



CITY OF  
**MONROE**<sup>TM</sup>  
*Michigan*

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

---

# City of Monroe, Michigan

---

## **Annual Comprehensive Financial Report with Supplemental Information Fiscal Year Ended June 30, 2022**

### **Mayor**

Robert E. Clark

### **City Council**

Paula L. Whitman

Deb Staelgraeve

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.



**Introductory Section**

<b>Letter of Transmittal</b>	i-vi
<b>GFOA Certificate of Achievement</b>	vii
<b>Organizational Chart</b>	viii
<b>List of Principal Officials</b>	ix
<b>Facts About Monroe</b>	x

**Financial Section**

<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-13

**Basic Financial Statements**

Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15-16

Fund Financial Statements:

Governmental Funds:

Balance Sheet	17
Reconciliation of the Balance Sheet to the Statement of Net Position	18
Statement of Revenue, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20

Proprietary Funds:

Statement of Net Position	21
Statement of Revenue, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23-24

Fiduciary Funds:

Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26

Component Units:

Statement of Net Position	27
Statement of Activities	28-29

Notes to Financial Statements	30-73
-------------------------------	-------

<b>Required Supplemental Information</b>	74
--	----

Budgetary Comparison Schedule - General Fund	75-76
Budgetary Comparison Schedule - Major Special Revenue Fund	77
Schedule of Changes in the City Net Pension Liability and Related Ratios	78
Schedule of City Contributions - Pension Plan	79
Schedule of Investment Returns - Pension Plan	80
Schedule of Changes in the City OPEB Liability and Related Ratios	81
Schedule of City Contributions - OPEB Plan	82
Schedule of Investment Returns - OPEB Plan	83
Notes to Required Supplemental Information	84-85

<b>Other Supplemental Information</b>	86
Nonmajor Governmental Funds:	
Fund Descriptions	87-88
Combining Balance Sheet	89-90
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	91-92
Budgetary Comparison Schedule - Nonmajor Governmental Funds	93-108
Internal Service Funds:	
Fund Descriptions	109
Combining Statement of Net Position	110
Combining Statement of Revenue, Expenses, and Changes in Net Position	111
Combining Statement of Cash Flows	112-113
Fiduciary Funds:	
Fund Descriptions	114
Combining Statement of Fiduciary Net Position	115
Combining Statement of Changes in Fiduciary Net Position	116
<b><u>Statistical Section</u></b>	117
<b>Financial Trend Information</b>	118
Net Position by Component	119-120
Changed in Governmental and Business-type Net Position	121-124
Fund Balances, Governmental Funds	125-126
Changes in Fund Balances, Governmental Funds	127-128
<b>Revenue Capacity Information</b>	129
Taxable Value and Actual Value of Taxable Property	130-131
Direct and Overlapping Property Tax Rates	132-133
Principal Property Tax Payers	134
Property Tax Levies and Collections	135
<b>Debt Capacity Information</b>	136
Ratios of Outstanding Debt	137-138
Ratios of General Bonded Debt Outstanding	139
Direct and Overlapping Governmental Activities Debt	140
Legal Debt Margin	141-142
<b>Demographic and Economic Information</b>	143
Demographic and Economic Statistics	144
Principal Employers	145
Full-Time Equivalent Government Employees	146
<b>Operating Information</b>	147
Operating Indicators	148-149
Capital Asset Statistics	150-151

---

## Introductory Section

---



December 9, 2022

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

We are pleased to submit the City of Monroe Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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, 2022, the City was not 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 not exceeding 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, 2022.

Included in the financial section of the ACFR 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 ACFR.

## **City Government Profile**

The last page of the introductory section of the ACFR 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 6.22% over the last ten years. The unemployment rate for Monroe County as of June 30, 2022 was 5.5%. The limited growth in property tax and state shared and federal revenues, a gradual 28% reduction in our largest tax payer's taxable value through the fiscal year ending June 30, 2026, and the announcement by our largest tax payer to take a major portion of the plant's electric power generation out of service by 2028 are significant factors relating to the City's future financial position.

Building permits for new construction and alterations were valued at approximately \$17.8 million. This represents a decrease of 1 percent as compared to the previous five-year average of \$17.9 million. With the high and low years removed from the last ten years, the average value is \$20.8 million. A history of building permits over the last ten years follows:

<b>Fiscal Year</b>	<b>Number of Permits</b>	<b>Value</b>
2022	744	\$ 17,748,370
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

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, 2027, projects a primarily balanced General Fund budget.

Property taxes represent 74% 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 2021 tax year, covering fiscal 2021-22, the overall taxable value was approximately \$113 million below state equalized value reducing potential tax revenue by approximately \$2.2 million due to the cap, with \$1.65 million of that amount being attributed to general operating purposes. The gap between taxable value and state equalized valuation increased for the 2021 tax year. The gap was approximately \$99 million for the 2020 tax year covering fiscal year 2020-21.

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

<b>Revenue Sharing</b>	<b>9/30/2022</b>	<b>9/30/2021</b>	<b>Change +/-</b>	<b>% Change</b>
Constitutional	\$ 2,200,328	\$ 2,029,250	\$ 171,078	8.43%
CVTRS/Statutory	324,441	318,079	6,362	2.00%
Total	\$ 2,524,769	\$ 2,347,329	\$ 177,440	7.56%

The increase in constitutional revenue sharing was due to overall increased economic activity resulting in increased sales tax collections. It also includes a hold harmless payment of approximately \$113,000 for census adjustments. 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 2021-22 budget. The following projects were active during the fiscal year ended June 30, 2022:

#### Local Streets:

- St. Mary's Gardens Storm Sewer Design
- Ternes Industrial Park Street Reconstruction (Ternes, Telb, and Rose Streets)
- Palmwood Resurfacing-City line to Telegraph
- Theodore Resurfacing-Noble to Donnalee
- Village Green Lane Reconstruction-West Noble to West Lorain
- Grove Street East Reconstruction-Macomb to dead end
- South Roessler Street Reconstruction-Fifth to dead end

#### Major Streets:

- Riverview Avenue Resurfacing and Curb Replacement
- East Elm Avenue Microsurface-Monroe to Dixie
- North Dixie Highway Microsurface-Elm to Spaulding
- South Macomb Resurfacing-4<sup>th</sup> to 1st

#### General Capital Projects:

- Sidewalk Replacement Program
- City Facility Improvements
- Former La-Z-Boy HQ Site Infrastructure
- Former La-Z-Boy Site Improvements
- East and West Fire Station Parking Lot Improvements

#### Water System:

- Water Filtration Plant Main Boiler Replacement
- Ida Water Tower Improvements
- Water Main Replacements/Rehabilitations
  - West Noble-Godfroy to N. Monroe
  - Monroe Street Bridge
  - Riverview-Elm to Scottwood
  - Huber-East of Lavender

#### Wastewater System:

- UV System Rehabilitation
- Sanitary Sewer Rehabilitations
- Portable Generator

#### Major planned projects for fiscal 2022-23:

- Sidewalk Replacements
- Saint Mary's Gardens Storm Sewer
- HVAC Replacement-RRNBP Education Center
- Fourteen different street reconstruction or resurfacing projects
- MLK Jr. Footbridge Rehabilitation Design
- Father Cairns Park Master Plan and Design
- Neighborhood Park Playscape Replacements
- Water Distribution System Replacements/Rehabilitations
- Water Treatment Plant Ozone Generator #1 Replacement
- Wastewater Pump Station Generator Replacement-Sunset & Detroit Beach
- 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, 2021. 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 City of Monroe has been recognized by the Arbor Day Foundation as a 2021 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 24 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 177 out of 201 chosen communities, and is one of eight communities in Michigan to receive the award. Cities were evaluated on relative growth, with listing criteria including job creation, wage gains, and technology developments.

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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

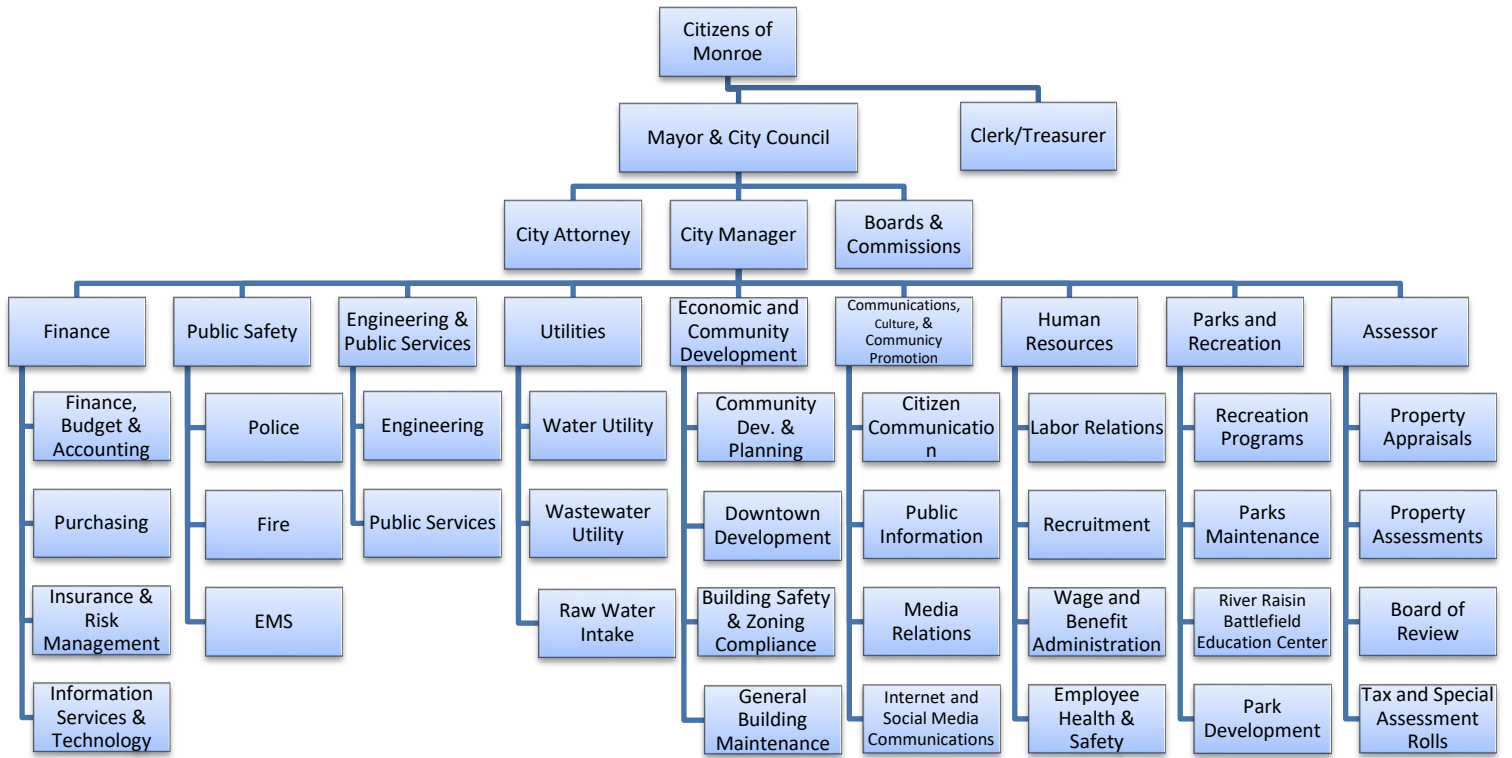
June 30, 2021

*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	Deb Staelgraeve
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
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
Economic and Community Development Director	Mark Cochran
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 20,462 according to the 2020 Census.

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

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

---

## Financial Section

---



## Independent Auditor's Report

To the City Council  
City of Monroe, Michigan

### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan (the "City") as of and for the year ended June 30, 2022 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.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 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.

We did not audit the financial statements of the Monroe Housing Commission, which represents 49 percent, 88 percent, and 62 percent, respectively, 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 Monroe Housing Commission, is based solely on the report of the other auditors.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2022, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which gives guidance on the identification and reporting of leasing 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 7 percent, or \$14,020,860, of the pension and other employee benefit trust funds' net position at June 30, 2022. 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.

### **Responsibilities of Management for the Financial Statements**

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

To the City Council  
City of Monroe, Michigan

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

To the City Council  
City of Monroe, Michigan

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis 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 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.

### ***Other Information***

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

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

*Plante & Moran, PLLC*

December 9, 2022

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, 2022.

### ***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, 2022:

- The City settled a property tax appeal with its largest taxpayer in May 2020. Property tax revenue, our largest revenue source, increased from \$17.0 million to \$19.2 million. A new millage for roads and trails generated \$1.9 million in new property tax revenue. With that removed, property tax revenue increased only 1 percent.
- Reimbursements from the State of Michigan for personal property tax exemptions were received in the amount of \$1.65 million, an increase of \$177,346. The initial budget for the 2022 fiscal year for this revenue source was \$795,561. The amount collected significantly exceeded the budget due to funds available for distribution at the state level exceeding the amount estimated to be needed for full reimbursement across the state. The City's reimbursements have exceeded the full reimbursement amount each year as follows:

Fiscal Years Ended	100 Percent Reimbursement	Total Funding Received
June 30, 2022	\$ 807,562	\$ 1,648,233
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

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 7.5 percent from the previous year. The revenue source increased by \$177,440 to \$2,524,769. The initial budget had projected \$2,233,800 based on initial State of Michigan budget projections and was amended to \$2,363,000. 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, 2022	\$ 2,524,769
September 30, 2021	2,347,329
September 30, 2020	2,054,700
September 30, 2019	2,102,305
September 30, 2018	2,024,255

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

- Total fund balance for the General Fund (which includes the City's Budget Stabilization Fund under GASB Statement No. 54) decreased \$1,924,495 to \$7,694,689. The following factors contributed to the decrease and the changes in the different classifications of fund balance:
  - \$820,840 in Michigan Natural Resources Trust Fund grant-funded expenditures were incurred during the year. The grant reimbursements were not received soon enough after fiscal year end to be counted as revenue for the 2021-2022 fiscal year.
  - An additional contribution was made to the Pension Trust Fund in the amount of \$911,498 to fully fund the present value cost of early retirement incentives that took effect in January 2022.
  - \$450,000 in compensated absences and severances were paid to those employees electing to accept the early retirement incentive.
- The total pension liability increased to \$173,370,459 from \$162,331,604 the previous year. The plan was 78 percent funded due to a fiduciary net position of \$134,552,544.
- The total OPEB liability increased by \$1,917,247 to \$47,017,383. The plan was 133 percent funded due to a fiduciary net position of \$62,630,619. The overfunded status of the plan is primarily due to converting Medicare-eligible retirees to a Medicare Advantage plan in October 2020.
- The City decreased the number of approved full-time equivalent positions budgeted from 183.32 to 182.07 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled \$11.8 million. A total of \$1.7 million was expended on infrastructure-type assets, and an additional \$6.2 million in infrastructure improvements were in progress at fiscal year end.
- Investment income saw a decrease of \$59,782, to \$(11,131), during the year with interest rates increasing substantially. This substantial increase in interest rates caused a significant market value decline on investments that will be held to maturity, and the losses recognized will be recouped in the next two fiscal years.

- Total net position related to the City's governmental activities increased by \$0.2 million to \$67.9 million.
- Total net position related to the City's business-type activities increased by \$4.1 million to \$124.5 million.
- The City received the second payment of \$5.7 million in American Rescue Plan Act funding in May 2022.
- The Parking Enforcement Fund was closed to the General Fund with a transfer of \$48,726 between the funds. Due to a change in parking policies, a stand-alone fund was no longer financially viable.
- The City implemented Governmental Accounting Standards Board Statement No. 87 regarding leases for the 2021-2022 fiscal year from both the lessor and lessee standpoint. The effect is described in the notes to the financial statements.

### Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$188,182,759 at the close of the most recent fiscal year.

### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 72,392,011	\$ 76,883,310	\$ 25,045,404	\$ 27,167,650	\$ 97,437,415	\$ 104,050,960
Capital assets	81,022,939	78,949,698	151,125,554	151,902,749	232,148,493	230,852,447
Total assets	153,414,950	155,833,008	176,170,958	179,070,399	329,585,908	334,903,407
<b>Deferred Outflows of Resources</b>	23,545,954	1,749,338	5,326,783	523,131	28,872,737	2,272,469
<b>Liabilities</b>						
Current liabilities	18,798,785	10,507,438	1,561,660	1,090,797	20,360,445	11,598,235
Noncurrent liabilities	69,739,344	39,530,305	55,414,750	53,156,183	125,154,094	92,686,488
<b>Deferred Inflows of Resources</b>	20,524,566	39,805,144	-	4,903,250	20,524,566	44,708,394
<b>Net Position</b>						
Net investment in capital assets	68,068,885	62,609,327	109,808,260	107,034,135	177,877,145	169,643,462
Restricted	3,767,661	3,196,729	-	-	3,767,661	3,196,729
Unrestricted	(3,938,337)	1,933,403	14,713,071	13,409,165	10,774,734	15,342,568
Total net position	<u>\$ 67,898,209</u>	<u>\$ 67,739,459</u>	<u>\$ 124,521,331</u>	<u>\$ 120,443,300</u>	<u>\$ 192,419,540</u>	<u>\$ 188,182,759</u>

The City's combined net position increased by 2 percent from a year ago, increasing from \$188.2 million to \$192.4 million. The primary factor causing this increase was an increase in the net investment in capital assets as the City focuses on improvements to infrastructure and other assets.

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, decreased by \$5.9 million for governmental activities due primarily to the net pension liability increasing substantially this year due to poor investment performance. The restricted portion of net position increased from \$3.2 million to \$3.8 million, primarily due to streets and highway funds not being spent as quickly as expected and an increase in refuse funds due to refuse removal costs not increasing as expected.

The unrestricted portion of the business-type activities net position increased \$1.3 million primarily due to operating income exceeding expectations due to operating revenue in excess of budget and reduced overall operating costs.

Management's Discussion and Analysis (Continued)

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	
	2022	2021	2022	2021	2022	2021
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 1,159,165	\$ 1,136,908	\$ 22,485,238	\$ 23,163,424	\$ 23,644,403	\$ 24,300,332
Operating grants	3,755,690	3,936,152	1,507	332,572	3,757,197	4,268,724
Capital grants	1,119,705	1,226,921	-	-	1,119,705	1,226,921
General revenue:						
Property taxes	19,164,546	17,025,788	-	-	19,164,546	17,025,788
State-shared revenue and grants	4,240,427	3,877,585	-	-	4,240,427	3,877,585
Investment earnings	49,148	30,748	(60,279)	17,903	(11,131)	48,651
Other revenue	1,602,940	5,752,482	221	142,811	1,603,161	5,895,293
Total revenue	31,091,621	32,986,584	22,426,687	23,656,710	53,518,308	56,643,294
<b>Expenses</b>						
General government	2,548,190	(1,054,889)	-	-	2,548,190	(1,054,889)
Public safety	14,768,301	(3,840,342)	-	-	14,768,301	(3,840,342)
Public works	9,358,951	5,202,755	-	-	9,358,951	5,202,755
Community and economic development	1,329,641	1,491,201	-	-	1,329,641	1,491,201
Recreation and culture	1,878,734	801,721	-	-	1,878,734	801,721
Debt service	1,056,638	1,204,027	-	-	1,056,638	1,204,027
Water, wastewater, and building authority	-	-	18,348,656	9,948,941	18,348,656	9,948,941
Total expenses	30,940,455	3,804,473	18,348,656	9,948,941	49,289,111	13,753,414
<b>Change in Net Position</b>	151,166	29,182,111	4,078,031	13,707,769	4,229,197	42,889,880
<b>Net Position</b> - Beginning of year, as previously reported	67,739,459	38,557,348	120,443,300	106,735,531	188,182,759	145,292,879
<b>Restatement</b> - Adoption of GASB 87	7,584	-	-	-	7,584	-
<b>Net Position</b> - Beginning of year, as restated	67,747,043	38,557,348	120,443,300	106,735,531	188,190,343	145,292,879
<b>Net Position</b> - End of year	<u>\$ 67,898,209</u>	<u>\$ 67,739,459</u>	<u>\$124,521,331</u>	<u>\$120,443,300</u>	<u>\$192,419,540</u>	<u>\$188,182,759</u>

Revenue for the City as a whole decreased \$3.1 million (5.5 percent). Revenue decreased in both governmental activities and business-type activities.

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

Revenue Category	2022	2021	Change +/-	% Change
Charges for services	\$ 23,644,403	\$ 24,300,332	\$ (655,929)	(2.7)
Operating grants and contributions	3,757,197	4,268,724	(511,527)	(11.98)
Capital grants and contributions	1,119,705	1,226,921	(107,216)	(8.74)
Property taxes	19,164,546	17,025,788	2,138,758	12.56
State-shared revenue	4,240,427	3,877,585	362,842	9.36
Investment (loss) income	(11,131)	48,651	(59,782)	(122.88)
Cable franchise fees	286,118	296,952	(10,834)	(3.65)
Other miscellaneous income	1,233,707	5,384,215	(4,150,508)	(77.09)
Gain on sale of assets	83,336	214,126	(130,790)	(61.08)
<b>Total</b>	<b>\$ 53,518,308</b>	<b>\$ 56,643,294</b>	<b>\$ (3,124,986)</b>	

### **Governmental Activities**

Charges for services decreased due to the decrease in water and wastewater fee revenue, as previously mentioned. Capital grants and contributions decreased due to a reduction in the amount of water mains contributed from other governments and a decrease in the amount of CDBG grant funds used for capital projects. Property taxes increased due to the levy of a new 2.0 mill millage for roads and trails. State-shared revenue and investment income changed, as mentioned in the financial highlights. Other miscellaneous income decreased for multiple reasons, including a reimbursement received for the demolition of the former La-Z-Boy headquarters building and some private donations not recurring this year.

Program expenses for the City as a whole increased by \$35.5 million. This was largely due to the large swing in the net pension liability and net OPEB asset due to the poor investment performance.

The City's total governmental revenue decreased by \$1.9 million, and governmental program expenses increased by \$27.1 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 \$4 million, or 3.4 percent, in the business-type funds. The increase was primarily due to operating results being better than expected, as previously mentioned.

