)	(713,712)	1,267,311	713,712	-	-
(Decrease) Increase in net position	2,364,915	2,724,313	17,140,798	10,214,533	19,505,713	12,938,846
Net position, beginning as previously stated	94,488,107	91,763,794	263,023,758	252,809,225	357,511,865	344,573,019
Prior Period Adjustment	(2,790,792)	-	(1,236,324)	-	(4,027,116)	-
Net position, beginning as restated	91,697,315	91,763,794	261,787,434	252,809,225	353,484,749	344,573,019
<b>Net position, ending</b>	<b>\$94,062,230</b>	<b>\$94,488,107</b>	<b>\$278,928,232</b>	<b>\$263,023,758</b>	<b>\$372,990,462</b>	<b>\$357,511,865</b>

Governmental activities – Governmental activities increased the City of Monroe's net position by \$2,364,915. Key elements of this net increase are as follows:

- The increase in Charges for Services consisted of three main components. The first was an increase of \$292,219 for increased local option sales tax collections. The second component was

an increase of \$694,910 in utility sales tax collections. This revenue source was restructured by the state to consist of charges using the general sales tax rate on electric and gas service rather than a franchise tax on gross receipts of all businesses in the state. The new structure has increased collections in this category. The final reason for the increase is the allocation of internal service fund operating revenue. This revenue is allocated between all Functions/Programs.

- Property taxes decreased by \$392,467 due to a 5.3% decline in property valuation.
- The increase of \$204,787 in Operating Grants and Contributions was due to a \$75,000 grant from the Charlotte Regional Transportation Planning Organization for an update to the transportation portion of the land development plan and a 124,184 grant for a scattered site housing grant from a Community Development Block Grant.
- The increase of \$217,681 in Other Revenue consisted primarily of an increase in interest earnings on investments.
- Expenses increased in most categories due to an increase in health claims and premiums.

Business-type activities – Business-type activities increased the City of Monroe’s net position by \$17,140,798. Key elements of this net increase are as follows:

- Charges for Services increased in the Water and Sewer Fund due to a rate increase of 5.3% for water service only.
- Electric revenue and expense increased significantly due mostly to increased demand. Commercial and industrial rates were increased from between 0.8% to 8.9% depending on the customer class.
- Natural Gas revenue increased due to increased demand by transport customers and a renegotiated asset management agreement to purchase gas.
- Stormwater Utility rates were increased by \$.50 per equivalent residential unit.
- The decrease in Capital Grants and Contributions was due to one-time grant reimbursements in fiscal year 2014 for airport and sewer expansion projects.

### **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, 2015, the governmental funds of City of Monroe reported a combined fund balance of \$33,674,750, which is an increase of \$6,247,850 from last year’s total of \$27,426,900. Of the governmental funds combined ending fund balances, \$8,021,079 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 (\$282,761).
- 2). Restricted to indicate that it is restricted to specific purposes as imposed by law (\$10,499,016);
- 3). Committed to indicate that it can only be used for a specific purpose as determined by a formal City Council action (\$995,950);
- 4). Assigned to indicate that it is intended to be used for a specific purpose (\$13,875,944).

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

The general fund is the chief operating fund of the City of Monroe. As of June 30, 2015 the fund balance in the General Fund was \$27,062,768, an increase of \$3,283,329 in comparison with the prior year. Of the total fund balance in the General Fund, \$8,067,185 (29.8%) was unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.8% of total general fund expenditures, while total fund balance represents 91.4% of that same amount. In addition to this amount, \$8,637,593 is reserved by a minimum fund balance policy that has been adopted by City Council. Revenues exceeded expenditures prior to transfers by \$4,755,040 due to revenue exceeding projections and savings in expenditures. Transfers of available fund balance were primarily for 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, State Grant Programs and Monroe-Union County Economic Development also impact the total fund balance for governmental funds. The reason for the increase of \$4,153,011 in this category is due primarily to the receipt of loan proceeds into the capital fund in the amount of \$4,400,000 to fund the construction of Fire Station #4. This increase was also due to transfers into the capital projects fund for the construction of the Lancaster Avenue sidewalk, Bearskin Creek greenway improvements, a property purchase, recreation center improvements and Concord Avenue redevelopment project. The Governmental Capital Reserve Fund was funded for the second of six years to accumulate funds for the construction of greenways.

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**

	<u>Unrestricted Net Position</u>		<u>Change in Total Net Position</u>	
	2015	2014	2015	2014
Water and Sewer	\$29,112,051	\$26,356,538	\$6,532,471	\$1,364,366
Electric	53,261,524	46,191,661	5,863,320	3,419,981
Natural Gas	21,490,989	17,726,032	4,737,284	2,602,256
Airport	601,311	1,192,916	(449,719)	3,238,130
Aquatics and Fitness Center	1,166,027	1,087,783	92,906	(836,826)
Stormwater	870,577	597,352	332,652	170,983
Solid Waste	513,112	430,675	(2,149)	130,096

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, 2015, the City of Monroe's water fund reported a total net position of \$84,570,141, an increase of \$6,532,471 in comparison with the prior year. This increase is primarily due to savings realized from operating activities. Of this amount, \$203,084 was saved in personnel costs and \$936,288 was saved in operating expenses. Higher than anticipated revenue collection due to a 6.0% increase in consumption attributed to \$892,698 increase in revenue.

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, 2015, the City of Monroe's electric fund reported a total net position of \$112,733,976, an increase of \$5,863,320 in comparison with the prior year. Electric consumption increased 7.4% since last fiscal year. Revenues were up \$6,180,117 or 10.9% due to the increased consumption and a rate increase for commercial and industrial customers. Savings of \$514,506 were realized in personnel and operating costs. The net affect resulted in additional unanticipated gross profit of \$2,877,010.

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, 2015, the City of Monroe's natural gas fund reported total net position of \$49,054,602, an increase of \$4,737,284 in comparison with the prior year. Natural gas revenue was up 5.5%. This increase was in part due to higher transportation sales where our customers pay to transport gas through our pipeline. An increase in the customer classes of medium general and vehicle fuel sales were also noted. Gas is purchased through an asset management agreement. This agreement was renegotiated during the fiscal year to maximize our gas capacity on the market, thus improving revenue. This past year has seen several successful expansion projects and there is a continued focus to target potential customers along existing pipeline.

The Airport Fund accounts for the operation of the Charlotte-Monroe Executive Airport. As of June 30, 2015, the City of Monroe's airport fund reported a total net position of \$22,078,691, a decrease of \$449,719 in comparison with the prior year. The operating deficit was reduced by \$139,400 compared to last fiscal year. Expansion efforts are focused on increasing air traffic as well as planes being housed at the airport. With increased fuel sales and hangar rental fees, it is anticipated that this deficit will continue to decrease.

### **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 \$3,427,709 or 10.2%. 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 \$797,641 and unspent appropriations (various grants, police equitable sharing, and fire truck equipment), \$1,411,875.
- Donations to the police and fire department totaled \$7,088.
- Funds were appropriated to provide funding for a water main extension to provide water service to Spec Building III \$150,000, Downtown Incentive Programs for Urban Investment of Monroe, LLC \$105,219, an economic development grant in the form of a conveyance of 5 acres of land to Glenmark Generics \$71,400, demolition of property declared unfit for human habitation \$75,000, renovations to Winchester Pool \$50,000 and purchase property adjacent to Monroe Country Club, \$22,000.
- Funds were appropriated to transfer in to return excess airport expansion project funds \$564,596, and to transfer out for airport projects \$128,595 and final expense of Speculative Building III \$16,257.

Revenues exceeded final budget by \$1,971,993. This was primarily due to increased collections for prior year taxes and penalties, sales tax and investment earnings.

Expenditures were under budget by \$3,524,547. Expenses were down primarily due to savings realized from vacant positions totaling approximately \$466,800, savings in incentive grants totaling \$176,853, debt payments for Fire Station #4 only partially spent due to timing on loan closing \$210,823 and various savings in other operating accounts (repairs and maintenance, fuel, general supplies) \$1,016,842. Expenditures were 89.4% of the final amended expenditure budget. \$550,997 was carried over to fiscal year 2016 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 57 - 64 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and land improvements	\$5,177,435	\$5,177,435	\$16,664,916	\$16,868,915	\$21,842,351	\$22,046,350
Buildings and improvements	11,971,487	12,229,199	50,056,845	49,930,394	62,028,332	62,159,593
Equipment	1,508,660	1,637,538	3,103,500	3,128,990	4,612,160	4,766,528
Vehicles and motorized equipment	4,358,645	3,500,371	2,616,330	2,480,158	6,974,975	5,980,529
Other Intangibles	72,664	136,651	694,899	650,396	767,563	787,047
Infrastructure	48,430,464	50,403,931	172,978,374	171,481,946	221,408,838	221,885,877
Construction in progress	1,823,093	266,607	5,753,614	9,469,802	7,576,707	9,736,409
<b>Total</b>	<b>\$73,342,448</b>	<b>\$73,351,732</b>	<b>\$251,868,478</b>	<b>\$254,010,601</b>	<b>\$325,210,926</b>	<b>\$327,362,333</b>

The City of Monroe’s investment in capital assets for its governmental and business–type activities as of June 30, 2015, totals \$325,210,926 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, enterprise systems infrastructure, machinery and equipment, park facilities, and vehicles. The total decrease in the City’s investment in capital assets for the current fiscal year was \$2,151,407. Major capital asset events during the year included the following:

- Street paving improvements in St. James Village
- Water and sewer infrastructure renewal
- New generator at the water filter plant
- Electric line installation and replacement
- Electric outage management software purchase
- Completion and sale of speculative building #3
- Airport runway safety area improvements
- Customs building at airport

Construction in progress totaling \$7,576,707 has decreased slightly from last year with the completion of the customs building and the speculative building projects listed above. Projects included in this amount are as follows:

- General – Construction of Fire Station #4
- Electric – Electric system expansion, renewal and replacement projects and fiber optic network extensions.
- Natural Gas – system expansion.
- Airport – construction of the runway safety area and glideslope improvements.

## 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	
	2015	2014	2015	2014	2015	2014
Install purchase obligations	\$7,605,075	\$4,322,069	\$360,872	\$820,482	\$7,965,947	\$5,142,551
Revenue bonds	-	-	\$41,001,409	\$43,394,495	\$41,001,409	\$43,394,495
State revolving loans	-	-	\$9,470,091	\$10,591,510	\$9,470,091	\$10,591,510
Certificates of participation	-	-	\$29,208,608	\$29,872,061	\$29,208,608	\$29,872,061
Total	<u>\$7,605,075</u>	<u>\$4,322,069</u>	<u>\$80,040,980</u>	<u>\$84,678,548</u>	<u>\$87,646,055</u>	<u>\$89,000,617</u>

As of June 30, 2015, the City of Monroe had total debt outstanding of \$87,646,055. The City's bonded debt, \$41,001,409, represents bonds secured by the combined revenues of the major business-type funds which include water and sewer, electric, natural gas and airport. The certificates of participation were issued to fund the construction of a natural gas pipeline. The City's total debt, net of retirements, decreased \$1,354,562 during the fiscal year. The elements of the decrease were the issuance of an installment financing loan totaling \$4,400,000 for the construction of Fire Station #4, the issuance of an installment financing loan for a new finance computer server totaling \$76,262 and \$5,830,824 in debt retirements.

The City of Monroe has an A2 bond rating from Moody's Investor Service and A+ rating from Standard & Poor's Rating Services for the Combined Enterprise Fund Revenue Bonds. Standard & Poor's Rating Services has raised its rating on the Certificates of Participation from AA to A+ based on a rating review last year. These ratings and rating upgrade 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 \$243,233,150.

### 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 has dropped to 5.6%, which is a decrease of 0.5% from last year. This rate is higher than Union County's rate of 5.1% but less than the State's average rate of 5.8%.
- The taxable value of commercial and residential property increased 0.6% from fiscal year 2014 to fiscal year 2015.
- Population increased 0.9% from 33,708 in 2014 to 34,032 in 2015.

Governmental Activities – The City passed a revenue neutral property tax rate of .5863 for fiscal year 2016 due to a county-wide property revaluation. The economic conditions that form the foundation of the City's revenues for the upcoming year indicate some improvement in sales tax and other consumer oriented revenues. City of Monroe's fiscal year 2016 budget increased by approximately 4.7% with General and Governmental Funds increasing by 8.1% and business-type funds increasing by 3.2% over their current year budgets. In the FY 2016 budget we have been able to encompass initiatives that foster work force stability, address some deferred maintenance challenges and deploy projects that enhance our community. The merit program was reinstated for city employees, allowing them an average 1.5% increase in addition to a 3% cost of living increase and maintaining the current level of health insurance

benefits. Much needed parking lot resurfacing and roof replacements at City facilities were funded in addition to sidewalk repair projects and park improvements. Funding has been provided for the continuation of the downtown master plan by providing funding for three more decorative crosswalks and sidewalk construction on Hayne Street. Also included is continuing funding for the demolition of dilapidated housing and greenway improvements. Funding is set aside to update the City's Unified Development Ordinance and land use updates as well as to purchase land options for a future industrial area. The budget preserves nearly \$5 million of unassigned fund balance for the future capital needs of the City.

Business-type Activities – Water and sewer rates were increased by 2% each to plan for the significant anticipated cost of future capital projects and necessary system improvements. Solid Waste rates were increased \$1.00 per residential customer to offset the cost of increasing the current service level of every other week bulk item pickup to weekly pickup. 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 grow our City as the economic recovery progresses.

### **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 City of Monroe Department of Finance at 300 West Crowell Street, Monroe, North Carolina, 28112, or visit the City's website at [www.monroenc.org](http://www.monroenc.org).



# 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, 2015

	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	\$ 31,223,263	\$ 101,574,881	\$ 132,798,144	\$ 787,732	\$ 108,400
Taxes receivable	1,103,936	-	1,103,936	-	-
Accounts receivable	691,685	10,665,111	11,356,796	-	46,945
Note receivable - short-term	50,693	1,042,539	1,093,232	-	-
Internal balances - short-term	246,260	(246,260)	-	-	-
Due from other governments	3,008,625	-	3,008,625	-	-
Due from component units	71,148	-	71,148	-	-
Inventories	217,382	3,852,530	4,069,912	227,370	210
Prepays	179,372	36,149	215,521	3,069	10,689
Loans receivable (net)	-	-	-	-	-
Total current assets	36,792,364	116,924,950	153,717,314	1,018,171	166,244
Restricted assets:					
Cash and cash equivalents	4,279,913	565,607	4,845,520	-	-
Non-current assets:					
Note receivable	1,118,377	-	1,118,377	-	-
Internal balances - long term	(798,255)	798,255	-	-	-
Net pension asset	1,801,565	798,096	2,599,661	21,585	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	7,000,528	22,418,530	29,419,058	317,013	-
Other capital assets, net of depreciation	66,341,920	229,449,948	295,791,868	605,862	-
Total capital assets	73,342,448	251,868,478	325,210,926	922,875	-
Total non-current assets	75,464,135	253,464,829	328,928,964	944,460	-
Total assets	116,536,412	370,955,386	487,491,798	1,962,631	166,244
<b>Deferred Outflows of Resources:</b>					
Contributions to pension plan in current fiscal year	1,116,743	494,719	1,611,462	17,853	-
Charge on debt defeasance	-	331,403	331,403	-	-
Total deferred outflows of resources	1,116,743	826,122	1,942,865	17,853	-
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	1,463,294	6,333,003	7,796,297	311,637	5,989
Due to primary government	-	-	-	56,000	15,148
Current portion of long-term liabilities	2,624,441	4,584,180	7,208,621	-	-
Unearned revenue	1,875	33,605	35,480	-	-
Payable from restricted assets	48,107	565,607	613,714	-	-
Property claims liability	44,207	-	44,207	-	-
Workers' compensation claims	4,880	-	4,880	-	-
Healthcare benefits claims	430,141	-	430,141	-	-
Long-term liabilities:					
Pension obligation	237,480	-	237,480	-	-
OPEB liability	7,054,891	3,125,227	10,180,118	-	-
Due in more than one year	7,035,312	76,155,113	83,190,425	-	-
Total liabilities	18,944,628	90,796,735	109,741,363	367,637	21,137

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

CITY OF MONROE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2015

	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>					
Pension deferrals	4,642,290	2,056,541	6,698,831	65,933	-
Other deferred inflows	4,007	-	4,007	-	-
Total deferred inflows of resources	<u>4,646,297</u>	<u>2,056,541</u>	<u>6,702,838</u>	<u>65,933</u>	<u>-</u>
<b>Net Position:</b>					
Net investment in capital assets	69,134,579	172,158,901	241,293,480	922,875	-
Restricted for:					
Stabilization by State statute	6,659,221	-	6,659,221	-	46,945
Public safety	424,650	-	424,650	-	-
Transportation	862,538	-	862,538	-	-
Occupancy tax capital projects	1,675,052	-	1,675,052	-	-
Economic development	215,561	-	215,561	119,988	-
Capital projects	661,994	-	661,994	-	-
Tourism promotion	-	-	-	-	87,263
Unrestricted	14,428,635	106,769,331	121,197,966	504,051	10,899
Total net position	<u>\$ 94,062,230</u>	<u>\$ 278,928,232</u>	<u>\$ 372,990,462</u>	<u>\$ 1,546,914</u>	<u>\$ 145,107</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, 2015

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	\$ 4,929,105	\$ 2,141,262	\$ 75,000	\$ -
Transportation	5,206,654	358,508	971,640	196,406
Public safety	21,069,376	4,049,847	496,647	-
Culture and recreation	5,541,200	1,637,984	193,164	-
Economic and physical development	1,133,778	-	528,184	-
Interest on long-term debt	186,071	-	-	-
Total governmental activities	<u>38,066,184</u>	<u>8,187,601</u>	<u>2,264,635</u>	<u>196,406</u>
<b>Business-Type Activities:</b>				
Water and sewer	10,359,757	16,154,551	-	-
Electric	60,881,067	65,732,740	-	-
Natural gas	13,790,431	18,052,678	-	-
Aquatics and Fitness Center	3,652,309	3,712,276	-	-
Stormwater	1,837,878	2,098,809	-	-
Solid waste	2,178,431	2,169,434	-	-
Airport	3,404,739	1,926,794	-	139,724
Total business-type activities	<u>96,104,612</u>	<u>109,847,282</u>	<u>-</u>	<u>139,724</u>
Total primary government	<u>\$ 134,170,796</u>	<u>\$ 118,034,883</u>	<u>\$ 2,264,635</u>	<u>\$ 336,130</u>
<b>Component Units:</b>				
ABC Board	\$ 4,070,121	\$ 4,066,224	\$ -	\$ -
Tourism Development Authority	422,933	-	505,323	-
Total component units	<u>\$ 4,493,054</u>	<u>\$ 4,066,224</u>	<u>\$ 505,323</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, 2015

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	\$ (2,712,843)	\$ -	\$ (2,712,843)	\$ -	\$ -
Transportation	(3,680,100)	-	(3,680,100)	-	-
Public safety	(16,522,882)	-	(16,522,882)	-	-
Culture and recreation	(3,710,052)	-	(3,710,052)	-	-
Economic and physical development	(605,594)	-	(605,594)	-	-
Interest on long-term debt	(186,071)	-	(186,071)	-	-
Total governmental activities	(27,417,542)	-	(27,417,542)	-	-
<b>Business-Type Activities:</b>					
Water and sewer	-	5,794,794	5,794,794	-	-
Electric	-	4,851,673	4,851,673	-	-
Natural gas	-	4,262,247	4,262,247	-	-
Aquatics and Fitness Center	-	59,967	59,967	-	-
Stormwater	-	260,931	260,931	-	-
Solid waste	-	(8,997)	(8,997)	-	-
Airport	-	(1,338,221)	(1,338,221)	-	-
Total business-type activities	-	13,882,394	13,882,394	-	-
Total primary government	(27,417,542)	13,882,394	(13,535,148)	-	-
<b>Component Units:</b>					
ABC Board	-	-	-	(3,897)	-
Tourism Development Authority	-	-	-	-	82,390
Total component units	-	-	-	(3,897)	82,390
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose	19,374,635	-	19,374,635	-	-
Local option sales tax	5,428,591	-	5,428,591	-	-
Utility taxes	2,582,909	-	2,582,909	-	-
Other property taxes	211,482	-	211,482	-	-
Other sales taxes	568,005	-	568,005	-	-
Other licenses and fees	1,108,839	-	1,108,839	-	-
Unrestricted investment earnings (loss)	679,907	1,735,177	2,415,084	499	-
Interest earnings on interfund loans	-	63,520	63,520	-	-
Miscellaneous	1,095,400	192,396	1,287,796	3,499	-
Total general revenues	31,049,768	1,991,093	33,040,861	3,998	-
Transfers	(1,267,311)	1,267,311	-	-	-
Total general revenues and transfers	29,782,457	3,258,404	33,040,861	3,998	-
Change in net position	2,364,915	17,140,798	19,505,713	101	82,390
<b>Net Position:</b>					
Beginning of year, July 1	94,488,107	263,023,758	357,511,865	1,593,147	62,717
Restatement	(2,790,792)	(1,236,324)	(4,027,116)	(46,334)	-
Beginning of year, July 1, restated	91,697,315	261,787,434	353,484,749	1,546,813	62,717
End of year, June 30	\$ 94,062,230	\$ 278,928,232	\$ 372,990,462	\$ 1,546,914	\$ 145,107

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 24,717,280	\$ 3,476,558	\$ 28,193,838
Receivables:			
Taxes	1,100,775	3,161	1,103,936
Accounts	417,561	7,311	424,872
Due from other governments	2,909,673	98,952	3,008,625
Due from component unit	56,000	15,148	71,148
Inventories	217,382	-	217,382
Prepays	64,888	491	65,379
Cash and cash equivalents - restricted	<u>862,538</u>	<u>3,397,206</u>	<u>4,259,744</u>
Total assets	<u>\$ 30,346,097</u>	<u>\$ 6,998,827</u>	<u>\$ 37,344,924</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,079,610	\$ 383,684	\$ 1,463,294
Accounts payable to be paid from restricted assets	27,938	-	27,938
Due to other funds	102,022	-	102,022
Prepaid privilege license	1,875	-	1,875
Advances from other funds	<u>696,233</u>	<u>-</u>	<u>696,233</u>
Total liabilities	<u>1,907,678</u>	<u>383,684</u>	<u>2,291,362</u>
<b>Deferred Inflows of Resources</b>	<u>1,375,651</u>	<u>3,161</u>	<u>1,378,812</u>
<b>Fund Balances:</b>			
Non-spendable:			
Inventories	217,382	-	217,382
Prepays	64,888	491	65,379
Restricted:			
Stabilization by State Statute	3,663,362	2,995,859	6,659,221
Public safety	424,650	-	424,650
Transportation	862,538	-	862,538
Occupancy tax capital projects	-	1,675,052	1,675,052
Economic development	-	215,561	215,561
Capital projects	-	661,994	661,994
Committed:			
Culture and recreation	-	200,000	200,000
Capital projects	-	795,950	795,950
Assigned:			
Minimum fund balance requirement	8,637,593	-	8,637,593
Airport grant acceptance	1,265,679	-	1,265,679
Airport operations - 5-year subsidy	750,000	-	750,000
Street resurfacing - 5-year program	900,000	-	900,000
Subsequent year's expenditures	2,209,491	-	2,209,491
Community development	-	56,562	56,562
Downtown Monroe	-	56,619	56,619
Unassigned	<u>8,067,185</u>	<u>(46,106)</u>	<u>8,021,079</u>
Total fund balances	<u>27,062,768</u>	<u>6,611,982</u>	<u>33,674,750</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,346,097</u>	<u>\$ 6,998,827</u>	<u>\$ 37,344,924</u>

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

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<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)	\$ 33,674,750
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Gross capital assets at historical cost	\$ 140,228,909
Accumulated depreciation	<u>(66,886,461)</u>
	73,342,448
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Pension obligation	(237,480)
Note receivable from outside party	1,169,070
Net pension asset-LGERS	1,801,565
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,116,743
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,766,205
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.	599,308
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.	565,490
Internal balance due from business-type activities to governmental activities	246,260
Liabilities for earned, but unavailable, revenues in fund statements	1,374,805
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note II.A.).	(16,714,644)
Pension related deferrals	<u>(4,642,290)</u>
Net position of governmental activities (Exhibit 1)	<u>\$ 94,062,230</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, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 19,351,356	\$ 57,542	\$ 19,408,898
Other taxes and licenses	1,087,333	-	1,087,333
Unrestricted intergovernmental	8,966,993	-	8,966,993
Restricted intergovernmental	1,543,287	917,754	2,461,041
Sales and services	1,943,725	-	1,943,725
Investment earnings	577,568	68,693	646,261
Miscellaneous	885,400	104,151	989,551
Total revenues	<u>34,355,662</u>	<u>1,148,140</u>	<u>35,503,802</u>
<b>Expenditures:</b>			
Current:			
General government	3,226,988	-	3,226,988
Transportation	2,596,173	-	2,596,173
Public safety	17,891,318	-	17,891,318
Culture and recreation	4,506,815	-	4,506,815
Economic and physical development	-	1,091,321	1,091,321
Capital outlay	-	1,772,960	1,772,960
Debt service:			
Principal retirement	1,193,256	-	1,193,256
Interest and other charges	186,072	-	186,072
Total expenditures	<u>29,600,622</u>	<u>2,864,281</u>	<u>32,464,903</u>
Revenues over (under) expenditures	<u>4,755,040</u>	<u>(1,716,141)</u>	<u>3,038,899</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	436,001	1,756,652	2,192,653
Transfers to other funds	(3,172,464)	(287,500)	(3,459,964)
Installment purchase obligations issued	76,262	4,400,000	4,476,262
Total other financing sources (uses)	<u>(2,660,201)</u>	<u>5,869,152</u>	<u>3,208,951</u>
Net change in fund balances	2,094,839	4,153,011	6,247,850
<b>Fund Balances:</b>			
Beginning of year, July 1	24,967,929	2,458,971	27,426,900
End of year, June 30	<u>\$ 27,062,768</u>	<u>\$ 6,611,982</u>	<u>\$ 33,674,750</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, 2015

