



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

CITY OF  
**MONROE**  
*Michigan*



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# City of Monroe, Michigan

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## **Annual Comprehensive Financial Report with Supplemental Information Fiscal Year Ended June 30, 2021**

### **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.

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## Introductory Section

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December 8, 2021

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, 2021. 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, 2021, the City was also required to undergo a Single Audit of our federal financial assistance in conformity with "2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" due to the amount of federal funds expended during the fiscal year being greater than the \$750,000 threshold to trigger a Single Audit. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Plante & Moran, PLLC, whose opinion and reports are included, has performed this audit for the fiscal year ended June 30, 2021.

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 custodial 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. The legal level of budgetary control is 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 the La-Z-Boy, Inc., World Headquarters. The largest employer in Monroe County and the City of Monroe is ProMedica Healthcare System. ProMedica employs over 1,000. 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 6.52% over the last ten years. The unemployment rate for Monroe County as of June 30, 2021 was 6.2%. 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 \$22.8 million. This represents an increase of 22 percent as compared to the previous five-year average of \$18.6 million. This increase was primarily due to increased activity after the COVID19 pandemic was better understood and able to be dealt with to allow activity to restart. With the high and low years removed from the last ten years, the average value is \$25.2 million. A history of building permits over the last ten years follows:

<b>Fiscal Year</b>	<b>Number of Permits</b>	<b>Value</b>
2021	830	\$ 22,814,522
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

The primary long term financial plans adopted annually by the City are the five-year Capital Improvements Plan (CIP) including the related annual Capital Improvements Budget, and the annual operating budget, which includes a five year projection for the General Fund and a three year projection for other funds. 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, 2026, projects General Fund structural deficits in the third through fifth years due to taxable value reductions.

Property taxes represent 70% 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 2020 tax year, covering fiscal 2020-21, the overall taxable value was approximately \$99 million below state equalized value reducing potential tax revenue by approximately \$1.7 million due to the cap, with \$1.4 million of that amount being attributed to general operating purposes. The gap between taxable value and state equalized valuation increased for the 2020 tax year. The gap was approximately \$90 million for the 2019 tax year covering fiscal year 2019-20.

The City has approved certain tax abatements as further described in the notes to the financial statements. The City offers the abatements to incentivize economic development in the City and to increase chances for job creation for City residents.

State shared revenue and grants accounted for approximately 24.8 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. In the 2020-21 fiscal year, it also includes CARES act funding distributed through the State of Michigan. The following table displays the change in revenue sharing from the prior year.

<b>Revenue Sharing</b>	<b>9/30/2021</b>	<b>9/30/2020</b>	<b>Change +/-</b>	<b>% Change</b>
Constitutional	\$ 2,029,250	\$ 1,789,635	\$ 239,615	13.39%
CVTRS/Statutory	318,079	265,065	53,014	20.00%
Total	\$ 2,347,329	\$ 2,054,700	\$ 292,629	14.24%

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 2020-21 budget. The following projects were active during the fiscal year ended June 30, 2021:

#### Local Streets:

- Ternes Industrial Park Street Reconstruction (Ternes, Telb, and Rose Streets)
- Toll Street Reconstruction
- West 4<sup>th</sup> Reconstruction-Union and Hubble to Harrison and Monroe

#### Major Streets:

- Harrison Street Reconstruction – 8<sup>th</sup> Street to 4<sup>th</sup> Street
- North Dixie Highway Resurfacing – Detroit Avenue to I75

#### General Capital Projects:

- La-Z-Boy Former HQ Site Infrastructure
- Labor Park improvements
- Kitchen upgrade and other interior improvements-Opportunity Center at ALCC
- Alley reconstruction – 3<sup>rd</sup> street to 1<sup>st</sup> street
- Mason Run sidewalk installation

#### Water System:

- Dump Truck Replacement
- La-Z-Boy Former HQ Site Infrastructure
- Water Main Replacements/Rehabilitations
  - West Lorain-Huber to East of Lavender
  - Monroe Street Bridge

#### Wastewater System:

- La-Z-Boy Former HQ Site Infrastructure
- Combination Jet/Vacuum Truck Replacement
- Sanitary Sewer Rehabilitations
- WWTP SCADA Upgrade

#### Major planned projects for fiscal 2021-22:

- Sidewalk Replacements
- Saint Mary's Gardens Storm Sewer Design
- City Hall Building Improvements
- City Hall Parking Lot Reconstruction
- Riverview Avenue Resurfacing – Elm to Scottwood
- Riverview Avenue Resurfacing – Maywood to North of Oakwood
- South Macomb Street Resurfacing – Fourth to First
- Washington Street Resurfacing – Third to First
- West Noble Avenue Resurfacing – Godfroy to Monroe
- Labor Park Master Plan Implementation
- Network Switch and Software Upgrade
- Father Cairns Park Master Plan and Design
- Water Distribution System Replacements/Rehabilitations
- Roessler Elevated Water Storage Tank Improvements
- South Custer Booster Station Service Area Upgrades – Phase 2
- Sanitary Sewer Rehabilitation/Replacement
- 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 River Raisin Legacy Project mini-documentary was a gold winner at the 2021 dot comm awards. This film was produced by the City of Monroe's Commission the Environment and Water Quality (COTE) with a grant through the Great Lakes Restoration Initiative. The video documentary can be viewed on YouTube at <https://www.youtube.com/watch?v=UA1WFok6EMs>.

The City of Monroe has been recognized by the Arbor Day Foundation as a 2020 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 23 consecutive years.

The City of Monroe was chosen as one of 2021's Best-Performing Small Cities by the Milken Institute, an objective and nonpartisan research institute. The City of Monroe was listed as number 187 out of 201 chosen communities, and is one of seven communities in Michigan to receive the award. Cities were evaluated on relative growth, with listing criteria including job creation, wage gains, and technology developments.

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**

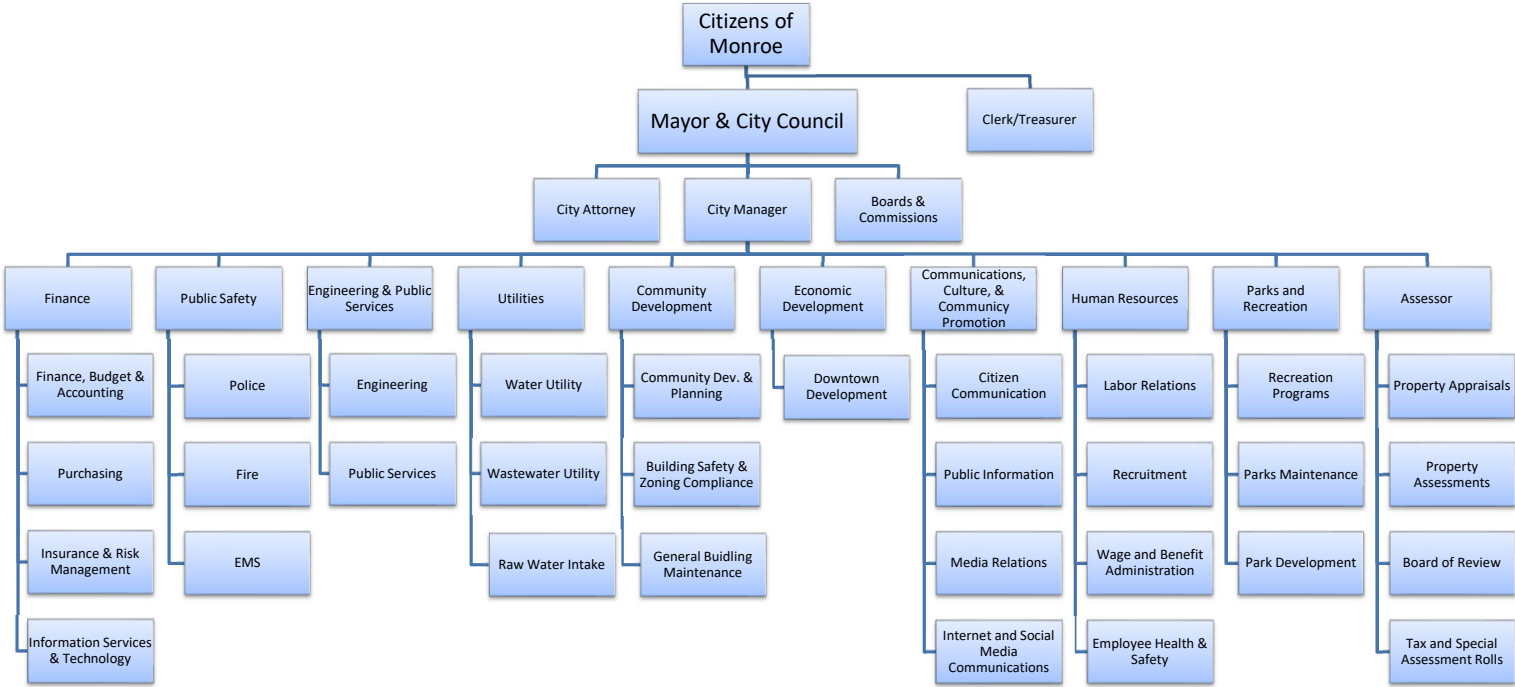
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

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
Public Safety Director	Chad Tolstedt
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	Paula Smith
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.

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## Financial Section

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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, 2021 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 46 percent, 86 percent, and 57 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2021 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.

To the City Council  
City of Monroe, Michigan

### ***Emphasis of Matters***

As discussed in Note 1 to the financial statements, in 2021, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which gives guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this 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 6 percent, or \$13,678,699, of the pension and other employee benefit trust funds' net position at June 30, 2021. 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.

To the City Council  
City of Monroe, Michigan

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 on our consideration of the City of Monroe, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Monroe, Michigan's internal control over financial reporting and compliance.

*Plante & Moreau, PLLC*

December 8, 2021

As management of the City of Monroe, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2021.

### ***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 the custodial tax collection fund.

**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, 2021:

- 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, increased only 0.19 percent, from \$16.9 million to \$17.0 million.
- Reimbursements from the State of Michigan for personal property tax exemptions were received for the fourth time in the amount of \$1.47 million, an increase of \$26,000. The initial budget for the 2021 fiscal year for this revenue source was \$1.354 million. 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:

<u>Fiscal Years Ended</u>	<u>100% Reimbursement</u>	<u>Total Funding Received</u>
June 30, 2021	\$ 753,776	\$ 1,470,887
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.

Management's Discussion and Analysis (Continued)

- The shared sales tax portion of state-shared revenue, our second largest revenue source, increased 14.2 percent from the previous year. The revenue source increased by \$292,629 to \$2,347,329. The initial budget had projected \$2,210,000 based on initial State of Michigan budget projections and was amended to \$2,290,000. The increase from budgeted projections was due to overall sales tax collection increases due to the economic recovery from 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:

<u>Fiscal Years Ended</u>	<u>Amount</u>
September 30, 2021	\$ 2,347,329
September 30, 2020	2,054,700
September 30, 2019	2,102,305
September 30, 2018	2,024,255
September 30, 2017	1,963,333

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.

- Due to the implementation of GASB 84 regarding fiduciary activities, the cemetery is now reported as a General Fund department, and the fund balance associated with the activity is reported as a committed fund balance. Total fund balance for the General Fund (which now includes the City's Budget Stabilization Fund under GASB Statement No. 54) increased \$653,180 to \$9,619,184. The following factors contributed to the increase and the changes in the different classifications of fund balance:
  - As previously mentioned, the cemetery is now reported in the General Fund. This increased fund balance \$533,851.
  - The remaining fund balance increase of \$119,329 will be spent in the next fiscal year on encumbered items (\$62,281) and demolitions related to the national park property acquisition under the Department of Natural Resources Trust Fund grant (\$57,048).
- The total pension liability increased to \$162,331,604 from \$158,853,417 the previous year. The plan was 102 percent funded due to a fiduciary net position of \$164,820,348.
- The total OPEB liability decreased by \$20,831,185 to \$45,100,136. The plan was 170 percent funded due to a fiduciary net position of \$76,631,977. The large decrease in the liability is due to converting Medicare-eligible retirees to a Medicare Advantage plan in October 2020.
- The City increased the number of approved full-time equivalent positions budgeted from 180.92 to 183.32 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled \$15.8 million. Of this amount, \$2.5 million was due to water mains installed Raisinville Townships of which the City has now taken ownership, and, including that amount, \$5.2 million was expended on infrastructure-type assets. The capital projects also included \$2.5 million in improvements at the River Raisin National Battlefield Visitor Center.
- Investment income saw a substantial decrease of \$638,873, to \$48,651, during the year with interest rates 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 increased by \$29.1 million to \$67.7 million due to the net OPEB and pension assets.
- Total net position related to the City's business-type activities increased by \$13.7 million to \$120.4 million due to the net OPEB and pension assets.
- The City settled a tax appeal with its largest taxpayer, DTE Energy, in May 2020. A refund of approximately \$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.
- The City received \$5.7 million in American Rescue Plan Act funding and expects to receive the second payment in the same amount in May 2022.
- A refunding bond was issued in October 2020 to take advantage of the low interest rate environment. A total of \$7.98 million in bonds were refunded at a net present value savings of \$887,217, or 11.12 percent.
- GASB 84 was implemented as previously mentioned. This resulted in the Tax Collection custodial fund reporting revenue and expenditures in the amount of \$26.9 million representing taxes collected for and distributed to other units of government.

### 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 \$188,182,759 at the close of the most recent fiscal year.

### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 76,883,310	\$ 40,949,453	\$ 27,167,650	\$ 17,921,500	\$ 104,050,960	\$ 58,870,953
Capital assets	78,949,698	73,583,787	151,902,749	150,475,745	230,852,447	224,059,532
Total assets	155,833,008	114,533,240	179,070,399	168,397,245	334,903,407	282,930,485
<b>Deferred Outflows of Resources</b>	1,749,338	1,895,447	523,131	756,375	2,272,469	2,651,822
<b>Liabilities</b>						
Current liabilities	10,507,438	4,544,793	1,090,797	1,717,022	11,598,235	6,261,815
Noncurrent liabilities	39,530,305	56,653,509	53,156,183	60,582,238	92,686,488	117,235,747
Total liabilities	50,037,743	61,198,302	54,246,980	62,299,260	104,284,723	123,497,562
<b>Deferred Inflows of Resources</b>	39,805,144	17,197,253	4,903,250	118,829	44,708,394	17,316,082
<b>Net Position</b>						
Net investment in capital assets	62,609,327	56,521,355	107,034,135	102,684,428	169,643,462	159,205,783
Restricted	3,196,729	3,978,604	-	-	3,196,729	3,978,604
Unrestricted	1,933,403	(22,466,827)	13,409,165	4,051,103	15,342,568	(18,415,724)
Total net position	<b>\$ 67,739,459</b>	<b>\$ 38,033,132</b>	<b>\$ 120,443,300</b>	<b>\$ 106,735,531</b>	<b>\$ 188,182,759</b>	<b>\$ 144,768,663</b>

The City's combined net position increased by 30 percent from a year ago, increasing from \$144.8 million to \$188.1 million. The primary factor causing this increase were the conversion of the net liabilities for pension and OPEB to net assets totaling approximately \$34 million.

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 \$24.4 million for governmental activities due primarily to the net pension and OPEB assets previously mentioned. The restricted portion of net position decreased from \$3.9 million to \$3.1 million, primarily due to the use of the streets and highways funds to finance capital projects and the use of refuse funds to finance current operations.

The unrestricted portion of the business-type activities net position increased \$9.35 million primarily due to the net pension and OPEB assets.

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	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 1,203,540	\$ 1,275,751	\$ 20,679,022	\$ 20,495,819	\$ 21,882,562	\$ 21,771,570
Operating grants	3,964,471	2,272,638	332,572	27,683	4,297,043	2,300,321
Capital grants	1,198,602	852,465	2,484,402	7,168,572	3,683,004	8,021,037
General revenue:						
Property taxes	17,025,788	16,993,685	-	-	17,025,788	16,993,685
State-shared revenue and grants	3,797,399	3,475,054	-	-	3,797,399	3,475,054
Investment earnings	30,748	544,899	17,903	142,625	48,651	687,524
Other revenue	5,766,036	1,461,946	142,811	4,947	5,908,847	1,466,893
Total revenue	32,986,584	26,876,438	23,656,710	27,839,646	56,643,294	54,716,084
<b>Expenses</b>						
General government	(1,054,889)	2,562,428	-	-	(1,054,889)	2,562,428
Public safety	(4,356,408)	11,122,855	-	-	(4,356,408)	11,122,855
Public works	5,776,672	9,360,176	-	-	5,776,672	9,360,176
Community and economic development	1,491,201	1,292,079	-	-	1,491,201	1,292,079
Recreation and culture	743,870	1,356,752	-	-	743,870	1,356,752
Debt service	1,204,027	1,202,156	-	-	1,204,027	1,202,156
Water, wastewater, and building authority	-	-	9,948,941	17,086,962	9,948,941	17,086,962
Total expenses	3,804,473	26,896,446	9,948,941	17,086,962	13,753,414	43,983,408
<b>Change in Net Position</b>	29,182,111	(20,008)	13,707,769	10,752,684	42,889,880	10,732,676
<b>Net Position</b> - Beginning of year, as restated	38,557,348	38,053,140	106,735,531	95,982,847	145,292,879	134,035,987
<b>Net Position</b> - End of year	<b>\$ 67,739,459</b>	<b>\$ 38,033,132</b>	<b>\$120,443,300</b>	<b>\$106,735,531</b>	<b>\$188,182,759</b>	<b>\$144,768,663</b>

Revenue for the City as a whole increased \$1.9 million (3.5 percent). Revenue increased in governmental activities but decreased in business-type activities.

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

Revenue Category	2021	2020	Change +/-	% Change
Charges for services	\$ 21,632,536	\$ 21,585,795	\$ 46,741	0.22%
Operating grants and contributions	4,297,043	2,300,321	1,996,722	86.80%
Capital grants and contributions	3,933,030	8,206,812	(4,273,782)	-52.08%
Property taxes	17,025,788	16,993,685	32,103	0.19%
State-shared revenue	3,797,399	3,475,054	322,345	9.28%
Investment income	48,651	687,524	(638,873)	-92.92%
Cable franchise fees	296,952	297,171	(219)	-0.07%
Other miscellaneous income	5,397,769	1,163,379	4,234,390	363.97%
Gain on sale of assets	214,126	6,343	207,783	3275.78%
<b>Total</b>	<b>\$ 56,643,294</b>	<b>\$ 54,716,084</b>	<b>\$ 1,927,210</b>	

Operating grants and contributions increased due to CARES Act funding received through the State of Michigan and increased spending under the CDBG grant program. 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. Other miscellaneous income increased for multiple reasons, including a reimbursement received for the demolition of the former La-Z-Boy headquarters building and some private donations. Gain on sale of assets increased due to the increased sale of city vehicles as we continue to move to a leasing program for vehicles and the sale of one fire truck.

Program expenses for the City as a whole decreased by \$30.2 million. This was largely due to the OPEB cost recovery from the recognition of the net OPEB asset.

The City's total governmental revenue increased by \$6.1 million and governmental program expenses decreased by \$23.1 million primarily due to the items previously mentioned.

### **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 \$13.7 million, or 12.8 percent, in the business-type funds. The increase was primarily due to the conversion of the net pension and OPEB liabilities into assets this fiscal year and capital contributions from other governments.

### **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.

Management's Discussion and Analysis (Continued)

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 public safety services, which incurred expenses of approximately \$9.13 million, or 44 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 \$21,714,236, or 5.7 percent below budget. A total of \$907,000 in budgeted expenditures related to the grant used to acquire national battlefield park properties and demolitions of those properties remained unspent. In addition to this amount, certain items that were budgeted will be expended in future years. A total of \$62,445 was encumbered at the fiscal year end, and the budget amount will be transferred to the 2022 fiscal year. Additionally, approximately \$57,000 in demolition budget will be transferred to the 2021-22 fiscal year.

A report of the General Fund expenditures follows:

	Original Budget	Amended Budget	Actual	Favorable Variance with Amended Budget
City Council	\$ 152,934	\$ 142,696	\$ 135,665	\$ 7,031
City manager	320,920	309,831	307,315	2,516
Finance	484,924	479,076	473,329	5,747
Clerk/Treasurer	438,777	422,219	413,163	9,056
Assessor	360,954	332,601	311,654	20,947
Communications, culture, and promotion	140,597	142,400	133,989	8,411
City hall grounds	323,299	300,097	269,503	30,594
Attorney	142,760	146,760	146,743	17
Elections	45,288	87,965	78,317	9,648
Human resources	281,952	416,642	416,428	214
Engineering	249,546	343,708	343,705	3
Police	758,282	823,599	815,281	8,318
Fire	360,639	406,272	360,328	45,944
Zoning/Code enforcement	309,306	522,424	364,150	158,274
Public safety division personnel	7,980,606	7,692,109	7,691,446	663
Public works	1,921,003	1,994,993	1,994,098	895
Port of Monroe operations	400,000	400,000	400,000	-
Community and economic development	495,864	2,056,622	1,120,661	935,961
Library	65,000	65,000	65,000	-
Parks and recreation	1,525,988	1,408,653	1,355,085	53,568
Public access TV	150,000	148,500	148,476	24
Social services	156,000	168,900	162,986	5,914
Contingencies	147,888	-	-	-
Debt service	1,855,590	1,855,760	1,855,760	-
Transfers out	1,229,506	2,351,154	2,351,154	-
<b>Total</b>	<b>\$ 20,297,623</b>	<b>\$ 23,017,981</b>	<b>\$ 21,714,236</b>	<b>\$ 1,303,745</b>

**Management's Discussion and Analysis (Continued)**

The original budget of \$20,297,623 was increased to \$23,017,981 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 \$1.56 million
- Carryforward of \$167,488 for demolition costs related to the aforementioned grant
- Allocation of \$348,000 from unassigned fund balance for the Labor Park improvement capital project
- Increase in elections budget by \$42,677 related to additional requirement due to the pandemic
- Increase the human resources budget by \$134,690 for increased costs of labor negotiations
- Increase the engineering budget by \$94,162 for reduced labor allocations to other funding sources, such as capital projects
- Increase in public works by \$73,990 for reduced labor allocation to other funding sources, such as street maintenance
- Increased the transfer out to the Capital Project Fund for future capital projects in the amount of \$1.122 million

Revenue in total came in under budget by \$1,184,417, or 5.1 percent. This was primarily due to \$1.264 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 \$364,000 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 not change and stay at \$8,966,004. The actual fund balance increased by \$653,180 to \$9,619,184. Of the fund balance amount, \$62,446 is assigned for encumbered items, \$2,200,000 is assigned for future budget stabilization due to future reductions in property tax revenue, \$2,000,000 is committed for budget stabilization purposes, and \$533,851 is committed for cemetery operations and perpetual care. The fund balance figure also includes a nonliquid real estate inventory asset in the amount of \$1,070,164 and prepaid assets that are nonspendable in the amount of \$26,025. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is \$3,726,698. That amount represents about 19 percent of the General Fund adopted budget for fiscal year 2022, 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 2021, the City had \$230,852,447 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to \$92,686,488. Capital projects completed or in progress during fiscal year 2021 include continuation of the property acquisition program for the expansion of the River Raisin Battlefield National Park; the resurfacing and/or reconstruction projects on Harrison Street, North Dixie Highway, Ternes Industrial Park Streets, Toll Street, West 4th Street, Sacket Avenue, and other; former La-Z-Boy site infrastructure; Labor Park improvements; kitchen upgrade and other interior improvements at the Opportunity Center; alley reconstruction-3rd to 1st Street; Mason Run sidewalk installation; water distribution and filtration system improvements; continued sanitary sewer rehabilitation; and many others.