### **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 \$10.06 million, or 51 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 \$22,553,249, or 3.4 percent below budget. A total of \$351,000 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 \$137,412 was encumbered at fiscal year end, and the budget amount will be transferred to the 2023 fiscal year. Additionally, approximately \$20,000 in the Fire Department budget will be transferred to the 2022-2023 fiscal year.

A report of the General Fund expenditures follows:

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
City Council	\$ 147,829	\$ 167,098	\$ 164,788	\$ 2,310
City manager	318,426	360,878	357,435	3,443
Finance	486,371	504,322	503,596	726
Clerk/Treasurer	464,420	433,114	396,440	36,674
Assessor	302,268	386,480	368,224	18,256
Communications, culture, and promotion	141,882	137,957	134,049	3,908
City hall grounds	329,750	306,095	289,678	16,417
Attorney	142,760	178,960	173,590	5,370
Human resources	291,455	453,306	434,948	18,358
Engineering	221,201	280,080	280,043	37
Police	808,840	937,849	921,764	16,085
Fire	362,923	377,958	376,829	1,129
Zoning/Code enforcement	310,791	361,700	213,720	147,980
Public safety division personnel	7,928,220	8,684,710	8,648,870	35,840
Public services	1,942,978	2,287,600	2,277,395	10,205
Port of Monroe operations	400,000	400,000	400,000	-
Community and economic development	488,777	1,779,511	1,385,508	394,003
Library	65,000	65,000	65,000	-
Parks and recreation	1,528,909	1,540,827	1,462,465	78,362
Public access TV	147,500	145,500	143,059	2,441
Social services	168,000	200,250	200,250	-
Contingencies	100,000	-	-	-
Debt service	1,912,006	1,919,974	1,919,964	10
Transfers out	561,910	1,435,634	1,435,634	-
<b>Total</b>	<b>\$ 19,572,216</b>	<b>\$ 23,344,803</b>	<b>\$ 22,553,249</b>	<b>\$ 791,554</b>



The original budget of \$19,572,216 was increased to \$23,344,803 by fiscal year end. The major changes in the budget were as follows:

- The additional pension contribution and associated leave payouts related to the early retirement incentive offered totaled \$1.373 million.
- The carryforward of the unexpended funds from the Michigan Department of Natural Resources Trust Fund (MNRTF) grant in the amount of \$1.1 million
- Carryforward of \$83,072 for demolition costs related to the aforementioned grant
- Additional transfers were made to other funds in the amount of \$873,724 primarily for setting aside funds for future capital projects.
- The Cemetery Fund budget was closed and added to the General Fund in the amount of \$75,306.
- Forestry operations used an additional \$102,500 in equipment rental charges during the year.
- The Parking Fund was closed to the General Fund, adding \$131,023 to the budget.
- Increase the human resources budget by \$110,000 for increased costs of labor negotiations.
- Other smaller adjustments were made throughout the budget.

Revenue in total came in under budget by \$1,147,253, or 5.3 percent. This was primarily due to \$1.1 million in MNRTF grant revenue that was budgeted but not recognized. Grant reimbursements of \$736,169 were not received soon enough after fiscal year end to be counted as revenue of the 2021-2022 fiscal year, and approximately \$376,000 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 be reduced by \$1.617 million to \$8.002 million by fiscal year end. The actual fund balance decreased by \$1.924 million to \$7.695 million. This larger reduction in fund balance was due to the DNR Trust Fund grant proceeds not being recognized in the 2021-2022 fiscal year. Of the fund balance amount, \$137,412 is assigned for encumbered items, \$826,378 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 \$19,676. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is \$3,107,208. That amount represents about 15.2 percent of the General Fund adopted budget for fiscal year 2023, which is at 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 2022, the City had \$232,148,493 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to \$85,669,826. Capital projects completed or in progress during fiscal year 2021-2022 are listed in the transmittal letter.

The City did not have any new debt issues during the fiscal year. 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 56.89 percent of its available debt margin of \$108,857,093. Debt service made up 8.7 percent of total General Fund expenditures for fiscal year 2022. Bonded debt and other long-term obligations were decreased by \$7,016,662 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. Except for 2020 when the COVID-19 pandemic started, the unemployment rate has remained low. The rate is slightly higher than the Michigan rate:

Years Ended June 30	County	Michigan
2022	5.50 %	4.80 %
2021	6.20	5.30
2020	13.40	15.00
2019	4.20	4.40
2018	4.40	4.30

The unemployment rate had decreased to 4.4 percent at the end of October 2022.

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 buildings on the site had been demolished by the end of September 2020. Infrastructure has been installed for mixed commercial/residential development. Development began in the spring of 2022. Full build out is not expected until 2023 or later. Other commercial and industrial developments are also occurring.

The City's budget was developed over a three-year period for the 2022-2023 fiscal year, with the General Fund being projected over a five-year period. The 2022-2023 budget was adopted by the City Council, and the budget document and process included projections for the 2022-2023 through 2026-2027 fiscal years. The City's fiscal year 2022-2023 General Fund budget increased when compared to the 2021-2022 original budget. The adopted revenue and expenditures for 2022-2023 compared to the 2021-2022 adopted budget are as follows:

	June 30, 2022	June 30, 2023	Increase	% Change
Revenue	\$ 19,572,216	\$ 20,435,411	\$ 863,195	4.41
Expenditures	19,572,216	20,435,411	863,195	4.41

The projected General Fund revenue and expenditure budgets for fiscal years 2023-2024 through 2026-2027 are as follows:

	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
Revenue	\$ 20,244,198	\$ 19,900,106	\$ 20,307,544	\$ 20,725,180
Expenditures	20,476,524	20,020,531	20,362,886	20,725,180
Difference	<u>\$ (232,326)</u>	<u>\$ (120,425)</u>	<u>\$ (55,342)</u>	<u>\$ -</u>

The 2023 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 for the effect of the appeal. A portion of that was used to facilitate early retirements during the 2021-2022 fiscal year, and now \$826,378 remains. The assigned fund balance will not be used during the five-year budget projection period. It is likely the City will assign those funds to be used for capital projects instead. Small structural deficits exist in three years of the budget projection, but the final year is balanced with revenue equaling expenditures as the City's plan for dealing with the revenue reductions is implemented.

The first quarterly review of the 2022-2023 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 179.82 full-time equivalent (FTE) positions. This is a slight decrease from the previous year total of 182.07. This reduction is primarily due to a restructuring of the police and fire operations that resulted in a 2.1 FTE reduction for the 2022-2023 fiscal year. Additional reductions are planned for future fiscal years as attrition occurs. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included \$1,119,000 budgeted for capital projects. This is an increase from the prior year amount of \$843,500 due to estimated surplus funding from personal property tax reimbursements being budgeted for capital projects.

For fiscal year 2023, taxable value increased in total by 1.14 percent. Residential ad valorem real property taxable values actually increased by 6.03 percent for the 2023 fiscal year, and total real property ad valorem taxable value increased by 3.81 percent. The effect of the property tax appeal settlement is the reason for the overall small increase in taxable value. Due to the impact of Proposal A and the tax appeal, 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 2023-2024 fiscal year will be 5.0 percent due to overall economic inflationary increases. The actual inflation rate was 7.9 percent. 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 2021-2022 fiscal year.

Interest rates for investing have been substantially reduced due to the economic impact of the COVID-19 pandemic, but in a dramatic quick turn, interest rates started to increase in the fall of 2021. The rates have continued to increase throughout 2022. While this rising rate environment has caused some temporary market value declines on fixed-income investments held by the City, the increases will be a benefit to the City's investment income overall. 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, 2022 for 2023.

The primary factor affecting the City's 2023 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 in recent developments, DTE has announced plans to shut down a portion of the plant by 2028 or 2029. Future plans for the full shutdown of the plant are not yet known or available. DTE Energy had represented 49 percent of the City's tax base in the past and still represents over 40 percent for the 2022-2023 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, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 49,260,798	\$ 11,834,996	\$ 61,095,794	\$ 6,921,041
Receivables:				
Property taxes receivable	1,133,711	13,923	1,147,634	-
Special assessments receivable	22,674	39,089	61,763	-
Customer receivables	17,207	3,841,486	3,858,693	147,365
Accrued interest receivable	8,137	1,564	9,701	145
Leases receivable	27,848	-	27,848	53,931
Due from fiduciary funds	137,290	-	137,290	-
Other receivables	633,419	179,554	812,973	176,233
Due from other governmental units	2,415,686	142,935	2,558,621	-
Economic development loans receivable	25,000	-	25,000	-
Advances to component units (Note 6)	1,112,617	-	1,112,617	-
Real estate inventory	1,070,164	-	1,070,164	14,246
Prepays and other assets	566,517	1,270,815	1,837,332	112,677
Restricted assets (Note 1)	2,454,712	-	2,454,712	1,349,816
Investment in joint ventures (Note 12)	-	3,875,917	3,875,917	-
Net OPEB asset (Note 10)	11,768,111	3,845,125	15,613,236	-
Capital assets: (Note 5)				
Assets not subject to depreciation	16,352,927	3,774,571	20,127,498	4,714,076
Assets subject to depreciation - Net	64,670,012	147,350,983	212,020,995	8,398,014
Leases receivable - Net of current portion	1,080,089	-	1,080,089	654,787
Lease assets (Note 18)	658,031	-	658,031	-
<b>Total assets</b>	<b>153,414,950</b>	<b>176,170,958</b>	<b>329,585,908</b>	<b>22,542,331</b>
<b>Deferred Outflows of Resources (Note 4)</b>	<b>23,545,954</b>	<b>5,326,783</b>	<b>28,872,737</b>	<b>287,640</b>
<b>Liabilities</b>				
Accounts payable	1,666,621	1,000,026	2,666,647	596,740
Due to other governmental units	-	-	-	5,566
Refundable deposits, bonds, etc.	39,890	53,666	93,556	-
Accrued liabilities and other	1,644,703	395,599	2,040,302	991,752
Unearned revenue	15,447,571	112,369	15,559,940	28,757
Advances from primary government (Note 6)	-	-	-	1,112,617
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	193,357	317,439	510,796	-
Current portion of leases payable	244,038	-	244,038	-
Current portion of long-term debt (Note 7)	2,924,889	3,956,500	6,881,389	242,845
Due in more than one year:				
Compensated absences (Note 7)	689,926	-	689,926	-
Environmental liabilities	-	-	-	1,196,635
Net pension liability (Note 9)	32,590,761	6,227,154	38,817,915	1,498,779
Long-term debt - Net of current portion (Note 7)	32,674,058	44,913,657	77,587,715	6,622,173
Leases payable - Net of current portion	422,315	-	422,315	-
<b>Total liabilities</b>	<b>88,538,129</b>	<b>56,976,410</b>	<b>145,514,539</b>	<b>12,295,864</b>
<b>Deferred Inflows of Resources (Note 4)</b>	<b>20,524,566</b>	<b>-</b>	<b>20,524,566</b>	<b>794,945</b>
<b>Net Position</b>				
Net investment in capital assets	68,068,885	109,808,260	177,877,145	9,365,015
Restricted:				
Streets and highways	1,749,123	-	1,749,123	-
Debt service	1,331,985	-	1,331,985	-
Bond proceeds - Construction projects	-	-	-	1,137,672
Rubbish	427,733	-	427,733	-
Grants	100,748	-	100,748	-
Drug forfeiture	66,466	-	66,466	-
Code enforcement	91,606	-	91,606	-
Health insurance and construction projects	-	-	-	2,253,515
Unrestricted	(3,938,337)	14,713,071	10,774,734	(3,017,040)
<b>Total net position</b>	<b>\$ 67,898,209</b>	<b>\$ 124,521,331</b>	<b>\$ 192,419,540</b>	<b>\$ 9,739,162</b>

## City of Monroe, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,548,190	\$ 130,392	\$ 982,207	\$ 882,046
Public safety	14,768,301	611,212	4,793	-
Public works	9,358,951	387,942	2,731,000	150,321
Community and economic development	1,329,641	-	-	87,338
Recreation and culture	1,878,734	29,619	37,690	-
Interest on long-term debt	1,056,638	-	-	-
Total governmental activities	30,940,455	1,159,165	3,755,690	1,119,705
Business-type activities:				
Water	9,135,788	11,142,430	-	-
Wastewater	9,194,701	11,342,808	-	-
Building Authority (Enterprise)	18,167	-	1,507	-
Total business-type activities	18,348,656	22,485,238	1,507	-
Total primary government	<u>\$ 49,289,111</u>	<u>\$ 23,644,403</u>	<u>\$ 3,757,197</u>	<u>\$ 1,119,705</u>
Component units:				
Port of Monroe	\$ 1,528,177	\$ 589,370	\$ -	\$ 418,996
Downtown Development Authority	356,767	-	-	-
Brownfield Redevelopment Authority	755,171	-	-	-
Monroe Housing Commission (balances reported as of September 30, 2021)	2,884,105	825,349	387,675	1,038,958
Total component units	<u>\$ 5,524,220</u>	<u>\$ 1,414,719</u>	<u>\$ 387,675</u>	<u>\$ 1,457,954</u>
General revenue:				
Taxes - Property taxes				
Unrestricted state-shared revenue and grants				
Unrestricted investment income (loss)				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year, as restated (Note 1)				
Net Position - End of year				

## Statement of Activities

Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (553,545)	\$ -	\$ (553,545)	\$ -
(14,152,296)	-	(14,152,296)	-
(6,089,688)	-	(6,089,688)	-
(1,242,303)	-	(1,242,303)	-
(1,811,425)	-	(1,811,425)	-
(1,056,638)	-	(1,056,638)	-
(24,905,895)	-	(24,905,895)	-
-	2,006,642	2,006,642	-
-	2,148,107	2,148,107	-
-	(16,660)	(16,660)	-
-	4,138,089	4,138,089	-
(24,905,895)	4,138,089	(20,767,806)	-
-	-	-	(519,811)
-	-	-	(356,767)
-	-	-	(755,171)
-	-	-	(632,123)
-	-	-	(2,263,872)
19,164,546	-	19,164,546	1,285,307
4,240,427	-	4,240,427	30,417
49,148	(60,279)	(11,131)	30,255
286,118	-	286,118	-
83,336	221	83,557	210,491
1,233,486	-	1,233,486	1,096,467
25,057,061	(60,058)	24,997,003	2,652,937
151,166	4,078,031	4,229,197	389,065
67,747,043	120,443,300	188,190,343	9,350,097
<b>\$ 67,898,209</b>	<b>\$ 124,521,331</b>	<b>\$ 192,419,540</b>	<b>\$ 9,739,162</b>

Governmental Funds  
Balance Sheet

June 30, 2022

	General Fund	American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 17,094,366	\$ 11,278,525	\$ 13,075,885	\$ 41,448,776
Investments	3,963,799	-	-	3,963,799
Receivables	2,879,561	229	1,320,716	4,200,506
Advances to component units	270,000	-	842,617	1,112,617
Real estate inventory	1,070,164	-	-	1,070,164
Prepays and other assets	19,676	-	87,655	107,331
Restricted assets (Note 1)	-	-	2,454,712	2,454,712
Total assets	<u>\$ 25,297,566</u>	<u>\$ 11,278,754</u>	<u>\$ 17,781,585</u>	<u>\$ 54,357,905</u>
<b>Liabilities</b>				
Accounts payable	\$ 385,934	\$ -	\$ 1,116,134	\$ 1,502,068
Refundable deposits, bonds, etc.	24,890	-	15,000	39,890
Accrued liabilities and other	1,079,136	643	28,104	1,107,883
Unearned revenue	169,092	11,261,641	4,012,691	15,443,424
Total liabilities	1,659,052	11,262,284	5,171,929	18,093,265
<b>Deferred Inflows of Resources</b>				
Unavailable revenue (Note 4)	1,343,308	-	43,227	1,386,535
Property taxes levied for the following year (Note 4)	14,585,049	-	4,870,422	19,455,471
Deferred inflows from leases	15,468	-	5,539	21,007
Total deferred inflows of resources	15,943,825	-	4,919,188	20,863,013
<b>Fund Balances (Note 16)</b>				
Nonspendable	1,089,840	-	87,655	1,177,495
Restricted	-	-	3,985,455	3,985,455
Committed	2,533,851	-	3,606,475	6,140,326
Assigned	963,790	16,470	10,883	991,143
Unassigned	3,107,208	-	-	3,107,208
Total fund balances	7,694,689	16,470	7,690,468	15,401,627
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,297,566</u>	<u>\$ 11,278,754</u>	<u>\$ 17,781,585</u>	<u>\$ 54,357,905</u>

---

**Governmental Funds**

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

---

**June 30, 2022**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 15,401,627</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	77,719,913
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	1,386,535
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(34,546,945)
Accrued interest is not due and payable in the current period and is not reported in the funds	(208,402)
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	(862,407)
Pension benefits	(13,939,636)
Retiree health care benefits	<u>16,117,835</u>
Total employee fringe benefits not reported as fund liabilities	1,315,792
Internal service funds are included as part of governmental activities	<u>6,829,689</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 67,898,209</u></u></b>



Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	American Rescue Plan Act Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 14,417,022	\$ -	\$ 4,734,971	\$ 19,151,993
Special assessments	-	-	16,010	16,010
State-shared revenue and grants	4,132,312	143,882	3,218,500	7,494,694
Charges for services	292,075	-	146,523	438,598
Fines and forfeitures	79,084	-	1,511	80,595
Licenses and permits	325,706	-	574,112	899,818
Interest and rentals	(85,228)	16,305	592,509	523,586
Other revenue	223,572	-	1,505,143	1,728,715
Total revenue	19,384,543	160,187	10,789,279	30,334,009
<b>Expenditures</b>				
Current services:				
General government	2,396,373	-	1,922	2,398,295
Public safety	10,060,482	101,275	544,556	10,706,313
Public works	2,277,395	1,216	3,073,401	5,352,012
Community and economic development	1,399,478	-	311,854	1,711,332
Recreation and culture	1,870,774	-	73,153	1,943,927
Capital outlay	-	41,390	5,669,997	5,711,387
Debt service	1,850,451	-	2,124,923	3,975,374
Total expenditures	19,854,953	143,881	11,799,806	31,798,640
<b>Excess of Revenue (Under) Over Expenditures</b>	(470,410)	16,306	(1,010,527)	(1,464,631)
<b>Other Financing Sources (Uses)</b>				
Transfers in	48,726	-	2,661,478	2,710,204
Transfers out	(1,505,147)	-	(1,205,057)	(2,710,204)
Sale of capital assets	2,336	-	81,000	83,336
Total other financing (uses) sources	(1,454,085)	-	1,537,421	83,336
<b>Net Change in Fund Balances</b>	(1,924,495)	16,306	526,894	(1,381,295)
<b>Fund Balances - Beginning of year</b>	9,619,184	164	7,163,574	16,782,922
<b>Fund Balances - End of year</b>	<u><u>\$ 7,694,689</u></u>	<u><u>\$ 16,470</u></u>	<u><u>\$ 7,690,468</u></u>	<u><u>\$ 15,401,627</u></u>

**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, 2022**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (1,381,295)</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	6,611,821
Depreciation expense	<u>(4,242,517)</u>
Total	2,369,304
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	(100,000)
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	647,394
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	2,684,844
OPEB-related expenses and expense recoveries do not require the use of current resources and, therefore, are not reported in the fund statements	(237,186)
Pension-related expenses and expense recoveries do not require the use of current resources and, therefore, are not reported in the fund statements	(4,006,054)
Increase in accumulated employee sick and vacation pay is recorded in the statement of activities	150,656
Interest expense is recognized in the government-wide statements as it accrues	85,822
Internal service funds are included as part of governmental activities - All other items	<u>(62,319)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 151,166</u></b>

# Proprietary Funds Statement of Net Position

June 30, 2022

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 5,450,705	\$ 6,276,007	\$ 108,284	\$ 11,834,996	\$ 3,848,223
Receivables:					
Property taxes receivable	9,170	4,753	-	13,923	-
Special assessments receivable	14,873	24,216	-	39,089	-
Customer receivables	1,941,774	1,899,712	-	3,841,486	-
Accrued interest receivable	610	954	-	1,564	318
Leases receivable	-	-	-	-	6,423
Due from fiduciary funds	-	-	-	-	137,290
Other receivables	171,416	8,138	-	179,554	76,435
Due from other governmental units	140,922	2,013	-	142,935	-
Prepays and other assets	18,940	1,251,875	-	1,270,815	459,186
Total current assets	7,748,410	9,467,668	108,284	17,324,362	4,527,875
Noncurrent assets:					
Investment in joint ventures (Note 12)	-	3,875,917	-	3,875,917	-
Net OPEB asset	1,807,749	2,037,376	-	3,845,125	512,964
Capital assets: (Note 5)					
Assets not subject to depreciation	854,442	2,565,838	354,291	3,774,571	4,650
Assets subject to depreciation - Net	59,360,246	87,679,201	311,536	147,350,983	3,298,376
Leases receivable - Net of current portion	-	-	-	-	1,080,089
Lease assets	-	-	-	-	658,031
Total noncurrent assets	62,022,437	96,158,332	665,827	158,846,596	5,554,110
Total assets	69,770,847	105,626,000	774,111	176,170,958	10,081,985
<b>Deferred Outflows of Resources</b> (Note 4)	2,450,459	2,876,324	-	5,326,783	469,199
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	370,020	630,006	-	1,000,026	164,553
Refundable deposits, bonds, etc.	-	53,666	-	53,666	-
Accrued liabilities and other	235,643	159,956	-	395,599	328,418
Unearned revenue	-	4,085	108,284	112,369	4,147
Compensated absences	145,963	171,476	-	317,439	20,876
Current portion of leases payable	-	-	-	-	244,038
Current portion of long-term debt (Note 7)	2,717,597	1,238,903	-	3,956,500	136,175
Total current liabilities	3,469,223	2,258,092	108,284	5,835,599	898,207
Noncurrent liabilities:					
Net pension liability (Note 9)	2,947,095	3,280,059	-	6,227,154	437,058
Long-term debt - Net of current portion (Note 7)	30,567,408	14,346,249	-	44,913,657	915,827
Leases payable - Net of current portion	-	-	-	-	422,315
Total noncurrent liabilities	33,514,503	17,626,308	-	51,140,811	1,775,200
Total liabilities	36,983,726	19,884,400	108,284	56,976,410	2,673,407
<b>Deferred Inflows of Resources</b> (Note 4)	-	-	-	-	1,048,088
<b>Net Position</b>					
Net investment in capital assets	30,749,931	78,392,502	665,827	109,808,260	2,676,235
Unrestricted	4,487,649	10,225,422	-	14,713,071	4,153,454
Total net position	\$ 35,237,580	\$ 88,617,924	\$ 665,827	\$ 124,521,331	\$ 6,829,689

See notes to financial statements.