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

Net change in fund balances - total governmental funds (Exhibit 5)	\$ 6,247,850
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period (Note II.B.).	(9,284)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,116,743
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Change in deferred inflows	(128,648)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B.).	(3,283,005)
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. Compensated absences Pension expense Net pension obligation OPEB liability	(80,027) (49,933) (141,089) <u>(1,386,355)</u>
	(1,657,404)
The Internal Service Fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings.	<u>78,663</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ 2,364,915</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 BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 19,238,000	\$ 19,238,000	\$ 19,351,356	\$ 113,356
Other taxes and licenses	1,016,000	1,016,000	1,087,333	71,333
Unrestricted intergovernmental	7,380,299	7,531,791	8,966,993	1,435,202
Restricted intergovernmental	1,237,944	1,600,463	1,543,287	(57,176)
Sales and services	1,840,312	1,840,312	1,943,725	103,413
Investment earnings	350,000	350,000	577,568	227,568
Miscellaneous	785,957	807,103	885,400	78,297
Total revenues	<u>31,848,512</u>	<u>32,383,669</u>	<u>34,355,662</u>	<u>1,971,993</u>
<b>Expenditures:</b>				
Current:				
General government	3,993,948	4,846,070	3,226,988	1,619,082
Transportation	3,216,188	3,009,533	2,596,173	413,360
Public safety	17,009,382	18,622,475	17,891,318	731,157
Culture and recreation	4,819,122	4,951,681	4,506,815	444,866
Debt service:				
Principal retirement	1,377,620	1,390,008	1,193,256	196,752
Interest and other charges	304,790	305,402	186,072	119,330
Total expenditures	<u>30,721,050</u>	<u>33,125,169</u>	<u>29,600,622</u>	<u>3,524,547</u>
Revenues over (under) expenditures	<u>1,127,462</u>	<u>(741,500)</u>	<u>4,755,040</u>	<u>5,496,540</u>
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	-	436,001	436,001	-
Transfers to other funds	(2,907,462)	(3,679,957)	(3,172,464)	507,493
Installment purchase obligations issued	-	76,262	76,262	-
Total other financing sources (uses)	<u>(2,907,462)</u>	<u>(3,167,694)</u>	<u>(2,660,201)</u>	<u>507,493</u>
Appropriated fund balance	<u>1,780,000</u>	<u>3,909,194</u>	<u>-</u>	<u>(3,909,194)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,094,839</u>	<u>\$ 2,094,839</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			<u>24,967,929</u>	
End of year, June 30			<u>\$ 27,062,768</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, 2015

	Major Enterprise Funds			
	Water and Sewer	Electric	Natural Gas	Airport
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 29,775,422	\$ 46,837,523	\$ 20,748,017	\$ 740,100
Accounts receivable	1,204,634	7,688,101	1,186,798	184,231
Note receivable	-	-	1,042,539	-
Prepaid expenses	5,727	19,465	5,138	3,547
Inventories	289,868	3,224,097	267,285	63,855
Total current assets	<u>31,275,651</u>	<u>57,769,186</u>	<u>23,249,777</u>	<u>991,733</u>
Non-current assets:				
Restricted assets:				
Cash and cash equivalents:				
Customer deposits	83,450	342,813	139,344	-
Advance to other funds	-	1,760,477	-	-
Net pension asset	335,356	145,581	75,390	62,392
Capital assets:				
Land and other non-depreciable assets	831,958	6,451,796	3,102,574	11,106,608
Other capital assets, net of depreciation	71,584,474	72,703,411	57,259,154	20,290,630
Capital assets (net)	<u>72,416,432</u>	<u>79,155,207</u>	<u>60,361,728</u>	<u>31,397,238</u>
Total non-current assets	<u>72,835,238</u>	<u>81,404,078</u>	<u>60,576,462</u>	<u>31,459,630</u>
Total assets	<u>104,110,889</u>	<u>139,173,264</u>	<u>83,826,239</u>	<u>32,451,363</u>
<b>Deferred Outflows of Resources</b>				
Contributions to pension plan in current fiscal year	207,879	90,242	46,732	38,675
Charge on debt defeasance	113,871	25,342	11,010	181,180
Total deferred outflows of resources	<u>321,750</u>	<u>115,584</u>	<u>57,742</u>	<u>219,855</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	271,326	5,329,950	354,708	59,619
Unearned revenue	-	13,052	-	-
Compensated absences	172,404	141,980	52,567	18,742
Advance from other funds	-	-	962,222	-
Installment purchase obligations	-	-	-	10,365
Certificates of participation	-	-	683,452	-
Revenue bonds payable	634,367	972,187	234,880	632,180
State revolving loans payable	752,281	-	-	-
Total current liabilities	<u>1,830,378</u>	<u>6,457,169</u>	<u>2,287,829</u>	<u>720,906</u>
Liabilities payable from restricted assets:				
Customer deposits	83,450	342,813	139,344	-
Non-current liabilities:				
Compensated absences	84,915	69,931	25,891	9,231
Installment purchase obligations	-	-	-	-
Certificates of participation - net of unamortized discounts	-	-	28,525,156	-
Revenue bonds payable - net unamortized premium	6,967,755	18,735,910	3,365,637	9,458,493
State revolving loans payable	8,717,810	-	-	-
Other post-employment benefits payable	1,314,041	573,914	291,256	243,125
Total non-current liabilities	<u>17,167,971</u>	<u>19,722,568</u>	<u>32,347,284</u>	<u>9,710,849</u>
Total liabilities	<u>18,998,349</u>	<u>26,179,737</u>	<u>34,635,113</u>	<u>10,431,755</u>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	864,149	375,135	194,266	160,772
Net investment in capital assets	55,458,090	59,472,452	27,563,613	21,477,380
Unrestricted	29,112,051	53,261,524	21,490,989	601,311
Total net position	<u>\$ 84,570,141</u>	<u>\$ 112,733,976</u>	<u>\$ 49,054,602</u>	<u>\$ 22,078,691</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, 2015

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 3,473,819	\$ 101,574,881	\$ 3,029,425
Accounts receivable	401,347	10,665,111	266,813
Note receivable	-	1,042,539	-
Prepaid expenses	2,272	36,149	113,993
Inventories	7,425	3,852,530	-
Total current assets	<u>3,884,863</u>	<u>117,171,210</u>	<u>3,410,231</u>
Non-current assets:			
Restricted assets:			
Cash and cash equivalents:			
Customer deposits	-	565,607	20,169
Advance to other funds	-	1,760,477	-
Net pension asset	179,377	798,096	-
Capital assets:			
Land and other non-depreciable assets	925,594	22,418,530	-
Other capital assets, net of depreciation	7,612,279	229,449,948	-
Capital assets (net)	<u>8,537,873</u>	<u>251,868,478</u>	<u>-</u>
Total non-current assets	<u>8,717,250</u>	<u>254,992,658</u>	<u>20,169</u>
Total assets	<u>12,602,113</u>	<u>372,163,868</u>	<u>3,430,400</u>
<b>Deferred Outflows of Resources</b>			
Contributions to pension plan in current fiscal year	111,191	494,719	-
Charge on debt defeasance	-	331,403	-
Total deferred outflows of resources	<u>111,191</u>	<u>826,122</u>	<u>-</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	317,400	6,333,003	479,228
Unearned revenue	20,553	33,605	-
Compensated absences	82,177	467,870	-
Advance from other funds	-	962,222	-
Installment purchase obligations	196,598	206,963	-
Certificates of participation	-	683,452	-
Revenue bonds payable	-	2,473,614	-
State revolving loans payable	-	752,281	-
Total current liabilities	<u>616,728</u>	<u>11,913,010</u>	<u>479,228</u>
Liabilities payable from restricted assets:			
Customer deposits	-	565,607	20,169
Non-current liabilities:			
Compensated absences	40,475	230,443	-
Installment purchase obligations	153,909	153,909	-
Certificates of participation - net of unamortized discounts	-	28,525,156	-
Revenue bonds payable - net unamortized premium	-	38,527,795	-
State revolving loans payable	-	8,717,810	-
Other post-employment benefits payable	702,891	3,125,227	-
Total non-current liabilities	<u>897,275</u>	<u>79,845,947</u>	<u>20,169</u>
Total liabilities	<u>1,514,003</u>	<u>91,758,957</u>	<u>499,397</u>
Pension deferrals	<u>462,219</u>	<u>2,056,541</u>	<u>-</u>
Net investment in capital assets	8,187,366	172,158,901	-
Unrestricted	<u>2,549,716</u>	<u>107,015,591</u>	<u>2,931,003</u>
Total net position	<u>\$ 10,737,082</u>	<u>279,174,492</u>	<u>\$ 2,931,003</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds net position of business-type activities		<u>(246,260)</u>	
		<u>\$ 278,928,232</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, 2015

	<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	\$ 15,158,731	\$ 65,383,600	\$ 17,957,504	\$ 1,912,425
Interfund charges and employee contributions	-	-	-	-
Other operating revenues	424,367	341,526	2,904	13,060
Total operating revenues	<u>15,583,098</u>	<u>65,725,126</u>	<u>17,960,408</u>	<u>1,925,485</u>
<b>Operating Expenses:</b>				
Distribution systems	2,043,890	4,330,390	3,843,717	-
Water filter plant	2,847,414	-	-	-
Waste treatment plant	2,473,140	-	-	-
Electric power purchases	-	52,932,832	-	-
Natural gas purchases	-	-	6,703,056	-
Aquatics and Fitness Center operations	-	-	-	-
Airport operations	-	-	-	2,265,362
Stormwater operations	-	-	-	-
Solidwaste operations	-	-	-	-
Operating expenses	-	-	-	-
Workers' compensation claims and premiums	-	-	-	-
Health benefit claims and premiums	-	-	-	-
Property and liability claims and premiums	-	-	-	-
Depreciation and amortization	2,382,208	2,670,273	1,512,090	707,259
Total operating expenses	<u>9,746,652</u>	<u>59,933,495</u>	<u>12,058,863</u>	<u>2,972,621</u>
Operating income (loss)	<u>5,836,446</u>	<u>5,791,631</u>	<u>5,901,545</u>	<u>(1,047,136)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Gain (loss) on sale of capital assets	1,035	-	-	-
Availability fees	554,823	-	88,472	-
Other nonoperating revenues (expenses)	22,819	73,510	87,024	-
Investment earnings	522,120	823,898	333,477	-
Interest income interfund loans	-	63,520	-	-
Interest and other charges	(613,105)	(947,572)	(1,731,568)	(432,118)
Total non-operating revenues (expenses)	<u>487,692</u>	<u>13,356</u>	<u>(1,222,595)</u>	<u>(432,118)</u>
Income (loss) before capital contributions and transfers	6,324,138	5,804,987	4,678,950	(1,479,254)
Capital grants and contributions	-	-	-	139,724
Transfers from other funds	208,333	58,333	58,334	1,325,812
Transfers to other funds	-	-	-	(436,001)
Total transfers (to) from other funds	<u>208,333</u>	<u>58,333</u>	<u>58,334</u>	<u>889,811</u>
Change in net position	<u>6,532,471</u>	<u>5,863,320</u>	<u>4,737,284</u>	<u>(449,719)</u>
<b>Net Position:</b>				
Beginning of year, July 1	78,557,168	107,096,175	44,434,104	22,625,061
Restatement	(519,498)	(225,519)	(116,786)	(96,651)
Beginning of year, July 1, restated	<u>78,037,670</u>	<u>106,870,656</u>	<u>44,317,318</u>	<u>22,528,410</u>
End of year, June 30	<u>\$ 84,570,141</u>	<u>\$ 112,733,976</u>	<u>\$ 49,054,602</u>	<u>\$ 22,078,691</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, 2015

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Operating Revenues:</b>			
Charges for services	\$ 7,759,389	\$ 108,171,649	\$ -
Interfund charges and employee contributions	-	-	8,343,890
Other operating revenues	215,413	997,270	667,012
Total operating revenues	<u>7,974,802</u>	<u>109,168,919</u>	<u>9,010,902</u>
<b>Operating Expenses:</b>			
Distribution systems	-	10,217,997	-
Water filter plant	-	2,847,414	-
Waste treatment plant	-	2,473,140	-
Electric power purchases	-	52,932,832	-
Natural gas purchases	-	6,703,056	-
Aquatics and Fitness Center operations	3,355,020	3,355,020	-
Airport operations	-	2,265,362	-
Stormwater operations	1,715,277	1,715,277	-
Solidwaste operations	1,985,745	1,985,745	-
Operating expenses	-	-	457,269
Workers' compensation claims and premiums	-	-	417,313
Health benefit claims and premiums	-	-	7,421,532
Property and liability claims and premiums	-	-	650,295
Depreciation and amortization	603,930	7,875,760	-
Total operating expenses	<u>7,659,972</u>	<u>92,371,603</u>	<u>8,946,409</u>
Operating income (loss)	<u>314,830</u>	<u>16,797,316</u>	<u>64,493</u>
<b>Non-Operating Revenues (Expenses)</b>			
Gain (loss) on sale of capital assets	-	1,035	-
Availability fees	-	643,295	-
Other nonoperating revenues (expenses)	9,043	192,396	-
Investment earnings	55,682	1,735,177	48,203
Interest income interfund loans	-	63,520	-
Interest and other charges	(8,646)	(3,733,009)	-
Total non-operating revenues (expenses)	<u>56,079</u>	<u>(1,097,586)</u>	<u>48,203</u>
Income (loss) before capital contributions and transfers	370,909	15,699,730	112,696
Capital grants and contributions	-	139,724	-
Transfers from other funds	52,500	1,703,312	-
Transfers to other funds	-	(436,001)	-
Transfers (to) from other funds	<u>52,500</u>	<u>1,267,311</u>	<u>-</u>
Change in net position	<u>423,409</u>	<u>17,106,765</u>	<u>112,696</u>
<b>Net Position:</b>			
Beginning of year, July 1	10,591,543		2,818,307
Restatement	(277,870)		-
Beginning of year, July 1, restated	<u>10,313,673</u>		<u>2,818,307</u>
End of year, June 30	<u>\$ 10,737,082</u>		<u>\$ 2,931,003</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise funds change in net position of business-type activities		<u>34,033</u> <u>\$ 17,140,798</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, 2015

	<u>Major Enterprise Funds</u>			
	<u>Water and Sewer</u>	<u>Electric</u>	<u>Natural Gas</u>	<u>Airport</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 15,937,951	\$ 63,052,107	\$ 17,763,108	\$ 1,950,425
Cash paid for goods and services	(3,486,695)	(54,366,473)	(9,698,990)	(1,774,136)
Cash paid to or on behalf of employees for services	(4,068,157)	(2,594,973)	(935,847)	(582,016)
Other operating revenues	-	-	-	-
Net cash provided (used) by operating activities	<u>8,383,099</u>	<u>6,090,661</u>	<u>7,128,271</u>	<u>(405,727)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Advances (to) from other funds	-	1,128,229	(1,029,838)	-
Transfers (to) from other funds	208,333	58,333	58,334	889,811
Net cash provided (used) by non-capital financing activities	<u>208,333</u>	<u>1,186,562</u>	<u>(971,504)</u>	<u>889,811</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from sale of capital assets	42,233	2,972,757	-	-
Acquisition and construction of capital assets	(3,978,750)	(3,093,491)	(1,460,412)	(151,165)
Note receivable collected (granted)	-	-	1,079,884	-
Capital contributions	-	-	-	139,724
Principal paid on bond maturities and equipment obligations	(1,702,116)	(1,117,476)	(907,219)	(601,333)
Interest paid on bond maturities and equipment obligations	(613,105)	(947,573)	(1,731,568)	(432,118)
Availability fees	554,823	-	88,472	-
Net cash used by capital and related financing activities	<u>(5,696,915)</u>	<u>(2,185,783)</u>	<u>(2,930,843)</u>	<u>(1,044,892)</u>
<b>Cash Flows from Investing Activities:</b>				
Earnings on investments	522,120	887,418	333,477	-
Net cash used by capital and related investing activities	<u>522,120</u>	<u>887,418</u>	<u>333,477</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	3,416,637	5,978,858	3,559,401	(560,808)
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	<u>26,442,235</u>	<u>41,201,478</u>	<u>17,327,960</u>	<u>1,300,908</u>
End of year, June 30	<u>\$ 29,858,872</u>	<u>\$ 47,180,336</u>	<u>\$ 20,887,361</u>	<u>\$ 740,100</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, 2015

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 7,942,278	\$ 106,645,869	\$ 8,229,891
Cash paid for goods and services	(4,363,184)	(73,689,478)	(8,908,207)
Cash paid to or on behalf of employees for services	(2,562,135)	(10,743,128)	-
Other operating revenues	-	-	667,012
Net cash provided (used) by operating activities	<u>1,016,959</u>	<u>22,213,263</u>	<u>(11,304)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Advances (to) from other funds	-	98,391	-
Transfers (to) from other funds	52,500	1,267,311	-
Net cash provided (used) by non-capital financing activities	<u>52,500</u>	<u>1,365,702</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from sale of capital assets	-	3,014,990	-
Acquisition and construction of capital assets	(122,676)	(8,806,494)	-
Note receivable collected (granted)	-	1,079,884	-
Capital contributions	-	139,724	-
Principal paid on bond maturities and equipment obligations	(192,885)	(4,521,029)	-
Interest paid on bond maturities and equipment obligations	(8,646)	(3,733,010)	-
Availability fees	-	643,295	-
Net cash used by capital and related financing activities	<u>(324,207)</u>	<u>(12,182,640)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>			
Earnings on investments	55,682	1,798,697	48,203
Net cash used by capital and related investing activities	<u>55,682</u>	<u>1,798,697</u>	<u>48,203</u>
Net increase (decrease) in cash and cash equivalents	800,934	13,195,022	36,899
<b>Cash and Cash Equivalents:</b>			
Beginning of year, July 1	2,672,885	88,945,466	3,012,695
End of year, June 30	<u>\$ 3,473,819</u>	<u>\$ 102,140,488</u>	<u>\$ 3,049,594</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, 2015

	<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)	\$ 5,836,446	\$ 5,791,631	\$ 5,901,545	\$ (1,047,136)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,382,208	2,670,273	1,512,090	707,259
Non operating revenue	22,819	73,510	87,024	-
Pension expense	9,295	4,035	2,090	1,729
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	156,502	(2,733,328)	(279,926)	25,968
(Increase) decrease in inventories	(3,474)	11,817	(32,228)	88,065
(Increase) decrease in prepaid expenses	177,838	(2,063)	(622)	(1,028)
(Increase) decrease in deferred outflows of resources for pensions	(207,879)	(90,242)	(46,732)	(38,675)
Increase (decrease) in accounts payable and accrued liabilities	(194,520)	257,209	(74,695)	(193,308)
Increase (decrease) in customer deposits	(2,306)	(11,138)	(3,776)	-
Increase (decrease) in net OPEB liability	258,222	112,780	57,235	47,776
Increase (decrease) in compensated absences	(52,052)	6,177	6,266	3,623
Total adjustments	<u>2,546,653</u>	<u>299,030</u>	<u>1,226,726</u>	<u>641,409</u>
Net cash provided (used) by operating activities	<u>\$ 8,383,099</u>	<u>\$ 6,090,661</u>	<u>\$ 7,128,271</u>	<u>\$ (405,727)</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, 2015

	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 314,830	\$ 16,797,316	\$ 64,493
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	603,930	7,875,760	-
Non operating revenue	9,043	192,396	-
Pension expense	4,971	22,120	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(34,269)	(2,865,053)	(110,260)
(Increase) decrease in inventories	331	64,511	-
(Increase) decrease in prepaid expenses	898	175,023	(3,739)
(Increase) decrease in deferred outflows of resources for pensions	(111,190)	(494,718)	-
Increase (decrease) in accounts payable and accrued liabilities	84,086	(121,228)	38,202
Increase (decrease) in customer deposits	-	(17,220)	-
Increase (decrease) in net OPEB liability	138,125	614,138	-
Increase (decrease) in compensated absences	6,204	(29,782)	-
Total adjustments	<u>702,129</u>	<u>5,415,947</u>	<u>(75,797)</u>
Net cash provided (used) by operating activities	<u>\$ 1,016,959</u>	<u>\$ 22,213,263</u>	<u>\$ (11,304)</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, 2015

### 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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

*Fund Financial Statements.* The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The 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 non-major 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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The City reports the following non-major 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.

**State Grant Programs.** This fund is used to account for specific state grant revenues that are restricted for housing rehabilitation throughout the City.

**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 Project.** 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.

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 non-major 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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**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.

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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, State Grant Programs, 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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair values, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

The City, the ABC Board, and the Tourism Development Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. 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 reported at cost.

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

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

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 3. *Restricted Assets*

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

#### **Governmental Activities:**

##### General Fund:

Streets	\$	862,538
Unexpended debt proceeds		3,397,206

##### Health and Dental Fund:

Deposits		10,169
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##### Workers' Compensation Fund:

Deposits		10,000
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Total governmental activities	\$	<u>4,279,913</u>
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#### **Business-Type Activities:**

##### Water & Sewer Fund:

Customer deposits		83,450
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##### Electric Fund:

Customer deposits		342,813
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##### Natural Gas Fund:

Customer deposits		139,344
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Total business-type activities	\$	<u>565,607</u>
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Total restricted cash	\$	<u>4,845,520</u>
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The unexpended debt proceeds, which relate to the Capital Projects fund, have been partially encumbered. The encumbered amount is included in the Stabilization by State Statute restricted fund balance amount, and the remainder is included in the restricted for capital projects restricted fund balance.

### 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, 2014. As allowed by State law, the City has established a schedule of discounts that apply to taxes

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, Monroe TDA, and the ABC Board 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 Monroe TDA and ABC Board 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 are recorded at their estimated fair value at the date of donation. 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, 2015

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, 2015.

### **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 two items that meets this criterion: an unamortized loss on a bond defeasance for Refunding bonds, and contributions made to the pension plan in the 2015 fiscal year. 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 four items that meet the criterion for this category – prepaid taxes, other receivables, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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 sixty (60) days are carried forward to July 1 of the next fiscal year. The remaining excess amount will be converted to sick leave and added to the employee's sick leave balance.

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

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

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

The Tourism Development Authority had two employees during the year ended June 30, 2015

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, or 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, 2015**

Non-Spendable fund balance at June 30, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Inventories	\$ 217,382	\$ -	\$ 217,382
Prepays	64,888	491	65,379
	<u>\$ 282,270</u>	<u>\$ 491</u>	<u>\$ 282,761</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)].

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

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

*Restricted for Capital Projects* – portion of fund balance that is restricted for use in capital projects.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Restricted fund balance at June 30, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Stabilization by State Statute	\$ 3,663,362	\$ 2,995,859	\$ 6,659,221
Public Safety	424,650	-	424,650
Transportation	862,538	-	862,538
Occupancy tax capital projects	-	1,675,052	1,675,052
Economic development	-	215,561	215,561
Capital Projects	-	661,994	661,994
	<u>\$ 4,950,550</u>	<u>\$ 5,548,466</u>	<u>\$ 10,499,016</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 culture and recreation purposes.

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

Committed fund balance at June 30, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Culture and recreation	\$ -	\$ 200,000	\$ 200,000
Capital Projects	-	795,950	795,950
	<u>\$ -</u>	<u>\$ 995,950</u>	<u>\$ 995,950</u>

*Assigned Fund Balance* – Portion of fund balance that the City of Monroe intends to use for specific purposes that are neither considered restricted or committed. 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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

*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.

*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, 2015, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Minimum fund balance requirement	\$ 8,637,593	\$ -	\$ 8,637,593
Airport grant acceptance	1,265,679	-	1,265,679
Airport operations - 5-year subsidy	750,000	-	750,000
Street resurfacing - 5-year program	900,000	-	900,000
Subsequent year's expenditures	2,209,491	-	2,209,491
Community development	-	56,562	56,562
Downtown Monroe	-	56,619	56,619
	<u>\$ 13,762,763</u>	<u>\$ 113,181</u>	<u>\$ 13,875,944</u>

*Unassigned Fund Balance* – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 City Council in a subsequent fiscal year to fund capital or debt service expenditures as determined by the City Council during the budget process. If during a fiscal year an excess over the stipulated \$7,500,000 or 25% exists, the City Council may request an appropriation to fund unforeseen needs.

### **12. Pensions**

For purposes of measuring the net pension asset, 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,

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 \$(16,714,644) difference are as follows:

Installment purchase obligations	\$ (7,605,075)
Compensated absences	(2,054,678)
Net OPEB liability	<u>(7,054,891)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (16,714,644)</u>

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(9,284) difference are as follows:

Capital outlay	\$ 4,157,516
Disposal, net book value	(17,773)
Depreciation expense	<u>(4,149,027)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (9,284)</u>

Another element of that reconciliation states 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 \$(3,283,005) are as follows:

Debt issued or incurred:	\$ (4,476,262)
Principal payments:	
Installment purchase obligations	<u>1,193,257</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>\$ (3,283,005)</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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 securities held by the City's, the ABC Board's, or the Tourism Development Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all 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, 2015 the City's deposits had a carrying amount of \$12,601,217 and a bank balance of \$11,921,241. 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, 2015 the ABC Board's deposits had a carrying amount of \$783,832 and a bank balance of \$768,960. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$518,960 was covered by collateral held under the Pooling Method. The ABC Board had an additional \$3,900 in the drawers and petty cash to cover operating needs on a daily basis.

