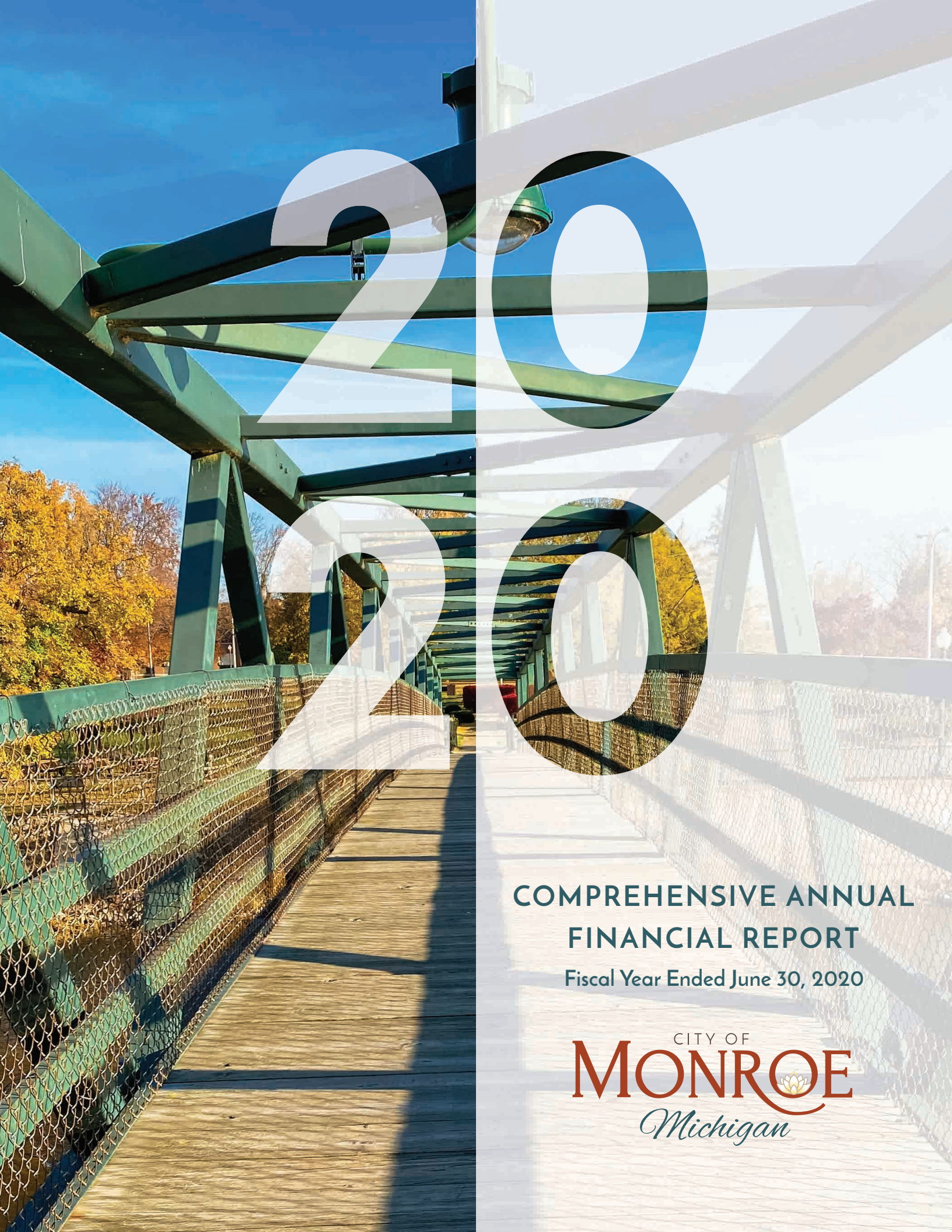


2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

CITY OF MONROE Michigan

City of Monroe, Michigan

Comprehensive Annual Financial Report
with Supplemental Information
Fiscal Year Ended June 30, 2020

Mayor
Robert E. Clark

City Council
Paula L. Whitman
John Iacoangeli
Kellie M. Vining
Michelle Germani
Brian Lamour
Andrew B. Felder

City Manager
Vincent D. Pastue

Prepared by:
Assistant City Manager, Finance Director
Edward J. Sell Jr.

Contents

Introductory Section

Letter of Transmittal i-vi

GFOA Certificate of Achievement vii

Organizational Chart viii

List of Principal Officials ix

Facts About Monroe x

Financial Section

Independent Auditor's Report 1-2

Management's Discussion and Analysis 3-12

Basic Financial Statements

Government-wide Financial Statements:
- Statement of Net Position 13
- Statement of Activities 14-15

Fund Financial Statements:
- Governmental Funds:
  - Balance Sheet 16
  - Reconciliation of the Balance Sheet to the Statement of Net Position 17
  - Statement of Revenue, Expenditures, and Changes in Fund Balances 18
  - Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19
- Proprietary Funds:
  - Statement of Net Position 20
  - Statement of Revenue, Expenses, and Changes in Net Position 21
  - Statement of Cash Flows 22-23
- Fiduciary Funds:
  - Statement of Fiduciary Net Position 24
  - Statement of Changes in Fiduciary Net Position 25
- Component Units:
  - Statement of Net Position 26
  - Statement of Activities 27-28

Notes to Financial Statements 29-68

Required Supplemental Information 69

Budgetary Comparison Schedule - General Fund 70
Schedule of Changes in the City Net Pension Liability and Related Ratios 71
Schedule of City Contributions - Pension Plan 72
Schedule of Investment Returns - Pension Plan 73
Schedule of Changes in the City OPEB Liability and Related Ratios 74
Schedule of City Contributions - OPEB Plan 75
Schedule of Investment Returns - OPEB Plan 76
Notes to Required Supplemental Information 77-78

Contents (Continued)

Other Supplemental Information 79

Nonmajor Governmental Funds:
- Fund Descriptions 80-81
- Combining Balance Sheet 82-83
- Combining Statement of Revenue, Expenditures, and Changes in Fund Balances 84-85
- Budgetary Comparison Schedule - Nonmajor Governmental Funds 86-99

Internal Service Funds:
- Fund Descriptions 100
- Combining Statement of Net Position 101
- Combining Statement of Revenue, Expenses, and Changes in Net Position 102
- Combining Statement of Cash Flows 103-104

Fiduciary Funds:
- Fund Descriptions 105
- Combining Statement of Net Position 106
- Combining Statement of Changes in Fiduciary Net Position 107
- Schedule of Changes in Assets and Liabilities 108

Statistical Section 109

Financial Trend Information 110
- Net Position by Component 111-112
- Changed in Governmental and Business-type Net Position 113-116
- Fund Balances, Governmental Funds 117-118
- Changes in Fund Balances, Governmental Funds 119-120

Revenue Capacity Information 121
- Taxable Value and Actual Value of Taxable Property 122-123
- Direct and Overlapping Property Tax Rates 124-125
- Principal Property Tax Payers 126
- Property Tax Levies and Collections 127

Debt Capacity Information 128
- Ratios of Outstanding Debt 129-130
- Ratios of General Bonded Debt Outstanding 131
- Direct and Overlapping Governmental Activities Debt 132
- Legal Debt Margin 133-134

Demographic and Economic Information 135
- Demographic and Economic Statistics 136
- Principal Employers 137
- Full-Time Equivalent Government Employees 138

Operating Information 139
- Operating Indicators 140-141
- Capital Asset Statistics 142-143

Introductory Section

November 11, 2020

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

We are pleased to submit the City of Monroe Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. This report was prepared by the City Finance Department. The financial statements are the representations of the management of the City. Responsibility for both the accuracy of the prepared data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data 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, and component units of the City. All necessary disclosures are included in the document to enable the reader to gain an understanding of the City's financial activities.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The cost of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

State of Michigan statutes and the Monroe City Charter require an independent audit of the City's financial transactions and records. For the fiscal year ending June 30, 2020, the City was not required to undergo an audit of its federal financial assistance in conformity with "2 CFR 200-Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards" due to the amount of federal funds expended during the fiscal year being less than the $750,000 threshold to trigger a federal award audit. Plante & Moran, PLLC, whose opinion and reports are included, has performed this audit for the fiscal year ended June 30, 2020.

Included in the financial section of the CAFR is a Management Discussion and Analysis (MD&A) letter. The letter provides additional information and analysis from City management regarding the financial results. It is supplementary information to the financial statements that is intended to provide the financial statement reader with additional insight into the City's financial operations. It also provides the reader with additional information as to the layout and contents of the CAFR.

City Government Profile

The last page of the introductory section of the CAFR provides basic information regarding the City of Monroe, the governmental structure, and demographic information. An organizational chart is also included in the introductory section.

This report includes all the funds of the City as legally defined, as well as its component units. Component units are legally separate entities for which the City is financially accountable. These agencies are the Monroe Downtown Development Authority, the Monroe Brownfield Redevelopment Authority, the Monroe Building Authority, Monroe Housing Commission, and the Port of Monroe.

Michigan law requires that the City adopt budgets for the General Fund and all Special Revenue Funds. The City goes beyond this requirement and adopts budgets for all city funds, except for agency type funds and the Pension Trust Fund. The process for adopting the budget includes adoption of a Capital Improvement Program budget by the end of February each year, submittal of a budget recommendation by the City Manager to the City Council by April 1 of each year, and final adoption of the budget by the City Council by April 30 of each year. Each of these dates is required to be met as set forth in the City Charter. Expenditures are controlled at the department level (General Fund) or fund level (all other funds). Although encumbrances are reservations of the expenditure budget and not expenditures, they are used as an extension of formal budgetary control. The City Charter also states that "Every appropriation, except an appropriation for capital expenditure, shall lapse at the close of the fiscal year to the extent it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned."

Economic Condition and Outlook

Monroe is a major employment center with companies such as Detroit Edison and Gerdau MAC Steel maintaining facilities here. Monroe is also home to La-Z-Boy, Inc., World Headquarters. The largest employer in Monroe County and the City of Monroe is ProMedica Healthcare System. ProMedica employs over 1,200. ProMedica has announced plans to move its operations to a new facility just outside the City of Monroe in the future.

The average annual unemployment rate for the area has averaged 6.93% over the last ten years. The unemployment rate for Monroe County as of June 30, 2020 was 13.4% due to the effect of the COVID19 pandemic. The limited growth in property tax and state shared and federal revenues, and a gradual 28% reduction in our largest tax payer's taxable value through the fiscal year ending June 30, 2026, are significant factors relating to the City's future financial position.

Building permits for new construction and alterations were valued at approximately $14.3 million. This represents a decrease of 28 percent as compared to the previous five-year average of $20 million. This decrease was primarily due to some larger commercial projects in the previous year and the economic slowdown related to the COVID19 pandemic. With the high and low years removed from the last ten years, the average value is $26.9 million. A history of building permits over the last ten years follows:

Fiscal Year	Number of Permits	Value
2020	484	$ 14,392,503
2019	587	25,147,111
2018	633	15,017,047
2017	853	12,050,440
2016	1533	26,515,389
2015	756	21,896,819
2014	772	70,775,309
2013	867	22,608,713
2012	899	53,334,251
2011	883	36,615,861

The primary long term financial plan adopted annually by the City is the five-year Capital Improvements Plan (CIP) and the related, annual Capital Improvements Budget. The annual capital improvements budget is adopted with an understanding that revenue growth for governmental operations is not sufficient to meet capital needs in the time frame required. For that reason, a request was made to the citizens of Monroe for additional funding for street improvements, which includes associated trails and sidewalks, in the form of 2.0 mills of property taxes, which will generate approximately $1.8 million a year. This new funding along with the Mayor and City Council continuing to manage costs related to operating overhead to make funds available for long term capital improvements will help to sustain capital improvement funding levels, maintain service levels, put aside adequate fund reserves and right-size operational overhead.

The City started budgeting over a five year period beginning with the 2020-21 budget process. A budget projection is also required in order to qualify for City, Village, Township Revenue Sharing (CVTRS) funding through the State of Michigan. The primary factor in projecting the budget to the fifth year is the accuracy of the projected change in property tax revenues, including reductions in personal property tax revenue as a result of legislation approved that will begin the process of eliminating personal property taxes, and the reduction in taxable value due to the DTE property tax appeal settlement. The current projection, which extends through the fiscal year ending June 30, 2025, projects General Fund structural deficits in the fourth and fifth year due to taxable value reductions.

Property taxes represent 76% of the General Fund revenues. Proposal "A", passed by voters in 1994, shifted some school financing to the state sales tax, providing relief from school-levied property taxes on a homeowners principal residence. Relief is afforded through a homestead exemption from up to 18 mills of local school millage and a cap in assessment growth for all real properties. The annual growth in taxable values are capped at the lesser of 5% or general inflation by individual parcel, until a property is "transferred" and its taxable value is uncapped. Taxable valuation is distinguished from state equalized values formerly used as the base for property taxation. Because of the cap, tax base growth which exceeds inflation is mainly the result of new construction and transferred properties for which the taxable value has been uncapped. For the 2019 tax year, covering fiscal 2019-20, the overall taxable value was approximately $91 million below state equalized value reducing potential tax revenue by approximately $1.6 million due to the cap, with $1.3 million of that amount being attributed to general operating purposes. The gap between taxable value and state equalized valuation decreased for the 2019 tax year. The gap was approximately $97 million for the 2018 tax year covering fiscal year 2018-19.

State shared revenue accounted for approximately 17.6 percent of the City's General Fund revenue. State shared revenue has historically only included revenue sharing from the State of Michigan. It now includes personal property tax exemption reimbursements from the State of Michigan as well, which has caused the percentage to increase from 10% in the prior years. The following table displays the change in revenue sharing from the prior year.

Revenue Sharing	9/30/2020	9/30/2019	Change +/-	% Change
Constitutional	$ 1,789,635	$1,791,377	$ (1,742)	-0.10%
CVTRS/Statutory	265,065	310,928	(45,863)	-14.75%
Total	$ 2,054,700	$2,102,305	$ (47,605)	-2.26%

We continue to be conservative with budget estimates on the revenue side, and at the same time, be focused on controlling expenditure levels.

The City has adopted financial policies that guide the City in its financial management practices. The City takes these policies into account in preparation of the annual budget and in reviewing the budget status of each fund during the fiscal year.

A primary focus of management is constant improvement of customer service. Satisfaction of Monroe's residents and other customers continues to be the organization's driving force. All services provided are evaluated on the basis of benefits provided both to individual users and the Monroe community as a whole. This effort is reflected in both operations and in planning and budgeting, where performance measure data has been captured for operational review.

Various capital projects were funded with the adoption of the 2019-20 budget. The following projects were active during the fiscal year ended June 30, 2020:

Local Streets:

- West Maple Resurfacing-Linwood to Orchard
- Hollywood Drive Resurfacing
- Jefferson Court Resurfacing-Western to Huron

Major Streets:

- West Front Resurfacing – Telegraph to Harrison
- Maywood Avenue Resurfacing – N. Macomb to Riverview
- Godfroy Avenue Resurfacing – W. Elm to W. Noble
- West 7th Street Bump Outs

General Capital Projects:

- First Station One Replacement Construction
- Public Services Facility Roof Replacement
- Former La-z-boy building demolition
- Former La-z-boy Site Infrastructure
- Labor Park Improvements
- Veterans Park Play Equipment Replacement

Water System:

- Turbidimeter Replacement
- Filter, Clarifier Valve, & Actuator Replacement
- Water Main Replacements/Rehabilitations
    - West Front Street
    - Hollywood Drive-Elm to Maywood
    - Maywood Avenue-Macomb to Riverview
    - Jefferson Court-Western to Huron
    - Godfroy Avenue-Elm to Noble

Wastewater System:

- Scum Well Grease Collector Upgrade
- Sludge load bay/light panel replacement
- Sanitary Sewer Rehabilitations
- WWTP Distribution Panels & Transfer Switch

Major planned projects for fiscal 2020-21:

- ALCC Commercial Kitchen
- ALCC Concrete Repair and Renovations
- City Hall Improvements
- Calkins Street Reconstruction – Toll to North Roessler
- Harrison Street Reconstruction-Eighth to Fourth
- Toll Street Reconstruction – Lorain to North Roessler
- West Lorain Street Reconstruction – Lavender to North Roessler
- West Noble Avenue Resurfacing – Godfroy to Monroe
- Alley Reconstruction
- Labor Park Master Plan Implementation
- Wastewater Combination Jet/Vac Truck Replacement
- Sanitary Sewer Rehabilitation/Replacement
- Water Distribution System Replacement/Rehabilitation
- South Custer Booster Station Service Area Upgrades-Phase 2
- Other smaller cost projects

Awards and Acknowledgements

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 (CAFR) for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The City of Monroe has been recognized by the Arbor Day Foundation as a 2019 Tree City USA in honor of its commitment to effective urban forest management. The City met the program's four requirements: a tree board, department, or position; a tree care ordinance; an annual community

forestry budget of at least 2$ per capita; and an Arbor Day observance or proclamation. The City has received the award for 22 consecutive years.

The City of Monroe was chosen as one of 2019's Best-Performing Small Cities by the Milken Institute, an objective and nonpartisan research institute. The City of Monroe was listed as number 152 out of 201 chosen communities, and is one of eight communities in Michigan to receive the award. Cities were evaluated on relative growth, with listing criteria including job creation, wage gains, and technology developments.

The City of Monroe has been recognized for its successes and efforts in contributing to Michigan's entrepreneurial growth and economic development in the annual eCities study conducted by researchers at iLabs, University of Michigan-Dearborn's Center for Innovation Research. The City of Monroe is honored as a four star community along with 86 other communities across the State of Michigan. Each community was eligible to respond to three open-ended prompts, in which they were given an opportunity to articulate their specific efforts relating to talent attraction and retention strategies, partnerships, and small business attraction.

In conclusion, we wish to recognize the professional contributions and extra efforts of the entire Finance Staff throughout the year, particularly during the preparation of this report. The City's financial system and internal control structure has involvement from many departments. We also wish to recognize those departments for their contributions to maintaining the system with a high level of accuracy throughout the fiscal year. We also wish to thank the Mayor and City Council Members for their continued interest and support of the City's goal of excellence in all respects of financial management.

Respectfully submitted,

Vincent Pastue
City Manager

Edward J. Sell Jr.
Assistant City Manager/Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Monroe
Michigan

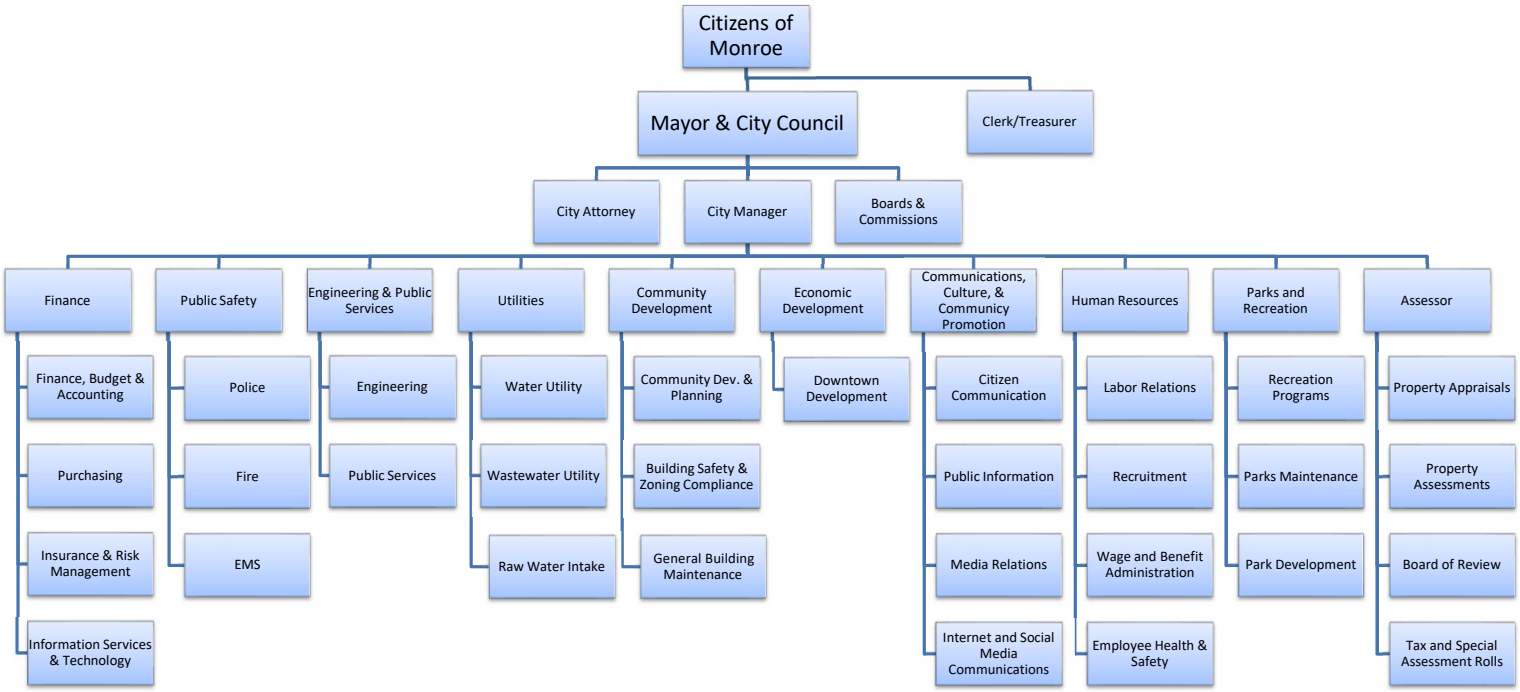
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY OF MONROE
ORGANIZATIONAL CHART



CITY OF MONROE, MICHIGAN

List of Principal Officials

Title	Name
Mayor	Robert E. Clark
Council Members:	
First Precinct	Paula L. Whitman
Second Precinct	John Iacoangeli
Third Precinct	Kellie M. Vining
Fourth Precinct	Michelle Germani
Fifth Precinct	Brian Lamour
Sixth Precinct	Andrew B. Felder
City Clerk/Treasurer	Michelle LaVoy
City Manager	Vincent Pastue
Police Chief	Charles F. McCormick IV
Fire Chief	Robert Wight
Assistant City Manager/Finance Director	Edward J. Sell Jr.
Director of Engineering and Public Services	Patrick Lewis
Director of Water and Wastewater Utilities	Barry LaRoy
Assessor	Samuel J. Guich
Human Resources Director	Peggy Howard
Community Development Director	Jeffrey Green
City Attorney	Mohr Budds Law, PLLC

CITY OF MONROE, MICHIGAN

Facts About Monroe

The City of Monroe, Michigan (the "City") is located in Monroe County in the far southeast portion of Michigan's lower peninsula. Located approximately 35 miles south of Detroit, Michigan, 15 miles north of Toledo, Ohio, and 40 miles southeast of Ann Arbor, Michigan, the City is the county seat with a population of 20,733 according to the 2010 Census.

The City is Michigan's third oldest continuous settlement, founded in 1784. The City operates under a council-manager form of government. Its most recent charter was adopted on December 8, 1913. The City is incorporated under Michigan law as a home rule city.

Elected officials are composed of the mayor, city clerk/treasurer, and six councilpersons, representing six precincts, elected at large. All terms of office are two years. Department heads are appointed by and serve at the pleasure of the city manager with the exception of the finance director who serves at the pleasure of the mayor and City Council. The city manager is responsible for administration of all departments and functions of city government not under the jurisdiction of any other elected official or the Civil Service Commission. The city clerk/treasurer is responsible for keeping the public records and for receipt, disbursement, and custody of public monies and other evidences of value held by or belonging to the City. The City Council is responsible for all legislative matters, including adoption of the city budget.

Financial Section

Plante & Moran, PLLC
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Detroit, MI 48226-1906
Tel: 313.496.7200
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Independent Auditor's Report

To the City Council
City of Monroe, Michigan

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, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Monroe, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe Housing Commission, which represents 50 percent, 76 percent, and 49 percent of the assets, net position/fund balance, and revenue, respectively, of the component units. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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To the City Council
City of Monroe, Michigan

Emphasis of Matter

As explained in Note 3, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable market values. These investments comprised approximately 17 percent, or $33,917,815, of the pension and other employee benefit trust funds' net position at June 30, 2020. Management's estimates are based on information provided by fund managers or the partnership general partners. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Plante & Moran, PLLC

November 11, 2020

As management of City of Monroe, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2020.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to City'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. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., the cost of pension and other postemployment benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community and economic development, and culture and recreation. The business-type activities of the City include providing water and sewage disposal.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Brownfield Redevelopment Authority, Downtown Development Authority, Port of Monroe, and Monroe Housing Commission for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The Building Authority, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as part of the primary government.

Fund Financial Statements

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

- Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- Proprietary Funds - The City maintains two different types of proprietary funds. 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 sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks, its information systems services, and for its fleet of vehicles. All of these services predominantly benefit governmental rather than business-type functions; they have been included within governmental activities in the government-wide financial statements.

- Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include both the pension and other postemployment benefit trust funds and agency funds.

Notes and Other Information

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. The combining statements are presented immediately following the required supplemental information on pensions and OPEB.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2020:

- The City settled a property tax appeal with its largest taxpayer in May 2020. Due to this settlement, property tax revenue, our largest revenue source, decreased 1.1 percent from $17.3 million to $17.1 million. If the settlement had not occurred, property tax revenue would have increased 1.9 percent overall.

- Reimbursements from the State of Michigan for personal property tax exemptions were received for the fourth time in the amount of $1.444 million, an increase of $206,000. The initial budget for the 2019 fiscal year for this revenue source was $783,985. The amount collected significantly exceeded the budget due to funds available for distribution at the state level exceeding the amount estimated to be needed for full reimbursement across the state. The City's reimbursements have exceeded the full reimbursement amount each year as follows:

Fiscal Years Ended	100% Reimbursement	Total Funding Received
June 30, 2020	$ 768,576	$ 1,444,110
June 30, 2019	703,337	1,237,594
June 30, 2018	742,589	1,482,856
June 30, 2017	743,475	1,337,512

Any excess amounts received over the 100 percent reimbursement amount have been transferred for capital project funding.

- The shared sales tax portion of state-shared revenue, our second largest revenue source, decreased 2.3 percent from the previous year. The revenue source decreased by $47,605 to $2,054,700. The initial budget had projected $2,161,059 based on initial State of Michigan budget projections and was amended to $2,180,000. The decrease from budgeted projections was due to overall sales tax collection reductions due to the COVID-19 pandemic. The State of Michigan pays revenue sharing to local governments based on its fiscal year, which ends on September 30. The following table displays the revenue sharing paid by the State of Michigan to the City of Monroe, Michigan for the last five State of Michigan fiscal years:

Fiscal Years Ended	Amount
September 30, 2020	$ 2,054,700
September 30, 2019	2,102,305
September 30, 2018	2,024,255
September 30, 2017	1,963,333
September 30, 2016	1,872,372

  For the State of Michigan's fiscal year ended September 30, 2000, the City of Monroe, Michigan was paid $2,852,494 in revenue sharing. In response to this reduction over the years, the City has reduced expenditures by increasing efficiencies, managing costs, reducing service levels, eliminating select full-time positions, monitoring overtime, and delaying capital expenditures.

