



CITY OF  
**MONROE**  
*Michigan*

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

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*Fiscal Year Ended June 30, 2017*

# **City of Monroe, Michigan**

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## **Comprehensive Annual Financial Report with Supplemental Information Fiscal Year Ended June 30, 2017**

**Mayor**

**Robert E. Clark**

**City Council**

**Paula L. Whitman**

**John Iacoangeli**

**Kellie M. Vining**

**Charles D. Evans**

**Gloria Raffko**

**William D. Sisk**

**City Manager**

**Vincent D. Pastue**

**Prepared by:**

**Assistant City Manager, Finance Director**

**Edward J. Sell Jr.**

# City of Monroe, Michigan

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# City of Monroe, Michigan

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# **Introductory Section**

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November 30, 2017

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

We are pleased to submit the City of Monroe Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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, 2017, the City was not required to undergo an audit of its federal financial assistance in conformity with "2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" due to the amount of federal funds expended during the fiscal year being less than the \$750,000 threshold to trigger a federal award audit. Plante & Moran, PLLC, whose opinion and reports are included, has performed this audit for the fiscal year ended June 30, 2017.

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

operations. It also provides the reader with additional information as to the layout and contents of the CAFR.

## **City Government Profile**

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

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

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

## **Economic Condition and Outlook**

Monroe is a major employment center with companies such as Detroit Edison and Gerdau MAC Steel maintaining facilities here. Monroe is also home to La-Z-Boy, Inc., World Headquarters. The largest employer in Monroe County and the City of Monroe is ProMedica Healthcare System. ProMedica employs over 1,700. ProMedica has announced plans to move its operations to a new facility just outside the City of Monroe.

The average annual unemployment rate for the area has averaged 8.56% over the last ten years. The unemployment rate for Monroe County as of June 30, 2017 was 4.3%. The state of the economy in the State of Michigan in general, the potential reduction of state shared revenues and federal revenues, and a possible appeal by our largest taxpayer of its taxable value, are significant factors relating to the City's future financial position.

Building permits for new construction and alterations were valued at approximately \$12 million. This represents a decrease of 69 percent as compared to the previous five-year average of \$39

million. This decrease was primarily due to some larger industrial projects, including expansion at the Gerdau MAC Steel facilities and the construction of a new world headquarters by La-Z-Boy that occurred in 2014. With the high and low years removed from the last ten years, the average value is \$28.1 million. A history of building permits over the last ten years follows:

<b>Fiscal Year</b>	<b>Number of Permits</b>	<b>Value</b>
2017	853	\$ 12,050,440
2016	1533	26,515,389
2015	756	21,896,819
2014	772	70,775,309
2013	867	22,608,713
2012	899	53,334,251
2011	883	36,615,861
2010	883	16,737,251
2009	988	23,699,406
2008	827	23,987,130

The primary long term financial plan adopted annually by the City is the five-year Capital Improvements Plan (CIP) and the related, annual Capital Improvements Budget. The annual capital improvements budget is adopted with an understanding that revenue growth for governmental operations is not sufficient to meet capital needs in the time frame required. The Mayor and City Council have continued to manage costs related to operating overhead to make funds available for long term capital improvements. These actions, along with the implementation of productivity improvements, have enabled the City to meet Mayor and Council objectives to sustain capital improvement funding levels, maintain service levels, put aside adequate fund reserves and right-size operational overhead.

The City has also begun to budget for a two year period beginning with the 2017-18 budget process. In past years, a budget projection process has been completed for the General Fund after the budget was adopted. A budget projection for at least one additional year 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 second 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. If property tax revenues were to remain flat or increase and operating overhead is kept under control, the City should be able to achieve a balanced budget for the years covered in the projection. Among other things, the projection includes savings realized from the City’s 2016 Other Post-Employment Benefits (OPEB) bond issue and full funding for the remainder of the annual retiree healthcare contribution not funded by the bond issue. Additional information regarding this bond issue and the retiree healthcare liability can be found in the Management Discussion and Analysis letter and the Notes to the Financial Statements.

Property taxes represent 75% 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 2016 tax year, covering fiscal 2016-17, the overall taxable value was approximately \$90 million below state equalized value reducing potential tax revenue by approximately \$1.5 million due to the cap, with \$1.28 million of that amount being attributed to general operating purposes. The gap between taxable value and state equalized valuation decreased for the 2016 tax year. The gap was approximately \$99 million for the 2015 tax year covering fiscal year 2015-16.

State shared revenue accounted for approximately 17.5 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 year. The following table displays the change in revenue sharing from the prior year.

<b>Revenue Sharing</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>Change +/-</b>	<b>% Change</b>
Constitutional	\$1,669,156	\$1,578,195	\$ 90,961	5.76%
CVTRS/Statutory	294,177	294,177	-	0.00%
<b>Total</b>	<b>\$1,963,333</b>	<b>\$1,872,372</b>	<b>\$ 90,961</b>	<b>4.86%</b>

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 2016-17 budget. The following projects were active during the fiscal year ended June 30, 2017:

Local Streets:

- Crampton Drive Resurfacing-Cranbrook 400 feet west

- Cranbrook Boulevard Reconstruction–Armitage to Payson
- Stone Street Resurfacing–Telegraph to Front
- Ternes Drive–North Dixie to 900 Feet South
- Avenue De Lafayette Reconstruction

Major Streets:

- East Third Resurfacing–Monroe to Scott
- Winchester Street Resurfacing–First to Bridge
- Borgess Street Resurfacing–Elm to Vine
- Lemerand Street Resurfacing– North Monroe to North Macomb
- South Macomb Street Reconstruction–East 1<sup>st</sup> to East Front

General Capital Projects:

- Winchester Street Bridge Deck Replacement
- GIS Sign and Sewer Layer Additions
- North Dixie Highway Tree Planting and Landscaping
- South Monroe Street Tree Planting and Landscaping
- Sidewalk Improvement Program
- Mark Worrell Trail Resurfacing
- Munson Park Parking Lot Resurfacing
- Munson Park Tennis Court Resurfacing
- Central Fire Station Replacement - Design

Water System:

- Ozone System Upgrade
- GIS Water System Layer
- SCADA Upgrade–Water Plant
- East Remote Telemetry Radio System Replacement
- Water Main–Kentucky–1<sup>st</sup> to 4<sup>th</sup> Street
- Water Main–Winchester Street–3<sup>rd</sup> Street to river
- Water Main–(Borgess, Lemerand, N. Macomb, Conant, Jerome)

Wastewater System:

- Collection System Camera and Truck Replacement
- Interceptor Sewer Wall Replacement
- Sanitary Sewer Rehabilitations
- Sewer Asset Management Planning

Major planned projects for fiscal 2017-18:

- North Macomb Resurfacing–Elm to Grove
- West Lorain Reconstruction
- Union Street Resurfacing–West 8<sup>th</sup> to West 3<sup>rd</sup>
- Telephone System Replacement
- City Council Chambers Renovation/Audio/Video Upgrade
- Replacement Election Equipment
- Fire Utility/Echo Vehicle Replacement
- Fire Engine 2 Replacement
- Central Fire Station Replacement

- West side Fire Station Renovation
- Sanitary Sewer Rehabilitation/Replacement
- Stony Pointe 1 Pump Station Rehabilitation
- Water Distribution System Replacement/Rehabilitation
- Water Plant Generator 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The City of Monroe has been recognized by the Arbor Day Foundation as a 2016 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 of Monroe was chosen as one of 2016's Best-Performing Small Cities by the Milken Institute, an objective and nonpartisan research institute. The City of Monroe was listed as number 14 out of 201 chosen communities. Cities were evaluated on relative growth, with listing criteria including job creation, wage gains, and technology developments. Communities with competitive advantages in professional and technical services experienced strong climates for entrepreneurship and were among the leaders in the 2016 Best-Performing Cities report.

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 Manger/Finance Director



Government Finance Officers Association

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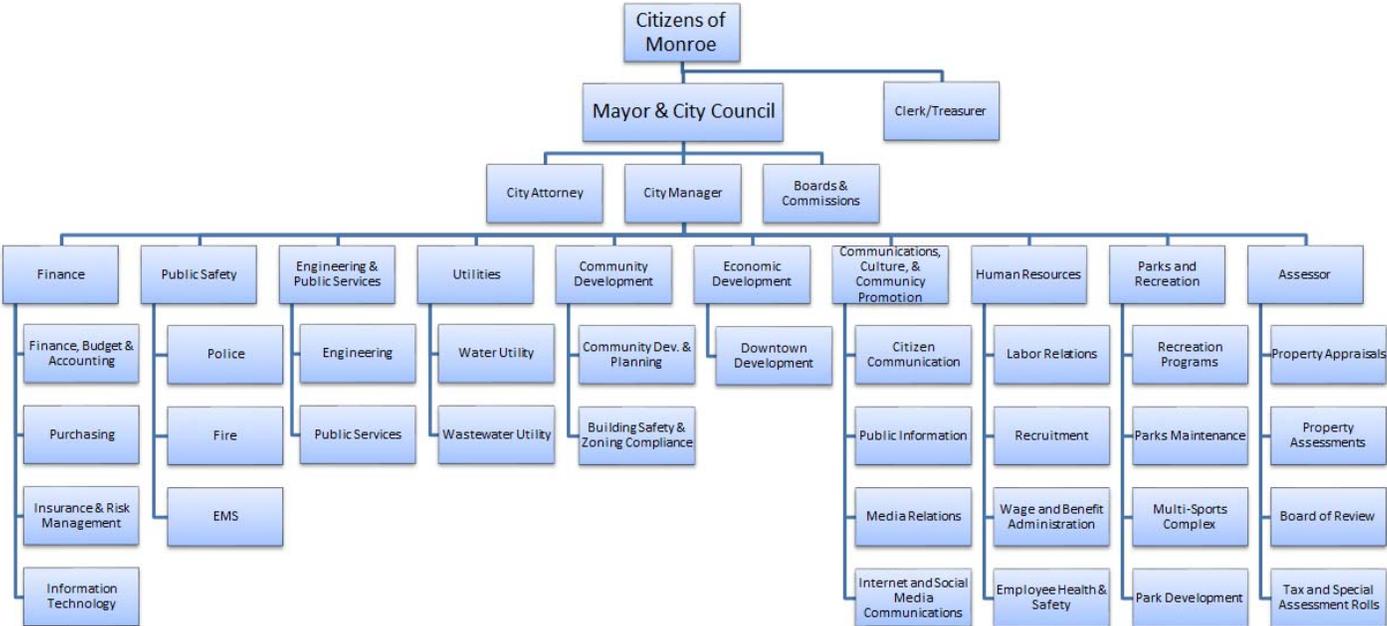
**City of Monroe  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# CITY OF MONROE, MICHIGAN ORGANIZATIONAL CHART



## CITY OF MONROE, MICHIGAN

### List of Principal Officials

<b>Title</b>	<b>Name</b>
Mayor	Robert E. Clark
Council Members:	
First Precinct	Paula L. Whitman
Second Precinct	John Iacoangeli
Third Precinct	Kellie M. Vining
Fourth Precinct	Charles D. Evans
Fifth Precinct	Gloria Rafko
Sixth Precinct	William D. Sisk
City Clerk/Treasurer	Michelle LaVoy
City Manager	Vincent Pastue
Police Chief	Charles F. McCormick IV
Fire Chief	Robert Wight
Assistant City Manager/Finance Director	Edward J. Sell Jr.
Director of Engineering and Public Services	Patrick Lewis
Director of Water and Wastewater Utilities	Barry LaRoy
Assessor	Samuel J. Guich
Human Resources Director	Peggy Howard
Community Development Director	Jeffrey Green
City Attorney	Robison, Curphey, & O'Connell, LLC

## **Facts About Monroe**

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

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

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

## **Financial Section**

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## Independent Auditor's Report

To the City Council  
City of Monroe, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan (the "City"), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Monroe, Michigan's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the City Council  
City of Monroe, Michigan

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan as of June 30, 2017 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.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, during the year ended June 30, 2017, the City of Monroe adopted the provisions of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, which establishes financial reporting standards for state and local governmental units surrounding other postemployment benefit plans. 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 fair values. These investments comprised approximately 9 percent, or \$16,757,804, of the Pension and Other Employee Benefit Trust Funds net position at June 30, 2017. 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.

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

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

To the City Council  
City of Monroe, Michigan

***Other Information***

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

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Plante & Moran, PLLC*

November 30, 2017

# City of Monroe, Michigan

## Management's Discussion and Analysis

### 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, 2017:

- Property tax revenue, our largest revenue source, decreased 2.7 percent from \$16.0 to \$15.6 million. The decrease in revenue is primarily due to the personal property tax exemption legislation taking effect for the first time. Approximately \$42.6 million of personal property taxable value became exempt from taxation for the first time. If this property had remained taxable, property tax revenue would have increased 1.9 percent.
- Reimbursements from the State of Michigan for personal property tax exemptions were received for the first time in the amount of \$1.367 million. Approximately \$60,000 of that reimbursement was distributed to the Port of Monroe and Lake Erie Transit. The initial budget for the 2017 fiscal year for this revenue source was \$603,036. 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 shared sales tax portion of state-shared revenue, our second largest revenue source, increased 4.9 percent from the previous year. The revenue source increased by \$90,961 to \$1,963,333. The initial budget had projected \$1,938,703 based on initial State of Michigan budget projections. The increase was due to overall sales tax collections at the state level coming in at an amount greater than what was originally estimated. 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 for the last five State of Michigan fiscal years:

<u>Fiscal Year End</u>	<u>Amount</u>
September 30, 2017	\$ 1,963,333
September 30, 2016	1,872,372
September 30, 2015	1,873,891
September 30, 2014	1,840,749
September 30, 2013	1,791,988

For the State of Michigan's fiscal year ended September 30, 2000, the City of Monroe 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.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

- Total fund balance for the General Fund (which now includes the City's Budget Stabilization Fund under GASB Statement No. 54) decreased \$24,375,094 to \$6,089,879. This large decrease was primarily due to a bond issue for funding retiree healthcare liabilities that closed on June 28, 2016. A total of \$24,557,672 of the bond issue was attributed to the General Fund and \$24,410,801 of that amount was reported as a restricted fund balance as of the prior fiscal year end. The funds were transferred to the Post-Retirement Healthcare Trust Fund during the 2016-2017 fiscal year. Unassigned fund balance increased \$155,049 to \$3,931,769. The following factors contributed to the increase:
  - Expenditures in total were under budget by \$5,033,985. Excluding Michigan Department of Natural Resources Trust Fund (MNRTF) grant funds that weren't spent, expenditures were under budget by \$446,901. Every city department was under budget with parks and recreation, engineering, and zoning/ordinance enforcement having the largest variances.
  - Assigned fund balance related to encumbrances outstanding at fiscal year end was reduced from \$161,942 to \$57,961. The assigned fund balance will be used in the fiscal year ending June 30, 2018.
- The City continues to fully fund its actuarial determined contribution (ADC) to the Post-Retirement Healthcare System. The ADC was \$3,963,730 and the City contributed \$36,635,331. The excess contribution was due to \$35.292 million in OPEB bond proceeds that were deposited in the trust fund during the fiscal year. The added contribution resulted in a net OPEB asset being reported in the amount of \$28.18 million. One fund continues to have a net OPEB liability in the amount of \$23,854.
- The City increased the number of approved full-time equivalent positions budgeted from 173.3 to 176.23 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled \$8.48 million.
- Investment income saw a good increase of \$101,676 during the year with increasing short term interest rates. The revenue source increased to \$247,085 from \$145,409 from the prior fiscal year.
- Total net position related to the City's governmental activities decreased by \$8,447,707 to \$58,730,210.
- Total net position related to the City's business-type activities increased by \$2,987,006 to \$79,531,946.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

- This was the third year of implementation of Governmental Accounting Standards Board Statement No. 68 (GASB No. 68) regarding accounting and financial reporting for pensions. The reporting determined that the City had a net pension liability of \$11.8 million at fiscal year end, an increase of \$1.7 million, and the plan was 92.1 percent funded, a decrease of 0.6 percent. The liability increased due to changes in actuarial assumptions related to mortality and investment return.
- The Monroe Multi-Sports Complex was closed for ice operations near the end of the fiscal year. Due to this closure, a special item was reported for the impairment of the building and related equipment items. The net book value of the facility and equipment items was reduced by \$2.59 million.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the citizens' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

### The City as a Whole

The following table shows, in a condensed format, the net position as of the current date and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets	\$ 54,119,511	\$ 32,825,861	\$ 20,805,367	\$ 12,021,155	\$ 74,924,878	\$ 44,847,016
Equity in joint ventures	-	-	3,865,367	3,862,324	3,865,367	3,862,324
Restricted assets	3,563,991	26,276,362	63	9,811,185	3,564,054	36,087,547
Capital assets	<u>65,024,808</u>	<u>67,921,266</u>	<u>123,739,928</u>	<u>123,499,760</u>	<u>188,764,736</u>	<u>191,421,026</u>
Total assets	122,708,310	127,023,489	148,410,725	149,194,424	271,119,035	276,217,913
<b>Deferred Outflows of Resources</b>	9,142,807	11,350,028	574,717	704,021	9,717,524	12,054,049
<b>Liabilities</b>						
Current liabilities	4,347,868	5,422,676	1,748,427	5,645,153	6,096,295	11,067,829
Long-term liabilities	<u>51,250,209</u>	<u>49,371,277</u>	<u>67,684,522</u>	<u>67,680,439</u>	<u>118,934,731</u>	<u>117,051,716</u>
Total liabilities	55,598,077	54,793,953	69,432,949	73,325,592	125,031,026	128,119,545
<b>Deferred Inflows of Resources</b>	<u>17,522,830</u>	<u>16,401,647</u>	<u>20,547</u>	<u>27,913</u>	<u>17,543,377</u>	<u>16,429,560</u>
<b>Net Position</b>						
Net investment in capital assets	54,825,194	58,118,232	66,184,050	62,800,496	121,009,244	120,918,728
Restricted	2,158,946	2,354,630	-	-	2,158,946	2,354,630
Unrestricted	<u>1,746,070</u>	<u>6,705,055</u>	<u>13,347,896</u>	<u>13,744,444</u>	<u>15,093,966</u>	<u>20,449,499</u>
Total net position	<u>\$ 58,730,210</u>	<u>\$ 67,177,917</u>	<u>\$ 79,531,946</u>	<u>\$ 76,544,940</u>	<u>\$ 138,262,156</u>	<u>\$ 143,722,857</u>

The City's combined net position decreased by 3.8 percent from a year ago - decreasing from \$143.7 million to \$138.2 million. The net assets decreased due to the \$1.7 million increase in the net pension liability, the \$2.59 million special item related to the Multi-Sports Complex capital asset impairment, and an increase in net OPEB liabilities compared to the previous year.