The City had five new debt issues during the 2020-21 fiscal year. The following table displays the new debt issue details:

Issue Name	Issue Type	Principal	Term	Interest Rate
Multifunction Printer Capital Lease	Lease	\$ 10,749	63 months	7.8310%
2020 Refunding	Refunding Bond	7,180,000	12.5 years	1.3094%
Michigan Transportation Fund Bond	MTF Bond	1,385,000	7 years	1.0313%
Wastewater Vactor	Installment Purchase Agreement	463,085	6 years	2.65%
Public Services Swap Loader	Installment Purchase Agreement	369,703	5 years	1.83%

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. In 2021, Standard & Poor's reduced the City's rating to A+.

The City is currently using 60.98 percent of its available debt margin of \$109,173,581. Debt service made up 8.4 percent of total General Fund expenditures for fiscal year 2021. Bonded debt and other long-term obligations were decreased by \$4,277,192 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 has improved since then and is slightly higher than the Michigan rate:

Years Ended June 30	County	Michigan
2021	6.20 %	5.30 %
2020	13.40	15.00
2019	4.20	4.40
2018	4.40	4.30
2017	4.30	4.00

The unemployment rate had decreased to 5.3 percent at the end of October 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 has been installed for mixed commercial/residential development. Development is expected to begin the spring of 2022. Other commercial and industrial developments are also occurring.

The City's budget was developed over a three-year period for the 2021-22 fiscal year, with the General Fund being projected over a five-year period. The 2021-22 budget was adopted by the City Council, and the budget document and process included projections for the 2021 2022 through 2025-26 fiscal years. The City's fiscal year 2020-21 General Fund budget increased when compared to the 2020-21 original budget. The adopted revenue and expenditures for 2021-22 as compared to the 2020-21 adopted budget are as follows:

	June 30, 2021	June 30, 2022	Decrease	% Change
Revenue	\$ 20,297,623	\$ 19,572,216	\$ 725,407	(3.57)%
Expenditures	20,297,623	19,572,216	725,407	(3.57)%

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

	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026
Revenue	\$ 20,135,482	\$ 19,654,748	\$ 19,740,025	\$ 20,127,472
Expenditures	20,135,482	20,226,253	20,505,158	20,847,935
Difference	\$ -	\$ (571,505)	\$ (765,133)	\$ (720,463)

The 2022 budget was adopted with revenue equaling expenditures. The City settled a large property tax appeal in May 2020. 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 \$2.2 million in it for the effect of the appeal. In the fiscal years 2023-2024 through 2025-2026, 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 has developed 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 budget process for 2022-2023 will include the City's plan and the deficits are expected to be eliminated.

The first quarterly review of the 2021-22 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.

The budget currently funds 182.07 full-time equivalent (FTE) positions. This is a slight decrease from the previous year total of 183.32. Apprentice electrician in the water operations and moving an economic development position to part time were the primary reasons for the decrease. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included \$843,500 budgeted for capital projects. This is a decrease from the prior year amount of \$1,363,500, but surplus funding from personal property tax reimbursements has not been budgeted for capital projects yet as it was in the previous year. When this is added back in, the amounts will be comparable.

For fiscal year 2022, taxable value decreased in total by 0.51 percent. Residential ad valorem real property taxable values actually increased by 3.22 percent for the 2022 fiscal year, and the commercial sector increased by 6.0 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 2022-23 fiscal year will be 3.3 percent due to overall economic inflationary increases. This means that the recovery in the taxable value of city properties will take a significant amount of time. 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 2022 at \$775,529. A new actuarial valuation was completed as of December 31, 2020. The valuation reports that the plan is 143.3 percent funded and the ADC is zero. The overall actuarial accrued liability was reduced to \$45 million. The City does not expect to make an employer contribution to the plan after the 2021-22 fiscal year.

Interest rates for investing 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 3 - 20 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, 2021 for 2022.

The primary factor affecting the City's 2022 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 44 percent for the 2021-22 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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 43,888,026	\$ 10,542,449	\$ 54,430,475	\$ 4,996,682
Receivables:				
Property taxes receivable	1,211,005	28,498	1,239,503	-
Special assessments receivable	38,298	45,582	83,880	-
Customer receivables	13,876	3,264,181	3,278,057	72,078
Accrued interest receivable	6,800	1,580	8,380	66
Due from fiduciary funds	65,719	-	65,719	-
Other receivables	512,741	144,688	657,429	20,929
Due from other governmental units	1,316,535	109,830	1,426,365	-
Economic development loans receivable	25,000	-	25,000	-
Advances to component units (Note 6)	1,370,909	46,736	1,417,645	-
Real estate inventory	1,070,164	-	1,070,164	15,836
Prepays and other assets	528,285	915,029	1,443,314	97,786
Restricted assets (Note 1)	986,467	-	986,467	1,618,643
Investment in joint ventures (Note 12)	-	3,897,977	3,897,977	-
Net pension asset (Note 9)	2,083,099	405,645	2,488,744	-
Net OPEB asset (Note 10)	23,766,386	7,765,455	31,531,841	-
Capital assets: (Note 5)				
Assets not subject to depreciation	12,353,391	1,669,749	14,023,140	5,025,507
Assets subject to depreciation - Net	66,596,307	150,233,000	216,829,307	9,076,804
<b>Total assets</b>	<b>155,833,008</b>	<b>179,070,399</b>	<b>334,903,407</b>	<b>20,924,331</b>
<b>Deferred Outflows of Resources (Note 4)</b>	<b>1,749,338</b>	<b>523,131</b>	<b>2,272,469</b>	<b>265,081</b>
<b>Liabilities</b>				
Accounts payable	1,724,547	472,962	2,197,509	363,169
Due to other governmental units	30	13,889	13,919	10,195
Refundable deposits, bonds, etc.	22,860	73,563	96,423	-
Accrued liabilities and other	1,181,639	417,007	1,598,646	429,741
Unearned revenue	7,578,362	113,376	7,691,738	10,459
Advances from primary government (Note 6)	-	-	-	1,417,645
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	222,766	348,344	571,110	-
Current portion of long-term debt (Note 7)	2,894,364	3,812,447	6,706,811	242,952
Due in more than one year:				
Compensated absences (Note 7)	810,450	-	810,450	-
Environmental liabilities	-	-	-	1,102,818
Net pension liability (Note 9)	-	-	-	1,497,756
Long-term debt - Net of current portion (Note 7)	35,602,725	48,995,392	84,598,117	6,758,202
<b>Total liabilities</b>	<b>50,037,743</b>	<b>54,246,980</b>	<b>104,284,723</b>	<b>11,832,937</b>
<b>Deferred Inflows of Resources (Note 4)</b>	<b>39,805,144</b>	<b>4,903,250</b>	<b>44,708,394</b>	<b>6,378</b>
<b>Net Position</b>				
Net investment in capital assets	62,609,327	107,034,135	169,643,462	12,242,105
Restricted:				
Streets and highways	1,415,025	-	1,415,025	-
Debt service	1,265,801	-	1,265,801	-
Rubbish	207,461	-	207,461	-
Grants	138,705	-	138,705	-
Drug forfeiture	72,076	-	72,076	-
Code enforcement	97,661	-	97,661	-
Health insurance and construction projects	-	-	-	558,219
Unrestricted	1,933,403	13,409,165	15,342,568	(3,450,227)
<b>Total net position</b>	<b>\$ 67,739,459</b>	<b>\$ 120,443,300</b>	<b>\$ 188,182,759</b>	<b>\$ 9,350,097</b>

## City of Monroe, Michigan

Functions/Programs	Expenses	Expenses - OPEB Cost Recovery	Program Revenue		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	\$ 2,004,482	\$ (3,059,371)	\$ 140,525	\$ 27,687	\$ -
Public safety	6,802,088	(11,158,496)	187,379	860,392	2,400
Public works	8,663,235	(2,886,563)	850,963	2,522,196	81,001
Community and economic development	1,684,397	(193,196)	-	554,196	1,115,201
Recreation and culture	1,420,771	(676,901)	24,673	-	-
Interest on long-term debt	1,204,027	-	-	-	-
Total governmental activities	21,779,000	(17,974,527)	1,203,540	3,964,471	1,198,602
Business-type activities:					
Water	8,522,156	(3,412,940)	10,137,345	-	2,484,402
Wastewater	7,910,088	(3,075,293)	10,541,677	-	-
Building Authority	4,930	-	-	332,572	-
Total business-type activities	16,437,174	(6,488,233)	20,679,022	332,572	2,484,402
Total primary government	<b>\$ 38,216,174</b>	<b>\$ (24,462,760)</b>	<b>\$ 21,882,562</b>	<b>\$ 4,297,043</b>	<b>\$ 3,683,004</b>
Component units:					
Port of Monroe	\$ 1,322,152	\$ -	\$ 529,403	\$ -	\$ 133,184
Downtown Development Authority	190,286	-	-	-	-
Brownfield Redevelopment Authority	1,794,285	-	-	-	-
Monroe Housing Commission (Balances reported as of September 30, 2020)	2,893,407	-	848,254	565,154	1,024,197
Total component units	<b>\$ 6,200,130</b>	<b>\$ -</b>	<b>\$ 1,377,657</b>	<b>\$ 565,154</b>	<b>\$ 1,157,381</b>
General revenue:					
Taxes - Property taxes					
Unrestricted state-shared revenue and grants					
Unrestricted investment income					
Cable franchise fees					
Gain on sale of capital assets					
Income from joint venture (not directly allocated)					
Other miscellaneous income					
Total general revenue					
<b>Change in Net Position</b>					
<b>Net Position - Beginning of year, as restated (Note 1)</b>					
<b>Net Position - End of year</b>					

# Statement of Activities

Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 1,223,101	\$ -	\$ 1,223,101	\$ -
5,406,579	-	5,406,579	-
(2,322,512)	-	(2,322,512)	-
178,196	-	178,196	-
(719,197)	-	(719,197)	-
(1,204,027)	-	(1,204,027)	-
2,562,140	-	2,562,140	-
-	7,512,531	7,512,531	-
-	5,706,882	5,706,882	-
-	327,642	327,642	-
-	13,547,055	13,547,055	-
2,562,140	13,547,055	16,109,195	-
-	-	-	(659,565)
-	-	-	(190,286)
-	-	-	(1,794,285)
-	-	-	(455,802)
-	-	-	(3,099,938)
17,025,788	-	17,025,788	1,204,048
3,797,399	-	3,797,399	35,961
30,748	17,903	48,651	79,472
296,952	-	296,952	-
72,086	142,040	214,126	35,550
-	771	771	-
5,396,998	-	5,396,998	110,713
26,619,971	160,714	26,780,685	1,465,744
29,182,111	13,707,769	42,889,880	(1,634,194)
38,557,348	106,735,531	145,292,879	10,984,291
<b>\$ 67,739,459</b>	<b>\$ 120,443,300</b>	<b>\$ 188,182,759</b>	<b>\$ 9,350,097</b>

Governmental Funds  
Balance Sheet

June 30, 2021

	General Fund	American Rescue Plan Act Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 19,543,226	\$ 5,702,926	\$ 1,023,062	\$ 3,341,313	\$ 7,554,506	\$ 37,165,033
Investments	2,797,667	-	-	-	-	2,797,667
Receivables	1,929,892	-	32,056	71,185	897,711	2,930,844
Advances to component units	270,000	-	-	-	1,100,909	1,370,909
Real estate inventory	1,070,164	-	-	-	-	1,070,164
Prepays and other assets	26,025	-	-	7,288	58,735	92,048
Restricted assets (Note 1)	-	-	-	20,342	966,125	986,467
<b>Total assets</b>	<b>\$ 25,636,974</b>	<b>\$ 5,702,926</b>	<b>\$ 1,055,118</b>	<b>\$ 3,440,128</b>	<b>\$ 10,577,986</b>	<b>\$ 46,413,132</b>
<b>Liabilities</b>						
Accounts payable	\$ 469,804	\$ -	\$ 120	\$ 302,055	\$ 650,762	\$ 1,422,741
Due to other governmental units	-	-	-	-	30	30
Refundable deposits, bonds, etc.	7,860	-	-	-	15,000	22,860
Accrued liabilities and other	603,882	-	-	113	29,694	633,689
Unearned revenue	11,650	5,702,762	-	-	1,860,494	7,574,906
<b>Total liabilities</b>	<b>1,093,196</b>	<b>5,702,762</b>	<b>120</b>	<b>302,168</b>	<b>2,555,980</b>	<b>9,654,226</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue (Note 4)	503,397	-	4,327	49,907	181,510	739,141
Property taxes levied for the following year (Note 4)	14,421,197	-	500,251	-	4,315,395	19,236,843
<b>Total deferred inflows of resources</b>	<b>14,924,594</b>	<b>-</b>	<b>504,578</b>	<b>49,907</b>	<b>4,496,905</b>	<b>19,975,984</b>
<b>Fund Balances (Note 16)</b>						
Nonspendable	1,096,189	-	-	7,288	58,735	1,162,212
Restricted	-	164	550,420	-	3,261,675	3,812,259
Committed	2,533,851	-	-	3,080,765	193,614	5,808,230
Assigned	2,262,446	-	-	-	11,077	2,273,523
Unassigned	3,726,698	-	-	-	-	3,726,698
<b>Total fund balances</b>	<b>9,619,184</b>	<b>164</b>	<b>550,420</b>	<b>3,088,053</b>	<b>3,525,101</b>	<b>16,782,922</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,636,974</b>	<b>\$ 5,702,926</b>	<b>\$ 1,055,118</b>	<b>\$ 3,440,128</b>	<b>\$ 10,577,986</b>	<b>\$ 46,413,132</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2021**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 16,782,922</b>
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	75,450,609
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	739,141
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(37,306,258)
Accrued interest is not due and payable in the current period and is not reported in the funds	(219,755)
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 or assets:	
Employee compensated absences	(1,013,063)
Pension benefits	(9,933,582)
Retiree health care benefits	<u>16,355,021</u>
Total employee fringe benefits not reported as fund liabilities	5,408,376
Internal service funds are included as part of governmental activities	<u>6,884,424</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 67,739,459</u></u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	American Rescue Plan Act Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Property taxes	\$ 14,459,051	\$ -	\$ 493,819	\$ -	\$ 2,065,684	\$ 17,018,554
Special assessments	-	-	-	15,924	-	15,924
State-shared revenue and grants	5,121,878	-	20,903	-	3,930,490	9,073,271
Charges for services	271,414	-	-	-	122,460	393,874
Fines and forfeitures	25,804	-	-	-	3,548	29,352
Licenses and permits	350,637	-	-	-	548,251	898,888
Interest and rentals	73,414	164	1,249	1,461	569,867	646,155
Other revenue	367,555	-	121,490	1,423,701	47,743	1,960,489
<b>Total revenue</b>	<b>20,669,753</b>	<b>164</b>	<b>637,461</b>	<b>1,441,086</b>	<b>7,288,043</b>	<b>30,036,507</b>
<b>Expenditures</b>						
Current services:						
General government	2,079,546	-	141	-	-	2,079,687
Public safety	9,128,595	-	-	3,350	92,254	9,224,199
Public works	2,466,313	-	-	75,447	3,574,116	6,115,876
Community and economic development	1,120,661	-	-	770,128	201,041	2,091,830
Recreation and culture	1,731,417	-	-	1,251,804	-	2,983,221
Capital outlay	-	-	-	1,348,085	3,199,739	4,547,824
Debt service	1,725,189	-	3,820,458	-	1,393,118	6,938,765
<b>Total expenditures</b>	<b>18,251,721</b>	<b>-</b>	<b>3,820,599</b>	<b>3,448,814</b>	<b>8,460,268</b>	<b>33,981,402</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,418,032</b>	<b>164</b>	<b>(3,183,138)</b>	<b>(2,007,728)</b>	<b>(1,172,225)</b>	<b>(3,944,895)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	70,653	2,751,014	1,527,122	4,348,789
Transfers out	(2,293,154)	-	-	-	(2,055,635)	(4,348,789)
New debt issued	-	-	2,700,000	-	1,385,000	4,085,000
Debt premium or discount	-	-	425,039	-	116,783	541,822
Sale of capital assets	4,086	-	-	68,000	-	72,086
<b>Total other financing (uses) sources</b>	<b>(2,289,068)</b>	<b>-</b>	<b>3,195,692</b>	<b>2,819,014</b>	<b>973,270</b>	<b>4,698,908</b>
<b>Net Change in Fund Balances</b>	<b>128,964</b>	<b>164</b>	<b>12,554</b>	<b>811,286</b>	<b>(198,955)</b>	<b>754,013</b>
<b>Fund Balances - Beginning of year, as restated (Note 1)</b>	<b>9,490,220</b>	<b>-</b>	<b>537,866</b>	<b>2,276,767</b>	<b>3,724,056</b>	<b>16,028,909</b>
<b>Fund Balances - End of year</b>	<b>\$ 9,619,184</b>	<b>\$ 164</b>	<b>\$ 550,420</b>	<b>\$ 3,088,053</b>	<b>\$ 3,525,101</b>	<b>\$ 16,782,922</b>

**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, 2021**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 754,013</b>
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:	
Capital outlay	6,804,557
Depreciation expense	(4,368,789)
Contributed capital	<u>2,477,281</u>
Total	4,913,049
Loss on the disposal of assets reported in the statement of activities does not represent a decrease in current resources and is not reported in the governmental funds	(145,387)
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	(30,073)
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(4,626,822)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	5,782,990
OPEB-related expenses and expense recoveries do not require the use of current resources and, therefore, are not reported in the fund statements	17,482,421
Pension-related expenses and expense recoveries do not require the use of current resources and, therefore, are not reported in the fund statements	3,131,445
Increase in accumulated employee sick and vacation pay is recorded in the statement of activities	21,138
Interest expense is recognized in the government-wide statements as it accrues	29,715
Internal service funds are included as part of governmental activities	<u>1,869,622</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 29,182,111</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2021

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total Enterprise Funds	Proprietary Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 4,845,080	\$ 5,587,578	\$ 109,791	\$ 10,542,449	\$ 3,925,326
Receivables:					
Property taxes receivable	18,847	9,651	-	28,498	-
Special assessments receivable	20,324	25,258	-	45,582	-
Customer receivables	1,759,860	1,504,321	-	3,264,181	-
Accrued interest receivable	322	1,258	-	1,580	244
Due from fiduciary funds	-	-	-	-	65,719
Other receivables	132,892	11,796	-	144,688	193,167
Due from other governmental units	108,766	1,064	-	109,830	-
Advances to component units	-	46,736	-	46,736	-
Prepays and other assets	19,185	895,844	-	915,029	436,237
Total current assets	6,905,276	8,083,506	109,791	15,098,573	4,620,693
Noncurrent assets:					
Investment in joint ventures (Note 12)	-	3,897,977	-	3,897,977	-
Net pension asset	187,947	217,698	-	405,645	28,197
Net OPEB asset	3,650,855	4,114,600	-	7,765,455	1,035,960
Capital assets: (Note 5)					
Assets not subject to depreciation	407,491	907,967	354,291	1,669,749	4,650
Assets subject to depreciation - Net	60,699,857	89,205,210	327,933	150,233,000	3,494,439
Total noncurrent assets	64,946,150	98,343,452	682,224	163,971,826	4,563,246
Total assets	71,851,426	106,426,958	792,015	179,070,399	9,183,939
<b>Deferred Outflows of Resources</b> (Note 4)	166,479	356,652	-	523,131	27,775
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	292,081	180,881	-	472,962	301,806
Due to other governmental units	-	13,889	-	13,889	-
Refundable deposits, bonds, etc.	-	73,563	-	73,563	-
Accrued liabilities and other	248,295	168,712	-	417,007	328,195
Unearned revenue	-	3,585	109,791	113,376	3,456
Compensated absences	176,197	172,147	-	348,344	20,153
Current portion of long-term debt (Note 7)	2,616,961	1,195,486	-	3,812,447	135,052
Total current liabilities	3,333,534	1,808,263	109,791	5,251,588	788,662
Noncurrent liabilities - Long-term debt - Net of current portion	33,285,005	15,710,387	-	48,995,392	1,055,779
Total liabilities	36,618,539	17,518,650	109,791	54,246,980	1,844,441
<b>Deferred Inflows of Resources</b> (Note 4)	2,286,961	2,616,289	-	4,903,250	482,849
<b>Net Position</b>					
Net investment in capital assets	29,211,073	77,140,838	682,224	107,034,135	2,762,835
Unrestricted	3,901,332	9,507,833	-	13,409,165	4,121,589
Total net position	\$ 33,112,405	\$ 86,648,671	\$ 682,224	\$ 120,443,300	\$ 6,884,424