- Total fund balance for the General Fund (which now includes the City's Budget Stabilization Fund under GASB Statement No. 54) increased $692,773 to $8,966,004. The following factors contributed to the increase and the changes in the different classifications of fund balance:
  - A total of $700,000 was budgeted to be set aside for the funding of future costs related to property tax appeals. This amount was added to assigned fund balance.
  - Assigned fund balance related to encumbrances outstanding at fiscal year end was decreased from $144,643 to $78,333. The assigned fund balance will be used in the fiscal year ending June 30, 2021.
  - Nonspendable fund balance increased by $7,373 due to an increase in the balance of prepaid items.
  - Demolition funds budgeted will need to be carried forward to the 2020-2021 fiscal year in the amount of $291,981.
  - Uniform allowances budgeted for the fire department will be carried forward into the 2020-2021 fiscal year in the amount of $3,568.
- The total pension liability increased to $158,853,418 from $155,949,613 the previous year. The plan was 89 percent funded due to a fiduciary net position of $141,097,948.
- The total OPEB liability increased by $581,317 to $65,931,321. The plan was 96 percent funded due to a fiduciary net position of $63,414,730.
- The City increased the number of approved full-time equivalent positions budgeted from 178.98 to 180.92 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled $16.9 million. Of this amount, $7.3 million was due to water mains installed by Exeter and Raisinville Townships of which the City has now taken ownership, and, including that amount, $12.6 million was expended on infrastructure-type assets. Construction of the $6.0 million Fire Station One was completed early in the fiscal year.
- Investment income saw a decrease of $317,249, to $687,524, during the year with interest rates declining slightly throughout the fiscal year and then dropping to near zero as a result of the economic impacts of the COVID-19 pandemic.

- Total net position related to the City's governmental activities decreased by $20,008 to $38,033,132.
- Total net position related to the City's business-type activities increased by $10,752,684 to $106,735,531.
- The City settled a tax appeal with its largest taxpayer, DTE Energy, in May 2020. A refund of $749,000 was paid in June 2020. Basic information on the settlement and its future effects is included in Note 13 to the financial statements.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $144,768,663 at the close of the most recent fiscal year.

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	$ 40,949,453	$ 43,912,038	$ 17,921,500	$ 17,640,329	$ 58,870,953	$ 61,552,367
Capital assets	73,583,787	73,451,871	150,475,745	144,782,723	224,059,532	218,234,594
Total assets	114,533,240	117,363,909	168,397,245	162,423,052	282,930,485	279,786,961
Deferred Outflows of Resources	1,895,447	4,945,105	756,375	1,743,043	2,651,822	6,688,148
Liabilities						
Current liabilities	4,544,793	5,361,374	1,717,022	2,864,158	6,261,815	8,225,532
Noncurrent liabilities	56,653,509	58,239,644	60,582,238	63,465,337	117,235,747	121,704,981
Total liabilities	61,198,302	63,601,018	62,299,260	66,329,495	123,497,562	129,930,513
Deferred Inflows of Resources	17,197,253	20,654,856	118,829	1,853,753	17,316,082	22,508,609
Net Position						
Net investment in capital assets	56,521,355	56,603,660	102,684,428	93,667,831	159,205,783	150,271,491
Restricted	3,978,604	4,692,897	-	-	3,978,604	4,692,897
Unrestricted	(22,466,827)	(23,243,417)	4,051,103	2,315,016	(18,415,724)	(20,928,401)
Total net position	**$ 38,033,132**	**$ 38,053,140**	**$106,735,531**	**$ 95,982,847**	**$144,768,663**	**$134,035,987**

The City's combined net position increased by 8 percent from a year ago, increasing from $134.0 million to $144.8 million. The primary factors causing this increase were the contribution of water system assets to the City in the amount of $7.3 million and a reduction in the deferred inflows of $5.2 million, which was primarily related to OPEB deferred inflows.

As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by $776,590 for governmental activities due to funds assigned to future property tax appeals as previously mentioned. The restricted portion of net position decreased from $4.7 million to $3.9 million, primarily due to the use of the Major Streets Fund to finance capital projects.

The unrestricted portion of the business-type activities net position increased $1.74 million primarily due to a decrease in deferred inflows related to OPEB as previously mentioned.

The following table shows the changes in the net position during the current year as compared to the prior year:

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	$ 1,275,751	$ 1,544,767	$ 20,310,044	$ 19,291,972	$ 21,585,795	$ 20,836,739
Operating grants	2,272,638	2,786,241	27,683	-	2,300,321	2,786,241
Capital grants	852,465	893,397	7,354,347	19,391,301	8,206,812	20,284,698
General revenue:						
Property taxes	16,993,685	17,440,729	-	-	16,993,685	17,440,729
State-shared revenue and grants	3,475,054	3,314,905	-	-	3,475,054	3,314,905
Investment earnings	544,899	783,296	142,625	221,477	687,524	1,004,773
Other revenue	1,461,946	1,885,122	4,947	24,535	1,466,893	1,909,657
Total revenue	26,876,438	28,648,457	27,839,646	38,929,285	54,716,084	67,577,742
Expenses						
General government	2,562,428	2,325,586	-	-	2,562,428	2,325,586
Public safety	11,122,855	10,347,617	-	-	11,122,855	10,347,617
Public works	9,360,176	9,254,269	-	-	9,360,176	9,254,269
Community and economic development	1,292,079	775,177	-	-	1,292,079	775,177
Recreation and culture	1,356,752	641,260	-	-	1,356,752	641,260
Debt service	1,202,156	1,194,423	-	-	1,202,156	1,194,423
Water, wastewater, and building authority	-	-	17,086,962	16,263,983	17,086,962	16,263,983
Total expenses	26,896,446	24,538,332	17,086,962	16,263,983	43,983,408	40,802,315
Change in Net Position	(20,008)	4,110,125	10,752,684	22,665,302	10,732,676	26,775,427
Net Position - Beginning of year	38,053,140	33,943,015	95,982,847	73,317,545	134,035,987	107,260,560
Net Position - End of year	**$ 38,033,132**	**$ 38,053,140**	**$106,735,531**	**$ 95,982,847**	**$144,768,663**	**$134,035,987**

Revenue for the City as a whole decreased $12.9 million (19 percent). Revenue decreased in both governmental activities and business-type activities.

Changes from the prior year in the individual revenue categories were as follows:

Revenue Category	2020	2019	Change +/-	% Change
Charges for services	$ 21,585,795	$ 20,836,739	$ 749,056	3.59%
Operating grants and contributions	2,300,321	2,786,241	(485,920)	(17.44%)
Capital grants and contributions	8,206,812	20,284,698	(12,077,886)	(59.54%)
Property taxes	16,993,685	17,440,729	(447,044)	(2.56%)
State-shared revenue	3,475,054	3,314,905	160,149	4.83%
Investment income	687,524	1,004,773	(317,249)	(31.57%)
Cable franchise fees	297,171	318,342	(21,171)	(6.65%)
Other miscellaneous income	1,163,379	1,377,860	(214,481)	(15.57%)
Gain on sale of assets	6,343	213,455	(207,112)	(97.03%)
Total	**$ 54,716,084**	**$ 67,577,742**	**$ (12,861,658)**	

Charges for services revenue increased due to increased utility (water and wastewater) revenue due to both increased sales and rates. Operating grants and contributions decreased due to one-time funding related to railroad crossing closures in the prior fiscal year. Capital grants and contributions decreased due to a reduction in the amount of water mains contributed from other governments. Property taxes, state-shared revenue, and investment income changed, as mentioned in the financial highlights.

For a variety of reasons, program expenses for the City as a whole increased by $3.2 million (7.8 percent).

The City's total governmental revenue decreased by $1,772,019 primarily due to a reduction in capital grants related to the Michigan Department of National Resources Trust Fund grant, which had no revenue for the fiscal year, a reduction in charges for services due to reduced activity as a result of closures related to the COVID-19 pandemic, and reductions in property taxes, state-shared revenue, and investment earnings as previously mentioned. Governmental program expenses increased $2.36 million, or 9.6 percent, due to increased economic development costs, increased pension expense, and increased recreation and culture development costs.

Business-type Activities

The City's business-type activities consist of the Water and Wastewater funds. The City operates the LePage raw water pump station in partnership with Frenchtown Charter Township and sells water to surrounding communities. The City also provides wastewater treatment through a city-owned and operated sewage treatment plant. The City experienced an increase in net position of $10.7 million, or 11 percent, in the business-type funds. The increase was primarily due to increased revenue from water and wastewater services, a focus on reducing costs where possible, and increased capital asset contributions of $7.3 million. The revenue increased due to fee increases implemented on July 1, 2019.

Financial Analysis of Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the City Council or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council. Below is a comparison of the fund balances of governmental funds by type of constraint.

Within these governmental funds, the General Fund is the most significant to understanding the City's financial activities.

General Fund

The General Fund pays for most of the City's governmental services. The most significant are police and fire services, which incurred expenses of approximately $8.47 million, or 43 percent of General Fund expenditures and transfers out. The costs of these departments are generally funded by property tax revenue; state-shared revenue; and, to a much lesser extent, charges for services. The activities of the Wastewater and Water funds are disclosed under "business-type activities" above.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. City departments overall stayed below budget, resulting in total expenditures and transfers out of $19,709,226, or 15 percent below budget. A total of $700,000 of the expenditure amount budgeted was meant to be assigned in fund balance for future years' property tax appeal costs. In addition to this amount, certain items that were budgeted will be expended in future years. A total of $78,333 was encumbered at the fiscal year end, and the budget amount will be transferred to the 2021 fiscal year. Additionally, approximately $291,000 in demolition budget and $3,568 in fire department uniform allowance will be transferred to the 2020-2021 fiscal year.

A report of the General Fund expenditures follows:

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
City Council	$ 129,926	$ 133,320	$ 123,127	$ 10,193
City manager	311,148	329,897	305,893	24,004
Finance	482,320	486,464	481,354	5,110
Clerk treasurer	448,529	546,255	496,445	49,810
Assessor	385,884	385,813	374,240	11,573
Communications, culture, and promotion	136,314	140,557	128,822	11,735
City hall grounds	326,481	332,246	321,085	11,161
Attorney	320,150	407,760	372,593	35,167
Elections	41,709	46,709	40,076	6,633
Human resources/Personnel	279,244	329,487	284,329	45,158
Engineering	217,348	330,692	329,703	989
Police	812,175	843,667	817,801	25,866
Fire	318,974	357,489	306,302	51,187
Zoning/Ordinance enforcement	287,904	562,211	207,437	354,774
Public safety division personnel	7,551,361	7,454,200	7,347,917	106,283
Public services	1,901,328	2,000,492	2,000,309	183
Port of Monroe operations	400,000	400,000	400,000	-
Community and economic development	455,281	2,441,687	548,606	1,893,081
Library	65,000	65,000	57,500	7,500
Parks and recreation	1,542,680	1,576,717	1,443,850	132,867
Public access TV	164,500	150,000	148,585	1,415
Social services	156,000	146,166	146,166	-
Contingencies	1,600,000	700,000	-	700,000
Debt service	1,854,639	1,831,667	1,831,667	-
Transfers out	549,213	1,195,419	1,195,419	-
Total	**$ 20,738,108**	**$ 23,193,915**	**$ 19,709,226**	**$ 3,484,689**

The original budget of $20,738,108 was increased to $23,193,915 by fiscal year end. The major changes in the budget were as follows:

- The carryforward of the unexpended funds from the Michigan Department of Natural Resources Trust Fund (MNRTF) grant in the amount of $1.93 million
- Carryforward of $170,395 for demolition costs related to the aforementioned grant
- Carryforward of $95,198 in general demolition cost funding
- Allocation of $348,000 from unassigned fund balance for the Labor Park Improvement Capital Project.
- Increased transfer to the Capital Projects Fund of $200,000 for additional personal property tax reimbursement revenue received.

Revenue in total came in under budget by $2,280,351, or 10 percent. This was primarily due to $2.232 million in MNRTF grant revenue that was budgeted but not recognized. The full amount of grant expenditures had not been incurred by fiscal year end, and approximately $302,000 of grant revenue was deferred to future years as a result of a 10 percent holdback by the Michigan Department of Natural Resources.

The amended budget estimated that fund balance would decrease by $511,565 to $7,761,666. The actual fund balance increased by $692,773 to $8,966,004. Of the fund balance amount, $78,333 is assigned for encumbered items, $2,200,000 is assigned for future budget stabilization due to future reductions in property tax revenue, and $2,000,000 is committed for budget stabilization purposes. The fund balance figure also includes a nonliquid land asset in the amount of $800,000 and prepaid assets that are nonspendable in the amount of $19,891. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is $3,867,780. That amount represents about 19 percent of the General Fund adopted budget for fiscal year 2021, which is above the level of what is recommended for a financially sound community. The City's policy is to keep fund balance at a level of 15 percent of budgeted expenditures.

Capital Assets and Debt Administration

At the end of 2020, the City had $224,059,532 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to $96,963,686. Capital projects completed or in progress during fiscal year 2020 include continuation of the property acquisition program for the expansion of the River Raisin Battlefield National Park; the resurfacing and/or reconstruction projects on West Maple, Hollywood, Jefferson Court, West Front, Maywood, Godfroy, and others; replacement of Fire Station One; public services facility roof replacement; former La-Z-Boy building demolition; former La-Z-Boy site infrastructure; Labor Park Improvements; Veterans Park play equipment replacement; water distribution and filtration system improvements; continued sanitary sewer rehabilitation; and many others.

The City had one new debt issue during the 2019-2020 fiscal year. An installment purchase agreement was entered into with Monroe County, Michigan in the amount of $96,057 for the financing of the City's portion of a countywide law enforcement records management system. The agreement calls for semiannual payments of $16,574.49 for a term of three years with the last payment occurring on July 1, 2022. The interest rate on the agreement is set at 1.0 percent.

The City received a financial rating from Standard & Poor's of AA in 2014 when refunding bonds were being issued. This was the first time the City had been rated in the AA category. The AA rating was reaffirmed with the 2018 debt issues and again in September 2020.

The City is currently using 65.35 percent of its available debt margin of $109,796,388. Debt service made up 9.2 percent of total General Fund expenditures for fiscal year 2020. Bonded debt and other long-term obligations were decreased by $6,042,053 during the year.

More detailed information concerning capital assets and long-term debt can be found in Notes 5 and 7, respectively, in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate in the Monroe County region has remained positive over the last fiscal year, until the COVID-19 pandemic started. It increased dramatically at that point. It was slightly below the State of Michigan average, as can be seen in the following table:

Years Ended June 30	County	Michigan
2020	13.40 %	15.00 %
2019	4.20	4.40
2018	4.40	4.30
2017	4.30	4.00
2016	3.90	4.90
2015	4.80	5.80
2014	6.80	7.90
2013	8.80	9.40
2012	8.40	9.20
2011	10.40	11.00

The county unemployment rate had decreased to 6.9 percent at the end of September 2020.

Efforts continue to bring new employers into the City and to retain current employers. River Raisin Battlefield property has been transferred to the United States of America and is now an official national park. Efforts continue to transfer additional land to the park to make the park larger. The City also continues to acquire property surrounding the park through a Department of Michigan Natural Resources Trust Fund grant of $4.9 million. Substantial increases in shipping operations are occurring at the Port of Monroe. The City acquired the former La-Z-Boy world headquarters property for redevelopment and the building on the site had been demolished by the end of September 2020. Infrastructure is now being installed for mixed commercial/residential development. Development is expected to begin the spring of 2021. Other commercial and industrial developments are also occurring.

The City's budget was developed over a three-year period for the 2020-2021 fiscal year, with the General Fund being projected over a five-year period. The 2020-2021 budget was adopted by the City Council, and the budget document and process included projections for the 2020-2021 through 2024-2025 fiscal years. The City's fiscal year 2019-2020 General Fund budget decreased when compared to the 2019-2020 original budget. The adopted revenue and expenditures for 2020-2021 as compared to the 2019-2020 adopted budget are as follows:

	2020	2021	Decrease	% Change
Revenue	$ 20,623,474	$ 20,297,623	$ (325,851)	-1.58%
Expenditures	20,738,108	20,297,623	(440,485)	-2.12%

The projected General Fund revenue and expenditure budgets for fiscal years 2021-2022 through 2024-2025 are as follows:

	2022	2023	2024	2025
Revenue	$ 19,753,756	$ 19,823,909	$ 19,563,643	$ 19,675,838
Expenditures	19,753,756	19,960,695	20,094,658	20,113,472
Difference	**$ -**	**$ (136,786)**	**$ (531,015)**	**$ (437,634)**

The 2021 budget was adopted with revenue equaling expenditures. The City settled a large property tax appeal in May 2020, but the settlement was known during the budget development process, so the budget and the future year projections were developed with the settlement in effect. The settlement requires a reduction in taxable value for the DTE Monroe Power Plant to be phased in beginning with fiscal year 2018-2019 and ending in fiscal year 2024-2025. Over that time period, the taxable value will be reduced from $498,663,960 to $348,034,381, a 30 percent reduction. The city budget had set aside $1.5 million in it for the effect of the appeal. In the fiscal years 2023-2024 and 2024-2025, the total reduction in revenue will exceed $2.2 million. This is the reason for the projected structural deficits in those fiscal years. The City will prepare a plan to address the deficits prior to that time, but as of June 30, 2020, $2.2 million has been assigned in fund balance to help with budget stabilization related to the property tax revenue reductions.

The first quarterly review of the 2020-2021 budget indicates that the budget is in good condition, and while some transfers within the budget may be needed to adjust estimated budget amounts, the total budget appears to be adequate. Adjustments will be needed to reallocate funds to account for the effect of the COVID-19 pandemic.

The budget currently funds 183.32 full-time equivalent (FTE) positions. This is a slight increase from the previous year total of 180.92. Apprentice electrician and maintenance worker positions added in the water operations were the primary reason for the increase. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included $1,363,500 budgeted for capital projects. This is an increase from the prior year amount of $1,295,000. The increase was made possible by personal property tax reimbursement funds received in excess of the City's 100 percent reimbursement.

For fiscal year 2021, taxable value decreased in total by 3.57 percent. Residential ad valorem real property taxable values actually increased by 3.72 percent for the 2021 fiscal year, and the commercial sector increased by 3.89 percent. The effect of the property tax appeal settlement is the reason for the overall reduction in taxable value. Due to the impact of Proposal A, the City will need to continue to monitor its budget very closely. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. We know that the inflation increase for the 2021-2022 fiscal year will be 1.4 percent. This means that the recovery in the taxable value of city properties will take a significant amount of time, and the financial recovery will be very slow. An emphasis will have to remain on controlling operating costs.

The health care costs, increases in pension funding, and funding of future retiree health care liabilities have all significantly contributed to the financial burden that exists on the City's General Fund budget.

The City received an actuarial valuation report for the retiree health care system, which calculated the actuarial determined contribution (ADC) for fiscal year 2021 at $823,816. This was reduced by $473,794 from the prior year primarily due to claims experience for the retirees being better than projected by the actuary. The actuarial accrued liability was $64.9 million. This was reduced from $78.5 million, as calculated in the December 31, 2006 study. The system was 92.4 percent funded as of December 31, 2018, an increase from 15.7 percent in the December 31, 2008 actuarial study. The unfunded liability due to past service was estimated at $4.9 million as of December 31, 2018. A new actuarial study will be completed as of December 31, 2020.

Interest rates for investing had started to decline during the 2019-2020 fiscal year but now have been substantially reduced due to the economic impact of the COVID-19 pandemic. Interest rates on short-term investing are in the range of 50 basis points or less. Investment income will be difficult to generate in the near future to support the city budget. The State of Michigan has changed the statutory revenue-sharing program to an incentive-based program called the "City, Village, and Township Revenue Sharing" (CVTRS) program. Under the program, the City must meet certain goals to receive its full revenue sharing allocation. The City has met all of the qualifications for the program since its beginning in 2012. The filings required to be qualified are due on December 1, 2020 for 2021.

The primary factor affecting the City's 2021 and future budget projections is taxable value levels. The City came to an agreement with its largest taxpayer, DTE Energy, to settle a tax appeal requesting a substantial reduction in the coal-fired electric plant's taxable value. The settlement has been mentioned previously, but over a 20-year period, the City must plan for the eventual closure of the plant. DTE Energy had represented 49 percent of the City's tax base in the past and still represented 46 percent for the 2020-2021 fiscal year.

Requests for Further Information

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the finance department.

Statement of Net Position

June 30, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and investments (Note 3)	$ 35,386,825	$ 8,092,916	$ 43,479,741	$ 5,080,847
Receivables:				
Property taxes receivable	1,168,856	26,728	1,195,584	-
Special assessments receivable	54,706	51,711	106,417	-
Customer receivables	15,163	3,692,240	3,707,403	138,474
Accrued interest receivable	14,867	1,218	16,085	-
Due from fiduciary funds	133,468	-	133,468	-
Other receivables	385,243	188,093	573,336	110,891
Due from other governmental units	1,067,215	839,544	1,906,759	-
Economic development loans receivable	25,000	-	25,000	-
Real estate inventory	800,000	-	800,000	14,731
Prepaids and other assets	517,650	1,009,353	1,527,003	94,047
Restricted assets (Note 1)	160,915	-	160,915	-
Investment in joint ventures (Note 12)	-	3,897,206	3,897,206	-
Advances to component unit (Note 6)	1,219,545	122,491	1,342,036	-
Capital assets: (Note 5)				
Assets not subject to depreciation	9,156,470	722,041	9,878,511	4,865,700
Asset subject to depreciation	64,427,317	149,753,704	214,181,021	9,343,196
Total assets	114,533,240	168,397,245	282,930,485	19,647,886
Deferred Outflows of Resources (Note 4)	1,895,447	756,375	2,651,822	280,889
Liabilities				
Accounts payable	1,232,781	792,950	2,025,731	464,196
Due to other governmental units	146	29,886	30,032	15,079
Refundable deposits, bonds, etc.	22,860	40,890	63,750	-
Accrued liabilities and other	1,445,342	407,348	1,852,690	367,291
Unearned revenue	1,843,664	445,948	2,289,612	12,900
Advances from primary government (Note 6)	-	-	-	1,342,036
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	229,466	362,717	592,183	-
Current portion of long-term debt (Note 7)	2,839,840	3,699,214	6,539,054	594,132
Due in more than one year:				
Compensated absences (Note 7)	827,361	-	827,361	-
Environmental liabilities	-	-	-	1,063,797
Net pension liability (Note 9)	14,880,800	2,874,670	17,755,470	1,421,985
Net OPEB liability (Note 10)	1,281,930	1,234,661	2,516,591	-
Long-term debt - Net of current portion (Note 7)	36,594,112	52,410,976	89,005,088	3,652,690
Total liabilities	61,198,302	62,299,260	123,497,562	8,934,106
Deferred Inflows of Resources (Note 4)	17,197,253	118,829	17,316,082	10,378
Net Position				
Net investment in capital assets	56,521,355	102,684,428	159,205,783	14,208,896
Restricted:				
Streets and highways	2,073,963	-	2,073,963	-
Debt service	1,200,366	-	1,200,366	-
Rubbish	365,933	-	365,933	-
Grants	138,705	-	138,705	-
Drug forfeiture	81,221	-	81,221	-
Code enforcement	118,416	-	118,416	-
Health insurance and construction projects	-	-	-	533,260
Unrestricted	(22,466,827)	4,051,103	(18,415,724)	(3,757,865)
Total net position	**$ 38,033,132**	**$ 106,735,531**	**$ 144,768,663**	**$ 10,984,291**

See notes to financial statements.

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 2,562,428	$ 116,469	$ -	$ -
Public safety	11,122,855	301,875	6,290	2,086
Public works	9,360,176	833,504	2,266,348	429,462
Community and economic development	1,292,079	-	-	420,917
Recreation and culture	1,356,752	23,903	-	-
Interest on long-term debt	1,202,156	-	-	-
Total governmental activities	26,896,446	1,275,751	2,272,638	852,465
Business-type activities:				
Water	8,643,862	9,857,767	9,671	7,354,347
Wastewater	8,390,077	10,452,277	-	-
Building Authority	53,023	-	18,012	-
Total business-type activities	17,086,962	20,310,044	27,683	7,354,347
Total primary government	**$ 43,983,408**	**$ 21,585,795**	**$ 2,300,321**	**$ 8,206,812**
Component units:				
Port of Monroe	$ 1,328,282	$ 570,614	$ -	$ 529,506
Downtown Development Authority	248,979	-	-	-
Brownfield Redevelopment Authority	415,453	-	-	-
Monroe Housing Commission (Balances reported as of September 30, 2019)	2,972,756	868,945	276,044	942,103
Total component units	**$ 4,965,470**	**$ 1,439,559**	**$ 276,044**	**$ 1,471,609**
General revenue:				
Taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Gain (loss) on sale of capital assets				
Income from joint venture (not directly allocated)				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

See notes to financial statements.