At June 30, 2015, the Tourism Development Authority's deposits had a carrying amount of \$108,400 and a bank balance of \$108,400. Of the bank balance, \$27,687 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, 2015

#### 2. *Investments*

As of June 30, 2015, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>5+ Years</u>
U.S. Government Agencies	\$ 111,379,088	\$ -	\$ -	\$ 6,921,626	\$ 104,457,462
NC Capital Management Trust - Cash Portfolio	10,647,564	N/A	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	3,009,820	3,009,820	-	-	-
<b>Total</b>	<u>\$ 125,036,472</u>	<u>\$ 3,009,820</u>	<u>\$ -</u>	<u>\$ 6,921,626</u>	<u>\$ 104,457,462</u>

*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 AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard and Poor's as of June 30, 2015. 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 General Statutes 159-30 as amended.

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

*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 89 percent of the City's investments are in Federal Farm, Federal Home Loan Bank, and Fannie Mae securities. In addition, the City had 8.5% of its investment portfolio in the NCCMT – cash portfolio at June 30, 2015.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**3. Note Receivable**

The City granted a promissory note in the amount of \$6,000,000 to a natural gas supplier for capacity charges related to the leased capacity of a natural gas line. The remaining balance of the promissory note is payable in monthly installments of \$97,363 through June 2016. The note calls for interest to be paid monthly at the annual rate of 5.42%. Principal collections for the fiscal year ended June 30, 2015 totaled \$1,079,884.

	<b><u>2015</u></b>
Total receivable	\$ 1,042,539
Less current portion	<u>1,042,539</u>
Total note receivable - non-current	<u><u>\$ -</u></u>

Scheduled future maturities of the note receivable are as follows:

	<b><u>Year</u></b>	
	<b><u>Ending</u></b>	<b><u>Total</u></b>
	<u>2016</u>	<u>\$ 1,042,539</u>
	Total	<u><u>\$ 1,042,539</u></u>

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><u>2015</u></b>
Total receivable	\$ 1,112,140
Less current portion	<u>44,367</u>
Total note receivable - non-current	<u><u>\$ 1,067,773</u></u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Scheduled future maturities of the note receivable are as follows:

<b>Year Ending</b>	<b>Total</b>
2016	\$ 44,367
2017	45,857
2018	47,437
2019	49,051
2020	50,720
Thereafter	<u>874,708</u>
Total	<u>\$ 1,112,140</u>

The City granted a promissory note in the amount of \$63,255 to an Association for repair of streets in a subdivision. The remaining balance of the promissory note is payable in monthly installments of \$6,326 through May 2024. The note allows for no interest. There were principal collections of \$6,326 for the fiscal year ended June 30, 2015.

	<b>2015</b>
Total receivable	\$ 56,930
Less current portion	<u>6,326</u>
Total note receivable - non-current	<u>\$ 50,604</u>

Scheduled future maturities of the note receivable are as follows:

<b>Year Ending</b>	<b>Total</b>
2016	\$ 6,326
2017	6,326
2018	6,326
2019	6,326
2020	6,326
Thereafter	<u>25,300</u>
Total	<u>\$ 56,930</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 Activities</u>	<u>Business-Type Activities</u>
Accounts receivable, net	\$ 691,685	\$ 10,665,111
Total	<u>\$ 691,685</u>	<u>\$ 10,665,111</u>

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

General Fund:	
Taxes receivable	<u>\$ 349,065</u>
Downtown Monroe:	
Taxes receivable	<u>\$ 167</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 5. *Capital Assets*

#### *Primary Government*

Capital asset activity for the primary government for the year ended June 30, 2015, was as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	\$ 5,097,286	\$ -	\$ -	\$ -	\$ 5,097,286
Construction in progress	266,607	1,556,486	-	-	1,823,093
Total non-depreciable capital assets	<u>5,363,893</u>	<u>1,556,486</u>	<u>-</u>	<u>-</u>	<u>6,920,379</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	21,049,974	270,298	-	-	21,320,272
Equipment	5,118,688	205,952	72,159	-	5,252,481
Vehicles and motorized equipment	15,225,404	1,850,829	544,783	-	16,531,450
Other intangibles	529,142	-	-	-	529,142
Infrastructure	88,798,066	187,274	-	-	88,985,340
Total depreciable capital assets	<u>130,721,274</u>	<u>2,514,353</u>	<u>616,942</u>	<u>-</u>	<u>132,618,685</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	9,074,192	522,311	-	-	9,596,503
Equipment	3,603,070	379,812	72,159	-	3,910,723
Vehicles and motorized equipment	11,725,034	974,781	527,010	-	12,172,805
Other intangibles	392,491	63,987	-	-	456,478
Infrastructure	38,394,134	2,160,742	-	-	40,554,876
Total accumulated depreciation	<u>63,188,921</u>	<u>\$ 4,101,633</u>	<u>\$ 599,169</u>	<u>\$ -</u>	<u>66,691,385</u>
Total depreciable capital assets, net	<u>67,532,353</u>				<u>65,927,300</u>
General Fund capital assets, net	<u>\$ 72,896,246</u>				<u>\$ 72,847,679</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
<b>Downtown Monroe Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	\$ 80,149	\$ -	\$ -	\$ -	\$ 80,149
Total non-depreciable capital assets	80,149	-	-	-	80,149
<b>Depreciable Capital Assets:</b>					
Equipment	98,071	-	-	-	98,071
Total depreciable capital assets	98,071	-	-	-	98,071
<b>Less Accumulated Depreciation:</b>					
Equipment	63,045	14,011	-	-	77,056
Total accumulated depreciation	63,045	\$ 14,011	\$ -	\$ -	77,056
Total depreciable capital assets, net	35,026				21,015
Downtown Monroe Fund capital assets, net	115,175				101,164
<b>Occupancy Tax Fund:</b>					
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	256,448	\$ -	\$ -	\$ -	256,448
Equipment	168,500	86,677	-	-	255,177
Total depreciable capital assets	424,948	86,677	-	-	511,625
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	3,031	5,699	-	-	8,730
Equipment	81,606	27,684	-	-	109,290
Total accumulated depreciation	84,637	\$ 33,383	\$ -	\$ -	118,020
Total depreciable capital assets, net	340,311				393,605
Occupancy Tax Fund capital assets, net	340,311				393,605
Governmental activities capital assets, net	\$ 73,351,732				\$ 73,342,448

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

**General Fund:**

General government	\$ 316,967
Transportation	2,424,323
Public safety	820,319
Culture and recreation	530,950
Economic and physical development	<u>9,074</u>
Total General Fund	<u>4,101,633</u>

**Downtown Monroe Fund:**

General government	<u>14,011</u>
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**Occupancy Tax Fund:**

Economic and physical development	<u>33,383</u>
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Total governmental activities	<u>\$ 4,149,027</u>
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# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
<b>Business-Type Activities:</b>					
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	\$ 829,827	\$ -	\$ -	\$ -	\$ 829,827
Construction in progress	38,435	-	36,304	-	2,131
Total non-depreciable capital assets	868,262	-	36,304	-	831,958
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	33,155,602	161,653	-	-	33,317,255
Equipment	4,302,433	607,173	41,011	-	4,868,595
Vehicles and motorized equipment	3,467,774	72,781	87,084	17,374	3,470,845
Infrastructure	61,962,686	3,137,143	-	-	65,099,829
Total depreciable capital assets	102,888,495	3,978,750	128,095	17,374	106,756,524
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	11,921,107	708,966	41,011	-	12,589,062
Equipment	2,530,735	424,377	-	-	2,955,112
Vehicles and motorized equipment	2,637,211	147,355	82,192	17,374	2,719,748
Infrastructure	15,786,902	1,121,226	-	-	16,908,128
Total accumulated depreciation	32,875,955	\$ 2,401,924	\$ 123,203	\$ 17,374	35,172,050
Total depreciable capital assets, net	70,012,540				71,584,474
<b>Water and Sewer Fund capital assets, net</b>					
	70,880,802				72,416,432
<b>Electric Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	4,535,927	\$ -	\$ 203,999	\$ -	4,331,928
Construction in progress	4,975,173	342,974	3,198,279	-	2,119,868
Total non-depreciable capital assets	9,511,100	342,974	3,402,278	-	6,451,796
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	5,581,079	2,768,757	2,768,757	-	5,581,079
Equipment	2,889,371	-	-	-	2,889,371
Vehicles and motorized equipment	3,122,436	631,743	131,298	-	3,622,881
Infrastructure	96,545,857	2,298,122	-	-	98,843,979
Other intangibles	-	250,173	-	-	250,173
Total depreciable capital assets	108,138,743	5,948,795	2,900,055	-	111,187,483
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	409,593	124,775			534,368
Equipment	1,814,471	76,529			1,891,000
Vehicles and motorized equipment	2,286,247	305,247	131,298		2,460,196
Infrastructure	31,410,522	2,162,969			33,573,491
Other intangibles	-	25,017	-	-	25,017
Total accumulated depreciation	35,920,833	\$ 2,694,537	\$ 131,298	\$ -	38,484,072
Total depreciable capital assets, net	72,217,910				72,703,411
<b>Electric Fund capital assets, net</b>					
	81,729,010				79,155,207

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
<b>Natural Gas Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	780,785	\$ -	\$ -	\$ -	780,785
Construction in progress	<u>1,751,567</u>	<u>587,814</u>	<u>17,592</u>	<u>-</u>	<u>2,321,789</u>
Total non-depreciable capital assets	<u>2,532,352</u>	<u>587,814</u>	<u>17,592</u>	<u>-</u>	<u>3,102,574</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	569,484	-	-	-	569,484
Equipment	558,160	-	-	-	558,160
Vehicles and motorized equipment	954,200	96,942	19,052	-	1,032,090
Infrastructure	<u>66,068,775</u>	<u>793,248</u>	<u>-</u>	<u>-</u>	<u>66,862,023</u>
Total depreciable capital assets	<u>68,150,619</u>	<u>890,190</u>	<u>19,052</u>	<u>-</u>	<u>69,021,757</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	179,896	13,254	-	-	193,150
Equipment	414,734	49,981	-	-	464,715
Vehicles and motorized equipment	706,858	61,996	19,052	-	749,802
Infrastructure	<u>8,973,064</u>	<u>1,381,872</u>	<u>-</u>	<u>-</u>	<u>10,354,936</u>
Total accumulated depreciation	<u>10,274,552</u>	<u>\$ 1,507,103</u>	<u>\$ 19,052</u>	<u>\$ -</u>	<u>11,762,603</u>
Total depreciable capital assets, net	<u>57,876,067</u>				<u>57,259,154</u>
<b>Natural Gas Fund capital assets, net</b>	<u>60,408,419</u>				<u>60,361,728</u>
<b>Airport Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land and land improvements	9,796,782	\$ -	\$ -	\$ -	9,796,782
Construction in progress	<u>2,704,627</u>	<u>15,736</u>	<u>1,410,537</u>	<u>-</u>	<u>1,309,826</u>
Total non-depreciable capital assets	<u>12,501,409</u>	<u>15,736</u>	<u>1,410,537</u>	<u>-</u>	<u>11,106,608</u>
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	24,648,452	1,535,580	-	-	26,184,032
Equipment	469,785	10,386	-	-	480,171
Vehicles and motorized equipment	477,170	-	-	17,374	494,544
Infrastructure	<u>3,138,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138,867</u>
Total depreciable capital assets	<u>28,734,274</u>	<u>1,545,966</u>	<u>-</u>	<u>17,374</u>	<u>30,297,614</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	8,255,612	600,518	-	-	8,856,130
Equipment	414,413	30,213	-	-	444,626
Vehicles and motorized equipment	371,477	33,662	-	17,374	422,513
Infrastructure	<u>220,936</u>	<u>62,779</u>	<u>-</u>	<u>-</u>	<u>283,715</u>
Total accumulated depreciation	<u>9,262,438</u>	<u>\$ 727,172</u>	<u>\$ -</u>	<u>\$ 17,374</u>	<u>10,006,984</u>
Total depreciable capital assets, net	<u>19,471,836</u>				<u>20,290,630</u>
<b>Airport Fund capital assets, net</b>	<u>31,973,245</u>				<u>31,397,238</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</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	9,953,182	116,593	-	-	10,069,775
Equipment	158,079	6,083	-	-	164,162
Vehicles and motorized equipment	29,817	-	-	-	29,817
Total depreciable capital assets	<u>10,141,078</u>	<u>122,676</u>	<u>-</u>	<u>-</u>	<u>10,263,754</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	3,366,871	277,220	-	-	3,644,091
Equipment	93,168	18,100	-	-	111,268
Vehicles and motorized equipment	24,898	1,968	-	-	26,866
Total accumulated depreciation	<u>3,484,937</u>	<u>\$ 297,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,782,225</u>
Total depreciable capital assets, net	<u>6,656,141</u>				<u>6,481,529</u>
<b>Aquatics and Fitness Center</b>					
<b>Fund capital assets, net</b>	<u>7,581,735</u>				<u>7,407,123</u>
<b>Stormwater Fund:</b>					
<b>Depreciable Capital Assets:</b>					
Buildings and improvements	20,495	\$ -	\$ -	\$ -	20,495
Equipment	34,448	-	-	-	34,448
Vehicles and motorized equipment	917,978	-	-	-	917,978
Infrastructure	162,048	-	-	-	162,048
Total depreciable capital assets	<u>1,134,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,134,969</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	1,138	456	-	-	1,594
Equipment	19,764	4,922	-	-	24,686
Vehicles and motorized equipment	462,526	110,174	-	-	572,700
Infrastructure	4,863	3,239	-	-	8,102
Total accumulated depreciation	<u>488,291</u>	<u>\$ 118,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>607,082</u>
Total depreciable capital assets, net	<u>646,678</u>				<u>527,887</u>
<b>Stormwater Fund capital assets, net</b>	<u>646,678</u>				<u>527,887</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
<b>Solid Waste Fund:</b>					
<b>Depreciable Capital Assets:</b>					
Other intangibles	967,361	\$ -	\$ -	\$ -	967,361
Buildings and improvements	<u>143,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,914</u>
Total depreciable capital assets	<u>1,111,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111,275</u>
<b>Less Accumulated Depreciation:</b>					
Other intangibles	316,965	180,653	-	-	497,618
Buildings and improvements	<u>3,598</u>	<u>7,196</u>	<u>-</u>	<u>-</u>	<u>10,794</u>
Total accumulated depreciation	<u>320,563</u>	<u>\$ 187,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>508,412</u>
Total depreciable capital assets, net	<u>790,712</u>				<u>602,863</u>
<b>Solid Waste Fund capital assets, net</b>	<u>790,712</u>				<u>602,863</u>
<b>Business-type activities</b>					
<b>capital assets, net</b>	<u>\$ 254,010,601</u>				<u>\$ 251,868,478</u>

*Net Investment in Capital Assets*

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 73,342,448	\$ 251,868,478
Less: Long-term debt	7,605,075	80,040,980
Add: Deferred outflows	-	331,403
Add: Unexpended debt proceeds	<u>3,397,206</u>	<u>-</u>
Net investment in capital assets	<u>\$ 69,134,579</u>	<u>\$ 172,158,901</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

*Discretely Presented Component Units*

Capital asset activity for the ABC Board for the year ended June 30, 2015, was as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</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	1,037,379	-	-	1,037,379
Equipment	124,514	7,632	-	132,146
Vehicles and motorized equipment	15,830	-	-	15,830
Total depreciable capital assets	<u>1,177,723</u>	<u>7,632</u>	<u>-</u>	<u>1,185,355</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	420,274	28,371	-	448,645
Equipment	107,170	7,991	143	115,018
Vehicles and motorized equipment	15,830	-	-	15,830
Total accumulated depreciation	<u>543,274</u>	<u>\$ 36,362</u>	<u>\$ 143</u>	<u>579,493</u>
Total depreciable capital assets, net	<u>634,449</u>			<u>605,862</u>
<b>ABC Board capital assets, net</b>	<u>\$ 951,462</u>			<u>\$ 922,875</u>

The Tourism Development Authority had no capital assets.

**B. Liabilities**

**1. Accounts Payable and Accrued Liabilities**

Payables at the government-wide level at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General Fund	\$ 631,315	\$ 448,295	\$ 1,079,610
Nonmajor Funds	368,766	14,918	383,684
Total governmental activities	<u>\$ 1,000,081</u>	<u>\$ 463,213</u>	<u>\$ 1,463,294</u>
<b>Business-Type Activities:</b>			
Enterprise Funds	<u>\$ 6,094,016</u>	<u>\$ 238,987</u>	<u>\$ 6,333,003</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Component units' payables at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
ABC Board	\$ 251,726	\$ 3,911	\$ 112,000	\$ 367,637
Tourism Development Authority	\$ 5,479	\$ 510	\$ 15,148	\$ 21,137

**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 statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](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

## CITY OF MONROE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 General Statute 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, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Monroe were \$1,611,462 for the year ended June 30, 2015. The ABC Board's contributions to LGERS for the year ended June 30, 2015 were \$17,853.

#### *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. By state law, refunds to members with at least five years of service 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, 2015, the City reported an asset of \$2,599,661 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset 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, 2014, the City's proportion was 0.441%, which was a decrease of 0.026% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$72,052. At June 30, 2015, 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	\$ -	\$ 284,058
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,051,951
Changes in proportion and differences between City contributions and proportionate share of contributions	-	362,822
City contributions subsequent to the measurement date	1,611,462	-
Total	\$ 1,611,462	\$ 6,698,831

\$1,611,462 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Year ended June 30:

2016	\$ (1,675,113)
2017	\$ (1,675,113)
2018	\$ (1,675,113)
2019	\$ (1,673,492)
2020	-
Thereafter	-

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 5. Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

### *6. Discount rate*

The discount rate used to measure the total pension liability was 7.25%. 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, 2015**

7. *Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.*

The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.25%)</u>	<u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase</u> <u>(8.25%)</u>
City's proportionate share of the net pension liability (asset)	\$ 8,824,372	\$ (2,599,661)	\$ (12,218,326)

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. The Separation Allowance is equal to .85 percent 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.

All full time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Active plan members	<u>88</u>
Total	<u><u>94</u></u>

A separate report was not issued for the plan.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### *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 following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Contributions.* The City is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year.

Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

*Annual Pension Cost and Net Pension Obligation.* The City’s annual pension cost and net pension obligation (prepayment) to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 276,643
Interest on net pension obligation	4,820
Adjustment to annual required contribution	<u>(8,143)</u>
Annual pension cost	273,320
Contributions made	<u>(132,231)</u>
Increase in net pension obligation	141,089
Net pension obligation:	
Beginning of year, July 1	<u>96,391</u>
End of year, June 30	<u>\$ 237,480</u>

**Three-Year Trend Information**

<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2013	\$ 209,095	71.01%	\$ 34,024
2014	217,824	71.37%	96,391
2015	273,320	48.38%	237,480

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,205,573. The covered payroll (annual payroll of active employees covered by the plan) was \$4,788,054, and the ratio of the UAAL to the covered payroll was 46.06%.

The Schedule of Funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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.

*Funding Policy.* Article 12E of G. S. Chapter 143 requires the City to contribute each month an amount equal to five percent 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, 2015, were \$336,566 which consisted of \$229,174 from the City and \$107,392 from the law enforcement officers.

#### *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 three percent of each employee's salary, the employee contribution will be matched two percent 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, 2015, were \$1,261,782, which consisted of \$525,028 in regular contributions, \$292,324 in matching contributions from the City, and \$444,430 from the employees.

### 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 postemployment healthcare and dental benefits to retirees of the City provided they participate in the North Carolina Local Government Employees' Retirement System and have twenty (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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

*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 December 31, 2013:

Retirees and dependents receiving benefits	78
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>455</u>
Total	<u>533</u>

The current ARC rate is 10.96% of annual covered payroll. For the current year, the City contributed \$458,011 or 2.05% of annual covered payroll. For the year ended June 30, 2015, the City made payments for postretirement health benefit premiums of \$458,011. The City's obligation to contribute to Health Care Plan is established and may be amended by the City Council. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

*Summary of Significant Accounting Policies.* Post-employment expenditures are made from the Health and Dental Self-Insurance Fund. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual OPEB cost (expense) is calculated on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

## CITY OF MONROE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Annual required contribution	\$ 2,443,882
Interest on net obligation	327,185
Adjustment to annual required contribution	<u>(312,563)</u>
Annual OPEB cost (expense)	2,458,504
Contributions made	<u>(458,011)</u>
Increase (decrease) in net OPEB obligation	2,000,493
Net OPEB obligation:	
Beginning of year, July 1	<u>8,179,625</u>
End of year, June 30	<u><u>\$ 10,180,118</u></u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 2,005,199	21.0%	\$ 6,999,900
2014	2,067,896	43.0%	8,179,625
2015	2,458,504	18.6%	10,180,118

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and, thus the unfunded actuarial accrued liability (UAAL) was \$26,144,876. The covered payroll (annual payroll of active employees covered by the plan) was \$22,305,806, and the ratio of the UAAL to the covered payroll was 117.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include factors such as changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status) and changes in the plan provisions or applicable law. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past experiences and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using market value of investments. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

### **3. *Other Employment Benefits***

The City elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2015, the City made no contributions to the State for death benefits. Due to a surplus, a decision was made to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. There will, therefore, be a temporary relief period based on the number of years the employer has contributed to the Death Benefit Plan as of December 31, 2010: 1) One Year Relief – for employers contributing for less than 10 years, 2) Two Years Relief – for employers contribution for 10 or more (but less than 20) years, 3) Three Years Relief – for employers contributing for 20 or more years.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

	<b><u>Deferred Outflows</u></b>
Charge on debt defeasance	\$ 331,403
Pension deferrals	<u>1,611,462</u>
Total	<u>\$ 1,942,865</u>

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

	<b><u>Deferred Inflows</u></b>
Property taxes receivable:	
General	\$ 1,100,775
Nonmajor governmental	3,161
Privilege license receivable:	
General	865
Special vehicle tax receivable:	
General	4,857
Code enforcement liens receivable:	
General	265,147
Prepaid giftcards & store credits, not yet earned:	
General	4,007
Pension deferrals	<u>6,698,831</u>
Total	<u>\$ 8,077,643</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**5. Construction and Other Significant Commitments**

**Construction Commitments**

The government has active construction projects as of June 30, 2015. These projects include Bearskin Creek Greenway improvements, sidewalk improvements, Fire Station #4 construction, Glideslope and MALSRS improvements. 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	\$ 1,823,093	\$ 2,735,212
Enterprise:		
Water and Sewer	2,131	9,200
Stormwater	-	41,090
Electric	2,119,868	175,955
Natural Gas	2,321,791	62,916
Airport	<u>1,309,826</u>	<u>242,956</u>
 Total	 <u>\$ 7,576,709</u>	 <u>\$ 3,267,329</u>

**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, 2015 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<b>Governmental Activities:</b>	
General Fund	\$ 550,997
Nonmajor funds	<u>2,874,448</u>
Total governmental activities	<u>\$ 3,425,445</u>
 <b>Business-Type Activities:</b>	
Water and Sewer Fund	\$ 965,268
Electric Fund	508,912
Natural Gas Fund	63,132
Airport Fund	244,865
Nonmajor funds	<u>137,145</u>
Total business-type activities	<u>\$ 1,919,322</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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.

#### *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.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### *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 \$500,000 retained risk per occurrence for firefighters, police officers, and electrical line workers. All other employees also have a \$500,000 retained risk per occurrence with a \$1,000,000 aggregate limit. 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, 2015 are considered to be current liabilities. Changes in the balance of claims liabilities during the year ended June 30, 2015 are as follows:

	<b>Health Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>Property &amp; Casualty Fund</b>
Unpaid claims as of June 30, 2013	\$ 375,541	\$ 6,418	\$ 9,286
Claims and premiums paid	6,207,456	284,767	674,700
Incurred claims and premiums	(6,139,778)	(273,756)	(683,439)
Unpaid claims as of June 30, 2014	443,219	17,429	547
Claims and premiums paid	7,322,024	417,313	650,295
Incurred claims and premiums	(7,324,933)	(419,862)	(606,635)
 Unpaid claims as of June 30, 2015	 \$ 440,310	 \$ 14,880	 \$ 44,207

The City protects itself from potential loss through participation in the North Carolina League of Municipalities Interlocal Risk Financing Fund of North Carolina for general liability, automobile liability, public officials and law enforcement liability. The City maintains coverage of \$5,000,000 for comprehensive general liability, automobile liability, public officials and law enforcement liability. The City's potential loss for liability coverage is limited to the deductible amount of \$50,000 per claim for all coverage except for real and personal property which has a deductible of \$25,000 per claim.

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

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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. Since the Authority is an entity of the City, 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, 2015.