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2021

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
<b>Operating Revenue</b>					
Sale of water	\$ -	\$ 8,944,620	\$ -	\$ 8,944,620	\$ -
Sewage disposal charges	10,099,593	-	-	10,099,593	-
Other charges for services	442,084	1,192,725	-	1,634,809	635,343
Charges to other funds	-	-	-	-	4,643,852
Total operating revenue	10,541,677	10,137,345	-	20,679,022	5,279,195
<b>Operating Expenses</b>					
Operations and maintenance	1,468,486	761,361	4,930	2,234,777	3,106,855
Direct cost of providing service	746,029	1,476,924	-	2,222,953	-
Depreciation	1,737,737	2,330,636	-	4,068,373	462,813
Total operating expenses	3,952,252	4,568,921	4,930	8,526,103	3,569,668
<b>Operating Income (Loss)</b>	6,589,425	5,568,424	(4,930)	12,152,919	1,709,527
<b>Nonoperating Revenue (Expense)</b>					
Investment income	4,699	12,913	291	17,903	2,483
Income from joint venture	-	771	-	771	-
Interest expense	(882,543)	(540,295)	-	(1,422,838)	(29,734)
Gain on sale of assets	130,000	12,040	-	142,040	187,346
Grants	-	-	332,572	332,572	-
Total nonoperating (expense) revenue	(747,844)	(514,571)	332,863	(929,552)	160,095
<b>Income - Before capital contributions</b>	5,841,581	5,053,853	327,933	11,223,367	1,869,622
<b>Capital Contributions - Lines donated by developers</b>	-	2,484,402	-	2,484,402	-
<b>Change in Net Position</b>	5,841,581	7,538,255	327,933	13,707,769	1,869,622
<b>Net Position - Beginning of year</b>	27,270,824	79,110,416	354,291	106,735,531	5,014,802
<b>Net Position - End of year</b>	<u>\$ 33,112,405</u>	<u>\$ 86,648,671</u>	<u>\$ 682,224</u>	<u>\$ 120,443,300</u>	<u>\$ 6,884,424</u>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2021

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 11,598,822	\$ 10,273,158	\$ -	\$ 21,871,980	\$ 4,781,731
Payments to suppliers	(3,703,473)	(3,212,152)	(24,938)	(6,940,563)	(3,576,477)
Payments to employees and fringes	(2,290,316)	(2,164,370)	-	(4,454,686)	(420,069)
Other receipts	-	75,705	6,500	82,205	22,929
Net cash and cash equivalents provided by (used in) operating activities	5,605,033	4,972,341	(18,438)	10,558,936	808,114
<b>Cash Flows from Noncapital Financing Activities</b> - Principal and interest paid on OPEB bonds	(320,600)	(301,655)	-	(622,255)	(36,770)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from issuance of debt	463,085	5,133,128	-	5,596,213	380,452
Special assessment collections	5,122	1,007	-	6,129	-
Proceeds from sale and disposal of capital assets	130,000	12,040	-	142,040	234,752
Purchase of capital assets	(1,205,483)	(1,477,559)	(327,933)	(3,010,975)	(1,108,468)
Principal and interest paid on capital debt	(3,151,284)	(7,086,812)	-	(10,238,096)	(115,744)
Net cash and cash equivalents used in capital and related financing activities	(3,758,560)	(3,418,196)	(327,933)	(7,504,689)	(609,008)
<b>Cash Flows from Investing Activities</b>					
Interest received on investments	4,644	12,606	291	17,541	2,251
Proceeds from sale and maturities of investment securities	405,175	910,675	-	1,315,850	-
Net cash and cash equivalents provided by investing activities	409,819	923,281	291	1,333,391	2,251
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,935,692	2,175,771	(346,080)	3,765,383	164,587
<b>Cash and Cash Equivalents - Beginning of year</b>	2,709,466	2,910,784	455,871	6,076,121	3,760,739
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 4,645,158</b>	<b>\$ 5,086,555</b>	<b>\$ 109,791</b>	<b>\$ 9,841,504</b>	<b>\$ 3,925,326</b>
<b>Classification of Cash and Cash Equivalents</b>					
Cash and investments	\$ 4,845,080	\$ 5,587,578	\$ 109,791	\$ 10,542,449	\$ 3,925,326
Less amounts classified as investments	(199,922)	(501,023)	-	(700,945)	-
Total cash and cash equivalents	<b>\$ 4,645,158</b>	<b>\$ 5,086,555</b>	<b>\$ 109,791</b>	<b>\$ 9,841,504</b>	<b>\$ 3,925,326</b>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2021

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 6,589,425	\$ 5,568,424	\$ (4,930)	\$ 12,152,919	\$ 1,709,527
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,737,737	2,330,636	-	4,068,373	462,813
Changes in assets and liabilities:					
Receivables	1,057,145	211,518	6,500	1,275,163	(74,733)
Inventories	-	120,196	-	120,196	-
Prepaid and other assets	(17,162)	(8,710)	-	(25,872)	12,119
Net pension or OPEB asset	-	-	-	-	(334,909)
Accounts payable	(283,144)	(160)	(20,008)	(303,312)	(492,566)
Accrued and other liabilities	4,687	555,982	-	560,669	(1,902)
Net OPEB and pension liabilities	(3,483,655)	(3,805,545)	-	(7,289,200)	(472,235)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 5,605,033</u>	<u>\$ 4,972,341</u>	<u>\$ (18,438)</u>	<u>\$ 10,558,936</u>	<u>\$ 808,114</u>
<b>Significant Noncash Transactions</b> - Customer water main installations recorded as water capital assets and a capital contribution at June 30, 2021	\$ -	\$ 2,484,402	\$ -	\$ 2,484,402	\$ -

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Fund	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 52,319	\$ 7,027,410	\$ 7,079,729
Investments:			
U.S. government securities	23,636,698	-	23,636,698
Municipal bonds	3,774,835	-	3,774,835
Equity investments	7,025,781	-	7,025,781
Foreign bonds	3,881,114	-	3,881,114
Stocks	39,842,553	-	39,842,553
Corporate bonds	37,596,151	-	37,596,151
Other investments	12,317,632	-	12,317,632
Foreign stocks	18,795,864	-	18,795,864
Mutual funds	94,634,827	-	94,634,827
Receivables:			
Accrued interest receivable	265,066	-	265,066
Other receivables	400	-	400
Prepaid expenses	9,753	-	9,753
Total assets	241,832,993	7,027,410	248,860,403
<b>Liabilities</b>			
Accounts payable	314,949	-	314,949
Due to other governmental units	-	7,027,410	7,027,410
Advances from primary government	65,719	-	65,719
Total liabilities	380,668	7,027,410	7,408,078
<b>Net Position</b>			
Restricted:			
Restricted for pension	164,820,348	-	164,820,348
Restricted for OPEB	76,631,977	-	76,631,977
Total net position	<u>\$ 241,452,325</u>	<u>\$ -</u>	<u>\$ 241,452,325</u>

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Fund	Total Fiduciary Funds
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 2,742,556	\$ -	\$ 2,742,556
Net increase in fair value of investments	45,780,410	-	45,780,410
Investment-related expenses	(907,128)	-	(907,128)
Net investment income	47,615,838	-	47,615,838
Contributions:			
Employer contributions	2,605,622	-	2,605,622
Employee contributions	613,926	-	613,926
Total contributions	3,219,548	-	3,219,548
Property tax collections	-	26,956,290	26,956,290
Total additions	50,835,386	26,956,290	77,791,676
<b>Deductions</b>			
Benefit payments	13,681,804	-	13,681,804
Refunds of contributions	6,176	-	6,176
Administrative expenses	207,758	-	207,758
Tax distributions to other governments	-	26,956,290	26,956,290
Total deductions	13,895,738	26,956,290	40,852,028
<b>Net Increase in Fiduciary Net Position</b>	36,939,648	-	36,939,648
<b>Net Position - Beginning of year</b>	204,512,677	-	204,512,677
<b>Net Position - End of year</b>	<b>\$ 241,452,325</b>	<b>\$ -</b>	<b>\$ 241,452,325</b>

Component Units  
Statement of Net Position

June 30, 2021

	Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission (Balances Reported as of September 30, 2020)	Total
<b>Assets</b>					
Cash and investments	\$ 567,884	\$ 991,635	\$ 130,398	\$ 3,306,765	\$ 4,996,682
Receivables	-	66	72,078	20,929	93,073
Real estate inventory	-	-	-	15,836	15,836
Prepays and other assets	-	-	31,159	66,627	97,786
Restricted assets	-	1,618,643	-	-	1,618,643
Capital assets: (Note 5)					
Assets not subject to depreciation	-	-	2,847,833	2,177,674	5,025,507
Assets subject to depreciation - Net	-	-	5,060,663	4,016,141	9,076,804
<b>Total assets</b>	<b>567,884</b>	<b>2,610,344</b>	<b>8,142,131</b>	<b>9,603,972</b>	<b>20,924,331</b>
<b>Deferred Outflows of Resources - Pensions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,081</b>	<b>265,081</b>
<b>Liabilities</b>					
Accounts payable	1,670	262,465	57,475	41,559	363,169
Due to other governmental units	-	10,195	-	-	10,195
Accrued liabilities and other	-	-	185,581	244,160	429,741
Unearned revenue	-	-	10,459	-	10,459
Advances from primary government (Note 6)	-	1,137,645	280,000	-	1,417,645
Noncurrent liabilities:					
Due within one year - Current portion of long-term debt (Note 7)	-	134,791	108,161	-	242,952
Due in more than one year:					
Environmental liabilities (Note 15)	-	-	1,102,818	-	1,102,818
Net pension liability	-	-	-	1,497,756	1,497,756
Long-term debt - Net of current portion	-	3,387,514	3,370,688	-	6,758,202
<b>Total liabilities</b>	<b>1,670</b>	<b>4,932,610</b>	<b>5,115,182</b>	<b>1,783,475</b>	<b>11,832,937</b>
<b>Deferred Inflows of Resources - Pensions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,378</b>	<b>6,378</b>
<b>Net Position (Deficit)</b>					
Net investment in capital assets	-	1,618,643	4,429,647	6,193,815	12,242,105
Restricted - Health insurance and construction projects	-	-	-	558,219	558,219
Unrestricted	566,214	(3,940,909)	(1,402,698)	1,327,166	(3,450,227)
<b>Total net position (deficit)</b>	<b>\$ 566,214</b>	<b>\$ (2,322,266)</b>	<b>\$ 3,026,949</b>	<b>\$ 8,079,200</b>	<b>\$ 9,350,097</b>

## City of Monroe, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority	\$ 190,286	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority:				
Public works	1,790,537	-	-	-
Interest on long-term debt	3,748	-	-	-
Total Brownfield Redevelopment Authority	1,794,285	-	-	-
Port of Monroe	1,322,152	529,403	-	133,184
Monroe Housing Commission (Balances reported as of September 30, 2020)	2,893,407	848,254	565,154	1,024,197
Total component units	<b>\$ 6,200,130</b>	<b>\$ 1,377,657</b>	<b>\$ 565,154</b>	<b>\$ 1,157,381</b>

### General revenue:

Property taxes and appropriation from City of Monroe, Michigan  
State-shared revenue  
Investment income  
Gain on sale of capital assets  
Other miscellaneous income

Total general revenue

### Change in Net Position

**Net Position (Deficit)** - Beginning of year

**Net Position (Deficit)** - End of year

Component Units  
Statement of Activities

Year Ended June 30, 2021

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, 2020)	Total
\$ (190,286)	\$ -	\$ -	\$ -	\$ (190,286)
-	(1,790,537)	-	-	(1,790,537)
-	(3,748)	-	-	(3,748)
-	(1,794,285)	-	-	(1,794,285)
-	-	(659,565)	-	(659,565)
-	-	-	(455,802)	(455,802)
(190,286)	(1,794,285)	(659,565)	(455,802)	(3,099,938)
268,139	535,909	400,000	-	1,204,048
11,881	24,080	-	-	35,961
340	935	-	78,197	79,472
-	-	35,550	-	35,550
-	-	-	110,713	110,713
280,360	560,924	435,550	188,910	1,465,744
90,074	(1,233,361)	(224,015)	(266,892)	(1,634,194)
476,140	(1,088,905)	3,250,964	8,346,092	10,984,291
<b>\$ 566,214</b>	<b>\$ (2,322,266)</b>	<b>\$ 3,026,949</b>	<b>\$ 8,079,200</b>	<b>\$ 9,350,097</b>

June 30, 2021

## 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 (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.

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

### Fiduciary Component Units

- 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. The financial statements of the City of Monroe Employees' Retirement System are included in these financial statements as part of the pension and other employee benefit trust fund (a fiduciary fund). Management of the City of Monroe Employees' Retirement System is vested in the pension board, which consists of nine members, including the mayor, the city manager, a member of the City Council, and one retiree and one citizen that are appointed by the City. The remaining four members are appointed by plan members.
- The City of Monroe, Michigan administers the City of Monroe Retiree Health Care 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 part of the pension and other employee benefit trust fund (a fiduciary fund). Management of the City of Monroe Retiree Health Care 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 City of Monroe Retiree Health Care 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.

### Jointly Governed Organization

Jointly governed organizations are discussed in Note 12.

### **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.

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

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 funds as major governmental funds:

- 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.
- The American Recovery Plan Act Fund is used to account for the City's share of funds from the American Rescue Plan Act.
- 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.
- 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.

### **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.

**June 30, 2021****Note 1 - Significant Accounting Policies (Continued)**

- 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 custodial 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.

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.

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

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.

#### **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. Restricted assets in the Brownfield Redevelopment Authority represent unspent bond proceeds from the Series 2021 Tax Increment 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.

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)**

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
Land improvements	10 to 30
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 and dock	7 to 50
Dredging	20
Leachate collection system	7 to 20
Rental buildings	10 to 33
Office buildings	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 and/or balance sheet 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.

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 related to pension and OPEB are explained further in Note 9 and Note 10, respectively.

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.

**June 30, 2021****Note 1 - Significant Accounting Policies (Continued)**

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 related to pension and OPEB are explained further in Note 9 and Note 10, respectively.

**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.

**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.

**June 30, 2021****Note 1 - Significant Accounting Policies (Continued)**

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 2020 property tax revenue was levied and collectible on May 1, 2020 and is recognized as revenue in the year ended June 30, 2021, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the City totaled \$958 million (a portion of which is abated and a portion of which is captured by the Brownfield Redevelopment Authority, DDA, and the Telegraph Corridor Improvement Authority), on which taxes levied consisted of 14.6424 mills for operating purposes, 0.4700 mills for the construction of a new fire station, 1.7020 mills for refuse, 0.0521 for economic development, and 0.520 mills for debt service related to bridge repairs and rehabilitation. This resulted in \$13.7 million for operating, \$440 thousand for the construction of a new fire station, \$1.59 million for refuse, \$49 thousand for economic development, and \$487 thousand for debt service. These amounts are recognized in the respective General, special revenue, and debt service fund financial statements as tax revenue.

**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.

June 30, 2021

**Note 1 - Significant Accounting Policies (Continued)****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 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 ended 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 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.

June 30, 2021

## Note 1 - Significant Accounting Policies (Continued)

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.

### Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the City no longer reports the agency funds in the statement of fiduciary net position. Instead, activities that are custodial in nature are now reported in custodial funds. Additionally, the Cemetery Fund is no longer reported as a fiduciary activity and is now reported as part of the General Fund/governmental activities.

The effect of this new standard on fund balance/net position was as follows:

	Primary Government		Private Purpose
	Governmental Activities	General Fund	Trust Fund - Cemetery
Net position/fund balance - June 30, 2020 - As previously reported	\$ 38,033,132	\$ 8,966,004	\$ 524,216
Adjustment for GASB Statement No. 84 - To change fund type	524,216	524,216	(524,216)
Net position/fund balance - June 30, 2020 - As restated	<u>\$ 38,557,348</u>	<u>\$ 9,490,220</u>	<u>\$ -</u>

## 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.

June 30, 2021

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

- 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.

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, 2021 was \$62,446 in the General Fund and \$1,280,996 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:

- Certain 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, 2021, the Brownfield Redevelopment Authority fund has a deficit in unrestricted net position of \$2,322,266 on a full accrual basis but has a fund balance of \$2,337,684 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, 2021, the Port of Monroe has an unrestricted net position deficit of \$1,402,698. 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.

June 30, 2021

**Note 2 - Stewardship, Compliance, and Accountability (Continued)*****Net Position of Internal Service Funds***

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

Insurance	\$ 319,983
Employee benefits	2,891,086

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 no 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.

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 and allows 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 \$29,194,121 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.

June 30, 2021

### Note 3 - Deposits and Investments (Continued)

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	\$ 24,076,068	\$ 14,205,647	\$ 4,719,760	\$ 5,150,661
Municipal bonds	4,217,547	2,843,036	1,374,511	-
Foreign bonds	3,881,114	3,315,085	566,029	-
Corporate bonds	37,596,151	18,388,940	16,068,328	3,138,883
Commercial paper	1,804,972	1,804,972	-	-
Total	<u>\$ 71,575,852</u>	<u>\$ 40,557,680</u>	<u>\$ 22,728,628</u>	<u>\$ 8,289,544</u>

#### 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, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Investment pool	\$ 31,998,338	AAA	S&P
Money market fund	5,286,200	AAA	S&P
Corporate bond	1,421,803	AAA	Moody's
Corporate bond	526,564	AA1	Moody's
Corporate bond	1,102,457	AA2	Moody's
Corporate bond	870,923	AA3	Moody's
Corporate bond	3,571,836	A1	Moody's
Corporate bond	5,345,657	A2	Moody's
Corporate bond	5,706,274	A3	Moody's
Corporate bond	15,326,236	BAA1 and below	Moody's
Corporate bond	3,724,401	NR	Moody's
Foreign bond	370,796	AAA	Moody's
Foreign bond	559,491	AA2	Moody's
Foreign bond	609,044	AA3	Moody's
Foreign bond	309,960	A1	Moody's
Foreign bond	885,756	A2	Moody's
Foreign bond	156,316	A3	Moody's
Foreign bond	989,751	BAA1 and below	Moody's
Municipal bond	593,778	AA1	Moody's
Municipal bond	1,316,949	AA2	Moody's
Municipal bond	486,911	AA3	Moody's
Municipal bond	426,054	A1	Moody's
Municipal bond	224,836	A2	Moody's
Municipal bond	726,307	NR	Moody's
Municipal bond	164,217	AA-	S&P
Municipal bond	278,495	A-	S&P
U.S. government bond	15,849,662	AAA	Moody's
U.S. government bond	7,787,036	NR	Moody's
Commercial paper	1,804,972	A1	S&P

June 30, 2021

**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, 2021, the Pension Trust Fund and Retiree Health Care Fund had \$3,881,114 invested in foreign bonds and \$22,142,089 invested in foreign stock. Of these amounts, \$14,254,535 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	\$ 982,084	Australian dollar
Foreign stocks	1,014,852	Danish krone
Foreign stocks	4,880,158	Euro
Foreign stocks	1,098,754	British pound
Foreign stocks	2,690,239	Hong Kong dollar
Foreign stocks	3,588,448	Japanese yen

***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, and 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.

June 30, 2021

### Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2021:

	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, 2021
Debt securities:				
U.S. Treasury and agency securities	\$ -	\$ 24,076,069	\$ -	\$ 24,076,069
Corporate bonds	-	37,596,150	-	37,596,150
Commercial paper	-	1,804,972	-	1,804,972
Foreign bonds	-	3,881,115	-	3,881,115
Municipal bonds	-	4,217,546	-	4,217,546
Mutual funds	-	7,855,356	-	7,855,356
Total debt securities	-	79,431,208	-	79,431,208
Domestic equity securities:				
Consumer discretionary	4,646,444	-	-	4,646,444
Consumer staples	1,179,602	-	-	1,179,602
Energy	104,140	-	-	104,140
Financial industry	9,057,648	-	-	9,057,648
Health care industry	3,677,560	-	-	3,677,560
Industrials	5,323,907	-	-	5,323,907
Information technology	6,888,800	-	-	6,888,800
Materials	503,272	-	-	503,272
Telecommunication services industry	8,461,182	-	-	8,461,182
Total domestic equity securities	39,842,555	-	-	39,842,555
Foreign equity securities:				
Consumer discretionary	2,260,455	-	-	2,260,455
Energy	70,850	-	-	70,850
Financial industry	1,869,415	-	-	1,869,415
Health care industry	2,605,544	-	-	2,605,544
Industrials	2,367,149	-	-	2,367,149
Information technology	2,119,897	-	-	2,119,897
Materials	199,156	-	-	199,156
Telecommunication services industry	560,250	-	-	560,250
Other	6,743,148	-	-	6,743,148
Total foreign equity securities	18,795,864	-	-	18,795,864
Money market fund	-	5,286,200	-	5,286,200
Private equity funds	-	-	9,568,633	9,568,633
Total	\$ 58,638,419	\$ 84,717,408	\$ 9,568,633	152,924,460
Investments measured at NAV:				
Michigan CLASS investment pool				31,998,338
Real estate funds				12,939,261
Mutual funds				51,161,587
Mutual funds index equity				11,056,704
Mutual funds international				15,746,044
Mutual funds gold index				607,151
Total investments measured at NAV				123,509,085
Total assets				\$ 276,433,545

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

June 30, 2021

**Note 3 - Deposits and Investments (Continued)**

The fair value of debt securities and money market funds at June 30, 2021 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, 2021 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, 2021, 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	\$ 31,998,338	\$ -	No limitations	None
Real estate funds	12,939,261	-	N/A	N/A
Mutual funds	51,161,587	-	N/A	N/A
Mutual funds index equity	11,056,704	-	N/A	N/A
Mutual funds international	15,746,044	-	N/A	N/A
Mutual funds gold index	607,151	-	N/A	N/A
Total investments measured at NAV	<u>\$ 123,509,085</u>	<u>\$ -</u>		

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.

The mutual funds gold index seeks to reflect generally the performance of the price of gold.