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (2,445,959)	$ -	$ (2,445,959)	$ -
(10,812,604)	-	(10,812,604)	-
(5,830,862)	-	(5,830,862)	-
(871,162)	-	(871,162)	-
(1,332,849)	-	(1,332,849)	-
(1,202,156)	-	(1,202,156)	-
(22,495,592)	-	(22,495,592)	-
-	8,577,923	8,577,923	-
-	2,062,200	2,062,200	-
-	(35,011)	(35,011)	-
-	10,605,112	10,605,112	-
(22,495,592)	10,605,112	(11,890,480)	-
-	-	-	(228,162)
-	-	-	(248,979)
-	-	-	(415,453)
-	-	-	(885,664)
-	-	-	(1,778,258)
16,993,685	-	16,993,685	1,250,360
3,475,054	-	3,475,054	39,316
544,899	142,625	687,524	162,199
297,171	-	297,171	-
12,060	(5,717)	6,343	-
-	10,664	10,664	-
1,152,715	-	1,152,715	149,988
22,475,584	147,572	22,623,156	1,601,863
(20,008)	10,752,684	10,732,676	(176,395)
38,053,140	95,982,847	134,035,987	11,160,686
$ 38,033,132	**$ 106,735,531**	**$ 144,768,663**	**$ 10,984,291**

Governmental Funds
Balance Sheet

June 30, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 18,333,723	$ 8,986,047	$ 27,319,770
Investments	3,706,394	599,922	4,306,316
Receivables	1,875,476	808,172	2,683,648
Due from other funds (Note 6)	-	61,867	61,867
Real estate inventory	800,000	-	800,000
Prepaids and other assets	19,891	49,403	69,294
Restricted assets (Note 1)	-	160,915	160,915
Advances to component unit (Note 6)	-	1,219,545	1,219,545
Total assets	**$ 24,735,484**	**$ 11,885,871**	**$ 36,621,355**
Liabilities			
Accounts payable	$ 324,760	$ 573,535	$ 898,295
Due to other governmental units	-	146	146
Due to other funds (Note 6)	-	61,867	61,867
Refundable deposits, bonds, etc.	7,860	15,000	22,860
Accrued liabilities and other	423,316	23,425	446,741
Unearned revenue	12,000	1,831,664	1,843,664
Total liabilities	767,936	2,505,637	3,273,573
Deferred Inflows of Resources			
Unavailable revenue (Note 4)	530,787	238,427	769,214
Property taxes levied for the following year (Note 4)	14,470,757	2,603,118	17,073,875
Total deferred inflows of resources	15,001,544	2,841,545	17,843,089
Fund Balances (Note 16)			
Nonspendable	819,891	49,403	869,294
Restricted	-	4,115,752	4,115,752
Committed	2,000,000	2,359,176	4,359,176
Assigned	2,278,333	14,358	2,292,691
Unassigned	3,867,780	-	3,867,780
Total fund balances	8,966,004	6,538,689	15,504,693
Total liabilities, deferred inflows of resources, and fund balances	**$ 24,735,484**	**$ 11,885,871**	**$ 36,621,355**

See notes to financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

	June 30, 2020
Fund Balances Reported in Governmental Funds	$ 15,504,693
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	70,682,947
Other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	769,214
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(38,510,422)
Accrued interest is not due and payable in the current period and is not reported in the funds	(201,474)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,034,201)
Pension benefits	(13,065,027)
Retiree health care benefits	(1,127,400)
Total employee fringe benefits not reported as fund liabilities	(15,226,628)
Internal service funds are included as part of governmental activities	5,014,802
Net Position of Governmental Activities	**$ 38,033,132**

See notes to financial statements.

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property taxes	$ 14,573,345	$ 2,533,425	$ 17,106,770
Special assessments	-	29,050	29,050
State-shared revenue and grants	3,367,986	3,153,647	6,521,633
Charges for services	224,863	196,274	421,137
Fines and forfeitures	61,415	21,603	83,018
Licenses and permits	374,021	513,203	887,224
Interest and rentals	367,729	695,752	1,063,481
Other revenue	162,671	202,191	364,862
Total revenue	19,132,030	7,345,145	26,477,175
Expenditures			
Current services:			
General government	2,315,935	12,040	2,327,975
Public safety	8,581,801	152,825	8,734,626
Public works	2,458,309	3,206,707	5,665,016
Community and economic development	548,606	823,292	1,371,898
Recreation and culture	1,796,101	-	1,796,101
Capital outlay	-	4,614,614	4,614,614
Debt service	1,709,203	1,993,495	3,702,698
Total expenditures	17,409,955	10,802,973	28,212,928
Excess of Revenue Over (Under) Expenditures	1,722,075	(3,457,828)	(1,735,753)
Other Financing Sources (Uses)			
Transfers in	-	1,549,540	1,549,540
Transfers out	(1,137,419)	(412,121)	(1,549,540)
Face value of debt issue	96,057	-	96,057
Sale of capital assets	12,060	-	12,060
Total other financing (uses) sources	(1,029,302)	1,137,419	108,117
Net Change in Fund Balances	692,773	(2,320,409)	(1,627,636)
Fund Balances - Beginning of year	8,273,231	8,859,098	17,132,329
Fund Balances - End of year	**$ 8,966,004**	**$ 6,538,689**	**$ 15,504,693**

See notes to financial statements.

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	$	(1,627,636)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense		(4,823,816)
Capital outlay		4,764,547
Total		(59,269)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		52,813
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position		(96,057)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)		2,548,211
OPEB-related expenses do not require the use of current resources and, therefore, are not reported in the fund statements		2,103,259
Pension-related expenses do not require the use of current resources and, therefore, are not reported in the fund statements		(3,043,243)
Increase in accumulated employee sick and vacation pay is recorded in the statement of activities		(176,746)
Interest expense is recognized in the government-wide statements as it accrues		26,712
Internal service funds are included as part of governmental activities		251,948
Change in Net Position of Governmental Activities	**$**	**(20,008)**

Proprietary Funds
Statement of Net Position

June 30, 2020

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total Enterprise Funds	Proprietary Internal Service Fund
Assets					
Current assets:					
Cash and investments	$ 3,314,563	$ 4,322,482	$ 455,871	$ 8,092,916	$ 3,760,739
Receivables:					
Property taxes receivable	18,182	8,546	-	26,728	-
Special assessments receivable	25,446	26,265	-	51,711	-
Customer receivables	2,045,013	1,647,227	-	3,692,240	-
Accrued interest receivable	267	951	-	1,218	-
Due from fiduciary funds	-	-	-	-	133,468
Other receivables	184,098	3,995	-	188,093	47,402
Due from other governmental units	830,217	2,827	6,500	839,544	-
Prepaids and other assets	2,023	1,007,330	-	1,009,353	448,356
Total current assets	6,419,809	7,019,623	462,371	13,901,803	4,389,965
Noncurrent assets:					
Investment in joint ventures (Note 12)	-	3,897,206	-	3,897,206	-
Advances to component unit	-	122,491	-	122,491	-
Capital assets: (Note 5)					
Assets not subject to depreciation	328,045	39,705	354,291	722,041	17,722
Asset subject to depreciation	61,311,557	88,442,147	-	149,753,704	2,883,118
Total noncurrent assets	61,639,602	92,501,549	354,291	154,495,442	2,900,840
Total assets	68,059,411	99,521,172	816,662	168,397,245	7,290,805
Deferred Outflows of Resources (Note 4)	273,798	482,577	-	756,375	26,439
Liabilities					
Current liabilities:					
Accounts payable	575,225	197,717	20,008	792,950	334,486
Due to other governmental units	-	29,886	-	29,886	-
Refundable deposits, bonds, etc.	-	40,890	-	40,890	-
Accrued liabilities and other	250,506	156,842	-	407,348	797,127
Unearned revenue	-	3,585	442,363	445,948	-
Compensated absences	180,277	182,440	-	362,717	22,626
Current portion of long-term debt (Note 7)	2,506,984	1,192,230	-	3,699,214	111,850
Total current liabilities	3,512,992	1,803,590	462,371	5,778,953	1,266,089
Noncurrent liabilities:					
Net pension liability (Note 9)	1,371,713	1,502,957	-	2,874,670	201,318
Net OPEB liability (Note 10)	608,824	625,837	-	1,234,661	21,306
Long-term debt - Net of current portion (Note 7)	35,510,260	16,900,716	-	52,410,976	811,680
Total noncurrent liabilities	37,490,797	19,029,510	-	56,520,307	1,034,304
Total liabilities	41,003,789	20,833,100	462,371	62,299,260	2,300,393
Deferred Inflows of Resources (Note 4)	58,596	60,233	-	118,829	2,049
Net Position					
Net investment in capital assets	27,810,033	74,520,104	354,291	102,684,428	2,452,539
Unrestricted	(539,209)	4,590,312	-	4,051,103	2,562,263
Total net position	**$ 27,270,824**	**$ 79,110,416**	**$ 354,291**	**$ 106,735,531**	**$ 5,014,802**

See notes to financial statements.

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Operating Revenue					
Sale of water	$ -	$ 8,958,438	$ -	$ 8,958,438	$ -
Sewage disposal charges	9,869,378	-	-	9,869,378	-
Other charges for services	582,899	899,329	-	1,482,228	627,214
Charges to other funds	-	-	-	-	4,275,670
Total operating revenue	10,452,277	9,857,767	-	20,310,044	4,902,884
Operating Expenses					
Operations and maintenance	1,933,621	1,328,793	53,023	3,315,437	4,313,875
Direct cost of providing service	3,780,743	4,473,812	-	8,254,555	-
Depreciation	1,750,724	2,237,346	-	3,988,070	433,063
Total operating expenses	7,465,088	8,039,951	53,023	15,558,062	4,746,938
Operating Income (Loss)	2,987,189	1,817,816	(53,023)	4,751,982	155,946
Nonoperating Revenue (Expense)					
Investment income	55,806	78,857	7,962	142,625	45,989
Income from joint venture	-	10,664	-	10,664	-
Interest expense	(924,989)	(603,911)	-	(1,528,900)	(31,348)
(Loss) gain on sale of assets	-	(5,717)	-	(5,717)	81,361
Operating grants	-	9,671	18,012	27,683	-
Total nonoperating (expense) revenue	(869,183)	(510,436)	25,974	(1,353,645)	96,002
Income (Loss) - Before capital contributions	2,118,006	1,307,380	(27,049)	3,398,337	251,948
Capital Contributions					
Lines donated by developers	-	7,324,347	-	7,324,347	-
Other capital contributions	-	30,000	-	30,000	-
Total capital contributions	-	7,354,347	-	7,354,347	-
Change in Net Position	2,118,006	8,661,727	(27,049)	10,752,684	251,948
Net Position - Beginning of year	25,152,818	70,448,689	381,340	95,982,847	4,762,854
Net Position - End of year	**$ 27,270,824**	**$ 79,110,416**	**$ 354,291**	**$ 106,735,531**	**$ 5,014,802**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2020

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	$ 9,690,387	$ 9,613,290	$ -	$ 19,303,677	$ 4,405,102
Payments to suppliers	(3,221,435)	(4,037,498)	(57,527)	(7,316,460)	(2,893,903)
Payments to employees and fringes	(2,335,556)	(2,685,549)	-	(5,021,105)	(392,534)
Other receipts	-	-	-	-	55,663
Net cash and cash equivalents provided by (used in) operating activities	4,133,396	2,890,243	(57,527)	6,966,112	1,174,328
Cash Flows from Noncapital Financing Activities					
Receipt of noncapital grants	-	9,671	18,012	27,683	-
Principal and interest paid on OPEB bonds	(320,777)	(301,821)	-	(622,598)	(36,713)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(320,777)	(292,150)	18,012	(594,915)	(36,713)
Cash Flows from Capital and Related Financing Activities					
Receipt of capital grants	-	30,000	-	30,000	-
Special assessment collections	5,287	3,353	-	8,640	-
Proceeds from sale and disposal of capital assets	-	-	-	-	107,474
Purchase of capital assets	(606,025)	(1,756,437)	-	(2,362,462)	(650,361)
Principal and interest paid on capital debt	(3,075,170)	(1,446,643)	-	(4,521,813)	(103,746)
Net cash and cash equivalents used in capital and related financing activities	(3,675,908)	(3,169,727)	-	(6,845,635)	(646,633)
Cash Flows from Investing Activities					
Interest received on investments	57,934	82,850	7,962	148,746	46,423
Proceeds from sale and maturities of investment securities	5,449	-	-	5,449	100,108
Purchases of investment securities	-	(255,349)	-	(255,349)	-
Net cash and cash equivalents provided by (used in) investing activities	63,383	(172,499)	7,962	(101,154)	146,531
Net Increase (Decrease) in Cash and Cash Equivalents	200,094	(744,133)	(31,553)	(575,592)	637,513
Cash and Cash Equivalents - Beginning of year	2,509,372	3,654,917	487,424	6,651,713	3,123,226
Cash and Cash Equivalents - End of year	**$ 2,709,466**	**$ 2,910,784**	**$ 455,871**	**$ 6,076,121**	**$ 3,760,739**
Classification of Cash and Cash Equivalents					
Cash and investments	$ 3,314,563	$ 4,322,482	$ 455,871	$ 8,092,916	$ 3,760,739
Less amounts classified as investments	(605,097)	(1,411,698)	-	(2,016,795)	-
Total cash and cash equivalents	**$ 2,709,466**	**$ 2,910,784**	**$ 455,871**	**$ 6,076,121**	**$ 3,760,739**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2020

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	$ 2,987,189	$ 1,817,816	$ (53,023)	$ 4,751,982	$ 155,946
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,750,724	2,237,346	-	3,988,070	433,063
Changes in assets and liabilities:					
Receivables	(761,890)	(244,477)	(24,512)	(1,030,879)	68,276
Inventories	-	304,130	-	304,130	-
Prepaid and other assets	16,953	6,122	-	23,075	(78,148)
Accounts payable	130,088	(1,290,038)	20,008	(1,139,942)	540,270
Accrued and other liabilities	50,776	31,955	-	82,731	(8,686)
Net OPEB and pension liabilities	(40,444)	27,389	-	(13,055)	63,607
Net cash and cash equivalents provided by (used in) operating activities	**$ 4,133,396**	**$ 2,890,243**	**$ (57,527)**	**$ 6,966,112**	**$ 1,174,328**
Significant Noncash Transactions - Customer water main installations recorded as water capital assets and a capital contribution at June 30, 2020	$ -	$ 7,324,347	$ -	$ 7,324,347	$ -

See notes to financial statements.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2020

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery	Agency Fund
Assets			
Cash and cash equivalents	$ 165,401	$ 190,438	$ 7,402,563
Investments:			
U.S. government securities	22,795,950	113,177	-
Municipal bonds	4,395,265	-	-
Equity investments	10,961,510	-	-
Foreign bonds	3,457,998	-	-
Stocks	28,496,935	-	-
Corporate bonds	29,760,979	-	-
Other investments	12,193,752	221,614	-
Foreign stocks	16,864,414	-	-
Mutual funds	75,643,037	-	-
Receivables:			
Accrued interest receivable	265,242	1,413	-
Other receivables	500	8,350	-
Due from other governmental units	42,783	-	-
Prepaid expenses	9,320	-	-
Total assets	205,053,086	534,992	**$ 7,402,563**
Liabilities			
Accounts payable	406,941	10,776	$ 11,279
Due to other governmental units	-	-	7,358,751
Due to primary government	133,468	-	-
Accrued liabilities and other	-	-	32,533
Total liabilities	540,409	10,776	**$ 7,402,563**
Net Position - Restricted for pensions, other employee benefits, and cemetery operations	**$ 204,512,677**	**$ 524,216**	

See notes to financial statements.

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery
Additions		
Investment income (loss):		
Interest and dividends	$ 3,335,294	$ 8,610
Net increase in fair value of investments	10,204,227	5,866
Investment-related expenses	(797,560)	-
Net investment income	12,741,961	14,476
Contributions:		
Employer	3,032,917	-
Employee	601,647	-
Total contributions	3,634,564	-
General Fund contribution	-	58,000
Charges for services	-	22,990
Total additions	16,376,525	95,466
Deductions		
Benefit payments	14,230,214	-
Refunds of contributions	26,386	-
Administrative expenses	207,623	68,209
Total deductions	14,464,223	68,209
Net Increase in Net Position Held in Trust	1,912,302	27,257
Net Position - Beginning of year	202,600,375	496,959
Net Position - End of year	**$ 204,512,677**	**$ 524,216**

See notes to financial statements.

Component Units
Statement of Net Position

June 30, 2020

	Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission (Balances Reported as of September 30, 2019)	Total
Assets					
Cash and investments	$ 482,975	$ 1,144,896	$ 26,151	$ 3,426,825	$ 5,080,847
Receivables	-	-	138,474	110,891	249,365
Real estate inventory	-	-	-	14,731	14,731
Prepaids and other assets	-	-	28,901	65,146	94,047
Capital assets: (Note 5)					
Assets not subject to depreciation	-	-	2,579,833	2,285,867	4,865,700
Asset subject to depreciation	-	-	5,396,134	3,947,062	9,343,196
Total assets	482,975	1,144,896	8,169,493	9,850,522	19,647,886
Deferred Outflows of Resources - Pensions	-	-	-	280,889	280,889
Liabilities					
Accounts payable	6,233	271,753	50,227	135,983	464,196
Due to other governmental units	-	15,079	-	-	15,079
Accrued liabilities and other	602	-	149,716	216,973	367,291
Unearned revenue	-	-	12,900	-	12,900
Advances from primary government	-	1,322,036	20,000	-	1,342,036
Noncurrent liabilities:					
Due within one year - Current portion of long-term debt (Note 7)	-	133,940	460,192	-	594,132
Due in more than one year:					
Environmental liabilities (Note 15)	-	-	1,063,797	-	1,063,797
Net pension liability	-	-	-	1,421,985	1,421,985
Long-term debt - Net of current portion	-	490,993	3,161,697	-	3,652,690
Total liabilities	6,835	2,233,801	4,918,529	1,774,941	8,934,106
Deferred Inflows of Resources - Pensions	-	-	-	10,378	10,378
Net Position (Deficit)					
Net investment in capital assets	-	-	4,354,078	6,232,929	10,587,007
Restricted - Health insurance and construction projects	-	-	-	533,260	533,260
Unrestricted	476,140	(1,088,905)	(1,103,114)	1,579,903	(135,976)
Total net position (deficit)	**$ 476,140**	**$ (1,088,905)**	**$ 3,250,964**	**$ 8,346,092**	**$ 10,984,291**

See notes to financial statements.

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Downtown Development Authority	$ 248,979	$ -	$ -	$ -
Brownfield Redevelopment Authority:				
Public works	331,720	-	-	-
Interest on long-term debt	83,733	-	-	-
Total Brownfield Redevelopment Authority	415,453	-	-	-
Port of Monroe	1,328,282	570,614	-	529,506
Monroe Housing Commission (Balances reported as of September 30, 2019)	2,972,756	868,945	276,044	942,103
Total component units	**$ 4,965,470**	**$ 1,439,559**	**$ 276,044**	**$ 1,471,609**

General revenue:
Property taxes and appropriation from City of Monroe, Michigan
State-shared revenue
Investment income
Other miscellaneous income

Total general revenue

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position				
Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission (Balances Reported as of September 30, 2019)	Total
$ (248,979)	$ -	$ -	$ -	$ (248,979)
-	(331,720)	-	-	(331,720)
-	(83,733)	-	-	(83,733)
-	(415,453)	-	-	(415,453)
-	-	(228,162)	-	(228,162)
-	-	-	(885,664)	(885,664)
(248,979)	(415,453)	(228,162)	(885,664)	(1,778,258)
233,372	616,988	400,000	-	1,250,360
17,620	21,696	-	-	39,316
8,792	19,700	-	133,707	162,199
2,100	-	-	147,888	149,988
261,884	658,384	400,000	281,595	1,601,863
12,905	242,931	171,838	(604,069)	(176,395)
463,235	(1,331,836)	3,079,126	8,950,161	11,160,686
$ 476,140	**$ (1,088,905)**	**$ 3,250,964**	**$ 8,346,092**	**$ 10,984,291**

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Monroe, Michigan (the "City"):

Reporting Entity

The City is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City (see discussion below for description).

Blended Component Unit

The City's Building Authority is governed by a board appointed by the City's mayor and City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings. The Building Authority does not issue a separate financial report.

Discretely Presented Component Units

The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the City.

- The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA's governing body is selected by the mayor and subject to approval by the City Council. In addition, the DDA's budget is subject to approval by the City Council. Complete financial reports can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.

- The Brownfield Redevelopment Authority (the "Authority") is a separate legal entity that was created to finance environmental cleanup within the City. The Authority’s governing body is selected by the City Council, which has the authority to approve its budget. The Brownfield Redevelopment Authority issues a separate financial statement that can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.

- The Port of Monroe (the "Port") was established as a separate legal entity to operate port facilities within the boundaries of the City. The Port is governed by a Port Commission, which is appointed by the City Council. The Port Commission’s annual budget is also approved by the City Council. The Port issues separate financial statements that can be obtained at the administrative offices at 10 Port Avenue, Monroe, MI 48161.

- The Monroe Housing Commission (the "Housing Commission") was created in the State of Michigan under the provisions of Public Act 18 of the Extra Session of 1933, as amended (MCL 125.651 through 125.709e). The Housing Commission is administered by a five-member board, which is appointed by the city mayor with approval by the City Council. Board members may be removed from office by the appointing authority and the City can impose its will on the Housing Commission. Complete financial reports can be obtained at the administrative offices at 20 N. Roessler Street, Monroe, MI 48162.

Jointly Governed Organization

Jointly governed organizations are discussed in Note 12.

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following fund as a major governmental fund:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following funds as major enterprise funds:

- The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and improvements and retirement of revenue bonds. Financing is provided by user charges, state grants, and contributions from other municipalities and customers. This fund is classified as an enterprise fund because it does business with individuals and firms outside the local unit departments. The system includes customers in the surrounding townships. The transportation lines to service those customers were installed by the individual townships and typically become the property of the City once all debts are paid.

- The Wastewater Fund accounts for the operation and maintenance of the sewage disposal system, capital additions, improvements, and retirement of debt. Financing is provided by user charges, EPA grants for wastewater treatment plant expansion, state grants, and contributions from other municipalities and customers. This fund is classified as an enterprise fund because business is done with individuals outside the local unit departments. The system includes customers in the surrounding townships. In order to fund the system, the surrounding townships contributed approximately 60 percent of the plant assets; accordingly, approximately 60 percent of the capacity rights are reserved for the township customers. In addition, the Monroe Metropolitan Water Pollution Control System Board of Control was established to approve the annual rates for wastewater customers.

The City's internal service funds are used to account for stores and equipment purchases, as well as technology purchases. In addition, the internal service funds account for risk management related to health care, workers' compensation, and general liabilities.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- Pension and other employee benefit trust funds account for the activities of the retirement system and the trust established to account for costs related to retiree health care.

- The Private Purpose Trust Fund (Cemetery Fund) accounts for the activities of the Woodland Cemetery. The cemetery is funded through contributions and fees.

- The agency fund accounts for tax collections that are held by the City in the capacity of trustee. The collections are then transferred to the other governmental units on a timely distribution basis.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Note 1 - Significant Accounting Policies (Continued)

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, charges for services, rental income, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments, personal property taxes, and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Bank Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the percentage of principal invested by each fund.

Receivables and Payables

In general, outstanding balances between funds are reported in the due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. All trade receivables are shown net of allowance for uncollectible amounts.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and governmental fund financial statements using the consumption method.

Note 1 - Significant Accounting Policies (Continued)

Real Estate Inventory

Real estate inventory shown in the General Fund and governmental activities is held for resale and is valued at the lower of cost or market.

Restricted Assets

Restricted assets in the Capital Projects Fund represent cash from unspent bond proceeds from the 2018 Capital Improvement Bonds.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives (Years)
Roads and sidewalks	15 to 20
Water and sewer distribution systems	40 to 75
Buildings and improvements	40 to 50
Vehicles	3 to 5
Machinery and equipment	3 to 7
Road and site improvements	5 to 25
Railroad siding	10 to 50
Wharf	7 to 50
Dredging	20
Leachate collection system	7 to 20
Rental building	10 to 33
Office building	3 to 39
Furniture and equipment	5 to 10
Monroe Housing Commission buildings and improvements	10 to 40

Long-term Obligations

In the government-wide financial statements and the 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1 - Significant Accounting Policies (Continued)

The City reports two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflows of resources related to the defined benefit pension plan and the defined benefit OPEB plan. The deferred outflows result from three transactions: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, differences in changes in actuarial assumptions, and differences between projected and actual experience of the plan.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The City reports three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: grants, special assessments, and other charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes received before the period levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet and the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. The third type of deferred inflows reported by the government relates to the defined benefit pension plan and the defined benefit OPEB plan. The deferred inflows result from three transactions: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, differences in changes in actuarial assumptions, and differences between projected and actual experience of the plan.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the 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.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

By an ordinance adopted by the City Council, a committed General Fund fund balance has been created consisting of surplus fund balance in an amount equal to the excess of revenue in comparison to expenditures. The amount of committed fund balance for this purpose is limited to either 15 percent of the City's most recent General Fund budget, as originally adopted, or 15 percent of the average of the City's five most recent General Fund budgets, as amended, whichever is less. An appropriation of these funds requires a two-thirds vote of the City Council and may only occur to correct a budget shortfall or in the case of a natural disaster. The balance at year end of the committed amount, which is reported in the General Fund, is $2,000,000.

Property Tax Revenue

Property taxes are levied and become a lien on the first Tuesday in May on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on June 30, at which time penalties and interest are assessed. The final collection date is September 15, at which point they are added to the county tax rolls.

The City's 2019 property tax revenue was levied and collectible on May 1, 2019 and is recognized as revenue in the year ended June 30, 2020, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the City totaled $998 million (a portion of which is abated and a portion of which is captured by the Brownfield Redevelopment Authority and DDA), on which taxes levied consisted of 14.6424 mills for operating purposes, 0.4700 mills for the construction of a new fire station, 1.6550 mills for refuse, 0.0498 for economic development, and 0.520 mills for debt service related to bridge repairs and rehabilitation. This resulted in $13.8 million for operating, $444 thousand for the construction of a new fire station, $1.56 million for refuse, $47 thousand for economic development, and $491 thousand for debt service. These amounts are recognized in the respective General, special revenue, and debt service fund financial statements as tax revenue.

Note 1 - Significant Accounting Policies (Continued)

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Monroe Employees' Retirement System and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Monroe Retiree Health Care Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Wastewater Fund, the Water Fund, and the internal service funds are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of 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 revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ended June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 1 - Significant Accounting Policies (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the City's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The City is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending June 30, 2021.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt; provides a single method of reporting conduit debt obligations by issuers; and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the City's financial statements for the June 30, 2023 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City’s financial statements for the year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

Note 1 - Significant Accounting Policies (Continued)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

Subsequent Events

In October 2020, the City issued refunding bonds with a par amount of $7.18 million for the purpose of refunding bonds that were issued in 2012 and 2013 that had a remaining principal of $7.98 million. The refunding generated a net present value savings of $887,217, or 11.12 percent.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the "Uniform Budgeting Act"). The following statements represent a brief synopsis of the major provisions of this act:

- Budgets must be adopted for the General Fund and special revenue funds.
- The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
- The budgets must be amended when necessary.
- Debt cannot be entered into unless permitted by law.
- Expenditures cannot exceed budget appropriations.
- Expenditures cannot be made unless authorized in the budget.
- All annual appropriations, except for items encumbered at fiscal year end and capital project budgets, lapse at fiscal year end.

The City adopts formal budgets for the General Fund, all special revenue funds, the debt service funds, and the Capital Projects Fund. Every appropriation, except an appropriation for capital expenditure, shall lapse at the close of the fiscal year to the extent it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned.

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

- By February of each year, all department heads submit spending requests to the finance director so that a budget may be prepared.
- Before April, the proposed budget is submitted to the City Council for review.
- Public hearings are held and a final budget is adopted no later than May 1.
- The City Council must approve any budget amendments.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the City Council is the department level. Expenditures at this level in excess of budget appropriations are a violation of Michigan law.