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

The City was a defendant in various matters of litigation as of June 30, 2015. 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, 2015**

**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%	\$ 310,800	\$ -	\$ 310,800
\$1,900,000 Executed February 8, 2008, to finance facility improvements, requiring 20 semi-annual installments of \$95,000 plus interest at 3.827%	570,000	-	570,000
\$2,391,720 Executed January 30, 2009 to finance construction of a recreation center, requiring 30 semi-annual installments of \$79,724. Interest Rate Modified June 2013 to 2.67%	1,435,032	-	1,435,032
\$771,100 Executed June 24, 2011 with a bank, to finance equipment, requiring 10 semi-annual installments of \$82,034 including interest at 2.29%	55,182	106,263	161,445
\$747,500 Executed June 25, 2012 with a bank, to finance equipment, to semi-annual installments of \$78,005 including interest at .78%	306,091	-	306,091
\$500,000 Executed July 20, 2013 with a bank, to finance equipment to semi-annual installments of \$52,037 including interest at 1.47%	-	254,609	254,609
\$850,000 Executed May 29, 2014 with a bank, to finance equipment, to semi-annual installments of \$88,355 including interest at 1.465%	684,095	-	684,095
\$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%	63,875	-	63,875
\$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 2.10%	<u>4,180,000</u>	<u>-</u>	<u>4,180,000</u>
Total	<u>\$ 7,605,075</u>	<u>\$ 360,872</u>	<u>\$ 7,965,947</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Annual debt service payments of the installment purchase obligations as of June 30, 2015, 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>
2016	\$ 1,247,807	\$ 170,157	\$ 206,963	\$ 5,101
2017	1,197,980	140,450	102,186	1,888
2018	1,046,594	112,369	51,723	315
2019	859,547	87,779	-	-
2020	635,355	69,407	-	-
2021-2025	2,617,792	142,265	-	-
Total	<u>\$ 7,605,075</u>		<u>\$ 360,872</u>	
Total interest payments		<u>\$ 722,427</u>		<u>\$ 7,304</u>

At June 30, 2015, the City had a legal debt margin of \$243,233,150.

**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:

\$30,920,000 Combined Enterprise System Revenue Bonds, Series 2008A, due annually in amounts ranging from \$795,000 to \$2,055,000 through March 1, 2033, interest rate varying between 4.0% and 5.0%. The amount shown includes \$220,220 in unamortized bond premiums associated with the bonds. \$ 26,075,220

\$19,620,000 Combined Enterprise System Revenue 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 \$616,189 in unamortized bond premiums and \$331,403 of unamortized deferred loss on defeasance associated with the bonds. 14,594,785

\$ 40,670,005

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

The future payments of the revenue bonds for the years ending June 30 2015, are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,355,000	\$ 1,782,119
2017	2,470,000	1,677,019
2018	2,575,000	1,563,569
2019	2,675,000	1,465,419
2020	2,090,000	1,347,469
2021-2025	11,205,000	5,390,281
2026-2030	10,905,000	2,822,638
2031-2033	<u>5,890,000</u>	<u>568,200</u>
Total	<u>\$ 40,165,000</u>	<u>\$ 16,616,714</u>

The future payments as presented above, have not been reduced by the net of unamortized bond premiums and deferred loss totaling \$505,005.

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, 2015, is as follows:

Operating revenues	\$ 101,194,117
Operating expenses (1)	77,380,895
Operating income	23,813,222
Non-operating revenues (2)	<u>1,679,495</u>
Income available for debt service	25,492,717
Parity debt service	<u>5,544,301</u>
Debt service coverage ratio	<u>460%</u>
Income available for debt service	25,492,717
Subordinated debt service	<u>8,014,073</u>
Debt service coverage ratio	<u>318%</u>

(1) Per rate covenants, this does not include the depreciation expense of \$7,330,736

(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, 2015

The City has pledged future water and sewer, electric, airport, and natural gas customer revenues, net of specified operating expenses, to repay \$50.5 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 \$59,781,714. Principal and interest paid for the current year and total customer net revenues were \$4,137,720 and \$100.4 million, respectively.

### *c. State Revolving Loans*

The City has entered into seven State Revolving Loans to finance water and sewer improvements. All State Revolving Loans are being serviced by revenues from the Water and Sewer Fund:

Loan payable to the State of North Carolina Water Bond Loan Fund with a maximum limit of \$1,515,662 payable over 20 years with interest at 5.85%.	\$ 75,783
Loan payable to the State of North Carolina Water Bond Loan Fund with a maximum limit of \$1,484,338 payable over 20 years with a revised interest rate of 3.43% effective May 1, 2003 (previous rate was 5.3%)	74,217
Loan payable to the State of North Carolina Water Pollution Control Revolving Loan Fund with a maximum limit of \$1,159,030 payable over 20 years with interest at 3.035%	115,903
Loan payable to the State of North Carolina Water Pollution Control Revolving Loan Fund with a maximum limit of \$1,270,105 payable over 20 years with interest at 2.89%	63,227
Loan payable to the State of North Carolina Water Pollution Control Revolving Loan Fund with a maximum limit of \$9,622,065 payable over 20 years with interest at 2.22%.	<u>9,140,961</u>
Total	<u>\$ 9,470,091</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Annual debt service requirements to maturity for the State Revolving Loans are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 752,281	\$ 211,862
2017	539,055	194,008
2018	481,103	181,568
2019	481,103	170,888
2020	481,103	160,207
2021-2025	2,405,516	640,830
2026-2030	2,405,516	373,817
2031-2034	1,924,414	106,805
Total	<u>\$ 9,470,091</u>	<u>\$ 2,039,985</u>

**d. *Certificates of Participation***

The City has entered into a Certification of Participation agreement to finance natural gas improvements. All Certificates of Participation are being serviced by revenues from the Natural Gas Fund.

On March 1, 2009 the City issued \$32,665,000 in Certificates of Participation (COPS) Installment Contracts to finance the construction of natural gas improvements. These 30-year COPS have interest rates of 3.00%. Annual payments of principal and interest range from approximately \$1,900,000 to \$1,744,429. Total principal and interest over a 30-year period will be \$65,490,748. The amount shown is net of the unamortized bond discount of \$271,391.

\$ 29,208,608

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Annual debt service requirements for Certificates of Participation are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 695,000	\$ 1,500,713
2017	720,000	1,476,388
2018	750,000	1,449,388
2019	780,000	1,419,388
2020	810,000	1,388,188
2021-2025	4,605,000	6,386,638
2026-2030	5,840,000	5,155,494
2031-2035	7,575,000	3,413,025
2036-2039	7,705,000	1,087,900
Total	<u>\$ 29,480,000</u>	<u>\$ 23,277,122</u>

The future payments presented above, have not been reduced by \$271,392 the unamortized bond discount incurred as a result of the issuance.

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### e. *Changes in Long-term Liabilities*

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Current</u>
	<u>July 1, 2014</u>			<u>June 30, 2015</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Governmental Activities:</b>					
<b>General and Parks &amp; Recreation Fund:</b>					
Installment purchasing obligations	\$ 4,130,873	\$ 4,476,262	\$ 1,116,579	\$ 7,490,556	\$ 1,169,685
Compensated absences	1,942,430	1,071,778	991,872	2,022,336	1,354,965
Net pension obligation	96,391	141,089	-	237,480	-
Net pension liability (LGERS)	3,902,667	-	3,902,667	-	-
OPEB liability	5,643,365	1,380,199	-	7,023,564	-
Golf Course:					
Installment purchasing obligations	191,196	-	76,677	114,519	78,122
Compensated absences	32,222	20,758	20,638	32,342	21,669
OPEB liability	25,171	6,156	-	31,327	-
<b>Total governmental activities</b>	<u>\$ 15,964,315</u>	<u>\$ 7,096,242</u>	<u>\$ 6,108,433</u>	<u>\$ 16,952,124</u>	<u>\$ 2,624,441</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Current</u>
	<u>July 1, 2014</u>			<u>June 30, 2015</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Business-Type Activities:</b>					
<b>Water &amp; Sewer Fund:</b>					
Compensated absences	\$ 309,371	\$ 179,503	\$ 231,555	\$ 257,319	\$ 172,404
Net pension liability (LGERS)	726,470	-	726,470	-	-
OPEB liability	1,055,819	258,222	-	1,314,041	-
Revenue bonds	7,902,558	-	580,697	7,321,861	603,006
Plus bond premium	314,240	-	33,979	280,261	31,361
<b>Total revenue bonds</b>	<u>8,216,798</u>	<u>-</u>	<u>614,676</u>	<u>7,602,122</u>	<u>634,367</u>
State revolving loans	10,591,510	-	1,121,419	9,470,091	752,281
<b>Total Water &amp; Sewer Fund</b>	<u>\$ 20,899,968</u>	<u>\$ 437,725</u>	<u>\$ 2,694,120</u>	<u>\$ 18,643,573</u>	<u>\$ 1,559,052</u>
<b>Electric Fund:</b>					
Compensated absences	\$ 205,734	\$ 128,100	\$ 121,923	\$ 211,911	\$ 141,980
Net pension liability (LGERS)	315,367	-	315,367	-	-
OPEB liability	461,134	112,780	-	573,914	-
Installment purchase obligations	210,321	-	210,321	-	-
Revenue bonds	20,404,454	-	907,155	19,497,299	941,559
Plus bond premium	243,333	-	32,535	210,798	30,628
<b>Total revenue bonds</b>	<u>20,647,787</u>	<u>-</u>	<u>939,690</u>	<u>19,708,097</u>	<u>972,187</u>
<b>Total Electric Fund</b>	<u>\$ 21,840,343</u>	<u>\$ 240,880</u>	<u>\$ 1,587,301</u>	<u>\$ 20,493,922</u>	<u>\$ 1,114,167</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Balance			Balance	
	July 1, 2014	Increases	Decreases	June 30, 2015	Current Portion of Balance
<b>Natural Gas Fund:</b>					
Compensated absences	\$ 72,192	\$ 37,639	\$ 31,373	\$ 78,458	\$ 52,567
OPEB liability	234,021	57,235	-	291,256	-
Net pension liability (LGERS)	163,315	-	163,315	-	-
Installment purchase obligations	15,071	-	15,071	-	-
Certificates of participation	30,155,000	-	675,000	29,480,000	695,000
Less unamortized discounts	(282,939)	-	(11,547)	(271,392)	(11,548)
Total certificates of participation	<u>29,872,061</u>	<u>-</u>	<u>663,453</u>	<u>29,208,608</u>	<u>683,452</u>
Revenue bonds	3,767,988	-	217,148	3,550,840	225,435
Plus bond premium	59,829	-	10,152	49,677	9,445
Total revenue bonds	<u>3,827,817</u>	<u>-</u>	<u>227,300</u>	<u>3,600,517</u>	<u>234,880</u>
<b>Total Natural Gas Fund</b>	<u>\$ 34,184,477</u>	<u>\$ 94,874</u>	<u>\$ 1,100,512</u>	<u>\$ 33,178,839</u>	<u>\$ 970,899</u>
<b>Airport Fund:</b>					
Compensated absences	\$ 24,350	\$ 16,015	\$ 12,392	\$ 27,973	\$ 18,742
Net pension liability (LGERS)	135,157	-	135,157	-	-
OPEB liability	195,349	47,776	-	243,125	-
Installment purchase obligations	51,698	-	41,333	10,365	10,365
Revenue bonds	10,355,000	-	560,000	9,795,000	585,000
Plus bond premium	347,093	-	51,420	295,673	47,180
Total revenue bonds	<u>10,702,093</u>	<u>-</u>	<u>611,420</u>	<u>10,090,673</u>	<u>632,180</u>
<b>Total Airport Fund</b>	<u>\$ 11,108,647</u>	<u>\$ 63,791</u>	<u>\$ 800,302</u>	<u>\$ 10,372,136</u>	<u>\$ 661,287</u>
<b>Aquatics &amp; Fitness Center Fund:</b>					
Compensated absences	\$ 71,660	\$ 40,838	\$ 40,146	\$ 72,352	\$ 48,476
Net pension liability (LGERS)	264,683	-	264,683	-	-
OPEB liability	384,744	94,097	-	478,841	-
<b>Total Aquatics &amp; Fitness Center Fund</b>	<u>\$ 721,087</u>	<u>\$ 134,935</u>	<u>\$ 304,829</u>	<u>\$ 551,193</u>	<u>\$ 48,476</u>
<b>Stormwater Fund:</b>					
Compensated absences	\$ 43,486	\$ 28,695	\$ 23,578	\$ 48,603	\$ 32,564
Net pension liability (LGERS)	118,263	-	118,263	-	-
OPEB liability	168,246	41,148	-	209,394	-
Installment purchase obligations	189,547	-	93,649	95,898	95,898
<b>Total Stormwater Fund</b>	<u>\$ 519,542</u>	<u>\$ 69,843</u>	<u>\$ 235,490</u>	<u>\$ 353,895</u>	<u>\$ 128,462</u>

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<b>Solid Waste Fund:</b>					
Compensated absences	\$ 1,302	\$ 3,160	\$ 2,765	\$ 1,697	\$ 1,137
Net pension liability (LGERS)	5,632	-	5,632	-	-
OPEB liability	11,776	2,880	-	14,656	-
Installment purchase obligations	<u>353,845</u>	<u>-</u>	<u>99,236</u>	<u>254,609</u>	<u>100,700</u>
<b>Total Solid Waste Fund</b>	<b><u>\$ 372,555</u></b>	<b><u>\$ 6,040</u></b>	<b><u>\$ 107,633</u></b>	<b><u>\$ 270,962</u></b>	<b><u>\$ 101,837</u></b>
<b>Total Business-Type Activities</b>	<b><u>\$ 89,646,619</u></b>	<b><u>\$ 1,048,088</u></b>	<b><u>\$ 6,830,187</u></b>	<b><u>\$ 83,864,520</u></b>	<b><u>\$ 4,584,180</u></b>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015, consist of the following:

<u>Due to</u>	<u>Due from</u>		<u>Total</u>
	<u>General Fund</u>	<u>Natural Gas Fund</u>	
Electric Fund	\$ 798,255	\$ 962,222	\$ 1,760,477
Total	<u>\$ 798,255</u>	<u>\$ 962,222</u>	<u>\$ 1,760,477</u>

The balance of \$798,255 due to the Electric Fund from the General Fund resulted from financing of the Propel and Allvac land for economic development incentives. The promissory note is for \$1,494,020 payable annually over 15 years with interest accruing at 3.69%. The current portion of this note is \$102,022 and the balance of \$696,233 is not scheduled to be collected in the subsequent year.

The balance of \$962,222 due to the Electric fund from the Natural Gas fund is to cover the costs of the Public Service Company of North Carolina's share of the natural gas pipeline project to be repaid in anticipation of receipt of payments from the Public Service Company pursuant to a Joint Venture agreement. The promissory note is for \$6,000,000 payable monthly over 6 years with interest accruing at 5.42%.

**CITY OF MONROE, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Balances due to/from component units at June 30, 2015, consist of the following:

<b>Due to the Primary Government for profit distributions from:</b>	
Monroe ABC Board	\$ 56,000
<b>Due to the Primary Government for Occupancy Tax:</b>	
Monroe Tourism Development Authority	<u>15,148</u>
Total	<u>\$ 71,148</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Transfers to/from other funds at June 30, 2015, consist of the following:

From the General Fund to the Airport Fund for current operating needs and construction projects	\$	1,325,812
From the General Fund to the Downtown Monroe Special Revenue Fund for general operations		289,152
From the General Fund to the Monroe-Union County Economic Development Special Revenue Fund for county-wide economic development		300,000
From the Airport Capital Project to the General Fund for the reimbursement of excess funds from construction project		436,001
From the General Fund to the Capital Project Fund for Lancaster Avenue Sidewalk Improvements, Concord Avenue Redevelopment, Sykes Property Purchase, Recreation Center Improvements, Bearskin Creek Greenway Improvements, and to close the Downtown Streetscape project		1,007,500
From the General Fund to the Water and Sewer Capital Projects Fund for Airport Road Water main extension - Speculative Building III		150,000
From the General Fund to the Governmental Capital Reserve for future Greenway Project (year 2 of 6)		100,000
From the Capital Project Fund to the Electric Fund for the reimbursement of excess funds from construction project		58,333
From the Capital Project Fund to the Stormwater Fund for the reimbursement of excess funds from construction project		52,500
From the Capital Project Fund to the Natural Gas Fund for the reimbursement of excess funds from construction project		58,334
From the Capital Project Fund to the Water and Sewer Fund for the reimbursement of excess funds from construction project		58,333
From the Downtown Monroe Special Revenue Fund to the Capital Project Fund for the Gateway Park at Lancaster Ave.		60,000

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### IV. **Jointly Governed Organizations**

The City, in conjunction with eighteen other local governments, is a member of the North Carolina Municipal Power Agency Number 1 (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The nineteen members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2015 were \$49,943,019.

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 \$8,090 to the Council during the fiscal year ended June 30, 2015.

### V. **Joint Venture**

The City has entered into a joint venture agreement with Public Service Company of North Carolina, Incorporated, a South Carolina corporation d/b/a PSNC Energy ("PSNC"). The City has agreed to design, construct and install 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 subject to PSNC's right to lease capacity in these facilities. PSNC has agreed to pay the City capacity charges in the amount of \$6,000,000 payable in monthly installments over a period of six (6) years commencing June 30, 2010. 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 which is in proportion to the percentage of PSNC's capacity in the joint facilities in Cabarrus and Iredell Counties. PSNC files SCANA's annual SEC Form 10-K with the North Carolina Utilities Commission. A full copy of this report can be obtained from the Commission's website in Docket No. G-5, Sub 400A or on SCANA's website at: <http://www.scana.com/en/investor-relations/financial-reports/>. In addition, PSNC's financial statements can be found on PSNC's website at: <http://www.psnenergy.com/en/financial-statements/>.

### VI. **Related Organization**

The seven-member board of the Monroe Housing Authority is appointed by the City Council and Mayor of the City of Monroe. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Monroe is also disclosed as a related organization in the notes to the financial statements for the Monroe Housing Authority. Complete financial statements for the

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Housing Authority can be obtained from the Authority's offices at Post Office Box 805, Monroe, North Carolina 28111.

### VII. Related Party Transactions

The City and its discretely presented component units engaged in the following transactions during the year ended June 30, 2015:

#### City of Monroe ABC Board:

Payments to the City for profit distributions	\$ 154,500
Payments to the City for law enforcement	<u>82,844</u>
Total	<u>\$ 237,344</u>

#### Monroe Tourism Development Authority:

Payments of a pro-rata portion of the occupancy tax by the City to the Authority	<u>\$ 466,794</u>
Payment by the Authority to the City for the Occupancy Tax Project	<u>\$ 193,164</u>

### VIII. Fund Balance

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

Total fund balance - General Fund	\$ 27,062,768
Less:	
Inventories	217,382
Prepays	64,888
Stabilization by State Statute	3,663,362
Public safety	424,650
Streets -	
Powell Bill reserves	862,538
Minimum fund balance requirement	8,637,593
Airport grant acceptance	1,265,679
Airport operations 5-year subsidy	750,000
Street resurfacing 5-year program	900,000
Subsequent year's expenditures	<u>2,209,491</u>
Remaining fund balance	<u>\$ 8,067,185</u>

# CITY OF MONROE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 City Council in a subsequent fiscal year to fund capital or debt service expenditures as determined by the City Council during the budget process. If during a fiscal year an excess over the stipulated \$7,500,000 or 25% exists, the City Council may request an appropriation to fund unforeseen needs.

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

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

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### **X. Subsequent Events**

On July 21, 2015, the City of Monroe finalized an interfund loan in the amount of \$1,058,562 for an economic development incentive in the form of a land conveyance of 57.49 acres to ATI Powder Metals, LLC for their new manufacturing facility in Monroe. This amount will be paid back to the electric fund over a 15 year period at an interest rate of 2.84%.

### **XI. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No.27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$2,790,792 and \$1,236,324, respectively.



**CITY OF MONROE, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/2003	\$ -	\$ 1,295,336	\$ 1,295,336	0.00%	\$ 2,910,965	44.50%
12/31/2004	-	1,406,395	1,406,395	0.00%	2,865,536	49.08%
12/31/2005	-	1,400,593	1,400,593	0.00%	3,368,588	41.58%
12/31/2006	-	1,442,095	1,442,095	0.00%	3,623,857	39.79%
12/31/2007	-	1,650,670	1,650,670	0.00%	3,761,162	43.89%
12/31/2008	-	1,703,401	1,703,401	0.00%	3,933,354	43.31%
12/31/2009	-	2,184,631	2,184,631	0.00%	4,461,289	48.97%
12/31/2010	-	1,852,860	1,852,860	0.00%	4,406,310	42.05%
12/31/2011	-	1,868,661	1,868,661	0.00%	4,513,819	41.40%
12/31/2012	-	1,885,736	1,885,736	0.00%	4,507,055	41.84%
12/31/2013	-	2,076,814	2,076,814	0.00%	4,466,855	46.49%
12/31/2014	-	2,205,573	2,205,573	0.00%	4,788,054	46.06%

**CITY OF MONROE, NORTH CAROLINA**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 FOR THE YEAR ENDED JUNE 30, 2015**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2003	\$ 111,195	99.37%
2004	116,909	106.01%
2005	121,658	113.76%
2006	137,815	119.31%
2007	138,373	149.68%
2008	143,756	112.24%
2009	164,695	127.34%
2010	174,367	131.97%
2011	225,936	174.70%
2012	198,378	286.13%
2013	208,770	71.01%
2014	218,895	71.02%
2015	276,643	47.80%

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost-of-living adjustments	none

\*Includes inflation at 3.00%

**CITY OF MONROE, NORTH CAROLINA**

**THE HEALTH CARE PLAN OF THE CITY OF MONROE  
 SUPPLEMENTAL INFORMATION SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/2007	\$ -	\$ 15,877,000	\$ 15,877,000	0.00%	\$ 18,700,000	84.9%
7/1/2009	-	19,201,000	19,201,000	0.00%	19,927,000	93.4%
12/31/2010	-	20,670,010	20,670,010	0.00%	21,957,134	94.1%
12/31/2011	-	20,626,771	20,626,771	0.00%	21,838,049	94.5%
12/31/2013	-	26,144,876	26,144,876	0.00%	22,305,806	117.2%

**CITY OF MONROE, NORTH CAROLINA**

**THE HEALTH CARE PLAN OF THE CITY OF MONROE  
SUPPLEMENTAL INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTION  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 1,502,000	23.2%
2010	1,513,000	26.2%
2011	1,837,058	13.8%
2012	2,043,813	23.5%
2013	1,995,517	21.0%
2014	2,055,383	43.2%
2015	2,443,882	18.7%

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.75%-5.00%
Post-Medicare trend rate	5.75%-5.00%
Year of ultimate trend rate	2019
Cost-of-living adjustments	none
*Includes inflation at	3.00%

**CITY OF MONROE, NORTH CAROLINA**

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

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Monroe's proportion of the net pension liability (asset) (%)	0.44081%	0.46720%
Monroe's proportion of the net pension liability (asset) (\$)	\$ (2,599,661)	\$ 5,631,554
Monroe's covered-employee payroll	\$ 22,549,809	\$ 21,999,994
Monroe's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 11.53%)	25.60%
Plan fiduciary net position as a percentage of the total pension liability**	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.

**CITY OF MONROE, NORTH CAROLINA**

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

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,611,462	\$ 1,604,437
Contributions in relation to the contractually required contribution	1,611,462	1,604,437
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Monroe's covered-employee payroll	\$ 22,572,529	\$ 22,549,809
Contributions as a percentage of covered-employee payroll	7.14%	7.12%

## 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.

*State Grant Programs* - This fund is used to account for specific state grant revenues that are restricted for housing rehabilitation throughout the County.