Proprietary Funds

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
<b>Operating Revenue</b>					
Sale of water	\$ -	\$ 9,611,722	\$ -	\$ 9,611,722	\$ -
Sewage disposal charges	10,628,285	-	-	10,628,285	-
Other charges for services	714,523	1,501,547	-	2,216,070	458,155
Charges to other funds	-	-	-	-	4,720,685
Total operating revenue	11,342,808	11,113,269	-	22,456,077	5,178,840
<b>Operating Expenses</b>					
Operations and maintenance	2,153,002	1,426,674	1,770	3,581,446	4,787,181
Direct cost of providing service	4,367,270	4,828,881	-	9,196,151	-
Depreciation	1,828,983	2,391,852	16,397	4,237,232	571,792
Total operating expenses	8,349,255	8,647,407	18,167	17,014,829	5,358,973
<b>Operating Income (Loss)</b>	2,993,553	2,465,862	(18,167)	5,441,248	(180,133)
<b>Nonoperating Revenue (Expense)</b>					
Investment income	(22,932)	(37,610)	263	(60,279)	4,765
Interest expense	(845,446)	(466,321)	-	(1,311,767)	(65,571)
Loss from joint venture	-	(22,060)	-	(22,060)	-
Gain on sale of assets	-	221	-	221	135,032
Other nonoperating revenue	-	29,161	-	29,161	43,588
Grants	-	-	1,507	1,507	-
Total nonoperating (expense) revenue	(868,378)	(496,609)	1,770	(1,363,217)	117,814
<b>Change in Net Position</b>	2,125,175	1,969,253	(16,397)	4,078,031	(62,319)
<b>Net Position - Beginning of year, as restated (Note 1)</b>	33,112,405	86,648,671	682,224	120,443,300	6,892,008
<b>Net Position - End of year</b>	<b>\$ 35,237,580</b>	<b>\$ 88,617,924</b>	<b>\$ 665,827</b>	<b>\$ 124,521,331</b>	<b>\$ 6,829,689</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2022

	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	\$ 11,099,891	\$ 10,725,594	\$ -	\$ 21,825,485	\$ 4,802,974
Payments to suppliers	(3,680,119)	(3,055,621)	(1,770)	(6,737,510)	(4,355,981)
Payments to employees and fringes	(2,384,875)	(2,856,629)	-	(5,241,504)	(466,587)
Other receipts	-	47,127	-	47,127	157,725
Lease payments	-	-	-	-	202,288
Net cash and cash equivalents provided by (used in) operating activities	5,034,897	4,860,471	(1,770)	9,893,598	340,419
<b>Cash Flows Used in Noncapital Financing Activities</b> - Principal and interest paid on OPEB bonds	(320,737)	(301,787)	(1,507)	(624,031)	(36,786)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Receipt of capital grants	-	-	1,507	1,507	-
Special assessment collections	5,451	1,042	-	6,493	-
Proceeds from sale and disposal of capital assets	-	221	-	221	152,741
Purchase of capital assets	(936,323)	(2,494,553)	-	(3,430,876)	(181,087)
Principal and interest paid on capital debt and payments on lease assets	(3,154,443)	(1,339,659)	-	(4,494,102)	(362,245)
Lease payments received	-	-	-	-	5,164
Net cash and cash equivalents (used in) provided by capital and related financing activities	(4,085,315)	(3,832,949)	1,507	(7,916,757)	(385,427)
<b>Cash Flows from Investing Activities</b>					
(Investment losses) interest received on investments	(23,220)	(15,246)	263	(38,203)	4,691
Purchases of investment securities	(492,783)	(773,793)	-	(1,266,576)	-
Loss from joint venture	-	(22,060)	-	(22,060)	-
Net cash and cash equivalents (used in) provided by investing activities	(516,003)	(811,099)	263	(1,326,839)	4,691
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	112,842	(85,364)	(1,507)	25,971	(77,103)
<b>Cash and Cash Equivalents</b> - Beginning of year	4,645,158	5,086,555	109,791	9,841,504	3,925,326
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 4,758,000</u>	<u>\$ 5,001,191</u>	<u>\$ 108,284</u>	<u>\$ 9,867,475</u>	<u>\$ 3,848,223</u>
<b>Classification of Cash and Cash Equivalents</b>					
Cash and investments	\$ 5,450,705	\$ 6,276,007	\$ 108,284	\$ 11,834,996	\$ 3,848,223
Less amounts classified as investments	(692,705)	(1,274,816)	-	(1,967,521)	-
Total cash and cash equivalents	<u>\$ 4,758,000</u>	<u>\$ 5,001,191</u>	<u>\$ 108,284</u>	<u>\$ 9,867,475</u>	<u>\$ 3,848,223</u>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2022

	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)	\$ 2,993,553	\$ 2,465,862	\$ (18,167)	\$ 5,441,248	\$ (180,133)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,828,983	2,391,852	16,397	4,237,232	571,792
Changes in assets and liabilities:					
Receivables	(242,917)	(340,548)	-	(583,465)	45,852
Inventories	-	(354,846)	-	(354,846)	-
Prepaid and other assets	245	(1,185)	-	(940)	(22,949)
Net pension or OPEB asset	-	-	-	-	169,076
Accounts payable	77,939	415,339	-	493,278	(131,652)
Accrued and other liabilities	(30,113)	(128,590)	-	(158,703)	(6,469)
Net OPEB and pension liabilities	407,207	412,587	-	819,794	(105,098)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 5,034,897</u>	<u>\$ 4,860,471</u>	<u>\$ (1,770)</u>	<u>\$ 9,893,598</u>	<u>\$ 340,419</u>
<b>Significant Noncash Transactions - Capital contributions</b>					
	\$ -	\$ 29,161	\$ -	\$ 29,161	\$ -

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 45,469	\$ 6,970,383
Investments:		
U.S. government securities	23,001,385	-
Municipal bonds	2,459,530	-
Equity investments	6,951,431	-
Foreign bonds	3,564,704	-
Stocks	27,421,567	-
Corporate bonds	27,590,125	-
Other investments	11,443,028	-
Foreign stocks	18,383,942	-
Mutual funds	76,754,838	-
Receivables:		
Property taxes receivable	-	259,131
Accrued interest receivable	231,106	-
Other receivables	300	-
Prepaid expenses	9,753	-
Total assets	197,857,178	7,229,514
<b>Liabilities</b>		
Accounts payable	536,725	-
Due to other governmental units	-	7,229,514
Advances from primary government	137,290	-
Total liabilities	674,015	7,229,514
<b>Net Position</b>		
Restricted:		
Restricted for pension	134,552,544	-
Restricted for OPEB	62,630,619	-
Total net position	<u><u>\$ 197,183,163</u></u>	<u><u>\$ -</u></u>



Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Fund
<b>Additions</b>		
Investment income (loss):		
Interest and dividends	\$ 3,511,509	\$ -
Net decrease in fair value of investments	(34,975,808)	-
Investment-related expenses	(1,014,732)	-
Net investment loss	(32,479,031)	-
Contributions:		
Employer contributions	3,363,771	-
Employee contributions	539,157	-
Total contributions	3,902,928	-
Property tax collections	-	27,392,405
Total additions	(28,576,103)	27,392,405
<b>Deductions</b>		
Benefit payments	15,156,706	-
Refunds of contributions	323,392	-
Administrative expenses	212,961	-
Tax distributions to other governments	-	27,392,405
Total deductions	15,693,059	27,392,405
<b>Net Decrease in Fiduciary Net Position</b>	(44,269,162)	-
<b>Net Position - Beginning of year</b>	241,452,325	-
<b>Net Position - End of year</b>	<b>\$ 197,183,163</b>	<b>\$ -</b>

Component Units  
Statement of Net Position

June 30, 2022

	Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission (Balances Reported as of September 30, 2021)	Total
<b>Assets</b>					
Cash and investments	\$ 519,393	\$ 767,560	\$ 249,007	\$ 5,385,081	\$ 6,921,041
Receivables:					
Customer receivables	-	-	147,365	-	147,365
Accrued interest receivable	-	145	-	-	145
Leases receivable	-	-	53,931	-	53,931
Other receivables	-	32,862	-	143,371	176,233
Real estate inventory	-	-	-	14,246	14,246
Prepays and other assets	500	-	39,147	73,030	112,677
Restricted assets	-	1,349,816	-	-	1,349,816
Capital assets: (Note 5)					
Assets not subject to depreciation	-	-	2,825,716	1,888,360	4,714,076
Assets subject to depreciation - Net	-	-	4,883,623	3,514,391	8,398,014
Leases receivable - Net of current portion	-	-	654,787	-	654,787
<b>Total assets</b>	<b>519,893</b>	<b>2,150,383</b>	<b>8,853,576</b>	<b>11,018,479</b>	<b>22,542,331</b>
<b>Deferred Outflows of Resources</b> (Note 4)	-	-	-	287,640	287,640
<b>Liabilities</b>					
Accounts payable	5,142	375,466	35,502	180,630	596,740
Due to other governmental units	-	5,566	-	-	5,566
Accrued liabilities and other	-	-	32,830	958,922	991,752
Unearned revenue	-	-	28,757	-	28,757
Advances from primary government (Note 6)	-	842,617	270,000	-	1,112,617
Noncurrent liabilities:					
Due within one year - Current portion of long-term debt (Note 7)	-	135,226	107,619	-	242,845
Due in more than one year:					
Environmental liabilities (Note 15)	-	-	1,196,635	-	1,196,635
Net pension liability	-	-	-	1,498,779	1,498,779
Long-term debt - Net of current portion	-	3,252,717	3,369,456	-	6,622,173
<b>Total liabilities</b>	<b>5,142</b>	<b>4,611,592</b>	<b>5,040,799</b>	<b>2,638,331</b>	<b>12,295,864</b>
<b>Deferred Inflows of Resources</b> (Note 4)	-	-	695,148	99,797	794,945
<b>Net Position (Deficit)</b>					
Net investment in capital assets	-	-	3,962,264	5,402,751	9,365,015
Restricted:					
Bond proceeds - Construction projects	-	1,137,672	-	-	1,137,672
Health insurance and construction projects	-	-	-	2,253,515	2,253,515
Unrestricted	514,751	(3,598,881)	(844,635)	911,725	(3,017,040)
<b>Total net position (deficit)</b>	<b>\$ 514,751</b>	<b>\$ (2,461,209)</b>	<b>\$ 3,117,629</b>	<b>\$ 8,567,991</b>	<b>\$ 9,739,162</b>

## City of Monroe, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority	\$ 356,767	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority:				
Public works	685,744	-	-	-
Interest on long-term debt	69,427	-	-	-
Total Brownfield Redevelopment Authority	755,171	-	-	-
Port of Monroe	1,528,177	589,370	-	418,996
Monroe Housing Commission (balances reported as of September 30, 2021)	2,884,105	825,349	387,675	1,038,958
Total component units	<b>\$ 5,524,220</b>	<b>\$ 1,414,719</b>	<b>\$ 387,675</b>	<b>\$ 1,457,954</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, 2022

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, 2021)	Total
\$ (356,767)	\$ -	\$ -	\$ -	\$ (356,767)
-	(685,744)	-	-	(685,744)
-	(69,427)	-	-	(69,427)
-	(755,171)	-	-	(755,171)
-	-	(519,811)	-	(519,811)
-	-	-	(632,123)	(632,123)
(356,767)	(755,171)	(519,811)	(632,123)	(2,263,872)
299,390	585,917	400,000	-	1,285,307
4,958	25,459	-	-	30,417
956	4,852	-	24,447	30,255
-	-	210,491	-	210,491
-	-	-	1,096,467	1,096,467
305,304	616,228	610,491	1,120,914	2,652,937
(51,463)	(138,943)	90,680	488,791	389,065
566,214	(2,322,266)	3,026,949	8,079,200	9,350,097
<b>\$ 514,751</b>	<b>\$ (2,461,209)</b>	<b>\$ 3,117,629</b>	<b>\$ 8,567,991</b>	<b>\$ 9,739,162</b>

**June 30, 2022****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.

**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.

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

### **Proprietary Funds**

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

- The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and improvements and retirement of revenue bonds. Financing is provided by user charges, state grants, and contributions from other municipalities and customers. This fund is classified as an enterprise fund because it does business with individuals and firms outside the local unit departments. The system includes customers in the surrounding townships. The transportation lines to service those customers were installed by the individual townships and typically become the property of the City once all debts are paid.
- The Wastewater Fund accounts for the operation and maintenance of the sewage disposal system, capital additions, improvements, and retirement of debt. Financing is provided by user charges, EPA grants for wastewater treatment plant expansion, state grants, and contributions from other municipalities and customers. This fund is classified as an enterprise fund because business is done with individuals outside the local unit departments. The system includes customers in the surrounding townships. In order to fund the system, the surrounding townships contributed approximately 60 percent of the plant assets; accordingly, approximately 60 percent of the capacity rights are reserved for the township customers. In addition, the Monroe Metropolitan Water Pollution Control System Board of Control was established to approve the annual rates for wastewater customers.



**June 30, 2022****Note 1 - Significant Accounting Policies (Continued)**

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.

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.

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

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.

**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.

**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.

**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, 2022

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

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

Capital Asset Class	Depreciable Life - 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 assets 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 Notes 9 and 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

**June 30, 2022****Note 1 - Significant Accounting Policies (Continued)**

The City reports four 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 Notes 9 and 10, respectively. The fourth type of deferred inflows reported by the government relates to leases, which are described further in Note 18.

**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 exist only 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, 2022****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 2021 property tax revenue was levied and collectible on May 1, 2021 and is recognized as revenue in the year ended June 30, 2022, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2021 taxable valuation of the City totaled \$943 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, 2.0155 mills for refuse, 0.0519 for economic development, 0.5200 mills for debt service related to bridge repairs and rehabilitation, and 2.0000 mills for roads. This resulted in \$13.7 million for operating, \$439 thousand for the construction of a new fire station, \$1.9 million for refuse, \$48 thousand for economic development, \$486 thousand for debt service, and \$1.9 million for roads. 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, 2022

**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 is 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.

**Leases**

The City is a lessee for noncancelable leases of vehicles and office equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the governmental activities column in the government-wide financial statements and in the proprietary internal service funds. The City recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

The City is a lessor for noncancelable leases of a cell tower and a farm. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.



June 30, 2022

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

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Upcoming Accounting Pronouncements**

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 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 Governmental Accounting Standards Board 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.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

June 30, 2022

## Note 1 - Significant Accounting Policies (Continued)

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

### Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*. As a result, for leases where the City is a lessor, the governmental activities and fund based statements now include a receivable for the presented value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Additionally, for leases where the City is a lessee, the governmental activities and business type activities now include a lease asset and lease obligation for leases with a term of more than 12 months. The financial statements for the year ended June 30, 2021 have been restated in order to adopt GASB Statement No. 87.

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

	Governmental Activities	Proprietary Internal Service Funds	Equipment and Motor Pool Internal Service Fund
Net position - June 30, 2021 - As previously reported	\$ 67,739,459	\$ 6,884,424	\$ 2,784,499
Recognize right-to-use asset	870,382	870,382	870,382
Recognize lease liability	(862,798)	(862,798)	(862,798)
Recognize lease receivables	1,126,320	1,126,320	1,126,320
Recognize deferred inflows related to leases	(1,126,320)	(1,126,320)	(1,126,320)
Net position - June 30, 2021 - As restated	<u>\$ 67,747,043</u>	<u>\$ 6,892,008</u>	<u>\$ 2,792,083</u>

### Subsequent Events

Subsequent to year end, the Port of Monroe has been awarded approximately \$11 million in a grant from the U.S. Department of Transportation through the United States Maritime Administration (MARAD) Port Infrastructure Development Program. The grant provides funding for the Port's Lake Erie Renewable Energy Resilience Project by funding four components: riverfront work, turning basin work, maritime readiness slip construction, and shore power infrastructure.

## 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.



**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, 2022 was \$137,412 in the General Fund and \$3,815,859 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, 2022, the Brownfield Redevelopment Authority fund has a deficit in unrestricted net position of \$3,591,881 on a full accrual basis but has a fund balance of \$1,769,351 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, 2022, the Port of Monroe has an unrestricted deficit in net position of \$844,635. 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.

**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	\$ 435,144
Employee benefits	2,663,909

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 \$4,341,873 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, 2022

### 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	\$ 26,350,988	\$ 18,401,833	\$ 4,592,012	\$ 3,357,143
Municipal bonds	2,876,847	1,818,482	1,058,365	-
Foreign bonds	3,564,704	3,006,197	558,507	-
Corporate bonds	27,590,125	12,368,570	11,698,550	3,523,005
Commercial paper	1,902,933	1,902,933	-	-
Total	<u>\$ 62,285,597</u>	<u>\$ 37,498,015</u>	<u>\$ 17,907,434</u>	<u>\$ 6,880,148</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, 2022, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Investment pool	\$ 63,357,184	AAA	S&P
Money market fund	3,352,176	AAA	S&P
Corporate bond	3,632,071	AAA	Moody's
Corporate bond	391,905	AA2	Moody's
Corporate bond	83,348	AA3	Moody's
Corporate bond	2,332,480	A1	Moody's
Corporate bond	3,130,381	A2	Moody's
Corporate bond	3,221,864	A3	Moody's
Corporate bond	12,206,981	BAA1 and below	Moody's
Corporate bond	2,591,095	NR	Moody's
Foreign bond	354,719	AAA	Moody's
Foreign bond	488,846	AA2	Moody's
Foreign bond	564,197	AA3	Moody's
Foreign bond	427,785	A1	Moody's
Foreign bond	790,690	A2	Moody's
Foreign bond	145,051	A3	Moody's
Foreign bond	793,416	BAA1 and below	Moody's
Municipal bond	330,432	AA1	Moody's
Municipal bond	662,492	AA2	Moody's
Municipal bond	353,306	AA3	Moody's
Municipal bond	302,890	A1	Moody's
Municipal bond	216,454	A2	Moody's
Municipal bond	593,954	NR	Moody's
Municipal bond	156,631	AA-	S&P
Municipal bond	260,688	A-	S&P
U.S. government bond	18,383,293	AAA	Moody's
U.S. government bond	4,618,092	NR	Moody's
U.S. government bond	3,349,603	AA+	S&P
Commercial paper	1,010,675	A1+	S&P
Commercial paper	892,258	A1	S&P
Total	<u>\$ 128,994,957</u>		

June 30, 2022

**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, 2022, the Pension Trust Fund and Retiree Health Care Fund had \$3,564,704 invested in foreign bonds and \$18,383,942 invested in foreign stock. Of these amounts, \$9,618,384 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	\$ 293,856	Norwegian krone
Foreign stocks	4,795,962	Euro
Foreign stocks	890,580	British pound
Foreign stocks	2,570,584	Hong Kong dollar
Foreign stocks	1,067,402	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, 2022

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

The City has the following recurring fair value measurements as of June 30, 2022:

	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, 2022
Debt securities:				
U.S. Treasury and agency securities	\$ -	\$ 26,668,803	\$ -	\$ 26,668,803
Corporate bonds	-	27,706,102	-	27,706,102
Commercial paper	-	1,702,933	-	1,702,933
Foreign bonds	-	3,564,704	-	3,564,704
Municipal bonds	-	2,876,848	-	2,876,848
Mutual funds	-	145,162	-	145,162
Total debt securities	-	62,664,552	-	62,664,552
Domestic equity securities:				
Consumer discretionary	3,326,847	-	-	3,326,847
Consumer staples	1,197,147	-	-	1,197,147
Energy	247,245	-	-	247,245
Financial industry	6,447,068	-	-	6,447,068
Health care industry	3,160,879	-	-	3,160,879
Industrials	4,855,289	-	-	4,855,289
Information technology	4,895,388	-	-	4,895,388
Materials	382,850	-	-	382,850
Telecommunication services industry	5,424,467	-	-	5,424,467
Mutual funds	1	-	-	1
Total domestic equity securities	29,937,181	-	-	29,937,181
Foreign equity securities:				
Consumer discretionary	3,473,467	-	-	3,473,467
Energy	34,073	-	-	34,073
Financial industry	1,835,250	-	-	1,835,250
Health care industry	2,503,921	-	-	2,503,921
Industrials	1,997,313	-	-	1,997,313
Information technology	1,616,887	-	-	1,616,887
Materials	230,982	-	-	230,982
Telecommunication services industry	833,879	-	-	833,879
Other	3,342,557	-	-	3,342,557
Total foreign equity securities	15,868,329	-	-	15,868,329
Money market fund	-	3,352,176	-	3,352,176
Private equity funds	-	-	7,065,938	7,065,938
Total	\$ 45,805,510	\$ 66,016,728	\$ 7,065,938	118,888,176
Investments measured at NAV:				
Michigan CLASS investment pool				63,357,184
Real estate funds				18,011,534
Mutual funds				40,025,489
Mutual funds index equity				8,624,827
Mutual funds international				17,384,681
Mutual funds gold index				617,957
Total investments measured at NAV				148,021,672
Total assets				\$ 266,909,848

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

June 30, 2022

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

The fair value of debt securities and money market funds at June 30, 2022 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, 2022 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, 2022, 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	\$ 63,357,184	\$ -	No limitations	None
Real estate funds	18,011,534	-	N/A	N/A
Mutual funds	40,025,489	-	N/A	N/A
Mutual funds index equity	8,624,827	-	N/A	N/A
Mutual funds international	17,384,681	-	N/A	N/A
Mutual funds gold index	617,957	-	N/A	N/A
Total investments measured at NAV	<u>\$ 148,021,672</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, 2022