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 \$4.96 million for governmental activities. This represents a decrease of approximately 74 percent. The decrease is again primarily due to the increase in the net pension liability previously mentioned. The current level of unrestricted net position for governmental activities stands at \$1.746 million, or about 6 percent of expenditures. The unrestricted portion of the business-type activities net position decreased \$396,548, or 2.9 percent, primarily due to pension and OPEB liabilities previously mentioned.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Net Position</b> - Beginning of year	\$ 67,177,917	\$ 70,613,900	\$ 76,544,940	\$ 74,036,267	\$ 143,722,857	\$ 144,650,167
<b>Revenue</b>						
Program revenue:						
Charges for services	1,531,767	1,958,567	17,520,395	16,778,942	19,052,162	18,737,509
Operating grants and contributions	1,727,719	1,759,536	-	-	1,727,719	1,759,536
Capital grants and contributions	695,973	576,261	754,346	236,310	1,450,319	812,571
General revenue:						
Property taxes	15,607,661	16,033,234	-	-	15,607,661	16,033,234
State-shared revenue	3,286,493	1,888,484	-	-	3,286,493	1,888,484
Investment income	165,137	92,012	81,948	53,397	247,085	145,409
Cable franchise fees	335,704	336,660	-	-	335,704	336,660
Other miscellaneous income	1,006,396	710,011	634,747	553,755	1,641,143	1,263,766
Gain on sale of assets	-	15,248	9,467	-	9,467	15,248
Total revenue	24,356,850	23,370,013	19,000,903	17,622,404	43,357,753	40,992,417
<b>Program Expenses</b>						
General government	2,482,372	2,435,672	-	-	2,482,372	2,435,672
Public safety	12,831,299	11,602,770	-	-	12,831,299	11,602,770
Public works	11,078,905	9,932,495	-	-	11,078,905	9,932,495
Community development	1,069,806	433,587	-	-	1,069,806	433,587
Culture and recreation	1,836,283	2,139,798	-	-	1,836,283	2,139,798
Interest on long-term debt	916,101	261,674	-	-	916,101	261,674
Water, wastewater, and building authority	-	-	16,013,897	15,113,731	16,013,897	15,113,731
Total program expenses	30,214,766	26,805,996	16,013,897	15,113,731	46,228,663	41,919,727
<b>Special Item</b> - Asset impairment	(2,589,791)	-	-	-	(2,589,791)	-
<b>Change in Net Position</b>	(8,447,707)	(3,435,983)	2,987,006	2,508,673	(5,460,701)	(927,310)
<b>Net Position</b> - End of year	<u>\$ 58,730,210</u>	<u>\$ 67,177,917</u>	<u>\$ 79,531,946</u>	<u>\$ 76,544,940</u>	<u>\$ 138,262,156</u>	<u>\$ 143,722,857</u>

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

Revenue for the City as a whole increased \$2.36 million (5.8 percent). Revenue increased in both governmental and business-type activities. Governmental activity revenue increased primarily due to state shared revenue from sales tax, personal property tax reimbursements, gas and weight tax increases, and an increase in investment income. Percentage changes from the prior year in the individual revenue categories were as follows:

Revenue Category	Total		Change +/-	% Change
	2017	2016		
Charges for services	\$ 19,052,162	\$ 18,737,509	\$ 314,653	1.68%
Operating grants and contributions	1,727,719	1,759,536	(31,817)	-1.81%
Capital grants and contributions	1,450,319	812,571	637,748	78.49%
Property taxes	15,607,661	16,033,234	(425,573)	-2.65%
State-shared revenue	3,286,493	1,888,484	1,398,009	74.03%
Investment income	247,085	145,409	101,676	69.92%
Cable franchise fees	335,704	336,660	(956)	-0.28%
Other miscellaneous income	1,641,143	1,263,766	377,377	29.86%
Gain on sale of assets	9,467	15,248	(5,781)	100.00%
<b>Total</b>	<b>\$ 43,357,753</b>	<b>\$ 40,992,417</b>	<b>\$ 2,365,336</b>	<b>5.77%</b>

Charges for services revenue increased due to increased utility (water and wastewater) revenue due both to increased sales and rates. Capital grants and contributions increased due to increased donations from developers for water service installation and grant revenue related to property acquisition near the River Raisin National Battlefield. Property tax and state shared revenue changed as mentioned in the financial highlights.

Due to a variety of reasons, program expenses for the City as a whole increased by \$4.3 million (10.3 percent). Increased pension and OPEB expense accounted for most of the increase. Other operating expenses increased throughout the City to make up the remainder.

The City's total governmental revenue increased by \$986,837 (4.2 percent), primarily due to changes in state shared revenue and investment income that were discussed in the government-wide discussion. Governmental program expenses increased \$3,408,770 (12.7 percent) related to pension expense, OPEB expense, and other operating expenses as previously discussed.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

### 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 \$2,987,006 in the business-type funds. The increase was primarily due to increased revenue from water and wastewater services and a focus on reducing costs where possible. The revenue increased due to fee increases implemented July 1, 2016 and increased water sales.

The analysis of the City's major funds is presented in Note I to the basic financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as street maintenance. The City's major funds for the year ended June 30, 2017 were the General Fund, Wastewater Fund, and the Water Fund.

The General Fund pays for most of the City's governmental services. The most significant are police and fire services, which incurred expenses of approximately \$23.7 million, or 54 percent of General Fund expenditures and transfers out. These costs included OPEB bond proceeds that were transferred to the trust fund. 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.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

### 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 of \$43,518,772, or 10.4 percent, below budget. In addition to this amount, certain items that were budgeted will be expended in future years. A total of \$57,961 was encumbered at the fiscal year end and the budget amount will be transferred to the 2018 fiscal year. A report of the General Fund expenditures follows:

Department	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
City Council	\$ 132,549	\$ 132,907	\$ 122,828	\$ 10,079
City manager	239,012	749,534	748,851	683
Finance	356,389	915,558	912,378	3,180
Clerk-treasurer	428,529	1,441,610	1,421,681	19,929
Assessor	309,597	1,322,773	1,321,519	1,254
Communications, culture, and promotion	120,096	158,018	143,202	14,816
City hall grounds	258,998	368,673	341,354	27,319
Attorney	145,912	210,788	209,688	1,100
Human resources	285,421	287,012	264,022	22,990
Engineering	308,220	639,454	554,883	84,571
Police	581,420	572,420	557,919	14,501
Fire	299,217	370,733	350,686	20,047
Zoning/Ordinance enforcement	266,481	346,682	251,160	95,522
Police and fire salaries and benefits	7,479,631	22,793,938	22,779,048	14,890
Public works - Department of Public Services	1,660,182	5,302,089	5,287,324	14,765
Community and economic development	236,244	5,789,576	1,194,821	4,594,755
Library	57,500	57,500	57,500	-
Parks and recreation	1,462,124	3,046,596	2,957,907	88,689
Public access T.V.	172,000	167,900	167,852	48
Historic District Commission	3,200	3,200	150	3,050
Social services	140,000	140,000	140,000	-
Debt service - Principal	940,310	1,095,243	1,094,052	1,191
Debt service - Interest on long-term debt	973,040	640,392	640,384	8
Contingencies	150,000	-	-	-
Other uses - Transfers out	1,263,953	2,000,161	1,999,563	598
Total	<u>\$ 18,270,025</u>	<u>\$ 48,552,757</u>	<u>\$ 43,518,772</u>	<u>\$ 5,033,985</u>

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

The original budget of \$18,270,025 was increased to \$48,552,757 by fiscal year end. The three major changes in the budget were as follows:

- The reinstatement of the Multi-Sports Complex budget, which had been set for closing with the original budget adoption.
- The allocation of the OPEB bond proceeds contribution to the trust fund as expenditures to each department.
- Addition of the MNRTF grant to the budget in the amount of \$4.98 million. Revenue was originally budgeted at \$18,314,774. It was amended to \$24,182,898. The primary reasons for the budgeted increase are as follows:
  - State shared revenue and grants were increased for better than expected personal property tax reimbursements and the addition of the \$4.9 million MNRTF grant to the budget.
  - The Multi-Sports Complex revenue budget was added back to the budget when the decision was made to keep the facility open.

Revenue in total came in under budget by \$5,039,220, or 21.0 percent. When the MNRTF grant is removed, revenue came in under budget by \$53,020, or 0.28 percent.

The amended budget estimated that fund balance would decrease by \$24,369,859 to \$6,095,114, due to the transfer of OPEB bond proceeds to the trust fund. The actual fund balance decreased by \$24,375,094 to \$6,089,879. Of the fund balance amount, \$57,961 is assigned for encumbered items and \$2,000,000 is committed for budget stabilization purposes. The fund balance figure also includes a non-liquid land asset in the amount of \$84,642 and prepaid assets which are non-spendable in the amount of \$15,507. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is \$3,931,769. That amount represents about 20 percent of the General Fund adopted budget for fiscal year 2018, which is above the level of what is recommended for a financially sound community. The City's policy is to keep fund balance at a level of 15 percent of budgeted expenditures.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

At the end of 2017, the City had net capital assets of \$188,764,736 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to \$106,784,907. Capital projects completed or in progress during fiscal year 2017 include continuation of the resurfacing and/or reconstruction projects on East Third Street, Winchester Street, Borgess Street, Lemerand Street, South Macomb Street, Crampton Drive, Cranbrook Drive, Stone Street, Ternes Drive, Avenue De Lafayette, and others; and Winchester Street Bridge Deck Resurfacing, GIS sign and sewer layer additions, tree planting and landscaping programs on Monroe Street and North Dixie Highway, sidewalk replacement, Munson Park parking and tennis court improvements, Mark Worrell Trail resurfacing, architectural design for the replacement of Fire Station 1, water distribution and filtration system improvements, continued sanitary sewer rehabilitation, development of a wastewater asset management system, an energy conservation project for the wastewater treatment plant, and many others.

The City of Monroe, Michigan had two new debt issues during the 2017 fiscal year.

- A Michigan Transportation Fund (MTF) bond was issued in the amount of \$2.565 million to fund resurfacing and reconstruction of certain streets. The bonds will mature on May 1, 2024 and they were issued at a true interest cost of 1.497 percent. The bonds will be paid from state shared revenue from gas taxes, often referred to as Act 51 revenue.
- A capital improvement bond was issued in the amount of \$1.89 million. A total of \$1.327 million of the bonds will finance the replacement of the Winchester Street Bridge Deck. This is the last financing that will use the 2010 voter-approved millage for bridge repairs and replacement. The remaining amount of the bond, \$563,000, will be used to make improvements to City Hall, including the City Council Chambers. The bonds will mature on May 1, 2030 and they were issued at a true interest cost of 2.23 percent.

An installment purchase agreement that had been issued for improvements to City Hall was redeemed early in 2017. The total principal at the beginning of the year was \$115,298. The installment was scheduled to be paid off on November 1, 2019.

The City received a financial rating from Standard & Poor's of AA- in 2014 when refunding bonds were being issued. This was the first time the City had been rated in the AA category. The AA-rating was reaffirmed with the 2017 debt issues.

The City is currently using 74.85 percent of its available debt margin of \$105,013,735. Debt service made up 4.3 percent of total General Fund expenditures for fiscal year 2017. Bonded debt and other long-term obligations were reduced by \$939,050 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.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

### Other Significant Matters

The unemployment rate in the Monroe County region has remained positive over the last fiscal year. It was slightly above the State of Michigan average, as can be seen in the following table:

Year Ended	Year Ended	
	June 30	County Michigan
2017	4.30%	4.00%
2016	3.90%	4.90%
2015	4.80%	5.80%
2014	6.80%	7.90%
2013	8.80%	9.40%
2012	8.40%	9.20%
2011	10.40%	11.00%
2010	12.90%	13.10%
2009	17.00%	15.40%
2008	8.30%	8.70%

The county unemployment rate had increased to 5.5 percent at the end of September 2017.

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 Michigan Natural Resources Trust Fund grant of \$4.9 million. Substantial increases in shipping operations are occurring at the Port of Monroe. Other commercial and industrial developments are also occurring.

For the first time, the City's budget was developed over a two-year period. The 2017-2018 budget was adopted by the City Council and the 2018-2019 budget was accepted as the projection for that year. The City's fiscal year 2017-2018 General Fund budget increased when compared to the 2016-2017 budget. The adopted revenue and expenditures for 2017-2018 and the projected budget for 2018-2019 as compared to the 2016-2017 adopted budget are as follows:

	Originally Adopted General Fund Budget Totals				
	June 30, 2017	June 30, 2018	Decrease	% Change	June 30, 2019
Revenue	\$ 18,314,774	\$ 19,930,495	\$ 1,615,721	8.82%	\$ 20,322,717
Expenditures	18,270,025	20,083,322	1,813,297	9.92%	24,400,434

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

The original budget for 2016-2017 included the elimination of the operations of the Monroe Multi-Sports Complex. The budget was amended to include the continued operation for the 2016-2017 fiscal year. It was also included in the adopted budget for 2017-2018. Prior to the start of the 2017-2018 fiscal year, the facility was closed for ice operations and is in the process of being repurposed.

The 2018 budget was adopted to use \$152,827 of fund balance. The use of fund balance was primarily related to increased costs and reduced revenue from the Multi-Sports Complex. Since the facility was closed, the City does not expect to use that amount of fund balance. The budget does not use any appropriations from other city funds, including the Committed Budget Stabilization Fund balance. The budget increased for a number of reasons as follows:

- A new millage rate approved to fund the construction of a new Fire Station I was levied for the first time. This added approximately \$445,000 to the budget.
- The millage historically levied for the Port of Monroe was budgeted to remain in the General Fund. An appropriation to the Port of Monroe was budgeted in the amount of \$400,000.
- New funding for Economic Development staffing costs added \$150,000 to the budget.
- Personnel costs increased for inflationary reasons and wage increases granted in collective bargaining agreements.

The first quarterly review 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 2017-2018 budget will need to be amended to allow for the funding of local costs related to the MNRTF grant, which include demolition and environmental costs.

The budget currently funds 180.98 full-time equivalent (FTE) positions. This is a slight increase from the previous year total of 176.23. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included \$321,000 budgeted for capital projects. This is a decrease from the prior year amount of \$858,000. The amount was reduced to set aside funds for Capital Project funding in the future and many of the street projects had already been funded by the MTF bond issue.

For fiscal year 2018, taxable value increased in total by about 2.66 percent. Ad valorem real property taxable values actually increased by about 3.0 percent for the 2018 fiscal year, and the residential sector increased by 2.7 percent. Due to the impact of Proposal A, the City will need to continue to monitor its budget very closely. The state-wide 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 2018-2019 fiscal year will be 2.1 percent. This means that the recovery in the taxable value of City properties will take a significant amount of time and the financial recovery will be very slow. An emphasis will have to remain on controlling operating costs.

# City of Monroe, Michigan

## Management's Discussion and Analysis (Continued)

The combination of healthcare costs, increases in pension funding, and funding of future retiree healthcare 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 healthcare system, which calculated the actuarial determined contribution (ADC) for fiscal year 2019 at \$1,337,261. This was reduced over \$2.6 million due to the issuance of OPEB bonds. The City has made changes to retiree healthcare benefits that have reduced the overall estimated liability. The present value of future benefit payments was estimated at \$70.3 million in the December 31, 2016 actuarial study. This was reduced from \$78.5 million as calculated in the December 31, 2006 study. The system was 84.7 percent funded as of December 31, 2016, an increase from 15.7 percent in the December 31, 2008 actuarial study. The unfunded liability due to past service was estimated at \$10.3 million as of December 31, 2016.

Interest rates have remained low, but have started to increase and are now exceeding 1.0 percent on overnight investment options. Until the speed of the economic recovery picks up its pace, they will continue to be low. This will affect the amount of investment income the City can count on to fund its annual budget. The State of Michigan has changed the statutory revenue-sharing program to an incentive-based program called the "City, Village, and Township Revenue Sharing" (CVTRS) program. Under the program, the City must meet certain goals to receive its full revenue-sharing allocation. The City has met all of the qualifications for the program since its beginning in 2012. The filings required to be qualified are due on December 1, 2017 for 2018.

The primary factor affecting the City's 2018 budget projection is taxable value levels. The City's largest taxpayer, DTE Energy, has recently approached the City about a substantial reduction in the coal fired electric plants taxable value. The City will need to plan for this possibility and over a 20-year period, must plan for the eventual closure of the plant. Detroit Edison represents 49 percent of the City's tax base.