*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, 2015

	Special Revenue Funds				
	Community Development	Downtown Monroe	State Grant Programs	Monroe Union Economic Development	Total
<b>Assets:</b>					
Cash and cash equivalents	\$ 56,562	\$ 149,241	\$ -	\$ 243,802	\$ 449,605
Taxes receivable	-	3,161	-	-	3,161
Accounts receivable	-	6,811	-	500	7,311
Prepaid items	-	370	-	121	491
Due from other governments	-	70	-	-	70
Due from component unit	-	-	-	-	-
Loans receivable	-	-	-	-	-
Cash and cash equivalents - restricted	-	-	-	-	-
Total assets	<u>\$ 56,562</u>	<u>\$ 159,653</u>	<u>\$ -</u>	<u>\$ 244,423</u>	<u>\$ 460,638</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 7,492	\$ -	\$ 20,241	\$ 27,733
Total liabilities	<u>-</u>	<u>7,492</u>	<u>-</u>	<u>20,241</u>	<u>27,733</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>3,161</u>	<u>-</u>	<u>-</u>	<u>3,161</u>
<b>Fund Balances:</b>					
Non-spendable:					
Prepays	-	370	-	121	491
Restricted:					
Stabilization by State Statute	-	92,011	46,106	8,500	146,617
Occupancy tax capital projects	-	-	-	-	-
Economic development	-	-	-	215,561	215,561
Capital projects					
Committed:					
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned	56,562	56,619	-	-	113,181
Unassigned	-	-	(46,106)	-	(46,106)
Total fund balances	<u>56,562</u>	<u>149,000</u>	<u>-</u>	<u>224,182</u>	<u>429,744</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,562</u>	<u>\$ 159,653</u>	<u>\$ -</u>	<u>\$ 244,423</u>	<u>\$ 460,638</u>

CITY OF MONROE, NORTH CAROLINA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Capital Project Funds			Total	Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects	Governmental Capital Reserve		
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,151,901	\$ 1,675,052	\$ 200,000	\$ 3,026,953	\$ 3,476,558
Taxes receivable	-	-	-	-	3,161
Accounts receivable	-	-	-	-	7,311
Prepaid items	-	-	-	-	491
Due from other governments	98,882	-	-	98,882	98,952
Due from component unit	-	15,148	-	15,148	15,148
Loans receivable	-	-	-	-	-
Cash and cash equivalents - restricted	3,397,206	-	-	3,397,206	3,397,206
Total assets	<u>\$ 4,647,989</u>	<u>\$ 1,690,200</u>	<u>\$ 200,000</u>	<u>\$ 6,538,189</u>	<u>\$ 6,998,827</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 355,951	\$ -	\$ -	\$ 355,951	\$ 383,684
Total liabilities	<u>355,951</u>	<u>-</u>	<u>-</u>	<u>355,951</u>	<u>383,684</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,161</u>
<b>Fund Balances:</b>					
Non-spendable:					
Prepays	-	-	-	-	491
Restricted:					
Stabilization by State Statute	2,834,094	15,148	-	2,849,242	2,995,859
Occupancy tax capital projects	-	1,675,052	-	1,675,052	1,675,052
Economic development	-	-	-	-	215,561
Capital projects	661,994	-	-	661,994	661,994
Committed:					
Culture and recreation	-	-	200,000	200,000	200,000
Capital projects	795,950	-	-	795,950	795,950
Assigned	-	-	-	-	113,181
Unassigned	-	-	-	-	(46,106)
Total fund balances	<u>4,292,038</u>	<u>1,690,200</u>	<u>200,000</u>	<u>6,182,238</u>	<u>6,611,982</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,647,989</u>	<u>\$ 1,690,200</u>	<u>\$ 200,000</u>	<u>\$ 6,538,189</u>	<u>\$ 6,998,827</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, 2015

	Special Revenue Funds				
	Community Development	Downtown Monroe	State Grant Programs	Monroe Union Economic Development	Total
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ 57,542	\$ -	\$ -	\$ 57,542
Restricted intergovernmental	-	4,000	124,184	400,000	528,184
Miscellaneous	-	90,401	-	13,750	104,151
Investment earnings	-	-	-	5,325	5,325
Total revenues	<u>-</u>	<u>151,943</u>	<u>124,184</u>	<u>419,075</u>	<u>695,202</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development:					
Administration	-	281,898	-	685,239	967,137
Program costs	-	-	124,184	-	124,184
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>281,898</u>	<u>124,184</u>	<u>685,239</u>	<u>1,091,321</u>
Revenues over (under) expenditures	<u>-</u>	<u>(129,955)</u>	<u>-</u>	<u>(266,164)</u>	<u>(396,119)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	289,152	-	300,000	589,152
Transfers to other funds	-	(60,000)	-	-	(60,000)
Installment purchase obligations issued	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>229,152</u>	<u>-</u>	<u>300,000</u>	<u>529,152</u>
Net change in fund balances	-	99,197	-	33,836	133,033
<b>Fund Balances:</b>					
Beginning of year, July 1	<u>56,562</u>	<u>49,803</u>	<u>-</u>	<u>190,346</u>	<u>296,711</u>
End of year, June 30	<u>\$ 56,562</u>	<u>\$ 149,000</u>	<u>\$ -</u>	<u>\$ 224,182</u>	<u>\$ 429,744</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, 2015

	Capital Project Funds			Total	Total Nonmajor Governmental Funds
	Capital Projects	Occupancy Tax Projects	Governmental Capital Reserve		
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 57,542
Restricted intergovernmental	196,406	193,164	-	389,570	917,754
Miscellaneous	-	-	-	-	104,151
Investment earnings	54,030	9,338	-	63,368	68,693
Total revenues	<u>250,436</u>	<u>202,502</u>	<u>-</u>	<u>452,938</u>	<u>1,148,140</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development:					
Administration	-	-	-	-	967,137
Program costs	-	-	-	-	124,184
Capital outlay	1,686,283	86,677	-	1,772,960	1,772,960
Total expenditures	<u>1,686,283</u>	<u>86,677</u>	<u>-</u>	<u>1,772,960</u>	<u>2,864,281</u>
Revenues over (under) expenditures	<u>(1,435,847)</u>	<u>115,825</u>	<u>-</u>	<u>(1,320,022)</u>	<u>(1,716,141)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	1,067,500	-	100,000	1,167,500	1,756,652
Transfers to other funds	(227,500)	-	-	(227,500)	(287,500)
Installment purchase obligations issued	4,400,000	-	-	4,400,000	4,400,000
Total other financing sources (uses)	<u>5,240,000</u>	<u>-</u>	<u>100,000</u>	<u>5,340,000</u>	<u>5,869,152</u>
Net change in fund balances	3,804,153	115,825	100,000	4,019,978	4,153,011
<b>Fund Balances:</b>					
Beginning of year, July 1	<u>487,885</u>	<u>1,574,375</u>	<u>100,000</u>	<u>2,162,260</u>	<u>2,458,971</u>
End of year, June 30	<u>\$ 4,292,038</u>	<u>\$ 1,690,200</u>	<u>\$ 200,000</u>	<u>\$ 6,182,238</u>	<u>\$ 6,611,982</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015**

	<u>Health and Dental Fund</u>	<u>Workers' Compensation Fund</u>	<u>Property and Liability Fund</u>	<u>Total</u>
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 1,824,040	\$ 604,188	\$ 601,197	\$ 3,029,425
Accounts receivable (net)	266,813	-	-	266,813
Prepays	105,493	-	8,500	113,993
Restricted assets:				
Deposits	<u>10,169</u>	<u>10,000</u>	<u>-</u>	<u>20,169</u>
Total current assets	<u>2,206,515</u>	<u>614,188</u>	<u>609,697</u>	<u>3,430,400</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	430,141	4,880	44,207	479,228
Liabilities payable from restricted assets:				
Deposits	<u>10,169</u>	<u>10,000</u>	<u>-</u>	<u>20,169</u>
Total current liabilities	<u>440,310</u>	<u>14,880</u>	<u>44,207</u>	<u>499,397</u>
<b>Net Position:</b>				
Unrestricted	<u>\$ 1,766,205</u>	<u>\$ 599,308</u>	<u>\$ 565,490</u>	<u>\$ 2,931,003</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, 2015**

	<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	\$ 7,333,590	\$ -	\$ 710,300	\$ 8,043,890
Receipts for interfund charges	-	300,000	-	300,000
Other operating revenue	656,044	-	10,968	667,012
Total operating revenues	<u>7,989,634</u>	<u>300,000</u>	<u>721,268</u>	<u>9,010,902</u>
<b>Operating Expenses:</b>				
Operating expenses	350,211	55,780	51,278	457,269
Workers' compensation claims and premiums	-	417,313	-	417,313
Health care clinic	84,315	-	-	84,315
Insurance	15,193	-	-	15,193
Health benefit claims and premiums	7,322,024	-	-	7,322,024
Property and liability claims and premiums	-	-	650,295	650,295
Total operating expenses	<u>7,771,743</u>	<u>473,093</u>	<u>701,573</u>	<u>8,946,409</u>
Operating income (loss)	<u>217,891</u>	<u>(173,093)</u>	<u>19,695</u>	<u>64,493</u>
<b>Non-Operating Revenues:</b>				
Investment earnings	29,344	14,057	4,802	48,203
Total non-operating revenues	<u>29,344</u>	<u>14,057</u>	<u>4,802</u>	<u>48,203</u>
Change in net position	247,235	(159,036)	24,497	112,696
<b>Net Position:</b>				
Beginning of year, July 1	1,518,970	758,344	540,993	2,818,307
End of year, June 30	<u>\$ 1,766,205</u>	<u>\$ 599,308</u>	<u>\$ 565,490</u>	<u>\$ 2,931,003</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ 7,216,191	\$ -	\$ 713,700	\$ 7,929,891
Other operating revenue	656,044	-	10,968	667,012
Receipts for interfund charges	-	300,000	-	300,000
Cash paid for goods and services	<u>(7,774,652)</u>	<u>(475,642)</u>	<u>(657,913)</u>	<u>(8,908,207)</u>
Net cash provided (used) by operating activities	<u>97,583</u>	<u>(175,642)</u>	<u>66,755</u>	<u>(11,304)</u>
<b>Cash Flows from Investing Activities:</b>				
Investment earnings	<u>29,344</u>	<u>14,057</u>	<u>4,802</u>	<u>48,203</u>
Net cash provided (used) by investing activities	<u>29,344</u>	<u>14,057</u>	<u>4,802</u>	<u>48,203</u>
Net increase (decrease) in cash and cash equivalents	126,927	(161,585)	71,557	36,899
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	<u>1,707,282</u>	<u>775,773</u>	<u>529,640</u>	<u>3,012,695</u>
End of year, June 30	<u>\$ 1,834,209</u>	<u>\$ 614,188</u>	<u>\$ 601,197</u>	<u>\$ 3,049,594</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	<u>\$ 217,891</u>	<u>\$ (173,093)</u>	<u>\$ 19,695</u>	<u>\$ 64,493</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	(110,260)	-	-	(110,260)
(Increase) decrease in prepaid expenses	(7,139)	-	3,400	(3,739)
Increase (decrease) in accounts payable and accrued liabilities	<u>(2,909)</u>	<u>(2,549)</u>	<u>43,660</u>	<u>38,202</u>
Total adjustments	<u>(120,308)</u>	<u>(2,549)</u>	<u>47,060</u>	<u>(75,797)</u>
Net cash provided (used) by operating activities	<u>\$ 97,583</u>	<u>\$ (175,642)</u>	<u>\$ 66,755</u>	<u>\$ (11,304)</u>

**CITY OF MONROE, NORTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2015**

	<b>Aquatics and Fitness Center Fund</b>	<b>Stormwater Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 1,966,395	\$ 1,032,977	\$ 474,447	\$ 3,473,819
Accounts receivable	13,487	174,221	213,639	401,347
Prepaid expenses	1,183	505	584	2,272
Inventories	7,425	-	-	7,425
Total current assets	<u>1,988,490</u>	<u>1,207,703</u>	<u>688,670</u>	<u>3,884,863</u>
Non-current assets:				
Net pension asset	122,184	54,593	2,600	179,377
Capital assets:				
Land and other non-depreciable assets	925,594	-	-	925,594
Other capital assets, net of depreciation	6,481,529	527,887	602,863	7,612,279
Capital assets (net)	<u>7,407,123</u>	<u>527,887</u>	<u>602,863</u>	<u>8,537,873</u>
Total non-current assets	<u>7,529,307</u>	<u>582,480</u>	<u>605,463</u>	<u>8,717,250</u>
Total assets	<u>9,517,797</u>	<u>1,790,183</u>	<u>1,294,133</u>	<u>12,602,113</u>
<b>Deferred Outflows of Resources</b>				
Contributions to pension plan in current fiscal year	<u>75,739</u>	<u>33,841</u>	<u>1,611</u>	<u>111,191</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	133,795	26,888	156,717	317,400
Unearned revenue	20,553	-	-	20,553
Compensated absences	48,476	32,564	1,137	82,177
Installment purchase obligations	-	95,898	100,700	196,598
Total current liabilities	<u>202,824</u>	<u>155,350</u>	<u>258,554</u>	<u>616,728</u>
Non-current liabilities:				
Compensated absences	23,876	16,039	560	40,475
Installment purchase obligations	-	-	153,909	153,909
Other post-employment benefits payable	478,841	209,394	14,656	702,891
Total non-current liabilities	<u>502,717</u>	<u>225,433</u>	<u>169,125</u>	<u>897,275</u>
Total liabilities	<u>705,541</u>	<u>380,783</u>	<u>427,679</u>	<u>1,514,003</u>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	<u>314,845</u>	<u>140,675</u>	<u>6,699</u>	<u>462,219</u>
Net investment in capital assets	7,407,123	431,989	348,254	8,187,366
Unrestricted	1,166,027	870,577	513,112	2,549,716
Total net position	<u>\$ 8,573,150</u>	<u>\$ 1,302,566</u>	<u>\$ 861,366</u>	<u>\$ 10,737,082</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, 2015**

	<u>Aquatics and Fitness Center</u>	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 3,551,740	\$ 2,085,133	\$ 2,122,516	\$ 7,759,389
Other operating revenues	157,523	11,275	46,615	215,413
Total operating revenues	<u>3,709,263</u>	<u>2,096,408</u>	<u>2,169,131</u>	<u>7,974,802</u>
<b>Operating Expenses:</b>				
Aquatics and Fitness Center operations	3,355,020	-	-	3,355,020
Stormwater operations	-	1,715,277	-	1,715,277
Solidwaste operations	-	-	1,985,745	1,985,745
Depreciation and amortization	297,289	118,793	187,848	603,930
Total operating expenses	<u>3,652,309</u>	<u>1,834,070</u>	<u>2,173,593</u>	<u>7,659,972</u>
Operating income (loss)	<u>56,954</u>	<u>262,338</u>	<u>(4,462)</u>	<u>314,830</u>
<b>Non-Operating Revenues (Expenses):</b>				
Other non-operating revenues (expenses)	2,560	6,483	-	9,043
Investment earnings	33,392	15,139	7,151	55,682
Interest and other charges	-	(3,808)	(4,838)	(8,646)
Total non-operating revenues (expenses)	<u>35,952</u>	<u>17,814</u>	<u>2,313</u>	<u>56,079</u>
Income (loss) before capital contributions and transfers	92,906	280,152	(2,149)	370,909
<b>Transfers from other funds</b>	<u>-</u>	<u>52,500</u>	<u>-</u>	<u>52,500</u>
Change in net position	<u>92,906</u>	<u>332,652</u>	<u>(2,149)</u>	<u>423,409</u>
<b>Net Position:</b>				
Beginning of year, July 1	8,669,518	1,054,483	867,542	10,591,543
Restatement	(189,274)	(84,569)	(4,027)	(277,870)
Beginning of year, July 1, restated	<u>8,480,244</u>	<u>969,914</u>	<u>863,515</u>	<u>10,313,673</u>
End of year, June 30	<u>\$ 8,573,150</u>	<u>\$ 1,302,566</u>	<u>\$ 861,366</u>	<u>\$ 10,737,082</u>

## CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Aquatics and Fitness Center	Stormwater	Solid Waste	Total
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 3,692,652	\$ 2,084,526	\$ 2,165,100	\$ 7,942,278
Cash paid for goods and services	(1,467,850)	(994,706)	(1,900,628)	(4,363,184)
Cash paid to or on behalf of employees for services	(1,801,383)	(691,759)	(68,993)	(2,562,135)
Net cash provided (used) by operating activities	<u>423,419</u>	<u>398,061</u>	<u>195,479</u>	<u>1,016,959</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers (to) from other funds	-	52,500	-	52,500
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>52,500</u>	<u>-</u>	<u>52,500</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(122,676)	-	-	(122,676)
Principal paid on bond maturities and equipment obligations	-	(93,649)	(99,236)	(192,885)
Interest paid on bond maturities and equipment obligations	-	(3,808)	(4,838)	(8,646)
Net cash provided (used) by capital and related financing activities	<u>(122,676)</u>	<u>(97,457)</u>	<u>(104,074)</u>	<u>(324,207)</u>
<b>Cash Flows from Investing Activities:</b>				
Earnings on investments	33,392	15,139	7,151	55,682
Net cash provided (used) by investing activities	<u>33,392</u>	<u>15,139</u>	<u>7,151</u>	<u>55,682</u>
Net increase (decrease) in cash and cash equivalents	334,135	368,243	98,556	800,934
<b>Cash and Cash Equivalents:</b>				
Beginning of year, July 1	1,632,260	664,734	375,891	2,672,885
End of year, June 30	<u>\$ 1,966,395</u>	<u>\$ 1,032,977</u>	<u>\$ 474,447</u>	<u>\$ 3,473,819</u>

## CITY OF MONROE, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Aquatics and Fitness Center</u>	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 56,954	\$ 262,338	\$ (4,462)	\$ 314,830
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	297,289	118,793	187,848	603,930
Non operating revenues	2,560	6,483	-	9,043
Pension expense	3,386	1,513	72	4,971
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(11,821)	(18,379)	(4,069)	(34,269)
(Increase) decrease in inventories	331	-	-	331
(Increase) decrease in prepaid expenses	846	14	38	898
(Increase) decrease in deferred outflows of resources for pensions	(75,738)	(33,841)	(1,611)	(111,190)
Increase (decrease) in accounts payable and accrued liabilities	54,823	14,875	14,388	84,086
Increase (decrease) in net OPEB liability	94,097	41,148	2,880	138,125
Increase (decrease) in compensated absences	692	5,117	395	6,204
Total adjustments	<u>366,465</u>	<u>135,723</u>	<u>199,941</u>	<u>702,129</u>
Net cash provided (used) by operating activities	<u>\$ 423,419</u>	<u>\$ 398,061</u>	<u>\$ 195,479</u>	<u>\$ 1,016,959</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 19,168,000	\$ 19,203,003	\$ 35,003
Penalties and interest	70,000	148,353	78,353
Total	<u>19,238,000</u>	<u>19,351,356</u>	<u>113,356</u>
<b>Other Taxes and Licenses:</b>			
Privilege licenses	840,000	875,851	35,851
Gross receipts tax on short-term rental property	51,000	68,163	17,163
Motor vehicle tax	125,000	143,319	18,319
Total	<u>1,016,000</u>	<u>1,087,333</u>	<u>71,333</u>
<b>Unrestricted Intergovernmental:</b>			
Local option sales taxes	5,156,534	5,428,591	272,057
Telecommunications sales tax	385,938	407,239	21,301
Utility franchise tax	1,500,000	2,582,909	1,082,909
Cablevision franchise fees	223,089	229,820	6,731
Beer and wine tax	139,550	160,766	21,216
State fire fees	3,000	3,168	168
ABC profit distribution	123,680	154,500	30,820
Total	<u>7,531,791</u>	<u>8,966,993</u>	<u>1,435,202</u>
<b>Restricted Intergovernmental:</b>			
Powell Bill allocation	964,735	971,640	6,905
Public safety reimbursement grants	17,058	17,058	-
ABC Revenue for law enforcement	80,000	82,844	2,844
Resource officer reimbursement	193,209	230,749	37,540
Fire reimbursement grants	17,961	17,921	(40)
Economic development grants	252,500	-	(252,500)
Equitable sharing of federally forfeited property	-	148,075	148,075
Transportation Reimbursement grant	75,000	75,000	-
Total	<u>1,600,463</u>	<u>1,543,287</u>	<u>(57,176)</u>
<b>Sales and Services:</b>			
Recreational fees	847,223	841,794	(5,429)
Utilities collection fees	375,535	420,928	45,393
Building permit fees	302,325	329,083	26,758
Cemetery revenues	43,490	55,095	11,605
Sale of fixed assets	40,000	64,115	24,115
Rentals	77,014	81,967	4,953
Other fees	154,725	150,743	(3,982)
Total	<u>1,840,312</u>	<u>1,943,725</u>	<u>103,413</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Investment Earnings</b>	350,000	577,568	227,568
<b>Miscellaneous:</b>			
Payment in lieu of taxes	542,785	564,348	21,563
Donations	174,645	195,599	20,954
Other	89,673	125,453	35,780
Total	<u>807,103</u>	<u>885,400</u>	<u>78,297</u>
Total revenues	<u>32,383,669</u>	<u>34,355,662</u>	<u>1,971,993</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government:</b>			
Administration			
Salaries and employee benefits	1,854,254	1,722,307	131,947
Operating expenditures	2,332,416	1,470,772	861,644
Capital outlay	111,265	100,265	11,000
Interdepartmental charges	(1,719,097)	(1,719,097)	-
Total	<u>2,578,838</u>	<u>1,574,247</u>	<u>1,004,591</u>
<b>Planning and Zoning:</b>			
Salaries and employee benefits	551,992	548,925	3,067
Operating expenditures	598,704	221,748	376,956
Interdepartmental charges	(35,990)	(35,990)	-
Total	<u>1,114,706</u>	<u>734,683</u>	<u>380,023</u>
<b>Engineering:</b>			
Salaries and employee benefits	848,976	844,872	4,104
Operating expenditures	60,072	50,759	9,313
Interdepartmental charges	(364,348)	(364,348)	-
Total	<u>544,700</u>	<u>531,283</u>	<u>13,417</u>
<b>Finance:</b>			
Salaries and employee benefits	2,028,352	2,010,379	17,973
Operating expenditures	477,483	407,395	70,088
Capital outlay	18,000	-	18,000
Interdepartmental charges	(2,261,139)	(2,261,139)	-
Total	<u>262,696</u>	<u>156,635</u>	<u>106,061</u>
<b>Operations Center:</b>			
Salaries and employee benefits	542,796	511,428	31,368
Operating expenditures	133,752	109,929	23,823
Interdepartmental charges	(612,159)	(611,994)	(165)
Total	<u>64,389</u>	<u>9,363</u>	<u>55,026</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Special Appropriations:</b>			
Operating expenditures	280,741	220,777	59,964
Total general government	<u>4,846,070</u>	<u>3,226,988</u>	<u>1,619,082</u>
<b>Transportation:</b>			
Streets and highways			
Salaries and employee benefits	1,111,490	1,043,308	68,182
Operating expenditures	1,682,556	1,365,827	316,729
Capital outlay	655,000	638,844	16,156
Interdepartmental charges	(439,513)	(451,806)	12,293
Total	<u>3,009,533</u>	<u>2,596,173</u>	<u>413,360</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and employee benefits	7,880,927	7,847,745	33,182
Operating expenditures	1,392,100	993,441	398,659
Capital outlay	557,190	501,473	55,717
Total	<u>9,830,217</u>	<u>9,342,659</u>	<u>487,558</u>
<b>Fire:</b>			
Salaries and employee benefits	6,093,013	6,059,478	33,535
Operating expenditures	716,401	691,489	24,912
Capital outlay	1,179,059	1,139,541	39,518
Total	<u>7,988,473</u>	<u>7,890,508</u>	<u>97,965</u>
<b>Building Standards and Code Enforcement:</b>			
Salaries and employee benefits	564,754	531,520	33,234
Operating expenditures	209,031	126,631	82,400
Capital outlay	30,000	-	30,000
Total	<u>803,785</u>	<u>658,151</u>	<u>145,634</u>
Total public safety	<u>18,622,475</u>	<u>17,891,318</u>	<u>731,157</u>
<b>Culture and Recreation:</b>			
Salaries and employee benefits	2,284,261	2,180,476	103,785
Operating expenditures	1,444,842	1,223,430	221,412
Capital outlay	369,312	379,323	(10,011)
Interdepartmental charges	(205,921)	(205,921)	-
Total	<u>3,892,494</u>	<u>3,577,308</u>	<u>315,186</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Golf:</b>			
Salaries and employee benefits	557,184	535,240	21,944
Operating expenditures	480,003	394,267	85,736
Capital outlay	22,000	-	22,000
Total	<u>1,059,187</u>	<u>929,507</u>	<u>129,680</u>
Total culture and recreation	<u>4,951,681</u>	<u>4,506,815</u>	<u>444,866</u>
<b>Debt Service:</b>			
Principal retirement	1,390,008	1,193,256	196,752
Interest and other charges	<u>305,402</u>	<u>186,072</u>	<u>119,330</u>
Total	<u>1,695,410</u>	<u>1,379,328</u>	<u>316,082</u>
Total expenditures	<u>33,125,169</u>	<u>29,600,622</u>	<u>3,524,547</u>
Revenues over (under) expenditures	<u>(741,500)</u>	<u>4,755,040</u>	<u>5,496,540</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
Special revenue funds			
Monroe Union County Economic Development Fund	(300,000)	(300,000)	-
Downtown Monroe Fund	(402,646)	(289,152)	113,494
Capital projects	(1,007,500)	(1,007,500)	-
Governmental Capital Reserve Fund	(100,000)	(100,000)	-
Water and Sewer Capital Projects Fund	(150,000)	(150,000)	-
Airport Capital Projects Fund	436,001	436,001	-
Airport Fund	(1,719,811)	(1,325,812)	393,999
Installment purchase obligations issued	<u>76,262</u>	<u>76,262</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,167,694)</u>	<u>(2,660,201)</u>	<u>507,493</u>
Appropriated fund balance	<u>3,909,194</u>	<u>-</u>	<u>(3,909,194)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,094,839</u>	<u>\$ 2,094,839</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>24,967,929</u>	
End of year, June 30		<u>\$ 27,062,768</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Program income	\$ 1,000	\$ -	\$ (1,000)
<b>Expenditures:</b>			
Current:			
Economic and physical development:			
Administration	100	-	100
Other expenditures	<u>900</u>	<u>-</u>	<u>900</u>
Total expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 51,425	\$ 57,542	\$ 6,117
Restricted intergovernmental revenue	4,000	4,000	-
Miscellaneous	<u>125,370</u>	<u>90,401</u>	<u>(34,969)</u>
Total	<u>180,795</u>	<u>151,943</u>	<u>(28,852)</u>
<b>Expenditures:</b>			
Current:			
Economic and physical development:			
Administration	<u>573,244</u>	<u>281,898</u>	<u>291,346</u>
Total	<u>573,244</u>	<u>281,898</u>	<u>291,346</u>
Revenues over (under) expenditures	<u>(392,449)</u>	<u>(129,955)</u>	<u>262,494</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from (to) other funds:			
General Fund	402,646	289,152	(113,494)
Capital Projects Fund	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>342,646</u>	<u>229,152</u>	<u>(113,494)</u>
Appropriated fund balance	<u>49,803</u>	<u>-</u>	<u>(49,803)</u>
Net change in fund balance	<u>\$ -</u>	<u>99,197</u>	<u>\$ 99,197</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>49,803</u>	
End of year, June 30		<u>\$ 149,000</u>	