**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	\$ 19,455,471	\$ 19,455,471	\$ -	\$ -
Special assessments and delinquent property taxes	176,747	-	-	-
Grants and other receivables	1,209,788	-	-	-
Deferred pension cost reductions	-	-	-	99,797
Leases	21,007	1,069,095	-	695,148
Total deferred inflows	<u>\$ 20,863,013</u>	<u>\$ 20,524,566</u>	<u>\$ -</u>	<u>\$ 794,945</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	\$ -	\$ 138,043	\$ -
Deferred pension costs	18,461,647	3,527,487	287,640
Deferred OPEB costs	5,084,307	1,661,253	-
Total deferred outflows	<u>\$ 23,545,954</u>	<u>\$ 5,326,783</u>	<u>\$ 287,640</u>

June 30, 2022

## Note 5 - Capital Assets

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

### Governmental Activities

	Balance July 1, 2021	Reclassifications	Additions	Disposals	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 9,183,244	\$ -	\$ 1,056,681	\$ (100,000)	\$ 10,139,925
Construction in progress	3,170,147	(739,442)	3,782,297	-	6,213,002
Subtotal	12,353,391	(739,442)	4,838,978	(100,000)	16,352,927
Capital assets being depreciated:					
Roads and sidewalks	156,465,112	709,794	1,002,861	-	158,177,767
Buildings and improvements	27,457,161	8,960	621,982	-	28,088,103
Furniture and equipment	9,732,380	-	434,141	(274,626)	9,891,895
Land improvements	5,944,819	20,688	107,298	-	6,072,805
Subtotal	199,599,472	739,442	2,166,282	(274,626)	202,230,570
Accumulated depreciation:					
Roads and sidewalks	112,049,127	-	3,142,401	-	115,191,528
Buildings and improvements	11,877,538	-	640,356	-	12,517,894
Furniture and equipment	5,465,218	-	775,651	(256,916)	5,983,953
Land improvements	3,611,282	-	255,901	-	3,867,183
Subtotal	133,003,165	-	4,814,309	(256,916)	137,560,558
Net capital assets being depreciated	66,596,307	739,442	(2,648,027)	(17,710)	64,670,012
Net capital assets	\$ 78,949,698	\$ -	\$ 2,190,951	\$ (117,710)	\$ 81,022,939



June 30, 2022

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

***Business-type Activities***

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 367,931	\$ -	\$ 29,161	\$ -	\$ 397,092
Construction in progress	1,301,818	(407,491)	2,483,152	-	3,377,479
Subtotal	1,669,749	(407,491)	2,512,313	-	3,774,571
Capital assets being depreciated:					
Water and sewer lines	126,702,953	407,491	644,040	-	127,754,484
Buildings and improvements	70,205,859	-	135,330	-	70,341,189
Machinery and equipment	21,379,851	-	168,356	(24,600)	21,523,607
Vehicles	1,248,285	-	-	-	1,248,285
Land improvements	454,010	-	-	-	454,010
Subtotal	219,990,958	407,491	947,726	(24,600)	221,321,575
Accumulated depreciation:					
Water and sewer lines	29,534,857	-	2,356,331	-	31,891,188
Buildings and improvements	25,459,555	-	1,221,111	-	26,680,666
Machinery and equipment	13,861,582	-	476,743	(24,600)	14,313,725
Vehicles	485,558	-	174,982	-	660,540
Land improvements	416,408	-	8,065	-	424,473
Subtotal	69,757,960	-	4,237,232	(24,600)	73,970,592
Net capital assets being depreciated	150,232,998	407,491	(3,289,506)	-	147,350,983
Net capital assets	\$ 151,902,747	\$ -	\$ (777,193)	\$ -	\$ 151,125,554

June 30, 2022

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

Capital asset activity for the City's component units for the year ended June 30, 2022 was as follows:

**Component Units**

	Balance July 1, 2021	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:				
Monroe Housing Commission*:				
Land	\$ 2,123,036	\$ -	\$ (1,097,282)	\$ 1,025,754
Construction in progress	54,638	967,606	(159,638)	862,606
Port of Monroe:				
Land	1,893,075	-	(29,446)	1,863,629
Site improvements	363,697	-	-	363,697
Earthen dikes	321,061	-	-	321,061
Construction in progress	270,000	7,329	-	277,329
Subtotal	5,025,507	974,935	(1,286,366)	4,714,076
Capital assets being depreciated:				
Monroe Housing Commission*:				
Land improvements	2,028,669	-	-	2,028,669
Building and improvements	17,358,119	299,663	(801,427)	16,856,355
Equipment	486,790	10,568	(22,659)	474,699
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	29,607	-	3,712,456
Dredging	374,445	-	-	374,445
Leachate collection system	38,237	-	-	38,237
Rental buildings	291,580	-	-	291,580
Office building	529,000	-	-	529,000
Furniture and equipment	424,336	17,124	-	441,460
Subtotal	27,631,767	356,962	(824,086)	27,164,643
Accumulated depreciation:				
Monroe Housing Commission* -				
Land improvements, building and improvements, and equipment	15,857,437	680,935	(693,040)	15,845,332
Port of Monroe:				
Road and site improvement	747,877	28,030	-	775,907
Railroad siding	357,982	55,355	-	413,337
Wharf and dock	488,340	89,166	-	577,506
Dredging	374,445	-	-	374,445
Leachate collection system	38,237	-	-	38,237
Rental buildings	291,581	-	-	291,581
Office building	89,312	15,086	-	104,398
Furniture and equipment	309,752	36,134	-	345,886
Subtotal	18,554,963	904,706	(693,040)	18,766,629
Net capital assets being depreciated	9,076,804	(547,744)	(131,046)	8,398,014
Net capital assets	\$ 14,102,311	\$ 427,191	\$ (1,417,412)	\$ 13,112,090

\*Reported activity is for the fiscal year ended September 30, 2021.

June 30, 2022

## Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 268,998
Public safety	412,479
Public works	3,241,079
Economic development	8,623
Recreation and culture	311,338
Internal service fund depreciation is charged to the various functions based on their usage of the asset	571,792
Total governmental activities	<u>\$ 4,814,309</u>
Business-type activities:	
Water	\$ 2,391,852
Wastewater	1,828,983
Building Authority Nonmajor Enterprise	16,397
Total business-type activities	<u>\$ 4,237,232</u>
Component unit activities:	
Port of Monroe	\$ 223,771
Monroe Housing Commission	680,935
Total component unit activities	<u>\$ 904,706</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 project	\$ 1,302,465	\$ 778,974	\$ 518,491
2022 Concrete paving program	1,878,400	981,913	896,487
Total	<u>\$ 3,180,865</u>	<u>\$ 1,760,887</u>	<u>\$ 1,414,978</u>

The Port of Monroe has an active construction project at year end related to the construction of a crane. At year end, the Port of Monroe had construction commitments related to the project of approximately \$1,554,632. The project was completed subsequent to June 30, 2022.

## 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	842,617
	Total	<u>\$ 1,112,617</u>

June 30, 2022

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

The advance from the Economic Development Fund to the Brownfield Redevelopment Authority is for the rehabilitation of a contaminated site. The advance from the General Fund to the Port of Monroe is to cover the down payment on the purchase of a crane. Advances are being repaid with interest over a number of years.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 1,505,147
Nonmajor governmental funds	Nonmajor governmental funds	1,156,331
	General Fund	48,726
	Total nonmajor governmental funds	1,205,057
	Total	\$ 2,710,204

The transfers from the General Fund to the nonmajor governmental funds include transfers for debt service payments, the funding of certain capital improvement projects, and the use of unrestricted resources to finance Major Streets, Local Streets, and airport programs in accordance with budgetary authorizations. Transfers from the Municipal Street Fund (nonmajor fund) to the Major Street (nonmajor fund), Local Street (nonmajor fund), and Capital Projects (nonmajor fund) funds represent the use of resources to finance street projects and eligible capital improvement projects in accordance with property tax levy requirements. 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. The transfer from the Parking Fund (nonmajor fund) to the General Fund represents a transfer of parking fines and fees to be used for eligible parking enforcement and maintenance expenses.

June 30, 2022

## 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, 2022 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:							
Equipment installment purchase - \$746,831 - Maturing through 2029	2.8%	\$65,749-\$84,300	\$ 613,492	\$ -	\$ (69,482)	\$ 544,010	\$ 71,428
Equipment installment purchase - \$424,730 - Maturing through 2028	3.5%	\$36,093-\$49,284	351,092	-	(38,844)	312,248	40,188
Equipment installment purchase - Police software - \$96,057 Maturing through 2023	2%	\$15,614-\$32,335	48,745	-	(32,335)	16,410	16,410
Equipment installment purchase - \$369,703 - Maturing through 2026	1.83%	\$71,283-\$76,646	369,703	-	(71,283)	298,420	72,588
Equipment installment purchase - \$10,749 - Maturing through 2026	7.831	\$146-\$207	15,453	-	(7,651)	7,802	2,062
Total direct borrowings principal outstanding			1,398,485	-	(219,595)	1,178,890	202,676
Other debt:							
2012 Monroe Building Authority Refunding Bonds - \$4,425,000 - Maturing through 2024	2.23%	\$350,000- \$425,000	1,255,000	-	(410,000)	845,000	420,000
2014 Refunding Bonds (City Hall & Bridge) - \$1,421,000 - Maturing through 2031	3% - 4%	\$81,000-\$95,000	834,000	-	(89,000)	745,000	90,000
Unamortized bond premium			72,763	-	(7,400)	65,363	7,400
2015 Capital Improvement Bonds (Roessler Street Bridge) - \$1,725,000 - Maturing through 2030	0.5% - 2.6%	\$100,000- \$170,000	1,120,000	-	(105,000)	1,015,000	100,000
2016 OPEB Bonds - \$25,968,220 - Maturing through 2038	0.98% - 4.02%	\$921,559- \$1,631,012	21,170,258	-	(980,078)	20,190,180	998,256
2017 Capital Improvements Bonds - \$1,890,000 - Maturing through 2030	1% - 3%	\$140,000- \$150,000	1,310,000	-	(140,000)	1,170,000	140,000
2017 Michigan Transportation Fund Bonds - \$2,565,000 - Maturing through 2024	0.85% - 1.75%	\$150,000- \$495,000	1,445,000	-	(470,000)	975,000	480,000
2018 Capital Improvement Bonds - \$6,000,000 - Maturing through 2037	3% - 4%	\$205,000- \$445,000	5,355,000	-	(235,000)	5,120,000	245,000
Unamortized bond premium			160,271	-	(10,085)	150,186	10,085
2020 Refunding Bonds - \$2,700,000 - Maturing through 2033	2% - 4%	\$175,000- \$300,000	2,480,000	-	(175,000)	2,305,000	195,000
Unamortized bond premium			398,025	-	(40,411)	357,614	19,899
2021 Michigan Transportation Fund Bonds - \$1,385,000 - Maturing through 2028	2.5%	\$0-\$360,000	1,385,000	-	-	1,385,000	-
Unamortized bond premium			113,287	-	(16,573)	96,714	16,573
Total other debt principal outstanding			37,098,604	-	(2,678,547)	34,420,057	2,722,213
Total bonds payable			38,497,089	-	(2,898,142)	35,598,947	2,924,889
Compensated absences			1,033,216	72,833	(222,766)	883,283	193,357
Total governmental activities long-term debt			\$ 39,530,305	\$ 72,833	\$ (3,120,908)	\$ 36,482,230	\$ 3,118,246

June 30, 2022

**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%	\$615,000- \$755,000	\$ 6,145,000	\$ -	\$ (615,000)	\$ 5,530,000	\$ 635,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - \$3,051,000 - Maturing through 2030	2.5%	\$100,000- \$190,000	1,242,783	-	(125,000)	1,117,783	130,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$9,115,000 - Maturing through 2033	2.5%	\$341,767- \$545,000	5,759,569	-	(415,000)	5,344,569	430,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$17,950,000 - Maturing through 2034	2.5%	\$705,000- \$1,125,000	12,645,000	-	(835,000)	11,810,000	855,000
2014 Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$10,500,000 - Maturing through 2034	0.35% - 4.75%	\$505,000- \$580,000	6,955,000	-	(505,000)	6,450,000	505,000
Equipment installment purchase - \$463,085 - Maturing through 2026	2.65%	\$61,518-\$71,379	391,706	-	(61,518)	330,188	62,629
Total direct borrowings principal outstanding			33,139,058	-	(2,556,518)	30,582,540	2,617,629
Other debt:							
2014 Refunding Bonds (Water) - \$4,864,000 - Maturing through 2031	3% - 4%	\$137,000- \$690,000	3,816,000	-	(161,000)	3,655,000	160,000
Unamortized bond premium			249,064	-	(25,330)	223,734	-
2016 Refunding Bonds (Water Meter Shop) - \$3,905,000 - Maturing through 2028	2% - 4%	\$25,000- \$470,000	2,875,000	-	(355,000)	2,520,000	375,000
Unamortized bond premium			325,803	-	(47,678)	278,125	-
2016 OPEB Bonds - \$9,536,780 - Maturing through 2038	0.98% - 4.02%	\$338,441- \$598,987	7,774,749	-	(359,929)	7,414,820	366,644
2020 Refunding Bonds - \$4,480,000 - Maturing through 2033	2% - 4%	\$380,000- \$510,000	4,010,000	-	(380,000)	3,630,000	385,000
Unamortized bond premium			618,165	-	(52,227)	565,938	52,227
Total other debt principal outstanding			19,668,781	-	(1,381,164)	18,287,617	1,338,871
Total bonds payable			52,807,839	-	(3,937,682)	48,870,157	3,956,500
Compensated absences			348,344	317,439	(348,344)	317,439	317,439
Total business-type activities long-term debt			\$ 53,156,183	\$ 317,439	\$ (4,286,026)	\$ 49,187,596	\$ 4,273,939

***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, 2022

**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	
2023	\$ 200,614	\$ 32,200	\$ 2,668,256	\$ 1,107,505	\$ 4,008,575
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	125,813	11,835	2,375,751	858,433	3,371,832
2028-2032	257,385	12,074	10,479,618	3,202,413	13,951,490
2033-2037	-	-	9,319,108	1,470,062	10,789,170
2038-2042	-	-	1,631,101	65,565	1,696,666
Total	\$ 1,171,088	\$ 122,384	\$ 33,750,180	\$ 9,658,749	\$ 44,702,401

Years Ending June 30	Business-type Activities				
	Direct Borrowings		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ 2,617,629	\$ 876,864	\$ 1,286,644	\$ 640,567	\$ 5,421,704
2024	2,612,068	805,268	1,339,702	595,480	5,352,518
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	2,854,536	575,901	1,494,249	453,937	5,378,623
2028-2032	13,027,783	1,667,320	6,675,383	1,432,279	22,802,765
2033-2037	3,961,791	200,096	3,015,893	461,542	7,639,322
2038-2042	-	-	598,997	24,079	623,076
Total	\$ 30,582,540	\$ 5,511,395	\$ 17,219,820	\$ 4,670,185	\$ 57,983,940

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, 2022 is \$73,276, 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 with tax captures. The balance on the advance at June 30, 2022 is \$195,000, and the amount due within one year is \$32,500. The advance is projected to be completely repaid by October 1, 2027.

June 30, 2022

**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 with tax captures. The balance on the loan at June 30, 2022 is \$88,355, and the amount due within one year is \$29,450. 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, 2022 is \$3,031,312, with no payment due within one year.

During 2018, the Port of Monroe (the "Port") 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, 2022 was \$70,485, \$8,767 of which is due next year.

During fiscal year 2016, the Port 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, 2022 was \$338,013, of which \$18,852 is due next year.

During fiscal year 2016, the Port 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 (BRA) 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, 2022, the loan had an outstanding balance of \$2,828,577, with accrued interest due of \$4,714.

During fiscal year 2019, the Port 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, 2022, the outstanding balance on the loan was \$240,000, 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 third annual debt service payment of \$94,000.



June 30, 2022

**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 Employee 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:

	2022	2021
Estimated liability - Beginning of year	\$ 414,067	\$ 954,870
Claim payments	(5,189,920)	(5,105,169)
Estimated claims incurred, including changes in estimates	5,374,849	4,564,366
Estimated liability - End of year	<u>\$ 598,996</u>	<u>\$ 414,067</u>

**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). The pension system does not issue a separate financial report.

Management of the plan 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 who are appointed by the City. The remaining four members are appointed by plan members.

Note 9 - Pension Plan (Continued)

**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, 2021, 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	312
Inactive plan members entitled to but not yet receiving benefits	18
Active plan members	125
	<hr/>
Total employees covered by the plan	455
	<hr/>

**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, 2022, the average active member contribution rate was 4.41 percent of annual pay, and the City's average contribution rate was 19.35 percent of annual payroll.

June 30, 2022

## Note 9 - Pension Plan (Continued)

### 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, 2022 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, 2022 measurement date. The June 30, 2022 total pension liability was determined by an actuarial valuation performed as of December 31, 2021, which used update procedures to roll forward the estimated liability to June 30, 2022.

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

Changes in Net Pension (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
<b>Balance at June 30, 2021</b>	\$ 162,331,604	\$ 164,820,348	\$ (2,488,744)
Changes for the year:			
Service cost	1,343,392	-	1,343,392
Interest	11,388,254	-	11,388,254
Changes in benefits	944,540	-	944,540
Differences between expected and actual experience	507,217	-	507,217
Changes in assumptions	8,703,301	-	8,703,301
Contributions - Employer	-	3,065,547	(3,065,547)
Contributions - Employee	-	433,858	(433,858)
Net investment loss	-	(21,797,289)	21,797,289
Benefit payments, including refunds	(11,847,849)	(11,847,841)	(8)
Administrative expenses	-	(122,079)	122,079
Net changes	11,038,855	(30,267,804)	41,306,659
<b>Balance at June 30, 2022</b>	<u>\$ 173,370,459</u>	<u>\$ 134,552,544</u>	<u>\$ 38,817,915</u>

The plan's fiduciary net position represents 78 percent of the total pension liability.

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

For the year ended June 30, 2022, the City recognized pension expense recovery of \$7,863,525. At June 30, 2022, 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	\$ 693,752	\$ -
Changes in assumptions	6,843,374	-
Net difference between projected and actual earnings on pension plan investments	14,452,008	-
Total	<u>\$ 21,989,134</u>	<u>\$ -</u>

June 30, 2022

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

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
2023	\$ (6,128,062)
2024	(5,414,400)
2025	(3,758,731)
2026	(6,687,941)
Total	<u>\$ (21,989,134)</u>

**Actuarial Assumptions**

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 to 5.25 percent, an investment rate of return (net of investment expenses) of 7.00 percent, and a version of the Pub-2010 fully generational mortality tables, including the use of the MP-2021 mortality improvement scale.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of a five-year actuarial experience study ended December 31, 2020.

**Discount Rate**

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

**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, 2022

**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, 2021 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	7.55 %
U.S. large-cap value	6.40
U.S. large-cap core	7.25
U.S. mid-cap growth	7.67
U.S. small-cap value	7.14
International	6.87
Intermediate fixed income	1.21
Private fixed income	6.65
Real estate	7.45
Gold	1.15

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

The following presents the net pension liability of the City, calculated using the discount rate of 7 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6 percent) or 1 percentage point higher (8 percent) than the current rate:

	1 Percentage Point Decrease (6%)	Current Discount Rate (7%)	1 Percentage Point Increase (8%)
Net pension liability of the City	\$ 58,323,890	\$ 38,817,915	\$ 22,486,994

***Assumption Changes***

The single discount rate used to measure the total pension liability as of June 30, 2022 is 7.00 percent, which represents a change from the rate of 7.25 percent, which was used at June 30, 2021. The single discount rate changed due to a change in the valuation assumptions for the expected rate of return on pension plan investments.

***Benefit Changes***

For the year ended June 30, 2022, retirement system benefits were updated following the preparation of a supplemental actuarial valuation dated September 14, 2021. A temporary early retirement incentive (ERI) was offered to nonunion employees that credited one additional year of service as of January 1, 2022 for nonunion employees eligible to retire as of January 1, 2022 and who retired by January 1, 2022. A temporary ERI was offered to COAM, POAM, and fire union employees that credited one additional year of service as of January 1, 2022 for police and fire employees eligible for a normal retirement benefit any time through December 1, 2023 and who retired by January 1, 2022, without regard to age or service. The results of the most recent funding valuation reflect the retirement of 14 members under the provisions of the ERI. The increase in liability associated with these retirements was advance funded by the City; as a result, the amount of unfunded actuarial accrued liability was unimpacted.

June 30, 2022

**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, 2022:

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, 2022, the plan held 6.4 percent, 7.4 percent, 11.0 percent, and 7.0 percent of plan net position invested within the Fidelity 500 Index fund, Prisa Pooled Fund, the iShares Russel Midcap Growth fund, and the iShares Russel 1000 Growth fund, respectively.

***Rate of Return***

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (13.43) 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 7.00 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, 2022

## Note 9 - Pension Plan (Continued)

The balances of the reserve accounts at June 30, 2022 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 144,915,580	\$ 126,252,816
Employee reserve	8,299,728	8,299,728

### ***Defined Contribution Pension Plan***

#### **Plan Description**

Beginning January 1, 2022, the City of Monroe, Michigan began participating in the Municipal Employees' Retirement System of Michigan (MERS) defined contribution retirement plan for certain employees who meet the eligibility requirements. The benefits are administered by MERS.

#### **Benefits Provided**

Benefit terms, including contribution requirements, for the plan are established and may be amended by the City of Monroe City Council. All contributions are determined on base compensation, exclusive of overtime. For each employee hired after January 1, 2022 and for those employees that elected to convert from the defined benefit pension plan, the City is required to contribute 5 percent to an individual employee account. Employees who voluntarily elect to contribute a minimum of 2 percent to a deferred compensation plan will receive an additional 2 percent contribution to the defined contribution plan. Employees hired after January 1, 1997 who did not convert from the defined benefit pension plan are eligible for a 2 percent contribution to the defined contribution plan if they contribute a minimum of 2 percent to a deferred compensation plan. Employees are permitted to contribute a maximum of 6 percent to the plan. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in employer contributions and earnings on employer contributions after completion of 36 months of creditable service with the City. Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses. There were no forfeitures during the current year. As of June 30, 2022, there were 84 members in the plan. During the year ended June 30, 2022, the City contributed \$91,440 into the plan, and \$39,692 was contributed to the plan by plan participants.

### ***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 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.



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

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). The OPEB plan does not issue a separate financial report.

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.

**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, 2022, the City's average contribution rate was 6.60 percent of covered payroll or \$298,224. 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, 2022 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, 2022 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, 2022 measurement date. The June 30, 2022 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, 2022.