June 30, 2021

**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	Component Units
Property taxes levied for subsequent year's operations	\$ 19,236,843	\$ 19,236,843	\$ -	\$ -
Special assessments and delinquent property taxes	178,341	-	-	-
Grants and other receivables	560,800	-	-	-
Deferred pension cost reductions	-	13,765,937	2,680,638	6,378
Deferred OPEB cost reductions	-	6,802,364	2,222,612	-
Total deferred inflows	<u>\$ 19,975,984</u>	<u>\$ 39,805,144</u>	<u>\$ 4,903,250</u>	<u>\$ 6,378</u>

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

	Governmental Activities	Business-type Activities	Component Units
Bond refunding previously amortized	\$ -	\$ 164,476	\$ -
Deferred pension costs	1,612,946	314,089	265,081
Deferred OPEB costs	136,392	44,566	-
Total deferred outflows	<u>\$ 1,749,338</u>	<u>\$ 523,131</u>	<u>\$ 265,081</u>

June 30, 2021

## Note 5 - Capital Assets

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

### Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 8,356,247	\$ -	\$ 826,997	\$ -	\$ 9,183,244
Construction in progress	800,223	(514,709)	2,884,633	-	3,170,147
Subtotal	9,156,470	(514,709)	3,711,630	-	12,353,391
Capital assets being depreciated:					
Roads and sidewalks	153,904,108	448,193	2,112,811	-	156,465,112
Buildings and improvements	24,886,398	48,659	3,212,046	(689,942)	27,457,161
Furniture and equipment	9,660,832	17,722	1,223,929	(1,170,103)	9,732,380
Land improvements	5,814,795	135	129,889	-	5,944,819
Subtotal	194,266,133	514,709	6,678,675	(1,860,045)	199,599,472
Accumulated depreciation:					
Roads and sidewalks	108,733,669	-	3,315,457	-	112,049,126
Buildings and improvements	11,834,055	-	588,039	(544,556)	11,877,538
Furniture and equipment	5,916,362	-	671,554	(1,122,697)	5,465,219
Land improvements	3,354,730	-	256,552	-	3,611,282
Subtotal	129,838,816	-	4,831,602	(1,667,253)	133,003,165
Net capital assets being depreciated	64,427,317	514,709	1,847,073	(192,792)	66,596,307
Net capital assets	\$ 73,583,787	\$ -	\$ 5,558,703	\$ (192,792)	\$ 78,949,698

June 30, 2021

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 367,931	\$ -	\$ -	\$ -	\$ 367,931
Construction in progress	354,110	(328,045)	1,275,753	-	1,301,818
Subtotal	722,041	(328,045)	1,275,753	-	1,669,749
Capital assets being depreciated:					
Water and sewer lines	123,405,377	171,033	3,126,543	-	126,702,953
Buildings and improvements	69,866,471	-	390,253	(50,865)	70,205,859
Machinery and equipment	21,077,855	157,012	144,984	-	21,379,851
Vehicles	1,114,795	-	557,844	(424,354)	1,248,285
Land improvements	454,010	-	-	-	454,010
Subtotal	215,918,508	328,045	4,219,624	(475,219)	219,990,958
Accumulated depreciation:					
Water and sewer lines	27,244,111	-	2,290,746	-	29,534,857
Buildings and improvements	24,290,793	-	1,219,627	(50,865)	25,459,555
Machinery and equipment	13,390,499	-	471,083	-	13,861,582
Vehicles	831,059	-	78,851	(424,354)	485,556
Land improvements	408,342	-	8,066	-	416,408
Subtotal	66,164,804	-	4,068,373	(475,219)	69,757,958
Net capital assets being depreciated	149,753,704	328,045	151,251	-	150,233,000
Net capital assets	\$ 150,475,745	\$ -	\$ 1,427,004	\$ -	\$ 151,902,749

June 30, 2021

**Note 5 - Capital Assets (Continued)**

Capital asset activity for the City's component units for the year ended June 30, 2021 was as follows:

**Component Units**

	Balance July 1, 2020	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:				
Monroe Housing Commission*:				
Land	\$ 2,123,036	\$ -	\$ -	\$ 2,123,036
Construction in progress	162,831	619,782	(727,975)	54,638
Port of Monroe:				
Land	1,895,075	-	(2,000)	1,893,075
Site improvements	363,697	-	-	363,697
Earthen dikes	321,061	-	-	321,061
Construction in progress	-	270,000	-	270,000
Subtotal	4,865,700	889,782	(729,975)	5,025,507
Capital assets being depreciated:				
Monroe Housing Commission*:				
Land improvements	2,028,669	-	-	2,028,669
Building and improvements	16,531,075	827,044	-	17,358,119
Equipment	506,438	5,860	(25,508)	486,790
Port of Monroe:				
Road and site improvement	877,916	-	-	877,916
Railroad siding	1,539,826	-	-	1,539,826
Wharf and dock	3,682,849	-	-	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	13,600	(572,043)	529,000
Furniture and equipment	458,260	12,052	(45,976)	424,336
Subtotal	27,416,738	858,556	(643,527)	27,631,767
Accumulated depreciation:				
Monroe Housing Commission* -				
Land improvements, building and improvements, and equipment	15,119,120	763,825	(25,508)	15,857,437
Port of Monroe:				
Road and site improvement	719,847	28,030	-	747,877
Railroad siding	302,598	55,384	-	357,982
Wharf and dock	401,533	86,807	-	488,340
Dredging	374,445	-	-	374,445
Leachate collection system	38,237	-	-	38,237
Rental buildings	291,581	-	-	291,581
Office building	510,071	19,431	(440,190)	89,312
Furniture and equipment	316,110	34,716	(41,074)	309,752
Subtotal	18,073,542	988,193	(506,772)	18,554,963
Net capital assets being depreciated	9,343,196	(129,637)	(136,755)	9,076,804
Net capital assets	\$ 14,208,896	\$ 760,145	\$ (866,730)	\$ 14,102,311

\*Reported activity is for the fiscal year ended September 30, 2020.

June 30, 2021

## Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 249,352
Public safety	437,539
Public works	3,409,711
Recreation and culture	272,187
Internal service fund depreciation is charged to the various functions based on their usage of the asset	462,813
Total governmental activities	<u>\$ 4,831,602</u>
Business-type activities:	
Water	\$ 2,330,636
Wastewater	1,737,737
Total business-type activities	<u>\$ 4,068,373</u>
Component unit activities:	
Port of Monroe	\$ 224,368
Monroe Housing Commission	763,825
Total component unit activities	<u>\$ 988,193</u>

### 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
La-Z-Boy site infrastructure	\$ 1,277,107	\$ 758,616	\$ 518,491
Sanitary sewer lining	931,326	400,677	530,649
Total	<u>\$ 2,208,433</u>	<u>\$ 1,159,293</u>	<u>\$ 1,049,140</u>

## Note 6 - Interfund Receivables, Payables, and Transfers

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

Receivable	Payable	Amount
General Fund	Component unit - Port of Monroe	\$ 270,000
Nonmajor funds - Economic Development Fund	Component unit - Brownfield Redevelopment Authority	1,090,909
	Component unit - Port of Monroe	10,000
	Total nonmajor funds - Economic Development Fund	1,100,909
Business-type fund - Water Fund	Component unit - Brownfield Redevelopment Authority	46,736
	Total	<u>\$ 1,417,645</u>

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.

June 30, 2021

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

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. The advance from the General Fund to the Port of Monroe is to cover the down payment on the purchase of a crane.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Debt Service Fund	\$ 70,653
	Capital Projects Fund	1,807,501
	Nonmajor governmental funds	415,000
	Total General Fund	2,293,154
Nonmajor governmental funds	Nonmajor governmental funds	1,112,122
	Capital Projects Fund	943,513
	Total nonmajor governmental funds	2,055,635
	Total	\$ 4,348,789

The transfer from the General Fund to the Debt Service Fund is for debt service payments. The transfer from the General Fund to the Capital Projects Fund is to fund certain capital improvement projects. Transfers from the General Fund to the Major Streets Fund (nonmajor fund), the Local Streets 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 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.

June 30, 2021

## 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, 2021 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	\$ 78,568	\$ -	\$ (78,568)	\$ -	\$ -
Equipment installment purchase - \$746,831 - Maturing through 2018	2.8%	\$65,749-\$84,300	681,082	-	(67,590)	613,492	69,482
Equipment installment purchase - \$249,990 - Maturing through 2021	1.7%	\$48,299-\$51,705	51,699	-	(51,699)	-	-
Equipment installment purchase - \$424,730 - Maturing through 2028	3.5%	\$36,093-\$49,284	388,637	-	(37,545)	351,092	38,844
Equipment installment purchase - Police software - \$96,057 Maturing through 2023	2%	\$15,614-\$32,335	80,443	-	(31,698)	48,745	32,335
Equipment installment purchase - \$369,703 - Maturing through 2026	1.83%	\$71,283-\$76,646	-	369,703	-	369,703	71,283
Total direct borrowings principal outstanding			1,280,429	369,703	(267,100)	1,383,032	211,944
Other debt:							
2012 Capital Improvement Bonds - \$4,050,000 - Maturing through 2032	2.25% - 3.5%	\$110,000- \$330,000	3,025,000	-	(3,025,000)	-	-
2012 Monroe Building Authority Refunding Bonds - \$4,425,000 - Maturing through 2024	2.23%	\$350,000- \$425,000	1,655,000	-	(400,000)	1,255,000	410,000
2014 Refunding Bonds (City Hall & Bridge) - \$1,421,000 - Maturing through 2031	3% - 4%	\$81,000-\$95,000	918,000	-	(84,000)	834,000	89,000
Unamortized bond premium			80,163	-	(7,400)	72,763	7,400
2015 Capital Improvement Bonds (Roessler Street Bridge) - \$1,725,000 - Maturing through 2030	0.5% - 2.6%	\$100,000- \$170,000	1,225,000	-	(105,000)	1,120,000	105,000
2016 OPEB Bonds - \$25,968,220 - Maturing through 2038	0.98% - 4.02%	\$921,559- \$1,631,012	22,132,044	-	(961,786)	21,170,258	980,070
2017 Capital Improvements Bonds - \$1,890,000 - Maturing through 2030	1% - 3%	\$140,000- \$150,000	1,455,000	-	(145,000)	1,310,000	140,000
2017 Michigan Transportation Fund Bonds - \$2,565,000 - Maturing through 2024	0.85% - 1.75%	\$150,000- \$495,000	1,905,000	-	(460,000)	1,445,000	470,000
2018 Capital Improvement Bonds - \$6,000,000 - Maturing through 2037	3% - 4%	\$205,000- \$445,000	5,580,000	-	(225,000)	5,355,000	235,000
Unamortized bond premium			170,356	-	(10,085)	160,271	10,085
2020 Refunding Bonds - \$2,700,000 - Maturing through 2033	2% - 4%	\$175,000- \$300,000	-	2,700,000	(220,000)	2,480,000	175,000
Unamortized bond premium			-	425,039	(27,014)	398,025	40,411
2021 Michigan Transportation Fund Bonds - \$1,385,000 - Maturing through 2028	2.5%	\$335,000- \$360,000	-	1,385,000	-	1,385,000	-
Unamortized bond premium			-	116,783	(3,496)	113,287	16,573
Total other debt principal outstanding			38,145,563	4,626,822	(5,673,781)	37,098,604	2,678,539
Total bonds payable			39,425,992	4,996,525	(5,940,881)	38,481,636	2,890,483
Capital leases	5.87%	\$1,788-\$3,881	7,954	10,749	(3,250)	15,453	3,881
Compensated absences			1,056,827	205,855	(229,466)	1,033,216	222,766
Total governmental activities long-term debt			\$ 40,490,773	\$ 5,213,129	\$ (6,173,597)	\$ 39,530,305	\$ 3,117,130

June 30, 2021

**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	\$ 6,745,000	\$ -	\$ (600,000)	\$ 6,145,000	\$ 615,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - \$3,051,000 - Maturing through 2030	2.5%	\$100,000- \$190,000	1,362,783	-	(120,000)	1,242,783	125,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$9,115,000 - Maturing through 2033	2.5%	\$341,767- \$545,000	6,164,569	-	(405,000)	5,759,569	415,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$17,950,000 - Maturing through 2034	2.5%	\$705,000- \$1,125,000	13,460,000	-	(815,000)	12,645,000	835,000
2014 Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$10,500,000 - Maturing through 2034	0.35% - 4.75%	\$505,000- \$580,000	7,460,000	-	(505,000)	6,955,000	505,000
Equipment installment purchase - \$463,085 - Maturing through 2026	2.65%	\$61,518-\$71,379	-	463,085	(71,379)	391,706	61,518
Total direct borrowings principal outstanding			35,192,352	463,085	(2,516,379)	33,139,058	2,556,518
Other debt:							
2012 General Obligation Limited Tax Refunding Bonds - \$1,850,000 - Maturing through 2025	0.55% - 3.5%	\$130,000- \$165,000	785,000	-	(785,000)	-	-
2013 Water Bonds - \$5,540,000 Maturing through 2033	3.55%	\$210,000- \$395,000	4,170,000	-	(4,170,000)	-	-
2014 Refunding Bonds (Water) - \$4,864,000 - Maturing through 2031	3% - 4%	\$137,000- \$690,000	3,967,000	-	(151,000)	3,816,000	161,000
Unamortized bond premium			274,394	-	(25,330)	249,064	-
2016 Refunding Bonds (Water Meter Shop) - \$3,905,000 - Maturing through 2028	2% - 4%	\$25,000- \$470,000	3,220,000	-	(345,000)	2,875,000	355,000
Unamortized bond premium			373,481	-	(47,678)	325,803	-
2016 OPEB Bonds - \$9,536,780 - Maturing through 2038	0.98% - 4.02%	\$338,441- \$598,987	8,127,963	-	(353,214)	7,774,749	359,929
2020 Refunding Bonds - \$4,480,000 - Maturing through 2033	2% - 4%	\$380,000- \$510,000	-	4,480,000	(470,000)	4,010,000	380,000
Unamortized bond premium			-	653,128	(34,963)	618,165	-
Total other debt principal outstanding			20,917,838	5,133,128	(6,382,185)	19,668,781	1,255,929
Total bonds payable			56,110,190	5,596,213	(8,898,564)	52,807,839	3,812,447
Compensated absences			362,717	348,344	(362,717)	348,344	348,344
Total business-type activities long-term debt			\$ 56,472,907	\$ 5,944,557	\$ (9,261,281)	\$ 53,156,183	\$ 4,160,791

**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.

June 30, 2021

**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:

Years Ending June 30	Governmental Activities				
	Direct Borrowings		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 215,824	\$ 37,590	\$ 2,604,071	\$ 1,163,044	\$ 4,020,529
2023	204,392	32,200	2,668,357	1,107,505	4,012,454
2024	191,043	27,158	2,750,297	1,044,841	4,013,339
2025	196,062	22,130	2,225,897	985,941	3,430,030
2026	200,171	16,987	2,300,152	923,989	3,441,299
2027-2031	392,808	23,909	11,040,797	3,560,162	15,017,676
2032-2036	-	-	9,119,835	1,824,312	10,944,147
2037-2041	-	-	3,643,037	211,999	3,855,036
Total	\$ 1,400,300	\$ 159,974	\$ 36,352,443	\$ 10,821,793	\$ 48,734,510

Years Ending June 30	Business-type Activities				
	Direct Borrowings		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 2,556,518	\$ 944,827	\$ 1,255,929	\$ 676,041	\$ 5,433,315
2023	2,617,629	876,864	1,286,644	640,567	5,421,704
2024	2,664,289	805,268	1,339,702	595,480	5,404,739
2025	2,730,992	731,308	1,369,104	555,863	5,387,267
2026	2,777,741	654,638	1,439,848	506,438	5,378,665
2027-2031	13,712,319	2,059,333	7,359,203	1,711,120	24,841,975
2032-2036	6,079,570	383,985	3,250,172	589,397	10,303,124
2037-2041	-	-	1,175,147	71,320	1,246,467
Total	\$ 33,139,058	\$ 6,456,223	\$ 18,475,749	\$ 5,346,226	\$ 63,417,256

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, 2021 is \$146,551, 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, 2021 is \$227,500, and the amount due within one year is \$32,500. The advance projected to be completely repaid by October 1, 2027.

**June 30, 2021****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, 2021 is \$116,942, and the amount due within one year is \$29,015. The loan is projected to be completely repaid by June 30, 2025.

During 2021, the Brownfield Redevelopment Authority issued the Series 2021 Tax Increment Bonds, which included total principal of \$3,000,000 with annual interest ranging between 2.00 and 3.00 percent. The loan will be repaid over a period of 20 years with annual principal payments ranging between \$85,000 and \$220,000 through May 2041. The loan will be repaid with tax captures. The balance on the loan along with the associated bond premium at June 30, 2021 is \$3,031,312, with no payment due within one year.

During 2018, the Port of Monroe entered into a new promissory note to renew the remaining note balance of \$109,966 at an interest rate of 4.75 percent. The mortgage relating to this loan is secured by real estate held by the Port. 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 outstanding balance at June 30, 2021 was \$81,756, \$10,066 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 a new office building. The mortgage relating to this loan is secured by the office building. During the current year, the Port entered into a new promissory note to renew the remaining note balance of \$364,920. The renewed note provides for monthly principal and interest payments of \$2,718 through April 2026 and a balloon payment of \$269,773 in April 2026. The outstanding balance at June 30, 2021 was \$356,336, of which \$18,095 is due next year.

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 complies with all aspects of the loan agreement with the Michigan Strategic Fund, payments will be made only from BRA tax captures. As of June 30, 2021, the loan had an outstanding balance of \$2,720,757 with accrued interest due of \$160,000.

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 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, 2021, the Port has received forgiveness for the first annual debt service payment of \$94,000, which includes \$80,000 of the loan balance and \$14,000 of accrued interest. As of June 30, 2021, the outstanding balance on the loan was \$320,000, of which \$80,000 is due next year. The Port 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 has met the minimum carloads for the second carloading year under the terms of this contract and has received forgiveness for the second annual debt service payment of \$94,000.

June 30, 2021

## Note 7 - Long-term Debt (Continued)

### *Bond Refunding*

During the year, the City issued \$7,180,000 in limited tax general obligation bonds with an average interest rate of 3.8 percent. The net proceeds of these bonds (after payment of \$121,951 in underwriting fees, insurance, and other issuance costs) were used to immediately refund \$3,025,000, \$785,000, and \$4,170,000 of the outstanding 2012 Capital Improvement bonds, 2012 Water Refunding bonds, and 2013 Water bonds, respectively. The refunded bonds had average interest rates of 3.3, 3.3, and 3.6 percent, respectively. As a result, the liability for the refunded bonds has been removed from long-term debt. The refunding was undertaken to reduce the debt service payment over the next 12 years with net savings of \$950,110 and to obtain an economic (present value) gain for the City of Monroe, Michigan of \$887,217.

## 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.

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:

	2021	2020
Estimated liability - Beginning of year	\$ 954,870	\$ 582,324
Claim payments	(5,105,169)	(5,586,144)
Estimated claims incurred, including changes in estimates	4,564,366	5,958,690
Estimated liability - End of year	<u>\$ 414,067</u>	<u>\$ 954,870</u>

June 30, 2021

## 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, including the mayor, the city manager, a member of City Council, and one retiree and one citizen who are appointed by the City. The remaining four members are appointed by plan members.

### *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 who 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.

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, 2020, 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	300
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	178
	<hr/>
Total employees covered by the plan	495
	<hr/>

June 30, 2021

**Note 9 - Pension Plan (Continued)****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, 2021, the average active member contribution rate was 4.42 percent of annual pay, and the City's average contribution rate was 20.32 percent of annual payroll.

**Net Pension Asset**

The City has chosen to use the June 30 measurement date as its measurement date for the net pension asset. The June 30, 2021 fiscal year end reported net pension asset was determined using a measure of the total pension liability and the pension net position as of the June 30, 2021 measurement date. The June 30, 2021 total pension liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to June 30, 2021.

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

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
<b>Balance at June 30, 2020</b>	\$ 158,853,417	\$ 141,097,947	\$ 17,755,470
Changes for the year:			
Service cost	1,512,281	-	1,512,281
Interest	11,258,580	-	11,258,580
Differences between expected and actual experience	655,981	-	655,981
Changes in assumptions	816,207	-	816,207
Contributions - Employer	-	2,130,207	(2,130,207)
Contributions - Employee	-	483,844	(483,844)
Net investment income	-	31,986,650	(31,986,650)
Benefit payments, including refunds	(10,764,862)	(10,764,862)	-
Administrative expenses	-	(113,438)	113,438
Net changes	3,478,187	23,722,401	(20,244,214)
<b>Balance at June 30, 2021</b>	<u>\$ 162,331,604</u>	<u>\$ 164,820,348</u>	<u>\$ (2,488,744)</u>

The plan's fiduciary net position represents 102 percent of the total pension liability.

June 30, 2021

## Note 9 - Pension Plan (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense recovery of \$1,641,721. At June 30, 2021, 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	\$ 851,311	\$ -
Changes in assumptions	1,075,724	-
Net difference between projected and actual earnings on pension plan investments	-	(16,446,575)
Total	<u>\$ 1,927,035</u>	<u>\$ (16,446,575)</u>

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
2022	\$ (3,127,096)
2023	(3,140,579)
2024	(3,854,242)
2025	(4,397,623)
Total	<u>\$ (14,519,540)</u>

### ***Actuarial Assumptions***

The total pension liability in the December 31, 2020 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 7.25 percent, and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2020 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 7.25 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 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.

June 30, 2021

## Note 9 - Pension Plan (Continued)

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, 2020 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
Gold	1.93

### ***Sensitivity of the Net Pension Asset to Changes in the Discount Rate***

The following presents the net pension asset of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability (asset) of the City	\$ 15,452,084	\$ (2,488,744)	\$ (17,559,603)

### ***Assumption Changes***

The single discount rate used to measure the total pension liability as of June 30, 2021 is 7.25 percent, which represents a change from the rate of 7.30 percent, which was used at June 30, 2020. 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, 2021

**Note 9 - Pension Plan (Continued)*****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, 2021:

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	7.50
International	17.50
Intermediate fixed income	29.50
Private fixed income	5.00
Real estate	5.00
Gold	3.00

***Concentrations***

At June 30, 2021, the plan held 6.7 percent, 11.5 percent, and 7.8 percent of plan net position invested within the Fidelity 500 Index fund, the iShares Russel Midcap Growth fund, and the iShares Russel 1000 Growth fund, respectively.

***Rate of Return***

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***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 7.25 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.

June 30, 2021

**Note 9 - Pension Plan (Continued)**

The balances of the reserve accounts at June 30, 2021 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 125,617,406	\$ 125,617,406
Employee reserve	9,651,545	9,651,545
Employer reserve	29,551,397	29,551,397

***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](http://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.

***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.

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)*****Employees Covered by Benefit Terms***

At December 31, 2020, 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	249
Active plan members	71
Total plan members	320

***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, 2021, the City's average contribution rate was 8.13 percent of covered payroll or \$475,415. 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, 2021 fiscal year.