**CITY OF MONROE, NORTH CAROLINA**

**SPECIAL REVENUE FUND  
STATE GRANT PROGRAMS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>		
<b>Revenues:</b>					
Restricted intergovernmental (12-C-2424)	\$ 225,000	\$ 12,152	\$ 124,184	\$ 136,336	\$ 88,664
Total revenues	<u>225,000</u>	<u>12,152</u>	<u>124,184</u>	<u>136,336</u>	<u>88,664</u>
<b>Expenditures:</b>					
Current:					
Economic and physical development:					
Program costs (12-C-2424)	225,000	12,152	124,184	136,336	88,664
Total expenditures	<u>225,000</u>	<u>12,152</u>	<u>124,184</u>	<u>136,336</u>	<u>88,664</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Interlocal agreement	\$ 400,000	\$ 400,000	\$ -
Miscellaneous	13,750	13,750	-
Investment earnings	-	5,325	5,325
Total	<u>413,750</u>	<u>419,075</u>	<u>5,325</u>
<b>Expenditures:</b>			
Current:			
Economic and physical development:			
Administration	755,600	685,239	70,361
Total	<u>755,600</u>	<u>685,239</u>	<u>70,361</u>
Revenues over (under) expenditures	<u>(341,850)</u>	<u>(266,164)</u>	<u>75,686</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
General Fund	300,000	300,000	-
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Appropriated fund balance	<u>41,850</u>	<u>-</u>	<u>(41,850)</u>
Net change in fund balance	<u>\$ -</u>	<u>33,836</u>	<u>\$ 33,836</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>190,346</u>	
End of year, June 30		<u>\$ 224,182</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, 2015**

	<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	\$ 1,805,000	\$ -	\$ 196,406	\$ 196,406	\$ (1,608,594)
Miscellaneous	-	153	-	153	153
Investment earnings	-	-	54,030	54,030	54,030
Total revenues	<u>1,805,000</u>	<u>153</u>	<u>250,436</u>	<u>250,589</u>	<u>(1,554,411)</u>
<b>Expenditures:</b>					
Capital outlay:					
Construction costs capitalized	432,656	302,917	129,797	432,714	(58)
Construction in progress	<u>7,669,600</u>	<u>266,607</u>	<u>1,556,486</u>	<u>1,823,093</u>	<u>5,846,507</u>
Total expenditures	<u>8,102,256</u>	<u>569,524</u>	<u>1,686,283</u>	<u>2,255,807</u>	<u>5,846,449</u>
Revenues over (under) expenditures	<u>(6,297,256)</u>	<u>(569,371)</u>	<u>(1,435,847)</u>	<u>(2,005,218)</u>	<u>4,292,038</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Stormwater Fund	-	52,500	(52,500)	-	-
Electric Fund	-	58,333	(58,333)	-	-
Natural Gas Fund	-	58,334	(58,334)	-	-
Water & Sewer Fund	-	58,333	(58,333)	-	-
General Fund	1,107,256	779,756	327,500	1,107,256	-
Parks & Recreation Fund (General Fund)	730,000	50,000	680,000	730,000	-
Downtown Monroe Fund	60,000	-	60,000	60,000	-
Installment purchase obligations issued	<u>4,400,000</u>	-	<u>4,400,000</u>	<u>4,400,000</u>	-
Total other financing sources (uses)	<u>6,297,256</u>	<u>1,057,256</u>	<u>5,240,000</u>	<u>6,297,256</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 487,885</u>	3,804,153	<u>\$ 4,292,038</u>	<u>\$ 4,292,038</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>487,885</u>		
End of year, June 30			<u>\$ 4,292,038</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  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 148,127	\$ 193,164	\$ 45,037
Investment earnings	-	9,338	9,338
Total revenues	<u>148,127</u>	<u>202,502</u>	<u>54,375</u>
<b>Expenditures:</b>			
Current:			
Construction costs capitalized	40,000	-	40,000
Capital outlay	86,678	86,677	1
Other expenditures	<u>21,449</u>	<u>-</u>	<u>21,449</u>
Total expenditures	<u>148,127</u>	<u>86,677</u>	<u>61,450</u>
Net change in fund balance	<u>\$ -</u>	115,825	<u>\$ 115,825</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>1,574,375</u>	
End of year, June 30		<u>\$ 1,690,200</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from (to) other funds:			
Parks & 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>	<u>100,000</u>	<u>\$ 100,000</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>100,000</u>	
End of year, June 30		<u>\$ 200,000</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Water sales	\$ 6,114,781	\$ 6,526,252	\$ 411,471
Sewer charges	7,315,548	7,750,589	435,041
Water and sewer taps	46,619	35,883	(10,736)
County waste water charges	<u>600,000</u>	<u>846,007</u>	<u>246,007</u>
Total	14,076,948	15,158,731	1,081,783
Other operating revenues	<u>331,930</u>	<u>424,368</u>	<u>92,438</u>
Total operating revenues	<u>14,408,878</u>	<u>15,583,099</u>	<u>1,174,221</u>
Non-operating revenues:			
Availability fees	398,930	554,823	155,893
Other non-operating revenues	1,569	65,050	63,481
Investment earnings	<u>453,200</u>	<u>522,120</u>	<u>68,920</u>
Total non-operating revenues	<u>853,699</u>	<u>1,141,993</u>	<u>288,294</u>
Total revenues	<u>15,262,577</u>	<u>16,725,092</u>	<u>1,462,515</u>
Appropriated fund balance	<u>823,045</u>	<u>-</u>	<u>(823,045)</u>
Total revenues and other financing sources (uses)	<u>\$ 16,085,622</u>	<u>\$ 16,725,092</u>	<u>\$ 639,470</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Distribution system:			
Salaries and employee benefits	\$ 2,471,673	\$ 2,343,085	\$ 128,588
Repairs and maintenance	795,076	530,491	264,585
Operating expenditures	<u>2,377,829</u>	<u>2,131,602</u>	<u>246,227</u>
Total	<u>5,644,578</u>	<u>5,005,178</u>	<u>639,400</u>
Water filter plant:			
Salaries and employee benefits	852,746	841,580	11,166
Operating expenditures	<u>2,414,175</u>	<u>2,005,834</u>	<u>408,341</u>
Total	<u>3,266,921</u>	<u>2,847,414</u>	<u>419,507</u>
Waste treatment plant:			
Salaries and employee benefits	1,029,548	961,588	67,960
Operating expenditures	<u>1,771,840</u>	<u>1,511,552</u>	<u>260,288</u>
Total	<u>2,801,388</u>	<u>2,473,140</u>	<u>328,248</u>
Debt service:			
Principal retirement	1,737,744	1,702,116	35,628
Interest and other charges	<u>634,979</u>	<u>613,105</u>	<u>21,874</u>
Total	<u>2,372,723</u>	<u>2,315,221</u>	<u>57,502</u>
Capital outlay	<u>1,557,428</u>	<u>841,607</u>	<u>715,821</u>
Total expenditures	<u>15,643,038</u>	<u>13,482,560</u>	<u>2,160,478</u>
<b>Other Financing Sources (Uses):</b>			
Transfers:			
Capital projects	58,333	58,333	-
Water and Sewer Capital Projects Fund	<u>(500,917)</u>	<u>(500,917)</u>	<u>-</u>
Total other financing sources (uses)	<u>(442,584)</u>	<u>(442,584)</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>\$ 16,085,622</u>	<u>\$ 13,925,144</u>	<u>\$ 2,160,478</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, 2015**

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

Total revenues and other financing sources (uses)	\$ 16,725,092
Total expenditures and other financing sources (uses)	<u>13,925,144</u>
Revenues and other financing sources sources over (under) expenditures and other financing uses	<u>2,799,948</u>
Reconciling items:	
Debt principal	1,702,116
Capital outlay	841,607
Capital items not charged to capital outlay	2,968,873
Disposal of capital asset	(41,196)
Project transfers-intrafund	500,917
Project transfers to water and sewer capital project	150,000
Decrease in compensated absences	52,052
Increase in OPEB liability	(258,222)
Contributions to pension plan in current fiscal year-LGERS	207,879
Pension expense-LGERS	(9,295)
Depreciation and amortization	<u>(2,382,208)</u>
Total reconciling items	<u>3,732,523</u>
Change in net position	<u>\$ 6,532,471</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds:			
Water and Sewer Capital Projects Funds	\$ -	\$ -	\$ -
Increase in fund balance	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 <b>Fund Balance:</b>			
Beginning of year, July 1		<u>3,318,739</u>	
 End of year, June 30		<u>\$ 3,318,739</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, 2015**

	<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>Expenditures:</b>					
Construction costs capitalized	\$ 14,248,272	\$ 9,989,072	\$ 144,478	\$ 10,133,550	\$ 4,114,722
Construction in progress	4,520,000	2,131	-	2,131	4,517,869
Other costs	100,917	37,222	23,792	61,014	39,903
Total expenditures	<u>18,869,189</u>	<u>10,028,425</u>	<u>168,270</u>	<u>10,196,695</u>	<u>8,672,494</u>
Revenues over (under) expenditures	<u>(18,869,189)</u>	<u>(10,028,425)</u>	<u>(168,270)</u>	<u>(10,196,695)</u>	<u>8,672,494</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Water and Sewer Fund	5,270,917	4,770,000	500,917	5,270,917	-
Water and Sewer Capital Reserve Fund	50,000	50,000	-	50,000	-
Electric Capital Project Fund	(101,728)	(101,728)	-	(101,728)	-
General Fund	150,000	-	150,000	150,000	-
Proceeds from State Revolving Loan Fund	<u>13,500,000</u>	<u>9,622,065</u>	<u>-</u>	<u>9,622,065</u>	<u>(3,877,935)</u>
Total other financing sources (uses)	<u>18,869,189</u>	<u>14,340,337</u>	<u>650,917</u>	<u>14,991,254</u>	<u>(3,877,935)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,311,912</u>	<u>\$ 482,647</u>	<u>\$ 4,794,559</u>	<u>\$ 4,794,559</u>

## CITY OF MONROE, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Electric power sales	\$ 60,511,000	\$ 62,881,459	\$ 2,370,459
Sales tax	<u>3,955,770</u>	<u>2,502,141</u>	<u>(1,453,629)</u>
Total	64,466,770	65,383,600	916,830
Other operating revenues	<u>334,800</u>	<u>341,526</u>	<u>6,726</u>
Total operating revenues	<u>64,801,570</u>	<u>65,725,126</u>	<u>923,556</u>
Non-operating revenues:			
Other non-operating revenues	41,257	3,046,267	3,005,010
Investment earnings	<u>604,500</u>	<u>823,898</u>	<u>219,398</u>
Total non-operating revenues	<u>645,757</u>	<u>3,870,165</u>	<u>3,224,408</u>
Total revenues	<u>65,447,327</u>	<u>69,595,291</u>	<u>4,147,964</u>
Interest income from other funds:			
General Fund	33,086	33,086	-
Natural Gas Fund	<u>1,060,272</u>	<u>30,434</u>	<u>(1,029,838)</u>
Total	<u>1,093,358</u>	<u>63,520</u>	<u>(1,029,838)</u>
Total revenues	<u>\$ 66,540,685</u>	<u>\$ 69,658,811</u>	<u>\$ 3,118,126</u>

## CITY OF MONROE, NORTH CAROLINA

**ELECTRIC FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 2,758,935	\$ 2,677,400	\$ 81,535
Operating expenditures	<u>3,814,674</u>	<u>3,459,670</u>	<u>355,004</u>
Total	<u>6,573,609</u>	<u>6,137,070</u>	<u>436,539</u>
Electric power purchases	<u>55,172,770</u>	<u>52,932,832</u>	<u>2,239,938</u>
Debt service:			
Principal retirement	1,117,476	1,117,476	-
Interest and other charges	<u>947,639</u>	<u>947,572</u>	<u>67</u>
Total	<u>2,065,115</u>	<u>2,065,048</u>	<u>67</u>
Capital outlay	<u>1,042,667</u>	<u>631,744</u>	<u>410,923</u>
Total expenditures	<u>64,854,161</u>	<u>61,766,694</u>	<u>3,087,467</u>
<b>Other Financing Sources (Uses):</b>			
Transfers (to) from other funds:			
Electric Capital Projects Fund	(4,672,187)	(4,672,187)	-
Capital projects	<u>58,333</u>	<u>58,333</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,613,854)</u>	<u>(4,613,854)</u>	<u>-</u>
Appropriated fund balance	<u>2,927,330</u>	<u>-</u>	<u>2,927,330</u>
Total expenditures and other financing sources (uses)	<u>\$ 66,540,685</u>	<u>\$ 66,380,548</u>	<u>\$ 160,137</u>

**CITY OF MONROE, NORTH CAROLINA**

**ELECTRIC FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

Total revenues	\$ 69,658,811
Total expenditures and other financing sources (uses)	<u>66,380,548</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>3,278,263</u>
Reconciling items:	
Debt principal	1,117,476
Capital outlay	631,744
Capital items not charged to capital outlay	1,839,429
Net book value of assets disposed	(2,972,757)
Transfer to Electric Capital Projects Fund	4,672,187
Increase in compensated absences	(6,176)
Increase in OPEB liability	(112,780)
Contributions to pension plan in current fiscal year-LGERS	90,242
Pension expense-LGERS	(4,035)
Depreciation and amortization	<u>(2,670,273)</u>
Total reconciling items	<u>2,585,057</u>
Change in net position	<u>\$ 5,863,320</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, 2015**

	<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)
Total revenues	<u>5,805,850</u>	<u>5,592,648</u>	<u>-</u>	<u>5,592,648</u>	<u>(213,202)</u>
<b>Expenditures:</b>					
Construction costs capitalized	11,705,612	10,099,631	232,387	10,332,018	1,373,594
Construction in progress	10,311,690	1,776,895	342,974	2,119,869	8,191,821
Other costs	<u>6,702,183</u>	<u>346,385</u>	<u>46,957</u>	<u>393,342</u>	<u>6,308,841</u>
Total expenditures	<u>28,719,485</u>	<u>12,222,911</u>	<u>622,318</u>	<u>12,845,229</u>	<u>15,874,256</u>
Revenues over (under) expenditures	<u>(22,913,635)</u>	<u>(6,630,263)</u>	<u>(622,318)</u>	<u>(7,252,581)</u>	<u>15,661,054</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Electric Fund	20,500,385	15,828,195	4,672,187	20,500,382	(3)
Natural Gas Fund	<u>2,413,250</u>	<u>2,413,250</u>	<u>-</u>	<u>2,413,250</u>	<u>-</u>
Total other financing sources (uses)	<u>22,913,635</u>	<u>18,241,445</u>	<u>4,672,187</u>	<u>22,913,632</u>	<u>(3)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 11,611,182</u>	<u>\$ 4,049,869</u>	<u>\$ 15,661,051</u>	<u>\$ 15,661,051</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Natural gas sales	\$ 18,418,875	\$ 17,957,504	\$ (461,371)
Other operating revenues	<u>-</u>	<u>2,904</u>	<u>2,904</u>
Total operating revenues	<u>18,418,875</u>	<u>17,960,408</u>	<u>(458,467)</u>
Non-operating revenues:			
Availability fees	1,168,356	1,168,356	-
Other non-operating revenues	-	86,951	86,951
Investment earnings	<u>307,300</u>	<u>333,477</u>	<u>26,177</u>
Total non-operating revenues	<u>1,475,656</u>	<u>1,588,784</u>	<u>113,128</u>
Total revenues	<u>19,894,531</u>	<u>19,549,192</u>	<u>(345,339)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds			
Capital Project Fund	<u>58,334</u>	<u>58,334</u>	<u>-</u>
Total other financing sources (uses)	<u>58,334</u>	<u>58,334</u>	<u>-</u>
Total revenues and other financing sources (uses)	<u>\$ 19,952,865</u>	<u>\$ 19,607,526</u>	<u>\$ (345,339)</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 1,063,984	\$ 974,727	\$ 89,257
Operating expenditures	<u>4,970,769</u>	<u>3,490,802</u>	<u>1,479,967</u>
Total	<u>6,034,753</u>	<u>4,465,529</u>	<u>1,569,224</u>
Natural gas purchases	<u>9,333,000</u>	<u>6,703,056</u>	<u>2,629,944</u>
Debt service:			
Principal retirement	1,937,058	907,219	1,029,839
Interest and other charges	<u>1,731,482</u>	<u>1,731,568</u>	<u>(86)</u>
Total	<u>3,668,540</u>	<u>2,638,787</u>	<u>1,029,753</u>
Capital outlay	<u>189,466</u>	<u>96,942</u>	<u>92,524</u>
Total expenditures	<u>19,225,759</u>	<u>13,904,314</u>	<u>5,321,445</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds:			
Natural Gas Capital Project Fund	<u>(696,250)</u>	<u>(696,250)</u>	<u>-</u>
Total other financing sources (uses)	<u>(696,250)</u>	<u>(696,250)</u>	<u>-</u>
Appropriated fund balance	<u>30,856</u>	<u>-</u>	<u>30,856</u>
Total expenditures and other financing sources (uses)	<u>\$ 19,952,865</u>	<u>\$ 14,600,564</u>	<u>\$ 5,352,301</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, 2015

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

Total revenues and other financing sources (uses)	\$ 19,607,526
Total expenditures and other financing sources (uses)	<u>14,600,564</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>5,006,962</u>
Reconciling items:	
Debt principal	907,219
Capital outlay	96,942
Capital items not charged to capital outlay	640,671
Payment from outside party on note receivable	(1,079,884)
Transfer to Natural Gas Capital Projects Fund	696,250
Income from capital projects consolidation	73
Increase in compensated absences	(6,266)
Increase in OPEB liability	(57,235)
Contributions to pension plan in current fiscal year-LGERS	46,732
Pension expense-LGERS	(2,090)
Depreciation and amortization	<u>(1,512,090)</u>
Total reconciling items	<u>(269,678)</u>
Change in net position	<u>\$ 4,737,284</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, 2015**

	<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>					
Miscellaneous	\$ -	\$ 4,733	\$ 73	\$ 4,806	\$ 4,806
Investment earnings	-	72,939	-	72,939	72,939
Total revenues	-	77,672	73	77,745	77,745
<b>Expenditures:</b>					
Construction costs capitalized	47,399,081	45,313,165	104,466	45,417,631	1,981,450
Construction in progress	6,495,880	1,733,976	587,814	2,321,790	4,174,090
Other costs	151,167	103,240	30,519	133,759	17,408
Total expenditures	54,046,128	47,150,381	722,799	47,873,180	6,172,948
Revenues over (under) expenditures	(54,046,128)	(47,072,709)	(722,726)	(47,795,435)	6,250,693
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Natural Gas Fund	19,087,130	18,390,880	696,250	19,087,130	-
Electric Fund	3,330,000	3,330,000	-	3,330,000	-
Certificates of Participation	31,628,998	31,628,998	-	31,628,998	-
Total other financing sources (uses)	54,046,128	53,349,878	696,250	54,046,128	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 6,277,169	\$ (26,476)	\$ 6,250,693	\$ 6,250,693

## 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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Recreational fees	\$ 3,475,500	\$ 3,551,740	\$ 76,240
Other operating revenues	157,000	157,523	523
Total operating revenues	<u>3,632,500</u>	<u>3,709,263</u>	<u>76,763</u>
Non-operating revenues:			
Other non-operating revenues	-	2,560	2,560
Investment earnings	44,600	33,392	(11,208)
Total non-operating revenues	<u>44,600</u>	<u>35,952</u>	<u>(8,648)</u>
Total revenues	<u>3,677,100</u>	<u>3,745,215</u>	<u>68,115</u>
Total revenues and other financing sources	<u>3,677,100</u>	<u>3,745,215</u>	<u>68,115</u>
Appropriated fund balance	<u>2,955</u>	<u>-</u>	<u>(2,955)</u>
Total revenues and other financing sources (uses)	<u>\$ 3,680,055</u>	<u>\$ 3,745,215</u>	<u>\$ 65,160</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 1,937,788	\$ 1,891,341	\$ 46,447
Operating expenditures	<u>1,537,759</u>	<u>1,441,241</u>	<u>96,518</u>
Total	<u>3,475,547</u>	<u>3,332,582</u>	<u>142,965</u>
Capital outlay	<u>204,508</u>	<u>122,676</u>	<u>81,832</u>
Total expenditures	<u>\$ 3,680,055</u>	<u>\$ 3,455,258</u>	<u>\$ 224,797</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, 2015**

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

Total revenues and other financing sources (uses)	\$ 3,745,215
Total expenditures and other financing sources (uses)	<u>3,455,258</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>289,957</u>
Reconciling items:	
Capital outlay	122,676
Increase in compensated absences	(693)
Increase in OPEB liability	(94,097)
Contributions to pension plan in current fiscal year-LGERS	75,738
Pension expense-LGERS	(3,386)
Depreciation and amortization	<u>(297,289)</u>
Total reconciling items	<u>(197,051)</u>
Change in net position	<u>\$ 92,906</u>

## CITY OF MONROE, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Leases	\$ 333,914	\$ 316,939	\$ (16,975)
Sales of fuel	<u>1,508,000</u>	<u>1,595,486</u>	<u>87,486</u>
Total	1,841,914	1,912,425	70,511
Other operating revenues	<u>12,413</u>	<u>13,060</u>	<u>647</u>
Total operating revenues	<u>1,854,327</u>	<u>1,925,485</u>	<u>71,158</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds:			
General Fund	1,719,811	1,325,812	(393,999)
Airport Capital Projects	<u>25,226</u>	<u>25,226</u>	<u>-</u>
Total other financing sources (uses)	<u>1,745,037</u>	<u>1,351,038</u>	<u>(393,999)</u>
Total revenues and other financing sources (uses)	3,599,364	3,276,523	(322,841)
Appropriated fund balance	<u>13,010</u>	<u>-</u>	<u>13,010</u>
Total revenues, other financing sources (uses), and appropriated fund balance	<u>\$ 3,612,374</u>	<u>\$ 3,276,523</u>	<u>\$ (309,831)</u>

## CITY OF MONROE, NORTH CAROLINA

**AIRPORT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 612,245	\$ 608,826	\$ 3,419
Operating expenditures	<u>1,956,293</u>	<u>1,642,083</u>	<u>314,210</u>
Total	<u>2,568,538</u>	<u>2,250,909</u>	<u>317,629</u>
Debt service:			
Principal retirement	601,333	601,333	-
Interest and other charges	<u>432,118</u>	<u>432,118</u>	<u>-</u>
Total	<u>1,033,451</u>	<u>1,033,451</u>	<u>-</u>
Capital outlay	<u>10,385</u>	<u>10,385</u>	<u>-</u>
Total expenditures	<u>\$ 3,612,374</u>	<u>\$ 3,294,745</u>	<u>\$ 317,629</u>

**CITY OF MONROE, NORTH CAROLINA**

**AIRPORT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

Total revenues and other financing sources (uses)	\$ 3,276,523
Total expenditures	<u>3,294,745</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(18,222)</u>
Reconciling items:	
Debt principal	601,333
Capital outlay	10,385
Net revenue from capital projects consolidation	139,724
Intrafund transfer from Airport Capital Projects Fund	(25,226)
Transfer from Airport Capital Projects Fund	(436,001)
Increase in compensated absences	(3,623)
Increase in OPEB liability	(47,776)
Contributions to pension plan in current fiscal year-LGERS	38,675
Pension expense-LGERS	(1,729)
Depreciation and amortization	<u>(707,259)</u>
Total reconciling items	<u>(431,497)</u>
Change in net position	<u>\$ (449,719)</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, 2015**

	<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	\$ 7,298,043	\$ 5,500,860	\$ 139,724	\$ 5,640,584	\$ (1,657,459)
Investment earnings	-	33,310	-	33,310	33,310
Total revenues	<u>7,298,043</u>	<u>5,534,170</u>	<u>139,724</u>	<u>5,673,894</u>	<u>(1,624,149)</u>
<b>Expenditures:</b>					
Construction costs capitalized	11,120,098	11,939,613	125,041	12,064,654	(944,556)
Construction in progress	4,830,863	1,294,092	15,736	1,309,828	3,521,035
Total expenditures	<u>15,950,961</u>	<u>13,233,705</u>	<u>140,777</u>	<u>13,374,482</u>	<u>2,576,479</u>
Revenues over (under) expenditures	<u>(8,652,918)</u>	<u>(7,699,535)</u>	<u>(1,053)</u>	<u>(7,700,588)</u>	<u>952,330</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
General Fund	2,281,065	2,717,066	(436,001)	2,281,065	-
Airport Fund	307,623	332,849	(25,226)	307,623	-
Proceeds from refunding revenue bonds	6,064,230	6,042,104	-	6,042,104	(22,126)
Total other financing sources (uses)	<u>8,652,918</u>	<u>9,092,019</u>	<u>(461,227)</u>	<u>8,630,792</u>	<u>(22,126)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,392,484</u>	<u>\$ (462,280)</u>	<u>\$ 930,204</u>	<u>\$ 930,204</u>

## CITY OF MONROE, NORTH CAROLINA

**STORMWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Storm water receipts	\$ 2,071,238	\$ 2,085,133	\$ 13,895
Other operating revenues	<u>14,700</u>	<u>11,275</u>	<u>(3,425)</u>
Total operating revenues	<u>2,085,938</u>	<u>2,096,408</u>	<u>10,470</u>
Non-operating revenues:			
Other non-operating revenues	-	6,483	-
Investment earnings	<u>10,470</u>	<u>15,139</u>	<u>4,669</u>
Total non-operating revenues	<u>10,470</u>	<u>21,622</u>	<u>4,669</u>
Total revenues	<u>\$ 2,096,408</u>	<u>\$ 2,118,030</u>	<u>\$ 15,139</u>