June 30, 2022

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

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

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at June 30, 2021</b>	\$ 45,100,136	\$ 76,631,977	\$ (31,531,841)
Changes for the year:			
Service cost	464,672	-	464,672
Interest	3,045,808	-	3,045,808
Changes in benefits	552,639	-	552,639
Differences between expected and actual experience	64,415	-	64,415
Changes in assumptions	1,431,581	-	1,431,581
Contributions - Employer	-	298,224	(298,224)
Contributions - Employee	-	105,299	(105,299)
Net investment loss	-	(10,681,744)	10,681,744
Benefit payments, including refunds	(3,641,868)	(3,641,868)	-
Administrative expenses	-	(65,195)	65,195
Miscellaneous other charges	-	(16,074)	16,074
Net changes	1,917,247	(14,001,358)	15,918,605
<b>Balance at June 30, 2022</b>	<u>\$ 47,017,383</u>	<u>\$ 62,630,619</u>	<u>\$ (15,613,236)</u>

The Plan's fiduciary net position represents 133 percent of the total OPEB liability.

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

For the year ended June 30, 2022, the City recognized OPEB expense recovery of \$627,254.

At June 30, 2022, 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	\$ 14,368	\$ -
Changes in assumptions	319,328	-
Net difference between projected and actual earnings on OPEB plan investments	6,411,864	-
Total	<u>\$ 6,745,560</u>	<u>\$ -</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
2023	\$ (1,584,442)
2024	(1,044,114)
2025	(931,044)
2026	(3,185,960)
Total	<u>\$ (6,745,560)</u>

June 30, 2022

**Note 10 - Other Postemployment Benefit Plan (Continued)*****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 3.00 to 5.25 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 Pub-2010 mortality tables.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study covering the five-year period ended December 31, 2020, as conducted for the City of Monroe Employees Retirement System.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

***Investment Rate of Return***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 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	7.55 %
U.S. large-cap value	6.40
U.S. mid-cap growth	7.67
U.S. small-cap value	7.14
International	6.87
Intermediate fixed income	1.71
Private fixed income	6.65
Real estate	7.45
Life settlement	3.65
Reinsurance	2.65
Gold	1.15

June 30, 2022

**Note 10 - Other Postemployment Benefit Plan (Continued)*****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	\$ (10,590,412)	\$ (15,613,236)	\$ (19,830,572)

***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	\$ (20,457,147)	\$ (15,613,236)	\$ (9,853,285)

***Assumption Changes***

The wage inflation rate assumption was updated from 3.25 percent to 3.00 percent. Additionally, the mortality tables used were updated from the RP-2014 tables to the Pub-2010 tables.

***Benefit Changes***

During the year ended June 30, 2022, a temporary early retirement incentive was offered to nonunion, COAM, POAM, and fire union employees. Certain eligible members were granted additional service credit.

***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, 2022:

Asset Class	Target Allocation
U.S. large-cap growth	10.00 %
U.S. large-cap value	10.00
U.S. mid-cap growth	11.00
U.S. small-cap value	7.50
International	18.50
Intermediate fixed income	27.00
Private fixed income	5.00
Real estate	7.50
Gold	3.00
Cash	0.50
Total	100.00 %

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

**Concentrations**

At June 30, 2022, the Plan held 7.4 percent, 11.1 percent, and 10.2 percent of its investment portfolio in Prisa LP, the iShares Russell Midcap Growth fund, and the iShares Russell 1000 Growth.

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (14.19) 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 to contribute 3 percent of base earnings, as defined by collective bargaining agreements and City policies, to the plan. 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, 2022, there were 166 members in the plan (111 active participants and 55 terminated employees with balances), and both the City and plan members contributed \$185,233 to the plan.

**Note 12 - Joint Venture**

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

The City has an 18/26 interest and the Township has an 8/26 interest in the Partnership. Each partner's governing body has an equal vote in managing the affairs of the Partnership. The operating and maintenance costs are split based on actual water consumption. In addition, the Township pays the City an administrative fee of 12.5 percent of its share of operating and maintenance costs. The following financial information of the Partnership was obtained from its audited financial statements for the year ended June 30, 2022:

Total assets	\$ 5,738,542
Total liabilities	139,933
Total equity	5,598,609
Total operating revenue	535,276
Total operating expenses	519,657
Total nonoperating expense	(47,483)
Decrease in equity	(31,864)

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 \$3,875,917 is recorded in the Water Fund.

June 30, 2022

## 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	\$ -	0%	0%	\$ -	0%
Phased in 2019 taxable value	469,919,041	(28,744,919)	(5.76)%	(5.76)%	(6)	0%
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	-	0%	(30.21)%	953,117,900	15.80%

The City's 2021-2022 budget includes the full effect of the settlement with DTE referenced above. The City has prepared a 2022-2023 five-year financial projection that provides primarily balanced revenue and expenditures.

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, 2021 totaled \$3,372,896, of which \$1,426,633, or 42.3 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	\$ 134,447,869	\$ 63,168,150	\$ 197,616,019
Other assets	231,406	9,753	241,159
Liabilities	126,731	547,284	674,015
Net position	<u>\$ 134,552,544</u>	<u>\$ 62,630,619</u>	<u>\$ 197,183,163</u>

June 30, 2022

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

	Pension Trust Fund	Retiree Health Care Fund	Total
<b>Statement of Changes in Net Position</b>			
Investment loss	\$ (21,797,288)	\$ (10,681,743)	\$ (32,479,031)
Contributions	3,499,405	403,523	3,902,928
Benefit payments	11,524,449	3,632,257	15,156,706
Other decreases	445,472	90,881	536,353
Net change in net position	<u>\$ (30,267,804)</u>	<u>\$ (14,001,358)</u>	<u>\$ (44,269,162)</u>

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

As of June 30, 2022, the Port of Monroe owned approximately 279 acres (the "Property") of a 480-acre tract of land formerly used as an industrial landfill that has been identified by the Michigan Department of Environment Quality (MDEQ) as a site of environmental contamination, as defined by the Natural Resources and Environmental Protection Act (NREPA), Michigan PA 451, of 1994, as amended. The MDEQ has identified the Port of Monroe along with more than 70 other individual and corporate entities as potentially responsible parties (PRPs). The land is divided roughly in half by I-75, with the West Site being west of I-75 and the East Site being east of I-75. An Interim Remedial Action Plan (IRAP) was prepared for the East Site in 2002.

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

Based upon available information, at June 30, 2022, 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, 2022. 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.

June 30, 2022

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

Based upon prior contributions from 14 of the PRPs to MDEQ for various completed environmental activities on the Property, and after considering current economic conditions related to some of those PRPs, a measurement for expected recoveries has been made in the amount of \$5,335,213. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be \$1,196,635 and are reflected on the Port's June 30, 2022 balance sheet as liabilities - environmental. Furthermore, the actual costs could differ from the estimated liability for both sites if any of the assumptions change due to such factors as price increases or reductions, environmental technology, applicable laws and regulations, or enforceability or collectibility from other PRPs.

**Note 16 - Fund Balance Constraints**

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

	General Fund	American Rescue Plan Act Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Inventory	\$ 1,070,164	\$ -	\$ -	\$ 1,070,164
Prepays	19,676	-	87,655	107,331
Total nonspendable	1,089,840	-	87,655	1,177,495
<b>Restricted:</b>				
Roads	-	-	1,988,023	1,988,023
Police	-	-	66,466	66,466
Debt service	-	-	1,325,869	1,325,869
Grants	-	-	100,748	100,748
Rubbish, garbage, and recycling	-	-	412,743	412,743
Code enforcement	-	-	91,606	91,606
Total restricted	-	-	3,985,455	3,985,455
<b>Committed:</b>				
Cemetery	533,851	-	-	533,851
Budget stabilization	2,000,000	-	-	2,000,000
Airport operations	-	-	92,094	92,094
Donation purpose	-	-	50,656	50,656
Capital outlay projects	-	-	3,454,202	3,454,202
Economic development activities	-	-	9,523	9,523
Total committed	2,533,851	-	3,606,475	6,140,326
<b>Assigned:</b>				
Subsequent year's budget	137,412	-	-	137,412
Future tax reductions	826,378	-	-	826,378
Capital projects	-	16,470	-	16,470
Debt service	-	-	10,883	10,883
Total assigned	963,790	16,470	10,883	991,143
<b>Unassigned</b>	3,107,208	-	-	3,107,208
<b>Total fund balances</b>	<u>\$ 7,694,689</u>	<u>\$ 16,470</u>	<u>\$ 7,690,468</u>	<u>\$ 15,401,627</u>



June 30, 2022

**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, 2022, the City abated \$156,840 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield's tax revenue is reduced. For fiscal year 2022, the Authority abated \$217,061 of taxes under this program. There are no provisions to recapture taxes.

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

**Note 18 - Leases**

The City of Monroe, Michigan leases certain assets from various third parties. The assets leased include automotive vehicles used in all city operations and office equipment. Payments are generally fixed monthly and do not vary for any reason. There are no residual value guarantees in any of the leases. The City of Monroe, Michigan does not sublease any of its leased assets. No assets are pledged as collateral in any lease arrangements other than the assets under lease.

Lease asset activity of the City is included in Note 5.

Leased Asset Class (Lessee)	July 1, 2021 Balance	Additions	Deletions	June 30, 2022 Balance
Machinery and equipment	\$ 10,621	\$ -	\$ -	\$ 10,621
Vehicles	707,640	162,742	-	870,382
Accumulated amortization - Machinery and equipment	(4,063)	(2,031)	-	(6,094)
Accumulated amortization - Vehicles	-	(216,878)	-	(216,878)
Total	<u>\$ 714,198</u>	<u>\$ (56,167)</u>	<u>\$ -</u>	<u>\$ 658,031</u>

Future principal and interest payment requirements related to the City's lease liability at June 30, 2022 are as follows:

Years Ending	Principal	Interest	Total
2023	\$ 244,038	\$ 26,353	\$ 270,391
2024	211,607	14,219	225,826
2025	131,882	6,760	138,642
2026	58,474	2,182	60,656
2027	20,352	328	20,680
Total	<u>\$ 666,353</u>	<u>\$ 49,842</u>	<u>\$ 716,195</u>

The City of Monroe, Michigan leases certain assets to various third parties. The assets leased consist of land leased for farming operations and communication tower location. Payments are fixed monthly or annually. There are no variable payments in the leases. The City does not sublease any assets, participate in any sale-leaseback transactions, or lease-leaseback transactions.

During the year ended June 30, 2022, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 57,225
Interest income related to its leases	44,741



**Note 18 - Leases (Continued)**

There were no other inflows during the fiscal year related to the City of Monroe, Michigan's leasing arrangements. The City of Monroe, Michigan has not issued any debt that is secured by lease payments. The City does not lease investments.

The Port of Monroe leases certain assets to third parties. On September 1, 2011, the Port of Monroe entered into a lease agreement for the use of real property to Barnhart Crane & Rigging Co. Original lease terms were 10 years, with an optional 10-year extension. The lease agreement was first amended, effective July 1, 2012, in which the terms were modified to a 20-year lease term. The agreement was secondly amended, effective April 30, 2014, in which a section of the property leased was removed from usage. Payments are generally fixed at \$32,670 annually. Any variable payments are not included in the measurement of the lease receivable required based on various facilities regulations and use fees charged and collected by the lessor. For the purpose of discounting future payments to be received on the lease, the Port used an interest rate of 4.2 percent. Additionally, the Port leases the exclusive right to use the Port's facilities and common areas to DRM Maintenance and Management Company (DRM). The lease agreement calls for annual payments of \$50,000 through March, 2034. Any variable payments are not included in the measurement of the lease receivable required based on various facilities regulations and use fees charged and collected by the lessor. For the purposes of discounting future payments to be received on the lease, the Port used an interest rate of 4.2 percent.

During the year ended June 30, 2022, the Port recognized lease revenue of \$64,574 and interest income of \$32,022 related to these leases.

---

## Required Supplemental Information

---

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 14,455,681	\$ 14,431,976	\$ 14,417,022	\$ (14,954)
State-shared revenue and grants	2,980,500	5,071,577	4,132,312	(939,265)
Charges for services	270,050	266,669	292,075	25,406
Fines and forfeitures	78,000	79,950	79,084	(866)
Licenses and permits	364,200	360,200	325,706	(34,494)
Interest and rentals:				
Investment earnings	50,000	50,000	(118,539)	(168,539)
Other miscellaneous income	32,936	33,851	33,311	(540)
Other revenue:				
Administrative fees	1,193,149	1,193,149	1,193,149	-
Miscellaneous revenue	142,700	234,909	223,572	(11,337)
Sale of capital assets	5,000	5,000	2,336	(2,664)
Total revenue	19,572,216	21,727,281	20,580,028	(1,147,253)
<b>Expenditures</b>				
Current services:				
General government:				
Mayor and City Council	147,829	167,098	164,788	2,310
City manager	318,426	360,878	357,435	3,443
Finance	431,964	435,301	434,577	724
Audit	52,407	55,050	55,049	1
Clerk/Treasurer	404,058	377,041	353,022	24,019
Assessor	300,653	384,865	367,126	17,739
Communications, culture, and promotion	141,882	137,957	134,049	3,908
Board of review	1,615	1,615	1,098	517
City hall grounds	329,750	306,095	289,678	16,417
Attorney	142,760	178,960	173,590	5,370
Elections	42,803	40,004	35,349	4,655
Human resources	291,455	453,306	434,948	18,358
Engineering	221,201	280,080	280,043	37
Other	17,559	16,069	8,069	8,000
Port of Monroe	400,000	400,000	400,000	-
Public safety:				
Police	808,840	937,849	921,764	16,085
Fire	362,923	377,958	376,829	1,129
Zoning/Code enforcement	310,791	361,700	213,720	147,980
Public safety division personnel	7,928,220	8,684,710	8,648,870	35,840
Public works:				
DPS general operations	1,430,875	1,632,997	1,626,737	6,260
Forestry	512,103	654,603	650,658	3,945
Contingencies	100,000	-	-	-
Community and economic development:				
Nondepartmental	2,000	13,971	13,970	1
Planning commission	3,880	3,880	3,117	763
Community development	247,528	1,521,962	1,146,222	375,740
Economic development	234,809	251,109	236,041	15,068
Historical district commission	2,560	2,560	128	2,432
Recreation and culture:				
Library	65,000	65,000	65,000	-
Parks and recreation	1,528,909	1,540,827	1,462,465	78,362
Public access TV	147,500	145,500	143,059	2,441
Social services	168,000	200,250	200,250	-
Debt service:				
Principal	1,098,513	1,100,139	1,100,138	1
Interest and fiscal charges	813,493	819,835	819,826	9
Total expenditures	19,010,306	21,909,169	21,117,615	791,554
<b>Excess of Revenue Over (Under) Expenditures</b>	561,910	(181,888)	(537,587)	(355,699)

See notes to required supplemental information.

**Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund (Continued)**

**Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 48,726	\$ 48,726
Transfers out	(561,910)	(1,435,634)	(1,435,634)	-
Total other financing uses	(561,910)	(1,435,634)	(1,386,908)	48,726
<b>Net Change in Fund Balance</b>	-	(1,617,522)	(1,924,495)	(306,973)
<b>Fund Balance</b> - Beginning of year	9,619,184	9,619,184	9,619,184	-
<b>Fund Balance</b> - End of year	<u><u>\$ 9,619,184</u></u>	<u><u>\$ 8,001,662</u></u>	<u><u>\$ 7,694,689</u></u>	<u><u>\$ (306,973)</u></u>

## City of Monroe, Michigan

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Interest income	\$ -	\$ 308,276	\$ 160,187	\$ (148,089)
<b>Expenditures</b>	-	306,276	143,881	162,395
<b>Net Change in Fund Balance</b>	-	2,000	16,306	14,306
<b>Fund Balance</b> - Beginning of year	164	164	164	-
<b>Fund Balance</b> - End of year	<u>\$ 164</u>	<u>\$ 2,164</u>	<u>\$ 16,470</u>	<u>\$ 14,306</u>

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

	Last Nine Fiscal Years*								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>									
Service cost	\$ 1,343,392	\$ 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	11,388,254	11,258,580	11,129,406	10,925,209	10,739,989	10,071,113	10,019,895	9,785,460	9,601,384
Changes in benefit terms	944,540	-	-	-	-	-	-	-	-
Differences between expected and actual experience	507,217	655,981	28,710	1,515,816	694,718	(212,575)	(1,128,899)	1,019,422	-
Changes in assumptions	8,703,301	816,207	803,926	351,203	781,504	8,491,439	-	-	-
Benefit payments, including refunds	(11,847,849)	(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>11,038,855</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>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>131,482,511</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 173,370,459</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	\$ 3,065,547	\$ 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	433,858	483,844	464,545	462,612	458,410	444,104	448,182	434,437	447,088
Net investment (loss) income	(21,797,289)	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	(122,079)	(113,438)	(114,140)	(122,981)	(128,979)	(78,229)	(74,593)	(131,962)	(126,646)
Benefit payments, including refunds	(11,847,841)	(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>(30,267,804)</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>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>125,117,974</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 134,552,544</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 Liability (Asset) - Ending</b>	<b>\$ 38,817,915</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>	77.61 %	101.53 %	88.82 %	89.97 %	92.66 %	92.05 %	92.68 %	99.09 %	102.67 %
<b>Covered Payroll</b>	\$ 9,089,979	\$ 10,927,109	\$ 10,798,219	\$ 10,336,991	\$ 10,202,555	\$ 10,817,255	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	427.04 %	(22.78)%	164.43 %	151.34 %	109.51 %	109.13 %	102.21 %	13.17 %	(36.41)%

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

Required Supplemental Information  
Schedule of City Contributions  
Pension Plan

Last Ten Fiscal Years  
Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 2,235,649	\$ 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
Contributions in relation to the actuarially determined contribution	3,065,547	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
<b>Contribution Excess</b>	<b>\$ 829,898</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 9,089,979</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>\$ 10,758,097</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>33.72 %</b>	<b>19.49 %</b>	<b>18.10 %</b>	<b>17.45 %</b>	<b>17.94 %</b>	<b>17.06 %</b>	<b>17.10 %</b>	<b>17.06 %</b>	<b>15.14 %</b>	<b>12.56 %</b>

Notes to Schedule of City Contributions - Pension Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2019

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 market
Inflation	2.75 percent
Salary increase	3.25 percent to 5.49 percent including inflation
Investment rate of return	7.30 percent (net of administrative expense)
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	RP-2014 Mortality Table

Required Supplemental Information  
Schedule of Investment Returns  
Pension Plan

	Last Nine Fiscal Years* Years Ended June 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	(13.43)%	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 Six Fiscal Years*					
	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service cost	\$ 464,672	\$ 420,399	\$ 440,197	\$ 445,958	\$ 472,985	\$ 474,117
Interest	3,045,808	4,527,597	4,460,159	4,734,671	4,649,384	4,326,412
Changes in benefit terms	552,639	(21,534,333)	-	-	-	-
Differences between expected and actual experience	64,415	(2,132,997)	(611,936)	(12,063,498)	(388,018)	(499,207)
Changes in assumptions	1,431,581	811,267	-	6,430,407	-	3,943,136
Benefit payments, including refunds	(3,641,868)	(2,923,118)	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
<b>Net Change in Total OPEB Liability</b>	1,917,247	(20,831,185)	581,317	(3,677,887)	954,885	4,763,909
<b>Total OPEB Liability - Beginning of year</b>	45,100,136	65,931,321	65,350,004	69,027,891	68,073,006	63,309,097
<b>Total OPEB Liability - End of year</b>	<b>\$ 47,017,383</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	\$ 298,224	\$ 475,415	\$ 1,078,324	\$ 1,061,020	\$ 1,299,796	\$ 36,635,331
Contributions - Member	105,299	130,082	137,102	140,573	154,750	160,554
Net investment (loss) income	(10,681,744)	15,629,188	3,704,824	3,177,994	5,399,971	5,373,015
Administrative expenses	(65,195)	(85,000)	(93,483)	(60,704)	(70,246)	(14,879)
Benefit payments, including refunds	(3,641,868)	(2,923,118)	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
Other	(16,074)	(9,320)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	(14,001,358)	13,217,247	1,119,664	1,093,458	3,004,805	38,673,472
<b>Plan Fiduciary Net Position - Beginning of year</b>	76,631,977	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>\$ 62,630,619</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>\$ (15,613,236)</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>	133.21 %	169.92 %	96.18 %	95.33 %	88.66 %	85.49 %
<b>Covered-employee Payroll</b>	\$ 4,518,498	\$ 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>	(345.54)%	(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										
	2022	2021	2020	2019	2018	2017*	2016	2015	2014	2013
Actuarially determined contribution	\$ 775,629	\$ 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
Contributions in relation to the actuarially determined contribution	298,224	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
<b>Contribution (Deficiency) Excess</b>	<b>\$ (477,405)</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>Covered-employee Payroll</b>	<b>\$ 4,518,498</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>Contributions as a Percentage of Covered-employee Payroll</b>	<b>6.60 %</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>

\*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 dollar
Remaining amortization period	20 years, closed
Asset valuation method	7-year smoothed market
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	RP-2014 Mortality Table

**Required Supplemental Information  
Schedule of Investment Returns  
OPEB Plan**

	<b>Last Six Fiscal Years*</b>					
	<b>Years Ended June 30</b>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	(14.19)%	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, 2022

**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	\$ 19,384,543	\$ 19,854,953	\$ (1,454,085)	\$ 7,694,689
Administrative fee revenue is budgeted as reductions to expenditures	1,193,149	1,193,149	-	-
Sale of capital assets is budgeted as revenue and not as an other financing source	2,336	-	(2,336)	-
Certain transfers are budgeted as debt service	-	69,513	69,513	-
Amounts per budget statement	<u>\$ 20,580,028</u>	<u>\$ 21,117,615</u>	<u>\$ (1,386,908)</u>	<u>\$ 7,694,689</u>

**Pension Information**

**Benefit Changes**

June 30, 2022: A temporary early retirement incentive (ERI) was offered to nonunion, COAM, POAM, and fire union employees. Certain eligible members were granted additional service credit.

**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, 2022**

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.