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2020 was $78,333 in the General Fund and $1,136,982 in nonmajor governmental funds. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except for the following exceptions:

- Transfers and debt proceeds have been reflected as revenue and expenditures rather than as other financing sources and uses.
- Reimbursements from other funds' administrative fees have been included in revenue, rather than as a reduction of expenditures.

A comparison of actual results of operations to the budgets as adopted by the City Council is included in the required supplemental information for the General Fund (major fund) and in the other supplemental information for nonmajor funds that adopt budgets.

Fund Deficits

For the year ended June 30, 2020, the Brownfield Redevelopment Authority fund has a deficit in unrestricted net position of $1,088,905 on a full accrual basis, but has a fund balance of $858,064 on the modified accrual basis of accounting. Management believes this deficit will be eliminated over time as the property tax revenue captures increase when property cleanup is completed and property values increase. For the year ended June 30, 2020, the Port of Monroe has an unrestricted net position deficit of $1,103,114. The Port of Monroe believes that the deficit will be eliminated over time as the property is developed and improved through private funds or government grants and low-interest loans.

Net Position of Internal Service Funds

Certain net position of internal service funds has been assigned by management for the following purposes:

Insurance	$ 266,547
Employee benefits	2,302,502

It is management’s intention to use the net position to pay future claims and insurance premiums.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers’ acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Note 3 - Deposits and Investments (Continued)

The City has designated 14 banks for the deposit of its funds. The investment policy, adopted in accordance with state law, has authorized investment in bank accounts and CDs, as well as investment pools organized under the Surplus Funds Investment Act of 1982 and under the Investment Company Act of 1940. For mutual funds, the City may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pool and mutual funds whose intent is to maintain a net asset value of $1.00 per share and allow for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

The City's pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed $250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. In addition, the City has adopted Public Act 149 of 1999, which created a trust that allows the Retiree Health Care Fund to also invest in assets in accordance with P.A. 314 of 1965.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had $2,627,141 of bank deposits that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy generally restricts investment maturities to five years or less. Commercial paper can only be purchased with a 270-day maximum maturity.

At year end, the City had the following investments and maturities:

Investment	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
U.S. government or agency bond or note	$ 23,210,260	$ 8,875,995	$ 8,070,108	$ 6,264,157
Municipal bonds	4,864,176	2,929,562	1,934,614	-
Foreign bonds	3,457,998	3,303,570	154,428	-
Corporate bonds	29,760,979	15,725,900	12,850,321	1,184,758
Commercial paper	1,012,296	1,012,296	-	-
Total	$ 62,305,709	$ 31,847,323	$ 23,009,471	$ 7,448,915

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Investment pool	$ 44,283,514	AAA	S&P
Money market fund	4,799,637	AAA	S&P
Corporate bond	1,577,179	Aaa	Moody's
Corporate bond	412,241	Aa1	Moody's
Corporate bond	889,685	Aa2	Moody's
Corporate bond	714,024	Aa3	Moody's
Corporate bond	2,805,554	A1	Moody's
Corporate bond	3,044,339	A2	Moody's
Corporate bond	6,995,052	A3	Moody's
Corporate bond	11,036,959	Baa1 and below	Moody's
Corporate bond	2,285,948	N/A	Moody's
Foreign bond	373,682	Aaa	Moody's
Foreign bond	531,053	Aa2	Moody's
Foreign bond	723,504	Aa3	Moody's
Foreign bond	900,191	A2	Moody's
Foreign bond	157,809	A3	Moody's
Foreign bond	701,644	Baa1 and below	Moody's
Foreign bond	70,112	N/A	Moody's
Municipal bond	735,683	Aaa	Moody's
Municipal bond	1,007,960	Aa1	Moody's
Municipal bond	1,314,779	Aa2	Moody's
Municipal bond	199,783	Aa3	Moody's
Municipal bond	272,426	A1	Moody's
Municipal bond	431,084	A2	Moody's
Municipal bond	433,550	N/A	Moody's
Municipal bond	468,911	AA-	S&P
Commercial paper	1,012,296	A1	S&P

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Pension Trust Fund and Retiree Health Care Fund restrict the amount of investments in foreign currency-denominated investments to 5 percent of total investments. At June 30, 2020, the Pension Trust Fund and Retiree Health Care Fund had $3,457,998 invested in foreign bonds and $16,864,414 invested in foreign stock. Of these amounts, $13,824,599 of foreign stock was not denominated in U.S. currency, as indicated below. The remaining amounts are considered American Depositary Receipts (ADRs) and are denominated in U.S. currency.

The following securities are subject to foreign currency risk:

Investment Type	Fair Value	Currency
Foreign stocks	$ 790,713	Australian dollar
Foreign stocks	625,595	Danish krone
Foreign stocks	4,647,012	Euro
Foreign stocks	834,480	Great British pounds
Foreign stocks	2,606,894	Hong Kong dollar
Foreign stocks	3,792,168	Japanese yen
Foreign stocks	527,737	New Zealand dollar

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2020:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Debt securities:				
U.S. Treasury and agency securities	$ -	$ 23,210,260	$ -	$ 23,210,260
Corporate bonds	-	29,760,979	-	29,760,979
Commercial paper	-	1,012,296	-	1,012,296
Foreign bonds	-	3,457,998	-	3,457,998
Municipal bonds	-	4,864,177	-	4,864,177
Mutual funds	-	1,898,277	-	1,898,277
Total debt securities	-	64,203,987	-	64,203,987
Domestic equity securities:				
Consumer discretionary	4,953,153	-	-	4,953,153
Consumer staples	780,004	-	-	780,004
Financial industry	6,208,525	-	-	6,208,525
Health care industry	2,015,844	-	-	2,015,844
Industrials	3,720,926	-	-	3,720,926
Information technology	4,693,953	-	-	4,693,953
Materials	342,879	-	-	342,879
Telecommunication services industry	5,734,219	-	-	5,734,219
Mutual funds	65,120,939	-	-	65,120,939
Total domestic equity securities	93,570,442	-	-	93,570,442
Foreign equity securities:				
Consumer staples	527,738	-	-	527,738
Energy	36,921	-	-	36,921
Financial industry	236,340	-	-	236,340
Health care industry	1,779,991	-	-	1,779,991
Industrials	2,116,015	-	-	2,116,015
Information technology	1,944,487	-	-	1,944,487
Materials	201,629	-	-	201,629
Telecommunication services industry	1,173,535	-	-	1,173,535
Other	8,847,758	-	-	8,847,758
Total foreign equity securities	16,864,414	-	-	16,864,414
Money market fund	-	4,799,637	-	4,799,637
Private equity funds	-	-	15,624,631	15,624,631
Total	$ 110,434,856	$ 69,003,624	$ 15,624,631	195,063,111
Investments measured at NAV:				
Michigan class investment pool				44,283,514
Real estate funds				8,781,108
Mutual funds index equity				3,152,997
Mutual funds international				76,985
Total investments measured at NAV				56,294,604
Total assets				$ 251,357,715

Note 3 - Deposits and Investments (Continued)

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of debt securities and money market funds at June 30, 2020 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using quoted prices for similar assets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of private equity funds at June 30, 2020 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS investment pool	$ 44,283,514	$ -	No limitations	None
Real estate funds	8,781,108	-	N/A	N/A
Mutual funds index equity	3,152,997	-	N/A	N/A
Mutual funds international	76,985	-	N/A	N/A
Total investments measured at NAV	$ 56,294,604	$ -		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using net asset value of the City's ownership interest in partners' capital.

The mutual funds invest in midcapitalization U.S. equities that exhibit growth characteristics.

The mutual fund index equity funds invest in various domestic index funds that pursue multiple strategies to diversify risks and reduce volatility.

The mutual fund international fund invests in various foreign securities from around the world. The fund utilizes various strategies to achieve long-term growth of capital and maintains a risk profile similar to that of the Morgan Stanley Capital International World index.

Note 4 - Deferred Inflows/Outflows of Resources

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Governmental Activities	Business-type Activities
Property taxes levied for subsequent year's operations	$ 17,073,875	$ 17,073,875	$ -
Special assessments and delinquent property taxes	184,879	-	-
Grants and other receivables	584,335	-	-
Deferred OPEB cost reductions	-	123,378	118,829
Total deferred inflows	$ 17,843,089	$ 17,197,253	$ 118,829

At the end of the current fiscal year, the various components of deferred outflows of resources are as follows:

	Governmental Activities	Business-type Activities
Bond refunding previously amortized	$ -	$ 190,910
Deferred pension costs	1,636,594	316,154
Deferred OPEB costs	258,853	249,311
Total deferred outflows	$ 1,895,447	$ 756,375

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

Governmental Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 8,249,702	$ -	$ 106,545	$ -	$ 8,356,247
Construction in progress	6,955,969	(6,832,122)	676,376	-	800,223
Subtotal	15,205,671	(6,832,122)	782,921	-	9,156,470
Capital assets being depreciated:					
Roads and sidewalks	149,352,447	1,806,950	2,744,711	-	153,904,108
Buildings and improvements	18,669,148	5,025,172	1,208,573	(16,495)	24,886,398
Equipment	9,716,629	-	678,704	(734,501)	9,660,832
Land improvements	5,814,795	-	-	-	5,814,795
Subtotal	183,553,019	6,832,122	4,631,988	(750,996)	194,266,133
Accumulated depreciation:					
Infrastructure	104,895,588	-	3,838,081	-	108,733,669
Buildings and improvements	11,341,365	-	509,185	(16,495)	11,834,055
Equipment	5,976,548	-	648,201	(708,387)	5,916,362
Land improvements	3,093,318	-	261,412	-	3,354,730
Subtotal	125,306,819	-	5,256,879	(724,882)	129,838,816
Net capital assets being depreciated	58,246,200	6,832,122	(624,891)	(26,114)	64,427,317
Net capital assets	$ 73,451,871	$ -	$ 158,030	$ (26,114)	$ 73,583,787

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 367,931	$ -	$ -	$ -	$ 367,931
Construction in progress	1,712,386	(1,712,386)	354,110	-	354,110
Subtotal	2,080,317	(1,712,386)	354,110	-	722,041
Capital assets being depreciated:					
Water and sewer distribution systems	112,554,569	1,662,218	9,188,590	-	123,405,377
Buildings and improvements	69,854,371	-	12,100	-	69,866,471
Machinery and equipment	21,080,909	50,168	132,006	(185,228)	21,077,855
Vehicles	1,210,230	-	-	(95,435)	1,114,795
Land improvements	454,010	-	-	-	454,010
Subtotal	205,154,089	1,712,386	9,332,696	(280,663)	215,918,508
Accumulated depreciation:					
Water and sewer distribution systems	25,218,674	-	2,025,437	-	27,244,111
Buildings and improvements	22,924,653	-	1,366,140	-	24,290,793
Machinery and equipment	13,070,480	-	499,533	(179,514)	13,390,499
Vehicles	837,598	-	88,896	(95,435)	831,059
Land improvements	400,278	-	8,064	-	408,342
Subtotal	62,451,683	-	3,988,070	(274,949)	66,164,804
Net capital assets being depreciated	142,702,406	1,712,386	5,344,626	(5,714)	149,753,704
Net capital assets	$ 144,782,723	$ -	$ 5,698,736	$ (5,714)	$ 150,475,745

Note 5 - Capital Assets (Continued)

Capital asset activity for the City's component units for the year ended June 30, 2020 was as follows:

Component Units

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Monroe Housing Commission*:					
Land	$ 2,123,036	$ -	$ -	$ -	$ 2,123,036
Construction in progress	485,067	-	387,392	(709,628)	162,831
Port of Monroe:					
Land	1,895,075	-	-	-	1,895,075
Site improvements	363,697	-	-	-	363,697
Earthen dikes	321,061	-	-	-	321,061
Construction in progress	191,317	(809,869)	618,552	-	-
Subtotal	5,379,253	(809,869)	1,005,944	(709,628)	4,865,700
Capital assets being depreciated:					
Monroe Housing Commission*:					
Land improvements	2,028,669	-	-	-	2,028,669
Building and improvements	19,358,279	-	685,715	(3,512,919)	16,531,075
Equipment	520,028	-	60,701	(74,291)	506,438
Port of Monroe:					
Road and site improvement	877,916	-	-	-	877,916
Railroad siding	729,957	809,869	-	-	1,539,826
Wharf and dock	3,677,865	-	4,984	-	3,682,849
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,580	-	-	-	291,580
Office building	1,087,443	-	-	-	1,087,443
Furniture and equipment	450,331	-	7,929	-	458,260
Subtotal	29,434,750	809,869	759,329	(3,587,210)	27,416,738
Accumulated depreciation:					
Monroe Housing Commission* - Land improvements, building and improvements, and equipment	17,960,247	-	743,568	(3,584,695)	15,119,120
Port of Monroe:					
Road and site improvement	691,817	-	28,030	-	719,847
Railroad siding	257,299	-	45,299	-	302,598
Wharf and dock	315,058	-	86,475	-	401,533
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,581	-	-	-	291,581
Office building	487,210	-	22,861	-	510,071
Furniture and equipment	278,333	-	37,777	-	316,110
Subtotal	20,694,227	-	964,010	(3,584,695)	18,073,542
Net capital assets being depreciated	8,740,523	809,869	(204,681)	(2,515)	9,343,196
Net capital assets	$ 14,119,776	$ -	$ 801,263	$ (712,143)	$ 14,208,896

*Reported activity is for the fiscal year ended September 30, 2019.

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	$ 236,202
Public safety	425,342
Public works	3,925,529
Recreation and culture	236,743
Internal service fund depreciation is charged to the various functions based on their usage of the asset	433,063
Total governmental activities	$ 5,256,879
Business-type activities:	
Water	$ 2,237,346
Wastewater	1,750,724
Total business-type activities	$ 3,988,070
Component unit activities:	
Port of Monroe	$ 220,442
Monroe Housing Commission	743,568
Total component unit activities	$ 964,010

Construction Commitments

The City has active construction projects at year end. At year end, the City's significant commitments with contractors are as follows:

	Total Commitment	Spent to Date	Remaining Commitment
Labor park improvements	$ 1,146,062	$ -	$ 1,146,062
Former La-Z-Boy world headquarters demolition	973,000	658,335	314,665
Total	$ 2,119,062	$ 658,335	$ 1,460,727

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental fund - Capital Projects Fund	Nonmajor governmental fund - Grants Fund	$ 32,606
Nonmajor governmental fund - Local Streets Fund	Nonmajor governmental fund - Major Streets Fund	29,261
	Total	$ 61,867

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
Nonmajor governmental fund - Economic Development Fund	Component unit - Brownfield Redevelopment Authority	$ 1,199,545
	Component unit - Port of Monroe	20,000
	Total nonmajor governmental fund - Economic Development Fund	1,219,545
Business-type fund - Water Fund	Component unit - Brownfield Redevelopment Authority	122,491
	Total	$ 1,342,036

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

The advances from the Economic Development Fund and Water Fund to the Brownfield Redevelopment Authority were for the rehabilitation of a contaminated site. The advance from the Economic Development Fund to the Port of Monroe was for a dredging project. Advances are being repaid with interest over a number of years.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds (1)	$ 1,070,751
	Nonmajor governmental funds (2)	66,668
	Total General Fund	1,137,419
Nonmajor governmental funds	Nonmajor governmental funds (1)	412,121
	Total	$ 1,549,540

(1) Transfer for capital improvements
(2) Transfer for debt service

The transfers from the General Fund to the Capital Projects Fund (nonmajor fund), the Local Streets Fund (nonmajor fund), the Building Safety Fund (nonmajor fund), and the Airport Fund (nonmajor fund) represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations. The transfer from the Grants Fund (nonmajor fund) to the Capital Projects Fund (nonmajor fund) represents the use of resources to finance eligible capital improvement projects in accordance with the grant agreement. The transfer from the Major Streets Fund (nonmajor fund) to the Local Streets Fund (nonmajor fund) represents the sharing of gas and weight tax revenue in accordance with Act 51.

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
Direct borrowings:							
MDEQ Site Revitalization Loan - Mason Run - $800,000 - Maturing through 2021	2%	$69,766-$78,568	$ 155,596	$ -	$ (77,028)	$ 78,568	$ 78,568
Equipment installment purchase - $746,831 - Maturing through 2018	2.8%	$65,749-$84,300	746,831	-	(65,749)	681,082	67,590
Equipment installment purchase - $249,990 - Maturing through 2021	1.7%	$48,299-$51,705	102,540	-	(50,841)	51,699	51,699
Equipment installment purchase - $424,730 - Maturing through 2028	3.5%	$36,093-$49,284	424,730	-	(36,093)	388,637	37,545
Equipment installment purchase - Police software - $96,057 Maturing through 2023	2%	$15,614-$32,335	-	96,057	(15,614)	80,443	31,698
Total direct borrowings principal outstanding			1,429,697	96,057	(245,325)	1,280,429	267,100
Other debt:							
2012 Capital Improvement Bonds - $4,050,000 - Maturing through 2032	2.25% - 3.5%	$110,000-$330,000	3,200,000	-	(175,000)	3,025,000	190,000
2012 Monroe Building Authority Refunding Bonds - $4,425,000 - Maturing through 2024	2.23%	$350,000-$425,000	2,045,000	-	(390,000)	1,655,000	400,000
2014 Refunding Bonds (City Hall & Bridge) - $1,421,000 - Maturing through 2031	3% - 4%	$81,000-$95,000	1,001,000	-	(83,000)	918,000	84,000
Unamortized bond premium			87,563	-	(7,400)	80,163	-
2015 Capital Improvement Bonds (Roessler Street Bridge) - $1,725,000 - Maturing through 2030	0.5% - 2.6%	$100,000-$170,000	1,325,000	-	(100,000)	1,225,000	105,000
2016 OPEB Bonds - $25,968,220 - Maturing through 2038	0.98% - 4.02%	$921,559-$1,631,012	23,079,202	-	(947,158)	22,132,044	961,786
2017 Capital Improvements Bonds - $1,890,000 - Maturing through 2030	1% - 3%	$140,000-$150,000	1,600,000	-	(145,000)	1,455,000	145,000
2017 Michigan Transportation Fund Bonds - $2,565,000 - Maturing through 2024	0.85% - 1.75%	$150,000-$495,000	2,260,000	-	(355,000)	1,905,000	460,000
2018 Capital Improvement Bonds - $6,000,000 - Maturing through 2037	3% - 4%	$205,000-$445,000	5,795,000	-	(215,000)	5,580,000	225,000
Unamortized bond premium			180,442	-	(10,086)	170,356	-
Total other debt principal outstanding			40,573,207	-	(2,427,644)	38,145,563	2,570,786
Total bonds payable			42,002,904	96,057	(2,672,969)	39,425,992	2,837,886
Capital leases	5.87%	$1,788-$2,290	9,797	-	(1,837)	7,960	1,954
Compensated absences			875,397	370,863	(189,433)	1,056,827	229,466
Total governmental activities long-term debt			$ 42,888,098	$ 466,920	$ (2,864,239)	$ 40,490,779	$ 3,069,306

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
Direct borrowings:							
MDEQ Clean Water State Revolving Funds (through County of Monroe, Michigan) - $12,000,000 - Maturing through 2030	2.5%	$505,000-$560,000	$ 7,330,000	$ -	$ (585,000)	$ 6,745,000	$ 600,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - $3,051,000 - Maturing through 2030	2.5%	$100,000-$190,000	1,482,783	-	(120,000)	1,362,783	120,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - $9,115,000 - Maturing through 2033	2.5%	$341,767-$545,000	6,559,569	-	(395,000)	6,164,569	405,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - $17,950,000 - Maturing through 2034	2.5%	$705,000-$1,125,000	14,255,000	-	(795,000)	13,460,000	815,000
2014 Sewage Disposal System Bonds (through County of Monroe, Michigan) - $10,500,000 - Maturing through 2034	0.35% - 4.75%	$505,000-$580,000	7,965,000	-	(505,000)	7,460,000	505,000
Total direct borrowings principal outstanding			37,592,352	-	(2,400,000)	35,192,352	2,445,000
Other debt:							
2012 General Obligation Limited Tax Refunding Bonds - $1,850,000 - Maturing through 2025	0.55% - 3.5%	$130,000-$165,000	925,000	-	(140,000)	785,000	145,000
2013 Water Bonds - $5,540,000 Maturing through 2033	3.55%	$210,000-$395,000	4,420,000	-	(250,000)	4,170,000	260,000
2014 Refunding Bonds (Water) - $4,864,000 - Maturing through 2031	3% - 4%	$137,000-$690,000	4,119,000	-	(152,000)	3,967,000	151,000
Unamortized bond premium			299,724	-	(25,330)	274,394	-
2016 Refunding Bonds (Water Meter Shop) - $3,905,000 - Maturing through 2028	2% - 4%	$25,000-$470,000	3,555,000	-	(335,000)	3,220,000	345,000
Unamortized bond premium			421,160	-	(47,679)	373,481	-
2016 OPEB Bonds - $9,536,780 - Maturing through 2038	0.98% - 4.02%	$338,441-$598,987	8,475,805	-	(347,842)	8,127,963	353,214
Total other debt principal outstanding			22,215,689	-	(1,297,851)	20,917,838	1,254,214
Total bonds payable			59,808,041	-	(3,697,851)	56,110,190	3,699,214
Compensated absences			309,600	362,717	(309,600)	362,717	362,717
Total business-type activities long-term debt			$ 60,117,641	$ 362,717	$ (4,007,451)	$ 56,472,907	$ 4,061,931

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated from funds from which the individual employee's salaries are paid, which is primarily the General Fund. All governmental bond obligations are financed through the debt service funds. Other long-term governmental obligations are typically financed through the General Fund.

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above obligations, excluding compensated absences and unamortized bond premiums, are as follows:

	Governmental Activities				
	Direct Borrowings		Other Debt		
Years Ending June 30	Principal	Interest	Principal	Interest	Total
2021	$ 267,100	$ 36,415	$ 2,570,786	$ 1,176,346	$ 4,050,647
2022	140,661	30,136	2,634,071	1,124,622	3,929,490
2023	128,026	26,197	2,703,356	1,068,067	3,925,646
2024	115,006	22,643	2,785,297	1,006,303	3,929,249
2025	118,500	19,149	1,925,897	944,203	3,007,749
2026-2030	511,136	39,456	10,695,262	3,854,106	15,099,960
2031-2035	-	-	8,998,846	2,163,366	11,162,212
2036-2040	-	-	5,581,529	436,202	6,017,731
Total	$ 1,280,429	$ 173,996	$ 37,895,044	$ 11,773,215	$ 51,122,684

	Business-type Activities				
	Direct Borrowings		Other Debt		
Years Ending June 30	Principal	Interest	Principal	Interest	Total
2021	$ 2,445,000	$ 999,429	$ 1,254,214	$ 730,265	$ 5,428,908
2022	2,495,000	934,966	1,295,929	690,999	5,416,894
2023	2,555,000	868,114	1,331,644	649,067	5,403,825
2024	2,600,000	798,178	1,379,702	604,735	5,382,615
2025	2,665,000	725,921	1,424,104	557,756	5,372,781
2026-2030	14,227,783	2,458,862	7,554,738	1,991,383	26,232,766
2031-2035	8,204,569	633,613	4,301,156	752,028	13,891,366
2036-2040	-	-	1,728,476	140,804	1,869,280
Total	$ 35,192,352	$ 7,419,083	$ 20,269,963	$ 6,117,037	$ 68,998,435

The Brownfield Redevelopment Authority has committed to repaying the Downriver Community Conference the principal of $1,250,000, without interest, related to a Brownfield Cleanup Revolving Loan advance that the Authority received for rehabilitation of a contaminated site. The advance will be repaid with tax captures. Annual debt service payments in the amount of $73,276 are due through 2023. During a prior year, $200,000 of this balance was forgiven by the Downriver Community Conference. The balance on the advance at June 30, 2020 is $219,827, with the advance projected to be completely repaid by February 28, 2023.

The Brownfield Redevelopment Authority has committed to repaying the Downriver Community Conference the principal of $325,000, without interest, related to a Brownfield Cleanup Revolving Loan advance that the Authority received for the demolition of a building in accordance with environmental considerations. The advance will be repaid over a period of 12 years. The advance will be repaid with tax captures. The balance on the advance at June 30, 2020 is $260,000, and the amount due within one year is $32,500. The advance projected to be completely repaid by October 1, 2027.

Note 7 - Long-term Debt (Continued)

The Brownfield Redevelopment Authority has committed to repaying the State of Michigan Department of Environmental Quality the principal of $1,000,000, with 1.5 percent interest, related to a Clean Michigan Initiative Brownfield Redevelopment Loan that the Authority received for redevelopment of a contaminated site. The loan will be repaid over a period of 11 years. The loan will be repaid with tax captures. The balance on the loan at June 30, 2020 is $145,106, and the amount due within one year is $28,164. The loan is projected to be completely repaid by June 30, 2025.

During 2018, the Port of Monroe entered into a promissory note to renew an existing note with a remaining balance of $109,966 at an interest rate of 4.75 percent. The renewed note provides for monthly principal and interest payments of $1,149 through April 2023 and a balloon payment of $63,173 in May 2023. The mortgage relating to this loan is secured by real estate held by the Port of Monroe. The outstanding balance at June 30, 2020 was $91,349, $9,593 of which is due next year.

In November 2015, the Port of Monroe entered into a promissory note in the amount of $440,000 to fund the purchase of an office building. The mortgage relating to this loan is secured by the office building. The note provides for monthly principal and interest payments of $2,773 through October 2020 and a balloon payment of $364,900 in November 2020. The outstanding balance at June 30, 2020 was $370,599. As of the date of issuance of these financial statements, the Port of Monroe is working on refinancing this loan and deferring the balloon payment.

In February 2016, the Port of Monroe was awarded a loan in the amount of $3,000,000 from the Michigan Strategic Fund for a project to revitalize its commercial harbor area located on Lake Erie. The loan is to be repaid with the property tax captures of the Monroe Brownfield Redevelopment Authority until the balance of principal and interest is paid in full. The loan bears interest at 1.0 percent annually, and interest will accrue up to a maximum due of $3,623,375. If the Port of Monroe complies with all aspects of the loan agreement with the Michigan Strategic Fund, payments will only be made from Monroe Brownfield Redevelopment Authority tax captures. As of June 30, 2020, the loan had an outstanding balance of $2,759,941 with accrued interest due of $140,500.