### **Contacting the City's Management**

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

# City of Monroe, Michigan

## Statement of Net Position June 30, 2017

	Primary Government			
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
<b>Assets</b>				
Cash and investments (Note 3)	\$ 29,076,011	\$ 6,937,528	\$ 36,013,539	\$ 2,121,765
Receivables - Net:				
Property taxes receivable	1,198,627	8,008	1,206,635	-
Customer receivables	28,800	2,989,945	3,018,745	80,119
Accrued interest receivable	17,227	1,623	18,850	2,332
Other receivables	862,071	152,914	1,014,985	-
Due from other governmental units	1,256,665	258,120	1,514,785	175,915
Economic development loans	25,000	-	25,000	-
Special assessments receivable	125,431	82,996	208,427	-
Internal balances (Note 6)	(715,358)	715,358	-	-
Inventory	800,000	-	800,000	-
Prepaid expenses and other assets	393,943	777,079	1,171,022	26,766
Restricted assets (Note 1)	3,563,991	63	3,564,054	2,492,350
Investment in joint ventures (Note 12)	-	3,865,367	3,865,367	-
Advances to component unit (Note 6)	1,486,638	265,784	1,752,422	-
Capital assets (Note 5):				
Assets not subject to depreciation	5,449,899	1,355,304	6,805,203	3,866,728
Assets subject to depreciation	59,574,909	122,384,624	181,959,533	1,624,805
Net OPEB asset (Note 10)	19,564,456	8,616,012	28,180,468	-
<b>Total assets</b>	<b>122,708,310</b>	<b>148,410,725</b>	<b>271,119,035</b>	<b>10,390,780</b>
<b>Deferred Outflows of Resources</b> (Note 4)	<b>9,142,807</b>	<b>574,717</b>	<b>9,717,524</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	1,822,016	804,217	2,626,233	640,693
Due to other governmental units	-	59,369	59,369	478
Refundable deposits, bonds, etc.	-	18,441	18,441	-
Accrued liabilities and other	789,133	402,440	1,191,573	44,030
Unearned revenue	1,736,719	463,960	2,200,679	147,810
Advances from primary government (Note 6)	-	-	-	1,742,422
Noncurrent liabilities:				
Due within one year:				
Compensated absences	170,549	321,173	491,722	-
Current portion of long-term debt (Note 7)	2,062,693	3,477,441	5,540,134	241,962
Due in more than one year:				
Compensated absences	629,458	-	629,458	-
Landfill closure and postclosure	-	-	-	947,102
Net OPEB obligation (Note 10)	23,854	-	23,854	-
Net pension liability (Note 9)	11,424,311	380,486	11,804,797	-
Long-term debt	36,939,344	63,505,422	100,444,766	4,293,899
<b>Total liabilities</b>	<b>55,598,077</b>	<b>69,432,949</b>	<b>125,031,026</b>	<b>8,058,396</b>
<b>Deferred Inflows of Resources</b> (Note 4)	<b>17,522,830</b>	<b>20,547</b>	<b>17,543,377</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	54,825,194	66,184,050	121,009,244	3,882,791
Restricted for:				
Streets and highways	968,544	-	968,544	-
Debt service	453,731	-	453,731	-
Rubbish	192,891	-	192,891	-
Grants	201,725	-	201,725	-
Drug forfeiture	70,119	-	70,119	-
Code enforcement	271,936	-	271,936	-
Restricted land	-	-	-	557,012
Unrestricted	1,746,070	13,347,896	15,093,966	(2,107,419)
<b>Total net position</b>	<b>\$ 58,730,210</b>	<b>\$ 79,531,946</b>	<b>\$ 138,262,156</b>	<b>\$ 2,332,384</b>

The Notes to Financial Statements are an  
Integral Part of This Statement.

# City of Monroe, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,482,372	\$ 96,961	\$ -	\$ -
Public safety	12,831,299	342,005	7,939	6,003
Public works	11,078,905	776,506	1,719,780	277,163
Community and economic development	1,069,806	10,000	-	412,807
Recreation and culture	1,836,283	306,295	-	-
Interest on long-term debt	916,101	-	-	-
Total governmental activities	30,214,766	1,531,767	1,727,719	695,973
Business-type activities:				
Water	7,172,197	8,447,142	-	754,346
Wastewater	8,841,700	9,073,253	-	-
Building Authority	-	-	-	-
Total business-type activities:	16,013,897	17,520,395	-	754,346
Total primary government	<u>\$ 46,228,663</u>	<u>\$ 19,052,162</u>	<u>\$ 1,727,719</u>	<u>\$ 1,450,319</u>
Component units:				
Port of Monroe	\$ 933,707	\$ 500,815	\$ -	\$ 351,787
Downtown Development Authority	217,789	-	-	-
Brownfield Redevelopment Authority	309,063	-	-	-
Total component units	<u>\$ 1,460,559</u>	<u>\$ 500,815</u>	<u>\$ -</u>	<u>\$ 351,787</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Unrestricted cable franchise fees				
Other miscellaneous income				
Gain on sale of assets				
Total general revenue				
<b>Special Item</b> - Asset impairment (Note 5)				
<b>Change in Net Position</b>				
<b>Net Position</b> - Beginning of year				
<b>Net Position</b> - End of year				

**Statement of Activities  
Year Ended June 30, 2017**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,385,411)	\$ -	\$ (2,385,411)	\$ -
(12,475,352)	-	(12,475,352)	-
(8,305,456)	-	(8,305,456)	-
(646,999)	-	(646,999)	-
(1,529,988)	-	(1,529,988)	-
(916,101)	-	(916,101)	-
(26,259,307)	-	(26,259,307)	-
-	2,029,291	2,029,291	-
-	231,553	231,553	-
-	-	-	-
-	2,260,844	2,260,844	-
(26,259,307)	2,260,844	(23,998,463)	-
-	-	-	(81,105)
-	-	-	(217,789)
-	-	-	(309,063)
-	-	-	(607,957)
15,607,661	-	15,607,661	1,065,321
3,286,493	-	3,286,493	30,825
165,137	81,948	247,085	16,219
335,704	-	335,704	-
1,006,396	634,747	1,641,143	5,194
-	9,467	9,467	-
20,401,391	726,162	21,127,553	1,117,559
(2,589,791)	-	(2,589,791)	-
(8,447,707)	2,987,006	(5,460,701)	509,602
67,177,917	76,544,940	143,722,857	1,822,782
<b>\$ 58,730,210</b>	<b>\$ 79,531,946</b>	<b>\$ 138,262,156</b>	<b>\$ 2,332,384</b>

# City of Monroe, Michigan

## Governmental Funds Balance Sheet June 30, 2017

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,475,100	\$ 6,268,340	\$ 17,743,440
Investments	8,491,693	200,000	8,691,693
Receivables	2,005,409	948,360	2,953,769
Due from other funds (Note 6)	22,997	69,730	92,727
Real estate inventory	800,000	-	800,000
Prepays and other assets	15,507	44,830	60,337
Advances to component unit (Note 6)	-	1,486,638	1,486,638
Restricted assets (Note 1)	-	3,563,991	3,563,991
	<u>\$ 22,810,706</u>	<u>\$ 12,581,889</u>	<u>\$ 35,392,595</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 386,762	\$ 1,271,636	\$ 1,658,398
Due to other funds (Note 6)	-	92,727	92,727
Advances from other funds (Note 6)	715,358	-	715,358
Accrued liabilities and other	216,455	18,857	235,312
Unearned revenue	17,397	1,719,322	1,736,719
	<u>1,335,972</u>	<u>3,102,542</u>	<u>4,438,514</u>
Total liabilities			
<b>Deferred Inflows of Resources</b>			
Unavailable revenue (Note 4)	485,368	264,747	750,115
Property taxes levied for the following year (Note 4)	14,899,487	2,006,568	16,906,055
	<u>15,384,855</u>	<u>2,271,315</u>	<u>17,656,170</u>
Total deferred inflows of resources			
<b>Fund Balances</b>			
Nonspendable (Note 16)	100,149	44,830	144,979
Restricted (Note 16)	-	4,931,404	4,931,404
Committed (Note 16)	2,000,000	2,200,567	4,200,567
Assigned (Note 16)	57,961	31,231	89,192
Unassigned (Note 16)	3,931,769	-	3,931,769
	<u>6,089,879</u>	<u>7,208,032</u>	<u>13,297,911</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,810,706</u>	<u>\$ 12,581,889</u>	<u>\$ 35,392,595</u>

# City of Monroe, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

<b>Fund Balance Reported in Governmental Funds</b>	\$ 13,297,911
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	63,009,953
Net retiree healthcare assets do not present a current economic resource and are not reported as fund assets	19,142,525
Certain pension contributions and changes in pension plan net position are reported as deferred inflows of resources in the statement of net position, but are not recognized in the governmental funds	(615,317)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	9,121,186
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	479,968
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	270,147
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(38,245,418)
Accrued interest is not due and payable in the current period and is not reported in the funds	(181,981)
Employee compensated absences 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	(786,822)
Net pension liability is not due and payable in the current period and is not reported in the funds	(11,397,292)
Internal service funds are included as part of governmental activities	<u>4,635,350</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 58,730,210</u></b>

# City of Monroe, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 13,673,602	\$ 1,915,508	\$ 15,589,110
Licenses and permits	372,029	401,884	773,913
Federal grants	-	440,642	440,642
State-shared revenue and grants	3,190,021	2,113,469	5,303,490
Charges for services	551,268	319,989	871,257
Fines and forfeitures	70,854	22,992	93,846
Investment income	101,812	42,359	144,171
Rental income	56,100	539,816	595,916
Other revenue	104,159	216,797	320,956
Total revenue	<u>18,119,845</u>	<u>6,013,456</u>	<u>24,133,301</u>
<b>Expenditures</b>			
Current:			
General government	5,250,778	-	5,250,778
Public safety	23,839,010	172,755	24,011,765
Public works	5,317,324	4,141,878	9,459,202
Community and economic development	1,194,821	357,001	1,551,822
Recreation and culture	3,323,409	-	3,323,409
Capital outlay	-	4,363,062	4,363,062
Debt service	1,734,436	982,413	2,716,849
Total expenditures	<u>40,659,778</u>	<u>10,017,109</u>	<u>50,676,887</u>
<b>Excess of Expenditures Over Revenue</b>	(22,539,933)	(4,003,653)	(26,543,586)
<b>Other Financing Sources (Uses)</b>			
Face value of debt issue	-	4,455,000	4,455,000
Transfers in (Note 6)	-	2,720,921	2,720,921
Transfers out (Note 6)	(1,835,161)	(942,760)	(2,777,921)
Total other financing (uses) sources	<u>(1,835,161)</u>	<u>6,233,161</u>	<u>4,398,000</u>
<b>Net Change in Fund Balances</b>	(24,375,094)	2,229,508	(22,145,586)
<b>Fund Balances - Beginning of year</b>	<u>30,464,973</u>	<u>4,978,524</u>	<u>35,443,497</u>
<b>Fund Balances - End of year</b>	<u>\$ 6,089,879</u>	<u>\$ 7,208,032</u>	<u>\$ 13,297,911</u>

# City of Monroe, Michigan

## 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, 2017

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (22,145,586)</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	4,456,326
Depreciation expense	(5,014,663)
Losses on the disposal of assets reported in the statement of activities do not represent a decrease in current resources and are not reported in the governmental funds	(18,228)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	278,806
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(4,455,000)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,868,597
Decrease in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	23,440,670
Pension-related expenses do not require the use of current resources, and therefore are not reported in the fund statements	(3,674,397)
Increase in accumulated employee sick and vacation pay is recorded in the statement of activities	(120,853)
Change in accrued interest payable and others	(71,582)
Impairment losses are reported in the statement of activities when impaired, but are not reported in the governmental funds	(2,589,791)
Internal service funds are included as part of governmental activities	(402,006)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (8,447,707)</u></b>

# City of Monroe, Michigan

## Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 2,563,316	\$ 3,905,369	\$ 468,843	\$ 6,937,528	\$ 2,640,878
Receivables:					
Property taxes receivable	5,315	2,693	-	8,008	-
Special assessments receivable	44,588	38,408	-	82,996	-
Customer receivable	1,646,760	1,343,185	-	2,989,945	-
Accrued interest receivable	459	1,164	-	1,623	-
Other receivables	124,394	28,520	-	152,914	560,052
Due from other governmental units	255,592	2,528	-	258,120	-
Inventory	-	777,079	-	777,079	333,606
<b>Total current assets</b>	<b>4,640,424</b>	<b>6,098,946</b>	<b>468,843</b>	<b>11,208,213</b>	<b>3,534,536</b>
Noncurrent assets:					
Restricted assets (Note 1)	63	-	-	63	-
Advances to other funds (Note 6)	-	715,358	-	715,358	-
Investment in joint ventures (Note 12)	-	3,865,367	-	3,865,367	-
Advances to component unit	-	265,784	-	265,784	-
Capital assets	64,975,666	58,409,971	354,291	123,739,928	2,014,855
Net OPEB asset	4,453,264	4,162,748	-	8,616,012	421,931
<b>Total noncurrent assets</b>	<b>69,428,993</b>	<b>67,419,228</b>	<b>354,291</b>	<b>137,202,512</b>	<b>2,436,786</b>
<b>Total assets</b>	<b>74,069,417</b>	<b>73,518,174</b>	<b>823,134</b>	<b>148,410,725</b>	<b>5,971,322</b>
<b>Deferred Outflows of Resources</b>					
(Note 4)	133,198	441,519	-	574,717	21,621
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	389,386	414,831	-	804,217	163,618
Due to other governmental units	-	59,369	-	59,369	-
Refundable deposits, bonds, etc.	-	18,441	-	18,441	-
Accrued liabilities and other	256,364	146,076	-	402,440	371,840
Unearned revenue	-	3,585	460,375	463,960	-
Compensated absences	168,361	152,812	-	321,173	13,185
Current portion of long-term debt (Note 7)	2,364,054	1,113,387	-	3,477,441	88,485
<b>Total current liabilities</b>	<b>3,178,165</b>	<b>1,908,501</b>	<b>460,375</b>	<b>5,547,041</b>	<b>637,128</b>

# City of Monroe, Michigan

## Proprietary Funds Statement of Net Position (Continued) June 30, 2017

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
<b>Liabilities (Continued):</b>					
Noncurrent liabilities:					
Net OPEB obligation	\$ -	\$ -	\$ -	\$ -	\$ 23,854
Net pension liability	166,433	214,053	-	380,486	27,019
Long-term debt - Net of current portion (Note 7)	42,903,238	20,602,184	-	63,505,422	668,134
Total noncurrent liabilities	43,069,671	20,816,237	-	63,885,908	719,007
Total liabilities	46,247,836	22,724,738	460,375	69,432,949	1,356,135
<b>Deferred Inflows of Resources -</b>					
Deferred inflows related to pensions	8,988	11,559	-	20,547	1,458
<b>Net Position</b>					
Net investment in capital assets	24,426,160	41,403,599	354,291	66,184,050	1,793,622
Unrestricted	3,519,631	9,819,797	8,468	13,347,896	2,841,728
Total net position	<b>\$ 27,945,791</b>	<b>\$ 51,223,396</b>	<b>\$ 362,759</b>	<b>\$ 79,531,946</b>	<b>\$ 4,635,350</b>

# City of Monroe, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Funds				
	Major Funds		Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Wastewater	Water			
<b>Operating Revenue</b>					
Sale of water	\$ -	\$ 7,655,989	\$ -	\$ 7,655,989	\$ -
Sewage disposal charges	8,692,342	-	-	8,692,342	-
Other charges for services	380,911	791,153	-	1,172,064	430,623
Charges to other funds	-	-	-	-	3,517,691
Total operating revenue	9,073,253	8,447,142	-	17,520,395	3,948,314
<b>Operating Expenses</b>					
Operations and maintenance	1,773,799	1,096,047	-	2,869,846	4,184,293
Direct cost of providing service	4,350,922	3,822,688	-	8,173,610	-
Depreciation	1,668,476	1,587,953	-	3,256,429	249,870
Total operating expenses	7,793,197	6,506,688	-	14,299,885	4,434,163
<b>Operating Income (Loss)</b>	1,280,056	1,940,454	-	3,220,510	(485,849)
<b>Nonoperating Revenue (Expenses)</b>					
Investment income	19,236	59,083	3,629	81,948	20,186
Income from joint venture	-	3,043	-	3,043	-
Interest expense	(1,048,440)	(668,492)	-	(1,716,932)	(20,273)
Other nonoperating expenses	(63)	(60)	-	(123)	-
Gain on sale of assets	9,467	-	-	9,467	26,930
Nonoperating grants	634,747	-	-	634,747	-
Total nonoperating (expenses) revenue	(385,053)	(606,426)	3,629	(987,850)	26,843
<b>Income (Loss) - Before contributions</b>	895,003	1,334,028	3,629	2,232,660	(459,006)
<b>Capital Contributions</b> - Lines donated by developers	-	754,346	-	754,346	-
<b>Transfers In</b>	-	-	-	-	57,000
<b>Change in Net Position</b>	895,003	2,088,374	3,629	2,987,006	(402,006)
<b>Net Position</b> - Beginning of year	27,050,788	49,135,022	359,130	76,544,940	5,037,356
<b>Net Position</b> - End of year	<u>\$ 27,945,791</u>	<u>\$ 51,223,396</u>	<u>\$ 362,759</u>	<u>\$ 79,531,946</u>	<u>\$ 4,635,350</u>