June 30, 2022: The single discount rate used to measure the total pension liability as of June 30, 2022 is 7.00 percent, which represents a change from the rate of 7.25 percent, which was used at June 30, 2021. 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 2022.

**OPEB Information**

**Benefit Changes**

June 30, 2022: A temporary early retirement incentive was offered to nonunion, COAM, POAM, and fire union employees. Certain eligible members were granted additional service credit.

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.

June 30, 2022: The wage inflation rate assumption was updated from 3.25 percent to 3.00 percent. Additionally, the mortality tables used were updated from the RP-2014 tables to the Pub-2010 tables.

---

## Other Supplemental Information

---

***Special Revenue Funds***

**Major Streets Fund**

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

**Local Streets Fund**

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

**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.

**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.

**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***

**Debt Service Fund**

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

**Building Authority Fund**

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

**Fire Station One Bond Fund**

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

***Capital Project Funds***

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.



## City of Monroe, Michigan

Special Revenue Funds							
	Major Streets	Local Streets	Municipal Street	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
<b>Assets</b>							
Cash and cash equivalents	\$ 954,577	\$ 211,893	\$ 2,187,089	\$ 2,406,276	\$ -	\$ 1,019,669	\$ 60,268
Receivables	547,501	100,942	99,083	111,612	-	25,000	95,664
Advances to component units	-	-	-	-	-	842,617	-
Prepays and other assets	5,643	-	-	-	-	-	-
Restricted assets	-	252,179	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,507,721</b>	<b>\$ 565,014</b>	<b>\$ 2,286,172</b>	<b>\$ 2,517,888</b>	<b>\$ -</b>	<b>\$ 1,887,286</b>	<b>\$ 155,932</b>
<b>Liabilities</b>							
Accounts payable	\$ 131,987	\$ 182,786	\$ 102,512	\$ 126,664	\$ -	\$ 1,872	\$ 53,709
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Accrued liabilities and other	1,381	7,458	1,140	2,375	-	-	1,280
Unearned revenue	-	-	-	-	-	1,875,891	195
<b>Total liabilities</b>	<b>133,368</b>	<b>190,244</b>	<b>103,652</b>	<b>129,039</b>	<b>-</b>	<b>1,877,763</b>	<b>55,184</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	2,638	14,990	-	-	-
Property taxes levied for the following year	-	-	1,946,075	1,961,116	-	-	-
Deferred inflows from leases	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,948,713</b>	<b>1,976,106</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>133,368</b>	<b>190,244</b>	<b>2,052,365</b>	<b>2,105,145</b>	<b>-</b>	<b>1,877,763</b>	<b>55,184</b>
<b>Fund Balances</b>							
Nonspendable - Prepays	5,643	-	-	-	-	-	-
Restricted:							
Roads	1,368,710	374,770	233,807	-	-	-	-
Police	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	100,748
Rubbish, garbage, and recycling	-	-	-	412,743	-	-	-
Code enforcement	-	-	-	-	-	-	-
Committed:							
Airport operations	-	-	-	-	-	-	-
Donation purpose	-	-	-	-	-	-	-
Capital outlay projects	-	-	-	-	-	-	-
Economic development activities	-	-	-	-	-	9,523	-
Assigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,374,353</b>	<b>374,770</b>	<b>233,807</b>	<b>412,743</b>	<b>-</b>	<b>9,523</b>	<b>100,748</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,507,721</b>	<b>\$ 565,014</b>	<b>\$ 2,286,172</b>	<b>\$ 2,517,888</b>	<b>\$ -</b>	<b>\$ 1,887,286</b>	<b>\$ 155,932</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

**June 30, 2022**

Special Revenue Funds					Debt Service Funds				
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Telegraph Corridor Improvement Authority	Debt Service	Building Authority	Fire Station One Bond	Capital Projects Fund	Total
\$ 73,741	\$ 94,996	\$ 105,465	\$ 56,790	\$ 10,736	\$ 1,047,532	\$ 10,883	\$ 1,193,705	\$ 3,642,265	\$ 13,075,885
-	22,856	440	21,603	-	29,823	-	24,193	241,999	1,320,716
-	-	-	-	-	-	-	-	-	842,617
-	74,724	-	-	-	-	-	-	7,288	87,655
-	-	-	-	-	-	-	-	2,202,533	2,454,712
<b>\$ 73,741</b>	<b>\$ 192,576</b>	<b>\$ 105,905</b>	<b>\$ 78,393</b>	<b>\$ 10,736</b>	<b>\$ 1,077,355</b>	<b>\$ 10,883</b>	<b>\$ 1,217,898</b>	<b>\$ 6,094,085</b>	<b>\$ 17,781,585</b>
\$ 7,275	\$ 6,591	\$ 1,987	\$ 10,529	\$ -	\$ 23	\$ -	\$ 14	\$ 490,185	\$ 1,116,134
-	-	-	15,000	-	-	-	-	-	15,000
-	2,158	12,312	-	-	-	-	-	-	28,104
-	11,470	-	-	-	-	-	-	2,125,135	4,012,691
7,275	20,219	14,299	25,529	-	23	-	14	2,615,320	5,171,929
-	-	-	2,208	-	4,623	-	1,493	17,275	43,227
-	-	-	-	-	505,943	-	457,288	-	4,870,422
-	5,539	-	-	-	-	-	-	-	5,539
-	5,539	-	2,208	-	510,566	-	458,781	17,275	4,919,188
7,275	25,758	14,299	27,737	-	510,589	-	458,795	2,632,595	10,091,117
-	74,724	-	-	-	-	-	-	7,288	87,655
-	-	-	-	10,736	-	-	-	-	1,988,023
66,466	-	-	-	-	-	-	-	-	66,466
-	-	-	-	-	566,766	-	759,103	-	1,325,869
-	-	-	-	-	-	-	-	-	100,748
-	-	-	-	-	-	-	-	-	412,743
-	-	91,606	-	-	-	-	-	-	91,606
-	92,094	-	-	-	-	-	-	-	92,094
-	-	-	50,656	-	-	-	-	-	50,656
-	-	-	-	-	-	-	-	3,454,202	3,454,202
-	-	-	-	-	-	-	-	-	9,523
-	-	-	-	-	-	10,883	-	-	10,883
66,466	166,818	91,606	50,656	10,736	566,766	10,883	759,103	3,461,490	7,690,468
<b>\$ 73,741</b>	<b>\$ 192,576</b>	<b>\$ 105,905</b>	<b>\$ 78,393</b>	<b>\$ 10,736</b>	<b>\$ 1,077,355</b>	<b>\$ 10,883</b>	<b>\$ 1,217,898</b>	<b>\$ 6,094,085</b>	<b>\$ 17,781,585</b>

## City of Monroe, Michigan

	Special Revenue Funds						
	Major Streets	Local Streets	Municipal Street	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ 1,888,175	\$ 1,904,011	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
State-shared revenue and grants:							
Federal grants	-	-	-	-	-	-	199,178
State sources	2,038,173	655,512	168,806	74,874	-	-	-
Charges for services	-	-	-	448	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Interest and rentals	1,825	725	283	1,841	-	39	42
Other revenue	9,866	220	-	-	-	-	-
<b>Total revenue</b>	<b>2,049,864</b>	<b>656,457</b>	<b>2,057,264</b>	<b>1,981,174</b>	<b>-</b>	<b>39</b>	<b>199,220</b>
<b>Expenditures</b>							
Current services:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	463,663	563,455	-	1,750,288	-	-	-
Community and economic development	-	-	-	-	-	62,056	247,737
Recreation and culture	-	-	-	-	-	-	-
Capital outlay	1,422,006	1,166,861	962,639	12,060	-	-	-
Debt service	248,975	281,441	-	-	-	-	-
<b>Total expenditures</b>	<b>2,134,644</b>	<b>2,011,757</b>	<b>962,639</b>	<b>1,762,348</b>	<b>-</b>	<b>62,056</b>	<b>247,737</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(84,780)</b>	<b>(1,355,300)</b>	<b>1,094,625</b>	<b>218,826</b>	<b>-</b>	<b>(62,017)</b>	<b>(48,517)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	744,000	590,837	60,000	-	-	38,000	48,560
Transfers out	(197,500)	-	(920,831)	-	(48,726)	-	(38,000)
Sale of capital assets	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>546,500</b>	<b>590,837</b>	<b>(860,831)</b>	<b>-</b>	<b>(48,726)</b>	<b>38,000</b>	<b>10,560</b>
<b>Net Change in Fund Balances</b>	<b>461,720</b>	<b>(764,463)</b>	<b>233,794</b>	<b>218,826</b>	<b>(48,726)</b>	<b>(24,017)</b>	<b>(37,957)</b>
<b>Fund Balances - Beginning of year</b>	<b>912,633</b>	<b>1,139,233</b>	<b>13</b>	<b>193,917</b>	<b>48,726</b>	<b>33,540</b>	<b>138,705</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,374,353</b>	<b>\$ 374,770</b>	<b>\$ 233,807</b>	<b>\$ 412,743</b>	<b>\$ -</b>	<b>\$ 9,523</b>	<b>\$ 100,748</b>

Other Supplemental Information

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

Nonmajor Governmental Funds

**Year Ended June 30, 2022**

Special Revenue Funds					Debt Service Funds				Total
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Telegraph Corridor Improvement Authority	Debt Service	Building Authority	Fire Station One Bond	Capital Projects Fund	
\$ -	\$ -	\$ -	\$ -	\$ 7,548	\$ 491,280	\$ -	\$ 443,957	\$ -	\$ 4,734,971
-	-	-	-	-	-	-	-	16,010	16,010
-	-	-	37,690	-	-	-	-	-	236,868
-	-	-	-	-	22,876	-	21,391	-	2,981,632
-	146,075	-	-	-	-	-	-	-	146,523
1,511	-	-	-	-	-	-	-	-	1,511
-	-	574,112	-	-	-	-	-	-	574,112
154	140,576	-	-	23	1,546	433,642	2,165	9,648	592,509
-	2,584	413	41,076	-	120,500	-	-	1,330,484	1,505,143
1,665	289,235	574,525	78,766	7,571	636,202	433,642	467,513	1,356,142	10,789,279
-	-	-	-	-	-	-	-	1,922	1,922
7,275	-	531,345	-	-	-	-	-	5,936	544,556
-	288,814	-	-	-	-	-	-	7,181	3,073,401
-	-	-	-	-	-	-	-	2,061	311,854
-	-	-	73,153	-	-	-	-	-	73,153
-	-	-	-	-	-	-	-	2,106,431	5,669,997
-	-	52,977	-	-	689,369	433,836	418,325	-	2,124,923
7,275	288,814	584,322	73,153	-	689,369	433,836	418,325	2,123,531	11,799,806
(5,610)	421	(9,797)	5,613	7,571	(53,167)	(194)	49,188	(767,389)	(1,010,527)
-	47,000	3,742	-	-	69,513	-	-	1,059,826	2,661,478
-	-	-	-	-	-	-	-	-	(1,205,057)
-	-	-	-	-	-	-	-	81,000	81,000
-	47,000	3,742	-	-	69,513	-	-	1,140,826	1,537,421
(5,610)	47,421	(6,055)	5,613	7,571	16,346	(194)	49,188	373,437	526,894
72,076	119,397	97,661	45,043	3,165	550,420	11,077	709,915	3,088,053	7,163,574
<b>\$ 66,466</b>	<b>\$ 166,818</b>	<b>\$ 91,606</b>	<b>\$ 50,656</b>	<b>\$ 10,736</b>	<b>\$ 566,766</b>	<b>\$ 10,883</b>	<b>\$ 759,103</b>	<b>\$ 3,461,490</b>	<b>\$ 7,690,468</b>

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
State-shared revenue and grants	\$ 2,238,475	\$ 2,052,030	\$ 2,038,173	\$ (13,857)
Interest and rentals	1,000	500	1,825	1,325
Other revenue	200	3,848	9,866	6,018
Total revenue	2,239,675	2,056,378	2,049,864	(6,514)
<b>Expenditures</b>				
Current services - Public works	523,300	599,636	463,663	135,973
Capital outlay	1,902,010	1,684,189	1,422,006	262,183
Debt service	248,951	248,951	248,975	(24)
Total expenditures	2,674,261	2,532,776	2,134,644	398,132
<b>Excess of Expenditures Over Revenue</b>	(434,586)	(476,398)	(84,780)	391,618
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,333,400	744,000	744,000	-
Transfers out	-	(197,500)	(197,500)	-
Total other financing sources	1,333,400	546,500	546,500	-
<b>Net Change in Fund Balance</b>	898,814	70,102	461,720	391,618
<b>Fund Balance - Beginning of year</b>	912,633	912,633	912,633	-
<b>Fund Balance - End of year</b>	<u><u>\$ 1,811,447</u></u>	<u><u>\$ 982,735</u></u>	<u><u>\$ 1,374,353</u></u>	<u><u>\$ 391,618</u></u>

# City of Monroe, Michigan

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
State-shared revenue and grants	\$ 635,500	\$ 650,000	\$ 655,512	\$ 5,512
Interest and rentals	500	100	725	625
Other revenue	500	220	220	-
Total revenue	636,500	650,320	656,457	6,137
<b>Expenditures</b>				
Current services - Public works	348,300	528,620	563,455	(34,835)
Capital outlay	238,700	1,554,147	1,166,861	387,286
Debt service	268,224	281,466	281,441	25
Total expenditures	855,224	2,364,233	2,011,757	352,476
<b>Excess of Expenditures Over Revenue</b>	(218,724)	(1,713,913)	(1,355,300)	358,613
<b>Other Financing Sources</b> - Transfers in	415,000	590,837	590,837	-
<b>Net Change in Fund Balance</b>	196,276	(1,123,076)	(764,463)	358,613
<b>Fund Balance</b> - Beginning of year	1,139,233	1,139,233	1,139,233	-
<b>Fund Balance</b> - End of year	<u>\$ 1,335,509</u>	<u>\$ 16,157</u>	<u>\$ 374,770</u>	<u>\$ 358,613</u>

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,885,930	\$ 1,884,464	\$ 1,888,175	\$ 3,711
State-shared revenue and grants	-	195,200	168,806	(26,394)
Interest and rentals	1,000	1,000	283	(717)
Total revenue	1,886,930	2,080,664	2,057,264	(23,400)
<b>Expenditures - Capital outlay</b>	-	1,219,384	962,639	256,745
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	60,000	60,000	-
Transfers out	(1,866,737)	(920,831)	(920,831)	-
Total other financing uses	(1,866,737)	(860,831)	(860,831)	-
<b>Net Change in Fund Balance</b>	20,193	449	233,794	233,345
<b>Fund Balance - Beginning of year</b>	13	13	13	-
<b>Fund Balance - End of year</b>	<u><u>\$ 20,206</u></u>	<u><u>\$ 462</u></u>	<u><u>\$ 233,807</u></u>	<u><u>\$ 233,345</u></u>

## City of Monroe, Michigan

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

Year Ended June 30, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,903,417	\$ 1,902,133	\$ 1,904,011	\$ 1,878
State-shared revenue and grants	64,000	74,874	74,874	-
Charges for services	500	500	448	(52)
Interest and rentals	2,000	500	1,841	1,341
Total revenue	1,969,917	1,978,007	1,981,174	3,167
<b>Expenditures</b> - Public works	2,043,284	1,959,234	1,762,348	196,886
<b>Net Change in Fund Balance</b>	(73,367)	18,773	218,826	200,053
<b>Fund Balance</b> - Beginning of year	193,917	193,917	193,917	-
<b>Fund Balance</b> - End of year	<u><u>\$ 120,550</u></u>	<u><u>\$ 212,690</u></u>	<u><u>\$ 412,743</u></u>	<u><u>\$ 200,053</u></u>



**City of Monroe, Michigan**

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

Year Ended June 30, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Charges for services	\$ 162,000	\$ -	\$ -	\$ -
Interest and rentals	100	-	-	-
Total revenue	162,100	-	-	-
<b>Expenditures</b>				
Current services:				
Public safety	138,006	-	-	-
Public works	33,700	-	-	-
Debt service	2,818	-	-	-
Total expenditures	174,524	-	-	-
<b>Other Financing Uses - Transfers out</b>	-	-	(48,726)	(48,726)
<b>Net Change in Fund Balance</b>	(12,424)	-	(48,726)	(48,726)
<b>Fund Balance - Beginning of year</b>	48,726	48,726	48,726	-
<b>Fund Balance - End of year</b>	<u><u>\$ 36,302</u></u>	<u><u>\$ 48,726</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (48,726)</u></u>

## City of Monroe, Michigan

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

Year Ended June 30, 2022

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Interest and rentals	\$ 200	\$ 200	\$ 39	\$ (161)
<b>Expenditures</b> - Community and economic development	-	71,540	62,056	9,484
<b>Other Financing Sources</b> - Transfers in	-	38,000	38,000	-
<b>Net Change in Fund Balance</b>	200	(33,340)	(24,017)	9,323
<b>Fund Balance</b> - Beginning of year	33,540	33,540	33,540	-
<b>Fund Balance</b> - End of year	<u>\$ 33,740</u>	<u>\$ 200</u>	<u>\$ 9,523</u>	<u>\$ 9,323</u>

# City of Monroe, Michigan

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Federal grants	\$ 500,000	\$ 936,798	\$ 199,178	\$ (737,620)
Interest and rentals	200	50	42	(8)
Total revenue	500,200	936,848	199,220	(737,628)
<b>Expenditures</b> - Community and economic development	180,000	781,822	247,737	534,085
<b>Excess of Revenue Over (Under) Expenditures</b>	320,200	155,026	(48,517)	(203,543)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	48,560	48,560	-
Transfers out	(320,000)	(241,536)	(38,000)	203,536
Total other financing (uses) sources	(320,000)	(192,976)	10,560	203,536
<b>Net Change in Fund Balance</b>	200	(37,950)	(37,957)	(7)
<b>Fund Balance</b> - Beginning of year	138,705	138,705	138,705	-
<b>Fund Balance</b> - End of year	<u><u>\$ 138,905</u></u>	<u><u>\$ 100,755</u></u>	<u><u>\$ 100,748</u></u>	<u><u>\$ (7)</u></u>

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 1,511	\$ (3,489)
Interest and rentals	500	100	154	54
Total revenue	5,500	5,100	1,665	(3,435)
<b>Expenditures - Public safety</b>	10,058	10,058	7,275	2,783
<b>Net Change in Fund Balance</b>	(4,558)	(4,958)	(5,610)	(652)
<b>Fund Balance - Beginning of year</b>	72,076	72,076	72,076	-
<b>Fund Balance - End of year</b>	<u><u>\$ 67,518</u></u>	<u><u>\$ 67,118</u></u>	<u><u>\$ 66,466</u></u>	<u><u>\$ (652)</u></u>

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
State-shared revenue and grants	\$ -	\$ 13,000	\$ -	\$ (13,000)
Charges for services	82,850	160,000	146,075	(13,925)
Interest and rentals	133,300	134,100	140,576	6,476
Other revenue	9,000	10,500	2,584	(7,916)
Total revenue	225,150	317,600	289,235	(28,365)
<b>Expenditures - Public works</b>	231,289	311,789	288,814	22,975
<b>Excess of Revenue (Under) Over Expenditures</b>	(6,139)	5,811	421	(5,390)
<b>Other Financing Sources - Transfers in</b>	47,000	47,000	47,000	-
<b>Net Change in Fund Balance</b>	40,861	52,811	47,421	(5,390)
<b>Fund Balance - Beginning of year</b>	119,397	119,397	119,397	-
<b>Fund Balance - End of year</b>	<u><u>\$ 160,258</u></u>	<u><u>\$ 172,208</u></u>	<u><u>\$ 166,818</u></u>	<u><u>\$ (5,390)</u></u>

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Licenses and permits	\$ 615,100	\$ 603,650	\$ 574,112	\$ (29,538)
Interest and rentals	300	-	-	-
Other revenue	-	413	413	-
Total revenue	615,400	604,063	574,525	(29,538)
<b>Expenditures</b>				
Current services - Public works	561,959	579,345	531,345	48,000
Debt service	52,968	52,968	52,977	(9)
Total expenditures	614,927	632,313	584,322	47,991
<b>Other Financing Sources - Transfers in</b>	-	3,742	3,742	-
<b>Net Change in Fund Balance</b>	473	(24,508)	(6,055)	18,453
<b>Fund Balance - Beginning of year</b>	97,661	97,661	97,661	-
<b>Fund Balance - End of year</b>	<b>\$ 98,134</b>	<b>\$ 73,153</b>	<b>\$ 91,606</b>	<b>\$ 18,453</b>

**City of Monroe, Michigan**

---

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

---

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Other revenue	\$ 48,000	\$ 117,318	\$ 78,766	\$ (38,552)
<b>Expenditures</b> - Public works	48,000	153,548	73,153	80,395
<b>Net Change in Fund Balance</b>	-	(36,230)	5,613	41,843
<b>Fund Balance</b> - Beginning of year	45,043	45,043	45,043	-
<b>Fund Balance</b> - End of year	<u><u>\$ 45,043</u></u>	<u><u>\$ 8,813</u></u>	<u><u>\$ 50,656</u></u>	<u><u>\$ 41,843</u></u>

**City of Monroe, Michigan****Other Supplemental Information  
Budgetary Comparison Schedule - Nonmajor Governmental Funds  
(Continued)****Telegraph Corridor Improvement Authority****Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 3,208	\$ 10,135	\$ 7,548	\$ (2,587)
Interest and rentals - Investment earnings	5	5	23	18
Total revenue	3,213	10,140	7,571	(2,569)
<b>Expenditures</b> - Community development	3,000	3,000	-	3,000
<b>Net Change in Fund Balance</b>	213	7,140	7,571	431
<b>Fund Balance</b> - Beginning of year	3,165	3,165	3,165	-
<b>Fund Balance</b> - End of year	<u><u>\$ 3,378</u></u>	<u><u>\$ 10,305</u></u>	<u><u>\$ 10,736</u></u>	<u><u>\$ 431</u></u>



**City of Monroe, Michigan**

---

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

---

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Interest and rentals	\$ 433,715	\$ 433,625	\$ 433,642	\$ 17
<b>Expenditures</b> - Debt service	433,615	433,835	433,836	(1)
<b>Net Change in Fund Balance</b>	100	(210)	(194)	16
<b>Fund Balance</b> - Beginning of year	11,077	11,077	11,077	-
<b>Fund Balance</b> - End of year	<u><u>\$ 11,177</u></u>	<u><u>\$ 10,867</u></u>	<u><u>\$ 10,883</u></u>	<u><u>\$ 16</u></u>