During fiscal year 2019, the Port of Monroe was awarded a loan in the amount of $400,000 from the Michigan Department of Transportation for a project to construct and install a turning basin dock rail spur. The loan is to be repaid through five annual installments of $94,000, which includes simple interest at a rate of 3.5 percent annually. Under the terms of the loan, the loan is fully forgivable if the Port of Monroe ships and/or receives a minimum of 100 carloads of freight by rail per carloading year during the term of this contract. As of June 30, 2020, the Port of Monroe has drawn down on the balance of the loan, and the outstanding balance was $400,000. The Port of Monroe has obtained an irrevocable letter of credit for collateral for this loan in the event that the balance is not forgiven. As of the date of issuance of these financial statements, the Port of Monroe has met the minimum carloads and has applied with the Michigan Department of Transportation to have the first annual debt service payment of $94,000 forgiven.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League risk pool for claims relating to general liability; the City is self-insured for workers' compensation and medical benefits and limits its risk with excess insurance for workers' compensation and stop-loss insurance for medical benefits. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 8 - Risk Management (Continued)

The City estimates the liability for workers' compensation and medical benefits claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustment expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These liabilities are all considered to be current and are recorded in the Employees Benefits internal service fund and within the Retiree Health Care employee benefit trust fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2020	2019
Estimated liability - Beginning of year	$ 582,324	$ 754,938
Estimated claims incurred, including changes in estimates	(5,586,144)	(4,938,987)
Claim payments	5,958,690	4,766,373
Estimated liability - End of year	$ 954,870	$ 582,324

Note 9 - Pension Plan

Plan Description

The City of Monroe, Michigan administers the City of Monroe Employees' Retirement System - a single-employer defined benefit pension plan that includes hybrid (combination of defined benefit and defined contribution) expenditures and provides pensions for substantially all full-time employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

The financial statements of the pension system are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plan is vested in the pension board, which consists of nine members elected by plan members and appointed by the City, and the mayor and city manager, by virtue of their offices.

Benefits Provided

The pension plan provides retirement, disability, and death benefits. Retirement benefits for general plan members are calculated as 2.2 percent of the member's final three-year average salary times the member's years of service. Hybrid member benefits are calculated as 1.5 percent of the member's final three-year average salary times the member's years of service or the monthly pension that can be paid from 2.0 times the member's accumulated contributions, whichever is higher. Benefits for public safety plan members hired prior to June 30, 2008 are calculated as 2.65 percent of the member's final three-year average salary times the member's years of service. Benefits for public safety plan members hired after June 30, 2008 are calculated as 2.0 percent of the average salary of the member's first 15 years of service and 2.25 percent of years thereafter. General plan members with 10 years of continuous service are eligible to retire at age 60 and can also retire after 25 continuous years of service at age 55. General members that are Teamsters union members can retire when the sum of their years of service and age equals 80. Hybrid plan members with 10 continuous years of service are eligible to retire at age 60 and at age 62 with three continuous years of service. Public safety plan members with 10 years of continuous service are eligible to retire at age 55 and can retire at age 50 with 25 years of continuous service. All plan members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are equal to the members' accumulated contributions or a retirement allowance equal to the workers' compensation benefit received as a result of a death in the line of duty converted to a monthly amount. A plan member who leaves city service may withdraw his or her contributions, plus any accumulated interest.

Note 9 - Pension Plan (Continued)

Benefit terms provide for annual cost of living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 2 percent for general plan members and public safety members hired after June 30, 2008 and 3 percent for public safety plan members hired prior to June 30, 2008. Hybrid members receive an annual adjustment of the smaller of 2 percent or the annual rate of inflation, as measured by the Consumer Price Index (CPI).

Employees Covered by Benefit Terms

At December 31, 2019, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	297
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	174
Total employees covered by the plan	488

Contributions

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2020, the average active member contribution rate was 4.46 percent of annual pay, and the City's average contribution rate was 18.22 percent of annual payroll.

Net Pension Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net pension liability. The June 30, 2020 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the June 30, 2020 measurement date. The June 30, 2020 total pension liability was determined by an actuarial valuation performed as of December 31, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020.

Note 9 - Pension Plan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2019	$ 155,949,613	$ 140,305,309	$ 15,644,304
Changes for the year:			
Service cost	1,491,259	-	1,491,259
Interest	11,129,406	-	11,129,406
Differences between expected and actual experience	28,710	-	28,710
Changes in assumptions	803,926	-	803,926
Contributions - Employer	-	1,954,593	(1,954,593)
Contributions - Employee	-	464,545	(464,545)
Net investment income	-	9,037,137	(9,037,137)
Benefit payments, including refunds	(10,549,496)	(10,549,496)	-
Administrative expenses	-	(114,140)	114,140
Net changes	2,903,805	792,639	2,111,166
Balance at June 30, 2020	$ 158,853,418	$ 141,097,948	$ 17,755,470

The plan's fiduciary net position represents 88.82 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of $5,998,711. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 907,699	$ -
Changes in assumptions	933,567	-
Net difference between projected and actual earnings on pension plan investments	111,482	-
Total	$ 1,952,748	$ -

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

Years Ending June 30	Amount
2021	$ (20,463)
2022	896,111
2023	882,628
2024	194,472
Total	$ 1,952,748

Note 9 - Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.75 percent, assumed salary increases (including inflation) of 3.25 to 5.5 percent, an investment rate of return (net of investment expenses) of 7.30 percent, and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period from 2011-2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.30 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.30 percent and a municipal bond rate of 2.45 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return as of December 31, 2019 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. large-cap growth	6.72 %
U.S. large-cap value	5.96
U.S. large-cap core	6.59
U.S. mid-cap growth	6.80
U.S. small-cap value	5.71
International	6.41
Intermediate fixed income	2.05
Private fixed income	5.65
Real estate	6.65
Life settlement	3.65
Reinsurance	2.65

Note 9 - Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.30 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.30 percent) or 1 percentage point higher (8.30 percent) than the current rate:

	1 Percentage Point Decrease (6.30%)	Current Discount Rate (7.30%)	1 Percentage Point Increase (8.30%)
Net pension liability of the City	$ 35,426,591	$ 17,755,470	$ 2,914,407

Assumption Changes

The single discount rate used to measure the total pension liability as of June 30, 2020 is 7.30 percent, which represents a change from the rate of 7.35 percent, which was used at June 30, 2019. The single discount rate changed due to a change in the valuation assumptions for the expected rate of return on pension plan investments.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
U.S. large-cap growth	7.50 %
U.S. large-cap value	7.50
U.S. large-cap core	6.50
U.S. mid-cap growth	11.00
U.S. small-cap value	6.00
International	15.00
Intermediate fixed income	29.50
Private fixed income	5.00
Real estate	5.00
Life settlement	4.00
Reinsurance	3.00

Concentrations

At June 30, 2020, the plan held 6.9 percent of plan net position within PRISA Pooled Commingle Equity Real Estate Fund.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.53 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 9 - Pension Plan (Continued)

Pension Plan Reserves

In accordance with Ord. No. 81-010 and subsequent amendments, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments. The reserve credits interest annually at a rate of 7.5 percent.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate determined annually by the pension board for the defined benefit plan and 1 percent below the plan's actual return for the hybrid plan. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2020 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	$ 121,784,443	$ 121,784,443
Employee reserve	9,595,346	9,595,346
Employer reserve	9,718,158	9,718,158

Monroe Housing Commission Pension Plan

The Monroe Housing Commission offers a defined benefit pension plan to eligible active and former employees. The Housing Commission's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Housing Commission participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member retirement board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com. Complete financial reports and disclosures of the Housing Commission can be obtained at its administrative offices at 20 N. Roessler Street, Monroe, MI 48162.

Note 10 - Other Postemployment Benefit Plan

Plan Description

The City administers the City of Monroe Retiree Health Care Plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees hired prior to June 30, 2008.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the Plan is vested with the city manager of the City of Monroe, Michigan, who is charged with the responsibility to administer and oversee the day-to-day operations of the Plan. The investments of the Plan are managed by the trustee, which is the Monroe City Retiree Healthcare Board of Trustees. The City Council has the sole and exclusive authority to prudently select and appoint each trustee member of the board. The board shall be composed of no fewer than three and no more than nine trustee members. The board currently consists of nine appointed members, including the mayor and city manager.

Note 10 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

The Plan provides medical and prescription benefits for retirees and spousal dependents of retiring police and firefighters. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The city charter grants the authority to establish and amend the benefit terms to the City Council. As of July 1, 2008, the Plan was closed to new entrants.

Insurance benefits provided to employees retiring prior to 2008 are equivalent to what they were receiving on their last day of active employment and any premium cost is fully funded by the Plan. Employees retiring after 2008 have their benefits mirror those of the active workforce, and they are responsible for paying 4 percent of the premium cost per year of service less than 25 at retirement.

Employees Covered by Benefit Terms

At December 31, 2019, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

	City of Monroe Retiree Health Care Plan
Inactive plan members or beneficiaries currently receiving benefits	255
Active plan members	82
Total plan members	337

Contributions

The city charter grants the authority to establish and amend the contribution requirements of the City and plan members to the City Council. The City Council establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2020, the City's average contribution rate was 18.05 percent of covered payroll, or $1,078,324. Active plan members currently contribute 3 percent of the average annual base wage of all full-time city employees, which amounted to $1,672 per active plan member for the June 30, 2020 fiscal year.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018, which used update procedures to roll forward the estimated liability to June 30, 2020.

Note 10 - Other Postemployment Benefit Plan (Continued)

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Increase (Decrease) Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2019	$ 65,350,004	$ 62,295,066	$ 3,054,938
Changes for the year:			
Service cost	440,197	-	440,197
Interest	4,460,159	-	4,460,159
Differences between expected and actual experience	(611,936)	-	(611,936)
Contributions - Employer	-	1,078,324	(1,078,324)
Contributions - Employee	-	137,102	(137,102)
Net investment income	-	3,704,824	(3,704,824)
Benefit payments, including refunds	(3,707,103)	(3,707,103)	-
Administrative expenses	-	(93,483)	93,483
Net changes	581,317	1,119,664	(538,347)
Balance at June 30, 2020	$ 65,931,321	$ 63,414,730	$ 2,516,591

The Plan's fiduciary net position represents 96.18 percent of the total OPEB liability.

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

For the year ended June 30, 2020, the City recognized OPEB expense of $(1,975,084).

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (242,207)
Net difference between projected and actual earnings on OPEB plan investments	508,164	-
Total	$ 508,164	$ (242,207)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2021	$ (204,512)
2022	37,697
2023	319,702
2024	113,070

Note 10 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.25 to 5.5 percent; an investment rate of return (net of investment expenses) of 7 percent; a health care cost trend rate of 8 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 3.5 percent for 2028 and later years; and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period from 2011-2015.

Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Long-term Expected Real Rate of Return
U.S. large-cap growth	6.72 %
U.S. large-cap value	5.96
U.S. large-cap core	6.59
U.S. mid-cap growth	6.80
U.S. small-cap value	5.71
International	6.41
Intermediate fixed income	2.05
Private fixed income	5.65
Real estate	6.65
Life settlement	3.65
Reinsurance	4.65

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6%)	Current Discount Rate (7%)	1 Percentage Point Increase (8%)
Net OPEB liability (asset) of the City	$ 9,820,293	$ 2,516,591	$ (3,602,048)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8 percent, decreasing to an ultimate trend rate of 3.5 percent, as well as what the City's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower (7 percent, decreasing to 2.5 percent) or 1 percentage point higher (9 percent, decreasing to 4.5 percent) than the current rate:

	1 Percentage Point Decrease (7% Decreasing to 2.5%)	Current Health Care Cost Trend Rate (8% Decreasing to 3.5%)	1 Percentage Point Increase (9% Decreasing to 4.5%)
Net OPEB (asset) liability of the City	$ (4,560,203)	$ 2,516,591	$ 10,957,751

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retiree Healthcare Board of Trustees with approval from the City Council. It is the policy of the Monroe City Retiree Healthcare Board of Trustees to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
U.S. large-cap growth	7.50 %
U.S. large-cap value	7.50
U.S. large-cap core	6.50
U.S. mid-cap growth	11.00
U.S. small-cap value	6.00
International	15.00
Intermediate fixed income	29.50
Private fixed income	5.00
Real estate	5.00
Life settlement	4.00
Reinsurance	3.00
Total	100.00 %

Note 10 - Other Postemployment Benefit Plan (Continued)

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 6.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Other Postemployment Defined Contribution Plan

The City provides retiree health care benefits to eligible employees hired after June 30, 2009 through a defined contribution plan administered by the Municipal Employees' Retirement System of Michigan. The benefits are provided under collective bargaining agreements and require the City and the employee each to contribute 3 percent of the average annualized base wages of all regular full-time employees of the City, which amount shall be calculated based upon the wages paid on June 30 of each year. Any plan members who terminate employment from the City are then eligible to use the balance in their accounts to fund current medical costs. During the year ended June 30, 2020, there were 134 members in the plan (90 active participants and 44 terminated employees with balances). The City and plan members contributed $160,535 and $160,465, respectively, to the plan.

Note 12 - Joint Venture

In October 1991, for the purpose of owning and operating a raw water intake facility, the City and Frenchtown Township (the "Township") formed the Monroe-Frenchtown Raw Water Supply Partnership (the "Partnership"). The Partnership began operations in December 1994 upon completion of Frenchtown Township's own water processing plant.

The City has an 18/26 interest and the Township has an 8/26 interest in the Partnership. Each partner's governing body has an equal vote in managing the affairs of the Partnership. The operating and maintenance costs are split based on actual water consumption. In addition, the Township pays the City an administrative fee of 12.5 percent of its share of operating and maintenance costs. The following financial information of the Partnership was obtained from its audited financial statements for the year ended June 30, 2020:

Total assets	$ 5,669,449
Total liabilities	40,088
Total equity	5,629,361
Total operating revenue	363,453
Total operating expenses	363,451
Total nonoperating revenue	15,404
Increase in equity	15,406

Complete financial statements for the joint venture can be obtained from the administrative offices at 120 E. First Street, Monroe, Michigan.

The City's equity interest in the Partnership of $3,897,206 is recorded in the Water Fund.

Note 13 - Economic Dependency

Three taxpayers account for approximately 52 percent of the City's tax revenue and 9 percent of the water and sewage disposal revenue. During the fiscal year ended June 30, 2019, DTE Electric Company (DTE), the City's largest taxpayer, filed an appeal with the Michigan Tax Tribunal relating to its Monroe Power Plant, seeking a reduction in taxable value of approximately 58 percent beginning with the December 31, 2018 taxable valuation, which was levied and recognized as revenue for the year ended June 30, 2019. In May 2020, DTE settled the appeal with the City. DTE's taxable value within the City for the 2019 tax year was reduced by $28,744,919. The City has been setting aside funds for this appeal, and has paid DTE the amount owed them related to the 2018 and 2019 tax years pursuant to such settlement, which equated to $749,588. The agreement requires a reduction in taxable value for the Monroe Power Plant to be phased over the next six years from the original 2019 valuation of $498,663,960 to $348,034,381 in 2024 as follows:

	DTE Taxable Value	Reduction in DTE Taxable Value	Annual Change	Cumulative Change	City Total 2020 Ad Valorem Taxable Value	DTE Reduction as % of Total 2020 City Taxable Value
Original 2019 taxable value	$ 498,663,960	$ -			$ -	
Phased in 2019 taxable value	469,919,041	(28,744,919)	-5.76%	-5.76%	-	
Phased in 2020 taxable value	444,377,930	(25,541,111)	-5.44%	-10.89%	953,117,900	5.70%
Phased in 2021 taxable value	417,413,592	(26,964,338)	-6.07%	-16.29%	953,117,900	8.52%
Phased in 2022 taxable value	405,850,391	(11,563,201)	-2.77%	-18.61%	953,117,900	9.74%
Phased in 2023 taxable value	371,160,785	(34,689,606)	-8.55%	-25.57%	953,117,900	13.38%
Phased in 2024 taxable value	348,034,381	(23,126,404)	-6.23%	-30.21%	953,117,900	15.80%
Phased in 2025 taxable value	348,034,381	-		-30.21%	953,117,900	15.80%

The City's 2020-2021 budget includes the full effect of the settlement with DTE referenced above. The City has prepared a five-year financial projection that provides balanced financials for the first three years. However, the fourth and fifth year currently project structural operating deficits, which the City is in the process of preparing a plan to address.

The Monroe Housing Commission is dependent upon the Department of Housing and Urban Development (HUD) to fund its operations through operating subsidies and capital funding grants. Total revenue for the year ended September 30, 2019 totaled $2,370,601, of which $1,218,147, or 51.4 percent, was from HUD subsidies and grants. The operations of the project are subject to the rules and regulations of HUD. These rules and regulations are subject to change. Such changes may occur with short notice and could create a lack of funding to pay for operational related costs, including the additional administrative burden to comply with the changes.

Note 14 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	Pension Trust Fund	Retiree Health Care Fund	Total
Statement of Net Position			
Investments	$ 140,931,406	$ 63,803,835	$ 204,735,241
Other assets	265,742	52,103	317,845
Liabilities	99,201	441,208	540,409
Net position	$ 141,097,947	$ 63,414,730	$ 204,512,677

Note 14 - Pension and Other Employee Benefit Trust Funds (Continued)

	Pension Trust Fund	Retiree Health Care Fund	Total
Statement of Changes in Net Position			
Investment income	$ 9,037,137	$ 3,704,824	$ 12,741,961
Contributions	2,419,138	1,215,426	3,634,564
Benefit payments	10,523,110	3,707,104	14,230,214
Other decreases	140,527	93,482	234,009
Net change in net position	$ 792,638	$ 1,119,664	$ 1,912,302

Note 15 - Contingent Liabilities

Environmental Liability

As of June 30, 2020, the Port of Monroe owned approximately 279 acres (the "Property") of a 480-acre tract of land formerly used as an industrial landfill that has been identified by the Michigan Department of Environment Quality (MDEQ) as a site of environmental contamination, as defined by the Natural Resources and Environmental Protection Act (NREPA), Michigan PA 451, of 1994, as amended. The MDEQ has identified the Port of Monroe along with more than 70 other individual and corporate entities as potentially responsible parties (PRPs). The land is divided roughly in half by I-75, with the West Site being west of I-75 and the East Site being east of I-75. An Interim Remedial Action Plan (IRAP) was prepared for the East Site in 2002.

A remedial investigation was conducted for the West Site in 1996. The data collected has not identified any serious risk to human health or to the environment, and the land is now available for industrial development.

Based upon available information, in June 30, 2020, the Port identified its pollution remediation obligations and estimated the expected pollution remediation outlays that are reasonably able to be estimated to meet those obligations related to the Property. The estimated outlays for the landfill were primarily based upon the above-referenced reports and subsequent comments from MDEQ and may include, without limitation, the following components: (1) professional and legal services, (2) installation of additional perimeter monitoring wells and additional investigations, (3) additional investigation necessary to prepare a response activity plan for the West Site, (4) annual monitoring of perimeter wells, (5) filling the ponds, (6) revisions to the municipal ordinance that prohibit the use of groundwater, (7) installation of permanent markers, and (8) operation and maintenance of the existing leachate collection system. The completion of the IRDC will be the benchmark that will be used to evaluate the estimate of the outlays and to determine if any changes to the estimate should be made for the West Site.

As a part of the process of estimating the expected pollution remediation outlays, the Port's environmental consultant considered three possible scenarios based on the fact that a final remediation plan for both sites has not been approved by MDEQ. Each scenario makes certain assumptions, and the last two scenarios assume an expanded scope of work and increasing costs. The costs for the components of each scenario were estimated by the Port's engineer or environmental consultant. The current value of the expected outlays for the three scenarios was measured using the expected cash flow technique according to the governmental accounting standard with regard to accounting and financial reporting for pollution remediation obligations. This technique measures a pollution remediation liability as the sum of probability-weighted amounts in a range of possible estimated amounts - the estimated mean or average. According to the consultant, the estimated outlays were measured as of June 30, 2020. The measurement of the pollution remediation liability includes all remediation work that is expected to be performed, including work to be performed by other PRPs. Expected recoveries from other PRPs have been included by reducing the measurement of the Port's pollution remediation liability.

Note 15 - Contingent Liabilities (Continued)

Based upon prior contributions from 14 of the PRPs to MDEQ for various completed environmental activities on the Property, and after considering current economic conditions related to some of those PRPs, a measurement for expected recoveries has been made in the amount of $4,742,953. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be $1,063,797 and are reflected on the Port's June 30, 2020 balance sheet as liabilities - environmental. Furthermore, the actual costs could differ from the estimated liability for both sites if any of the assumptions change due to such factors as price increases or reductions, environmental technology, applicable laws and regulations, or enforceability or collectibility from other PRPs.

Note 16 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Real estate inventories - Net of related advances	$ 800,000	$ -	$ 800,000
Prepaids	19,891	49,403	69,294
Total nonspendable	819,891	49,403	869,294
Restricted:			
Roads	-	2,068,320	2,068,320
Police	-	81,221	81,221
Debt service	-	1,195,240	1,195,240
Grants	-	138,705	138,705
Capital projects (unspent bond proceeds)	-	160,915	160,915
Rubbish, garbage, and recycling	-	352,935	352,935
Code enforcement	-	118,416	118,416
Total restricted	-	4,115,752	4,115,752
Committed:			
Budget stabilization	2,000,000	-	2,000,000
Airport operations	-	11,627	11,627
Parking enforcement and parking lot maintenance	-	129,170	129,170
Donation purpose	-	47,059	47,059
Capital outlay projects	-	2,108,564	2,108,564
Economic development activities	-	62,756	62,756
Total committed	2,000,000	2,359,176	4,359,176
Assigned:			
Subsequent year's budget	78,333	-	78,333
Future tax reductions	2,200,000	-	2,200,000
Debt service	-	14,358	14,358
Total assigned	2,278,333	14,358	2,292,691
Unassigned	3,867,780	-	3,867,780
Total fund balances	$ 8,966,004	$ 6,538,689	$ 15,504,693

Note 17 - Tax Abatements

The City uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property for up to 12 years.

For the fiscal year ended June 30, 2020, the City abated $134,328 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield's tax revenue is reduced. For fiscal year 2020, the Authority abated $185,063 of taxes under this program. There are no provisions to recapture taxes.

There are no significant abatements made by other governments that reduce the City's tax revenue.

Note 18 - COVID-19 Pandemic

In March 2020, U.S. and global economies reacted negatively in response to worldwide concerns due to the economic impacts of COVID-19. These trends, including a potential economic downturn, and any potential resulting direct and indirect negative impact to the City cannot be determined but may have a prospective impact to the City's operations and cash flows. The impact on the City's future operating costs, revenue, and recovery from emergency funding or state funding cannot be estimated. The City does expect that there will be reductions in state-shared revenue from the State of Michigan, but the amount cannot be estimated. The City holds significant investments that are subject to the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. No impairments were recorded as of the statement of net position/governmental funds balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 15,128,672	$ 14,344,358	$ 14,573,345	$ 228,987
State-shared revenue and grants	2,845,459	5,725,698	3,367,986	(2,357,712)
Charges for services	337,374	318,605	224,863	(93,742)
Fines and forfeitures	75,500	86,500	61,415	(25,085)
Licenses and permits	367,800	368,100	374,021	5,921
Interest and rentals:				
Investment earnings	375,000	355,000	337,992	(17,008)
Other miscellaneous income	44,567	29,737	29,737	-
Other revenue:				
Administrative fees	1,161,845	1,161,845	1,161,852	7
Miscellaneous revenue	186,200	191,450	162,671	(28,779)
Sale of capital assets	5,000	5,000	12,060	7,060
Loan proceeds	96,057	96,057	96,057	-
Total revenue	20,623,474	22,682,350	20,401,999	(2,280,351)
Expenditures				
Current services:				
General government:				
City Council	129,926	133,320	123,127	10,193
City manager	311,148	329,897	305,893	24,004
Finance	482,320	486,464	481,354	5,110
Clerk/Treasurer	448,529	546,255	496,445	49,810
Assessor	385,884	385,813	374,240	11,573
Communications, culture, and promotion	136,314	140,557	128,822	11,735
City hall grounds	326,481	332,246	321,085	11,161
Attorney	320,150	407,760	372,593	35,167
Elections	41,709	46,709	40,076	6,633
Human resources	279,244	329,487	284,329	45,158
Engineering	217,348	330,692	329,703	989
Public safety:				
Police	812,175	843,667	817,801	25,866
Fire	318,974	357,489	306,302	51,187
Zoning/Code enforcement	287,904	562,211	207,437	354,774
Public safety division personnel	7,551,361	7,454,200	7,347,917	106,283
Public works	2,301,328	2,400,492	2,400,309	183
Community and economic development	455,281	2,441,687	548,606	1,893,081
Recreation and culture:				
Library	65,000	65,000	57,500	7,500
Parks and recreation	1,542,680	1,576,717	1,443,850	132,867
Public access TV	164,500	150,000	148,585	1,415
Social services	156,000	146,166	146,166	-
Contingencies	1,600,000	700,000	-	700,000
Debt service	1,854,639	1,831,667	1,831,667	-
Total expenditures	20,188,895	21,998,496	18,513,807	3,484,689
Excess of Revenue Over Expenditures	434,579	683,854	1,888,192	1,204,338
Other Financing Uses - Transfers out	(549,213)	(1,195,419)	(1,195,419)	-
Net Change in Fund Balance	(114,634)	(511,565)	692,773	1,204,338
Fund Balance - Beginning of year	8,273,231	8,273,231	8,273,231	-
Fund Balance - End of year	**$ 8,158,597**	**$ 7,761,666**	**$ 8,966,004**	**$ 1,204,338**

See notes to required supplemental information.