***Net OPEB Asset***

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2021 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2021 measurement date. The June 30, 2021 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to June 30, 2021.

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

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability (Asset)
<b>Balance at June 30, 2020</b>	\$ 65,931,321	\$ 63,414,730	\$ 2,516,591
Changes for the year:			
Service cost	420,399	-	420,399
Interest	4,527,597	-	4,527,597
Changes in benefits	(21,534,333)	-	(21,534,333)
Differences between expected and actual experience	(2,132,997)	-	(2,132,997)
Changes in assumptions	811,267	-	811,267
Contributions - Employer	-	475,415	(475,415)
Contributions - Employee	-	130,082	(130,082)
Net investment income	-	15,629,188	(15,629,188)
Benefit payments, including refunds	(2,923,118)	(2,923,118)	-
Administrative expenses	-	(85,000)	85,000
Miscellaneous other charges	-	(9,320)	9,320
Net changes	(20,831,185)	13,217,247	(34,048,432)
<b>Balance at June 30, 2021</b>	\$ 45,100,136	\$ 76,631,977	\$ (31,531,841)

The Plan's fiduciary net position represents 170 percent of the total OPEB liability.

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2021, the City recognized OPEB expense recovery of \$24,462,760.

At June 30, 2021, 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	\$ -	\$ (475,785)
Changes in assumptions	180,958	-
Net difference between projected and actual earnings on OPEB plan investments	-	(8,549,191)
Total	<u>\$ 180,958</u>	<u>\$ (9,024,976)</u>

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
2022	\$ (2,512,043)
2023	(1,935,213)
2024	(2,141,845)
2025	(2,254,917)
Total	<u>\$ (8,844,018)</u>

***Actuarial Assumptions***

The total OPEB liability in the December 31, 2020 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 7.0 percent; for active members pre-65 (non-Medicare), a health care cost trend rate of 7.5 percent for 2022, decreasing 0.5 or 0.25 percent per year to an ultimate rate of 3.5 percent for 2034 and later years; for active members post-65 (Medicare), a health care cost trend rate of 6.25 percent for 2022, decreasing 0.25 percent per year to an ultimate rate of 3.5 percent for 2034 and later years; and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2020 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 7.0 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.

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)****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, 2021 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. 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
Gold	1.93

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following presents the net OPEB asset of the City, calculated using the discount rate of 7 percent, as well as what the City's net OPEB 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 asset of the City	\$ (26,773,913)	\$ (31,531,841)	\$ (35,529,003)

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

The following presents the net OPEB asset of the City, calculated using the current health care cost trend rate, as well as what the City's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB asset of the City	\$ (35,789,206)	\$ (31,531,841)	\$ (26,748,354)

**Assumption Changes**

The health care trend rate assumption was updated from an initial rate of 8.0 percent decreasing 0.5 percent per year to a rate of 6.25 percent decreasing 0.25 percent per year.

June 30, 2021

**Note 10 - Other Postemployment Benefit Plan (Continued)*****Benefit Changes***

Effective October 1, 2020, a Medicare Advantage plan was implemented for retirees and beneficiaries who are eligible for Medicare coverage. As a result, the January 1, 2021 fully insured Medicare Advantage premium rate is used as the basis of the initial per capita cost since the rate reflects the demographics of the Medicare eligible group. This has resulted in a significant decrease to the expected benefit payments.

***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, 2021:

Asset Class	Target Allocation
U.S. large-cap growth	10.50 %
U.S. large-cap value	10.50
U.S. mid-cap growth	11.00
U.S. small-cap value	7.50
International	19.00
Intermediate fixed income	28.00
Private fixed income	5.00
Real estate	5.00
Gold	3.00
Cash	0.50
Total	100.00 %

***Concentrations***

At June 30, 2021, the Plan held 11.4 percent of its investment portfolio in the iShares Russell Midcap Growth fund.

***Rate of Return***

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 25.14 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, 2021, there were 144 members in the plan (97 active participants and 47 terminated employees with balances), and both the City and plan members contributed \$176,690 to the plan.

June 30, 2021

## 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, 2021:

Total assets	\$ 5,652,232
Total liabilities	21,759
Total equity	5,630,473
Total operating revenue	419,110
Total operating expenses	419,110
Total nonoperating revenue	1,112
Increase in equity	1,112

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 \$3,897,977 is recorded in the Water Fund.

## Note 13 - Economic Dependency

Three taxpayers account for approximately 50 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 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%	(6)	-%
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.

June 30, 2021

**Note 13 - Economic Dependency (Continued)**

The Monroe Housing Commission is dependent upon the U.S. 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, 2020 totaled \$2,626,515, of which \$1,589,351, or 60.5 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
<b>Statement of Net Position</b>			
Investments	\$ 164,666,954	\$ 76,890,820	\$ 241,557,774
Other assets	265,466	9,753	275,219
Liabilities	112,072	268,596	380,668
Net position	<u>\$ 164,820,348</u>	<u>\$ 76,631,977</u>	<u>\$ 241,452,325</u>
<b>Statement of Changes in Net Position</b>			
Investment income	\$ 31,986,650	\$ 15,629,188	\$ 47,615,838
Contributions	2,614,051	605,497	3,219,548
Benefit payments	10,758,686	2,923,118	13,681,804
Other decreases	119,614	94,320	213,934
Net change in net position	<u>\$ 23,722,401</u>	<u>\$ 13,217,247</u>	<u>\$ 36,939,648</u>

**Note 15 - Contingent Liabilities*****Environmental Liability***

As of June 30, 2021, 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.

June 30, 2021

**Note 15 - Contingent Liabilities (Continued)**

Based upon available information, at June 30, 2021, 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, 2021. 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.

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 \$4,916,932. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be \$1,102,818 and are reflected on the Port's June 30, 2021 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.

June 30, 2021

# Note 16 - Fund Balance Constraints

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

	General Fund	American Rescue Plan Act Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Nonspendable:						
Inventory	\$ 1,070,164	\$ -	\$ -	\$ -	\$ -	\$ 1,070,164
Prepays	26,025	-	-	7,288	58,735	92,048
Total nonspendable	1,096,189	-	-	7,288	58,735	1,162,212
Restricted:						
Roads	-	-	-	-	2,049,401	2,049,401
Police	-	-	-	-	72,076	72,076
Debt service	-	-	550,420	-	709,915	1,260,335
Grants	-	164	-	-	138,705	138,869
Rubbish, garbage, and recycling	-	-	-	-	193,917	193,917
Code enforcement	-	-	-	-	97,661	97,661
Total restricted	-	164	550,420	-	3,261,675	3,812,259
Committed:						
Cemetery	533,851	-	-	-	-	533,851
Budget stabilization	2,000,000	-	-	-	-	2,000,000
Airport operations	-	-	-	-	66,305	66,305
Parking enforcement and parking lot maintenance	-	-	-	-	48,726	48,726
Donation purpose	-	-	-	-	45,043	45,043
Capital outlay projects	-	-	-	3,080,765	-	3,080,765
Economic development activities	-	-	-	-	33,540	33,540
Total committed	2,533,851	-	-	3,080,765	193,614	5,808,230
Assigned:						
Subsequent year's budget	62,446	-	-	-	-	62,446
Future tax reductions	2,200,000	-	-	-	-	2,200,000
Debt service	-	-	-	-	11,077	11,077
Total assigned	2,262,446	-	-	-	11,077	2,273,523
Unassigned	3,726,698	-	-	-	-	3,726,698
Total fund balances	\$ 9,619,184	\$ 164	\$ 550,420	\$ 3,088,053	\$ 3,525,101	\$ 16,782,922

# 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, 2021, the City abated \$135,884 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

**June 30, 2021**

**Note 17 - Tax Abatements (Continued)**

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 2021, the Authority abated \$188,738 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.

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 14,486,532	\$ 14,485,399	\$ 14,459,051	\$ (26,348)
State-shared revenue and grants	3,433,400	6,347,371	5,121,878	(1,225,493)
Charges for services	333,019	303,302	248,619	(54,683)
Fines and forfeitures	81,500	65,000	25,804	(39,196)
Licenses and permits	368,100	350,100	350,637	537
Interest and rentals:				
Investment earnings	200,000	50,000	42,170	(7,830)
Other miscellaneous income	30,296	30,189	30,189	-
Other revenue:				
Administrative fees	1,183,576	1,183,576	1,183,576	-
Miscellaneous revenue	176,200	198,045	367,555	169,510
Sale of capital assets	5,000	5,000	4,086	(914)
<b>Total revenue</b>	<b>20,297,623</b>	<b>23,017,982</b>	<b>21,833,565</b>	<b>(1,184,417)</b>
<b>Expenditures</b>				
Current services:				
General government:				
City Council	152,934	142,696	135,665	7,031
City manager	320,920	309,831	307,315	2,516
Finance	484,924	479,076	473,329	5,747
Clerk/Treasurer	438,777	422,219	413,163	9,056
Assessor	360,954	332,601	311,654	20,947
Communications, culture, and promotion	140,597	142,400	133,989	8,411
City hall grounds	323,299	300,097	269,503	30,594
Attorney	142,760	146,760	146,743	17
Elections	45,288	87,965	78,317	9,648
Human resources	281,952	416,642	416,428	214
Engineering	249,546	343,708	343,705	3
Port of Monroe	400,000	400,000	400,000	-
Public safety:				
Police	758,282	823,599	815,281	8,318
Fire	360,639	406,272	360,328	45,944
Zoning/Code enforcement	309,306	522,424	364,150	158,274
Public safety division personnel	7,980,606	7,692,109	7,691,446	663
Public works	1,921,003	1,994,993	1,994,098	895
Community and economic development	495,864	2,056,622	1,120,661	935,961
Recreation and culture:				
Library	65,000	65,000	65,000	-
Parks and recreation	1,525,988	1,408,653	1,355,085	53,568
Public access TV	150,000	148,500	148,476	24
Social services	156,000	168,900	162,986	5,914
Contingencies	147,888	-	-	-
Debt service - Principal	1,855,590	1,855,760	1,855,760	-
<b>Total expenditures</b>	<b>19,068,117</b>	<b>20,666,827</b>	<b>19,363,082</b>	<b>1,303,745</b>
<b>Excess of Revenue Over Expenditures</b>	<b>1,229,506</b>	<b>2,351,155</b>	<b>2,470,483</b>	<b>119,328</b>
<b>Other Financing Uses - Transfers out</b>	<b>(1,229,506)</b>	<b>(2,351,154)</b>	<b>(2,351,154)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>1</b>	<b>119,329</b>	<b>119,328</b>
<b>Fund Balance - Beginning of year</b>	<b>8,966,004</b>	<b>8,966,004</b>	<b>8,966,004</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 8,966,004</b>	<b>\$ 8,966,005</b>	<b>\$ 9,085,333</b>	<b>\$ 119,328</b>

## City of Monroe, Michigan

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund American Rescue Plan Act Fund

Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Interest income	\$ -	\$ -	\$ 164	\$ 164
<b>Expenditures</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	-	-	164	164
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 164</u>

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

	Last Eight Fiscal Years*							
	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Service cost	\$ 1,512,281	\$ 1,491,258	\$ 1,422,382	\$ 1,438,204	\$ 1,294,853	\$ 1,361,897	\$ 1,359,947	\$ 1,437,222
Interest	11,258,580	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	655,981	28,710	1,515,816	694,718	(212,575)	(1,128,899)	1,019,422	-
Changes in assumptions	816,207	803,926	351,203	781,504	8,491,439	-	-	-
Benefit payments, including refunds	(10,764,862)	(10,549,496)	(10,383,559)	(9,955,374)	(9,718,792)	(9,354,128)	(8,725,884)	(8,365,344)
<b>Net Change in Total Pension Liability</b>	<b>3,478,187</b>	<b>2,903,804</b>	<b>3,831,051</b>	<b>3,699,041</b>	<b>9,926,038</b>	<b>898,765</b>	<b>3,438,945</b>	<b>2,673,262</b>
<b>Total Pension Liability - Beginning of year</b>	<b>158,853,417</b>	<b>155,949,613</b>	<b>152,118,562</b>	<b>148,419,521</b>	<b>138,493,483</b>	<b>137,594,718</b>	<b>134,155,773</b>	<b>131,482,511</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 162,331,604</b>	<b>\$ 158,853,417</b>	<b>\$ 155,949,613</b>	<b>\$ 152,118,562</b>	<b>\$ 148,419,521</b>	<b>\$ 138,493,483</b>	<b>\$ 137,594,718</b>	<b>\$ 134,155,773</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 2,130,207	\$ 1,954,593	\$ 1,803,719	\$ 1,830,651	\$ 1,845,799	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154
Contributions - Member	483,844	464,545	462,612	458,410	444,104	448,182	434,437	447,088
Net investment income (loss)	31,986,650	9,037,137	7,603,953	12,126,717	15,761,636	(716,793)	5,402,368	19,162,455
Administrative expenses	(113,438)	(114,140)	(122,981)	(128,979)	(78,229)	(74,593)	(131,962)	(126,646)
Benefit payments, including refunds	(10,764,862)	(10,549,497)	(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
<b>Net Change in Plan Fiduciary Net Position</b>	<b>23,722,401</b>	<b>792,638</b>	<b>(640,887)</b>	<b>4,331,472</b>	<b>8,259,731</b>	<b>(7,987,654)</b>	<b>(1,392,351)</b>	<b>12,617,024</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>141,097,947</b>	<b>140,305,309</b>	<b>140,946,196</b>	<b>136,614,724</b>	<b>128,354,993</b>	<b>136,342,647</b>	<b>137,734,998</b>	<b>125,117,974</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 164,820,348</b>	<b>\$ 141,097,947</b>	<b>\$ 140,305,309</b>	<b>\$ 140,946,196</b>	<b>\$ 136,614,724</b>	<b>\$ 128,354,993</b>	<b>\$ 136,342,647</b>	<b>\$ 137,734,998</b>
<b>City's Net Pension (Asset) Liability - Ending</b>	<b>\$ (2,488,744)</b>	<b>\$ 17,755,470</b>	<b>\$ 15,644,304</b>	<b>\$ 11,172,366</b>	<b>\$ 11,804,797</b>	<b>\$ 10,138,490</b>	<b>\$ 1,252,071</b>	<b>\$ (3,579,225)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>101.53 %</b>	<b>88.82 %</b>	<b>89.97 %</b>	<b>92.66 %</b>	<b>92.05 %</b>	<b>92.68 %</b>	<b>99.09 %</b>	<b>102.67 %</b>
<b>Covered Payroll</b>	<b>\$ 10,927,109</b>	<b>\$ 10,798,219</b>	<b>\$ 10,336,991</b>	<b>\$ 10,202,555</b>	<b>\$ 10,817,255</b>	<b>\$ 9,919,395</b>	<b>\$ 9,509,101</b>	<b>\$ 9,829,890</b>
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>(22.78)%</b>	<b>164.43 %</b>	<b>151.34 %</b>	<b>109.51 %</b>	<b>109.13 %</b>	<b>102.21 %</b>	<b>13.17 %</b>	<b>(36.41)%</b>

\*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 City Contributions  
Pension Plan

Last Ten Fiscal Years Years Ended June 30										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,130,207	\$ 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
Contributions in relation to the actuarially determined contribution	2,130,207	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
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,927,109	\$ 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
Contributions as a Percentage of Covered Payroll	19.49 %	18.10 %	17.45 %	17.94 %	17.06 %	17.10 %	17.06 %	15.14 %	12.56 %	11.52 %

Notes to Schedule of City Contributions - Pension Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	21 years, closed
Asset valuation method	7-year smoothed fair value
Inflation	2.75 percent
Salary increase	3.25 to 5.49 percent including inflation
Investment rate of return	7.35 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

Required Supplemental Information  
Schedule of Investment Returns  
Pension Plan

	Last Eight Fiscal Years Years Ended June 30							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	23.09 %	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 Five Fiscal Years*				
	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service cost	\$ 420,399	\$ 440,197	\$ 445,958	\$ 472,985	\$ 474,117
Interest	4,527,597	4,460,159	4,734,671	4,649,384	4,326,412
Changes in benefit terms	(21,534,333)	-	-	-	-
Differences between expected and actual experience	(2,132,997)	(611,936)	(12,063,498)	(388,018)	(499,207)
Changes in assumptions	811,267	-	6,430,407	-	3,943,136
Benefit payments, including refunds	(2,923,118)	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
<b>Net Change in Total OPEB Liability</b>	(20,831,185)	581,317	(3,677,887)	954,885	4,763,909
<b>Total OPEB Liability - Beginning of year</b>	65,931,321	65,350,004	69,027,891	68,073,006	63,309,097
<b>Total OPEB Liability - End of year</b>	<b>\$ 45,100,136</b>	<b>\$ 65,931,321</b>	<b>\$ 65,350,004</b>	<b>\$ 69,027,891</b>	<b>\$ 68,073,006</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 475,415	\$ 1,078,324	\$ 1,061,020	\$ 1,299,796	\$ 36,635,331
Contributions - Member	130,082	137,102	140,573	154,750	160,554
Net investment income	15,629,188	3,704,824	3,177,994	5,399,971	5,373,015
Administrative expenses	(85,000)	(93,483)	(60,704)	(70,246)	(14,879)
Benefit payments, including refunds	(2,923,118)	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
Other	(9,320)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	13,217,247	1,119,664	1,093,458	3,004,805	38,673,472
<b>Plan Fiduciary Net Position - Beginning of year</b>	63,414,730	62,295,066	61,201,608	58,196,803	19,523,331
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 76,631,977</b>	<b>\$ 63,414,730</b>	<b>\$ 62,295,066</b>	<b>\$ 61,201,608</b>	<b>\$ 58,196,803</b>
<b>Net OPEB (Asset) Liability - Ending</b>	<b>\$ (31,531,841)</b>	<b>\$ 2,516,591</b>	<b>\$ 3,054,938</b>	<b>\$ 7,826,283</b>	<b>\$ 9,876,203</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	169.92 %	96.18 %	95.33 %	88.66 %	85.49 %
<b>Covered-employee Payroll</b>	\$ 5,844,878	\$ 5,974,140	\$ 6,237,856	\$ 6,869,144	\$ 7,122,885
<b>Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll</b>	(539.48)%	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.

Required Supplemental Information  
Schedule of City Contributions  
OPEB Plan

Last Ten Fiscal Years Years Ended June 30										
	2021	2020	2019	2018	2017*	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 823,816	\$ 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	475,415	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
<b>Contribution (Deficiency) Excess</b>	<b>\$ (348,401)</b>	<b>\$ (219,286)</b>	<b>\$ (276,241)</b>	<b>\$ (2,627,221)</b>	<b>\$ 32,671,601</b>	<b>\$ 208,566</b>	<b>\$ 283,124</b>	<b>\$ 331,436</b>	<b>\$ 292,316</b>	<b>\$ (1,196,937)</b>
<b>Covered-employee Payroll</b>	<b>\$ 5,844,878</b>	<b>\$ 5,974,140</b>	<b>\$ 6,237,856</b>	<b>\$ 6,869,144</b>	<b>\$ 7,122,885</b>	<b>\$ 8,097,773</b>	<b>\$ 8,393,671</b>	<b>\$ 9,005,255</b>	<b>\$ 9,280,220</b>	<b>\$ 10,084,790</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>8.13 %</b>	<b>18.05 %</b>	<b>17.01 %</b>	<b>18.92 %</b>	<b>514.33 %</b>	<b>47.60 %</b>	<b>47.55 %</b>	<b>44.67 %</b>	<b>44.86 %</b>	<b>34.72 %</b>

\*Actual contribution reflects bonding proceeds.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	20 years, closed
Asset valuation method	7-year smoothed fair value
Inflation	2.75 percent
Health care cost trend rates	Initial trend rate of 8.00 percent, gradually decreasing to an ultimate trend rate of 3.50 percent
Salary increase	3.25 to 5.49 percent including inflation
Investment rate of return	7.00 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

Required Supplemental Information  
Schedule of Investment Returns  
OPEB Plan

	Last Five Fiscal Years				
	Years Ended June 30				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	25.14 %	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.

June 30, 2021

**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.

A reconciliation of the budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

	Total Revenue	Total Expenditures	Other Financing Uses	Fund Balance
Amounts per operating statement	\$ 20,669,753	\$ 18,251,721	\$ (2,289,068)	\$ 9,619,184
Less Cemetery Fund activity is not budgeted as part of General Fund	(23,850)	(72,215)	(58,000)	(533,651)
Administrative fee revenue is budgeted as reductions to expenditures	1,183,576	1,183,576	-	-
Sale of capital assets is budgeted as revenue and not as an other financing source	4,086	-	(4,086)	-
Amounts per budget statement	<u>\$ 21,833,565</u>	<u>\$ 19,363,082</u>	<u>\$ (2,351,154)</u>	<u>\$ 9,085,533</u>

**Pension Information**

**Benefit Changes**

There were no changes of benefit terms in 2021.

**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.

**June 30, 2021**

June 30, 2021: The single discount rate used to measure the total pension liability as of June 30, 2021 is 7.25 percent, which represents a change from the rate of 7.30 percent, which was used at June 30, 2020. 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 2021.

**OPEB Information**

**Benefit Changes**

June 30, 2021: Effective October 1, 2020, a Medicare Advantage plan was implemented for retirees and beneficiaries aged 65 and older. As a result, the January 1, 2021 fully insured Medicare Advantage premium rate is used as the basis of the initial per capita cost since the rate reflects the demographics of the post-65 retiree group. This has resulted in a significant decrease to the expected benefit payments.

**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.

June 30, 2021: The health care trend rate assumption was updated from an initial rate of 8 percent decreasing 0.5 percent per year to a rate of 6.25 percent decreasing 0.25 percent per year

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## Other Supplemental Information

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***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.

**Municipal Street Fund**

The Municipal Street Fund accounts for the road millage that was approved in November 2020. The funding will be used to enhance other funding available in the General Fund, Major Streets Fund, Local Streets Fund, and Capital Projects Fund for capital projects related to streets and other nonmotorized facilities.

**Telegraph Corridor Improvement Authority Fund**

The Telegraph Road Corridor Improvement Authority Fund is used to account for the accumulation of resources related to the redevelopment of the Telegraph Road commercial corridor.