**City of Monroe, Michigan**

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

**Year Ended June 30, 2022**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 444,039	\$ 442,928	\$ 443,957	\$ 1,029
State-shared revenue and grants	20,000	21,391	21,391	-
Interest and rentals	1,500	500	2,165	1,665
Total revenue	465,539	464,819	467,513	2,694
<b>Expenditures - Debt service</b>	418,325	418,325	418,325	-
<b>Net Change in Fund Balance</b>	47,214	46,494	49,188	2,694
<b>Fund Balance - Beginning of year</b>	709,915	709,915	709,915	-
<b>Fund Balance - End of year</b>	<u><u>\$ 757,129</u></u>	<u><u>\$ 756,409</u></u>	<u><u>\$ 759,103</u></u>	<u><u>\$ 2,694</u></u>

## City of Monroe, Michigan

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

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - General government	\$ 634,862	\$ 635,040	\$ 636,202	\$ 1,162
<b>Expenditures</b> - Debt service	691,382	691,382	689,369	2,013
<b>Excess of Expenditures Over Revenue</b>	(56,520)	(56,342)	(53,167)	3,175
<b>Other Financing Sources</b> - Transfers in	69,513	69,513	69,513	-
<b>Net Change in Fund Balance</b>	12,993	13,171	16,346	3,175
<b>Fund Balance</b> - Beginning of year	550,420	550,420	550,420	-
<b>Fund Balance</b> - End of year	<u><u>\$ 563,413</u></u>	<u><u>\$ 563,591</u></u>	<u><u>\$ 566,766</u></u>	<u><u>\$ 3,175</u></u>

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

**Year Ended June 30, 2022**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Special assessments	\$ 23,150	\$ 15,650	\$ 16,010	\$ 360
State-shared revenue and grants	300,000	-	-	-
Interest and rentals - Investment earnings	2,500	1,000	9,648	8,648
Other revenue	-	4,916,631	1,330,484	(3,586,147)
Total revenue	325,650	4,933,281	1,356,142	(3,577,139)
<b>Expenditures</b>				
Current services:				
General government	25,000	474,529	1,922	472,607
Public safety	-	-	5,936	(5,936)
Public works	-	-	7,181	(7,181)
Community and economic development	-	-	2,061	(2,061)
Capital outlay	812,500	6,564,484	2,106,431	4,458,053
Total expenditures	837,500	7,039,013	2,123,531	4,915,482
<b>Excess of Expenditures Over Revenue</b>	(511,850)	(2,105,732)	(767,389)	1,338,343
<b>Other Financing Sources</b>				
Transfers in	246,951	1,153,326	1,059,826	(93,500)
Sale of capital assets	-	-	81,000	81,000
Total other financing sources	246,951	1,153,326	1,140,826	(12,500)
<b>Net Change in Fund Balance</b>	(264,899)	(952,406)	373,437	1,325,843
<b>Fund Balance - Beginning of year</b>	3,088,053	3,088,053	3,088,053	-
<b>Fund Balance - End of year</b>	<u><u>\$ 2,823,154</u></u>	<u><u>\$ 2,135,647</u></u>	<u><u>\$ 3,461,490</u></u>	<u><u>\$ 1,325,843</u></u>

***Equipment and Motor Pool Fund***

The Equipment and Motor Pool 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, 2022

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 492,138	\$ 403,434	\$ 104,501	\$ 2,848,150	\$ 3,848,223
Receivables - Other receivables	9,236	138	35,239	175,853	220,466
Prepays and other assets	82,298	58,669	318,219	-	459,186
Total current assets	583,672	462,241	457,959	3,024,003	4,527,875
Noncurrent assets:					
Net OPEB asset	347,131	165,833	-	-	512,964
Capital assets - Net	2,901,016	402,010	-	-	3,303,026
Leases receivable - Net of current portion	1,080,089	-	-	-	1,080,089
Lease assets	653,504	4,527	-	-	658,031
Total noncurrent assets	4,981,740	572,370	-	-	5,554,110
Total assets	5,565,412	1,034,611	457,959	3,024,003	10,081,985
<b>Deferred Outflows of Resources</b>					
Deferred pension costs	114,052	133,528	-	-	247,580
Deferred OPEB costs	149,976	71,643	-	-	221,619
Total deferred outflows of resources	264,028	205,171	-	-	469,199
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	65,179	21,867	22,815	54,692	164,553
Accrued liabilities and other	16,750	6,266	-	305,402	328,418
Unearned revenue	4,147	-	-	-	4,147
Compensated absences	8,621	12,255	-	-	20,876
Current portion of leases payable	244,038	-	-	-	244,038
Current portion of long-term debt	135,844	331	-	-	136,175
Total current liabilities	474,579	40,719	22,815	360,094	898,207
Noncurrent liabilities - Long-term debt - Net of current portion	1,521,542	253,658	-	-	1,775,200
Total liabilities	1,996,121	294,377	22,815	360,094	2,673,407
<b>Deferred Inflows of Resources - Deferred inflows from leases</b>					
Deferred inflows from leases	1,048,088	-	-	-	1,048,088
<b>Net Position</b>					
Net investment in capital assets	2,281,266	394,969	-	-	2,676,235
Unrestricted	503,965	550,436	435,144	2,663,909	4,153,454
Total net position	<u>\$ 2,785,231</u>	<u>\$ 945,405</u>	<u>\$ 435,144</u>	<u>\$ 2,663,909</u>	<u>\$ 6,829,689</u>

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

**Year Ended June 30, 2022**

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Operating Revenue</b>					
Other charges for services	\$ 53,613	\$ 75,584	\$ 78,039	\$ 250,919	\$ 458,155
Charges to other funds	1,455,035	780,590	401,725	2,083,335	4,720,685
Total operating revenue	1,508,648	856,174	479,764	2,334,254	5,178,840
<b>Operating Expenses</b>					
Operations and maintenance	1,174,224	683,315	364,865	2,564,777	4,787,181
Depreciation	456,299	115,493	-	-	571,792
Total operating expenses	1,630,523	798,808	364,865	2,564,777	5,358,973
<b>Operating (Loss) Income</b>	(121,875)	57,366	114,899	(230,523)	(180,133)
<b>Nonoperating Revenue (Expense)</b>					
Investment income	734	423	262	3,346	4,765
Interest expense	(64,331)	(1,240)	-	-	(65,571)
Gain on sale of assets	135,032	-	-	-	135,032
Other nonoperating revenue	43,588	-	-	-	43,588
Total nonoperating revenue (expense)	115,023	(817)	262	3,346	117,814
<b>Change in Net Position</b>	(6,852)	56,549	115,161	(227,177)	(62,319)
<b>Net Position - Beginning of year, as restated</b>	2,792,083	888,856	319,983	2,891,086	6,892,008
<b>Net Position - End of year</b>	<u><u>\$ 2,785,231</u></u>	<u><u>\$ 945,405</u></u>	<u><u>\$ 435,144</u></u>	<u><u>\$ 2,663,909</u></u>	<u><u>\$ 6,829,689</u></u>

Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2022

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 1,453,394	\$ 856,174	\$ 467,559	\$ 2,025,847	\$ 4,802,974
Payments to suppliers	(1,103,889)	(440,376)	(466,690)	(2,345,026)	(4,355,981)
Payments to employees and fringes	(234,478)	(222,021)	-	(10,088)	(466,587)
Other receipts	157,725	-	-	-	157,725
Lease payments	200,212	2,076	-	-	202,288
Net cash and cash equivalents provided by (used in) operating activities	472,964	195,853	869	(329,267)	340,419
<b>Cash Flows Used in Noncapital Financing Activities</b> - Principal and interest paid on operating debt	(36,223)	(563)	-	-	(36,786)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sale of capital assets	146,442	6,299	-	-	152,741
Purchase of capital assets	(176,561)	(4,526)	-	-	(181,087)
Principal and interest paid on capital debt and payments on lease assets	(359,166)	(3,079)	-	-	(362,245)
Lease payments received	5,164	-	-	-	5,164
Net cash and cash equivalents used in capital and related financing activities	(384,121)	(1,306)	-	-	(385,427)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	761	297	262	3,371	4,691
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	53,381	194,281	1,131	(325,896)	(77,103)
<b>Cash and Cash Equivalents</b> - Beginning of year	438,757	209,153	103,370	3,174,046	3,925,326
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 492,138</u>	<u>\$ 403,434</u>	<u>\$ 104,501</u>	<u>\$ 2,848,150</u>	<u>\$ 3,848,223</u>
<b>Classification of Cash and Cash Equivalents</b> - Cash and investments	<u>\$ 492,138</u>	<u>\$ 403,434</u>	<u>\$ 104,501</u>	<u>\$ 2,848,150</u>	<u>\$ 3,848,223</u>



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

Year Ended June 30, 2022

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
<b>Reconciliation of Operating (Loss)</b>					
<b>Income to Net Cash from Operating</b>					
<b>Activities</b>					
Operating (loss) income	\$ (121,875)	\$ 57,366	\$ 114,899	\$ (230,523)	\$ (180,133)
Adjustments to reconcile operating (loss) income to net cash from operating activities:					
Depreciation	456,299	115,493	-	-	571,792
Changes in assets and liabilities:					
Receivables	102,471	-	(12,205)	(44,414)	45,852
Prepaid and other assets	2,544	(15,294)	(10,199)	-	(22,949)
Net pension or OPEB asset	-	169,076	-	-	169,076
Accounts payable	(511)	4,994	(91,626)	(44,509)	(131,652)
Accrued and other liabilities	4,152	(800)	-	(9,821)	(6,469)
Net OPEB and pension liabilities	29,884	(134,982)	-	-	(105,098)
Total adjustments	594,839	138,487	(114,030)	(98,744)	520,552
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 472,964</u>	<u>\$ 195,853</u>	<u>\$ 869</u>	<u>\$ (329,267)</u>	<u>\$ 340,419</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, 2022

	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	\$ -	\$ 45,469	\$ 6,970,383	\$ 7,015,852
Investments:				
U.S. government securities	15,962,899	7,038,486	-	23,001,385
Municipal bonds	1,282,418	1,177,112	-	2,459,530
Equity investments	6,951,431	-	-	6,951,431
Foreign bonds	1,992,795	1,571,909	-	3,564,704
Stocks	17,699,516	9,722,051	-	27,421,567
Corporate bonds	19,968,463	7,621,662	-	27,590,125
Other investments	2,093,142	9,349,886	-	11,443,028
Foreign stocks	10,889,483	7,494,459	-	18,383,942
Mutual funds	57,607,722	19,147,116	-	76,754,838
Receivables:				
Property taxes receivable	-	-	259,131	259,131
Accrued interest receivable	231,106	-	-	231,106
Other receivables	300	-	-	300
Prepays and other assets	-	9,753	-	9,753
Total assets	134,679,275	63,177,903	7,229,514	205,086,692
<b>Liabilities</b>				
Accounts payable	126,731	409,994	-	536,725
Due to other governmental units	-	-	7,229,514	7,229,514
Advances from primary government	-	137,290	-	137,290
Total liabilities	126,731	547,284	7,229,514	7,903,529
<b>Net Position</b>				
Restricted:				
Restricted for pension	134,552,544	-	-	134,552,544
Restricted for OPEB	-	62,630,619	-	62,630,619
Total net position	<u>\$ 134,552,544</u>	<u>\$ 62,630,619</u>	<u>\$ -</u>	<u>\$ 197,183,163</u>

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

**Year Ended June 30, 2022**

	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	\$ 2,439,127	\$ 1,072,382	\$ -	\$ 3,511,509
Net decrease in fair value of investments	(23,597,860)	(11,377,948)	-	(34,975,808)
Investment-related expenses	(638,555)	(376,177)	-	(1,014,732)
Net investment loss	(21,797,288)	(10,681,743)	-	(32,479,031)
Contributions:				
Employer contributions	3,065,547	298,224	-	3,363,771
Employee contributions	433,858	105,299	-	539,157
Total contributions	3,499,405	403,523	-	3,902,928
Property tax collections	-	-	27,392,405	27,392,405
Total additions	(18,297,883)	(10,278,220)	27,392,405	(1,183,698)
<b>Deductions</b>				
Benefit payments	11,524,449	3,632,257	-	15,156,706
Refunds of contributions	323,392	-	-	323,392
Administrative expenses	122,080	90,881	-	212,961
Tax distributions to other governments	-	-	27,392,405	27,392,405
Total deductions	11,969,921	3,723,138	27,392,405	43,085,464
<b>Net Decrease in Fiduciary Net Position</b>	(30,267,804)	(14,001,358)	-	(44,269,162)
<b>Net Position - Beginning of year</b>	164,820,348	76,631,977	-	241,452,325
<b>Net Position - End of year</b>	<b>\$ 134,552,544</b>	<b>\$ 62,630,619</b>	<b>\$ -</b>	<b>\$ 197,183,163</b>

---

## Statistical Section

---

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

---

## Financial Trends

---

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

## City of Monroe, Michigan

---

	As of June 30,			
	2013	2014	2015 *	2016
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 61,962,831	\$ 61,231,910	\$ 60,179,911	\$ 58,118,232
Restricted	2,108,898	2,518,196	2,286,647	2,354,630
Unrestricted	<u>2,936,731</u>	<u>4,137,152</u>	<u>8,147,342</u>	<u>6,705,055</u>
Total net position	65,350,818	67,008,460	67,887,258	70,613,900
<b>Business-type Activities:</b>				
Net investment in capital assets	58,090,703	60,690,546	61,966,736	62,800,496
Unrestricted	<u>11,860,887</u>	<u>11,154,906</u>	<u>12,069,531</u>	<u>13,744,444</u>
Total net position	66,884,804	69,951,590	71,845,452	74,036,267
<b>Primary Government in Total:</b>				
Net investment in capital assets	120,053,534	121,922,456	122,146,647	120,918,728
Restricted	2,108,898	2,518,196	2,286,647	2,354,630
Unrestricted	<u>14,797,618</u>	<u>15,292,058</u>	<u>20,216,873</u>	<u>20,449,499</u>
Total net position	<u><b>\$ 136,960,050</b></u>	<u><b>\$ 139,732,710</b></u>	<u><b>\$ 144,650,167</b></u>	<u><b>\$ 143,722,857</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,					
2017	2018 **	2019	2020	2021	2022
\$ 54,825,194	\$ 56,028,571	\$ 56,603,660	\$ 56,521,355	\$ 62,609,327	\$ 68,068,885
2,158,946	2,671,364	4,692,897	3,978,604	3,196,729	3,767,661
<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>	<u>(3,938,337)</u>
58,730,210	33,943,015	38,053,140	38,033,132	67,739,459	67,898,209
66,184,050	70,147,960	93,667,831	102,684,428	107,034,135	109,808,260
<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>	<u>14,713,071</u>
79,531,946	73,317,545	95,982,847	106,735,531	120,443,300	124,521,331
121,009,244	126,176,531	150,271,491	159,205,783	169,643,462	177,877,145
2,158,946	2,671,364	4,692,897	3,978,604	3,196,729	3,767,661
<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>	<u>10,774,734</u>
<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>	<b><u>\$ 192,419,540</u></b>



## City of Monroe, Michigan

	Year Ended June 30,			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,646,677	\$ 1,583,604	\$ 1,893,042	\$ 2,435,672
Public safety	8,663,622	9,330,166	9,524,877	11,602,770
Public works	8,601,804	10,816,801	10,366,601	9,932,495
Community development	628,791	1,005,355	623,199	433,587
Culture and recreation	1,631,045	1,135,361	1,236,997	2,139,798
Interest on long-term debt	325,183	252,070	203,769	261,674
Total governmental activities	22,497,122	24,123,357	23,848,485	26,805,996
Business-type activities:				
Water	6,756,495	7,141,197	7,026,325	7,017,117
Wastewater	6,458,580	6,864,433	7,068,465	7,946,781
Building Authority	-	-	-	149,833
Total business-type activities	13,215,075	14,005,630	14,094,790	15,113,731
Total primary government expenses	35,712,197	38,128,987	37,943,275	41,919,727
<b>Program Revenue</b>				
Governmental activities:				
Charges for services:				
General government	102,968	110,282	122,895	133,902
Public safety	364,546	416,404	409,652	396,243
Public works	1,093,392	1,050,776	838,946	1,012,857
Community development	-	-	-	-
Culture and recreation	581,030	532,615	464,491	415,565
Operating grants and contributions	1,635,959	1,851,121	1,694,675	1,759,536
Capital grants and contributions	3,023,728	2,322,245	1,112,611	576,261
Total governmental activities program revenue	6,801,623	6,283,443	4,643,270	4,294,364
Business-type activities:				
Charges for services:				
Water	7,559,714	7,293,205	7,460,287	8,237,737
Wastewater	7,712,715	8,112,871	8,280,678	8,541,205
Operating grants and contributions	152,259	139,867	-	-
Capital grants and contributions	468,477	287,982	362,000	236,310
Total business-type activities program revenue	15,893,165	15,833,925	16,102,965	17,015,252
Total primary government program revenue	22,694,788	22,117,368	20,746,235	21,309,616
<b>Net (Expense) Revenue</b>				
Governmental activities	(15,695,499)	(17,839,914)	(19,205,215)	(22,511,632)
Business-type activities	2,678,090	1,828,295	2,008,175	1,901,521
Total primary government net expense	(13,017,409)	(16,011,619)	(17,197,040)	(20,610,111)

\* 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,					
2017	2018	2019	2020	2021*	2022
\$ 2,482,372	\$ 2,634,067	\$ 2,325,586	\$ 2,550,310	\$ (1,054,889)	\$ 2,548,190
12,831,299	12,269,794	10,347,617	11,122,855	(4,356,408)	14,768,301
11,078,905	10,733,142	9,225,079	9,358,645	5,776,672	9,358,951
1,069,806	294,520	804,262	1,305,728	1,491,201	1,329,641
1,836,283	1,600,210	641,260	1,356,752	743,870	1,878,734
916,101	951,113	1,194,423	1,202,156	1,204,027	1,056,638
30,214,766	28,482,846	24,538,227	26,896,446	3,804,473	30,940,455
7,172,197	6,776,392	7,469,892	8,643,862	5,109,216	9,135,788
8,841,700	8,091,265	8,794,091	8,390,077	4,834,795	9,194,701
-	-	-	53,023	4,930	18,167
16,013,897	14,867,657	16,263,983	17,086,962	9,948,941	18,348,656
46,228,663	43,350,503	40,802,210	43,983,408	13,753,414	49,289,111
96,961	101,965	93,972	116,469	140,525	130,392
342,005	431,898	426,226	301,875	187,379	611,212
776,506	674,091	951,369	833,504	850,963	387,942
10,000	-	-	-	-	-
306,295	87,137	73,200	23,903	24,673	29,619
1,727,719	2,373,939	2,786,241	2,272,638	3,964,471	3,755,690
695,973	4,155,991	893,397	852,465	1,198,602	1,119,705
3,955,459	7,825,021	5,224,405	4,400,854	6,366,613	6,034,560
8,447,142	8,550,443	9,072,440	9,857,767	10,137,345	11,142,430
9,073,253	9,997,793	10,219,532	10,452,277	10,541,677	11,342,808
-	-	-	27,683	332,572	1,507
754,346	2,244,327	19,391,301	7,354,347	2,484,402	-
18,274,741	20,792,563	38,683,273	27,692,074	23,495,996	22,486,745
22,230,200	28,617,584	43,907,678	32,092,928	29,862,609	28,521,305
(26,259,307)	(20,657,825)	(19,313,822)	(22,495,592)	2,562,140	(24,905,895)
2,260,844	5,924,906	22,419,290	10,605,112	13,547,055	4,138,089
<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>	<b>(20,767,806)</b>

	Year Ended June 30,			
	2013	2014	2015	2016
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 14,444,017	\$ 14,753,413	\$ 15,259,339	\$ 16,033,234
State-shared revenue	1,861,100	1,855,826	1,889,711	1,888,484
Investment earnings	65,260	79,464	90,531	92,012
Franchise fees	319,517	319,426	336,590	336,660
Gain on sale of capital assets	-	-	-	-
Miscellaneous	663,247	1,710,583	912,309	725,259
Special Item - Impairment	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	17,353,141	18,718,712	18,488,480	19,075,649
Business-type activities:				
Investment earnings	46,277	45,990	46,792	53,397
Gain on sale of capital assets	14,513	4,250	-	-
Miscellaneous	347,906	15,327	-	553,755
Transfers	-	-	-	-
Total business-type activities	408,696	65,567	46,792	607,152
Total primary government	17,761,837	18,784,279	18,535,272	19,682,801
<b>Changes in Net Position</b>				
Governmental activities	1,657,642	878,798	(716,735)	(3,435,983)
Business-type activities	3,086,786	1,893,862	2,054,967	2,508,673
Total primary government	\$ 4,744,428	\$ 2,772,660	\$ 1,338,232	\$ (927,310)

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

**Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,					
2017	2018	2019	2020	2021	2022
\$ 15,607,661	\$ 16,708,017	\$ 17,440,624	\$ 16,993,685	\$ 17,025,788	\$ 19,164,546
3,286,493	3,485,665	3,314,905	3,475,054	3,797,399	4,240,427
165,137	224,833	783,296	544,899	30,748	49,148
335,704	318,469	318,342	297,171	296,952	286,118
-	-	203,001	12,060	72,086	83,336
1,006,396	864,960	1,363,779	1,152,715	5,396,998	1,233,486
(2,589,791)	-	-	-	-	-
-	-	-	-	-	-
17,811,600	21,601,944	23,423,947	22,475,584	26,619,971	25,057,061
81,948	114,400	221,477	142,625	17,903	(60,279)
-	40,701	10,454	(5,717)	142,040	-
644,214	7,095	14,081	10,664	771	221
-	-	-	-	-	-
726,162	162,196	246,012	147,572	160,714	(60,058)
18,537,762	21,764,140	23,669,959	22,623,156	26,780,685	24,997,003
(8,447,707)	944,119	4,110,125	(20,008)	29,182,111	151,166
2,987,006	6,087,102	22,665,302	10,752,684	13,707,769	4,078,031
<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>	<b>\$ 4,229,197</b>