Required Supplemental Information
Schedule of Changes in the City Net Pension Liability and Related Ratios

Last Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	$ 1,491,259	$ 1,422,382	$ 1,438,204	$ 1,294,853	$ 1,361,897	$ 1,359,947	$ 1,437,222
Interest	11,129,406	10,925,209	10,739,989	10,071,113	10,019,895	9,785,460	9,601,384
Differences between expected and actual experience	28,710	1,515,816	694,718	(212,575)	(1,128,899)	1,019,422	-
Changes in assumptions	803,926	351,203	781,504	8,491,439	-	-	-
Benefit payments, including refunds	(10,549,496)	(10,383,559)	(9,955,374)	(9,718,792)	(9,354,128)	(8,725,884)	(8,365,344)
Net Change in Total Pension Liability	2,903,805	3,831,051	3,699,041	9,926,038	898,765	3,438,945	2,673,262
Total Pension Liability - Beginning of year	155,949,613	152,118,562	148,419,521	138,493,483	137,594,718	134,155,773	131,482,511
Total Pension Liability - End of year	**$ 158,853,418**	**$ 155,949,613**	**$ 152,118,562**	**$ 148,419,521**	**$ 138,493,483**	**$ 137,594,718**	**$ 134,155,773**
Plan Fiduciary Net Position							
Contributions - Employer	$ 1,954,593	$ 1,803,719	$ 1,830,651	$ 1,845,799	$ 1,695,874	$ 1,622,379	$ 1,488,154
Contributions - Member	464,545	462,612	458,410	444,104	448,182	434,437	447,088
Net investment income (loss)	9,037,137	7,603,953	12,126,717	15,761,636	(716,793)	5,402,368	19,162,455
Administrative expenses	(114,140)	(122,981)	(128,979)	(78,229)	(74,593)	(131,962)	(126,646)
Benefit payments, including refunds	(10,549,496)	(10,383,559)	(9,955,374)	(9,718,800)	(9,354,128)	(8,725,884)	(8,365,344)
Other	-	(4,631)	47	5,221	13,804	6,311	11,317
Net Change in Plan Fiduciary Net Position	792,639	(640,887)	4,331,472	8,259,731	(7,987,654)	(1,392,351)	12,617,024
Plan Fiduciary Net Position - Beginning of year	140,305,309	140,946,196	136,614,724	128,354,993	136,342,647	137,734,998	125,117,974
Plan Fiduciary Net Position - End of year	**$ 141,097,948**	**$ 140,305,309**	**$ 140,946,196**	**$ 136,614,724**	**$ 128,354,993**	**$ 136,342,647**	**$ 137,734,998**
City's Net Pension Liability - Ending	**$ 17,755,470**	**$ 15,644,304**	**$ 11,172,366**	**$ 11,804,797**	**$ 10,138,490**	**$ 1,252,071**	**$ (3,579,225)**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.82 %	89.97 %	92.66 %	92.05 %	92.68 %	99.09 %	102.67 %
Covered Payroll	$ 10,798,219	$ 10,336,991	$ 10,202,555	$ 10,817,255	$ 9,919,395	$ 9,509,101	$ 9,829,890
City's Net Pension Liability as a Percentage of Covered Payroll	164.43 %	151.34 %	109.51 %	109.13 %	102.21 %	13.17 %	(36.41)%

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

See notes to required supplemental information.

Required Supplemental Information
Schedule of City Contributions
Pension Plan

Last Ten Fiscal Years

Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 1,954,593	$ 1,803,719	$ 1,830,651	$ 1,845,799	$ 1,695,874	$ 1,622,379	$ 1,488,154	$ 1,351,441	$ 1,274,568	$ 1,191,553
Contributions in relation to the actuarially determined contribution	1,954,593	1,803,719	1,830,651	1,845,799	1,695,874	1,622,379	1,488,154	1,351,441	1,274,568	1,191,553
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 10,798,219	$ 10,336,991	$ 10,202,555	$ 10,817,255	$ 9,919,395	$ 9,509,101	$ 9,829,890	$ 10,758,097	$ 11,061,644	$ 11,289,204
Contributions as a Percentage of Covered Payroll	18.10 %	17.45 %	17.94 %	17.06 %	17.10 %	17.06 %	15.14 %	12.56 %	11.52 %	10.55 %

Notes to Schedule of City Contributions - Pension Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	22 years, closed
Asset valuation method	Seven-year smoothed market
Inflation	2.75 percent
Salary increase	3.25 to 5.49 percent including inflation
Investment rate of return	7.40 percent (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2016 valuation pursuant to an experience study of the period from 2011-2015.
Mortality	The RP-2014 Mortality Table

See notes to required supplemental information.

Required Supplemental Information
Schedule of Investment Returns
Pension Plan

Last Seven Fiscal Years*

Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	6.53 %	5.51 %	9.10 %	12.60 %	(0.60)%	3.90 %	15.60 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Required Supplemental Information
Schedule of Changes in the City OPEB Liability and Related Ratios

Last Four Fiscal Years*

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 440,197	$ 445,958	$ 472,985	$ 474,117
Interest	4,460,159	4,734,671	4,649,384	4,326,412
Differences between expected and actual experience	(611,936)	(12,063,498)	(388,018)	(499,207)
Changes in assumptions	-	6,430,407	-	3,943,136
Benefit payments, including refunds	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
Net Change in Total OPEB Liability	581,317	(3,677,887)	954,885	4,763,909
Total OPEB Liability - Beginning of year	65,350,004	69,027,891	68,073,006	63,309,097
Total OPEB Liability - End of year	**$ 65,931,321**	**$ 65,350,004**	**$ 69,027,891**	**$ 68,073,006**
Plan Fiduciary Net Position				
Contributions - Employer	$ 1,078,324	$ 1,061,020	$ 1,299,796	$ 36,635,331
Contributions - Member	137,102	140,573	154,750	160,554
Net investment income	3,704,824	3,177,994	5,399,971	5,373,015
Administrative expenses	(93,483)	(60,704)	(70,246)	(14,879)
Benefit payments, including refunds	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
Net Change in Plan Fiduciary Net Position	1,119,664	1,093,458	3,004,805	38,673,472
Plan Fiduciary Net Position - Beginning of year	62,295,066	61,201,608	58,196,803	19,523,331
Plan Fiduciary Net Position - End of year	**$ 63,414,730**	**$ 62,295,066**	**$ 61,201,608**	**$ 58,196,803**
Net OPEB Liability - Ending	**$ 2,516,591**	**$ 3,054,938**	**$ 7,826,283**	**$ 9,876,203**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	96.18 %	95.33 %	88.66 %	85.49 %
Covered-employee Payroll	$ 5,974,140	$ 6,237,856	$ 6,869,144	$ 7,122,885
Net OPEB Liability as a Percentage of Covered-employee Payroll	42.12 %	48.97 %	113.93 %	138.65 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

See notes to required supplemental information.

Required Supplemental Information
Schedule of City Contributions
OPEB Plan

Last Ten Fiscal Years

Years Ended June 30

	2020	2019	2017*	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 1,297,610	$ 1,337,261	$ 3,927,016	$ 3,963,730	$ 3,646,281	$ 3,708,247	$ 3,691,439	$ 3,871,234	$ 4,698,863
Contributions in relation to the actuarially determined contribution	1,078,324	1,061,020	1,299,795	36,635,331	3,854,847	3,991,371	4,022,875	4,163,550	3,501,926
Contribution (Deficiency) Excess	**$ (219,286)**	**$ (276,241)**	**$ (2,627,221)**	**$ 32,671,601**	**$ 208,566**	**$ 283,124**	**$ 331,436**	**$ 292,316**	**$ (1,196,937)**
Covered-employee Payroll	$ 5,974,140	$ 6,237,856	$ 6,869,144	$ 7,122,885	$ 8,097,773	$ 8,393,671	$ 9,005,255	$ 9,280,220	$ 10,084,790
Contributions as a Percentage of Covered-employee Payroll	18.05 %	17.01 %	18.92 %	514.33 %	47.60 %	47.55 %	44.67 %	44.86 %	34.72 %

*Actual contribution reflects bonding proceeds.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	December 31, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	22 years, closed
Asset valuation method	Seven-year smoothed market
Inflation	2.75 percent
Health care cost trend rates	Initial trend rate of 8.25 percent, gradually decreasing to an ultimate trend rate of 3.25 percent
Salary increase	3.25 to 5.49 percent, including inflation
Investment rate of return	7.00 percent, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2016 pension valuation pursuant to an experience study of the period from 2011-2015.
Mortality	The RP-2014 Mortality Table

See notes to required supplemental information.

Required Supplemental Information
Schedule of Investment Returns
OPEB Plan

Last Four Fiscal Years*

Years Ended June 30

	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	6.08 %	4.13 %	8.79 %	12.80 %

*The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Budgetary Information

The budgets for the General Fund have been prepared in accordance with accounting principles generally accepted in the United States of America, with the exception that gains/losses on sale of assets and debt service activity have been included in the revenue and/or expenditures categories, rather than as other financing sources (uses). In addition, reimbursements from other funds have been recorded as revenue rather than as a reduction of the related expense. See Note 2 to the basic financial statements for further information regarding the budgetary process.

Pension Information

Benefit Changes

There were no changes of benefit terms in 2020.

Changes in Assumptions

June 30, 2017: Based on an experience study performed by the actuary for the period from January 1, 2011 through December 31, 2015, the City made recommended actuarial changes to the assumptions used in the calculation of the total pension liability. These recommendations included the use of the RP-2014 Healthy Annuity Fully Generational Mortality Tables, with a base year of 2006, and future mortality improvements assumed each year using scale MP-2016. The new assumptions were adopted and approved by the board. This resulted in a deferred outflow of resources due to liabilities assumption change of $8,491,439.

June 30, 2018: The single discount rate used to measure the total pension liability as of June 30, 2018 is 7.40 percent, which represents a change from the rate of 7.45 percent, which was used at June 30, 2017. The single discount rate changed due to a change in the valuation assumptions for the expected rate of return on pension plan investments.

June 30, 2019: The single discount rate used to measure the total pension liability as of June 30, 2019 is 7.35 percent, which represents a change from the rate of 7.40 percent, which was used at June 30, 2018. The single discount rate changed due to a change in the valuation assumptions for the expected rate of return on pension plan investments.

June 30, 2020: The single discount rate used to measure the total pension liability as of June 30, 2020 is 7.30 percent, which represents a change from the rate of 7.35 percent, which was used at June 30, 2019. The single discount rate changed due to a change in the valuation assumptions for the expected rate of return on pension plan investments.

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2020.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2020.

Changes in Assumptions

June 30, 2017: Based on an experience study performed by the actuary for the period from January 1, 2011 through December 31, 2015, the City made recommended actuarial changes to the assumptions used in the calculation of the total OPEB liability. These recommendations included the use of the RP-2014 Healthy Annuity Fully Generational Mortality Tables, with a base year of 2006, and future mortality improvements assumed each year using scale MP-2016. Beginning with the December 31, 2016 valuation, seven-year asset smoothing was implemented.

June 30, 2019: The health care cost trend rates used to measure the total OPEB liability as of June 30, 2019 is 8 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 3.5 percent for 2028 and later years, which represents a change from the rate of 8.25 percent for 2017, decreasing 0.75 to 0.5 percent per year to an ultimate rate of 3.25 percent for 2027 and later years, which was used at June 30, 2018.

Other Supplemental Information

Special Revenue Funds

Major Streets Fund

The Major Streets Fund accounts for the construction, maintenance, and repairs of all major streets. Financing is provided by state-shared gas and weight taxes, local contributions, and bonding. This fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

Local Streets Fund

The Local Streets Fund accounts for the construction, maintenance, and repairs of all local streets. Financing is provided by state-shared gas and weight taxes, local contributions, and bonding. This fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

Rubbish, Garbage, and Recycling Fund

The Rubbish, Garbage, and Recycling Fund accounts for the funds provided by a special tax millage for the collection and removal of solid waste. This fund was authorized by a vote of the people authorizing a tax levy.

Parking Meter Fund

The Parking Meter Fund accounts for collection of parking fees and fines and offsetting costs; these funds are legally committed for parking enforcement and maintenance.

Economic Development Fund

The Economic Development Fund accounts for economic development activities within the City.

Grants Fund

The Grants Fund accounts for entitlements received under the federally funded Community Development Block Grant program and the Home Investment Partnership Grant program. These funds are used to provide approved projects and programs.

Drug Forfeiture Fund

The Drug Forfeiture Fund accounts for proceeds of forfeited property seized in connection with a violation of the controlled substance statutes, Public Act 135 of 1985 (MCLA 333,7521-7524).

Airport Fund

The Airport Fund accounts for the operations of Custer Airport. Financing is provided by user charges.

Building Safety Fund

The Building Safety Fund accounts for operations of construction code activities.

Expendable Trust Fund

The Expendable Trust Fund accounts for money held in trust resulting from donations to be used for a particular purpose.

Debt Service Funds

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies, for which the government is obligated in some manner for payment.

Building Authority Fund

The Building Authority Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest related to the Multi-Sports Complex.

Fire Station One Bond Fund

The Fire Station One Bond Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest related to the construction of the new fire station.

Capital Projects Fund

The Capital Projects Fund is used to account for the development of capital facilities other than those financed by the operations of an enterprise fund.

	Special Revenue Funds					
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
Assets						
Cash and cash equivalents	$ 941,491	$ 860,260	$ 2,011,257	$ 134,073	$ 642,470	$ 135,853
Investments	-	-	-	-	-	-
Receivables	227,950	79,089	112,635	160,707	25,000	42,805
Due from other funds	-	29,261	-	-	-	-
Prepaids and other assets	5,643	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Advances to component unit	-	-	-	-	1,219,545	-
Total assets	**$ 1,175,084**	**$ 968,610**	**$ 2,123,892**	**$ 294,780**	**$ 1,887,015**	**$ 178,658**
Liabilities						
Accounts payable	$ 12,550	$ 21,818	$ 110,208	$ 3,730	$ 2,790	$ 6,344
Due to other governmental units	-	-	-	-	-	-
Due to other funds	29,261	-	-	-	-	32,606
Refundable deposits, bonds, etc.	-	-	-	-	-	-
Accrued liabilities and other	2,813	3,289	1,911	1,173	-	808
Unearned revenue	-	-	-	-	1,821,469	195
Total liabilities	44,624	25,107	112,119	4,903	1,824,259	39,953
Deferred Inflows of Resources						
Unavailable revenue	-	-	12,998	160,707	-	-
Property taxes levied for the following year	-	-	1,645,840	-	-	-
Total deferred inflows of resources	-	-	1,658,838	160,707	-	-
Fund Balances						
Nonspendable	5,643	-	-	-	-	-
Restricted:						
Roads	1,124,817	943,503	-	-	-	-
Police	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Grants	-	-	-	-	-	138,705
Capital projects (unspent bond proceeds)	-	-	-	-	-	-
Rubbish, garbage, and recycling	-	-	352,935	-	-	-
Code enforcement	-	-	-	-	-	-
Committed:						
Airport operations	-	-	-	-	-	-
Parking enforcement and parking lot maintenance	-	-	-	129,170	-	-
Donation purpose	-	-	-	-	-	-
Capital outlay projects	-	-	-	-	-	-
Economic development activities	-	-	-	-	62,756	-
Assigned	-	-	-	-	-	-
Total fund balances	1,130,460	943,503	352,935	129,170	62,756	138,705
Total liabilities, deferred inflows of resources, and fund balances	**$ 1,175,084**	**$ 968,610**	**$ 2,123,892**	**$ 294,780**	**$ 1,887,015**	**$ 178,658**

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Special Revenue Funds				Debt Service Funds				
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Fire Station One Bond	Capital Projects Fund	Total
$ 82,803	$ 12,382	$ 130,491	$ 62,059	$ 709,852	$ 15,221	$ 783,927	$ 2,463,908	$ 8,986,047
-	-	-	-	299,961	-	299,961	-	599,922
-	18,383	-	8,511	35,064	-	28,920	69,108	808,172
-	-	-	-	-	-	-	32,606	61,867
-	36,472	-	-	-	-	-	7,288	49,403
-	-	-	-	-	-	-	160,915	160,915
-	-	-	-	-	-	-	-	1,219,545
$ 82,803	**$ 67,237**	**$ 130,491**	**$ 70,570**	**$ 1,044,877**	**$ 15,221**	**$ 1,112,808**	**$ 2,733,825**	**$ 11,885,871**
$ 1,582	$ 6,093	$ 1,543	$ 8,511	$ 26	$ 863	$ 15	$ 397,462	$ 573,535
-	146	-	-	-	-	-	-	146
-	-	-	-	-	-	-	-	61,867
-	-	-	15,000	-	-	-	-	15,000
-	2,899	10,532	-	-	-	-	-	23,425
-	10,000	-	-	-	-	-	-	1,831,664
1,582	19,138	12,075	23,511	26	863	15	397,462	2,505,637
-	-	-	-	4,169	-	957	59,596	238,427
-	-	-	-	502,816	-	454,462	-	2,603,118
-	-	-	-	506,985	-	455,419	59,596	2,841,545
-	36,472	-	-	-	-	-	7,288	49,403
-	-	-	-	-	-	-	-	2,068,320
81,221	-	-	-	-	-	-	-	81,221
-	-	-	-	537,866	-	657,374	-	1,195,240
-	-	-	-	-	-	-	-	138,705
-	-	-	-	-	-	-	160,915	160,915
-	-	-	-	-	-	-	-	352,935
-	-	118,416	-	-	-	-	-	118,416
-	11,627	-	-	-	-	-	-	11,627
-	-	-	-	-	-	-	-	129,170
-	-	-	47,059	-	-	-	-	47,059
-	-	-	-	-	-	-	2,108,564	2,108,564
-	-	-	-	-	-	-	-	62,756
-	-	-	-	-	14,358	-	-	14,358
81,221	48,099	118,416	47,059	537,866	14,358	657,374	2,276,767	6,538,689
$ 82,803	**$ 67,237**	**$ 130,491**	**$ 70,570**	**$ 1,044,877**	**$ 15,221**	**$ 1,112,808**	**$ 2,733,825**	**$ 11,885,871**

	Special Revenue Funds					
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
Revenue						
Property taxes	$ -	$ -	$ 1,585,238	$ -	$ -	$ -
Special assessments	-	-	-	-	-	-
State-shared revenue and grants:						
Federal grants	-	-	-	-	-	209,825
State sources	2,211,715	566,663	70,534	-	-	-
Charges for services	-	-	206	120,308	-	-
Fines and forfeitures	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Interest and rentals	18,973	13,611	22,983	2,301	1,464	1,947
Other revenue	193	395	-	-	-	5,678
Total revenue	2,230,881	580,669	1,678,961	122,609	1,464	217,450
Expenditures						
Current services:						
General government	-	-	-	-	-	-
Public safety	-	-	-	104,648	-	-
Public works	379,987	352,405	1,718,121	30,210	-	-
Community and economic development	-	-	-	-	20,255	42,408
Capital outlay	1,814,464	1,116,557	-	-	-	-
Debt service	196,033	192,688	-	2,819	-	-
Total expenditures	2,390,484	1,661,650	1,718,121	137,677	20,255	42,408
Excess of Revenue (Under) Over Expenditures	(159,603)	(1,080,981)	(39,160)	(15,068)	(18,791)	175,042
Other Financing Sources (Uses)						
Transfers in	-	624,729	-	-	-	-
Transfers out	(249,729)	-	-	-	-	(162,392)
Total other financing (uses) sources	(249,729)	624,729	-	-	-	(162,392)
Net Change in Fund Balances	(409,332)	(456,252)	(39,160)	(15,068)	(18,791)	12,650
Fund Balances - Beginning of year	1,539,792	1,399,755	392,095	144,238	81,547	126,055
Fund Balances - End of year	**$ 1,130,460**	**$ 943,503**	**$ 352,935**	**$ 129,170**	**$ 62,756**	**$ 138,705**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2020

Special Revenue Funds				Debt Service Funds				
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Fire Station One Bond	Capital Projects Fund	Total
$ -	$ -	$ -	$ -	$ 498,059	$ -	$ 450,128	$ -	$ 2,533,425
-	-	-	-	-	-	-	29,050	29,050
2,086	-	-	-	-	-	-	-	211,911
-	-	-	-	22,472	-	20,352	50,000	2,941,736
-	75,760	-	-	-	-	-	-	196,274
21,603	-	-	-	-	-	-	-	21,603
-	-	513,203	-	-	-	-	-	513,203
1,425	113,804	952	-	16,373	431,934	16,787	53,198	695,752
-	3,555	-	70,176	122,194	-	-	-	202,191
25,114	193,119	514,155	70,176	659,098	431,934	487,267	132,248	7,345,145
-	-	-	-	40	-	-	12,000	12,040
43,478	-	-	-	-	-	-	4,699	152,825
-	220,410	465,104	38,939	-	-	-	1,531	3,206,707
-	-	-	-	-	-	-	760,629	823,292
-	-	-	-	-	15,864	-	1,667,729	4,614,614
-	-	52,959	-	706,016	431,455	411,525	-	1,993,495
43,478	220,410	518,063	38,939	706,056	447,319	411,525	2,446,588	10,802,973
(18,364)	(27,291)	(3,908)	31,237	(46,958)	(15,385)	75,742	(2,314,340)	(3,457,828)
-	43,000	50,000	-	66,668	-	-	765,143	1,549,540
-	-	-	-	-	-	-	-	(412,121)
-	43,000	50,000	-	66,668	-	-	765,143	1,137,419
(18,364)	15,709	46,092	31,237	19,710	(15,385)	75,742	(1,549,197)	(2,320,409)
99,585	32,390	72,324	15,822	518,156	29,743	581,632	3,825,964	8,859,098
$ 81,221	**$ 48,099**	**$ 118,416**	**$ 47,059**	**$ 537,866**	**$ 14,358**	**$ 657,374**	**$ 2,276,767**	**$ 6,538,689**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
Major Streets

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State-shared revenue and grants	$ 2,240,800	$ 2,298,700	$ 2,211,715	$ (86,985)
Interest and rentals	27,000	22,000	18,973	(3,027)
Other revenue	-	-	193	193
Total revenue	2,267,800	2,320,700	2,230,881	(89,819)
Expenditures				
Current services - Public works	547,100	602,859	379,987	222,872
Capital outlay	1,841,500	1,840,016	1,814,464	25,552
Debt service	196,032	196,032	196,033	(1)
Total expenditures	2,584,632	2,638,907	2,390,484	248,423
Excess of Expenditures Over Revenue	(316,832)	(318,207)	(159,603)	158,604
Other Financing Uses - Transfers out	(224,640)	(483,870)	(249,729)	234,141
Net Change in Fund Balance	(541,472)	(802,077)	(409,332)	392,745
Fund Balance - Beginning of year	1,539,792	1,539,792	1,539,792	-
Fund Balance - End of year	**$ 998,320**	**$ 737,715**	**$ 1,130,460**	**$ 392,745**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Local Streets

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	$ 500,000	$ 500,000	$ -	$ (500,000)
State-shared revenue and grants	572,000	585,000	566,663	(18,337)
Interest and rentals	15,500	16,000	13,611	(2,389)
Other revenue	-	-	395	395
Total revenue	1,087,500	1,101,000	580,669	(520,331)
Expenditures				
Current services - Public works	458,400	457,486	352,405	105,081
Capital outlay	1,741,900	2,143,775	1,116,557	1,027,218
Debt service	192,689	192,689	192,688	1
Total expenditures	2,392,989	2,793,950	1,661,650	1,132,300
Excess of Expenditures Over Revenue	(1,305,489)	(1,692,950)	(1,080,981)	611,969
Other Financing Sources - Transfers in	599,640	858,870	624,729	(234,141)
Net Change in Fund Balance	(705,849)	(834,080)	(456,252)	377,828
Fund Balance - Beginning of year	1,399,755	1,399,755	1,399,755	-
Fund Balance - End of year	**$ 693,906**	**$ 565,675**	**$ 943,503**	**$ 377,828**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Rubbish, Garbage, and Recycling

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	$ 1,631,882	$ 1,590,209	$ 1,585,238	$ (4,971)
State-shared revenue and grants	65,100	70,534	70,534	-
Charges for services	500	500	206	(294)
Interest and rentals	30,000	24,000	22,983	(1,017)
Total revenue	1,727,482	1,685,243	1,678,961	(6,282)
Expenditures - Public works	1,818,499	1,853,811	1,718,121	135,690
Net Change in Fund Balance	(91,017)	(168,568)	(39,160)	129,408
Fund Balance - Beginning of year	392,095	392,095	392,095	-
Fund Balance - End of year	**$ 301,078**	**$ 223,527**	**$ 352,935**	**$ 129,408**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Parking Meter

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	$ 175,000	$ 145,000	$ 120,308	$ (24,692)
Interest and rentals	3,000	3,000	2,301	(699)
Total revenue	178,000	148,000	122,609	(25,391)
Expenditures				
Current services:				
Public safety	143,597	138,247	104,648	33,599
Public works	47,600	32,600	30,210	2,390
Debt service	2,816	2,816	2,819	(3)
Total expenditures	194,013	173,663	137,677	35,986
Net Change in Fund Balance	(16,013)	(25,663)	(15,068)	10,595
Fund Balance - Beginning of year	144,238	144,238	144,238	-
Fund Balance - End of year	**$ 128,225**	**$ 118,575**	**$ 129,170**	**$ 10,595**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Economic Development

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Interest and rentals	$ 2,000	$ 2,000	$ 1,464	$ (536)
Expenditures - Community and economic development	-	73,512	20,255	53,257
Net Change in Fund Balance	2,000	(71,512)	(18,791)	52,721
Fund Balance - Beginning of year	81,547	81,547	81,547	-
Fund Balance - End of year	**$ 83,547**	**$ 10,035**	**$ 62,756**	**$ 52,721**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Grants

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Federal grants	$ 500,000	$ 916,605	$ 209,825	$ (706,780)
Interest and rentals	2,500	2,350	1,947	(403)
Other revenue	-	-	5,678	5,678
Total revenue	502,500	918,955	217,450	(701,505)
Expenditures - Community and economic development	300,000	289,923	42,408	247,515
Excess of Revenue Over Expenditures	202,500	629,032	175,042	(453,990)
Other Financing Uses - Transfers out	(200,000)	(626,682)	(162,392)	464,290
Net Change in Fund Balance	2,500	2,350	12,650	10,300
Fund Balance - Beginning of year	126,055	126,055	126,055	-
Fund Balance - End of year	**$ 128,555**	**$ 128,405**	**$ 138,705**	**$ 10,300**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Drug Forfeiture

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Federal grants	$ -	$ 2,086	$ 2,086	$ -
Fines and forfeitures	30,000	30,000	21,603	(8,397)
Interest and rentals	1,500	1,500	1,425	(75)
Total revenue	31,500	33,586	25,114	(8,472)
Expenditures - Public safety	34,750	47,750	43,478	4,272
Net Change in Fund Balance	(3,250)	(14,164)	(18,364)	(4,200)
Fund Balance - Beginning of year	99,585	99,585	99,585	-
Fund Balance - End of year	**$ 96,335**	**$ 85,421**	**$ 81,221**	**$ (4,200)**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Airport

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	$ 96,200	$ 104,200	$ 75,760	$ (28,440)
Interest and rentals	107,248	122,269	113,804	(8,465)
Other revenue	1,000	1,514	3,555	2,041
Total revenue	204,448	227,983	193,119	(34,864)
Expenditures - Public works	255,135	254,352	220,410	33,942
Excess of Expenditures Over Revenue	(50,687)	(26,369)	(27,291)	(922)
Other Financing Sources - Transfers in	51,000	51,000	43,000	(8,000)
Net Change in Fund Balance	313	24,631	15,709	(8,922)
Fund Balance - Beginning of year	32,390	32,390	32,390	-
Fund Balance - End of year	**$ 32,703**	**$ 57,021**	**$ 48,099**	**$ (8,922)**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Building Safety