**Debt Service Funds**

**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.

## City of Monroe, Michigan

Special Revenue Funds						
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
<b>Assets</b>						
Cash and cash equivalents	\$ 621,847	\$ 523,235	\$ 2,174,418	\$ 59,673	\$ 757,357	\$ 134,122
Receivables	293,910	102,394	120,544	166,827	25,000	33,733
Advances to component units	-	-	-	-	1,100,909	-
Prepays and other assets	5,643	-	-	-	-	-
Restricted assets	-	966,125	-	-	-	-
<b>Total assets</b>	<b>\$ 921,400</b>	<b>\$ 1,591,754</b>	<b>\$ 2,294,962</b>	<b>\$ 226,500</b>	<b>\$ 1,883,266</b>	<b>\$ 167,855</b>
<b>Liabilities</b>						
Accounts payable	\$ 7,182	\$ 443,946	\$ 145,572	\$ 7,939	\$ 682	\$ 27,949
Due to other governmental units	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-
Accrued liabilities and other	1,585	8,575	2,867	3,008	-	1,006
Unearned revenue	-	-	-	-	1,849,044	195
<b>Total liabilities</b>	<b>8,767</b>	<b>452,521</b>	<b>148,439</b>	<b>10,947</b>	<b>1,849,726</b>	<b>29,150</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	13,544	166,827	-	-
Property taxes levied for the following year	-	-	1,939,062	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,952,606</b>	<b>166,827</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable	5,643	-	-	-	-	-
Restricted:						
Roads	906,990	1,139,233	-	-	-	-
Police	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Grants	-	-	-	-	-	138,705
Rubbish, garbage, and recycling	-	-	193,917	-	-	-
Code enforcement	-	-	-	-	-	-
Committed:						
Airport operations	-	-	-	-	-	-
Parking enforcement and parking lot maintenance	-	-	-	48,726	-	-
Donation purpose	-	-	-	-	-	-
Economic development activities	-	-	-	-	33,540	-
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>912,633</b>	<b>1,139,233</b>	<b>193,917</b>	<b>48,726</b>	<b>33,540</b>	<b>138,705</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 921,400</b>	<b>\$ 1,591,754</b>	<b>\$ 2,294,962</b>	<b>\$ 226,500</b>	<b>\$ 1,883,266</b>	<b>\$ 167,855</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2021

Special Revenue Funds					Debt Service Funds			Total
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Municipal Street	Telegraph Corridor Improvement Authority	Building Authority	Fire Station One Bond	
\$ 72,071 6	\$ 72,166 13,885	\$ 110,650 -	\$ 60,089 8,548	\$ 1,817,525 106,676	\$ 3,165 -	\$ 11,077 -	\$ 1,137,111 26,188	\$ 7,554,506 897,711
-	-	-	-	-	-	-	-	1,100,909
-	53,092	-	-	-	-	-	-	58,735
-	-	-	-	-	-	-	-	966,125
<b>\$ 72,077</b>	<b>\$ 139,143</b>	<b>\$ 110,650</b>	<b>\$ 68,637</b>	<b>\$ 1,924,201</b>	<b>\$ 3,165</b>	<b>\$ 11,077</b>	<b>\$ 1,163,299</b>	<b>\$ 10,577,986</b>
\$ 1	\$ 6,371 30	\$ 2,426 -	\$ 8,594 -	\$ - -	\$ - -	\$ - -	\$ 100 -	\$ 650,762 30
-	-	-	15,000	-	-	-	-	15,000
-	2,090	10,563	-	-	-	-	-	29,694
-	11,255	-	-	-	-	-	-	1,860,494
1	19,746	12,989	23,594	-	-	-	100	2,555,980
-	-	-	-	-	-	-	1,139	181,510
-	-	-	-	1,924,188	-	-	452,145	4,315,395
-	-	-	-	1,924,188	-	-	453,284	4,496,905
-	53,092	-	-	-	-	-	-	58,735
-	-	-	-	13	3,165	-	-	2,049,401
72,076	-	-	-	-	-	-	-	72,076
-	-	-	-	-	-	-	709,915	709,915
-	-	-	-	-	-	-	-	138,705
-	-	-	-	-	-	-	-	193,917
-	-	97,661	-	-	-	-	-	97,661
-	66,305	-	-	-	-	-	-	66,305
-	-	-	-	-	-	-	-	48,726
-	-	-	45,043	-	-	-	-	45,043
-	-	-	-	-	-	-	-	33,540
-	-	-	-	-	-	11,077	-	11,077
72,076	119,397	97,661	45,043	13	3,165	11,077	709,915	3,525,101
<b>\$ 72,077</b>	<b>\$ 139,143</b>	<b>\$ 110,650</b>	<b>\$ 68,637</b>	<b>\$ 1,924,201</b>	<b>\$ 3,165</b>	<b>\$ 11,077</b>	<b>\$ 1,163,299</b>	<b>\$ 10,577,986</b>

## City of Monroe, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 1,616,356	\$ -	\$ -	\$ -
State-shared revenue and grants:						
Federal grants	-	-	-	-	-	1,115,201
State sources	2,057,188	623,389	66,525	-	-	-
Charges for services	-	-	645	46,208	-	-
Fines and forfeitures	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Interest and rentals	542	-	1,323	32	137	-
Other revenue	760	1,809	-	-	-	-
<b>Total revenue</b>	<b>2,058,490</b>	<b>625,198</b>	<b>1,684,849</b>	<b>46,240</b>	<b>137</b>	<b>1,115,201</b>
<b>Expenditures</b>						
Current services:						
Public safety	-	-	-	77,084	-	-
Public works	537,238	354,249	1,843,867	46,781	-	-
Community and economic development	-	-	-	-	29,353	171,688
Capital outlay	550,033	2,646,411	-	-	-	-
Debt service	246,924	242,713	-	2,819	-	-
<b>Total expenditures</b>	<b>1,334,195</b>	<b>3,243,373</b>	<b>1,843,867</b>	<b>126,684</b>	<b>29,353</b>	<b>171,688</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>724,295</b>	<b>(2,618,175)</b>	<b>(159,018)</b>	<b>(80,444)</b>	<b>(29,216)</b>	<b>943,513</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	170,000	1,312,122	-	-	-	-
Transfers out	(1,112,122)	-	-	-	-	(943,513)
New debt issued	-	1,385,000	-	-	-	-
Debt premium or discount	-	116,783	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>(942,122)</b>	<b>2,813,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(943,513)</b>
<b>Net Change in Fund Balances</b>	<b>(217,827)</b>	<b>195,730</b>	<b>(159,018)</b>	<b>(80,444)</b>	<b>(29,216)</b>	<b>-</b>
<b>Fund Balances - Beginning of year</b>	<b>1,130,460</b>	<b>943,503</b>	<b>352,935</b>	<b>129,170</b>	<b>62,756</b>	<b>138,705</b>
<b>Fund Balances - End of year</b>	<b>\$ 912,633</b>	<b>\$ 1,139,233</b>	<b>\$ 193,917</b>	<b>\$ 48,726</b>	<b>\$ 33,540</b>	<b>\$ 138,705</b>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

**Year Ended June 30, 2021**

Special Revenue Funds					Debt Service Funds			Total
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Municipal Street	Telegraph Corridor Improvement Authority	Building Authority	Fire Station One Bond	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,163	\$ -	\$ 446,165	\$ 2,065,684
2,400	30,000	-	15,677	-	-	-	-	1,163,278
-	-	-	-	-	-	-	20,110	2,767,212
-	75,607	-	-	-	-	-	-	122,460
3,548	-	-	-	-	-	-	-	3,548
-	-	548,251	-	-	-	-	-	548,251
77	133,739	-	-	13	2	432,661	1,341	569,867
-	5,016	-	40,158	-	-	-	-	47,743
6,025	244,362	548,251	55,835	13	3,165	432,661	467,616	7,288,043
15,170	-	-	-	-	-	-	-	92,254
-	218,064	516,066	57,851	-	-	-	-	3,574,116
-	-	-	-	-	-	-	-	201,041
-	-	-	-	-	-	3,295	-	3,199,739
-	-	52,940	-	-	-	432,647	415,075	1,393,118
15,170	218,064	569,006	57,851	-	-	435,942	415,075	8,460,268
(9,145)	26,298	(20,755)	(2,016)	13	3,165	(3,281)	52,541	(1,172,225)
-	45,000	-	-	-	-	-	-	1,527,122
-	-	-	-	-	-	-	-	(2,055,635)
-	-	-	-	-	-	-	-	1,385,000
-	-	-	-	-	-	-	-	116,783
-	45,000	-	-	-	-	-	-	973,270
(9,145)	71,298	(20,755)	(2,016)	13	3,165	(3,281)	52,541	(198,955)
81,221	48,099	118,416	47,059	-	-	14,358	657,374	3,724,056
<b>\$ 72,076</b>	<b>\$ 119,397</b>	<b>\$ 97,661</b>	<b>\$ 45,043</b>	<b>\$ 13</b>	<b>\$ 3,165</b>	<b>\$ 11,077</b>	<b>\$ 709,915</b>	<b>\$ 3,525,101</b>

# City of Monroe, Michigan

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

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
State-shared revenue and grants	\$ 1,883,350	\$ 2,087,490	\$ 2,057,188	\$ (30,302)
Interest and rentals	20,000	1,000	542	(458)
Other revenue	-	250	760	510
Total revenue	1,903,350	2,088,740	2,058,490	(30,250)
<b>Expenditures</b>				
Current services - Public works	553,544	741,410	537,238	204,172
Capital outlay	471,000	686,297	550,033	136,264
Debt service	246,924	246,924	246,924	-
Total expenditures	1,271,468	1,674,631	1,334,195	340,436
<b>Excess of Revenue Over Expenditures</b>	631,882	414,109	724,295	310,186
<b>Other Financing Sources (Uses)</b>				
Transfers in	170,000	170,000	170,000	-
Transfers out	(890,000)	(1,481,622)	(1,112,122)	369,500
Total other financing uses	(720,000)	(1,311,622)	(942,122)	369,500
<b>Net Change in Fund Balance</b>	(88,118)	(897,513)	(217,827)	679,686
<b>Fund Balance - Beginning of year</b>	1,130,460	1,130,460	1,130,460	-
<b>Fund Balance - End of year</b>	<u><u>\$ 1,042,342</u></u>	<u><u>\$ 232,947</u></u>	<u><u>\$ 912,633</u></u>	<u><u>\$ 679,686</u></u>

# City of Monroe, Michigan

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
State-shared revenue and grants	\$ 612,000	\$ 620,000	\$ 623,389	\$ 3,389
Interest and rentals	13,000	500	-	(500)
Other revenue	-	1,261	1,809	548
Total revenue	625,000	621,761	625,198	3,437
<b>Expenditures</b>				
Current services - Public works	386,500	466,977	354,249	112,728
Capital outlay	1,345,000	4,472,043	2,646,411	1,825,632
Debt service	242,713	242,713	242,713	-
Total expenditures	1,974,213	5,181,733	3,243,373	1,938,360
<b>Excess of Expenditures Over Revenue</b>	(1,349,213)	(4,559,972)	(2,618,175)	1,941,797
<b>Other Financing Sources</b>				
Transfers in	1,590,000	2,181,622	1,312,122	(869,500)
New debt issued	-	1,500,000	1,385,000	(115,000)
Debt premium or discount	-	-	116,783	116,783
Total other financing sources	1,590,000	3,681,622	2,813,905	(867,717)
<b>Net Change in Fund Balance</b>	240,787	(878,350)	195,730	1,074,080
<b>Fund Balance - Beginning of year</b>	943,503	943,503	943,503	-
<b>Fund Balance - End of year</b>	<u><u>\$ 1,184,290</u></u>	<u><u>\$ 65,153</u></u>	<u><u>\$ 1,139,233</u></u>	<u><u>\$ 1,074,080</u></u>

**City of Monroe, Michigan**

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

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,616,990	\$ 1,616,080	\$ 1,616,356	\$ 276
State-shared revenue and grants	71,000	66,525	66,525	-
Charges for services	500	500	645	145
Interest and rentals	20,000	2,000	1,323	(677)
Total revenue	1,708,490	1,685,105	1,684,849	(256)
<b>Expenditures - Public works</b>	1,899,450	1,915,699	1,843,867	71,832
<b>Net Change in Fund Balance</b>	(190,960)	(230,594)	(159,018)	71,576
<b>Fund Balance - Beginning of year</b>	352,935	352,935	352,935	-
<b>Fund Balance - End of year</b>	<u><u>\$ 161,975</u></u>	<u><u>\$ 122,341</u></u>	<u><u>\$ 193,917</u></u>	<u><u>\$ 71,576</u></u>

**City of Monroe, Michigan**

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Charges for services	\$ 140,000	\$ 47,000	\$ 46,208	\$ (792)
Interest and rentals	3,000	100	32	(68)
Total revenue	143,000	47,100	46,240	(860)
<b>Expenditures</b>				
Current services:				
Public safety	152,669	86,988	77,084	9,904
Public works	40,900	37,400	46,781	(9,381)
Debt service	2,819	2,819	2,819	-
Total expenditures	196,388	127,207	126,684	523
<b>Net Change in Fund Balance</b>	(53,388)	(80,107)	(80,444)	(337)
<b>Fund Balance - Beginning of year</b>	129,170	129,170	129,170	-
<b>Fund Balance - End of year</b>	<u><u>\$ 75,782</u></u>	<u><u>\$ 49,063</u></u>	<u><u>\$ 48,726</u></u>	<u><u>\$ (337)</u></u>

## City of Monroe, Michigan

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

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Interest and rentals	\$ 2,000	\$ 200	\$ 137	\$ (63)
<b>Expenditures</b> - Community and economic development	10,000	62,755	29,353	33,402
<b>Net Change in Fund Balance</b>	(8,000)	(62,555)	(29,216)	33,339
<b>Fund Balance</b> - Beginning of year	62,756	62,756	62,756	-
<b>Fund Balance</b> - End of year	<u>\$ 54,756</u>	<u>\$ 201</u>	<u>\$ 33,540</u>	<u>\$ 33,339</u>

# City of Monroe, Michigan

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Federal grants	\$ 500,000	\$ 1,288,571	\$ 1,115,201	\$ (173,370)
Interest and rentals	2,000	100	-	(100)
Total revenue	502,000	1,288,671	1,115,201	(173,470)
<b>Expenditures</b> - Community and economic development	180,000	339,628	171,688	167,940
<b>Excess of Revenue Over Expenditures</b>	322,000	949,043	943,513	(5,530)
<b>Other Financing Uses</b> - Transfers out	(320,000)	(943,593)	(943,513)	80
<b>Net Change in Fund Balance</b>	2,000	5,450	-	(5,450)
<b>Fund Balance</b> - Beginning of year	138,705	138,705	138,705	-
<b>Fund Balance</b> - End of year	<u><u>\$ 140,705</u></u>	<u><u>\$ 144,155</u></u>	<u><u>\$ 138,705</u></u>	<u><u>\$ (5,450)</u></u>

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Federal grants	\$ -	\$ 2,400	\$ 2,400	\$ -
Fines and forfeitures	30,000	5,000	3,548	(1,452)
Interest and rentals	1,500	500	77	(423)
Total revenue	31,500	7,900	6,025	(1,875)
<b>Expenditures - Public safety</b>	36,750	20,783	15,170	5,613
<b>Net Change in Fund Balance</b>	(5,250)	(12,883)	(9,145)	3,738
<b>Fund Balance - Beginning of year</b>	81,221	81,221	81,221	-
<b>Fund Balance - End of year</b>	<u><u>\$ 75,971</u></u>	<u><u>\$ 68,338</u></u>	<u><u>\$ 72,076</u></u>	<u><u>\$ 3,738</u></u>

**City of Monroe, Michigan**

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
State-shared revenue and grants	\$ -	\$ -	\$ 30,000	\$ 30,000
Charges for services	104,200	73,350	75,607	2,257
Interest and rentals	122,269	132,343	133,739	1,396
Other revenue	1,000	1,000	5,016	4,016
Total revenue	227,469	206,693	244,362	37,669
<b>Expenditures - Public works</b>	270,276	228,842	218,064	10,778
<b>Excess of Revenue (Under) Over Expenditures</b>	(42,807)	(22,149)	26,298	48,447
<b>Other Financing Sources - Transfers in</b>	53,000	57,000	45,000	(12,000)
<b>Net Change in Fund Balance</b>	10,193	34,851	71,298	36,447
<b>Fund Balance - Beginning of year</b>	48,099	48,099	48,099	-
<b>Fund Balance - End of year</b>	<u><u>\$ 58,292</u></u>	<u><u>\$ 82,950</u></u>	<u><u>\$ 119,397</u></u>	<u><u>\$ 36,447</u></u>

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Licenses and permits	\$ 655,100	\$ 655,100	\$ 548,251	\$ (106,849)
Interest and rentals	1,500	300	-	(300)
Total revenue	656,600	655,400	548,251	(107,149)
<b>Expenditures</b>				
Current services - Public works	538,182	547,059	516,066	30,993
Debt service	52,932	52,932	52,940	(8)
Total expenditures	591,114	599,991	569,006	30,985
<b>Net Change in Fund Balance</b>	65,486	55,409	(20,755)	(76,164)
<b>Fund Balance</b> - Beginning of year	118,416	118,416	118,416	-
<b>Fund Balance</b> - End of year	<u><u>\$ 183,902</u></u>	<u><u>\$ 173,825</u></u>	<u><u>\$ 97,661</u></u>	<u><u>\$ (76,164)</u></u>

## City of Monroe, Michigan

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

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Other revenue	\$ 54,000	\$ 111,750	\$ 55,835	\$ (55,915)
<b>Expenditures</b> - Public works	54,000	158,809	57,851	100,958
<b>Net Change in Fund Balance</b>	-	(47,059)	(2,016)	45,043
<b>Fund Balance</b> - Beginning of year	47,059	47,059	47,059	-
<b>Fund Balance</b> - End of year	<u><u>\$ 47,059</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,043</u></u>	<u><u>\$ 45,043</u></u>

## City of Monroe, Michigan

### Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Municipal Street

Year Ended June 30, 2021

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Interest and rentals	\$ -	\$ 200	\$ 13	\$ (187)
<b>Expenditures</b>	-	-	-	-
<b>Net Change in Fund Balance</b>	-	200	13	(187)
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 13</u>	<u>\$ (187)</u>

**City of Monroe, Michigan****Other Supplemental Information  
Budgetary Comparison Schedule - Nonmajor Governmental Funds  
(Continued)****Telegraph Corridor Improvement Authority****Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 20,000	\$ 3,164	\$ 3,163	\$ (1)
Interest and rentals	500	3	2	(1)
Total revenue	20,500	3,167	3,165	(2)
<b>Expenditures</b> - Community development	20,000	1,000	-	1,000
<b>Net Change in Fund Balance</b>	500	2,167	3,165	998
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u><u>\$ 500</u></u>	<u><u>\$ 2,167</u></u>	<u><u>\$ 3,165</u></u>	<u><u>\$ 998</u></u>

**City of Monroe, Michigan**

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Interest and rentals	\$ 433,147	\$ 432,697	\$ 432,661	\$ (36)
<b>Expenditures</b>				
Capital outlay	-	4,137	3,295	842
Debt service	432,647	432,647	432,647	-
Total expenditures	432,647	436,784	435,942	842
<b>Net Change in Fund Balance</b>	500	(4,087)	(3,281)	806
<b>Fund Balance</b> - Beginning of year	14,358	14,358	14,358	-
<b>Fund Balance</b> - End of year	<u><u>\$ 14,858</u></u>	<u><u>\$ 10,271</u></u>	<u><u>\$ 11,077</u></u>	<u><u>\$ 806</u></u>

**City of Monroe, Michigan**

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

**Year Ended June 30, 2021**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 444,474	\$ 445,394	\$ 446,165	\$ 771
State-shared revenue and grants	20,759	20,110	20,110	-
Interest and rentals	10,000	1,500	1,341	(159)
Other revenue	1,000	-	-	-
Total revenue	476,233	467,004	467,616	612
<b>Expenditures - Debt service</b>	415,075	415,075	415,075	-
<b>Net Change in Fund Balance</b>	61,158	51,929	52,541	612
<b>Fund Balance - Beginning of year</b>	657,374	657,374	657,374	-
<b>Fund Balance - End of year</b>	<u><u>\$ 718,532</u></u>	<u><u>\$ 709,303</u></u>	<u><u>\$ 709,915</u></u>	<u><u>\$ 612</u></u>

***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, 2021

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 438,757	\$ 209,153	\$ 103,370	\$ 3,174,046	\$ 3,925,326
Receivables - Other receivables	104,620	12	23,034	131,464	259,130
Prepays and other assets	84,842	43,375	308,020	-	436,237
Total current assets	628,219	252,540	434,424	3,305,510	4,620,693
Noncurrent assets:					
Net pension asset	13,387	14,810	-	-	28,197
Net OPEB asset	701,051	334,909	-	-	1,035,960
Capital assets - Net	2,975,286	523,803	-	-	3,499,089
Total noncurrent assets	3,689,724	873,522	-	-	4,563,246
Total assets	4,317,943	1,126,062	434,424	3,305,510	9,183,939
<b>Deferred Outflows of Resources</b>					
Deferred pension costs	10,366	11,467	-	-	21,833
Deferred OPEB costs	4,023	1,919	-	-	5,942
Total deferred outflows of resources	14,389	13,386	-	-	27,775
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	65,690	15,058	114,441	106,617	301,806
Accrued liabilities and other	15,378	5,010	-	307,807	328,195
Unearned revenue	3,456	-	-	-	3,456
Compensated absences	5,841	14,312	-	-	20,153
Current portion of long-term debt	132,661	2,391	-	-	135,052
Total current liabilities	223,026	36,771	114,441	414,424	788,662
Noncurrent liabilities - Long-term debt - Net of current portion	1,035,683	20,096	-	-	1,055,779
Total liabilities	1,258,709	56,867	114,441	414,424	1,844,441
<b>Deferred Inflows of Resources</b>					
Deferred pension cost reductions	88,472	97,868	-	-	186,340
Deferred OPEB cost reductions	200,652	95,857	-	-	296,509
Total deferred inflows of resources	289,124	193,725	-	-	482,849
<b>Net Position</b>					
Net investment in capital assets	2,254,491	508,344	-	-	2,762,835
Unrestricted	530,008	380,512	319,983	2,891,086	4,121,589
Total net position	<u>\$ 2,784,499</u>	<u>\$ 888,856</u>	<u>\$ 319,983</u>	<u>\$ 2,891,086</u>	<u>\$ 6,884,424</u>