# City of Monroe, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Funds				
	Major Funds		Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Wastewater	Water			
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 9,121,101	\$ 7,883,742	\$ -	\$ 17,004,843	\$ 3,415,390
Receipts from interfund services and reimbursements	-	-	-	-	465
Payments to suppliers	(3,882,453)	(2,142,390)	-	(6,024,843)	(3,894,055)
Payments to employees	(2,101,817)	(2,388,892)	-	(4,490,709)	(135,116)
Other receipts	-	789,653	-	789,653	400,043
Payments for OPEB contributions	(4,884,109)	(4,613,420)	-	(9,497,529)	(556,419)
Net cash used in operating activities	(1,747,278)	(471,307)	-	(2,218,585)	(769,692)
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	-	-	-	-	57,000
Principal and interest paid on OPEB bonds	(320,933)	(323,903)	-	(644,836)	(37,591)
Receipt of noncapital grants	1,106,013	-	-	1,106,013	-
Net cash provided by (used in) noncapital financing activities	785,080	(323,903)	-	461,177	19,409
<b>Cash Flows from Capital and Related Financing Activities</b>					
Special assessment collections	9,629	7,031	-	16,660	-
Proceeds from sales of capital assets	17,000	-	-	17,000	26,930
Purchase of capital assets	(216,641)	(2,238,583)	-	(2,455,224)	(519,768)
Principal and interest paid on capital debt	(3,082,798)	(1,421,836)	-	(4,504,634)	(71,815)
Net cash used in capital and related financing activities	(3,272,810)	(3,653,388)	-	(6,926,198)	(564,653)
<b>Cash Flows from Investing Activities</b>					
Interest received on investments	19,121	58,811	3,792	81,724	20,479
Proceeds from sale and maturities of investment securities	95,043	(577,422)	-	(482,379)	287,902
Net cash provided by (used in) investing activities	114,164	(518,611)	3,792	(400,655)	308,381
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(4,120,844)	(4,967,209)	3,792	(9,084,261)	(1,006,555)
<b>Cash and Cash Equivalents - Beginning of year</b>	6,534,203	8,170,324	465,051	15,169,578	3,647,433
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 2,413,359</u>	<u>\$ 3,203,115</u>	<u>\$ 468,843</u>	<u>\$ 6,085,317</u>	<u>\$ 2,640,878</u>
<b>Statement of Net Position Classification of Cash and Cash Equivalents</b>					
Cash and investments	\$ 2,563,316	\$ 3,905,369	\$ 468,843	\$ 6,937,528	\$ 2,640,878
Less amounts classified as investments	(149,957)	(702,254)	-	(852,211)	-
Total cash and cash equivalents	<u>\$ 2,413,359</u>	<u>\$ 3,203,115</u>	<u>\$ 468,843</u>	<u>\$ 6,085,317</u>	<u>\$ 2,640,878</u>

# City of Monroe, Michigan

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2017

	Enterprise Funds				
	Major Funds		Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Wastewater	Water			
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 1,280,056	\$ 1,940,454	\$ -	\$ 3,220,510	\$ (485,849)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,668,476	1,587,953	-	3,256,429	249,870
Changes in assets and liabilities:					
Receivables	47,848	226,253	-	274,101	(132,416)
Inventories	-	(104,750)	-	(104,750)	-
Prepaid and other assets	-	75	-	75	(25,840)
Accounts payable	(213,450)	134,215	-	(79,235)	39,468
Accrued and other liabilities	17,661	29,478	-	47,139	91,852
Net OPEB and pension obligations	(4,547,869)	(4,284,985)	-	(8,832,854)	(506,777)
Net cash used in operating activities	<u>\$ (1,747,278)</u>	<u>\$ (471,307)</u>	<u>\$ -</u>	<u>\$ (2,218,585)</u>	<u>\$ (769,692)</u>

**Noncash Activity** - During the current year, the City recorded \$294,560 of wastewater capital assets that were funded using restricted unspent bond proceeds that were available from a prior year county debt issue. Funds were held and disbursed by the County directly to contractors, resulting in a noncash activity for the City. There was also \$754,346 in customer water main installations that were recorded as water capital assets and a capital contribution at June 30, 2017.

# City of Monroe, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery	<u>Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 183,457	\$ 261,910	\$ 8,702,612
Investments:			
U.S. government securities	14,945,848	74,871	-
Municipal bonds	10,159,811	-	-
Foreign bonds	2,824,395	-	-
Stocks	44,760,686	-	-
Corporate bonds	25,781,322	-	-
Other investments	13,413,342	109,604	-
Foreign stocks	16,128,816	-	-
Money market	55,592,138	-	-
Commercial paper	11,928,504	-	-
Securities lending - Money market	144,117	-	-
Receivables:			
Interest	346,121	201	-
Other receivables	53	6,590	-
Other assets	-	-	949,246
Total assets	<u>196,208,610</u>	<u>453,176</u>	<u>\$ 9,651,858</u>
<b>Liabilities</b>			
Accounts payable	1,122,142	2,676	\$ 5,851
Due to other governmental units	-	-	9,578,673
Accrued liabilities and other	-	-	67,334
Obligations under securities lending agreements	274,941	-	-
Total liabilities	<u>1,397,083</u>	<u>2,676</u>	<u>\$ 9,651,858</u>
<b>Net Position</b> - Held in trust for pension, other employee benefits, and cemetery operations	<u>\$ 194,811,527</u>	<u>\$ 450,500</u>	

# City of Monroe, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 6,194,349	\$ 4,966
Net increase (decrease) in fair value of investments	16,115,455	(1,636)
Investment-related expenses	(1,175,666)	-
Net investment income	21,134,138	3,330
Securities lending income:		
Interest and dividends	7,453	-
Investment-related expenses	(2,232)	-
Contributions:		
Employer	38,481,131	-
Employee	604,658	-
Total contributions	39,085,789	-
General Fund contribution	-	30,000
Charges for services	-	15,220
Total additions	60,225,148	48,550
<b>Deductions</b>		
Benefit payments	13,002,584	-
Refunds of contributions	196,767	-
Administrative expenses	92,593	36,746
Total deductions	13,291,944	36,746
<b>Net Increase in Net Position Held in Trust</b>	46,933,204	11,804
<b>Net Position - Beginning of year</b>	147,878,323	438,696
<b>Net Position - End of year</b>	<b>\$ 194,811,527</b>	<b>\$ 450,500</b>

# City of Monroe, Michigan

## Component Units Statement of Net Position June 30, 2017

	Port of Monroe	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and investments	\$ 147,031	\$ 524,473	\$ 1,450,261	\$ 2,121,765
Receivables:				
Other receivables	80,119	-	-	80,119
Accrued interest receivable	-	355	1,977	2,332
Due from other governmental units	175,915	-	-	175,915
Prepaid expenses and other assets	26,766	-	-	26,766
Restricted assets	2,492,350	-	-	2,492,350
Capital assets	5,491,533	-	-	5,491,533
Total assets	8,413,714	524,828	1,452,238	10,390,780
<b>Liabilities</b>				
Accounts payable	202,818	2,848	435,027	640,693
Due to other governmental units	-	-	478	478
Accrued liabilities and other	43,712	318	-	44,030
Unearned revenue	147,810	-	-	147,810
Advance from primary government	40,000	-	1,702,422	1,742,422
Noncurrent liabilities:	-	-	-	-
Due in more than one year - Current portion of long-term debt	141,752	-	100,210	241,962
Due in more than one year:				
Environmental liabilities	947,102	-	-	947,102
Long-term debt	3,402,328	-	891,571	4,293,899
Total liabilities	4,925,522	3,166	3,129,708	8,058,396
<b>Net Position</b>				
Net investment in capital assets	3,882,791	-	-	3,882,791
Restricted	557,012	-	-	557,012
Unrestricted	(951,611)	521,662	(1,677,470)	(2,107,419)
Total net position	\$ 3,488,192	\$ 521,662	\$ (1,677,470)	\$ 2,332,384

# City of Monroe, Michigan

Functions/Programs	Program Revenue		
	Expenses	Charges for Services	Capital Grants and Contributions
Downtown Development Authority - Public Works	\$ 217,789	\$ -	\$ -
Brownfield Redevelopment Authority:			
Public works	250,964	-	-
Debt service	58,099	-	-
Total Brownfield Redevelopment Authority	309,063	-	-
Business-type activities - Port of Monroe - Public Works	933,707	500,815	351,787
Total component units	<b>\$ 1,460,559</b>	<b>\$ 500,815</b>	<b>\$ 351,787</b>
General revenue:			
Property taxes			
State-shared revenue			
Investment income			
Other miscellaneous income			
Total general revenue			
<b>Change in Net Position</b>			
<b>Net Position - Beginning of year</b>			
<b>Net Position - End of year</b>			

**Component Units  
Statement of Activities  
Year Ended June 30, 2017**

Net (Expense) Revenue and Changes in Net Position			
Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Total
\$ (217,789)	\$ -	\$ -	\$ (217,789)
-	(250,964)	-	(250,964)
-	(58,099)	-	(58,099)
-	(309,063)	-	(309,063)
-	-	(81,105)	(81,105)
(217,789)	(309,063)	(81,105)	(607,957)
184,540	511,729	369,052	1,065,321
16,212	14,613	-	30,825
4,731	11,488	-	16,219
5,194	-	-	5,194
210,677	537,830	369,052	1,117,559
(7,112)	228,767	287,947	509,602
528,774	(1,906,237)	3,200,245	1,822,782
<b>\$ 521,662</b>	<b>\$ (1,677,470)</b>	<b>\$ 3,488,192</b>	<b>\$ 2,332,384</b>

### **Note I - Nature of Business and 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 of Monroe, Michigan 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. Although blended component units are legally separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City (see discussion below for description).

#### **Blended Component Units**

The City Building Authority (not associated with the Building Authority enterprise fund) 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.

#### **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.

- a. The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to 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. The Downtown Development Authority issues a separate financial statement that can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.
- b. 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.

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

- c. 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 a separate financial statement that can be obtained at the administrative offices at 10 Port Avenue, Monroe, MI 48161.

**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.

#### **Report Presentation**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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

- The General Fund, which 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.

**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.

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

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

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

**Fiduciary funds** 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:

- Pension and Other Employee Benefit Trust Funds, which account for the activities of the retirement system and the trust established to account for costs related to retiree health care.
- The Private Purpose Trust Fund (Cemetery Fund), which accounts for the activities of the Woodland Cemetery. The cemetery is funded through contributions and fees.
- The Agency Fund accounts for tax collections that are held by the City in the capacity of trustee. The collections are then transferred to the other governmental units on a timely distribution basis.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

Interfund Activity: During the course of operations, the government 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 government 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 healthcare-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.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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

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

#### **Specific Balances and Transactions**

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

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

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories 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 fund financial statements.

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

**Restricted Assets** - Restricted assets in the Major and Local Street Funds represent unspent bond proceeds from the 2017 Michigan Transportation Fund Bonds. Restricted assets in the Capital Projects Fund represent cash from unspent bond proceeds from the 2017 Capital Improvement Bonds and 2015 Capital Improvement Bonds.

### Note I - Nature of Business and Significant Accounting Policies (Continued)

Restricted assets in the Port of Monroe include unspent loan proceeds received from the State of Michigan and land that will be donated to another governmental agency in the future.

**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 acquisition value.

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

Capital Asset Class	Lives (years)
Roads and sidewalks	15 to 20
Water and sewer distribution systems	40 to 75
Buildings and improvements	40 to 50
Vehicles	3 to 5
Machinery and equipment	3 to 7
Road and site improvements	0 to 25
Railroad siding	10 to 50
Wharf	7 to 50
Dredging	20
Leachate collection system	7 to 20
Rental building	10 to 33
Office building	3 to 39
Furniture and equipment	5 to 10

**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 an "other financing source," as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has 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. The deferred outflows result from three transactions: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, differences in changes in actuarial assumptions, and differences between projected and actual experience of the plan.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue is 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 as well as 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 pensions.

#### **Net Position Flow Assumption**

The government 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.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **Fund Balance Flow Assumption**

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

#### **Fund Balance Policies**

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

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

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

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

The City Council has committed fund balance, by ordinance, General Fund surplus, an amount equal to the excess of revenue in comparison to expenses in the General Fund. 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 2/3 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 2016 tax is levied and collectible on May 1, 2016 and is recognized as revenue in the year ended June 30, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the City totaled \$963 million (a portion of which is abated and a portion of which is captured by the Brownfield Redevelopment Authority and DDA), on which taxes levied consisted of 13.726 mills for operating purposes, .5634 mills for postretirement health care, 1.564 mills for refuse, and .520 mills for debt service related to bridge repairs and rehabilitation. This resulted in \$12.4 million for operating, \$508 thousand for postretirement health care, \$1.4 million for refuse, and \$469 thousand for debt service. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds 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, Michigan 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.

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Other Postemployment Benefit Costs** - The City offers retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

**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.

### **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:

1. Budgets must be adopted for the General Fund and special revenue funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. 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.

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

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

1. By February of each year, all department heads submit spending requests to the finance director so that a budget may be prepared.
2. Before April, the proposed budget is submitted to the City Council for review.
3. Public hearings are held and a final budget is adopted no later than May 1.
4. 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, 2017 was \$57,961 in the General Fund and \$879,269 in nonmajor governmental funds. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America except for the following exceptions:

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

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

**Fund Deficits** - For the year ended June 30, 2017, the Brownfield Redevelopment Authority Fund has a deficit in unrestricted net position of \$1,677,470 on a full accrual basis but has a fund balance of \$1,016,733 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, 2017, the Port of Monroe has an unrestricted net position deficit of \$951,611. 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	\$ 563,723
Employee benefits	1,543,279

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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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 ten banks for the deposit of its funds. The City's investment policy, adopted in accordance with state law, has authorized investment in bank accounts and CDs, as well as investment pools organized under the Surplus Funds Investment Act of 1982 and under the Investment Company Act of 1940. For mutual funds, the City may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pool and mutual funds whose intent is to maintain a net asset value of \$1.00 per share and allow for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

The City's Pension Trust Fund (the "Retirement System") 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.

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

As permitted by state statutes and under the provisions of a Securities Lending Authorization Agreement, the Retirement System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Retirement System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2017, only United States currency was received as collateral.

The Retirement System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Retirement System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2017 was one day. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2017, the Retirement System had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the Retirement System as of June 30, 2017 were \$274,941 and \$265,909, respectively.

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 \$5,569,000 of bank deposits (certificates of deposit and checking and savings accounts) 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. The City has deposits of \$1,359,850 that are uninsured but collateralized with securities held by the pledging financial institution's agent but not in the depositor-government's name.

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

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

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

Investment	Fair Value	0-5 Years	6-10 Years	More than 10 Years
U.S. government or agency bond or note	\$ 17,819,460	\$ 10,625,237	\$ 5,957,694	\$ 1,236,529
Municipal bonds	10,159,811	6,131,086	4,028,725	-
Foreign bonds	2,824,395	1,651,410	1,172,985	-
Corporate bonds	26,681,636	16,564,849	9,761,531	355,256
Total	<u>\$ 57,485,302</u>	<u>\$ 34,972,582</u>	<u>\$ 20,920,935</u>	<u>\$ 1,591,785</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 year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating Organization	Rating
Corporate bonds	\$ 2,680,052	S&P	AAA
Corporate bonds	612,220	S&P	AA+
Corporate bonds	1,330,946	S&P	AA
Corporate bonds	2,247,647	S&P	AA-
Corporate bonds	821,006	S&P	A+
Corporate bonds	4,342,609	S&P	A
Corporate bonds	3,207,943	S&P	A-
Corporate bonds	6,916,118	S&P	BBB+
Corporate bonds	2,415,458	S&P	BBB
Corporate bonds	1,504,470	S&P	BBB-
Corporate bonds	603,166	S&P	Not Rated
Foreign bonds	132,954	S&P	AA
Foreign bonds	830,202	S&P	AA-
Foreign bonds	744,424	S&P	A+
Foreign bonds	909,900	S&P	A
Foreign bonds	206,916	S&P	A-
Municipal bonds	2,344,898	S&P	AAA
Municipal bonds	1,416,651	S&P	AA+
Municipal bonds	1,447,137	S&P	AA
Municipal bonds	2,638,176	S&P	AA-
Municipal bonds	451,915	S&P	A+
Municipal bonds	1,861,035	S&P	Not Rated

### 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 System and Retiree Healthcare Fund restrict the amount of investments in foreign currency-denominated investments to 5 percent of total investments. At June 30, 2017, the Pension System and Retiree Healthcare Fund had \$2,824,395 invested in foreign bonds and \$21,787,585 invested in foreign stock. Of these amounts, \$10,110,174 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.

Investment Type	Fair Value	Currency
Foreign stocks	\$ 506,955	Australian dollar
Foreign stocks	345,011	Swiss franc
Foreign stocks	386,779	Swedish krona
Foreign stocks	3,275,000	Euro
Foreign stocks	728,574	Great British pounds
Foreign stocks	1,979,059	Hong Kong dollar
Foreign stocks	2,888,796	Japanese yen

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

In instances whereby 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.

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

The City has the following recurring fair value measurements as of June 30, 2017:

#### Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities:				
U.S. Treasury and agency securities	\$ 17,819,460	\$ -	\$ 17,819,460	\$ -
Corporate bonds	26,681,636	-	26,681,636	-
Foreign bonds	2,824,395	-	2,824,395	-
Municipal bonds	10,159,811	-	10,159,811	-
Total debt securities	57,485,302	-	57,485,302	-
Domestic equity securities:				
Consumer discretionary	6,563,986	6,563,986	-	-
Consumer staples	2,182,357	2,182,357	-	-
Energy	1,202,797	1,202,797	-	-
Financial industry	10,171,759	10,171,759	-	-
Healthcare industry	4,572,930	4,572,930	-	-
Industrials	5,229,100	5,229,100	-	-
Information technology	10,875,137	10,875,137	-	-
Materials	2,145,409	2,145,409	-	-
Telecommunication services industry	846,795	846,795	-	-
Utilities	670,967	670,967	-	-
Other	299,449	299,449	-	-
Total domestic equity securities	44,760,686	44,760,686	-	-
Foreign equity securities:				
Consumer discretionary	1,167,627	-	-	-
Energy	166,272	-	-	-
Financial industry	1,949,159	-	-	-
Healthcare industry	2,716,246	-	-	-
Industrials	386,779	-	-	-
Information technology	3,083,970	-	-	-
Materials	601,162	-	-	-
Telecommunication services industry	136,504	-	-	-
Other	5,921,098	-	-	-
Total foreign equity securities	16,128,817	-	-	-
Money market funds	3,389,728	-	3,389,728	-
Private equity funds	16,757,804	-	-	16,757,804
Total investments by fair value level	138,522,337	\$ 44,760,686	\$ 60,875,030	\$ 16,757,804
<b>Investments Measured at Net Asset Value (NAV)</b>				
Michigan class investment pool	39,167,256			
Real estate funds	9,072,797			
Mutual funds	271,472			
Mutual funds index equity	34,534,284			
Mutual funds international	15,376,506			
Money market fund - Securities lending	144,117			
Total investments measured at NAV	98,566,432			
Total investments measured at fair value	\$ 237,088,769			

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

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

The fair value of debt securities and money market funds at June 30, 2017 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, 2017 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 on the following table.

#### Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby 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, 2017, 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	\$ 39,167,256	\$ -	No limitations	None
Real estate funds	9,072,797	-		
Mutual funds	271,472	-		
Mutual funds index equity	34,534,284	-		
Mutual funds international	15,376,506	-		
Money market fund - Securities lending	144,117	-		
Total investments measured at NAV	<u>\$ 98,566,432</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.

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

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 the net asset value of the City's ownership interest in partners' capital.

The mutual funds invest in mid-capitalization 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 money market fund - securities lending holds various investment grade money market funds held at various domestic financial institutions.

### Note 4 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities	Business-type Activities
Property taxes levied for subsequent year's operations	\$ 16,906,055	\$ 16,906,055	\$ -
Special assessments and delinquent property taxes	223,784	-	-
Grants and other receivables	526,331	-	-
Pensions - Difference between expected and actual experience	-	616,775	20,547
Total deferred inflows	<u>\$ 17,656,170</u>	<u>\$ 17,522,830</u>	<u>\$ 20,547</u>

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Deferred Inflows/Outflows of Resources (Continued)

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

	Governmental Activities	Business-type Activities
Bond refunding charges previously amortized	\$ -	\$ 270,211
Pensions - Difference between expected and actual experience	113,163	3,769
Pensions - Net difference between projected and actual earnings on pension plan investments	3,036,875	101,145
Pensions - Difference in changes in actuarial assumptions	<u>5,992,769</u>	<u>199,592</u>
Total deferred outflows	<u>\$ 9,142,807</u>	<u>\$ 574,717</u>

### Note 5 - Capital Assets

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

	Balance July 1, 2016	Reclassifications and special item	Additions	Disposals	Balance June 30, 2017
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 3,353,618	\$ -	\$ 32,510	\$ -	\$ 3,386,128
Construction in progress	633,454	(519,750)	1,950,067	-	2,063,771
Subtotal	3,987,072	(519,750)	1,982,577	-	5,449,899
Capital assets being depreciated:					
Roads and sidewalks	141,477,882	519,750	2,159,604	-	144,157,236
Buildings and improvements	17,781,049	-	9,720	-	17,790,769
Equipment	8,586,670	-	583,924	(738,223)	8,432,371
Land improvements	5,543,900	-	240,269	-	5,784,169
Subtotal	173,389,501	519,750	2,993,517	(738,223)	176,164,545
Accumulated depreciation:					
Infrastructure	92,421,656	-	4,325,753	-	96,747,409
Buildings and improvements	7,783,361	2,584,306	374,123	-	10,741,790
Equipment	6,944,802	5,485	303,306	(719,995)	6,533,598
Land improvements	2,305,488	-	261,351	-	2,566,839
Subtotal	109,455,307	2,589,791	5,264,533	(719,995)	116,589,636
Net capital assets being depreciated	<u>63,934,194</u>	<u>(2,070,041)</u>	<u>(2,271,016)</u>	<u>(18,228)</u>	<u>59,574,909</u>
Net capital assets	<u>\$ 67,921,266</u>	<u>\$ (2,589,791)</u>	<u>\$ (288,439)</u>	<u>\$ (18,228)</u>	<u>\$ 65,024,808</u>

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 5 - Capital Assets (Continued)

	Balance July 1, 2016	Reclassifications	Additions	Disposals	Balance June 30, 2017
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 367,931	\$ -	\$ -	\$ -	\$ 367,931
Construction in progress	54,945	(51,445)	983,873	-	987,373
Subtotal	422,876	(51,445)	983,873	-	1,355,304
Capital assets being depreciated:					
Water and sewer distribution systems	85,064,484	51,445	2,079,620	-	87,195,549
Buildings and improvements	68,757,985	-	20,810	-	68,778,795
Machinery and equipment	20,747,388	-	220,281	(244,245)	20,723,424
Vehicles	1,190,193	-	193,443	(123,054)	1,260,582
Land improvements	467,626	-	6,104	-	473,730
Subtotal	176,227,676	51,445	2,520,258	(367,299)	178,432,080
Accumulated depreciation:					
Water and sewer distribution systems	20,882,002	-	1,387,253	-	22,269,255
Buildings and improvements	18,962,030	-	1,320,314	-	20,282,344
Machinery and equipment	11,863,220	-	505,208	(236,712)	12,131,716
Vehicles	1,047,127	-	36,200	(123,054)	960,273
Land improvements	396,413	-	7,455	-	403,868
Subtotal	53,150,792	-	3,256,430	(359,766)	56,047,456
Net capital assets being depreciated	123,076,884	51,445	(736,172)	(7,533)	122,384,624
Net capital assets	\$ 123,499,760	\$ -	\$ 247,701	\$ (7,533)	\$ 123,739,928

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 5 - Capital Assets (Continued)

	Balance July 1, 2016	Reclassifications	Additions	Disposals	Balance June 30, 2017
<b>Component Units</b>					
Capital assets not being depreciated:					
Land	\$ 1,767,092	\$ -	\$ -	\$ -	\$ 1,767,092
Site improvements	363,697	-	-	-	363,697
Earthen dikes	321,061	-	-	-	321,061
Construction in progress	173,751	-	1,241,127	-	1,414,878
Subtotal	2,625,601	-	1,241,127	-	3,866,728
Capital assets being depreciated:					
Road and site improvement	877,916	-	-	-	877,916
Railroad siding	729,957	-	-	-	729,957
Wharf	248,821	-	-	-	248,821
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,580	-	-	-	291,580
Office building	1,039,046	-	48,397	-	1,087,443
Furniture and equipment	412,888	-	-	-	412,888
Subtotal	4,012,890	-	48,397	-	7,928,015
Accumulated depreciation:					
Road and site improvement	607,727	-	28,030	-	635,757
Railroad siding	212,512	-	14,929	-	227,441
Wharf	227,087	-	749	-	227,836
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,491	-	60	-	291,551
Office building	419,117	-	22,372	-	441,489
Furniture and equipment	164,352	-	35,374	-	199,726
Subtotal	2,334,968	-	101,514	-	2,436,482
Net capital assets being depreciated	1,677,922	-	(53,117)	-	1,624,805
Net capital assets	\$ 4,303,523	\$ -	\$ 1,188,010	\$ -	\$ 5,491,533

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

**Governmental activities:**

General government	\$ 208,441
Public safety	79,685
Public works	4,410,029
Recreation and culture	316,508
Internal service fund depreciation is charged to the various functions based on their usage of the asset	249,870
<b>Total governmental activities</b>	<b>\$ 5,264,533</b>

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 5 - Capital Assets (Continued)

Business-type activities:	
Water	\$ 1,587,954
Wastewater	<u>1,668,476</u>
Total business-type activities	<u>\$ 3,256,430</u>
Component unit activities - Port of Monroe	<u>\$ 101,514</u>

**Construction Commitments** - The City has active construction projects at year end. The City's most significant active construction project is the Concrete Paving Program, as well as various other city projects specifically allocated toward various capital improvements within the City. At year end, the City's significant commitment with a contractor is as follows:

	<u>Total Commitment</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Concrete Paving Program	\$ 1,820,636	\$ 601,960	\$ 1,218,676
Curb Replacement and Resurfacing Program	1,750,341	1,072,990	677,351
Winchester Street Bridge Rehabilitation	1,455,158	355,871	1,099,287

**Special Item - Asset Impairment** - During the year, the City became aware of necessary repairs required to the ice arena operations of the Monroe Multi-Sports Complex. The City Council voted to shut down ice arena operations. As a result of the necessary repairs and the closure of the ice operations, an impairment has been recorded for the following assets:

Buildings and improvements	\$2,584,306
Equipment	5,485

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor governmental fund - Grants Fund	\$ 22,997
Nonmajor governmental fund - Capital Projects Fund	Nonmajor governmental fund - Grants Fund	16,248
Nonmajor governmental fund - Building Safety Fund	Nonmajor governmental fund - Grants Fund	6,607
Nonmajor governmental fund - Local Streets Fund	Nonmajor governmental funds - Major Streets Fund	<u>46,875</u>
	Total interfund activity	<u>\$ 92,727</u>

Receivable Fund	Payable Fund	Amount
<b>Advances from/to Other Funds</b>		
Water Fund	General Fund	<u>\$ 715,358</u>

Receivable Fund	Payable Fund	Amount
<b>Advances Due to/from Primary Government and Component Units</b>		
Nonmajor governmental fund - Economic Development Fund	Component unit - Brownfield Redevelopment Authority	\$ 1,436,638
	Component unit - Port of Monroe	<u>50,000</u>
	Total nonmajor governmental fund - Economic Development Fund	1,486,638
Business-type fund - Water Fund	Component unit - Brownfield Redevelopment Authority	<u>265,784</u>
	Total	<u>\$ 1,752,422</u>

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

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

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

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

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds (1)	\$ 1,755,501
	Nonmajor governmental funds (2)	22,660
	Internal service funds (1)	<u>57,000</u>
	Total General Fund	1,835,161
Nonmajor governmental funds	Nonmajor governmental funds (1)	<u>942,760</u>
	Total transfers	<u>\$ 2,777,921</u>

(1) Transfer for capital improvements

(2) Transfer for debt service

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### 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 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
MDEQ Site Revitalization Loan - Mason Run - \$800,000 - Maturing through 2021	2%	\$69,766- \$78,568	\$ 377,735	\$ -	\$ 72,585	\$ 305,150	\$ 74,037
2012 Capital Improvement Bonds - \$4,050,000 - Maturing through 2032	2.25% - 3.5%	\$110,000- \$330,000	3,615,000	-	120,000	3,495,000	140,000
2012 Monroe Building Authority Refunding Bonds - \$4,425,000 - Maturing through 2024	2.230%	\$350,000- \$425,000	3,165,000	-	365,000	2,800,000	375,000
2014 Refunding Bonds (City Hall & Bridge) - \$1,421,000 - Maturing through 2031	3% - 4%	\$81,000 - \$95,000	1,248,000	-	83,000	1,165,000	81,000
2015 Capital Improvement Bonds (Roessler Street Bridge) - \$1,725,000 - Maturing through 2030	0.50% - 2.60%	\$100,000 - \$170,000	1,625,000	-	100,000	1,525,000	100,000
2016 OPEB Bonds - \$25,968,220 - Maturing through 2038	0.98% - 4.02%	\$921,559- \$1,631,012	25,968,220	-	1,034,929	24,933,291	921,559
2017 Capital Improvements Bonds - \$1,890,000 - Maturing through 2030	1% - 3%	\$140,000- \$150,000	-	1,890,000	-	1,890,000	145,000
2017 Michigan Transportation Fund Bonds - \$2,565,000 - Maturing through 2024	.85% - 1.75%	\$150,000- \$495,000	-	2,565,000	-	2,565,000	150,000
Installment purchase obligations:							
Various city facility improvements - \$253,005 - Maturing through 2017	4.85%	\$24,387- \$115,298	115,298	-	115,298	-	-
Equipment installment purchase - \$159,230 - Maturing through 2018	4.90%	\$16,944- \$19,542	38,177	-	18,635	19,542	19,542
Equipment installment purchase - \$249,990 - Maturing through 2021	1.70%	\$48,299 - \$51,705	249,990	-	48,299	201,691	49,155
Unamortized bond premium			109,763	-	7,400	102,363	7,400
Compensated absences			679,085	267,232	146,310	800,007	170,549
<b>Total governmental activities</b>			<b>\$ 37,191,268</b>	<b>\$ 4,722,232</b>	<b>\$ 2,111,456</b>	<b>\$ 39,802,044</b>	<b>\$ 2,233,242</b>

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
2008 General Obligation Water Meter Shop Bonds - \$6,360,000 - Maturing through 2028	3.25%- 4.5%	\$260,000- \$505,000	\$ 615,000	\$ -	\$ 300,000	\$ 315,000	\$ 315,000
MDEQ Clean Water State Revolving Funds (through County of Monroe) - \$12,000,000 - Maturing through 2030	2.5%	\$505,000- \$560,000	9,010,000	-	545,000	8,465,000	560,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - \$3,051,000 - Maturing through 2030	2.5%	\$100,000- \$190,000	1,822,783	-	110,000	1,712,783	115,000
MDEQ Sewage Disposal System Bonds (through County of Monroe) - \$9,115,000 - Maturing through 2033	2.5%	\$341,767- \$545,000	7,694,569	-	370,000	7,324,569	380,000
2012 General Obligation Limited Tax Refunding Bonds - \$1,850,000 - Maturing through 2025	.55% - 3.5%	\$130,000- \$165,000	1,335,000	-	135,000	1,200,000	135,000
MDEQ Sewage Disposal System Bonds (through County of Monroe) - \$17,950,000 - Maturing through 2034	2.5%	\$705,000- \$1,125,000	16,525,000	-	740,000	15,785,000	755,000
2013 Water Bonds - \$5,540,000 Maturing through 2033	3.55%	\$210,000- \$395,000	5,115,000	-	225,000	4,890,000	230,000
2016 Refunding Bonds (Water Meter Shop) - \$3,905,000 - Maturing through 2028	2% - 4%	\$25,000- \$470,000	3,905,000	-	25,000	3,880,000	-
2014 Sewage Disposal System Bonds (through County of Monroe):							
\$10,500,000 - Maturing through 2034	.35% - 4.75%	\$505,000- \$580,000	9,480,000	-	505,000	8,975,000	505,000
2014 Refunding Bonds (Water) - \$4,864,000 - Maturing through 2031	3% - 4%	\$137,000- \$690,000	4,547,000	-	137,000	4,410,000	144,000
Unamortized bond premium			946,557	-	77,751	868,806	-
2016 OPEB Bonds - \$9,536,780 - Maturing through 2038	0.98% - 4.02%	\$338,441- \$598,987	9,536,780	-	380,075	9,156,705	338,441
Total			<u>\$ 70,532,689</u>	<u>\$ -</u>	<u>\$ 3,549,826</u>	<u>\$ 66,982,863</u>	<u>\$ 3,477,441</u>

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

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

Compensated absences attributable to the governmental activities will be liquidated 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. 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			Business-type Activities		
	Principal	Interest - Net of Subsidy	Total	Principal	Interest - Net of Subsidy	Total
2018	\$ 2,055,293	\$ 1,107,515	\$ 3,162,808	\$ 3,477,441	\$ 1,989,194	\$ 5,466,635
2019	2,076,038	1,068,282	3,144,320	3,549,470	1,900,312	5,449,782
2020	2,323,027	1,031,720	3,354,747	3,624,842	1,812,851	5,437,693
2021	2,476,058	989,221	3,465,279	3,699,214	1,720,213	5,419,427
2022	2,399,071	941,797	3,340,868	3,790,929	1,616,485	5,407,414
2023-2027	10,120,453	3,944,895	14,065,348	20,474,547	6,855,070	27,329,617
2028-2032	8,559,618	2,616,713	11,176,331	19,928,166	3,054,855	22,983,021
2033-2037	7,259,108	1,218,637	8,477,745	6,970,462	656,920	7,627,382
2038-2042	1,631,008	65,565	1,696,573	598,986	24,079	623,065
Total	\$ 38,899,674	\$ 12,984,345	\$ 51,884,019	\$ 66,114,057	\$ 19,629,979	\$ 85,744,036

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 over a period of 15 years. No payments are due in the first five years. The advance will be repaid with tax captures. The balance on the advance at June 30, 2017 is \$439,655, 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. No payments are due until October 1, 2018. The advance will be repaid with tax captures. The balance on the advance at June 30, 2017 is \$325,000, with the advance projected to be completely repaid by October 1, 2027.

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

The Brownfield Redevelopment Authority has committed to repaying the State of Michigan Department of Environmental Quality the principal of \$1,000,000 with 1.5 percent interest related to a Clean Michigan Initiative Brownfield Redevelopment Loan that the Authority received for redevelopment of a contaminated site. The loan will be repaid over a period of 11 years. The loan will be repaid with tax captures. The balance on the loan at June 30, 2017 is \$227,126, with the loan projected to be completely repaid by June 30, 2025.

In April 2013, the Port of Monroe entered into a promissory note in the amount of \$150,000 at an interest rate of 3.75 percent. The note provides for monthly principal and interest payments of \$1,093 through March 2018 and a balloon payment of \$110,223 in April 2018. The outstanding balance at June 30, 2017 was \$116,489, which is all due next year.

In November 2015, the Port of Monroe entered into a promissory note in the amount of \$440,000 to fund the purchase of an office building. The note provides for monthly principal and interest payments of \$2,773 through October 2020 and a balloon payment of \$364,900 in November 2020. The outstanding balance at June 30, 2017 was \$417,591, with \$15,263 due next year.

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

### 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 related 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.

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. Settled claims have not exceeded the amount of insurance coverage in the past three years.