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Licenses and permits	$ 629,800	$ 638,100	$ 513,203	$ (124,897)
Interest and rentals	1,500	1,500	952	(548)
Total revenue	631,300	639,600	514,155	(125,445)
Expenditures				
Current services - Public works	501,012	502,871	465,104	37,767
Debt service	52,951	52,951	52,959	(8)
Total expenditures	553,963	555,822	518,063	37,759
Excess of Revenue Over (Under) Expenditures	77,337	83,778	(3,908)	(87,686)
Other Financing Sources - Transfers in	-	50,000	50,000	-
Net Change in Fund Balance	77,337	133,778	46,092	(87,686)
Fund Balance - Beginning of year	72,324	72,324	72,324	-
Fund Balance - End of year	**$ 149,661**	**$ 206,102**	**$ 118,416**	**$ (87,686)**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Expendable Trust

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue	$ 54,000	$ 162,118	$ 70,176	$ (91,942)
Expenditures - Public works	54,000	175,941	38,939	137,002
Net Change in Fund Balance	-	(13,823)	31,237	45,060
Fund Balance - Beginning of year	15,822	15,822	15,822	-
Fund Balance - End of year	**$ 15,822**	**$ 1,999**	**$ 47,059**	**$ 45,060**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Debt Service

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	$ 512,782	$ 499,788	$ 498,059	$ (1,729)
State-shared revenue and grants	18,900	22,472	22,472	-
Interest and rentals	20,000	15,000	16,373	1,373
Other revenue	122,194	122,194	122,194	-
Total revenue	673,876	659,454	659,098	(356)
Expenditures				
Other operating	2,000	4,000	40	3,960
Debt service	706,017	706,017	706,016	1
Total expenditures	708,017	710,017	706,056	3,961
Excess of Expenditures Over Revenue	(34,141)	(50,563)	(46,958)	3,605
Other Financing Sources - Transfers in	66,668	66,668	66,668	-
Net Change in Fund Balance	32,527	16,105	19,710	3,605
Fund Balance - Beginning of year	518,156	518,156	518,156	-
Fund Balance - End of year	**$ 550,683**	**$ 534,261**	**$ 537,866**	**$ 3,605**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Building Authority

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Interest and rentals	$ 432,255	$ 432,055	$ 431,934	$ (121)
Expenditures				
Capital outlay	-	20,000	15,864	4,136
Debt service	431,455	431,455	431,455	-
Total expenditures	431,455	451,455	447,319	4,136
Net Change in Fund Balance	800	(19,400)	(15,385)	4,015
Fund Balance - Beginning of year	29,743	29,743	29,743	-
Fund Balance - End of year	**$ 30,543**	**$ 10,343**	**$ 14,358**	**$ 4,015**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Fire Station One Bond

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	$ 463,186	$ 448,673	$ 450,128	$ 1,455
State-shared revenue and grants	-	20,352	20,352	-
Interest and rentals	-	12,000	16,787	4,787
Total revenue	463,186	481,025	487,267	6,242
Expenditures - Debt service	411,525	411,525	411,525	-
Net Change in Fund Balance	51,661	69,500	75,742	6,242
Fund Balance - Beginning of year	581,632	581,632	581,632	-
Fund Balance - End of year	**$ 633,293**	**$ 651,132**	**$ 657,374**	**$ 6,242**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued)
Capital Projects Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	$ 225,150	$ 173,150	$ 29,050	$ (144,100)
State-shared revenue and grants	-	50,000	50,000	-
Interest and rentals	25,000	61,294	53,198	(8,096)
Other revenue	-	3,270,551	-	(3,270,551)
Total revenue	250,150	3,554,995	132,248	(3,422,747)
Expenditures				
Current services:				
General government	-	12,000	12,000	-
Public safety	-	4,700	4,699	1
Public works	37,000	165,255	1,531	163,724
Community and economic development	-	1,892,280	760,629	1,131,651
Capital outlay	858,637	4,765,178	1,667,729	3,097,449
Total expenditures	895,637	6,839,413	2,446,588	4,392,825
Excess of Expenditures Over Revenue	(645,487)	(3,284,418)	(2,314,340)	970,078
Other Financing Sources				
Transfers in	156,545	1,232,215	765,143	(467,072)
Sale of capital assets	-	76,000	-	(76,000)
Total other financing sources	156,545	1,308,215	765,143	(543,072)
Net Change in Fund Balance	(488,942)	(1,976,203)	(1,549,197)	427,006
Fund Balance - Beginning of year	3,825,964	3,825,964	3,825,964	-
Fund Balance - End of year	**$ 3,337,022**	**$ 1,849,761**	**$ 2,276,767**	**$ 427,006**

Stores and Equipment Fund

The Stores and Equipment Fund accounts for the costs of acquiring and maintaining equipment and supplies utilized in the operations of the City. Departments are charged a rate sufficient to cover all costs, plus a provision for depreciation and replacement.

Information Systems Fund

The Information Systems Fund records the operations of the management information systems department, which includes procurement and maintenance of equipment and computing support for informational needs of the City. Financing is provided by reimbursement from user service charges.

Insurance Fund

The Insurance Fund accounts for payment of public liability premiums.

Employee Benefits Fund

The Employee Benefits Fund accounts for payment of certain employee benefits, including health care and workers' compensation for which the City is self-insured, and finances its claim payments through budgeted transfers from other funds.

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2020

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 677,600	$ 101,974	$ 20,405	$ 2,960,760	$ 3,760,739
Receivables - Other receivables	2,259	173	-	178,438	180,870
Prepaids and other assets	95,951	51,763	300,642	-	448,356
Total current assets	775,810	153,910	321,047	3,139,198	4,389,965
Noncurrent assets - Capital assets - Net	2,393,235	507,605	-	-	2,900,840
Total assets	3,169,045	661,515	321,047	3,139,198	7,290,805
Deferred Outflows of Resources					
Deferred pension costs	10,663	11,476	-	-	22,139
Deferred OPEB costs	3,911	389	-	-	4,300
Total deferred outflows of resources	14,574	11,865	-	-	26,439
Liabilities					
Current liabilities:					
Accounts payable	198,975	20,474	54,500	60,537	334,486
Accrued liabilities and other	16,714	4,254	-	776,159	797,127
Compensated absences	10,885	11,741	-	-	22,626
Current portion of long-term debt	109,583	2,267	-	-	111,850
Total current liabilities	336,157	38,736	54,500	836,696	1,266,089
Noncurrent liabilities:					
Net pension liability	96,963	104,355	-	-	201,318
Net OPEB liability	19,369	1,937	-	-	21,306
Long-term debt - Net of current portion	798,640	13,040	-	-	811,680
Total noncurrent liabilities	914,972	119,332	-	-	1,034,304
Total liabilities	1,251,129	158,068	54,500	836,696	2,300,393
Deferred Inflows of Resources - Deferred OPEB cost reductions	1,863	186	-	-	2,049
Net Position					
Net investment in capital assets	1,952,893	499,646	-	-	2,452,539
Unrestricted	(22,266)	15,480	266,547	2,302,502	2,562,263
Total net position	**$ 1,930,627**	**$ 515,126**	**$ 266,547**	**$ 2,302,502**	**$ 5,014,802**

Other Supplemental Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

Year Ended June 30, 2020

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Operating Revenue					
Other charges for services	$ 55,021	$ 39,195	$ 22,603	$ 510,395	$ 627,214
Charges to other funds	1,173,255	686,892	310,575	2,104,948	4,275,670
Total operating revenue	1,228,276	726,087	333,178	2,615,343	4,902,884
Operating Expenses					
Operations and maintenance	816,020	648,881	400,169	2,448,805	4,313,875
Depreciation	329,318	103,745	-	-	433,063
Total operating expenses	1,145,338	752,626	400,169	2,448,805	4,746,938
Operating Income (Loss)	82,938	(26,539)	(66,991)	166,538	155,946
Nonoperating Revenue (Expense)					
Investment income	10,270	1,666	3,206	30,847	45,989
Interest expense	(30,573)	(775)	-	-	(31,348)
Gain on sale of assets	81,361	-	-	-	81,361
Total nonoperating revenue (expense)	61,058	891	3,206	30,847	96,002
Change in Net Position	143,996	(25,648)	(63,785)	197,385	251,948
Net Position - Beginning of year	1,786,631	540,774	330,332	2,105,117	4,762,854
Net Position - End of year	**$ 1,930,627**	**$ 515,126**	**$ 266,547**	**$ 2,302,502**	**$ 5,014,802**

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2020

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	$ 1,173,659	$ 726,087	$ 363,204	$ 2,142,152	$ 4,405,102
Payments to suppliers	(487,156)	(467,831)	(454,538)	(1,484,378)	(2,893,903)
Payments to employees and fringes	(190,861)	(187,450)	-	(14,223)	(392,534)
Other receipts	55,663	-	-	-	55,663
Net cash and cash equivalents provided by (used in) operating activities	551,305	70,806	(91,334)	643,551	1,174,328
Cash Flows Used in Noncapital Financing Activities - Principal and interest paid on operating debt	(36,150)	(563)	-	-	(36,713)
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	107,474	-	-	-	107,474
Purchase of capital assets	(550,706)	(99,655)	-	-	(650,361)
Principal and interest paid on capital debt	(101,381)	(2,365)	-	-	(103,746)
Net cash and cash equivalents used in capital and related financing activities	(544,613)	(102,020)	-	-	(646,633)
Cash Flows from Investing Activities					
Interest received on investments	10,270	1,666	3,640	30,847	46,423
Proceeds from sale and maturities of investment securities	-	-	100,108	-	100,108
Net cash and cash equivalents provided by investing activities	10,270	1,666	103,748	30,847	146,531
Net (Decrease) Increase in Cash and Cash Equivalents	(19,188)	(30,111)	12,414	674,398	637,513
Cash and Cash Equivalents - Beginning of year	696,788	132,085	7,991	2,286,362	3,123,226
Cash and Cash Equivalents - End of year	**$ 677,600**	**$ 101,974**	**$ 20,405**	**$ 2,960,760**	**$ 3,760,739**
Classification of Cash and Cash Equivalents - Cash and investments	**$ 677,600**	**$ 101,974**	**$ 20,405**	**$ 2,960,760**	**$ 3,760,739**

Other Supplemental Information
Combining Statement of Cash Flows (Continued)
Internal Service Funds

Year Ended June 30, 2020

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	$ 82,938	$ (26,539)	$ (66,991)	$ 166,538	$ 155,946
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	329,318	103,745	-	-	433,063
Changes in assets and liabilities:					
Receivables	1,046	-	30,026	37,204	68,276
Prepaid and other assets	(33,976)	(13,807)	(30,365)	-	(78,148)
Accounts payable	151,143	(40,901)	(24,004)	454,032	540,270
Accrued and other liabilities	(3,585)	9,122	-	(14,223)	(8,686)
Net OPEB and pension liabilities	24,421	39,186	-	-	63,607
Total adjustments	468,367	97,345	(24,343)	477,013	1,018,382
Net cash and cash equivalents provided by (used in) operating activities	**$ 551,305**	**$ 70,806**	**$ (91,334)**	**$ 643,551**	**$ 1,174,328**

Pension Trust Fund

The Pension Trust Fund accounts for the activities of the City of Monroe Employees' Retirement System, which accumulates resources for pension benefit payments to qualified city employees. The money in this fund is obtained by employer pension expenses from operating funds (employer contributions), employee payroll deductions (employee contributions), and investment earnings.

Retiree Health Care Fund

The Retiree Health Care Fund accounts for costs related to retiree health care benefits. Financing is provided through budgeted transfers from other funds.

Agency Fund

The agency fund accounts for tax collections that are held by the City in the capacity of trustee. The collections are then transferred to the other governmental units on a timely distribution basis.

Other Supplemental Information
Combining Statement of Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds

June 30, 2020

	Pension Trust	Retiree Health Care	Total Fiduciary Funds
Assets			
Cash and cash equivalents	$ 176	$ 165,225	$ 165,401
Investments:			
U.S. government securities	16,467,748	6,328,202	22,795,950
Municipal bonds	2,234,582	2,160,683	4,395,265
Foreign bonds	2,202,116	1,255,882	3,457,998
Stocks	18,096,166	10,400,769	28,496,935
Foreign stocks	9,621,819	7,242,595	16,864,414
Corporate bonds	21,944,997	7,815,982	29,760,979
Mutual funds	56,542,407	19,100,630	75,643,037
Other investments	2,859,885	9,333,867	12,193,752
Equity investments	10,961,510	-	10,961,510
Receivables	265,742	42,783	308,525
Prepaids and other assets	-	9,320	9,320
Total assets	141,197,148	63,855,938	205,053,086
Liabilities - Accounts payable	99,201	441,208	540,409
Net Position - Restricted for pensions and other employee benefits	**$ 141,097,947**	**$ 63,414,730**	**$ 204,512,677**

Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Pension and Other Employee Benefit Trust Funds

Year Ended June 30, 2020

	Pension Trust	Retiree Health Care	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	$ 2,072,270	$ 1,263,024	$ 3,335,294
Net increase in fair value of investments	7,486,789	2,717,438	10,204,227
Investment-related expenses	(521,922)	(275,638)	(797,560)
Net investment income	9,037,137	3,704,824	12,741,961
Contributions:			
Employer	1,954,593	1,078,324	3,032,917
Employee	464,545	137,102	601,647
Total contributions	2,419,138	1,215,426	3,634,564
Total additions	11,456,275	4,920,250	16,376,525
Deductions			
Benefit payments	10,523,110	3,707,104	14,230,214
Refunds of contributions	26,386	-	26,386
Administrative expenses	114,141	93,482	207,623
Total deductions	10,663,637	3,800,586	14,464,223
Net Increase in Net Assets Held in Trust	792,638	1,119,664	1,912,302
Net Position - Restricted for pensions and other employee benefits - Beginning of year	140,305,309	62,295,066	202,600,375
Net Position - Restricted for pensions and other employee benefits - End of year	**$ 141,097,947**	**$ 63,414,730**	**$ 204,512,677**

Other Supplemental Information
Schedule of Changes in Assets and Liabilities
Fiduciary Funds
Agency Fund

Year Ended June 30, 2020

	July 1, 2019	Additions	Deductions	June 30, 2020
Assets				
Cash and cash equivalents	$ 10,237,419	$ 91,270,201	$ (94,105,057)	$ 7,402,563
Other assets	-	4,981	(4,981)	-
Total assets	**$ 10,237,419**	**$ 91,275,182**	**$ (94,110,038)**	**$ 7,402,563**
Liabilities				
Accounts payable	$ 6,679	$ 409,916	$ (405,316)	$ 11,279
Due to other governmental units	10,200,510	33,166,215	(36,007,974)	7,358,751
Accrued liabilities and other	30,230	4,851	(2,548)	32,533
Total liabilities	**$ 10,237,419**	**$ 33,580,982**	**$ (36,415,838)**	**$ 7,402,563**

Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities:				
Net investment in capital assets	$ 62,616,606	$ 60,908,779	$ 61,962,831	$ 61,231,910
Restricted	2,017,723	2,074,059	2,108,898	2,518,196
Unrestricted	2,873,427	2,367,980	2,936,731	4,137,152
Total net position	67,947,122	67,507,756	65,350,818	67,008,460
Business-type Activities:				
Net investment in capital assets	55,296,917	57,363,383	58,090,703	60,690,546
Unrestricted	10,970,242	9,521,421	11,860,887	11,154,906
Total net position	64,996,227	66,267,159	66,884,804	69,951,590
Primary Government in Total:				
Net investment in capital assets	117,913,523	118,272,162	120,053,534	121,922,456
Restricted	2,017,723	2,074,059	2,108,898	2,518,196
Unrestricted	13,843,669	11,889,401	14,797,618	15,292,058
Total net position	**$ 133,774,915**	**$ 132,235,622**	**$ 136,960,050**	**$ 139,732,710**

* Reflects retroactive implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*

** Reflects retroactive implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Net Position by Component

Last Ten Fiscal Years
(Unaudited)

As of June 30,					
2015 *	2016	2017	2018 **	2019	2020
$ 60,179,911	$ 58,118,232	$ 54,825,194	$ 56,028,571	$ 56,603,660	$ 56,521,355
2,286,647	2,354,630	2,158,946	2,671,364	4,692,897	3,978,604
8,147,342	6,705,055	1,746,070	(24,756,920)	(23,243,417)	(22,466,827)
67,887,258	70,613,900	58,730,210	33,943,015	38,053,140	38,033,132
61,966,736	62,800,496	66,184,050	70,147,960	93,667,831	102,684,428
12,069,531	13,744,444	13,347,896	3,169,585	2,315,016	4,051,103
71,845,452	74,036,267	79,531,946	73,317,545	95,982,847	106,735,531
122,146,647	120,918,728	121,009,244	126,176,531	150,271,491	159,205,783
2,286,647	2,354,630	2,158,946	2,671,364	4,692,897	3,978,604
20,216,873	20,449,499	15,093,966	(21,587,335)	(20,928,401)	(18,415,724)
$ 144,650,167	**$ 143,722,857**	**$ 138,262,156**	**$ 107,260,560**	**$ 134,035,987**	**$ 144,768,663**

	Year Ended June 30,			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	$ 1,857,323	$ 2,398,403	$ 2,646,677	$ 1,583,604
Public safety	9,572,617	9,654,009	8,663,622	9,330,166
Public works	9,635,359	9,825,018	8,601,804	10,816,801
Community development	660,731	601,433	628,791	1,005,355
Culture and recreation	1,534,257	1,406,611	1,631,045	1,135,361
Interest on long-term debt	342,073	299,425	325,183	252,070
Total governmental activities	23,602,360	24,184,899	22,497,122	24,123,357
Business-type activities:				
Water	6,931,684	7,291,792	6,756,495	7,141,197
Wastewater	6,611,525	7,436,772	6,458,580	6,864,433
Building Authority	-	-	-	-
Total business-type activities	13,543,209	14,728,564	13,215,075	14,005,630
Total primary government expenses	37,145,569	38,913,463	35,712,197	38,128,987
Program Revenue				
Governmental activities:				
Charges for services:				
General government	82,397	90,204	102,968	110,282
Public safety	397,407	336,814	364,546	416,404
Public works	838,894	1,103,911	1,093,392	1,050,776
Community development	-	-	-	-
Culture and recreation	720,475	634,578	581,030	532,615
Operating grants and contributions	1,661,693	1,496,086	1,635,959	1,851,121
Capital grants and contributions	2,642,646	1,615,645	3,023,728	2,322,245
Total governmental activities program revenue	6,343,512	5,277,238	6,801,623	6,283,443
Business-type activities:				
Charges for services:				
Water	7,348,790	7,214,309	7,559,714	7,293,205
Wastewater	6,908,842	7,252,271	7,712,715	8,112,871
Operating grants and contributions	146,493	153,575	152,259	139,867
Capital grants and contributions	336,478	610,905	468,477	287,982
Total business-type activities program revenue	14,740,603	15,231,060	15,893,165	15,833,925
Total primary government program revenue	21,084,115	20,508,298	22,694,788	22,117,368
Net (Expense) Revenue				
Governmental activities	(17,258,848)	(18,907,661)	(15,695,499)	(17,839,914)
Business-type activities	1,197,394	502,496	2,678,090	1,828,295
Total primary government net expense	**(16,061,454)**	**(18,405,165)**	**(13,017,409)**	**(16,011,619)**

Changes in Governmental and Business-type Net Position

Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,					
2015	2016	2017	2018	2019	2020
$ 1,893,042	$ 2,435,672	$ 2,482,372	$ 2,634,067	$ 2,325,586	$ 2,550,310
9,524,877	11,602,770	12,831,299	12,269,794	10,347,617	11,122,855
10,366,601	9,932,495	11,078,905	10,733,142	9,225,079	9,358,645
623,199	433,587	1,069,806	294,520	804,262	1,305,728
1,236,997	2,139,798	1,836,283	1,600,210	641,260	1,356,752
203,769	261,674	916,101	951,113	1,194,423	1,202,156
23,848,485	26,805,996	30,214,766	28,482,846	24,538,227	26,896,446
7,026,325	7,017,117	7,172,197	6,776,392	7,469,892	8,643,862
7,068,465	7,946,781	8,841,700	8,091,265	8,794,091	8,390,077
-	149,833	-	-	-	53,023
14,094,790	15,113,731	16,013,897	14,867,657	16,263,983	17,086,962
37,943,275	41,919,727	46,228,663	43,350,503	40,802,210	43,983,408
122,895	133,902	96,961	101,965	93,972	116,469
409,652	396,243	342,005	431,898	426,226	301,875
838,946	1,012,857	776,506	674,091	951,369	833,504
-	-	10,000	-	-	-
464,491	415,565	306,295	87,137	73,200	23,903
1,694,675	1,759,536	1,727,719	2,373,939	2,786,241	2,272,638
1,112,611	576,261	695,973	4,155,991	893,397	852,465
4,643,270	4,294,364	3,955,459	7,825,021	5,224,405	4,400,854
7,460,287	8,237,737	8,447,142	8,550,443	9,072,440	9,857,767
8,280,678	8,541,205	9,073,253	9,997,793	10,219,532	10,452,277
-	-	-	-	-	27,683
362,000	236,310	754,346	2,244,327	19,391,301	7,354,347
16,102,965	17,015,252	18,274,741	20,792,563	38,683,273	27,692,074
20,746,235	21,309,616	22,230,200	28,617,584	43,907,678	32,092,928
(19,205,215)	(22,511,632)	(26,259,307)	(20,657,825)	(19,313,822)	(22,495,592)
2,008,175	1,901,521	2,260,844	5,924,906	22,419,290	10,605,112
(17,197,040)	**(20,610,111)**	**(23,998,463)**	**(14,732,919)**	**3,105,468**	**(11,890,480)**

	Year Ended June 30,			
	2011	2012	2013	2014
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	$ 13,997,910	$ 13,997,518	$ 14,444,017	$ 14,753,413
State-shared revenue	1,786,140	1,752,988	1,861,100	1,855,826
Investment earnings	127,503	87,494	65,260	79,464
Franchise fees	303,680	307,837	319,517	319,426
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	604,249	487,789	663,247	1,710,583
Special Item - Impairment	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	16,819,482	16,633,626	17,353,141	18,718,712
Business-type activities:				
Investment earnings	73,538	51,253	46,277	45,990
Gain on sale of capital assets	-	-	14,513	4,250
Miscellaneous	-	63,896	347,906	15,327
Transfers	-	-	-	-
Total business-type activities	73,538	115,149	408,696	65,567
Total primary government	16,893,020	16,748,775	17,761,837	18,784,279
Changes in Net Position				
Governmental activities	(439,366)	(2,274,035)	1,657,642	878,798
Business-type activities	1,270,932	617,645	3,086,786	1,893,862
Total primary government	**$ 831,566**	**$ (1,656,390)**	**$ 4,744,428**	**$ 2,772,660**

Changes in Governmental and Business-type Net Position (continued)

Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,					
2015	2016	2017	2018	2019	2020
$ 15,259,339	$ 16,033,234	$ 15,607,661	$ 16,708,017	$ 17,440,624	$ 16,993,685
1,889,711	1,888,484	3,286,493	3,485,665	3,314,905	3,475,054
90,531	92,012	165,137	224,833	783,296	544,899
336,590	336,660	335,704	318,469	318,342	297,171
-	-	-	-	203,001	12,060
912,309	725,259	1,006,396	864,960	1,363,779	1,152,715
-	-	(2,589,791)	-	-	-
-	-	-	-	-	-
18,488,480	19,075,649	17,811,600	21,601,944	23,423,947	22,475,584
46,792	53,397	81,948	114,400	221,477	142,625
-	-	-	40,701	10,454	(5,717)
-	553,755	644,214	7,095	14,081	10,664
-	-	-	-	-	-
46,792	607,152	726,162	162,196	246,012	147,572
18,535,272	19,682,801	18,537,762	21,764,140	23,669,959	22,623,156
(716,735)	(3,435,983)	(8,447,707)	944,119	4,110,125	(20,008)
2,054,967	2,508,673	2,987,006	6,087,102	22,665,302	10,752,684
$ 1,338,232	**$ (927,310)**	**$ (5,460,701)**	**$ 7,031,221**	**$ 26,775,427**	**$ 10,732,676**

	As of June 30,			
	2011*	2012	2013	2014
General Fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable	1,271,399	891,344	390,439	394,866
Restricted	-	-	-	-
Committed	2,181,000	2,181,000	2,000,000	2,000,000
Assigned	176,297	56,348	48,565	94,960
Unassigned	1,842,246	2,511,024	3,101,726	3,300,391
Total General Fund	**$ 5,470,942**	**$ 5,639,716**	**$ 5,540,730**	**$ 5,790,217**
All Other Governmental Funds				
Reserved	$ -	$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Nonspendable	37,083	52,197	48,545	64,438
Restricted	2,716,290	5,193,346	2,640,688	2,734,354
Committed	1,479,690	1,812,012	1,141,372	1,509,914
Assigned	-	73,845	78,848	30,986
Total all other governmental funds	**$ 4,233,063**	**$ 7,131,400**	**$ 3,909,453**	**$ 4,339,692**

* An accounting change affected the beginning fund balance. Fund balance classifications were changed as a result of implementation of GASB Statement No. 54.