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

**Year Ended June 30, 2021**

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Operating Revenue</b>					
Other charges for services	\$ 122,894	\$ 89,613	\$ 23,034	\$ 399,802	\$ 635,343
Charges to other funds	1,293,546	770,052	465,519	2,114,735	4,643,852
Total operating revenue	1,416,440	859,665	488,553	2,514,537	5,279,195
<b>Operating Expenses</b>					
Operations and maintenance	376,311	367,062	435,117	1,928,365	3,106,855
Depreciation	351,338	111,475	-	-	462,813
Total operating expenses	727,649	478,537	435,117	1,928,365	3,569,668
<b>Operating Income</b>	688,791	381,128	53,436	586,172	1,709,527
<b>Nonoperating Revenue (Expense)</b>					
Investment income	71	-	-	2,412	2,483
Interest expense	(28,536)	(1,198)	-	-	(29,734)
Gain (loss) on sale of assets	193,546	(6,200)	-	-	187,346
Total nonoperating revenue (expense)	165,081	(7,398)	-	2,412	160,095
<b>Change in Net Position</b>	853,872	373,730	53,436	588,584	1,869,622
<b>Net Position - Beginning of year</b>	1,930,627	515,126	266,547	2,302,502	5,014,802
<b>Net Position - End of year</b>	<b>\$ 2,784,499</b>	<b>\$ 888,856</b>	<b>\$ 319,983</b>	<b>\$ 2,891,086</b>	<b>\$ 6,884,424</b>

Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2021

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 1,294,643	\$ 859,665	\$ 465,519	\$ 2,161,904	\$ 4,781,731
Payments to suppliers	(836,545)	(405,393)	(382,554)	(1,951,985)	(3,576,477)
Payments to employees and fringes	(211,646)	(209,573)	-	1,150	(420,069)
Other receipts	22,929	-	-	-	22,929
Net cash and cash equivalents provided by operating activities	269,381	244,699	82,965	211,069	808,114
<b>Cash Flows Used in Noncapital Financing Activities</b> - Principal and interest paid on operating debt	(36,206)	(564)	-	-	(36,770)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Issuance of bonds	380,452	-	-	-	380,452
Proceeds from sale of capital assets	234,752	-	-	-	234,752
Purchase of capital assets	(974,595)	(133,873)	-	-	(1,108,468)
Principal and interest paid on capital debt	(112,661)	(3,083)	-	-	(115,744)
Net cash and cash equivalents used in capital and related financing activities	(472,052)	(136,956)	-	-	(609,008)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	34	-	-	2,217	2,251
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(238,843)	107,179	82,965	213,286	164,587
<b>Cash and Cash Equivalents</b> - Beginning of year	677,600	101,974	20,405	2,960,760	3,760,739
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 438,757</u>	<u>\$ 209,153</u>	<u>\$ 103,370</u>	<u>\$ 3,174,046</u>	<u>\$ 3,925,326</u>
<b>Classification of Cash and Cash Equivalents</b> - Cash and investments	<u>\$ 438,757</u>	<u>\$ 209,153</u>	<u>\$ 103,370</u>	<u>\$ 3,174,046</u>	<u>\$ 3,925,326</u>

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

**Year Ended June 30, 2021**

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>					
Operating income	\$ 688,791	\$ 381,128	\$ 53,436	\$ 586,172	\$ 1,709,527
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	351,338	111,475	-	-	462,813
Changes in assets and liabilities:					
Receivables	(98,868)	-	(23,034)	47,169	(74,733)
Prepaid and other assets	11,109	8,388	(7,378)	-	12,119
Net pension or OPEB asset	-	(334,909)	-	-	(334,909)
Accounts payable	(133,285)	4,200	59,941	(423,422)	(492,566)
Accrued and other liabilities	(6,380)	3,328	-	1,150	(1,902)
Net OPEB and pension liabilities	(543,324)	71,089	-	-	(472,235)
Total adjustments	(419,410)	(136,429)	29,529	(375,103)	(901,413)
Net cash and cash equivalents provided by operating activities	<u><u>\$ 269,381</u></u>	<u><u>\$ 244,699</u></u>	<u><u>\$ 82,965</u></u>	<u><u>\$ 211,069</u></u>	<u><u>\$ 808,114</u></u>

***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.

***Custodial Fund***

The Tax Collection 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 Fiduciary Net Position  
Fiduciary Funds

June 30, 2021

	Pension and Other Employee Benefit Trust Funds		Custodial Fund	Total Fiduciary Funds
	Pension Trust	Retiree Health Care	Tax Collection	
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 52,319	\$ 7,027,410	\$ 7,079,729
Investments:				
U.S. government securities	16,474,908	7,161,790	-	23,636,698
Municipal bonds	1,854,380	1,920,455	-	3,774,835
Equity investments	7,025,781	-	-	7,025,781
Foreign bonds	2,331,457	1,549,657	-	3,881,114
Stocks	26,012,814	13,829,739	-	39,842,553
Corporate bonds	26,541,245	11,054,906	-	37,596,151
Other investments	2,889,735	9,427,897	-	12,317,632
Foreign stocks	11,351,272	7,444,592	-	18,795,864
Mutual funds	70,185,362	24,449,465	-	94,634,827
Receivables:				
Accrued interest receivable	265,066	-	-	265,066
Other receivables	400	-	-	400
Prepays and other assets	-	9,753	-	9,753
Total assets	164,932,420	76,900,573	7,027,410	248,860,403
<b>Liabilities</b>				
Accounts payable	112,072	202,877	-	314,949
Due to other governmental units	-	-	7,027,410	7,027,410
Advances from primary government	-	65,719	-	65,719
Total liabilities	112,072	268,596	7,027,410	7,408,078
<b>Net Position</b>				
Restricted:				
Restricted for pension	164,820,348	-	-	164,820,348
Restricted for OPEB	-	76,631,977	-	76,631,977
Total net position	<u>\$ 164,820,348</u>	<u>\$ 76,631,977</u>	<u>\$ -</u>	<u>\$ 241,452,325</u>

**Other Supplemental Information**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**

**Year Ended June 30, 2021**

	Pension and Other Employee Benefit Trust Funds		Custodial Fund	Total Fiduciary Funds
	Pension Trust	Retiree Health Care	Tax Collection	
<b>Additions</b>				
Investment income (loss):				
Interest and dividends	\$ 1,888,590	\$ 853,966	\$ -	\$ 2,742,556
Net increase in fair value of investments	30,684,199	15,096,211	-	45,780,410
Investment-related expenses	(586,139)	(320,989)	-	(907,128)
Net investment income	31,986,650	15,629,188	-	47,615,838
Contributions:				
Employer contributions	2,130,207	475,415	-	2,605,622
Employee contributions	483,844	130,082	-	613,926
Total contributions	2,614,051	605,497	-	3,219,548
Property tax collections	-	-	26,956,290	26,956,290
Total additions	34,600,701	16,234,685	26,956,290	77,791,676
<b>Deductions</b>				
Benefit payments	10,758,686	2,923,118	-	13,681,804
Refunds of contributions	6,176	-	-	6,176
Administrative expenses	113,438	94,320	-	207,758
Tax distributions to other governments	-	-	26,956,290	26,956,290
Total deductions	10,878,300	3,017,438	26,956,290	40,852,028
<b>Net Increase in Fiduciary Net Position</b>	23,722,401	13,217,247	-	36,939,648
<b>Net Position - Beginning of year</b>	141,097,947	63,414,730	-	204,512,677
<b>Net Position - End of year</b>	<b>\$ 164,820,348</b>	<b>\$ 76,631,977</b>	<b>\$ -</b>	<b>\$ 241,452,325</b>

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## Statistical Section

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This part of the Annual Comprehensive Financial Reports 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

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## Financial Trends

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

## City of Monroe, Michigan

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	As of June 30,			
	2012	2013	2014	2015 *
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 60,908,779	\$ 61,962,831	\$ 61,231,910	\$ 60,179,911
Restricted	2,074,059	2,108,898	2,518,196	2,286,647
Unrestricted	<u>2,367,980</u>	<u>2,936,731</u>	<u>4,137,152</u>	<u>8,147,342</u>
Total net position	67,507,756	65,350,818	67,008,460	67,887,258
<b>Business-type Activities:</b>				
Net investment in capital assets	57,363,383	58,090,703	60,690,546	61,966,736
Unrestricted	<u>9,521,421</u>	<u>11,860,887</u>	<u>11,154,906</u>	<u>12,069,531</u>
Total net position	66,267,159	66,884,804	69,951,590	71,845,452
<b>Primary Government in Total:</b>				
Net investment in capital assets	118,272,162	120,053,534	121,922,456	122,146,647
Restricted	2,074,059	2,108,898	2,518,196	2,286,647
Unrestricted	<u>11,889,401</u>	<u>14,797,618</u>	<u>15,292,058</u>	<u>20,216,873</u>
Total net position	<u><b>\$ 132,235,622</b></u>	<u><b>\$ 136,960,050</b></u>	<u><b>\$ 139,732,710</b></u>	<u><b>\$ 144,650,167</b></u>

\* 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,					
2016	2017	2018 **	2019	2020	2021
\$ 58,118,232	\$ 54,825,194	\$ 56,028,571	\$ 56,603,660	\$ 56,521,355	\$ 62,609,327
2,354,630	2,158,946	2,671,364	4,692,897	3,978,604	3,196,729
<u>6,705,055</u>	<u>1,746,070</u>	<u>(24,756,920)</u>	<u>(23,243,417)</u>	<u>(22,466,827)</u>	<u>1,933,403</u>
70,613,900	58,730,210	33,943,015	38,053,140	38,033,132	67,739,459
62,800,496	66,184,050	70,147,960	93,667,831	102,684,428	107,034,135
<u>13,744,444</u>	<u>13,347,896</u>	<u>3,169,585</u>	<u>2,315,016</u>	<u>4,051,103</u>	<u>13,409,165</u>
74,036,267	79,531,946	73,317,545	95,982,847	106,735,531	120,443,300
120,918,728	121,009,244	126,176,531	150,271,491	159,205,783	169,643,462
2,354,630	2,158,946	2,671,364	4,692,897	3,978,604	3,196,729
<u>20,449,499</u>	<u>15,093,966</u>	<u>(21,587,335)</u>	<u>(20,928,401)</u>	<u>(18,415,724)</u>	<u>15,342,568</u>
<b><u>\$ 143,722,857</u></b>	<b><u>\$ 138,262,156</u></b>	<b><u>\$ 107,260,560</u></b>	<b><u>\$ 134,035,987</u></b>	<b><u>\$ 144,768,663</u></b>	<b><u>\$ 188,182,759</u></b>

## City of Monroe, Michigan

	Year Ended June 30,			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,398,403	\$ 2,646,677	\$ 1,583,604	\$ 1,893,042
Public safety	9,654,009	8,663,622	9,330,166	9,524,877
Public works	9,825,018	8,601,804	10,816,801	10,366,601
Community development	601,433	628,791	1,005,355	623,199
Culture and recreation	1,406,611	1,631,045	1,135,361	1,236,997
Interest on long-term debt	299,425	325,183	252,070	203,769
Total governmental activities	24,184,899	22,497,122	24,123,357	23,848,485
Business-type activities:				
Water	7,291,792	6,756,495	7,141,197	7,026,325
Wastewater	7,436,772	6,458,580	6,864,433	7,068,465
Building Authority	-	-	-	-
Total business-type activities	14,728,564	13,215,075	14,005,630	14,094,790
Total primary government expenses	38,913,463	35,712,197	38,128,987	37,943,275
<b>Program Revenue</b>				
Governmental activities:				
Charges for services:				
General government	90,204	102,968	110,282	122,895
Public safety	336,814	364,546	416,404	409,652
Public works	1,103,911	1,093,392	1,050,776	838,946
Community development	-	-	-	-
Culture and recreation	634,578	581,030	532,615	464,491
Operating grants and contributions	1,496,086	1,635,959	1,851,121	1,694,675
Capital grants and contributions	1,615,645	3,023,728	2,322,245	1,112,611
Total governmental activities program revenue	5,277,238	6,801,623	6,283,443	4,643,270
Business-type activities:				
Charges for services:				
Water	7,214,309	7,559,714	7,293,205	7,460,287
Wastewater	7,252,271	7,712,715	8,112,871	8,280,678
Operating grants and contributions	153,575	152,259	139,867	-
Capital grants and contributions	610,905	468,477	287,982	362,000
Total business-type activities program revenue	15,231,060	15,893,165	15,833,925	16,102,965
Total primary government program revenue	20,508,298	22,694,788	22,117,368	20,746,235
<b>Net (Expense) Revenue</b>				
Governmental activities	(18,907,661)	(15,695,499)	(17,839,914)	(19,205,215)
Business-type activities	502,496	2,678,090	1,828,295	2,008,175
Total primary government net expense	(18,405,165)	(13,017,409)	(16,011,619)	(17,197,040)

\* 2021 expenses are reported net of an OPEB cost recovery

## Changes in Governmental and Business-type Net Position

**Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,					
2016	2017	2018	2019	2020	2021*
\$ 2,435,672	\$ 2,482,372	\$ 2,634,067	\$ 2,325,586	\$ 2,550,310	\$ (1,054,889)
11,602,770	12,831,299	12,269,794	10,347,617	11,122,855	(4,356,408)
9,932,495	11,078,905	10,733,142	9,225,079	9,358,645	5,776,672
433,587	1,069,806	294,520	804,262	1,305,728	1,491,201
2,139,798	1,836,283	1,600,210	641,260	1,356,752	743,870
261,674	916,101	951,113	1,194,423	1,202,156	1,204,027
26,805,996	30,214,766	28,482,846	24,538,227	26,896,446	3,804,473
7,017,117	7,172,197	6,776,392	7,469,892	8,643,862	5,109,216
7,946,781	8,841,700	8,091,265	8,794,091	8,390,077	4,834,795
149,833	-	-	-	53,023	4,930
15,113,731	16,013,897	14,867,657	16,263,983	17,086,962	9,948,941
41,919,727	46,228,663	43,350,503	40,802,210	43,983,408	13,753,414
133,902	96,961	101,965	93,972	116,469	140,525
396,243	342,005	431,898	426,226	301,875	187,379
1,012,857	776,506	674,091	951,369	833,504	850,963
-	10,000	-	-	-	-
415,565	306,295	87,137	73,200	23,903	24,673
1,759,536	1,727,719	2,373,939	2,786,241	2,272,638	3,964,471
576,261	695,973	4,155,991	893,397	852,465	1,198,602
4,294,364	3,955,459	7,825,021	5,224,405	4,400,854	6,366,613
8,237,737	8,447,142	8,550,443	9,072,440	9,857,767	10,137,345
8,541,205	9,073,253	9,997,793	10,219,532	10,452,277	10,541,677
-	-	-	-	27,683	332,572
236,310	754,346	2,244,327	19,391,301	7,354,347	2,484,402
17,015,252	18,274,741	20,792,563	38,683,273	27,692,074	23,495,996
21,309,616	22,230,200	28,617,584	43,907,678	32,092,928	29,862,609
(22,511,632)	(26,259,307)	(20,657,825)	(19,313,822)	(22,495,592)	2,562,140
1,901,521	2,260,844	5,924,906	22,419,290	10,605,112	13,547,055
<b>(20,610,111)</b>	<b>(23,998,463)</b>	<b>(14,732,919)</b>	<b>3,105,468</b>	<b>(11,890,480)</b>	<b>16,109,195</b>

	Year Ended June 30,			
	2012	2013	2014	2015
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 13,997,518	\$ 14,444,017	\$ 14,753,413	\$ 15,259,339
State-shared revenue	1,752,988	1,861,100	1,855,826	1,889,711
Investment earnings	87,494	65,260	79,464	90,531
Franchise fees	307,837	319,517	319,426	336,590
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	487,789	663,247	1,710,583	912,309
Special Item - Impairment	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	16,633,626	17,353,141	18,718,712	18,488,480
Business-type activities:				
Investment earnings	51,253	46,277	45,990	46,792
Gain on sale of capital assets	-	14,513	4,250	-
Miscellaneous	63,896	347,906	15,327	-
Transfers	-	-	-	-
Total business-type activities	115,149	408,696	65,567	46,792
Total primary government	16,748,775	17,761,837	18,784,279	18,535,272
<b>Changes in Net Position</b>				
Governmental activities	(2,274,035)	1,657,642	878,798	(716,735)
Business-type activities	617,645	3,086,786	1,893,862	2,054,967
Total primary government	\$ (1,656,390)	\$ 4,744,428	\$ 2,772,660	\$ 1,338,232

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

**Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,					
2016	2017	2018	2019	2020	2021
\$ 16,033,234	\$ 15,607,661	\$ 16,708,017	\$ 17,440,624	\$ 16,993,685	\$ 17,025,788
1,888,484	3,286,493	3,485,665	3,314,905	3,475,054	3,797,399
92,012	165,137	224,833	783,296	544,899	30,748
336,660	335,704	318,469	318,342	297,171	296,952
-	-	-	203,001	12,060	72,086
725,259	1,006,396	864,960	1,363,779	1,152,715	5,396,998
-	(2,589,791)	-	-	-	-
-	-	-	-	-	-
19,075,649	17,811,600	21,601,944	23,423,947	22,475,584	26,619,971
53,397	81,948	114,400	221,477	142,625	17,903
-	-	40,701	10,454	(5,717)	142,040
553,755	644,214	7,095	14,081	10,664	771
-	-	-	-	-	-
607,152	726,162	162,196	246,012	147,572	160,714
19,682,801	18,537,762	21,764,140	23,669,959	22,623,156	26,780,685
(3,435,983)	(8,447,707)	944,119	4,110,125	(20,008)	29,182,111
2,508,673	2,987,006	6,087,102	22,665,302	10,752,684	13,707,769
<b>\$ (927,310)</b>	<b>\$ (5,460,701)</b>	<b>\$ 7,031,221</b>	<b>\$ 26,775,427</b>	<b>\$ 10,732,676</b>	<b>\$ 42,889,880</b>

## City of Monroe, Michigan

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As of June 30,				
	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ 891,344	\$ 390,439	\$ 394,866	\$ 381,227
Restricted	-	-	-	-
Committed	2,181,000	2,000,000	2,000,000	2,000,000
Assigned	56,348	48,565	94,960	174,447
Unassigned	2,511,024	3,101,726	3,300,391	3,536,680
Total General Fund	<b>\$ 5,639,716</b>	<b>\$ 5,540,730</b>	<b>\$ 5,790,217</b>	<b>\$ 6,092,354</b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 52,197	\$ 48,545	\$ 64,438	\$ 73,513
Restricted	5,193,346	2,640,688	2,734,354	3,419,074
Committed	1,812,012	1,141,372	1,509,914	1,225,696
Assigned	73,845	78,848	30,986	31,036
Total all other governmental funds	<b>\$ 7,131,400</b>	<b>\$ 3,909,453</b>	<b>\$ 4,339,692</b>	<b>\$ 4,749,319</b>

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Unaudited)

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 115,510	\$ 100,149	\$ 115,726	\$ 812,518	\$ 819,891	\$ 1,096,189
24,410,801	-	-	-	-	-
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,533,851
161,942	57,961	74,991	1,644,643	2,278,333	2,262,446
3,776,720	3,931,769	4,129,894	3,816,070	3,867,780	3,726,698
<b>\$ 30,464,973</b>	<b>\$ 6,089,879</b>	<b>\$ 6,320,611</b>	<b>\$ 8,273,231</b>	<b>\$ 8,966,004</b>	<b>\$ 9,619,184</b>
\$ 26,735	\$ 44,830	\$ 46,551	\$ 266,690	\$ 49,403	\$ 66,023
3,549,477	4,931,404	3,348,382	5,617,183	4,115,752	3,812,259
1,371,276	2,200,567	3,251,452	2,945,482	2,359,176	3,274,379
31,036	31,231	31,934	29,743	14,358	11,077
<b>\$ 4,978,524</b>	<b>\$ 7,208,032</b>	<b>\$ 6,678,319</b>	<b>\$ 8,859,098</b>	<b>\$ 6,538,689</b>	<b>\$ 7,163,738</b>

## City of Monroe, Michigan

	Year Ended June 30,			
	2012	2013	2014	2015
<b>Revenue</b>				
Property taxes	\$ 13,973,835	\$ 14,475,644	\$ 14,732,701	\$ 15,246,310
Special assessment	28,844	769	79,613	-
State-shared revenue and grants	3,994,692	4,246,298	3,779,531	3,776,245
Federal grants	1,376,627	2,125,091	2,423,356	826,810
Charges for services	1,283,048	1,151,562	1,098,830	1,064,867
Fines and forfeitures	80,148	97,821	116,532	92,461
Licenses and permits	902,130	859,259	930,701	750,529
Interest and rent	714,330	657,024	666,147	79,278
Other	141,626	454,736	819,875	1,277,756
Total revenue	22,495,280	24,068,204	24,647,286	23,114,256
<b>Expenditures</b>				
Current:				
General government	2,462,672	2,661,896	1,686,183	1,877,665
Public safety	8,515,103	8,808,768	9,302,913	9,549,666
Public works	8,501,505	12,430,284	8,446,362	8,876,253
Community development	583,729	647,756	1,003,153	631,858
Recreation and culture	1,815,121	1,819,755	1,794,288	1,797,716
Capital outlay	339,984	91,408	854,251	538,385
Debt service:				
Principal	988,595	612,183	568,259	2,083,611
Interest	325,035	423,481	321,151	313,725
Other	-	-	-	-
Total expenditures	23,531,744	27,495,531	23,976,560	25,668,879
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,036,464)	(3,427,327)	670,726	(2,554,623)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,434,396	1,069,546	1,717,671	1,461,544
Transfers out	(1,434,396)	(1,098,152)	(1,708,671)	(1,461,544)
Debt issuance	4,103,575	4,275,000	-	3,146,000
Debt defeasance	-	(4,140,000)	-	-
Debt premium or discount	-	-	-	120,387
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	4,103,575	106,394	9,000	3,266,387
<b>Net Change in Fund Balances</b>	3,067,111	(3,320,933)	679,726	711,764
<b>Fund Balances - Beginning of year</b>	9,704,005	12,771,116	9,450,183	10,129,909
<b>Fund Balances - End of year</b>	<b>\$ 12,771,116</b>	<b>\$ 9,450,183</b>	<b>\$ 10,129,909</b>	<b>\$ 10,841,673</b>
Capital expenditures	\$ 3,836,071	\$ 8,141,498	\$ 3,565,751	\$ 3,890,424
Debt service as a percentage of noncapital expenditures	6.67%	5.35%	4.36%	11.01%