## CITY OF MONROE, NORTH CAROLINA

**STORMWATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 725,365	719,258	\$ 6,107
Reimbursements	692,387	692,387	-
Operating expenditures	<u>451,874</u>	<u>289,695</u>	<u>162,179</u>
Total	<u>1,869,626</u>	<u>1,701,340</u>	<u>168,286</u>
Debt service:			
Principal retirement	93,649	93,649	-
Interest and other charges	<u>3,808</u>	<u>3,808</u>	<u>-</u>
Total	<u>97,457</u>	<u>97,457</u>	<u>-</u>
Total expenditures	<u>1,967,083</u>	<u>1,798,797</u>	<u>168,286</u>
<b>Other Financing Sources (Uses):</b>			
Contingency	(51,825)	-	(51,825)
Transfers from(to) other funds:			
Intrafund-Stormwater capital project fund	(130,000)	(130,000)	-
Capital projects	<u>52,500</u>	<u>52,500</u>	<u>-</u>
Total other financing sources (uses)	<u>(129,325)</u>	<u>(77,500)</u>	<u>(51,825)</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,096,408</u>	<u>\$ 1,876,297</u>	<u>\$ 220,111</u>

**CITY OF MONROE, NORTH CAROLINA**

**STORMWATER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2015**

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

Total revenues and other financing sources (uses)	\$ 2,118,030
Total expenditures and other financing sources (uses)	<u>1,876,297</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>241,733</u>
Reconciling items:	
Debt principal	93,649
Intrafund transfers-Stormwater capital project fund	130,000
Increase in compensated absences	(5,117)
Increase in OPEB liability	(41,148)
Contributions to pension plan in current fiscal year-LGERS	33,841
Pension expense-LGERS	(1,513)
Depreciation and amortization	<u>(118,793)</u>
Total reconciling items	<u>90,919</u>
Change in net position	<u><u>\$ 332,652</u></u>

**CITY OF MONROE, NORTH CAROLINA**

**STORMWATER MANAGEMENT CAPITAL PROJECTS FUNDS  
CAPITAL PROJECTS  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<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>Expenditures:</b>					
Construction in progress	\$ 130,000	\$ -	\$ -	\$ -	\$ 130,000
Total expenditures	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Revenues over (under) expenditures	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Stormwater Fund	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Total other financing sources (uses)	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 130,000</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Refuse collection fees	\$ 2,233,116	\$ 2,122,516	\$ (110,600)
Total	<u>2,233,116</u>	<u>2,122,516</u>	<u>(110,600)</u>
Other operating revenues	35,500	46,615	11,115
Total operating revenues	<u>2,268,616</u>	<u>2,169,131</u>	<u>(99,485)</u>
Non-operating revenues:			
Investment earnings	12,275	7,151	(5,124)
Total non-operating revenues	<u>12,275</u>	<u>7,151</u>	<u>(5,124)</u>
Total revenues	<u>\$ 2,280,891</u>	<u>\$ 2,176,282</u>	<u>\$ (104,609)</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
Operations:			
Salaries and employee benefits	\$ 72,220	\$ 72,068	\$ 152
Operating expenditures	<u>2,040,072</u>	<u>1,911,941</u>	<u>128,131</u>
Total	<u>2,112,292</u>	<u>1,984,009</u>	<u>128,283</u>
Debt service:			
Principal retirement	99,236	99,236	-
Interest and other charges	<u>4,838</u>	<u>4,838</u>	<u>-</u>
Total	<u>104,074</u>	<u>104,074</u>	<u>-</u>
Total expenditures	<u>2,216,366</u>	<u>2,088,083</u>	<u>128,283</u>
<b>Other Financing Sources (Uses):</b>			
Contingency	<u>(64,525)</u>	<u>-</u>	<u>64,525</u>
Total expenditures and other financing sources (uses)	<u>\$ 2,280,891</u>	<u>\$ 2,088,083</u>	<u>\$ 192,808</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, 2015**

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

Total revenues, other financing sources (uses) and appropriated fund balance	\$ 2,176,282
Total expenditures	<u>2,088,083</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>88,199</u>
Reconciling items:	
Debt principal	99,236
Depreciation	(187,848)
Increase in compensated absences	(395)
Increase in OPEB liability	(2,880)
Contributions to pension plan in current fiscal year-LGERS	1,611
Pension expense-LGERS	<u>(72)</u>
Total reconciling items	<u>(90,348)</u>
Change in net position	<u><u>\$ (2,149)</u></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, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges and employee contributions	\$ 7,191,047	\$ 7,333,590	\$ 142,543
Other operating revenue	<u>455,000</u>	<u>656,044</u>	<u>201,044</u>
Total operating revenues	<u>7,646,047</u>	<u>7,989,634</u>	<u>343,587</u>
Non-operating revenues:			
Investment earnings	<u>8,000</u>	<u>29,344</u>	<u>21,344</u>
Total non-operating revenues	<u>8,000</u>	<u>29,344</u>	<u>21,344</u>
Total revenues	<u>7,654,047</u>	<u>8,018,978</u>	<u>364,931</u>
<b>Expenditures:</b>			
Operating expenditures:			
Other operating expenses	281,342	350,211	(68,869)
Healthcare clinic	103,677	84,315	19,362
Insurance	17,000	15,193	1,807
Health benefit claims and premiums	<u>7,252,028</u>	<u>7,322,024</u>	<u>(69,996)</u>
Total operating expenditures	<u>7,654,047</u>	<u>7,771,743</u>	<u>(117,696)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 247,235</u>	<u>\$ 247,235</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, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges	\$ 300,000	\$ 300,000	\$ -
Total operating revenues	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Non-operating revenues:			
Investment earnings	4,530	14,057	9,527
Total non-operating revenues	<u>4,530</u>	<u>14,057</u>	<u>9,527</u>
Total revenues	<u>304,530</u>	<u>314,057</u>	<u>9,527</u>
<b>Expenditures:</b>			
Operating expenditures:			
Other operating expenses	55,780	55,780	-
Workers' compensation claims and premiums paid	498,750	417,313	81,437
Total operating expenditures	<u>554,530</u>	<u>473,093</u>	<u>81,437</u>
Total expenditures	<u>554,530</u>	<u>473,093</u>	<u>81,437</u>
Appropriated fund balance	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (159,036)</u>	<u>\$ (159,036)</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, 2015**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Interfund charges and employee contributions	\$ 710,300	\$ 710,300	\$ -
Other operating revenue	<u>1,500</u>	<u>10,968</u>	<u>9,468</u>
Total operating revenues	<u>711,800</u>	<u>721,268</u>	<u>9,468</u>
Non-operating revenues:			
Investment earnings	<u>3,000</u>	<u>4,802</u>	<u>1,802</u>
Total non-operating revenues	<u>3,000</u>	<u>4,802</u>	<u>1,802</u>
Total revenues	<u>714,800</u>	<u>726,070</u>	<u>11,270</u>
<b>Expenditures:</b>			
Operating expenditures:			
Other operating expenses	51,278	51,278	-
Property and liability claims and premiums	<u>663,522</u>	<u>650,295</u>	<u>13,227</u>
Total expenditures	<u>714,800</u>	<u>701,573</u>	<u>13,227</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 24,497</u>	<u>\$ 24,497</u>

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2015**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014 - 2015	\$ -	\$ 19,207,655	\$ 18,835,890	\$ 371,765
2013 - 2014	755,058	-	212,683	542,375
2012 - 2013	229,717	-	77,931	151,786
2011 - 2012	139,290	-	30,440	108,850
2010 - 2011	130,408	-	41,080	89,328
2009 - 2010	76,505	-	7,980	68,525
2008 - 2009	39,422	-	4,791	34,631
2007 - 2008	37,611	-	3,583	34,028
2006 - 2007	35,302	-	3,264	32,038
2005 - 2006	17,711	-	1,197	16,514
2004 - 2005	<u>15,308</u>	<u>-</u>	<u>15,308</u>	<u>-</u>
Total	<u>\$ 1,476,332</u>	<u>\$ 19,207,655</u>	<u>\$ 19,234,147</u>	1,449,840
Less: Allowance for uncollectible ad valorem taxes receivable				<u>349,065</u>
Ad valorem taxes receivable				<u>\$ 1,100,775</u>

**Reconciliation with Revenues:**

	<u>General Fund</u>
Ad valorem taxes - General Fund	\$ 19,351,356
Amounts written off per Statute of Limitations	15,308
Refunds, releases of prior years' taxes	8,759
Interest and advertising cost recovery	<u>(141,276)</u>
Total collections and credits	<u>\$ 19,234,147</u>

**CITY OF MONROE, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY  
CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2015**

	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	\$ 3,353,827,259	0.555	\$ 18,500,783	\$ 17,465,667	\$ 1,035,116
Registered motor vehicles taxed at prior year's rate	<u>65,481,018</u>		<u>364,164</u>	<u>-</u>	<u>364,164</u>
Total	3,419,308,277		18,864,947	17,465,667	1,399,280
<b>Public Utility Allocation</b>	60,177,213	0.555	333,984	333,984	-
<b>Discoveries</b>	9,908,255	0.555	66,079	66,079	-
<b>Abatements</b>	<u>(10,417,679)</u>	<u>0.555</u>	<u>(57,355)</u>	<u>(56,502)</u>	<u>(853)</u>
Total property valuation	<u>\$ 3,478,976,066</u>				
<b>Net Levy</b>			19,207,655	17,809,228	1,398,427
Uncollected taxes at June 30, 2015			<u>(371,765)</u>	<u>(371,744)</u>	<u>(21)</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 18,835,890</u>	<u>\$ 17,437,484</u>	<u>\$ 1,398,406</u>
<b>Current Levy Collection Percentage</b>			<u>98.06%</u>	<u>97.91%</u>	<u>100.00%</u>

**Secondary Market Disclosures:**

	Property Valuation	Rate	Levy
<b>Assessed Valuation:</b>			
Assessment Ratio <sup>1</sup>	100%		
Real property	\$ 2,481,967,735		
Personal property	659,937,188		
Public Service Companies <sup>2</sup>	<u>60,177,213</u>		
	3,202,082,136	0.555	17,809,227
Motor Vehicle Property	<u>276,893,930</u>	0.555	<u>1,398,428</u>
Total levy (includes discoveries, releases, and abatements) <sup>3</sup>	<u>\$ 3,478,976,066</u>		<u>\$ 19,207,655</u>
Distribution of levy:			
General Fund			<u>\$ 19,207,655</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.

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF MUNICIPAL SERVICE DISTRICT TAXES RECEIVABLE  
JUNE 30, 2015**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014 - 2015	\$ -	\$ 52,662	\$ 51,852	\$ 810
2013 - 2014	2,427	-	1,685	742
2012 - 2013	1,438	-	1,233	205
2011 - 2012	1,497	-	1,234	263
2010 - 2011	407	-	49	358
2009 - 2010	212	-	49	163
2008 - 2009	265	-	49	216
2007 - 2008	144	-	26	118
2006 - 2007	409	-	26	383
2005 - 2006	99	-	29	70
2004 - 2005	4	-	4	-
<b>Total</b>	<u>\$ 6,902</u>	<u>\$ 52,662</u>	<u>\$ 56,236</u>	3,328

Less: Allowance for uncollectible ad valorem taxes receivable	<u>167</u>
Ad valorem taxes receivable	<u>\$ 3,161</u>

**Reconciliation with Revenues:**

Ad valorem taxes - Downtown Monroe Fund	\$ 57,542
Amounts written off per Statute of Limitations	4
Interest and advertising cost recovery	<u>(1,310)</u>
Total collections and credits	<u>\$ 56,236</u>

CITY OF MONROE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
MUNICIPAL SERVICE DISTRICT LEVY  
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$ 24,657,465	0.200	\$ 49,785	\$ 48,577	\$ 1,208
Registered motor vehicles taxed at prior year's rate	125,550		251	-	251
Total	24,783,015		50,036	48,577	1,459
<b>Public Utility Allocation</b>	1,367,590	0.200	2,735	2,735	-
<b>Discoveries</b>	-	0.200	-	-	-
Abatements	(30,095)	0.200	(109)	(109)	-
Total property valuation	<u>\$ 26,120,510</u>				
<b>Net Levy</b>			52,662	51,203	1,459
Uncollected taxes at June 30, 2015			(810)	(810)	-
<b>Current Year's Taxes Collected</b>			<u>\$ 51,852</u>	<u>\$ 50,393</u>	<u>\$ 1,459</u>
<b>Current Levy Collection Percentage</b>			<u>98.46%</u>	<u>98.42%</u>	<u>100.00%</u>
<b><u>Secondary Market Disclosures:</u></b>					
	<b>Property Valuation</b>	<b>Rate</b>	<b>Levy</b>		
<b>Assessed Valuation:</b>					
Assessment Ratio <sup>1</sup>	100%				
Real property	\$ 22,340,960				
Personal property	1,682,270				
Public Service Companies <sup>2</sup>	1,367,590				
	25,390,820	0.200	51,203		
Motor Vehicle Property	729,690	0.200	1,459		
Total levy (includes discoveries, releases, and abatements) <sup>3</sup>	<u>\$ 26,120,510</u>		<u>\$ 52,662</u>		
Distribution of levy:					
Municipal Service District - Downtown Monroe Fund			<u>\$ 52,662</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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<b>Financial Trends</b> – These tables contain trend information to help the reader understand how the City’s financial performance and well being have been changed over time..... ..	163
<b>Revenue Capacity</b> – These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax..... ..	168
<b>Debt Capacity</b> – These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future..... ..	172
<b>Demographic and Economic Information</b> – These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place..... ..	177
<b>Operation Information</b> – These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities..... ..	179

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 73,177	\$ 71,568	\$ 73,467	\$ 74,438	\$ 73,296	\$ 71,692	\$ 70,561	\$ 69,784	\$ 69,143	\$ 69,134
Restricted	239	144	45	2	255	670	6,740	5,665	6,484	10,499
Unrestricted	<u>18,683</u>	<u>20,924</u>	<u>20,718</u>	<u>20,739</u>	<u>20,359</u>	<u>20,979</u>	<u>16,261</u>	<u>16,315</u>	<u>18,861</u>	<u>14,429</u>
Total governmental activities net position	<u>\$ 92,099</u>	<u>\$ 92,636</u>	<u>\$ 94,229</u>	<u>\$ 95,179</u>	<u>\$ 93,910</u>	<u>\$ 93,341</u>	<u>\$ 93,562</u>	<u>\$ 91,764</u>	<u>\$ 94,488</u>	<u>\$ 94,062</u>
Business-type activities										
Net investment in capital assets	\$ 109,561	\$ 118,219	\$ 127,957	\$ 127,104	\$ 141,269	\$ 144,182	\$ 152,078	\$ 160,289	\$ 169,721	\$ 172,159
Unrestricted	<u>68,479</u>	<u>77,350</u>	<u>84,078</u>	<u>91,595</u>	<u>86,319</u>	<u>94,053</u>	<u>95,183</u>	<u>92,520</u>	<u>93,303</u>	<u>106,769</u>
Total business-type activities net position	<u>\$ 178,040</u>	<u>\$ 195,569</u>	<u>\$ 212,035</u>	<u>\$ 218,699</u>	<u>\$ 227,588</u>	<u>\$ 238,235</u>	<u>\$ 247,261</u>	<u>\$ 252,809</u>	<u>\$ 263,024</u>	<u>\$ 278,928</u>
Primary government										
Net investment in capital assets	\$ 182,738	\$ 189,787	\$ 201,424	\$ 201,542	\$ 214,565	\$ 215,874	\$ 222,639	\$ 230,073	\$ 238,864	\$ 241,293
Restricted	239	144	45	2	255	670	6,740	5,665	6,484	10,499
Unrestricted	<u>87,162</u>	<u>98,274</u>	<u>104,796</u>	<u>112,334</u>	<u>106,678</u>	<u>115,032</u>	<u>111,444</u>	<u>108,835</u>	<u>112,164</u>	<u>121,198</u>
Total primary government net position	<u>\$ 270,139</u>	<u>\$ 288,205</u>	<u>\$ 306,264</u>	<u>\$ 313,878</u>	<u>\$ 321,498</u>	<u>\$ 331,576</u>	<u>\$ 340,823</u>	<u>\$ 344,573</u>	<u>\$ 357,512</u>	<u>\$ 372,990</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.12.

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

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EXPENSES	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 4,600	\$ 4,176	\$ 4,945	\$ 4,725	\$ 4,952	\$ 5,294	\$ 5,562	\$ 4,354	\$ 4,897	\$ 4,929
Transportation	4,482	4,444	4,966	5,441	5,667	4,699	5,109	4,801	5,216	5,207
Public safety	12,069	13,557	14,247	17,974	17,775	18,224	19,512	19,067	19,813	21,069
Environmental protection	2,007	2,349	2,551	-	-	-	-	-	-	-
Culture and recreation	3,483	3,802	3,922	4,914	4,906	4,545	5,067	4,069	4,899	5,541
Economic and physical development	1,404	2,140	948	859	1,784	1,119	953	1,016	1,579	1,134
Interest on long-term debt	187	205	238	312	161	107	54	229	164	186
Total governmental activities expenses	<u>28,232</u>	<u>30,673</u>	<u>31,817</u>	<u>34,225</u>	<u>35,245</u>	<u>33,988</u>	<u>36,257</u>	<u>33,536</u>	<u>36,568</u>	<u>38,066</u>
Business-type activities:										
Water and sewer	8,525	8,907	11,381	11,543	11,520	11,955	11,687	12,356	15,162	10,360
Electric	35,491	37,042	39,703	41,629	43,588	46,840	49,158	51,729	55,559	60,881
Natural gas	20,791	16,037	16,942	16,867	17,585	13,913	11,131	12,710	14,844	13,790
Aquatics and Fitness Center	2,881	2,934	3,187	3,725	3,436	3,549	3,783	4,886	3,607	3,652
Stormwater	-	-	-	795	1,351	1,709	1,734	1,874	1,674	1,838
Solid Waste	-	-	-	2,698	2,702	2,697	2,564	2,213	2,067	2,178
Airport	1,272	2,187	2,865	3,232	3,498	3,553	3,611	3,771	3,580	3,405
Total business-type activities expenses	<u>68,960</u>	<u>67,107</u>	<u>74,077</u>	<u>80,489</u>	<u>83,680</u>	<u>84,216</u>	<u>83,668</u>	<u>89,539</u>	<u>96,493</u>	<u>96,104</u>
Total primary government expenses	<u>\$ 97,192</u>	<u>\$ 97,780</u>	<u>\$ 105,894</u>	<u>\$ 114,714</u>	<u>\$ 118,925</u>	<u>\$ 118,204</u>	<u>\$ 119,925</u>	<u>\$ 123,075</u>	<u>\$ 133,061</u>	<u>\$ 134,170</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,279	\$ 1,261	\$ 1,132	\$ 2,029	\$ 1,979	\$ 1,955	\$ 1,978	\$ 2,079	\$ 2,349	\$ 2,141
Transportation	-	-	-	243	236	202	218	203	297	359
Public safety	96	65	51	2,065	2,213	2,312	2,491	2,230	3,055	4,050
Environmental protection	2,062	2,761	2,795	43	-	-	-	-	-	-
Culture and recreation	761	814	844	1,239	1,194	1,232	1,289	653	1,499	1,638
Economic and physical development	4	13	3	2	8	3	2	-	-	-
Operating grants and contributions:										
General government	69	85	8	-	-	-	-	-	-	75
Transportation	998	1,004	1,154	1,082	986	1,032	930	978	961	972
Public safety	246	897	1,017	604	732	616	786	312	448	497
Environmental protection	4	2	2	1	-	-	-	-	-	-
Culture and recreation	243	197	216	223	195	204	214	223	240	193
Economic and physical development	93	83	7	194	326	135	220	264	412	528
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	170	-
Transportation	647	45	2,435	3,460	1,187	-	478	438	304	196
Public safety	-	-	-	-	-	49	-	-	-	-
Culture and recreation	-	-	-	-	785	304	-	-	-	-
Total governmental activities program revenues	<u>\$ 6,502</u>	<u>\$ 7,227</u>	<u>\$ 9,665</u>	<u>\$ 11,184</u>	<u>\$ 9,841</u>	<u>\$ 8,044</u>	<u>\$ 8,606</u>	<u>\$ 7,380</u>	<u>\$ 9,735</u>	<u>\$ 10,649</u>

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charge for services:										
Water and sewer	12,080	13,303	12,705	12,207	12,365	12,917	13,642	14,000	15,529	16,155
Electric	39,118	39,854	43,051	40,926	43,089	48,454	51,334	53,044	58,057	65,732
Natural gas	22,683	18,163	18,836	20,116	24,251	17,320	11,907	14,261	17,185	18,053
Aquatics and Fitness Center	3,734	4,057	4,162	4,069	3,907	3,927	3,877	4,297	3,588	3,712
Stormwater	-	-	-	822	1,776	1,794	1,820	1,846	1,897	2,099
Solid Waste	-	-	-	2,748	2,839	2,822	2,552	2,214	2,190	2,169
Airport	676	1,398	1,897	1,559	1,493	1,653	2,012	1,984	1,943	1,927
Capital grants and contributions:										
Water and sewer	1,004	2,451	2,918	527	-	-	-	408	475	-
Stormwater	-	-	-	109	-	-	-	162	-	-
Solid Waste	-	-	-	-	-	-	-	75	-	-
Airport	324	903	-	154	483	2,150	-	235	3,116	139
Total business-type activities program revenues	79,619	80,129	83,569	83,236	90,203	91,037	87,144	92,526	103,980	109,986
Total primary government revenues	\$ 86,121	\$ 87,356	\$ 93,234	\$ 94,421	\$ 100,044	\$ 99,081	\$ 95,750	\$ 99,906	\$ 113,715	\$ 120,635
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (21,730)	\$ (23,446)	\$ (22,152)	\$ (23,041)	\$ (25,404)	\$ (25,944)	\$ (27,651)	\$ (26,156)	\$ (26,833)	\$ (27,417)
Business-type activities	10,659	13,022	9,492	2,748	6,523	6,821	3,476	2,987	7,487	13,882
Total primary government net (expense) revenue	\$ (11,071)	\$ (10,424)	\$ (12,660)	\$ (20,293)	\$ (18,881)	\$ (19,123)	\$ (24,175)	\$ (23,169)	\$ (19,346)	\$ (13,535)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 12,107	\$ 13,851	\$ 15,304	\$ 16,286	\$ 16,954	\$ 19,314	\$ 19,357	\$ 19,434	\$ 19,767	\$ 19,375
Local option sales tax	4,406	4,958	4,884	4,096	3,537	3,906	4,770	4,906	5,136	5,428
Utility taxes	1,299	1,364	1,430	1,364	1,432	1,543	1,627	1,723	1,888	2,583
Other property taxes	175	172	175	169	171	178	180	185	260	211
Other sales taxes	514	676	647	697	566	657	620	564	570	568
Other licenses and fees	921	942	1,056	1,065	1,008	1,377	1,636	1,438	1,092	1,109
Grants and contributions not restricted to specific programs	127	202	251	225	242	218	178	173	-	-
Unrestricted investment earnings	381	1,141	1,259	495	273	65	822	(544)	366	680
Miscellaneous	301	441	476	520	565	726	807	1,002	1,192	1,095
Gain on sale of capital assets	99	-	199	(19)	96	11	-	116	-	-
Transfers	(1,035)	237	(442)	(908)	(710)	(2,619)	(2,126)	(4,640)	(714)	(1,267)
Total governmental activities	19,295	23,985	25,239	23,990	24,134	25,376	27,871	24,357	29,557	29,782
Business-type activities:										
Unrestricted investment earnings	862	3,465	4,853	2,992	971	289	2,936	(1,698)	1,493	1,735
Interest earnings on interfund loans	-	-	-	-	-	-	-	113	88	64
Miscellaneous	150	65	60	63	395	858	443	390	433	192
Gain on sale of capital assets	(5)	1,214	1	(47)	291	60	45	14	-	-
Transfers	1,035	(237)	442	908	710	2,619	2,126	4,640	714	1,267
Total business-type activities	2,042	4,508	5,356	3,916	2,367	3,826	5,550	3,459	2,728	3,258
Total primary government	\$ 21,337	\$ 28,492	\$ 30,596	\$ 27,906	\$ 26,501	\$ 29,202	\$ 33,421	\$ 27,816	\$ 32,285	\$ 33,040
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ (2,435)	\$ 539	\$ 3,087	\$ 949	\$ (1,270)	\$ (568)	\$ 220	\$ (1,799)	\$ 2,724	\$ 2,365
Business-type activities	12,701	17,529	14,848	6,664	8,890	10,647	9,026	6,446	10,215	17,140
Total primary government	\$ 10,266	\$ 18,069	\$ 17,935	\$ 7,613	\$ 7,620	\$ 10,079	\$ 9,246	\$ 4,647	\$ 12,939	\$ 19,505

Notes:

Solid Waste and Stormwater funds were established in 2009. Previously, these expenditures were included in the General Fund.