### Note 8 - Risk Management (Continued)

The City estimates the liability for workers' compensation and medical benefits 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 Benefit Internal Service Funds and within the Retiree Health Care Employee Benefit Trust Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims - Beginning of year	\$ 648,933	\$ 637,200
Incurred claims, including claims incurred but not reported	(4,965,468)	(5,246,557)
Claim payments	<u>5,031,519</u>	<u>5,258,290</u>
Unpaid claims - End of year	<u>\$ 714,984</u>	<u>\$ 648,933</u>

### Note 9 - Pension Plan

#### Pension Plan Description

**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.

Management of the plan is vested in the Pension Board, which consists of nine members elected by plan members and appointed by the City, and the mayor and city manager, by virtue of their offices. The plan does not issue a separate stand-alone financial statement.

**Employees Covered by Benefit Terms** - At June 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	283
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>164</u>
Total employees covered by the plan	<u>467</u>

### 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 that are Teamsters union members can retire when the sum of their years of service and age equals 80. Hybrid plan members with 10 continuous years of service are eligible to retire at age 60 and at age 62 with three continuous years of service. Public safety plan members with 10 years of continuous service are eligible to retire at age 55, and can retire at age 50 with 25 years of continuous service. All plan members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are equal to the members' accumulated contributions or a retirement allowance equal to the workers' compensation benefit received as a result of a death in the line of duty converted to a monthly amount. A plan member who leaves city service may withdraw his or her contributions, plus any accumulated interest.

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).

### Note 9 - Pension Plan (Continued)

**Contributions** - Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2017, the average active member contribution rate was 4.49 percent of annual pay and the City's average contribution rate was 18.39 percent of annual payroll.

#### Pension Plan Investments - Policy and Rate of Return

**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, 2017:

Asset Class	Target Allocation
U.S. Large Cap Growth	7.5 %
U.S. Large Cap Value	7.5
U.S. Large Cap Core	8.5
U.S. Mid Cap Growth	11.0
U.S. Small Cap Value	6.0
International Equity	16.0
Taxable Fixed Income - Intermediate	34.5
Real Estate/REITs	5.0
Life Settlement	4.0

**Concentrations** - At June 30, 2017, the plan held 11.1 percent, 9.1 percent, 9.3 percent, 18.0 percent, 20.2 percent, and 22.3 percent of plan net position within Bloomfield Capital Income Fund III, VIDA Longevity Fund, PRISA Pooled Commingle Equity Real Estate Fund, Comerica Large Cap Growth Fund, Comerica S&P 500 Index Fund, and International Research Enhanced Index, respectively.

### Note 9 - Pension Plan (Continued)

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.60 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 7.5 percent.

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

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

The balances of the reserve accounts at June 30, 2017 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 113,148,325	\$ 113,148,325
Employee reserve	8,921,536	8,921,536
Employer reserve	14,544,863	14,544,863

#### Net Pension Liability

The components of the net pension liability of the City at June 30, 2017 were as follows:

Total pension liability	\$ 148,419,521
Plan fiduciary net position	<u>(136,614,724)</u>
City's net pension liability	<u>\$ 11,804,797</u>
Plan fiduciary net position as a percentage of the total pension liability	92.1 %

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 9 - Pension Plan (Continued)

The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2016, which used updated procedures to roll forward the estimated liability to June 30, 2017.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at June 30, 2016</b>	\$ 138,493,483	\$ 128,354,993	\$ 10,138,490
Service cost	1,294,853	-	1,294,853
Interest	10,071,113	-	10,071,113
Differences between expected and actual experience	(212,575)	-	(212,575)
Changes in assumptions	8,491,439		8,491,439
Contributions - Employer	-	1,845,799	(1,845,799)
Contributions - Employee	-	444,104	(444,104)
Net investment income	-	15,761,636	(15,761,636)
Benefit payments, including refunds	(9,718,792)	(9,718,800)	8
Administrative expenses	-	(78,229)	78,229
Miscellaneous other charges	-	5,221	(5,221)
Net changes	9,926,038	8,259,731	1,666,307
<b>Balance at June 30, 2017</b>	<b>\$ 148,419,521</b>	<b>\$ 136,614,724</b>	<b>\$ 11,804,797</b>

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

For the year ended June 30, 2017, the City recognized pension expense of \$5,653,918. At June 30, 2017, 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	\$ 116,932	\$ (637,322)
Changes in assumptions	6,192,361	-
Net difference between projected and actual earnings on pension plan investments	3,138,020	-
Total	<b>\$ 9,447,313</b>	<b>\$ (637,322)</b>

### 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
2018	\$ 3,820,453
2019	3,867,822
2020	2,404,973
2021	(1,283,257)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	5.5 % Average, including inflation
Investment rate of return	7.45 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP2014 Mortality Table.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period from 2010-2015.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.45 percent and a municipal bond rate of 3.56 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.

### 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, 2016 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	5.25 %
U.S. Large Cap Value	5.32
U.S. Large Cap Core	5.30
U.S. Mid Cap Growth	6.00
U.S. Small Cap Value	6.70
International Equity	5.90
Taxable Fixed Income - Intermediate	1.10
Real Estate/REITS	5.90
Life Settlement	6.00

**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 7.45 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 (6.45 percent) or 1 percentage point higher (8.45 percent) than the current rate:

	1 Percent Decrease (6.45%)	Current Discount Rate (7.45%)	1 Percent Increase (8.45%)
Net pension liability (asset) of the City	\$ 28,725,519	\$ 11,804,797	\$ (2,369,302)

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

**Pension Plan Fiduciary Net Position** - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

### **Note 10 - Other Postemployment Benefits**

**Defined Benefit Plan Description** - The City provides retiree healthcare benefits to eligible employees hired prior to June 30, 2008 and their spouses. Benefits are provided to employees covered under the Employees' Retirement System who were hired before June 30, 2008. Currently, the plan has 384 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single-employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements and other contracts. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the plan through employer contributions.

**Funding Policy** - The collective bargaining agreements and contracts do not require contributions from employees. Retiree healthcare costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. However, as shown below, the City has made contributions to advance-fund a portion of these benefits, as determined by the City Council through annual budget resolutions. The costs of administering the plan are borne by the Retiree Health Care Plan.

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Other Postemployment Benefits (Continued)

**Funding Progress** - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2016, which is the most recent valuation. There have been no significant changes to healthcare costs, payroll, or other factors that would cause the City to expect a significant increase in the funding progress. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,963,730
Interest on the prior year's net OPEB obligation	333,012
Less adjustment to the annual required contribution	<u>(414,786)</u>
Annual OPEB cost	3,881,956
Amounts contributed:	
Payments of current premiums	(3,475,344)
Advance funding	<u>(33,320,542)</u>
Decrease in net OPEB obligation	(32,913,930)
OPEB obligation - Beginning of year	<u>4,757,316</u>
OPEB obligation (asset) - End of year	<u><u>\$ (28,156,614)</u></u>

Employer contributions and annual OPEB cost data for the current and four preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage of OPEB Costs Contributed	
6/30/13	12/31/10	\$ 3,871,234	\$ 3,788,047	108.4 %	110.7 %	\$ 6,304,821
6/30/14	12/31/10	3,691,439	3,579,680	110.7	114.2	5,797,942
6/30/15	12/31/12	3,708,247	3,623,823	111.9	114.5	5,271,283
6/30/16	12/31/12	3,646,281	3,524,991	110.8	114.6	4,757,318
6/30/17	12/31/14	3,963,730	3,881,956	928.3	947.9	(28,156,614)

### Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/08	\$ 8,148,464	\$ 51,985,601	\$ 43,837,137	15.7 %	\$ 11,289,204	388.3 %
12/31/10	12,465,300	51,703,768	39,238,468	24.1	10,758,097	364.7
12/31/12	14,793,096	52,084,559	37,291,463	28.4	9,513,707	392.0
12/31/14	18,767,341	57,762,426	38,995,085	32.5	8,748,796	445.7
12/31/16	57,151,937	67,480,069	10,328,132	84.7	7,122,885	145.0

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 8.25 percent initially, reduced by decrements to an ultimate rate of 3.25 percent after 10 years, and projected salary increases of 3.25 percent per year with additional salary increases of 0 percent to 2.24 percent related to merit and/or longevity. Both rates included a 3.25 percent wage inflation assumption and a 2.75 percent price inflation assumption. Actuarial gains and losses reduce (increase) the UAAL as they occur. The UAAL is being amortized as a level dollar value on a closed basis. The remaining amortization period at December 31, 2016 was 22 years.

### Note 10 - Other Postemployment Benefits (Continued)

**Defined Contribution Plan Description** - The City also provides retiree healthcare benefits to eligible employees hired after June 30, 2009 through a defined contribution plan administered by the Municipal Employees' Retirement System of Michigan (MERS). The benefits are provided under collective bargaining agreements and require the City and the employee each to contribute 3 percent of base earnings, as defined by collective bargaining agreements, 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, 2017, there were 101 members in the plan (73 active participants and 28 terminated employees with balances), and both the City and the plan members contributed \$104,759 to the plan.

### Note 11 - OPEB Plan

**Plan Administration** - 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.

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 comprised 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.

**Plan Membership** - At June 30, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	285
Active plan members	<u>99</u>
Total	<u><u>384</u></u>

**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.

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 work force and they are responsible for paying 4 percent of the premium cost per year of service less than 25 at retirement.

### Note 11 - OPEB Plan (Continued)

**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, 2017, the City's average contribution rate was 514.33 percent of covered-employee payroll, or \$36,635,331. The contribution by the City included funds made available due to the issuance of an OPEB Bond in the amount of \$35.5 million. Active plan members currently contribute 3 percent of the average annual base wage of all full-time city employees, which amounted to \$1,645 per active plan member for the June 30, 2017 fiscal year.

#### OPEB Plan Investments

**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 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 retiree healthcare 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, 2017:

Asset Class	Target Allocation (%)
U.S. Large Cap Equity	23.00 %
U.S. Mid Cap Equity	10.00
U.S. Small Cap Equity	7.00
International Equity	16.00
Emerging Market Equity	4.00
U.S. Fixed Income	31.00
Life Settlement	4.00
Real Estate/REITs	5.00

**Concentrations** - At June 30, 2017, the Plan held approximately 5.1 percent of plan net position within the Comerica Large Cap Growth Index Fund.

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was 12.81 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### OPEB Plan Reserves

There is no policy specifying an amount of reserves to be held.

### Note 11 - OPEB Plan (Continued)

#### Net OPEB Liability

The City reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the City has been measured as of June 30, 2017 and is composed of the following:

The components of the net OPEB liability at June 30, 2017 were as follows:

Total OPEB liability	\$ 68,073,006
Plan fiduciary net position	<u>(58,196,803)</u>
Net OPEB liability	<u>\$ 9,876,203</u>

Plan fiduciary net position as a percentage of the total OPEB liability 85 %

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 %	
Healthcare cost trend rate	8.25 %	Decreasing to 3.5 percent
Salary increases	5.00 %	Average, including inflation
Investment rate of return	7.00 %	Net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Table.

The actuarial assumptions used in the December 30, 2016 valuation were based on the results of an actual experience study for the period from 2010-2015.

#### Projected Cash Flows

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 plan members. 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.

### Note 11 - OPEB Plan (Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability, calculated using the discount rate of 7 percent, as well as what the net OPEB 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 Percent Decrease (6%)	Current Discount Rate (7%)	1 Percent Increase (8%)
Net OPEB liability	\$ 17,636,445	\$ 9,876,203	\$ 3,390,161

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 8.25 percent, decreasing to an ultimate trend rate of 3.50 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (7.25 percent, decreasing to 2.5 percent) or 1 percentage point higher (9.25 percent, decreasing to 4.5 percent) than the current rate:

	1 Percent Decrease (7.25% decreasing to 2.5%)	Current Healthcare Cost Trend Rate (8.25% decreasing to 3.5%)	1 Percent Increase (9.25% decreasing to 4.5%)
Net OPEB liability	\$ 3,279,020	\$ 9,876,203	\$ 17,575,753

### 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.

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 12 - Joint Venture (Continued)

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, 2017:

Total assets	\$ 5,609,590
Total liabilities	26,221
Total equity	5,583,369
Total revenue	390,829
Total operating expenses	390,829
Total nonoperating revenue	4,404
Increase in equity	4,404

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 \$3,865,367 is recorded in the Water Fund.

### Note 13 - Economic Dependency

Three taxpayers account for approximately 52 percent of the City's tax revenue and 9 percent of the water and sewage disposal revenue.

### Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust Fund	Retiree Health Care Fund	Total
<b><u>Statement of Net Position</u></b>			
Cash and investments	\$ 136,685,816	\$ 59,176,620	\$ 195,862,436
Other assets	346,174	-	346,174
Liabilities	417,266	979,817	1,397,083
Net position	<u>\$ 136,614,724</u>	<u>\$ 58,196,803</u>	<u>\$ 194,811,527</u>
<b><u>Statement of Changes in Net Position</u></b>			
Investment income	\$ 15,766,857	\$ 5,372,502	\$ 21,139,358
Contributions	2,289,903	36,795,886	39,085,789
Benefit payments	9,527,240	3,475,344	13,002,584
Other decreases	269,788	19,572	289,360
Net change in net position	<u>\$ 8,259,732</u>	<u>\$ 38,673,472</u>	<u>\$ 46,933,204</u>

### **Note 15 - Contingent Liabilities**

#### **Environmental Liability**

As of June 30, 2017, the Port of Monroe (the "Port") owned approximately 279 acres (the "Property") of a 480-acre tract of land formerly used as an industrial landfill that has been identified by the Michigan Department of Environment Quality (MDEQ) as a site of environmental contamination as defined by the Natural Resources and Environmental Protection Act (NREPA), Michigan PA 451, of 1994, as amended. The MDEQ has identified the Port of Monroe along with more than 70 other individual and corporate entities as potentially responsible parties (PRPs). The land is divided roughly in half by I-75 with the West Site being west of I-75 and the East Site being east of I-75. An Interim Remedial Action Plan (IRAP) was prepared for the East Site in 2002.

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

Based upon available information, in June 2017, 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 based primarily 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.

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

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, 2016. The measurement of the pollution remediation liability includes all remediation work that is expected to be performed including work to be performed by other PRPs. Expected recoveries from other PRPs have been included by reducing the measurement of the Port's pollution remediation liability.

Based upon prior contributions from 14 of the PRPs to MDEQ for various completed environmental activities on the Property, and after considering current economic conditions related to some of those PRPs, a measurement for expected recoveries has been made in the amount of \$4,222,668. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be \$947,102 and are reflected on the Port's June 30, 2017 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.

# City of Monroe, Michigan

## Notes to Financial Statements June 30, 2017

### Note 16 - Fund Balance Constraints

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

	General Fund	Nonmajor Funds	Total
<b>Fund Balances</b>			
Nonspendable:			
Real estate inventories - Net of related advances	\$ 84,642	\$ -	\$ 84,642
Prepays	15,507	44,830	60,337
Total nonspendable	100,149	44,830	144,979
Restricted:			
Roads	-	2,285,445	2,285,445
Police	-	70,119	70,119
Debt service	-	450,285	450,285
Grants	-	201,725	201,725
Capital projects (unspent bond proceeds)	-	1,469,858	1,469,858
Rubbish, garbage, and recycling	-	182,036	182,036
Code enforcement	-	271,936	271,936
Total restricted	-	4,931,404	4,931,404
Committed:			
Budget stabilization	2,000,000	-	2,000,000
Airport operations	-	29,104	29,104
Parking enforcement and parking lot maintenance	-	125,439	125,439
Donation purpose	-	32,285	32,285
Capital outlay projects	-	1,890,990	1,890,990
Economic development activities	-	122,749	122,749
Total committed	2,000,000	2,200,567	4,200,567
Assigned:			
Subsequent year's budget	57,961	-	57,961
Debt service	-	31,231	31,231
Total assigned	57,961	31,231	89,192
Unassigned	3,931,769	-	3,931,769
Total fund balance	<u>\$ 6,089,879</u>	<u>\$ 7,208,032</u>	<u>\$ 13,297,911</u>

### 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, 2017, the City abated \$224,491 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For fiscal year 2017, the Authority abated \$221,999 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 - Upcoming Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to the OPEB plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which addresses the recognition and measurement of irrevocable split-interest agreements where the government is a beneficiary of the agreement. This standard will require the City to recognize on the face of the financial statements any assets, liabilities, and deferred inflows of resources at the inception of the agreement. 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, 2018.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. 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, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. 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, 2020.

### **Note 18 - Upcoming Accounting Pronouncements (Continued)**

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and OPEB). 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, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 2018.

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

### **Note 19 - Change in Accounting**

During the year, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. As a result, the notes and required supplemental information now include enhanced disclosures related to the measurement of the OPEB liabilities for which assets have been accumulated. As a result, the disclosures within the OPEB footnotes have changed considerably, along with the related schedules in the required supplemental information.