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(Unaudited)

As of June 30,					
2015	2016	2017	2018	2019	2020
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
381,227	115,510	100,149	115,726	812,518	819,891
-	24,410,801	-	-	-	-
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
174,447	161,942	57,961	74,991	1,644,643	2,278,333
3,536,680	3,776,720	3,931,769	4,129,894	3,816,070	3,867,780
$ 6,092,354	**$ 30,464,973**	**$ 6,089,879**	**$ 6,320,611**	**$ 8,273,231**	**$ 8,966,004**
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
73,513	26,735	44,830	46,551	266,690	49,403
3,419,074	3,549,477	4,931,404	3,348,382	5,617,183	4,115,752
1,225,696	1,371,276	2,200,567	3,251,452	2,945,482	2,359,176
31,036	31,036	31,231	31,934	29,743	14,358
$ 4,749,319	**$ 4,978,524**	**$ 7,208,032**	**$ 6,678,319**	**$ 8,859,098**	**$ 6,538,689**

	Year Ended June 30,			
	2011	2012	2013	2014
Revenue				
Property taxes	$ 13,985,058	$ 13,973,835	$ 14,475,644	$ 14,732,701
Special assessment	114,233	28,844	769	79,613
State-shared revenue and grants	3,486,364	3,994,692	4,246,298	3,779,531
Federal grants	1,668,566	1,376,627	2,125,091	2,423,356
Charges for services	1,341,866	1,283,048	1,151,562	1,098,830
Fines and forfeitures	84,443	80,148	97,821	116,532
Licenses and permits	828,816	902,130	859,259	930,701
Interest and rent	721,408	714,330	657,024	666,147
Other	212,793	141,626	454,736	819,875
Total revenue	22,443,547	22,495,280	24,068,204	24,647,286
Expenditures				
Current:				
General government	2,299,454	2,462,672	2,661,896	1,686,183
Public safety	8,666,716	8,515,103	8,808,768	9,302,913
Public works	8,177,280	8,501,505	12,430,284	8,446,362
Community development	654,160	583,729	647,756	1,003,153
Recreation and culture	1,807,922	1,815,121	1,819,755	1,794,288
Capital outlay	515,809	339,984	91,408	854,251
Debt service:				
Principal	756,850	988,595	612,183	568,259
Interest	338,079	325,035	423,481	321,151
Other	-	-	-	-
Total expenditures	23,216,270	23,531,744	27,495,531	23,976,560
Excess of Revenue (Under) Over Expenditures	(772,723)	(1,036,464)	(3,427,327)	670,726
Other Financing Sources (Uses)				
Transfers in	1,342,032	1,434,396	1,069,546	1,717,671
Transfers out	(1,342,032)	(1,434,396)	(1,098,152)	(1,708,671)
Debt issuance	-	4,103,575	4,275,000	-
Debt defeasance	-	-	(4,140,000)	-
Debt premium or discount	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	4,103,575	106,394	9,000
Net Change in Fund Balances	(772,723)	3,067,111	(3,320,933)	679,726
Fund Balances - Beginning of year	10,476,728	9,704,005	12,771,116	9,450,183
Fund Balances - End of year	**$ 9,704,005**	**$ 12,771,116**	**$ 9,450,183**	**$ 10,129,909**
Capital expenditures	$ 3,832,699	$ 3,836,071	$ 8,141,498	$ 3,565,751
Debt service as a percentage of noncapital expenditures	5.65%	6.67%	5.35%	4.36%

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,					
2015	2016	2017	2018	2019	2020
$ 15,246,310	$ 16,076,605	$ 15,589,110	$ 16,859,473	$ 17,306,545	$ 17,106,770
-	-	595,916	25,731	58,042	29,050
3,776,245	4,042,455	5,303,490	8,456,937	7,169,865	6,309,722
826,810	610,368	440,642	371,844	415,004	211,911
1,064,867	977,522	871,257	608,823	523,921	421,137
92,461	98,024	93,846	111,836	126,234	83,018
750,529	971,253	773,913	694,981	979,501	887,224
79,278	82,359	144,171	835,953	1,307,477	1,063,481
1,277,756	960,982	320,956	439,193	442,296	364,862
23,114,256	23,819,568	24,133,301	28,404,771	28,328,885	26,477,175
1,877,665	2,629,169	5,250,778	2,186,663	2,094,263	2,327,975
9,549,666	9,661,985	24,011,765	8,778,224	8,796,016	8,803,435
8,876,253	8,654,759	9,459,202	5,557,807	5,651,278	6,104,512
631,858	432,353	1,551,822	3,213,636	947,828	697,792
1,797,716	2,262,729	3,323,409	1,812,464	1,829,771	1,796,101
538,385	-	4,363,062	4,107,263	8,696,721	4,780,415
2,083,611	677,570	1,796,012	1,893,128	2,135,853	2,471,530
313,725	286,909	920,837	1,089,567	1,181,889	1,231,168
-	-	-	-	-	-
25,668,879	24,605,474	50,676,887	28,638,752	31,333,619	28,212,928
(2,554,623)	(785,906)	(26,543,586)	(233,981)	(3,004,734)	(1,735,753)
1,461,544	1,344,470	2,720,921	2,694,382	1,974,399	1,549,540
(1,461,544)	(1,382,607)	(2,777,921)	(2,759,382)	(1,974,399)	(1,549,540)
3,146,000	25,410,619	4,455,000	-	6,746,831	96,057
-	-	-	-	-	-
120,387	-	-	-	188,301	-
-	15,248	-	-	203,001	12,060
3,266,387	25,387,730	4,398,000	(65,000)	7,138,133	108,117
711,764	24,601,824	(22,145,586)	(298,981)	4,133,399	(1,627,636)
10,129,909	10,841,673	35,443,497	13,297,911	12,998,930	17,132,329
$ 10,841,673	**$ 35,443,497**	**$ 13,297,911**	**$ 12,998,930**	**$ 17,132,329**	**$ 15,504,693**
$ 3,890,424	$ 3,560,375	$ 4,456,326	$ 6,736,645	$ 9,738,044	$ 4,764,547
11.01%	4.58%	5.88%	13.62%	15.36%	15.79%

Revenue Capacity

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

		Taxable Value by Property Type				
		Real Property				
Tax Year	Fiscal year	Residential	Commercial	Industrial	Agricultural & other	IFT
2010	2011	324,249,950	118,658,190	346,012,140	990,790	9,873,830
2011	2012	302,168,380	116,526,760	365,866,750	993,037	9,239,490
2012	2013	283,123,690	110,904,650	389,810,410	1,092,237	13,853,310
2013	2014	274,641,980	107,271,380	405,140,100	843,160	20,949,155
2014	2015	272,645,400	105,781,990	428,256,860	825,835	30,781,845
2015	2016	277,099,250	122,548,170	450,924,910	838,610	29,955,320
2016	2017	281,080,540	121,979,360	474,239,480	824,807	15,626,650
2017	2018	288,512,150	119,344,780	493,325,660	832,182	11,280,495
2018	2019	297,455,130	122,750,100	506,330,630	829,890	8,385,240
2019	2020	308,935,900	126,971,520	130,012,316	845,462	11,345,270

Source: City of Monroe Assessor

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Taxable Value and Actual Value of Taxable Property

June 30, 2020

Taxable Value by Property Type

Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
80,575,270	880,360,170	16.0690	1,961,907,580	44.87
83,255,310	878,049,727	16.5324	1,918,469,640	45.77
84,702,128	883,486,425	16.5867	1,911,160,396	46.23
90,430,020	899,275,795	16.6017	1,955,582,280	45.99
87,331,700	925,623,630	16.7484	2,047,959,740	45.20
102,741,770	984,108,030	16.7484	2,167,097,140	45.41
69,233,230	962,984,067	16.7484	2,105,920,420	45.73
68,435,790	981,731,057	17.2703	2,176,184,320	45.11
68,395,050	1,004,146,040	17.3372	2,202,820,160	45.58
429,278,815	1,007,389,283	17.3372	2,195,927,762	45.88

	Millage rates - direct city taxes				Overlapping taxes		
Tax Year	General operating	Debt	Special purpose	Total direct taxes	County	Community college	Intermediate school district
Monroe School District							
2010	13.7260	-	2.3430	16.0690	5.2952	2.1794	4.7541
2011	13.7260	-	2.3430	16.0690	5.6052	2.1794	4.7541
2012	13.7260	-	2.8064	16.5324	5.6952	2.1794	4.7541
2013	13.7260	-	2.8607	16.5867	5.5972	2.1794	4.7541
2014	13.7260	-	2.8757	16.6017	5.5972	2.1794	4.7541
2015	13.7260	-	3.0224	16.7484	5.5972	2.1794	4.7541
2016	13.7260	-	3.0224	16.7484	5.4461	3.0294	4.7541
2017	14.6644	-	2.6059	17.2703	5.5842	3.0294	4.7541
2018	14.6644	-	2.6728	17.3372	5.5592	3.0294	4.7541
2019	14.6424	-	2.6948	17.3372	5.6622	3.0294	4.7541
Jefferson School District							
2010	13.7260	-	2.3430	16.0690	5.2952	2.1794	4.7541
2011	13.7260	-	2.3430	16.0690	5.6052	2.1794	4.7541
2012	13.7260	-	2.8064	16.5324	5.6952	2.1794	4.7541
2013	13.7260	-	2.8607	16.5867	5.5972	2.1794	4.7541
2014	13.7260	-	2.8757	16.6017	5.5972	2.1794	4.7541
2015	13.7260	-	3.0224	16.7484	5.5972	2.1794	4.7541
2016	13.7260	-	3.0224	16.7484	5.4461	3.0294	4.7541
2017	14.6644	-	2.6059	17.2703	5.5842	3.0294	4.7541
2018	14.6644	-	2.6728	17.3372	5.5592	3.0294	4.7541
2019	14.6424	-	2.6948	17.3372	5.6622	3.0294	4.7541

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General operating	Debt	Special purpose
2020	14.6424	-	8.8974

Direct and Overlapping Property Tax Rates

June 30, 2020

Overlapping taxes					Total tax rate:	
Library	Public Transportation	State Education	School: Homestead	School: Non-homestead	Homestead	Non-homestead
1.0000	0.6922	6.0000	1.0000	19.0000	36.9899	54.9899
1.0000	0.6904	6.0000	1.0000	19.0000	37.2981	55.2981
1.0000	0.6904	6.0000	1.0000	19.0000	37.8515	55.8515
1.0000	0.7310	6.0000	1.0000	19.0000	37.8484	55.8484
1.0000	0.7333	6.0000	1.0000	19.0000	37.8657	55.8657
1.0000	0.7470	6.0000	1.0000	19.0000	38.0261	56.0261
1.0000	0.7587	6.0000	1.0000	19.0000	38.7367	56.7367
1.0000	0.7084	6.0000	1.0000	19.0000	39.3464	57.3464
1.0000	0.6723	6.0000	1.0000	19.0000	39.3522	57.3522
1.0000	0.7713	6.0000	1.0000	19.0000	39.5542	57.5542
1.0000	0.6922	6.0000	-	18.0000	35.9899	53.9899
1.0000	0.6904	6.0000	-	18.0000	36.2981	54.2981
1.0000	0.6904	6.0000	0.5000	18.5000	37.3515	55.3515
1.0000	0.7310	6.0000	0.5000	18.5000	37.3484	55.3484
1.0000	0.7333	6.0000	0.5000	18.5000	37.3657	55.3657
1.0000	0.7470	6.0000	1.4500	19.4500	38.4761	56.4761
1.0000	0.7587	6.0000	1.4500	19.4500	39.1867	57.1867
1.0000	0.7084	6.0000	1.4500	19.4500	39.7964	57.7964
1.0000	0.6723	6.0000	1.4500	19.4500	39.8022	57.8022
1.0000	0.7713	6.0000	1.4500	19.4500	40.0042	58.0042

Principal Property Tax Payers

Current and Nine Years Ago
June 30, 2020

	Taxpayer	2020 Taxable Value	% of total	2011 Taxable Value	% of total	2011 Rank
1	Detroit Edison	488,587,981	48.50%	342,779,730	38.94%	1
2	Gerdau Macsteel	20,779,070	2.06%	36,174,360	4.11%	2
3	International Transmission Company	10,328,650	1.03%	10,658,570	1.21%	3
4	Howard Ternes Packing Company	6,455,850	0.64%	6,453,130	0.73%	4
5	Ford Motor Company	5,233,550	0.52%	5,703,520	0.65%	6
6	OFTH 172 LLC	4,751,710	0.47%			
7	Michigan Gas Utility Corp	4,729,470	0.47%			
8	Monroe Bank & Trust	4,053,570	0.40%	5,530,700	0.63%	8
9	Great Lakes Towers, LLC	5,312,080	0.53%			
10	National Galvanizing	2,320,240	0.23%	4,940,360	0.56%	9
	Headwaters Resources, Inc.			6,085,250	0.69%	5
	Riverbend Commons, LLC			5,537,890	0.63%	7
	Holiday Inn of Monroe			3,355,910	0.38%	10
	Total	1,007,389,283				

Property Tax Levies and Collections

Last Ten Fiscal Years
June 30, 2020

Tax Year	Year ended June 30	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2010	2011	14,709,127	14,250,863	96.88	446,060	14,696,923	99.92
2011	2012	14,227,768	13,843,954	97.30	361,837	14,205,791	99.85
2012	2013	14,188,252	13,799,075	97.26	364,757	14,163,832	99.83
2013	2014	14,545,101	14,238,835	97.89	283,173	14,522,008	99.84
2014	2015	15,307,151	15,023,122	98.14	266,527	15,289,649	99.89
2015	2016	16,164,243	15,904,530	98.39	241,959	16,146,490	99.89
2016	2017	15,611,588	15,302,634	98.02	289,118	15,593,862	99.89
2017	2018	16,553,946	16,245,258	98.14	295,986	16,541,244	99.92
2018	2019	17,015,527	16,689,725	98.09	314,218	17,003,943	99.93
2019	2020	17,445,888	17,136,846	98.23	294,556	17,431,402	99.92

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county

(2) Represents all collections after the final distribution date, through the current date

Information from Treasurer Settlement Report
Delq Collections includes personal tax collected March to June each year-report from DLP Receipt Spread report

Debt Capacity

These schedules contain 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.

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities:				
General obligation bonds	$ 6,810	$ 10,215	$ 9,760	$ 9,215
Installment purchase agreements	673	315	278	238
State of Michigan loans	1,750	1,591	1,367	618
Transportation bonds	-	-	-	-
Capital leases	-	-	-	-
Total	9,233	12,122	11,404	10,071
Business Type Activities:				
General obligation bonds	27,477	31,360	42,413	65,200
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	27,477	31,360	42,413	65,200
Total debt of the government	**$ 36,710**	**$ 43,482**	**$ 53,817**	**$ 75,271**
Total Taxable Value	$ 83,255	$ 84,702	$ 90,430	$ 87,332
Ratio of total debt to taxable value	44.09%	51.33%	59.51%	86.19%
Total Population	20,733	20,672	20,535	20,405
Total debt per capita	$ 1,771	$ 2,103	$ 2,621	$ 3,689

Note: Data in thousands of dollars, except debt per capita.
Source: U.S. Census Bureau - www.census.gov

Ratios of Outstanding Debt

Last Ten Fiscal Years
June 30, 2020

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 10,422	$ 35,622	$ 35,808	$ 34,046	$ 38,313	$ 36,240
197	403	221	152	1,274	1,202
449	377	305	231	156	79
-	-	2,565	2,415	2,260	1,905
-	-	-	-	10	7,959
11,068	36,402	38,899	36,844	42,013	47,385
63,672	69,586	66,114	62,637	59,808	56,110
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
63,672	69,586	66,114	62,637	59,808	56,110
$ 74,740	**$ 105,988**	**$ 105,013**	**$ 99,481**	**$ 101,821**	**$ 103,495**
$ 102,742	$ 69,233	$ 68,436	$ 68,395	$ 1,004,146	$ 1,007,389
72.75%	153.09%	153.45%	145.45%	10.14%	10.27%
20,198	20,092	19,986	19,875	19,715	19,552
$ 3,700	$ 5,275	$ 5,254	$ 5,005	$ 5,165	$ 5,293

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years
June 30, 2020

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Tax supported bonds (UTGO)	Less pledged debt service funds	Other general obligation debt	Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population	Debt per capita
2011	22,070,980	-	20,869	5,170,647	27,220,757	880,360,170	3.09%	20,733	1,313
2012	25,522,783	-	62,233	6,862,818	32,323,368	878,049,727	3.68%	20,672	1,564
2013	24,437,783	-	93,684	12,040,104	36,384,203	883,486,425	4.12%	20,535	1,772
2014	28,787,783	-	186,263	20,123,396	48,724,916	899,275,795	5.42%	20,405	2,388
2015	28,717,783	-	318,898	19,761,506	48,160,391	925,623,630	5.20%	20,198	2,384
2016	62,497,783	-	435,711	18,841,495	80,903,567	984,108,030	8.22%	20,092	4,027
2017	61,372,783	-	450,286	17,890,081	78,812,578	962,984,067	8.18%	19,986	3,943
2018	58,332,783	-	490,484	16,921,288	74,763,587	981,731,057	7.62%	19,875	3,762
2019	62,011,695		1,099,789	15,935,092	76,846,998	1,004,146,040	7.65%	19,715	3,898
2020	58,521,191		1,195,237	14,931,411	72,257,365	1,007,389,283	7.17%	19,552	3,696

Note: Other general obligation debt represents City's responsibility for debt issued by Monroe County pursuant to a contract with the City and two townships related to the Monroe Metropolitan Wastewater System.

Direct and Overlapping Governmental Activities Debt

June 30, 2020

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
County of Monroe	7,352,875	14.91%	1,096,314
Jefferson School District	-	2.71%	-
Monroe School District	-	48.46%	-
Monroe Intermediate School District	-	15.47%	-
Monroe County Community College	-	14.94%	-
Total overlapping debt	7,352,875		1,096,314
Direct City debt			39,433,965
Total direct and overlapping debt			40,530,279

- Overlapping debt provided by Municipal Advisory Council of Michigan
- Overlapping debt is the issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer, i.e., School District to City). The debt is generally apportioned based upon relative assessed values.

	As of June 30,			
	2011	2012	2013	2014
Calculation of debt limit:				
State equalized valuation	980,953,790	959,234,820	955,580,198	977,791,140
10% of taxable value	98,095,379	95,923,482	95,558,020	97,779,114
Calculation of debt subject to limit:				
Total debt	36,709,967	43,482,017	53,815,607	75,271,310
Less: debt not subject to limit:				
County Agency Bonds	680,573	4,997,673	17,175,475	25,072,090
Installment Purchase Agreements	673,434	315,148	277,558	238,143
State/County Direct Loans	1,749,880	1,591,413	1,364,791	927,936
Transportation Bonds				
Net debt subject to limit	33,606,080	36,577,783	34,997,783	49,033,142
Legal debt margin	64,489,299	59,345,699	60,560,237	48,745,972
Net debt subject to limit as % of debt limit	34.26%	38.13%	36.62%	50.15%

Source: City of Monroe Assessor

Legal Debt Margin

June 30, 2020

As of June 30,					
2015	2016	2017	2018	2019	2020
1,023,979,870	1,083,548,570	1,052,960,210	1,088,092,160	1,101,083,690	1,097,963,881
102,397,987	108,354,857	105,296,021	108,809,216	110,108,369	109,796,388
74,278,371	105,988,549	105,013,735	99,481,001	100,831,862	94,645,747
25,277,715	24,219,569	23,109,569	21,974,569	20,814,569	19,624,569
196,812	403,463	221,233	152,536	1,274,107	1,201,868
448,898	377,735	305,150	231,113	155,596	159,011
		2,565,000	2,415,000	2,260,000	1,905,000
48,354,946	80,987,782	78,812,783	74,707,783	76,327,590	71,755,299
54,043,041	27,367,075	26,483,238	34,101,433	33,780,779	38,041,089
47.22%	74.74%	74.85%	68.66%	69.32%	65.35%

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics

June 30, 2020

Fiscal year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemployment rate
2011	20,733	477,838	23,047	10.40%
2012	20,672	473,543	22,907	8.40%
2013	20,535	456,034	22,208	8.80%
2014	20,405	458,015	22,446	6.80%
2015	20,198	451,276	22,343	4.80%
2016	20,092	456,658	22,910	3.90%
2017	19,986	465,791	23,492	4.30%
2018	19,875	475,107	23,905	4.40%
2019	19,715	488,531	24,780	4.10%
2020	19,552	483,624	24,735	13.40%

Source: U.S. Census Bureau and Michigan Bureau of Labor Market Information and Strategic Initiatives

Principal Employers

June 30, 2020

	Employer	2020 Employees	Percentage of total	2011 Employees	Percentage of total	2011 rank
1	ProMedica	1,250	1.86%			
2	La-Z-Boy Incorporated	550	0.82%	522	0.82%	4
3	Gerdau MACSteel	520	0.77%	450	0.70%	5
4	DTE Energy	501	0.74%	530	0.83%	3
5	County of Monroe	458	0.68%	700	1.10%	2
6	Monroe Bank & Trust	295	0.44%	401	0.63%	6
7	Backyard Products	210	0.31%			
8	SYGMA Network	119	0.18%	162	0.25%	10
9	City of Monroe	179	0.27%	205	0.32%	8
10	Pioneer Metal Finishing	150	0.22%			
	Sisters, Servants of the Immaculate Heart of Mary			265	0.42%	7
	Monroe Publishing Company			200	0.31%	9
	Mercy Memorial Hospital			1,600	2.51%	1
	Total	4,232	6.28%	5,035	7.80%	

Source: Monroe County BDC and Michigan Department of Labor and Economic Growth

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2020

Function/ program:	As of June 30, 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
City Manager	2.00	2.00	2.00	2.00	2.00	3.00	3.00	5.00	3.00	3.00
Clerk/Treasurer	5.00	4.00	5.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Assessor	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City attorney	-	-	-	-	-	-	-	-	-	-
Finance	3.90	3.90	3.90	3.50	3.50	3.50	3.50	3.90	3.90	3.90
Human resources	1.50	1.50	1.50	1.50	1.50	1.60	1.60	2.00	2.00	2.00
Engineering	6.50	6.50	6.50	6.50	6.50	6.50	6.50	5.50	4.50	4.50
City Hall and grounds	1.35	1.35	1.35	1.35	1.41	1.38	1.38	1.38	1.38	1.88
Information systems	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.10	2.10
Public safety:										
Police:										
Officers	37.00	40.00	40.00	42.00	42.00	42.00	42.00	40.00	40.00	40.00
Civilians	5.00	5.00	6.00	6.00	6.00	6.00	6.00	7.68	7.68	7.70
Fire and EMS:										
Firefighters and officers	19.00	16.00	16.00	13.00	13.00	16.00	19.00	19.00	19.00	19.00
Civilians	-	-	-	-	-	-	-	-		
Zoning/Ordinance enforcement	0.63	0.63	0.63	1.13	1.19	1.46	1.51	1.58	1.83	1.83
Building inspection	4.15	4.15	4.15	3.65	4.53	4.86	5.01	6.49	6.24	5.76
Public works - Public service	20.50	19.50	19.50	19.50	19.50	20.50	19.34	19.16	17.83	17.83
Community and economic development	2.75	2.75	2.75	2.75	2.75	3.18	3.18	2.35	4.35	4.35
Parks and recreation	2.13	2.13	2.13	2.13	2.13	2.73	3.89	6.34	4.67	4.67
Water	28.50	28.50	28.50	28.50	27.50	27.50	27.50	27.50	27.50	28.70
Wastewater	26.50	26.00	26.00	26.00	26.00	26.00	25.45	25.00	25.00	25.70
Total	**169.50**	**167.00**	**169.00**	**166.60**	**166.60**	**173.30**	**175.96**	**180.98**	**178.98**	**180.92**

Note: Number of positions equals the number of positions initially budgeted for the fiscal year.

Operating Information

These schedules 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 it performs.

Function/ Program	As of June 30, 2011	2012	2013	2014
Police:				
Physical arrests	1,032	1,045	1,089	1,335
Traffic citations and warnings	3,148	2,571	3,549	4,744
Original complaints	19,656	17,100	19,581	24,857
Fire:				
Fire incidents	784	697	735	817
EMS incidents	2,272	2,590	2,533	2,584
Inspections	337	300	193	458
Code enforcement/administration:				
Building inspections	2,096	2,280	2,376	2,217
Plumbing/Mechanical inspections	600	585	485	577
Electrical inspections	616	516	364	128
Zoning inspections	416	486	326	373
Blight violations	307	1,178	759	968
Rental inspections	1,096	1,052	1,348	1,327
Public works:				
Miles of street resurfaced	2	2	2	3
Trees trimmed	1,500	1,200	600	250
Trees removed	215	220	145	130
Trees planted	125	140	120	120
Street sweeping curb miles	2,400	2,400	2,400	2,400
Storm sewers replaced (miles)	-	-	-	-
Storm sewers installed (miles)	-	-	-	-
Storm sewer miles cleaned	3	1	1	1
City property mowing hours	210	170	150	100
Parks and recreation:				
Recreation program attendance	20,703	13,388	12,181	18,746
Park/Shelter reservations	92	101	85	85
Pool admission	-	3,011	2,465	-
Water:				
Number of customers billed	61,709	62,202	62,067	63,866
New services	73	115	121	72
Average daily consumption (thousands of gallons per day)	7,206	7,197	7,328	7,283
Wastewater - Average daily sewage treatment (thousands of gallons)	12,130	14,094	10,192	7,279

Last Ten Fiscal Years
June 30, 2020

As of June 30,					
2015	2016	2017	2018	2019	2020
1,091	1,456	1,081	1,333	1,155	1,172
4,695	3,841	3,329	3,403	4,031	3,646
21,731	21,254	20,916	19,540	20,464	20,458
876	951	1,138	1,126	1,293	1,009
2,680	2,694	2,776	2,702	2,740	2,871
462	226	104	100	106	58
2,273	4,653	9,521	3,116	3,085	1,631
479	647	901	689	890	378
269	341	311	313	419	197
110	180	87	838	306	132
1,636	1,773	2,611	1,470	1,257	3,233
1,976	1,615	1,091	1,326	1,286	822
1	2	3	1	4	1
300	375	440	950	1,100	552
130	160	210	521	225	285
120	90	402	237	207	226
2,400	2,400	2,400	2,400	2,400	2,400
-	-	-	-	-	-
-	-	-	-	-	-
0	1	12	1	12	6
110	90	90	180	220	200
			-		
16,208	19,657	25,789	25,066	25,064	620
91	90	89	81	109	-
-	-	- -		-	-
64,052	64,808	65,878	65,108	65,144	68,141
83	66	53	45	56	57
7,141	7,365	7,525	7,272	6,830	7,063
11,993	11,580	12,342	12,738	13,529	13,300

Function/ program	As of June 30, 2011	2012	2013	2014
Police:				
Stations	1	1	1	1
Patrol units	14	14	14	15
Fire:				
Stations	2	2	2	2
Fire response vehicles	4	4	4	4
Emergency response vehicles	4	4	4	4
Public works:				
Streets (miles):				
Major streets	29	28.6	28.6	28.6
Local streets	54	54.12	54.12	54.12
Sidewalks	170.86	170.86	172.25	172.25
Streetlights	1564	1570	1582	1582
Traffic signals	9	9	7	7
Parks and recreation:				
Acreage	280	280	280	280
Developed parks/playgrounds	32	32	32	32
Developed fields (soccer, baseball, etc)	21	21	21	21
Libraries - Branches	2	2	2	2
Water:				
Mains (miles)	298	298	305	306
Fire hydrants	2834	2854	3295	3327
Storage capacity	6.81	6.81	6.81	6.81
Sewer:				
Miles of sanitary sewers	303	303	303	303
Miles of storm sewers	60.81	60.81	60.81	60.85
Treatment capacity (millions of gallons/day)	32	32	32	32

Capital Asset Statistics

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
15	15	15	15	15	15
2	2	2	2	2	2
5	5	5	5	5	4
5	5	5	5	5	4
28.6	28.6	28.6	28.60	28.40	28.40
54.13	54.13	54.13	54.13	54.37	54.29
172.25	172.29	172.39	172.39	172.39	172.64
1582	1582	1599	1,599.00	1,600.00	1,600.00
7	7	7	7.00	7.00	7.00
280	280	280	280	280	280
32	32	32	32	32	32
21	21	21	21	21	21
2	2	2	2	2	2
306	306	307	307	307	307
3,339	3340	3346	3,387	3,391	3,391
7	6.81	6.81	6.81	6.81	6.81
303	303	303	260.51	260.51	260.51
61	60.85	60.85	60.85	60.85	73.50
46	45.6	45.6	45.60	45.60	45.60