## City of Monroe, Michigan

	As of June 30,			
	2013	2014	2015	2016
<b>General Fund</b>				
Nonspendable	\$ 390,439	\$ 394,866	\$ 381,227	\$ 115,510
Restricted	-	-	-	24,410,801
Committed	2,000,000	2,000,000	2,000,000	2,000,000
Assigned	48,565	94,960	174,447	161,942
Unassigned	3,101,726	3,300,391	3,536,680	3,776,720
Total General Fund	<b>\$ 5,540,730</b>	<b>\$ 5,790,217</b>	<b>\$ 6,092,354</b>	<b>\$ 30,464,973</b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 48,545	\$ 64,438	\$ 73,513	\$ 26,735
Restricted	2,640,688	2,734,354	3,419,074	3,549,477
Committed	1,141,372	1,509,914	1,225,696	1,371,276
Assigned	78,848	30,986	31,036	31,036
Total all other governmental funds	<b>\$ 3,909,453</b>	<b>\$ 4,339,692</b>	<b>\$ 4,749,319</b>	<b>\$ 4,978,524</b>

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Unaudited)

As of June 30,					
2017	2018	2019	2020	2021	2022
\$ 100,149	\$ 115,726	\$ 812,518	\$ 819,891	\$ 1,096,189	\$ 1,089,840
-	-	-	-	-	-
2,000,000	2,000,000	2,000,000	2,000,000	2,533,851	2,533,851
57,961	74,991	1,644,643	2,278,333	2,262,446	963,790
3,931,769	4,129,894	3,816,070	3,867,780	3,726,698	3,107,208
<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>	<b>\$ 7,694,689</b>
\$ 44,830	\$ 46,551	\$ 266,690	\$ 49,403	\$ 66,023	\$ 87,655
4,931,404	3,348,382	5,617,183	4,115,752	3,812,259	3,985,620
2,200,567	3,251,452	2,945,482	2,359,176	3,274,379	3,606,475
31,231	31,934	29,743	14,358	11,077	27,188
<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>	<b>\$ 7,706,938</b>

## City of Monroe, Michigan

	Year Ended June 30,			
	2013	2014	2015	2016
<b>Revenue</b>				
Property taxes	\$ 14,475,644	\$ 14,732,701	\$ 15,246,310	\$ 16,076,605
Special assessment	769	79,613	-	-
State-shared revenue and grants	4,246,298	3,779,531	3,776,245	4,042,455
Federal grants	2,125,091	2,423,356	826,810	610,368
Charges for services	1,151,562	1,098,830	1,064,867	977,522
Fines and forfeitures	97,821	116,532	92,461	98,024
Licenses and permits	859,259	930,701	750,529	971,253
Interest and rent	657,024	666,147	79,278	82,359
Other	454,736	819,875	1,277,756	960,982
Total revenue	24,068,204	24,647,286	23,114,256	23,819,568
<b>Expenditures</b>				
Current:				
General government	2,661,896	1,686,183	1,877,665	2,629,169
Public safety	8,808,768	9,302,913	9,549,666	9,661,985
Public works	12,430,284	8,446,362	8,876,253	8,654,759
Community development	647,756	1,003,153	631,858	432,353
Recreation and culture	1,819,755	1,794,288	1,797,716	2,262,729
Capital outlay	91,408	854,251	538,385	-
Debt service:				
Principal	612,183	568,259	2,083,611	677,570
Interest	423,481	321,151	313,725	286,909
Total expenditures	27,495,531	23,976,560	25,668,879	24,605,474
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,427,327)	670,726	(2,554,623)	(785,906)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,069,546	1,717,671	1,461,544	1,344,470
Transfers out	(1,098,152)	(1,708,671)	(1,461,544)	(1,382,607)
Debt issuance	4,275,000	-	3,146,000	25,410,619
Debt defeasance	(4,140,000)	-	-	-
Debt premium or discount	-	-	120,387	-
Proceeds from sale of assets	-	-	-	15,248
Total other financing sources (uses)	106,394	9,000	3,266,387	25,387,730
<b>Net Change in Fund Balances</b>	(3,320,933)	679,726	711,764	24,601,824
<b>Fund Balances - Beginning of year</b>	12,771,116	9,450,183	10,129,909	10,841,673
<b>Fund Balances - End of year</b>	<b>\$ 9,450,183</b>	<b>\$ 10,129,909</b>	<b>\$ 10,841,673</b>	<b>\$ 35,443,497</b>
Capital expenditures	\$ 8,141,498	\$ 3,565,751	\$ 3,890,424	\$ 3,560,375
Debt service as a percentage of noncapital expenditures	5.35%	4.36%	11.01%	4.58%

\* 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,					
2017	2018	2019	2020	2021*	2022
\$ 15,589,110	\$ 16,859,473	\$ 17,306,545	\$ 17,106,770	\$ 17,018,554	\$ 19,151,993
595,916	25,731	58,042	29,050	15,924	16,010
5,303,490	8,456,937	7,169,865	6,309,722	7,052,460	7,107,711
440,642	371,844	415,004	211,911	2,020,811	386,983
871,257	608,823	523,921	421,137	393,874	438,598
93,846	111,836	126,234	83,018	29,352	80,595
773,913	694,981	979,501	887,224	898,888	899,818
144,171	835,953	1,307,477	1,063,481	646,155	523,586
320,956	439,193	442,296	364,862	1,960,489	1,728,715
24,133,301	28,404,771	28,328,885	26,477,175	30,036,507	30,334,009
5,250,778	2,186,663	2,094,263	2,327,975	2,079,687	2,398,295
24,011,765	8,778,224	8,796,016	8,803,435	9,224,199	10,706,313
9,459,202	5,557,807	5,651,278	6,104,512	6,115,876	5,352,012
1,551,822	3,213,636	947,828	697,792	2,091,830	1,711,332
3,323,409	1,812,464	1,829,771	1,796,101	2,983,221	1,943,927
4,363,062	4,107,263	8,696,721	4,780,415	4,547,824	5,711,387
1,796,012	1,893,128	2,135,853	2,471,530	5,746,490	2,685,189
920,837	1,089,567	1,181,889	1,231,168	1,192,275	1,290,185
50,676,887	28,638,752	31,333,619	28,212,928	33,981,402	31,798,640
(26,543,586)	(233,981)	(3,004,734)	(1,735,753)	(3,944,895)	(1,464,631)
2,720,921	2,694,382	1,974,399	1,549,540	4,348,789	2,710,204
(2,777,921)	(2,759,382)	(1,974,399)	(1,549,540)	(4,348,789)	(2,710,204)
4,455,000	-	6,746,831	96,057	4,085,000	-
-	-	-	-	-	-
-	-	188,301	-	541,822	-
-	-	203,001	12,060	72,086	83,336
4,398,000	(65,000)	7,138,133	108,117	4,698,908	83,336
(22,145,586)	(298,981)	4,133,399	(1,627,636)	754,013	(1,381,295)
35,443,497	13,297,911	12,998,930	17,132,329	16,028,909	16,782,922
<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>	<b>\$ 15,401,627</b>
\$ 4,456,326	\$ 6,736,645	\$ 9,738,044	\$ 4,764,547	\$ 6,804,557	\$ 6,611,821
5.88%	13.62%	15.36%	15.79%	25.53%	15.78%



---

## Revenue Capacity

---

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

## City of Monroe, Michigan

Tax Year	Fiscal year	Taxable Value by Property Type				
		Real Property			Agricultural &	
		Residential	Commercial	Industrial	other	IFT
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
2021	2022	330,633,330	120,938,850	82,560,252	860,409	11,155,130

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, 2022**

## Taxable Value by Property Type

Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
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
429,279,190	975,427,161	19.6998	2,177,141,864	44.80

## 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>							
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
2021	14.6424	-	5.0574	19.6998	5.4872	3.0294	4.7541
<b>Jefferson School District</b>							
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
2021	14.6424	-	5.0574	19.6998	5.4872	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
2022	14.6424	-	9.9124

## Direct and Overlapping Property Tax Rates

**June 30, 2022**

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	37.8515	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	0.9018	6.0000	2.5000	20.5000	43.3723	61.3723
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
1.0000	0.9018	6.0000	1.4500	19.4500	42.3223	60.3223

## Principal Property Tax Payers

Current and Nine Years Ago

June 30, 2022

	Taxpayer	2022 Taxable Value	% of total	2013 Taxable Value	% of total	2013 Rank
1	Detroit Edison	434,033,852	44.50%	388,632,190	43.99%	1
2	Gerdau Macsteel	20,603,720	2.11%	37,582,060	4.25%	2
3	International Transmission Company	12,056,600	1.24%	11,673,950	1.32%	3
4	La-z-boy Incorporated	13,972,160	1.43%			
5	Howard Ternes Packing Company	6,741,550	0.69%	6,240,060	0.71%	4
6	Michigan Gas Utility Corp	6,010,210	0.62%			
7	Ford Motor Company	5,407,420	0.55%	5,357,380	0.61%	5
8	OFTH 172 LLC	4,909,770	0.50%			
9	Monroe Bank & Trust	4,145,060	0.42%	4,598,330	0.52%	8
10	Great Lakes Towers, LLC	5,328,520	0.55%	6,911,100	0.78%	9
	Headwaters Resources, Inc			5,247,220	0.59%	6
	National Galvanizing	-		4,835,710	0.55%	7
	Oak Forest APT Investors LLC			3,270,670	0.37%	10
	Total	975,427,161				

## Property Tax Levies and Collections

**Last Ten Fiscal Years**

**June 30, 2022**

Tax Year	Year ended June 30	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
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
2021	2022	18,805,531	18,526,200	98.51	267,002	18,793,202	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

---

## Debt Capacity

---

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.



## City of Monroe, Michigan

	As of June 30,			
	2013	2014	2015	2016
<b>Governmental Activities:</b>				
General obligation bonds	\$ 9,760	\$ 9,215	\$ 10,422	\$ 35,622
Installment purchase agreements	278	238	197	403
State of Michigan loans	1,367	618	449	377
Transportation bonds	-	-	-	-
Capital leases	-	-	-	-
Total	11,404	10,071	11,068	36,402
<b>Business Type Activities:</b>				
General obligation bonds	42,413	65,200	63,672	69,586
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	42,413	65,200	63,672	69,586
Total debt of the government	<b>\$ 53,817</b>	<b>\$ 75,271</b>	<b>\$ 74,740</b>	<b>\$ 105,988</b>
<b>Total Taxable Value</b>	\$ 90,430	\$ 87,332	\$ 102,742	\$ 69,233
Ratio of total debt to taxable value	59.51%	86.19%	72.75%	153.09%
<b>Total Population</b>	20,535	20,405	20,198	20,092
Total debt per capita	\$ 2,621	\$ 3,689	\$ 3,700	\$ 5,275

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, 2022

As of June 30,					
2017	2018	2019	2020	2021	2022
\$ 35,808	\$ 34,046	\$ 38,313	\$ 36,240	\$ 34,155	\$ 31,963
221	152	1,274	1,202	1,393	1,179
305	231	156	79	-	-
2,565	2,415	2,260	1,905	2,943	2,457
-	-	10	8	6	-
38,899	36,844	42,013	47,385	38,497	35,599
66,114	62,637	59,808	56,110	52,416	48,540
-	-	-	-	392	330
-	-	-	-	-	-
-	-	-	-	-	-
66,114	62,637	59,808	56,110	52,808	48,870
<b>\$ 105,013</b>	<b>\$ 99,481</b>	<b>\$ 101,821</b>	<b>\$ 103,495</b>	<b>\$ 91,305</b>	<b>\$ 84,469</b>
\$ 68,436	\$ 68,395	\$ 1,004,146	\$ 1,007,389	\$ 992,133	\$ 975,427
153.45%	145.45%	10.14%	10.27%	9.20%	8.66%
19,986	19,875	19,715	19,552	20,462	20,336
\$ 5,254	\$ 5,005	\$ 5,165	\$ 5,293	\$ 4,462	\$ 4,154

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2022

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
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
2022	51,368,744	-	1,325,871	12,865,260	62,908,133	975,427,161	6.45%	20,336	3,093

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, 2022**

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
County of Monroe	4,556,063	14.36%	654,251
Jefferson School District	-	2.70%	-
Monroe School District	34,670,000	47.68%	16,530,656
Monroe Intermediate School District	-	14.91%	-
Monroe County Community College	-	14.39%	-
Total overlapping debt	39,226,063		17,184,907
Direct City debt			35,598,946
Total direct and overlapping debt			52,783,853

- 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,			
	2013	2014	2015	2016
Calculation of debt limit:				
State equalized valuation	955,580,198	977,791,140	1,023,979,870	1,083,548,570
10% of taxable value	95,558,020	97,779,114	102,397,987	108,354,857
Calculation of debt subject to limit:				
Total debt	53,815,607	75,271,310	74,278,371	105,988,549
Less: debt not subject to limit:				
County Agency Bonds	17,175,475	25,072,090	25,277,715	24,219,569
Installment Purchase Agreements	277,558	238,143	196,812	403,463
State/County Direct Loans	1,364,791	927,936	448,898	377,735
Transportation Bonds				
Net debt subject to limit	34,997,783	49,033,142	48,354,946	80,987,782
Legal debt margin	60,560,237	48,745,972	54,043,041	27,367,075
Net debt subject to limit as % of debt limit	36.62%	50.15%	47.22%	74.74%

Source: City of Monroe Assessor

## Legal Debt Margin

June 30, 2022

As of June 30,					
2017	2018	2019	2020	2021	2022
1,052,960,210	1,088,092,160	1,101,083,690	1,097,963,881	1,091,735,810	1,088,570,932
105,296,021	108,809,216	110,108,369	109,796,388	109,173,581	108,857,093
105,013,735	99,481,001	100,831,862	94,645,747	89,367,549	82,731,429
23,109,569	21,974,569	20,814,569	19,624,569	18,404,569	17,154,569
221,233	152,536	1,274,107	1,201,868	1,392,648	1,178,889
305,150	231,113	155,596	159,011	48,745	16,410
2,565,000	2,415,000	2,260,000	1,905,000	2,943,287	2,456,713
78,812,783	74,707,783	76,327,590	71,755,299	66,578,300	61,924,848
26,483,238	34,101,433	33,780,779	38,041,089	42,595,281	46,932,245
74.85%	68.66%	69.32%	65.35%	60.98%	56.89%

---

## Demographic and Economic Information

---

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

---

**Demographic and Economic Statistics**

---

**June 30, 2022**

Fiscal year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemployment rate
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%
2022	20,336	552,631	27,175	5.50%

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



## Principal Employers

June 30, 2022

Employer	2022 Employees	Percentage of total	2013 Employees	Percentage of total	2013 rank
1 ProMedica Monroe Hospital	1,022	1.44%			
2 La-Z-Boy Incorporated	600	0.83%	491	0.76%	4
3 County of Monroe	580	0.78%	427	0.66%	6
4 Gerdau MACSteel	548	0.80%	510	0.78%	3
5 DTE Energy	525	0.74%	1,251	1.92%	2
6 Monroe Public Schools	406	0.57%			
7 SYGMA Network	255	0.35%	119	0.18%	10
8 City of Monroe	182	0.26%	167	0.26%	8
9 Backyard Products	160	0.28%	210	0.32%	7
10 Pioneer Metal Finishing	119	0.20%	150	0.23%	9
Monroe Bank & Trust			450	0.69%	5
Mercy Memorial Hospital			1,738	2.67%	1
Monroe Publishing Company					
Mercy Memorial Hospital					
Total	4,397		5,513		

Source: Monroe County Business Development Corporation

# Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2022

Function/ program:	As of June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
City Manager	2.00	2.00	2.00	3.00	3.00	5.00	3.00	3.00	3.00	3.00
Clerk/Treasurer	5.00	4.00	4.00	4.00	4.00	5.00	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	3.50	3.50	3.50	3.50	3.90	3.90	3.90	3.90	3.90
Human resources	1.50	1.50	1.50	1.60	1.60	2.00	2.00	2.00	2.00	2.00
Engineering	6.50	6.50	6.50	6.50	6.50	5.50	4.50	4.50	4.50	4.50
City Hall and grounds	1.35	1.35	1.41	1.38	1.38	1.38	1.38	1.88	1.88	1.88
Information systems	0.10	0.10	0.10	0.10	0.10	0.10	2.10	2.10	2.10	2.10
Public safety:										
Police:										
Officers	40.00	42.00	42.00	42.00	42.00	40.00	40.00	40.00	40.00	40.00
Civilians	6.00	6.00	6.00	6.00	6.00	7.68	7.68	7.70	7.70	7.70
Fire and EMS:										
Firefighters and officers	16.00	13.00	13.00	16.00	19.00	19.00	19.00	19.00	19.00	19.00
Civilians	-	-	-	-	-	-	-	-	-	-
Zoning/Ordinance enforcement	0.63	1.13	1.19	1.46	1.51	1.58	1.83	1.83	1.83	1.83
Building inspection	4.15	3.65	4.53	4.86	5.01	6.49	6.24	5.76	5.76	5.76
Public works - Public service	19.50	19.50	19.50	20.50	19.34	19.16	17.83	17.83	17.83	17.83
Community and economic development	2.75	2.75	2.75	3.18	3.18	2.35	4.35	4.35	3.75	3.50
Parks and recreation	2.13	2.13	2.13	2.73	3.89	6.34	4.67	4.67	4.67	4.67
Water	28.50	28.50	27.50	27.50	27.50	27.50	27.50	28.70	31.70	30.70
Wastewater	26.00	26.00	26.00	26.00	25.45	25.00	25.00	25.70	25.70	25.70
Total	<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>	<b>182.07</b>

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

---

## Operating Information

---

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

## City of Monroe, Michigan

Function/ Program	As of June 30,			
	2013	2014	2015	2016
Police:				
Physical arrests	1,089	1,335	1,091	1,456
Traffic citations and warnings	3,549	4,744	4,695	3,841
Original complaints	19,581	24,857	21,731	21,254
Fire:				
Fire incidents	735	817	876	951
EMS incidents	2,533	2,584	2,680	2,694
Inspections	193	458	462	226
Code enforcement/administration:				
Building inspections	2,376	2,217	2,273	4,653
Plumbing/Mechanical inspections	485	577	479	647
Electrical inspections	364	128	269	341
Zoning inspections	326	373	110	180
Blight violations	759	968	1,636	1,773
Rental inspections	1,348	1,327	1,976	1,615
Public works:				
Miles of street resurfaced	2	3	1	2
Trees trimmed	600	250	300	375
Trees removed	145	130	130	160
Trees planted	120	120	120	90
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	0	1
City property mowing hours	150	100	110	90
Parks and recreation:				
Recreation program attendance	12,181	18,746	16,208	19,657
Park/Shelter reservations	85	85	91	90
Pool admission	2,465	-	-	-
Water:				
Number of customers billed	62,067	63,866	64,052	64,808
New services	121	72	83	66
Average daily consumption (thousands of gallons per day)	7,328	7,283	7,141	7,365
Wastewater - Average daily sewage treatment (thousands of gallons)	10,192	7,279	11,993	11,580

## Operating Indicators

**Last Ten Fiscal Years**

**June 30, 2022**

As of June 30,					
2017	2018	2019	2020	2021	2022
1,081	1,333	1,155	1,172	404	503
3,329	3,403	4,031	3,646	2,126	2,190
20,916	19,540	20,464	20,458	16,368	16,169
1,138	1,126	1,293	1,009	1,028	1,319
2,776	2,702	2,740	2,871	2,880	2,972
104	100	106	58	-	10
9,521	3,116	3,085	1,631	2,089	2,005
901	689	890	378	529	430
311	313	419	197	276	246
87	838	306	132	156	142
2,611	1,470	1,257	3,233	1,620	1,086
1,091	1,326	1,286	822	1,615	1,758
3	1	4	1	3	2
440	950	1,100	552	310	450
210	521	225	285	305	225
402	237	207	226	130	276
2,400	2,400	2,400	2,400	2,400	2,400
-	-	-	-	-	-
-	-	-	-	-	-
12	1	12	6	4	3
90	180	220	200	245	300
25,789	25,066	25,064	620	616	13,606
89	81	109	-	23	117
-	-	-	-	-	-
65,878	65,108	65,144	68,141	72,837	85,432
53	45	56	57	69	55
7,525	7,272	6,830	7,063	7,427	7,180
12,342	12,738	13,529	13,300	9,746	14,164

## City of Monroe, Michigan

Function/ program	As of June 30,			
	2013	2014	2015	2016
Police:				
Stations	1	1	1	1
Patrol units	14	15	15	15
Fire:				
Stations	2	2	2	2
Fire response vehicles	4	4	5	5
Emergency response vehicles	4	4	5	5
Public works:				
Streets (miles):				
Major streets	28.6	28.6	28.6	28.6
Local streets	54.12	54.12	54.13	54.13
Sidewalks	172.25	172.25	172.25	172.29
Streetlights	1582	1582	1582	1582
Traffic signals	7	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)	305	306	306	306
Fire hydrants	3295	3327	3339	3340
Storage capacity	6.81	6.81	7.00	6.81
Sewer:				
Miles of sanitary sewers	303	303	303	303
Miles of storm sewers	60.81	60.85	61	60.85
Treatment capacity (millions of gallons/day)	32.0	32.0	46.0	45.6

## Capital Asset Statistics

Last Ten Fiscal Years

June 30, 2022

As of June 30,					
2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
15	15	15	15	15	15
2	2	2	2	2	2
5	5	5	4	4	4
5	5	5	4	4	4
28.6	28.6	28.4	28.4	28.3	28.3
54.13	54.13	54.37	54.29	54.26	54.26
172.39	172.39	172.39	172.64	172.64	172.64
1599	1599	1600	1,600	1,600	1,607
7	7	7	7	7	7
280	280	280	280	280	280
32	32	32	32	32	33
21	21	21	21	21	21
2	2	2	2	2	2
307	307	307	307	307	307
3,346	3387	3391	3,391	3,395	3,405
6.81	6.81	6.81	6.81	6.81	6.81
303	260.51	260.51	260.51	260.51	260.51
60.85	60.85	60.85	73.50	75.20	75.20
45.6	45.6	45.6	45.6	45.6	45.6