## **Required Supplemental Information**

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# City of Monroe, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 13,725,362	\$ 13,702,015	\$ 13,673,602	\$ (28,413)
Licenses and permits	391,850	369,700	372,029	2,329
State-shared revenue and grants	1,962,603	8,098,866	3,190,021	(4,908,845)
Charges for services	313,787	621,484	551,268	(70,216)
Fines and forfeitures	85,100	82,400	70,854	(11,546)
Investment income	100,000	100,000	101,812	1,812
Rental income	60,222	56,100	56,100	-
Other revenue:				
Administrative fees	1,023,833	1,023,833	1,023,833	-
Other miscellaneous income	652,017	128,500	104,159	(24,341)
Total revenue	18,314,774	24,182,898	19,143,678	(5,039,220)
<b>Expenditures</b>				
General government:				
City Council	132,549	132,907	122,828	10,079
City manager	239,012	749,534	748,851	683
Finance	356,389	915,558	912,378	3,180
Clerk-treasurer	428,529	1,441,610	1,421,681	19,929
Assessor	309,597	1,322,773	1,321,519	1,254
Communications, culture, and promotion	120,096	158,018	143,202	14,816
City hall grounds	258,998	368,673	341,354	27,319
Attorney	145,912	210,788	209,688	1,100
Human resources	285,421	287,012	264,022	22,990
Engineering	308,220	639,454	554,883	84,571
Total general government	2,584,723	6,226,327	6,040,406	185,921
Public safety:				
Police	581,420	572,420	557,919	14,501
Fire	299,217	370,733	350,686	20,047
Zoning/Ordinance enforcement	266,481	346,682	251,160	95,522
Police and fire salaries and benefits	7,479,631	22,793,938	22,779,048	14,890
Total public safety	8,626,749	24,083,773	23,938,813	144,960
Public works - Department of Public Services				
Community and economic development	1,660,182	5,302,089	5,287,324	14,765
	236,244	5,789,576	1,194,821	4,594,755

# City of Monroe, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Recreation and culture:				
Library	\$ 57,500	\$ 57,500	\$ 57,500	\$ -
Parks and recreation	1,462,124	3,046,596	2,957,907	88,689
Public access TV	172,000	167,900	167,852	48
Historic District Commission	3,200	3,200	150	3,050
Social services	140,000	140,000	140,000	-
Total recreation and culture	1,834,824	3,415,196	3,323,409	91,787
Debt service:				
Principal	940,310	1,095,243	1,094,052	1,191
Interest on long-term debt	973,040	640,392	640,384	8
Contingencies	150,000	-	-	-
Other uses - Transfers out	1,263,953	2,000,161	1,999,563	598
Total expenditures	18,270,025	48,552,757	43,518,772	5,033,985
<b>Net Change in Fund Balance</b>	44,749	(24,369,859)	(24,375,094)	(5,235)
<b>Fund Balance - Beginning of year</b>	30,464,973	30,464,973	30,464,973	-
<b>Fund Balance - End of year</b>	<b>\$ 30,509,722</b>	<b>\$ 6,095,114</b>	<b>\$ 6,089,879</b>	<b>\$ (5,235)</b>

# **City of Monroe, Michigan**

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## **Note to Required Supplemental Information Year Ended June 30, 2017**

### **Note - 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 operating transfers 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.

# City of Monroe, Michigan

## Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,294,853	\$ 1,361,897	\$ 1,359,947	\$ 1,437,222
Interest	10,071,113	10,019,895	9,785,460	9,601,384
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(212,575)	(1,128,899)	1,019,422	-
Changes in assumptions	8,491,439	-	-	-
Benefit payments, including refunds	(9,718,792)	(9,354,128)	(8,725,884)	(8,365,344)
<b>Net Change in Total Pension Liability</b>	9,926,038	898,765	3,438,945	2,673,262
<b>Total Pension Liability - Beginning of year</b>	138,493,483	137,594,718	134,155,773	131,482,511
<b>Total Pension Liability - End of year</b>	<u>\$ 148,419,521</u>	<u>\$ 138,493,483</u>	<u>\$ 137,594,718</u>	<u>\$ 134,155,773</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,845,799	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154
Contributions - Member	444,104	448,182	434,437	447,088
Net investment income (expense)	15,761,636	(716,793)	5,402,368	19,162,455
Administrative expenses	(78,229)	(74,593)	(131,962)	(126,646)
Benefit payments, including refunds	(9,718,800)	(9,354,128)	(8,725,884)	(8,365,344)
Other	5,221	13,804	6,311	11,317
<b>Net Change in Plan Fiduciary Net Position</b>	8,259,731	(7,987,654)	(1,392,351)	12,617,024
<b>Plan Fiduciary Net Position - Beginning of year</b>	128,354,993	136,342,647	137,734,998	125,117,974
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 136,614,724</u>	<u>\$ 128,354,993</u>	<u>\$ 136,342,647</u>	<u>\$ 137,734,998</u>
<b>City's Net Pension Liability - Ending</b>	<u>\$ 11,804,797</u>	<u>\$ 10,138,490</u>	<u>\$ 1,252,071</u>	<u>\$ (3,579,225)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	92.05 %	92.68 %	99.09 %	102.67 %
<b>Covered Employee Payroll</b>	\$ 10,817,255	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	109.1 %	102.2 %	13.2 %	36.4 %



# City of Monroe, Michigan

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## Required Supplemental Information Pension Plan - Schedule of Investment Returns Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	12.6 %	(0.6)%	3.9 %	15.6 %

# **City of Monroe, Michigan**

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## **Notes to Pension Required Supplemental Information Schedules Year Ended June 30, 2017**

### **Benefit Changes - None**

**Changes in Assumptions** - 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.

### **Changes in Size or Composition of the Covered Population - None**

# City of Monroe, Michigan

## Required Supplemental Information Schedule of Changes in the City OPEB Liability and Related Ratios Year Ended June 30, 2017

(Schedule is built prospectively upon implementation of GASB Statement No. 74)

<b>Total OPEB Liability</b>	
Service cost	\$ 474,117
Interest	4,326,412
Changes in benefit terms	-
Differences between expected and actual experience	(499,207)
Changes in assumptions	3,943,136
Benefit payments, including refunds	<u>(3,480,549)</u>
<b>Net Change in Total OPEB Liability</b>	4,763,909
<b>Total OPEB Liability - Beginning of year</b>	<u>63,309,097</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 68,073,006</u></b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 36,635,331
Contributions - Member	160,554
Net investment income	5,373,015
Administrative expenses	(14,879)
Benefit payments, including refunds	(3,480,549)
Other	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	38,673,472
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>19,523,331</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 58,196,803</u></b>
<b>Net OPEB Liability - Ending</b>	<b><u>\$ 9,876,203</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	85.49 %
<b>Covered Employee Payroll</b>	\$ 7,122,885
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	138.7 %

# City of Monroe, Michigan

## Required Supplemental Information OPEB Plan - Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008 *
Actuarially determined contribution	\$ 3,963,730	\$ 3,646,281	\$ 3,708,247	\$ 3,691,439	\$ 3,871,234	\$ 4,698,863	\$ 4,694,544	\$ 4,873,182	\$ 4,663,334	\$ -
Contributions in relation to the actuarially determined contribution	36,635,331	3,854,847	3,991,371	4,022,875	4,163,550	3,501,926	3,234,841	2,870,857	2,756,351	-
Contribution (excess) deficiency	<u>\$ (32,671,601)</u>	<u>\$ (208,566)</u>	<u>\$ (283,124)</u>	<u>\$ (331,436)</u>	<u>\$ (292,316)</u>	<u>\$ 1,196,937</u>	<u>\$ 1,459,703</u>	<u>\$ 2,002,325</u>	<u>\$ 1,906,983</u>	<u>\$ -</u>
Covered employee payroll	\$ 7,122,885	\$ 8,097,773	\$ 8,393,671	\$ 9,005,255	\$ 9,280,220	\$ 10,084,790	\$ 10,341,035	\$ 11,362,425	\$ 12,464,363	\$ -
Contributions as a percentage of covered employee payroll	514.3 %	47.6 %	47.6 %	44.7 %	44.9 %	34.7 %	31.3 %	25.3 %	22.1 %	- %

\* Not applicable

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	24 years, closed
Asset valuation method	Market value of assets
Inflation	2.75 percent
Healthcare cost trend rates	Initial trend of 8.25 percent, gradually decreasing to an ultimate trend rate of 3.50 percent
Salary increases	3.5 percent to 6.5 percent
Investment rate of return	7 percent per year
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2009 pension valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	The RP-2000 Mortality Table was selected.
Other information	There were no benefit changes during the year.

# City of Monroe, Michigan

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## Required Supplemental Information OPEB Plan - Schedule of Investment Returns Last Ten Fiscal Years

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	12.8 %

# **City of Monroe, Michigan**

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## **Notes to OPEB Required Supplemental Information Schedules Year Ended June 30, 2017**

### **Benefit Changes - None**

**Changes in Assumptions** - 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. The new assumptions were adopted and approved by the board.

Beginning with the December 31, 2016 valuation, seven-year asset smoothing was implemented. This will impact contributions beginning with the fiscal year ending June 30, 2019.

### **Changes in Size or Composition of the Covered Population - None**

## **Other Supplemental Information**

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# City of Monroe, Michigan

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## Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions

### Special Revenue Funds

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.

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.

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.

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.

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

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.

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).

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

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

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

### Debt Service Funds

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

The **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.

### Capital Projects 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	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
<b>Assets</b>						
Cash and investments	\$ 613,217	\$ 53,903	\$ 1,784,038	\$ 129,193	\$ 352,948	\$ 119,746
Receivables:						
Property taxes receivable	-	-	105,879	-	-	-
Special assessments receivable	-	-	-	-	-	-
Customer receivables	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	592	-
Other receivables	-	-	-	144,265	-	-
Due from other governmental units	238,903	82,009	-	-	-	152,310
Economic development loans receivable	-	-	-	-	25,000	-
Due from other funds	-	46,875	-	-	-	-
Prepays and other assets	7,523	-	-	-	-	-
Advances to component unit	-	-	-	-	1,486,638	-
Restricted assets	1,008,907	822,962	-	-	-	-
<b>Total assets</b>	<b>\$ 1,868,550</b>	<b>\$ 1,005,749</b>	<b>\$ 1,889,917</b>	<b>\$ 273,458</b>	<b>\$ 1,865,178</b>	<b>\$ 272,056</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 39,310	\$ 495,146	\$ 191,134	\$ 3,168	\$ 28,785	\$ 18,801
Due to other funds	46,875	-	-	-	-	45,852
Accrued liabilities and other	-	-	-	1,636	-	-
Unearned revenue	-	-	-	-	1,713,644	5,678
<b>Total liabilities</b>	<b>86,185</b>	<b>495,146</b>	<b>191,134</b>	<b>4,804</b>	<b>1,742,429</b>	<b>70,331</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	10,855	143,215	-	-
Property taxes levied for the following year	-	-	1,505,892	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,516,747</b>	<b>143,215</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable - Prepays	7,523	-	-	-	-	-
Restricted:						
Roads	1,774,842	510,603	-	-	-	-
Police	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Grants	-	-	-	-	-	201,725
Capital projects (unspent bond proceeds)	-	-	-	-	-	-
Rubbish, garbage, and recycling	-	-	182,036	-	-	-
Code enforcement	-	-	-	-	-	-
Committed:						
Airport operations	-	-	-	-	-	-
Parking enforcement and parking lot maintenance	-	-	-	125,439	-	-
Donation purpose	-	-	-	-	-	-
Capital outlay projects	-	-	-	-	-	-
Economic development activities	-	-	-	-	122,749	-
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,782,365</b>	<b>510,603</b>	<b>182,036</b>	<b>125,439</b>	<b>122,749</b>	<b>201,725</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,868,550</b>	<b>\$ 1,005,749</b>	<b>\$ 1,889,917</b>	<b>\$ 273,458</b>	<b>\$ 1,865,178</b>	<b>\$ 272,056</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

Special Revenue Funds				Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Capital Projects Fund	
\$ 70,120	\$ 15,913	\$ 283,703	\$ 31,285	\$ 999,342	\$ 31,248	\$ 1,983,684	\$ 6,468,340
-	-	1,650	-	35,089	-	517	143,135
-	-	-	-	-	-	125,431	125,431
-	19,933	-	-	-	-	-	19,933
-	-	592	-	-	-	-	1,184
-	-	-	10,817	-	-	-	155,082
-	3,643	-	1,730	-	-	-	478,595
-	-	-	-	-	-	-	25,000
-	-	6,607	-	-	-	16,248	69,730
-	30,019	-	-	-	-	7,288	44,830
-	-	-	-	-	-	-	1,486,638
-	-	-	-	-	-	1,732,122	3,563,991
<b>\$ 70,120</b>	<b>\$ 69,508</b>	<b>\$ 292,552</b>	<b>\$ 43,832</b>	<b>\$ 1,034,431</b>	<b>\$ 31,248</b>	<b>\$ 3,865,290</b>	<b>\$ 12,581,889</b>
\$ 1	\$ 9,255	\$ 4,525	\$ 11,547	\$ 80,024	\$ 17	\$ 389,923	\$ 1,271,636
-	-	-	-	-	-	-	92,727
-	1,130	16,091	-	-	-	-	18,857
-	-	-	-	-	-	-	1,719,322
1	10,385	20,616	11,547	80,024	17	389,923	3,102,542
-	-	-	-	3,446	-	107,231	264,747
-	-	-	-	500,676	-	-	2,006,568
-	-	-	-	504,122	-	107,231	2,271,315
-	30,019	-	-	-	-	7,288	44,830
-	-	-	-	-	-	-	2,285,445
70,119	-	-	-	-	-	-	70,119
-	-	-	-	450,285	-	-	450,285
-	-	-	-	-	-	-	201,725
-	-	-	-	-	-	1,469,858	1,469,858
-	-	-	-	-	-	-	182,036
-	-	271,936	-	-	-	-	271,936
-	29,104	-	-	-	-	-	29,104
-	-	-	-	-	-	-	125,439
-	-	-	32,285	-	-	-	32,285
-	-	-	-	-	-	1,890,990	1,890,990
-	-	-	-	-	-	-	122,749
-	-	-	-	-	31,231	-	31,231
70,119	59,123	271,936	32,285	450,285	31,231	3,368,136	7,208,032
<b>\$ 70,120</b>	<b>\$ 69,508</b>	<b>\$ 292,552</b>	<b>\$ 43,832</b>	<b>\$ 1,034,431</b>	<b>\$ 31,248</b>	<b>\$ 3,865,290</b>	<b>\$ 12,581,889</b>

# City of Monroe, Michigan

	Special Revenue Funds				
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ 1,437,665	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	-
State-shared revenue and grants	1,575,105	423,953	88,687	-	-
Charges for services	-	-	5,644	214,201	-
Fines and forfeitures	-	-	-	-	-
Investment income	8,137	3,647	6,808	695	3,468
Rental income	-	-	-	-	-
Other revenue	-	3,593	-	-	-
<b>Total revenue</b>	<b>1,583,242</b>	<b>431,193</b>	<b>1,538,804</b>	<b>214,896</b>	<b>3,468</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	148,043	-
Public works	449,152	431,205	1,472,239	54,801	-
Community and economic development	-	-	-	-	122,483
Capital outlay	1,387,230	1,666,724	-	-	-
Debt service	-	-	-	2,783	-
<b>Total expenditures</b>	<b>1,836,382</b>	<b>2,097,929</b>	<b>1,472,239</b>	<b>205,627</b>	<b>122,483</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(253,140)</b>	<b>(1,666,736)</b>	<b>66,565</b>	<b>9,269</b>	<b>(119,015)</b>
<b>Other Financing Sources (Uses)</b>					
Face value of debt issue	1,293,653	1,271,347	-	-	-
Transfers in	372,000	752,197	-	-	-
Transfers out	(574,197)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,091,456</b>	<b>2,023,544</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>838,316</b>	<b>356,808</b>	<b>66,565</b>	<b>9,269</b>	<b>(119,015)</b>
<b>Fund Balances - Beginning of year</b>	<b>944,049</b>	<b>153,795</b>	<b>115,471</b>	<b>116,170</b>	<b>241,764</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,782,365</b>	<b>\$ 510,603</b>	<b>\$ 182,036</b>	<b>\$ 125,439</b>	<b>\$ 122,749</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2017**

Special Revenue Funds					Debt Service Funds		Total Nonmajor Governmental Funds	
Grants	Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,843	\$ -	\$ -	\$ 1,915,508
-	-	-	401,884	-	-	-	-	401,884
425,089	6,003	-	-	9,550	-	-	-	440,642
-	-	-	-	-	25,724	-	-	2,113,469
-	-	100,144	-	-	-	-	-	319,989
-	22,992	-	-	-	-	-	-	22,992
1,172	449	-	2,906	-	7,000	95	7,982	42,359
-	-	108,006	-	-	-	431,810	-	539,816
-	-	1,941	250	52,244	96,394	-	62,375	216,797
<u>426,261</u>	<u>29,444</u>	<u>210,091</u>	<u>405,040</u>	<u>61,794</u>	<u>606,961</u>	<u>431,905</u>	<u>70,357</u>	<u>6,013,456</u>
-	24,712	-	-	-	-	-	-	172,755
-	-	228,686	1,310,378	56,488	-	-	138,929	4,141,878
234,518	-	-	-	-	-	-	-	357,001
-	-	-	-	-	-	-	1,309,108	4,363,062
-	-	-	52,874	-	495,046	431,710	-	982,413
<u>234,518</u>	<u>24,712</u>	<u>228,686</u>	<u>1,363,252</u>	<u>56,488</u>	<u>495,046</u>	<u>431,710</u>	<u>1,448,037</u>	<u>10,017,109</u>
191,743	4,732	(18,595)	(958,212)	5,306	111,915	195	(1,377,680)	(4,003,653)
-	-	-	-	-	-	-	1,890,000	4,455,000
-	-	36,200	-	-	22,660	-	1,537,864	2,720,921
(196,248)	-	-	-	(52,315)	(120,000)	-	-	(942,760)
<u>(196,248)</u>	<u>-</u>	<u>36,200</u>	<u>-</u>	<u>(52,315)</u>	<u>(97,340)</u>	<u>-</u>	<u>3,427,864</u>	<u>6,233,161</u>
(4,505)	4,732	17,605	(958,212)	(47,009)	14,575	195	2,050,184	2,229,508
206,230	65,387	41,518	1,230,148	79,294	435,710	31,036	1,317,952	4,978,524
<u>\$ 201,725</u>	<u>\$ 70,119</u>	<u>\$ 59,123</u>	<u>\$ 271,936</u>	<u>\$ 32,285</u>	<u>\$ 450,285</u>	<u>\$ 31,231</u>	<u>\$3,368,136</u>	<u>\$ 7,208,032</u>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds Year Ended June 30, 2017