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 5,590	\$ 4,251	\$ 4,972	\$ 4,058	\$ 4,012	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>12,582</u>	<u>13,803</u>	<u>15,635</u>	<u>13,808</u>	<u>15,614</u>	-	-	-	-	-
Nonspendable						\$ 331	\$ 339	\$ 256	\$ 1,138	\$ 282
Restricted						4,130	6,009	5,664	4,840	4,951
Assigned						2,975	9,134	11,679	12,457	13,763
Unassigned						<u>13,042</u>	<u>5,827</u>	<u>3,607</u>	<u>6,533</u>	<u>8,067</u>
Total General Fund	<u>\$ 18,172</u>	<u>\$ 18,054</u>	<u>\$ 20,607</u>	<u>\$ 17,866</u>	<u>\$ 19,626</u>	<u>\$ 20,478</u>	<u>\$ 21,309</u>	<u>\$ 21,206</u>	<u>\$ 24,968</u>	<u>\$ 27,063</u>
All Other Governmental Funds										
Reserved	\$ 286	\$ 430	\$ 3	\$ 93	\$ 233	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	433	1,552	1,418	1,600	1,609	-	-	-	-	-
Capital Projects Funds	<u>1,076</u>	<u>1,884</u>	<u>1,179</u>	<u>3,328</u>	<u>(114)</u>	-	-	-	-	-
Nonspendable						\$ -	\$ -	\$ 1	\$ 13	\$ 1
Restricted						-	-	-	1,758	5,548
Committed						-	-	-	588	996
Assigned						1,281	1,560	2,026	102	113
Unassigned						-	-	-	(2)	(46)
Total all other governmental funds	<u>\$ 1,795</u>	<u>\$ 3,866</u>	<u>\$ 2,600</u>	<u>\$ 5,021</u>	<u>\$ 1,728</u>	<u>\$ 1,281</u>	<u>\$ 1,560</u>	<u>\$ 2,027</u>	<u>\$ 2,459</u>	<u>\$ 6,612</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.12

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

	<b>FISCAL YEAR</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>REVENUES</b>										
Ad valorem taxes	\$ 12,049	\$ 13,655	\$ 15,265	\$ 16,134	\$ 16,909	\$ 19,217	\$ 19,426	\$ 19,443	\$ 19,788	\$ 19,409
Other taxes and licenses	1,040	1,044	1,227	1,220	874	1,249	1,313	1,558	1,497	1,087
Unrestricted intergovernmental	6,332	7,176	7,177	6,360	6,044	6,586	7,408	7,567	7,952	8,967
Restricted intergovernmental	2,240	2,195	2,378	2,826	3,274	2,399	2,217	1,846	2,060	2,461
Program income	6	84	6	2	7	2	2	-	-	-
Sales and services (1)	4,292	5,012	5,137	1,961	1,740	1,708	1,766	1,420	1,921	1,944
Investment earnings	381	1,141	1,259	495	273	64	822	(544)	481	646
Miscellaneous	396	522	650	611	548	747	793	747	779	989
Total revenues	<u>26,736</u>	<u>30,829</u>	<u>33,099</u>	<u>29,609</u>	<u>29,669</u>	<u>31,972</u>	<u>33,747</u>	<u>32,037</u>	<u>34,478</u>	<u>35,503</u>
<b>EXPENDITURES</b>										
General government	4,273	3,801	4,578	4,086	4,170	3,410	3,327	2,052	2,796	1,729
Transportation	2,144	2,162	2,426	2,452	1,727	1,484	1,802	1,970	1,979	1,957
Public safety	10,996	12,593	13,304	13,864	14,385	14,332	15,654	15,147	15,394	16,250
Environmental protection (1)	1,896	2,349	2,551	-	-	-	-	-	-	-
Culture and recreation	3,037	3,426	3,536	3,902	3,554	3,894	3,896	3,018	3,930	4,127
Economic and physical development	585	1,460	830	986	1,909	2,045	951	1,415	1,614	2,864
Capital outlay	3,878	2,446	5,487	2,619	2,832	1,091	2,298	2,806	2,076	4,158
Debt service:										
Principal retirement	1,659	1,617	1,660	1,828	1,922	1,962	1,685	1,311	1,124	1,193
Interest and other charges	187	205	182	310	337	61	54	229	164	186
Total expenditures	<u>28,655</u>	<u>30,059</u>	<u>34,554</u>	<u>30,047</u>	<u>30,836</u>	<u>28,279</u>	<u>29,667</u>	<u>27,948</u>	<u>29,077</u>	<u>32,464</u>
Excess (deficiency) of revenues over (under) expenditures	(1,919)	770	(1,456)	(438)	(1,167)	3,693	4,080	4,089	5,401	3,039
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from (to) others	(1,035)	237	(573)	(3,430)	(710)	(3,419)	(2,548)	(3,725)	(2,057)	(1,267)
Repayment of advance from other funds					(131)	(131)	-	-	-	-
Installment purchase obligations issued	1,713	945	3,317	3,661	475	263	748	-	850	4,476
Total other financing sources (uses)	<u>678</u>	<u>1,182</u>	<u>2,744</u>	<u>231</u>	<u>(366)</u>	<u>(3,287)</u>	<u>(1,800)</u>	<u>(3,725)</u>	<u>(1,207)</u>	<u>3,209</u>
Net change in fund balances	<u>\$ (1,241)</u>	<u>\$ 1,952</u>	<u>\$ 1,288</u>	<u>\$ (207)</u>	<u>\$ (1,533)</u>	<u>\$ 406</u>	<u>\$ 2,280</u>	<u>\$ 364</u>	<u>\$ 4,194</u>	<u>\$ 6,248</u>
Debt service as a percentage of noncapital expenditures	7.45%	6.60%	6.34%	7.79%	8.07%	7.44%	6.35%	6.13%	4.77%	4.87%

Note:

(1) The Solid Waste Fund was established in 2009. Previously, these revenues and expenditures were included in the General Fund.

**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 (1)
	Commercial	Residential	Motor Vehicle	Other			
2006	739,892	957,402	238,446	459,106	43,934	2,438,780	0.490
2007	769,343	1,009,984	226,844	521,941	43,261	2,571,373	0.530
2008	810,780	1,067,270	227,535	583,078	49,984	2,738,647	0.550
2009	1,081,987	1,264,542	207,793	659,913	49,487	3,263,722	0.495
2010	1,097,648	1,288,641	186,439	765,537	60,724	3,398,989	0.495
2011	1,133,184	1,296,350	189,559	777,420	69,218	3,465,731	0.555
2012	1,151,666	1,298,253	197,410	761,938	66,714	3,475,981	0.555
2013	1,172,544	1,308,774	219,424	740,811	66,312	3,507,865	0.555
2014	1,162,848	1,326,417	393,733	742,552	63,594	3,689,144	0.555
2015	1,156,965	1,347,344	277,624	661,619	61,545	3,505,097	0.555

Notes: (1) 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)**

<b>Fiscal Year</b>	<b>City of Monroe</b>			<b>Overlapping Rates</b>		<b>Total Direct and Overlapping Rates</b>
	<b>General Fund Basic Rate</b>	<b>Municipal Service District Basic Rate</b>	<b>Total Weighted Average Rate<sup>(1)</sup></b>	<b>Union County Basic Rate</b>	<b>Monroe School District</b>	
2006	0.4900	0.2000	0.4938	0.5600	0.0700	1.1238
2007	0.5300	0.2000	0.5338	0.6367	-	1.1705
2008	0.5500	0.2000	0.5491	0.7111	-	1.2602
2009	0.4950	0.2000	0.4955	0.6650	-	1.1605
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

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)**

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Taxpayer	2006			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
ATI Specialty Materials (Allvac)	\$ 51,908	3	2.1%	\$ 215,332	1	6.1%
Charlotte Pipe & Foundry Co.	115,396	1	4.7%	104,570	2	3.0%
Tyson Farms, Inc. (Tyson Foods, Inc.)	53,519	2	2.2%	41,236	3	1.2%
Greiner Bio-One			-	29,578	4	0.8%
Turbomeca			-	27,229	5	0.8%
Inland American Monroe Poplin			-	27,050	6	0.8%
Yale Security (Assa Abloy - Door Security)	23,872	5	1.0%	24,639	7	0.7%
Scott Technologies	23,967	4	1.0%	23,390	8	0.7%
Consolidated Metco, Inc.	17,174	8	0.7%	22,969	9	0.7%
Monroe Mall (Madison)	15,610	9	0.6%	20,925	10	0.6%
Verizon South, Inc.	22,002	6	0.9%			-
Goulston Technologies	17,986	7	0.7%			-
Wal-Mart Stores, Inc.	13,073	10	0.5%			-
<b>Total</b>	<b>\$ 354,507</b>		<b>14.5%</b>	<b>\$ 536,918</b>		<b>15.3%</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
2006	\$ 11,959	\$ 215	\$ 17	\$ 100	\$ 12,091	\$ 11,754	97.22%	\$ 320	\$ 12,074	99.86%
2007	13,429	229	407	137	13,928	13,290	96.45	606	13,896	99.77
2008	14,647	275	278	107	15,093	14,607	96.78	452	15,059	99.77
2009	16,100	245	45	159	16,231	15,669	96.54	527	16,196	99.78
2010	16,490	300	160	78	16,872	16,292	96.56	511	16,803	99.59
2011	18,859	384	69	88	19,224	18,646	96.99	488	19,134	99.53
2012	18,962	362	299	335	19,288	18,780	97.37	399	19,179	99.43
2013	18,983	361	130	86	19,388	18,887	97.42	349	19,236	99.22
2014	19,712	348	81	89	20,052	19,295	96.22	214	19,509	97.29
2015	18,915	336	66	57	19,260	18,888	98.07	-	18,888	98.07

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

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	Installment Purchase Obligations	General Obligation Bonds	Revenue Bonds	State Revolving Loans	Installment Purchase Obligations			
2006	\$ 6,832	\$ 2,125	\$ 10,950	\$ 7,586	\$ 6,793	\$ 34,286	\$ 1,056	0.61%
2007	6,150	1,450	10,385	6,759	5,770	30,514	900	0.49
2008	7,821	790	53,810	5,932	5,061	73,414	2,041	1.13
2009	9,656	140	53,185	5,105	36,011	104,097	2,792	1.58
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 (2)	4,322	-	43,394	10,592	30,693	89,001	2,681	-
2015 (2)	7,605	-	41,001	9,470	29,569	87,645	2,575	-

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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 2013 and 2014 personal income not available to calculate fiscal year 2014 and 2015.  
(2) Personal income not available for 2014 and 2015.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
2006	\$ 2,125	0.09%	\$ 65
2007	1,450	0.06	43
2008	790	0.03	22
2009	140	0.004	4
2010	-	N/A	N/A
2011	-	N/A	N/A
2012	-	N/A	N/A
2013	-	N/A	N/A
2014	-	N/A	N/A
2015	-	N/A	N/A

Notes : Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Demographic and Economic Statistics table for population data.

(2) See the Assessed Value and Actual Value of Taxable Property table for total assessed value of property.

**CITY OF MONROE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2015**  
**(in thousands of dollars)**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Union County, overlapping debt	\$ 429,597	14.3%	\$ 61,260
Total direct debt	<u>7,605</u>	100%	<u>7,605</u>
Total direct and overlapping debt	<u>\$ 437,202</u>		<u>\$ 68,865</u>

Notes: (1) Includes governmental activities debt only.  
(2) Determined by ratio of assessed value of property subject to taxation in Union County (\$24,580,032,505) and City of Monroe (\$3,505,096,576).

Source: Union County Finance Department

**CITY OF MONROE, NORTH CAROLINA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(in thousands of dollars)**

	<b>FISCAL YEAR</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Debt limit (8% of assessed value)	\$ 195,102	\$ 205,710	\$ 219,092	\$ 261,098	\$ 271,919	\$ 277,258	\$ 278,078	\$ 280,629	\$ 295,131	\$ 280,408
Total net debt applicable to limit	13,624	11,920	12,882	46,667	44,500	41,871	38,500	36,509	35,014	37,175
Legal debt margin	\$ 181,478	\$ 193,790	\$ 206,210	\$ 214,431	\$ 227,419	\$ 135,387	\$ 238,578	\$ 244,120	\$ 260,117	\$ 243,233
Total net debt applicable to the limit as a percentage of debt limit	6.98%	5.79%	5.88%	17.87%	16.37%	15.10%	14.20%	13.01%	11.86%	13.26%

**Legal Debt Margin  
Calculation for Fiscal Year 2015**

Assessed value		<u>\$3,505,097</u>
Debt limit (8% of total assessed value)		280,408
Bonded debt	\$ -	
Debt not evidenced by bonds	<u>37,175</u>	
Gross debt		\$ 37,175
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>37,175</u>
Legal debt margin		<u>\$ 243,233</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>	
2006	\$ 74,557	\$ 63,809	\$ 10,748	\$ 834	\$ 11,582	\$ 1,225	\$ 641	621%
2007	72,718	61,629	11,088	3,343	14,431	1,240	588	789
2008	76,489	67,113	9,376	4,683	14,059	1,250	815	681
2009	74,807	66,727	8,081	2,884	10,964	1,275	2,456	294
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

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 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>
2006	32,454	\$ 5,617,550	\$ 32,626	31,580	3.80
2007	33,908	6,207,640	33,650	34,564	4.30
2008	35,966	6,512,312	33,673	37,110	5.60
2009	37,280	6,602,954	33,240	38,554	10.80
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	(1) 33,708	-	-	42,047	5.70
2015	(1) 34,032	-	-	42,035	5.10

Note: (1) Personal income not available for 2014 and 2015.

Sources: (2) North Carolina Office of State Budget and Management  
 (3) US Department of Commerce - Bureau of Economic Analysis  
 (4) Union County 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>2006</b>		<b>2015</b>	
	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Percentage of Total City Employment (1)</b>
Tyson Foods	1,236	9.0%	1,600	9.6%
Carolinas Medical Center-Union	900	6.6%	1,400	8.4%
ATI Specialty Materials	1,150	8.4%	1,400	8.4%
Union County	1,103	8.0%	906	5.5%
Scott Safety	535	3.9%	550	3.3%
Charlotte Pipe	680	5.0%	600	3.6%
City of Monroe	430	3.1%	448	2.7%
Wal-Mart Stores, Inc.	600	4.4%	400	2.4%
Greiner Bio-One	-	0.0%	300	1.8%
Colfax Corporation (IMO Pump)	-	0.0%	300	1.8%
Boggs Group	350	2.6%	-	0.0%
Perfect Fit Industries, Inc.	350	2.6%	-	0.0%
<b>Total</b>	<b>7,334</b>	<b>53.4%</b>	<b>7,904</b>	<b>47.6%</b>

Notes: (1) Percentage of total city employment based on North Carolina Employment Security Commission labor force estimate of 16,589 as of June 30, 2015.

Sources: Monroe - Union County Economic Development

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

<u>Function</u>	<u>FISCAL YEAR</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government:										
Administration	24	31	30	32	28	27	28	29	30	29
Planning and zoning	12	11	11	11	11	8	8	7	7	7
Engineering	10	11	10	10	10	10	10	9	9	9
Utility/tax billing and collection	14	17	18	18	18	19	17	17	18	19
Operations center	12	12	12	8	9	9	9	9	9	9
Transportation	24	25	24	21	24	19	19	19	19	19
Police	87	90	91	95	101	104	104	98	98	99
Fire	70	82	78	82	84	82	82	79	79	80
Building standards and code enforcement	10	9	9	10	11	4	6	6	6	7
Culture and recreation	49	50	50	49	39	38	40	41	37	37
Water and sewer:										
Distribution system	31	29	31	33	34	34	34	34	34	34
Water filter plant	10	10	10	11	11	11	12	12	12	12
Waste treatment plant	15	15	15	14	14	14	14	14	14	14
Stormwater (2)	-	-	-	8	9	11	10	10	11	11
Electric	22	22	25	24	27	28	28	29	29	29
Natural gas	13	13	14	13	14	13	14	14	14	14
Solid Waste (3)	-	-	-	-	1	-	1	1	1	1
Aquatics and Fitness Center	20	20	20	20	10	10	11	11	11	11
Airport (1)	7	7	7	8	9	9	9	7	7	7
<b>Total</b>	<b>430</b>	<b>454</b>	<b>455</b>	<b>467</b>	<b>464</b>	<b>450</b>	<b>456</b>	<b>446</b>	<b>445</b>	<b>448</b>

- Note: (1) The City of Monroe assumed direct management of aviation services at the Monroe Regional Airport in March of 2006. In prior years, the FBO (Fixed Base Operation) had been managed by a private enterprise under contract to the City.
- (2) City of Monroe established a Stormwater utility program in 2009
- (3) In 2010, a full time position was added to Solid Waste. Previously, the function was the responsibility of the Planning Department.

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transportation:										
Street reclamation (tons)	2,232	4,052	6,545	8,065	2,858	2,295	2,720	2,503	1,730	2,400
Street repair (tons)	1,057	1,765	2,100	1,219	595	456	915	929	1,012	710
Utility repair (tons)	119	314	296	321	527	780	1,019	868	784	406
Sidewalk repair (cubic yards concrete)	444	646	451	25	66	116	271	178	329	323
Pipe repair and replacement (linear feet)	956	440	911	2,016	2,132	2,526	2,151	1,300	832	853
Police:										
Physical arrests (calendar year)	4,335	4,596	4,094	3,468	3,204	3,132	3,025	2,367	1,852	-
Parking violations (calendar year)	3,707	3,686	3,918	3,408	3,510	3,558	3,074	3,346	3,138	-
Traffic violations (calendar year)	8,433	7,282	6,672	4,889	6,368	9,179	6,704	6,305	5,742	-
Fire:										
Calls for service (calendar year)	4,329	4,626	4,664	4,993	5,514	5,699	5,714	5,734	5,811	-
Fire code inspections (calendar year)	1,974	1,348	1,860	1,860	1,220	1,244	1,343	1,114	961	-
Civilian fire injuries (calendar year)	1	1	8	6	2	2	4	-	5	-
Building standards & code enforcement:										
Building permits issued	5,129	3,943	3,951	3,845	2,876	2,701	3,901	3,771	3,429	3,740
Building inspections	13,750	13,817	11,381	8,642	7,553	7,009	7,300	7,411	8,331	8,475
Code enforcement inspections	1,431	1,341	2,565	5,518	6,422	1,750	2,415	1,938	1,240	1,687
Environmental protection: (2)										
Solid waste collected (annual tonnage)	44,533	44,917	42,352	35,928	34,155	31,968	24,405	8,609	9,989	9,576
Recyclables collected (annual tonnage)	756	973	925	707	788	748	626	1,467	1,976	2,015
Culture and recreation:										
Rounds of golf played (calendar year)	35,364	32,988	28,667	30,075	26,556	26,565	27,105	27,492	32,598	-
Aquatics and fitness center members	17,546	18,200	20,824	20,889	20,444	19,972	19,628	19,814	19,169	20,377
Youth athletic program participants (calendar year)	800	775	775	486	400	335	467	572	510	-
Water:										
Average daily production (millions of gallons per day)	6.6	6.0	5.7	5.5	5.8	6.0	6.2	5.8	6.1	6.6
Maximum daily production (millions of gallons per day)	9.2	10.0	8.7	8.1	9.1	9.1	9.1	8.5	8.3	9.3
Customers	10,919	11,405	11,534	11,436	11,462	11,478	11,630	11,700	11,842	11,971
Gallons Billed (in thousands)	2,149,000	2,096,600	1,973,800	1,796,500	1,748,800	1,803,119	1,817,981	1,778,535	1,782,067	1,889,153
Sewer:										
Average daily treatment (millions of gallons per day)	6.8	7.0	6.1	6.5	6.8	5.8	5.7	6.6	7.2	6.9
Customers	9,400	9,861	10,025	9,948	9,959	9,970	10,099	10,171	10,302	10,429
Gallons Billed (in thousands)	2,433,000	2,407,200	2,264,600	2,126,800	2,016,900	2,005,753	2,012,091	2,063,159	2,204,230	2,248,645
Electric:										
Sales (megawatt hours)	585,253	587,377	620,185	595,689	591,112	655,358	656,485	648,350	656,312	705,257
Customers	10,142	10,452	10,467	10,331	10,324	10,307	10,425	10,483	10,546	10,574
Natural gas:										
Sales/deliveries (thousand cubic feet)	261,484	279,446	275,840	264,370	273,909	308,852	288,498	297,961	316,627	326,144
Customers	9,533	10,113	10,340	10,287	10,216	10,233	10,345	10,575	10,671	10,855
Airport: (1)										
Fuel sales (thousands of gallons)	377	390	421	324	345	339	291	297	284	330
Based aircraft	84	103	111	114	95	96	90	105	109	111

Notes (1) The City of Monroe assumed direct management of aviation services at the Monroe Regional Airport in March of 2006. In prior years, the FBO (Fixed Base Operation) had been managed by a private enterprise under contract to the City.

(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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transportation:										
Municipal Boundary (square miles)	29.09	29.45	29.60	29.63	29.63	29.63	29.63	29.63	29.63	29.63
Streets (miles)	158	158	161	164	166	166	167	169	170	170
Sidewalks (miles)	44	45	50	54	61	61	62	63	64	64
Curb and gutter (miles)	110	111	119	124	127	127	128	130	131	131
Stormwater (miles)	29	30	32	33	34	34	35	35	36	36
Bridges (square feet)	15,468	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884	15,884
Speed humps/cushions (each)	204	232	232	242	279	286	301	309	330	336
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	89	89	89	92	92	92	92	92	92	92
Fire stations	5	5	5	5	5	5	5	5	5	5
Fire apparatus (line and reserve)	14	14	14	14	14	14	15	15	15	15
Culture and recreation:										
Acreage (city limits)	552	552	552	552	552	552	552	552	552	552
Aquatics and Fitness Center	1	1	1	1	1	1	1	1	1	1
Playgrounds	8	8	8	8	8	8	8	8	8	8
Gymnasiums (1)	3	3	3	3	4	4	4	4	4	4
Basketball courts	8	8	8	8	8	8	8	8	11	11
Tennis courts	10	10	10	10	10	10	10	10	10	8
Playing fields (baseball/soccer/football) (2)	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	0.5	0.5	0.5	0.5	2.0
Water:										
Water mains (miles)	292	293	291	291	291	291	291	291	291	291
Treatment capacity (millions of gallons per day)	11	11	11	11	11	11	11	11	12.99	12.99
Sewer:										
Sanitary sewers (miles) (3)	287	283	294	294	295	295	295	295	295	295
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)	7	7	8	9	9	9	9	9	9	7
Lines (miles per calendar year)	243	246	269	281	293	293	285	285	286	-
Natural gas:										
Lines (miles per calendar year)	375	379	383	399	443	449	455	455	457	-
Airport:										
Runway (feet) (6)	5,500	5,500	5,500	5,500	5,500	7,000	7,000	7,000	7,000	7,000
Hangars (square feet) (5)	53,134	53,134	77,292	87,603	87,603	87,603	87,603	87,603	87,603	87,603

- Notes: (1) A new gymnasium was built at the J Ray Shute recreation center in 2010.  
(2) In 2006, the City received a Parks and Recreation Trust Fund (PARTF) grant for Phase II development of the Parks Williams Athletic Complex. The complex increased the number of soccer and softball fields.  
(3) In 2007, miles reported were lower than the prior year, as a result of GIS mapping corrections and refinements.  
(4) In 2009, a substation was added to serve the airport and surrounding area.  
(5) In 2008, the City purchased an existing T-hangar from the Maxwell Group and built a new one. In 2009, the City bought the Southern Cross hangar. In addition to City owned hangars, there are private hangars on airport property. When these leases expire 20 years from initiation, they become property of the City. Currently, there is 7,200 square feet of private hangar space.  
(6) In 2011, an extension of runway 5 was completed.

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, 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, 2015, 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 19, 2015. 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 19, 2015

# 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 OMB Circular A-133; And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

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

We have audited the City of Monroe, North Carolina'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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to each of its major 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, and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2015.

### **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, 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. 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 19, 2015

# CITY OF MONROE, NORTH CAROLINA

## SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

### 1. Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

#### State Awards

Internal control over major State programs:

- Material weaknesses identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

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

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

Identification of major State programs:

Powell Bill

### 2. Findings Related to the Audit of the Basic Financial Statements

None

### 3. Findings, Responses, and Questioned Costs Related to the Audit of State Awards

The audit did not detect any findings or questioned costs as it relates to State awards.

**CITY OF MONROE, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

None

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal (Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>Federal Grants:</b>				
<b>Cash Programs:</b>				
<b>U.S. Department of Justice:</b>				
<b>Direct Programs:</b>				
Drug Enforcement Administration	16.579	\$ 40,023	\$ 13,798	\$ 8,893
<b>JAG Program Cluster:</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17,189	-	-
<b>U.S. Department of Transportation:</b>				
<b>Direct Programs:</b>				
Airport Improvement Program	20.106	22,893	-	-
Passed through Charlotte Regional Transportation Planning Organization:				
Federal Transit Administration Grant	20.505	126,071	-	-
Total Assistance - Federal Programs		206,176	13,798	8,893
<b>State Grants:</b>				
<b>Cash Assistance:</b>				
<b>N.C. Department of Transportation:</b>				
Powell Bill		-	681,037	-
Bike/Pedestrian (STP-EB) Bearskin Creek Greenway		-	209,606	-
SAFETEA-LU - Secrest Shortcut Sidewalk		-	23,522	-
<b>N.C. Department of Community Assistance:</b>				
Scattered Site Housing		-	122,416	-
<b>Electricities of N.C., Inc.:</b>				
Smart Communities Grant		-	-	5,632
Total Assistance - State Programs		-	1,036,581	5,632
Total Federal and State Assistance		\$ 206,176	\$ 1,050,379	\$ 14,525

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 includes the Federal and State grant activity of the City of Monroe and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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**CITY  
OF  
MONROE**

*a heritage of progress*

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