\* Beginning of year 2021 fund balance was restated due to the implementation of GASB 84

## Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,					
2016	2017	2018	2019	2020	2021*
\$ 16,076,605	\$ 15,589,110	\$ 16,859,473	\$ 17,306,545	\$ 17,106,770	\$ 17,018,554
-	595,916	25,731	58,042	29,050	15,924
4,042,455	5,303,490	8,456,937	7,169,865	6,309,722	7,052,460
610,368	440,642	371,844	415,004	211,911	2,020,811
977,522	871,257	608,823	523,921	421,137	393,874
98,024	93,846	111,836	126,234	83,018	29,352
971,253	773,913	694,981	979,501	887,224	898,888
82,359	144,171	835,953	1,307,477	1,063,481	646,155
960,982	320,956	439,193	442,296	364,862	1,960,489
23,819,568	24,133,301	28,404,771	28,328,885	26,477,175	30,036,507
2,629,169	5,250,778	2,186,663	2,094,263	2,327,975	2,079,687
9,661,985	24,011,765	8,778,224	8,796,016	8,803,435	9,224,199
8,654,759	9,459,202	5,557,807	5,651,278	6,104,512	6,115,876
432,353	1,551,822	3,213,636	947,828	697,792	2,091,830
2,262,729	3,323,409	1,812,464	1,829,771	1,796,101	2,983,221
-	4,363,062	4,107,263	8,696,721	4,780,415	4,547,824
677,570	1,796,012	1,893,128	2,135,853	2,471,530	5,746,490
286,909	920,837	1,089,567	1,181,889	1,231,168	1,192,275
-	-	-	-	-	-
24,605,474	50,676,887	28,638,752	31,333,619	28,212,928	33,981,402
(785,906)	(26,543,586)	(233,981)	(3,004,734)	(1,735,753)	(3,944,895)
1,344,470	2,720,921	2,694,382	1,974,399	1,549,540	4,348,789
(1,382,607)	(2,777,921)	(2,759,382)	(1,974,399)	(1,549,540)	(4,348,789)
25,410,619	4,455,000	-	6,746,831	96,057	4,085,000
-	-	-	-	-	-
-	-	-	188,301	-	541,822
15,248	-	-	203,001	12,060	72,086
25,387,730	4,398,000	(65,000)	7,138,133	108,117	4,698,908
24,601,824	(22,145,586)	(298,981)	4,133,399	(1,627,636)	754,013
10,841,673	35,443,497	13,297,911	12,998,930	17,132,329	16,028,909
<b>\$ 35,443,497</b>	<b>\$ 13,297,911</b>	<b>\$ 12,998,930</b>	<b>\$ 17,132,329</b>	<b>\$ 15,504,693</b>	<b>\$ 16,782,922</b>
\$ 3,560,375	\$ 4,456,326	\$ 6,736,645	\$ 9,738,044	\$ 4,764,547	\$ 6,804,557
4.58%	5.88%	13.62%	15.36%	15.79%	25.53%

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## Revenue Capacity

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

## City of Monroe, Michigan

		Taxable Value by Property Type				
Tax Year	Fiscal year	Real Property			Agricultural &	
		Residential	Commercial	Industrial	other	IFT
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
2020	2021	320,210,660	125,019,100	84,934,808	889,572	13,043,100

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, 2021**

## Taxable Value by Property Type

Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
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
448,035,542	992,132,782	17.3865	2,183,471,620	45.44

## City of Monroe, Michigan

Tax Year	Millage rates - direct city taxes				Overlapping taxes		
	General operating	Debt	Special purpose	Total direct taxes	County	Community college	Intermediate school district
<b>Monroe School District</b>							
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
2020	14.6424	-	2.7441	17.3865	5.4722	3.0294	4.7541
<b>Jefferson School District</b>							
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
2020	14.6424	-	2.7441	17.3865	5.4722	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
2021	14.6424	-	8.9109

## Direct and Overlapping Property Tax Rates

**June 30, 2021**

Overlapping taxes					Total tax rate:	
Library	Public Transportation	State Education	School: Homestead	School: Non- homestead	Homestead	Non-homestead
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	0.8178	6.0000	2.5000	20.5000	40.9600	58.9600
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
1.0000	0.8178	6.0000	1.4500	19.4500	39.9100	57.9100

## Principal Property Tax Payers

Current and Nine Years Ago

June 30, 2021

	Taxpayer	2021 Taxable Value	% of total	2012 Taxable Value	% of total	2012 Rank
1	Detroit Edison	460,651,990	45.73%	364,292,880	41.38%	1
2	La-z-boy Incorporated	22,441,280	2.23%			
3	Gerdau Macsteel	20,938,670	2.08%	35,420,780	4.02%	2
4	International Transmission Company	10,644,710	1.06%	12,063,660	1.37%	3
5	Howard Ternes Packing Company	6,637,510	0.66%	6,291,500	0.71%	4
6	Michigan Gas Utility Corp	5,556,950	0.55%			
7	Great Lakes Towers, LLC	5,358,560	0.53%			
8	Ford Motor Company	5,333,030	0.53%	5,583,840	0.63%	6
9	OFTH 172 LLC	4,841,990	0.48%			
10	Monroe Bank & Trust	4,129,210	0.41%	5,439,230	0.62%	7
	Headwaters Resources, Inc			5,793,500	0.66%	5
	National Galvanizing	-		5,049,960	0.57%	8
	Oak Forest APT Investors LLC			3,270,670	0.37%	9
	Holiday Inn of Monroe			2,937,150	0.34%	10
	Total	1,007,389,283				

## Property Tax Levies and Collections

**Last Ten Fiscal Years**

**June 30, 2021**

Tax Year	Year ended June 30	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
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
2020	2021	16,725,348	16,476,197	98.51	237,935	16,714,132	99.93

(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

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## Debt Capacity

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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.

## City of Monroe, Michigan

	As of June 30,			
	2012	2013	2014	2015
<b>Governmental Activities:</b>				
General obligation bonds	\$ 10,215	\$ 9,760	\$ 9,215	\$ 10,422
Installment purchase agreements	315	278	238	197
State of Michigan loans	1,591	1,367	618	449
Transportation bonds	-	-	-	-
Capital leases	-	-	-	-
Total	12,122	11,404	10,071	11,068
<b>Business Type Activities:</b>				
General obligation bonds	31,360	42,413	65,200	63,672
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	31,360	42,413	65,200	63,672
Total debt of the government	<b>\$ 43,482</b>	<b>\$ 53,817</b>	<b>\$ 75,271</b>	<b>\$ 74,740</b>
<b>Total Taxable Value</b>	\$ 84,702	\$ 90,430	\$ 87,332	\$ 102,742
Ratio of total debt to taxable value	51.33%	59.51%	86.19%	72.75%
<b>Total Population</b>	20,672	20,535	20,405	20,198
Total debt per capita	\$ 2,103	\$ 2,621	\$ 3,689	\$ 3,700

Note: Data in thousands of dollars, except debt pre capita.

Source: U.S. Census Bureau - [www.census.gov](http://www.census.gov)

## Ratios of Outstanding Debt

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 35,622	\$ 35,808	\$ 34,046	\$ 38,313	\$ 36,240	\$ 34,155
403	221	152	1,274	1,202	1,393
377	305	231	156	79	-
-	2,565	2,415	2,260	1,905	2,943
-	-	-	10	8	6
36,402	38,899	36,844	42,013	47,385	38,497
69,586	66,114	62,637	59,808	56,110	52,416
-	-	-	-	-	392
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,586	66,114	62,637	59,808	56,110	52,808
<b>\$ 105,988</b>	<b>\$ 105,013</b>	<b>\$ 99,481</b>	<b>\$ 101,821</b>	<b>\$ 103,495</b>	<b>\$ 91,305</b>
\$ 69,233	\$ 68,436	\$ 68,395	\$ 1,004,146	\$ 1,007,389	\$ 992,133
153.09%	153.45%	145.45%	10.14%	10.27%	9.20%
20,092	19,986	19,875	19,715	19,552	20,462
\$ 5,275	\$ 5,254	\$ 5,005	\$ 5,165	\$ 5,293	\$ 4,462

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2021

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
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
2021	55,066,875	-	1,260,335	13,908,134	67,714,674	992,132,782	6.83%	20,462	3,309

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.

**City of Monroe, Michigan****Direct and Overlapping Governmental Activities Debt****June 30, 2021**

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
County of Monroe	5,529,357	14.36%	794,016
Jefferson School District	-	2.70%	-
Monroe School District	35,795,000	47.68%	17,067,056
Monroe Intermediate School District	-	14.91%	-
Monroe County Community College	-	14.39%	-
Total overlapping debt	41,324,357		17,861,072
Direct City debt			38,497,089
Total direct and overlapping debt			56,358,161

- 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.

## City of Monroe, Michigan

	As of June 30,			
	2012	2013	2014	2015
Calculation of debt limit:				
State equalized valuation	959,234,820	955,580,198	977,791,140	1,023,979,870
10% of taxable value	95,923,482	95,558,020	97,779,114	102,397,987
Calculation of debt subject to limit:				
Total debt	43,482,017	53,815,607	75,271,310	74,278,371
Less: debt not subject to limit:				
County Agency Bonds	4,997,673	17,175,475	25,072,090	25,277,715
Installment Purchase Agreements	315,148	277,558	238,143	196,812
State/County Direct Loans	1,591,413	1,364,791	927,936	448,898
Transportation Bonds				
Net debt subject to limit	36,577,783	34,997,783	49,033,142	48,354,946
Legal debt margin	59,345,699	60,560,237	48,745,972	54,043,041
Net debt subject to limit as % of debt limit	38.13%	36.62%	50.15%	47.22%

Source: City of Monroe Assessor

## Legal Debt Margin

June 30, 2021

As of June 30,					
2016	2017	2018	2019	2020	2021
1,083,548,570	1,052,960,210	1,088,092,160	1,101,083,690	1,097,963,881	1,091,735,810
108,354,857	105,296,021	108,809,216	110,108,369	109,796,388	109,173,581
105,988,549	105,013,735	99,481,001	100,831,862	94,645,747	89,367,549
24,219,569	23,109,569	21,974,569	20,814,569	19,624,569	18,404,569
403,463	221,233	152,536	1,274,107	1,201,868	1,392,648
377,735	305,150	231,113	155,596	159,011	48,745
	2,565,000	2,415,000	2,260,000	1,905,000	2,943,287
80,987,782	78,812,783	74,707,783	76,327,590	71,755,299	66,578,300
27,367,075	26,483,238	34,101,433	33,780,779	38,041,089	42,595,281
74.74%	74.85%	68.66%	69.32%	65.35%	60.98%

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## Demographic and Economic Information

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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, 2021

Fiscal year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemployment rate
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%
2021	20,462	492,789	25,204	6.20%

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

## Principal Employers

June 30, 2021

Employer	2021 Employees	Percentage of total	2012 Employees	Percentage of total	2012 rank
1 ProMedica Monroe Hospital	1,035	1.54%			
2 La-Z-Boy Incorporated	574	0.85%	522	0.81%	4
3 County of Monroe	554	0.82%	700	1.08%	2
4 Gerdau MACSteel	541	0.80%	450	0.70%	5
5 DTE Energy	501	0.74%	530	0.82%	3
6 Monroe Public Schools	418	0.62%			
7 SYGMA Network	240	0.36%	162	0.25%	10
8 City of Monroe	183	0.27%	167	0.26%	9
9 Backyard Products	150	0.22%			
10 Pioneer Metal Finishing	120	0.18%			
Monroe Bank & Trust			401	62.00%	6
Sisters, Servants of the Immaculate Heart of Mary			265	0.41%	7
Monroe Publishing Company			200	0.31%	8
Mercy Memorial Hospital			1,600	2.47%	1
Total	4,316		4,997		

Source: Monroe County Business Development Corporation

## Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2021

Function/ program:	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
City Manager	2.00	2.00	2.00	2.00	3.00	3.00	5.00	3.00	3.00	3.00
Clerk/Treasurer	4.00	5.00	4.00	4.00	4.00	4.00	5.00	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	3.50	3.50	3.50	3.50	3.90	3.90	3.90	3.90
Human resources	1.50	1.50	1.50	1.50	1.60	1.60	2.00	2.00	2.00	2.00
Engineering	6.50	6.50	6.50	6.50	6.50	6.50	5.50	4.50	4.50	4.50
City Hall and grounds	1.35	1.35	1.35	1.41	1.38	1.38	1.38	1.38	1.88	1.88
Information systems	0.10	0.10	0.10	0.10	0.10	0.10	0.10	2.10	2.10	2.10
Public safety:										
Police:										
Officers	40.00	40.00	42.00	42.00	42.00	42.00	40.00	40.00	40.00	40.00
Civilians	5.00	6.00	6.00	6.00	6.00	6.00	7.68	7.68	7.70	7.70
Fire and EMS:										
Firefighters and officers	16.00	16.00	13.00	13.00	16.00	19.00	19.00	19.00	19.00	19.00
Civilians	-	-	-	-	-	-	-	-	-	-
Zoning/Ordinance enforcement	0.63	0.63	1.13	1.19	1.46	1.51	1.58	1.83	1.83	1.83
Building inspection	4.15	4.15	3.65	4.53	4.86	5.01	6.49	6.24	5.76	5.76
Public works - Public service	19.50	19.50	19.50	19.50	20.50	19.34	19.16	17.83	17.83	17.83
Community and economic development	2.75	2.75	2.75	2.75	3.18	3.18	2.35	4.35	4.35	3.75
Parks and recreation	2.13	2.13	2.13	2.13	2.73	3.89	6.34	4.67	4.67	4.67
Water	28.50	28.50	28.50	27.50	27.50	27.50	27.50	27.50	28.70	31.70
Wastewater	26.00	26.00	26.00	26.00	26.00	25.45	25.00	25.00	25.70	25.70
Total	<b>167.00</b>	<b>169.00</b>	<b>166.60</b>	<b>166.60</b>	<b>173.30</b>	<b>175.96</b>	<b>180.98</b>	<b>178.98</b>	<b>180.92</b>	<b>183.32</b>

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

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## Operating Information

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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.

## City of Monroe, Michigan

Function/ Program	As of June 30,			
	2012	2013	2014	2015
Police:				
Physical arrests	1,045	1,089	1,335	1,091
Traffic citations and warnings	2,571	3,549	4,744	4,695
Original complaints	17,100	19,581	24,857	21,731
Fire:				
Fire incidents	697	735	817	876
EMS incidents	2,590	2,533	2,584	2,680
Inspections	300	193	458	462
Code enforcement/administration:				
Building inspections	2,280	2,376	2,217	2,273
Plumbing/Mechanical inspections	585	485	577	479
Electrical inspections	516	364	128	269
Zoning inspections	486	326	373	110
Blight violations	1,178	759	968	1,636
Rental inspections	1,052	1,348	1,327	1,976
Public works:				
Miles of street resurfaced	2	2	3	1
Trees trimmed	1,200	600	250	300
Trees removed	220	145	130	130
Trees planted	140	120	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	1	1	1	0
City property mowing hours	170	150	100	110
Parks and recreation:				
Recreation program attendance	13,388	12,181	18,746	16,208
Park/Shelter reservations	101	85	85	91
Pool admission	3,011	2,465	-	-
Water:				
Number of customers billed	62,202	62,067	63,866	64,052
New services	115	121	72	83
Average daily consumption (thousands of gallons per day)	7,197	7,328	7,283	7,141
Wastewater - Average daily sewage treatment (thousands of gallons)	14,094	10,192	7,279	11,993

## Operating Indicators

**Last Ten Fiscal Years**

**June 30, 2021**

As of June 30,					
2016	2017	2018	2019	2020	2021
1,456	1,081	1,333	1,155	1,172	404
3,841	3,329	3,403	4,031	3,646	2,126
21,254	20,916	19,540	20,464	20,458	16,368
951	1,138	1,126	1,293	1,009	1028
2,694	2,776	2,702	2,740	2,871	2880
226	104	100	106	58	0
4,653	9,521	3,116	3,085	1,631	2,089
647	901	689	890	378	529
341	311	313	419	197	276
180	87	838	306	132	156
1,773	2,611	1,470	1,257	3,233	1,620
1,615	1,091	1,326	1,286	822	1,615
2	3	1	4	1	3
375	440	950	1,100	552	310
160	210	521	225	285	305
90	402	237	207	226	130
2,400	2,400	2,400	2,400	2,400	2,400
-	-	-	-	-	-
-	-	-	-	-	-
1	12	1	12	6	4
90	90	180	220	200	245
19,657	25,789	25,066	25,064	620	616
90	89	81	109	-	23
-	-	-	-	-	-
64,808	65,878	65,108	65,144	68,141	72,837
66	53	45	56	57	69
7,365	7,525	7,272	6,830	7,063	7,427
11,580	12,342	12,738	13,529	13,300	9,746

## City of Monroe, Michigan

Function/ program	As of June 30,			
	2012	2013	2014	2015
Police:				
Stations	1	1	1	1
Patrol units	14	14	15	15
Fire:				
Stations	2	2	2	2
Fire response vehicles	4	4	4	5
Emergency response vehicles	4	4	4	5
Public works:				
Streets (miles):				
Major streets	28.6	28.6	28.6	28.6
Local streets	54.12	54.12	54.12	54.13
Sidewalks	170.86	172.25	172.25	172.25
Streetlights	1570	1582	1582	1582
Traffic signals	9	7	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	305	306	306
Fire hydrants	2854	3295	3327	3339
Storage capacity	6.81	6.81	6.81	7.00
Sewer:				
Miles of sanitary sewers	303	303	303	303
Miles of storm sewers	60.81	60.81	60.85	61
Treatment capacity (millions of gallons/day)	32.0	32.0	32.0	46.0

## Capital Asset Statistics

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
15	15	15	15	15	15
2	2	2	2	2	2
5	5	5	5	4	4
5	5	5	5	4	4
28.6	28.6	28.6	28.4	28.4	28.32
54.13	54.13	54.13	54.37	54.29	54.26
172.29	172.39	172.39	172.39	172.64	172.64
1582	1599	1599	1,600	1,600	1,600.00
7	7	7	7	7	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	307	307	307	307	307
3,340	3346	3387	3,391	3,391	3,395
6.81	6.81	6.81	6.81	6.81	6.81
303	303	260.51	260.51	260.51	260.51
60.85	60.85	60.85	60.85	73.50	75.20
45.6	45.6	45.6	45.6	45.6	45.60

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# City of Monroe, Michigan

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**Federal Awards Supplemental Information**  
**June 30, 2021**

**Independent Auditor's Reports**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 1

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

**Independent Auditor's Report**

To the Mayor and the City Council  
City of Monroe, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan (the "City") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 8, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 8, 2021. We did not audit the financial statements of the Monroe Housing Commission, which represents 46 percent, 86 percent, and 57 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 thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe Housing Commission, is based on the report of the other auditors.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

December 8, 2021

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management, the Mayor, and the City Council  
City of Monroe, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan (the "City") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2021. Our report includes a reference to other auditors who audited the financial statements of the Monroe Housing Commission, as described in our report on the City of Monroe, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

To Management, the Mayor, and the City Council  
City of Monroe, Michigan

### **Purpose of This Report**

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

*Plante & Moran, PLLC*

December 8, 2021

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance  
Required by the Uniform Guidance

**Independent Auditor's Report**

To the Mayor and the City Council  
City of Monroe, Michigan

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

We have audited City of Monroe, Michigan's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Monroe Housing Commission, which received \$1,774,811 in federal awards, which is not included in the schedule during the year ended June 30, 2021. Our audit, described below, did not include the operations of the Monroe Housing Commission because the Monroe Housing Commission engaged other auditors to perform an audit in accordance with the Uniform Guidance.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021.

To the Mayor and the City Council  
City of Monroe, Michigan

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

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

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

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

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

*Plante & Moran, PLLC*

December 8, 2021

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development - Community Development Block Grants/Entitlement Grants - CDBG - Entitlement Grants Cluster	14.218		\$ -	\$ 1,115,201
U.S. Department of Justice: Bulletproof Vest Partnership Program	16.607		-	2,400
Passed through State of Michigan - COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	N/A	-	17,232
Total U.S. Department of Justice			-	19,632
U.S. Department of Transportation - Airport Improvement Program	20.106		-	30,000
U.S. Environmental Protection Agency - Passed through the State of Michigan - Great Lakes Program	66.469	N/A	-	17,111
U.S. Department of the Treasury - Passed through State of Michigan - Department of Treasury - Coronavirus Relief Fund: COVID-19 - Coronavirus Relief Local Government Grants	21.019	FAIN# SLT0040	-	82,405
COVID-19 - First Responder Hazard Pay Premiums Program	21.019	FAIN# SLT0040 & SLT0247	-	56,000
COVID-19 - Public Safety/Public Health Payroll Reimbursement	21.019	FAIN# SLT0040 & SLT0247	-	700,462
Total U.S. Department of the Treasury			-	838,867
U.S. Department of Homeland Security - Pre-Disaster Mitigation	97.047		-	13,412
U.S. Election Assistance Commission - Passed through the State of Michigan - 2018 HAVA Election Security Grant	90.404	N/A	-	1,934
Total			\$ -	\$ 2,036,157

## Notes to Schedule of Expenditures of Federal Awards

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Year Ended June 30, 2021

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Monroe, Michigan (the "City") under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for expenditures related to CFDA 21.019, Coronavirus Relief Fund (CRF). CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of the Treasury's guidance and frequently asked questions as outlined in the 2020 Compliance Supplement Addendum. The pass-through entity identifying numbers are presented where available.

The City has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   None reported

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.218	Community Development Block Grants Entitlement Cluster - Community Development Block Grant Program	Unmodified
21.019	Coronavirus Relief Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None