### Special Revenue Fund - Major Streets

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue and Other Sources</b>				
State-shared revenue and grants	\$ 1,531,916	\$ 1,840,061	\$ 1,575,105	\$ (264,956)
Other miscellaneous income	-	25,000	-	(25,000)
Investment income	2,000	3,000	8,137	5,137
Other sources - Transfers in	350,000	372,000	372,000	-
Total revenue and other sources	1,883,916	2,240,061	1,955,242	(284,819)
<b>Expenditures and Other Uses</b>				
Streets	471,550	541,465	449,152	92,313
Capital outlay	1,085,000	2,644,962	1,387,230	1,257,732
Other uses - Transfers out	540,000	572,333	574,197	(1,864)
Total expenditures and other uses	2,096,550	3,758,760	2,410,579	1,348,181
<b>Excess of Expenditures Over Revenue</b>	(212,634)	(1,518,699)	(455,337)	1,063,362
<b>Other Financing Sources</b> - Face value of debt issue	-	1,293,653	1,293,653	-
<b>Net Change in Fund Balance</b>	<b>\$ (212,634)</b>	<b>\$ (225,046)</b>	<b>\$ 838,316</b>	<b>\$ 1,063,362</b>

### Special Revenue Fund - Local Streets

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue and Other Sources</b>				
State-shared revenue and grants	\$ 422,888	\$ 422,888	\$ 423,953	\$ 1,065
Investment income	-	100	3,647	3,547
Other sources - Transfers in	740,000	750,333	752,197	1,864
Other revenue	-	2,963	3,593	630
Total revenue and other sources	1,162,888	1,176,284	1,183,390	7,106
<b>Expenditures</b>				
Public works	407,320	398,985	431,205	(32,220)
Capital outlay	620,000	2,126,306	1,666,724	459,582
Total expenditures	1,027,320	2,525,291	2,097,929	427,362
<b>Excess of Revenue Over (Under) Expenditures</b>	135,568	(1,349,007)	(914,539)	434,468
<b>Other Financing Sources</b> - Face value of debt issue	-	1,271,347	1,271,347	-
<b>Net Change in Fund Balance</b>	<b>\$ 135,568</b>	<b>\$ (77,660)</b>	<b>\$ 356,808</b>	<b>\$ 434,468</b>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2017

### Special Revenue Funds - Rubbish, Garbage, and Recycling

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,439,272	\$ 1,438,638	\$ 1,437,665	\$ (973)
State-shared revenue and grants	54,043	88,687	88,687	-
Charges for services	4,500	4,500	5,644	1,144
Investment income	2,000	5,500	6,808	1,308
Total revenue	1,499,815	1,537,325	1,538,804	1,479
<b>Expenditures - Public works</b>	1,488,504	1,486,169	1,472,239	13,930
<b>Net Change in Fund Balance</b>	<b>\$ 11,311</b>	<b>\$ 51,156</b>	<b>\$ 66,565</b>	<b>\$ 15,409</b>

### Special Revenue Fund - Parking Meter

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 183,000	\$ 182,000	\$ 214,201	\$ 32,201
Investment income	250	500	695	195
Total revenue	183,250	182,500	214,896	32,396
<b>Expenditures and Other Uses</b>				
Public safety	118,836	157,765	148,043	9,722
Public works	43,000	57,000	54,801	2,199
Principal and interest	-	2,783	2,783	-
Total expenditures and other uses	161,836	217,548	205,627	11,921
<b>Net Change in Fund Balance</b>	<b>\$ 21,414</b>	<b>\$ (35,048)</b>	<b>\$ 9,269</b>	<b>\$ 44,317</b>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2017

### Special Revenue Fund - Economic Development

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 1,000	\$ 2,000	\$ 3,468	\$ 1,468
<b>Expenditures and Other Uses</b> - Community and economic development	10,000	140,000	122,483	17,517
<b>Net Change in Fund Balance</b>	<u>\$ (9,000)</u>	<u>\$ (138,000)</u>	<u>\$ (119,015)</u>	<u>\$ 18,985</u>

### Special Revenue Fund - Grants

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 482,000	\$ 568,932	\$ 425,089	\$ (143,843)
Investment income	500	1,100	1,172	72
Total revenue	482,500	570,032	426,261	(143,771)
<b>Expenditures and Other Uses</b>				
Community and economic development	302,000	335,481	234,518	100,963
Other uses - Transfers out	180,000	233,451	196,248	37,203
Total expenditures and other uses	482,000	568,932	430,766	138,166
<b>Net Change in Fund Balance</b>	<u>\$ 500</u>	<u>\$ 1,100</u>	<u>\$ (4,505)</u>	<u>\$ (5,605)</u>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2017

### Special Revenue Fund - Drug Forfeiture

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ 6,003	\$ 6,003	\$ -
Fines and forfeitures	15,000	20,000	22,992	2,992
Investment income	150	250	449	199
Total revenue	15,150	26,253	29,444	3,191
<b>Expenditures - Public safety</b>	19,200	28,728	24,712	4,016
<b>Net Change in Fund Balance</b>	<b>\$ (4,050)</b>	<b>\$ (2,475)</b>	<b>\$ 4,732</b>	<b>\$ 7,207</b>

### Special Revenue Fund - Airport

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue and Other Sources</b>				
Charges for services	\$ 160,200	\$ 125,300	\$ 100,144	\$ (25,156)
Other sources - Transfers in	22,000	45,200	36,200	(9,000)
Rental income	108,600	108,578	108,006	(572)
Other miscellaneous income	1,500	2,000	1,941	(59)
Total revenue and other sources	292,300	281,078	246,291	(34,787)
<b>Expenditures and Other Uses -</b>				
Public works	314,975	322,589	228,686	93,903
<b>Net Change in Fund Balance</b>	<b>\$ (22,675)</b>	<b>\$ (41,511)</b>	<b>\$ 17,605</b>	<b>\$ 59,116</b>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2017

### Special Revenue Fund - Building Safety

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 509,950	\$ 520,650	\$ 401,884	\$ (118,766)
Investment income	1,250	2,600	2,906	306
Other revenue	-	-	250	250
Total revenue	511,200	523,250	405,040	(118,210)
<b>Expenditures</b>				
Public works	594,658	1,336,500	1,310,378	26,122
Principal and interest	-	52,874	52,874	-
Total expenditures	594,658	1,389,374	1,363,252	26,122
<b>Net Change in Fund Balance</b>	<b>\$ (83,458)</b>	<b>\$ (866,124)</b>	<b>\$ (958,212)</b>	<b>\$ (92,088)</b>

### Special Revenue Fund - Expendable Trust

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ 9,550	\$ 9,550	\$ -
Other miscellaneous income	46,000	58,283	52,244	(6,039)
Total revenue	46,000	67,833	61,794	(6,039)
<b>Expenditures</b>				
Public works	46,000	90,138	56,488	33,650
Transfers out	-	52,315	52,315	-
Total expenditures	46,000	142,453	108,803	33,650
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (74,620)</b>	<b>\$ (47,009)</b>	<b>\$ 27,611</b>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2017

### Debt Service Fund - Debt Service

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue and Other Sources</b>				
Property taxes	\$ 495,775	\$ 476,358	\$ 477,843	\$ 1,485
State-shared revenue and grants	-	25,724	25,724	-
Other financing sources - Transfers	119,054	22,660	22,660	-
Investment income	-	6,110	7,000	890
Other revenue	-	96,394	96,394	-
	<u>614,829</u>	<u>627,246</u>	<u>629,621</u>	<u>2,375</u>
<b>Expenditures</b>				
Debt service	497,033	495,033	495,046	(13)
Transfers out	-	120,000	120,000	-
	<u>497,033</u>	<u>615,033</u>	<u>615,046</u>	<u>(13)</u>
<b>Net Change in Fund Balance</b>	<b><u>\$ 117,796</u></b>	<b><u>\$ 12,213</u></b>	<b><u>\$ 14,575</u></b>	<b><u>\$ 2,362</u></b>

### Debt Service Fund - Building Authority

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 50	\$ 150	\$ 95	\$ (55)
Rental income	431,810	431,810	431,810	-
	<u>431,860</u>	<u>431,960</u>	<u>431,905</u>	<u>(55)</u>
<b>Expenditures - Debt service</b>	<u>431,810</u>	<u>431,810</u>	<u>431,710</u>	<u>100</u>
<b>Net Change in Fund Balance</b>	<b><u>\$ 50</u></b>	<b><u>\$ 150</u></b>	<b><u>\$ 195</u></b>	<b><u>\$ 45</u></b>

# City of Monroe, Michigan

## Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2017

### Capital Projects Fund - Capital Projects

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue and Other Sources</b>				
Federal grants	\$ 500,000	\$ 500,000		\$ (500,000)
Investment income	1,500	5,000	7,982	2,982
Other revenue:				
Special assessments	50,450	87,240	44,202	(43,038)
Transfers in	540,315	802,568	1,537,864	735,296
Other miscellaneous income	-	65,673	18,173	(47,500)
Total revenue	<u>1,092,265</u>	<u>1,460,481</u>	<u>1,608,221</u>	<u>147,740</u>
<b>Expenditures and Other Uses</b>				
Public works		42,594	138,929	(96,335)
Capital outlay	<u>7,343,000</u>	<u>10,637,334</u>	<u>1,309,108</u>	<u>9,328,226</u>
Total expenditures and other uses	<u>7,343,000</u>	<u>10,679,928</u>	<u>1,448,037</u>	<u>9,231,891</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(6,250,735)	(9,219,447)	160,184	9,379,631
<b>Other Financing Sources - Face value of debt issue</b>	<u>6,245,000</u>	<u>7,890,000</u>	<u>1,890,000</u>	<u>(6,000,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (5,735)</u>	<u>\$ (1,329,447)</u>	<u>\$ 2,050,184</u>	<u>\$ 3,379,631</u>

# City of Monroe, Michigan

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## Other Supplemental Information Internal Service Funds Fund Descriptions

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

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.

The **Insurance Fund** accounts for payment of public liability premiums.

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.

# City of Monroe, Michigan

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2017

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 599,036	\$ 327,938	\$ 344,901	\$ 1,369,003	\$ 2,640,878
Receivables:					
Other receivables	5,544	100	-	554,408	560,052
Prepaid expenses and other assets	68,132	18,357	247,117	-	333,606
Total current assets	672,712	346,395	592,018	1,923,411	3,534,536
Noncurrent assets:					
Capital assets	1,691,636	323,219	-	-	2,014,855
Net OPEB asset	421,931	-	-	-	421,931
Total noncurrent assets	2,113,567	323,219	-	-	2,436,786
Total assets	2,786,279	669,614	592,018	1,923,411	5,971,322
<b>Deferred Outflows of Resources - Pensions</b>	20,133	1,488	-	-	21,621
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	44,211	74,770	28,295	16,342	163,618
Accrued liabilities and other	7,798	252	-	363,790	371,840
Compensated absences	11,645	1,540	-	-	13,185
Current portion of long-term debt	88,179	306	-	-	88,485
Total current liabilities	151,833	76,868	28,295	380,132	637,128
Noncurrent liabilities:					
Net OPEB obligation	-	23,854	-	-	23,854
Net pension liability	25,159	1,860	-	-	27,019
Long-term debt	660,102	8,032	-	-	668,134
Total noncurrent liabilities	685,261	33,746	-	-	719,007
Total liabilities	837,094	110,614	28,295	380,132	1,356,135
<b>Deferred Inflows of Resources -</b>					
Deferred inflows - Pension	1,357	101	-	-	1,458
<b>Net Position</b>					
Net investment in capital assets	1,470,403	323,219	-	-	1,793,622
Unrestricted	497,558	237,168	563,723	1,543,279	2,841,728
Total net position	<u>\$ 1,967,961</u>	<u>\$ 560,387</u>	<u>\$ 563,723</u>	<u>\$ 1,543,279</u>	<u>\$ 4,635,350</u>

# City of Monroe, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2017

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
<b>Operating Revenue</b>					
Other	\$ 78,216	\$ 29,785	\$ 30,580	\$ 292,042	\$ 430,623
Charges to other funds	1,052,919	355,967	171,310	1,937,495	3,517,691
Total operating revenue	1,131,135	385,752	201,890	2,229,537	3,948,314
<b>Operating Expenses</b>					
Other operation and maintenance	727,444	381,539	321,416	2,753,894	4,184,293
Depreciation	204,658	45,212	-	-	249,870
Total operating expenses	932,102	426,751	321,416	2,753,894	4,434,163
<b>Operating Income (Loss)</b>	199,033	(40,999)	(119,526)	(524,357)	(485,849)
<b>Nonoperating Revenue (Expenses)</b>					
Investment income	3,454	2,786	4,012	9,934	20,186
Interest expense	(20,076)	(197)	-	-	(20,273)
Gain on sale of assets	26,930	-	-	-	26,930
Total nonoperating revenue	10,308	2,589	4,012	9,934	26,843
<b>Income (Loss) - Before transfers in</b>	209,341	(38,410)	(115,514)	(514,423)	(459,006)
<b>Transfers In</b>	57,000	-	-	-	57,000
<b>Change in Net Position</b>	266,341	(38,410)	(115,514)	(514,423)	(402,006)
<b>Net Position - Beginning of year</b>	1,701,620	598,797	679,237	2,057,702	5,037,356
<b>Net Position - End of year</b>	<u>\$ 1,967,961</u>	<u>\$ 560,387</u>	<u>\$ 563,723</u>	<u>\$ 1,543,279</u>	<u>\$ 4,635,350</u>

# City of Monroe, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2017

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 1,055,492	\$ 355,962	\$ 235,477	\$ 1,768,459	\$ 3,415,390
Receipts from interfund services and reimbursements	-	-	-	465	465
Payments to suppliers	(477,499)	(298,242)	(367,781)	(2,750,533)	(3,894,055)
Payments to employees for wages and benefits	(211,515)	(14,279)	-	90,678	(135,116)
Other receipts	78,216	29,785	-	292,042	400,043
Payments for OPEB contributions	(547,816)	(8,603)	-	-	(556,419)
Net cash (used in) provided by operating activities	(103,122)	64,623	(132,304)	(598,889)	(769,692)
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	57,000	-	-	-	57,000
Principal and interest paid on OPEB bonds	(37,127)	(464)	-	-	(37,591)
Net cash provided by (used in) noncapital financing activities	19,873	(464)	-	-	19,409
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sales of capital assets	26,930	-	-	-	26,930
Purchase of capital assets	(409,038)	(110,730)	-	-	(519,768)
Principal and interest paid on capital debt	(71,815)	-	-	-	(71,815)
Net cash used in capital and related financing activities	(453,923)	(110,730)	-	-	(564,653)
<b>Cash Flows from Investing Activities</b>					
Interest received on investments	3,503	2,806	4,236	9,934	20,479
Proceeds from sale and maturities of investment securities	102,000	84,000	101,902	-	287,902
Net cash provided by investing activities	105,503	86,806	106,138	9,934	308,381
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>					
	(431,669)	40,235	(26,166)	(588,955)	(1,006,555)
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>1,030,705</b>	<b>287,703</b>	<b>371,067</b>	<b>1,957,958</b>	<b>3,647,433</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 599,036</b>	<b>\$ 327,938</b>	<b>\$ 344,901</b>	<b>\$ 1,369,003</b>	<b>\$ 2,640,878</b>
<b>Statement of Net Position Classification of Cash and Cash Equivalents - Cash and investments</b>					
	<b>\$ 599,036</b>	<b>\$ 327,938</b>	<b>\$ 344,901</b>	<b>\$ 1,369,003</b>	<b>\$ 2,640,878</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 199,033	\$ (40,999)	\$ (119,526)	\$ (524,357)	\$ (485,849)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	204,658	45,212	-	-	249,870
Changes in assets and liabilities:					
Receivables	2,573	(5)	33,587	(168,571)	(132,416)
Prepaid and other assets	(24,445)	12,203	(13,598)	-	(25,840)
Accounts payable	13,384	55,490	(32,767)	3,361	39,468
Accrued and other liabilities	409	765	-	90,678	91,852
Net OPEB and pension obligations	(498,734)	(8,043)	-	-	(506,777)
Net cash (used in) provided by operating activities	<b>\$ (103,122)</b>	<b>\$ 64,623</b>	<b>\$ (132,304)</b>	<b>\$ (598,889)</b>	<b>\$ (769,692)</b>

# City of Monroe, Michigan

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## Other Supplemental Information Fiduciary Funds Fund Descriptions

The **Pension Trust Fund** accounts for the activities of the 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.

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

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

# City of Monroe, Michigan

## Other Supplemental Information Combining Statement of Net Position Fiduciary Funds - Pension and Other Employee Benefit Trust Funds June 30, 2017

	Pension Trust	Retiree Health Care	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 15,148	\$ 168,309	\$ 183,457
Investments:			
U.S. government securities	11,708,294	3,237,554	14,945,848
Municipal bonds	5,813,347	4,346,464	10,159,811
Foreign bonds	1,768,239	1,056,156	2,824,395
Stocks	31,026,436	13,734,250	44,760,686
Foreign stocks	10,329,259	5,799,557	16,128,816
Corporate bonds	20,160,304	5,621,018	25,781,322
Mutual funds	40,942,417	14,649,721	55,592,138
Other investments	2,849,751	10,563,591	13,413,342
Commercial paper	11,928,504	-	11,928,504
Securities lending - Money market	144,117	-	144,117
Receivables - Interest	346,121	-	346,121
Other	53	-	53
	137,031,990	59,176,620	196,208,610
<b>Liabilities</b>			
Accounts payable	142,325	979,817	1,122,142
Obligations under securities lending agreements	274,941	-	274,941
	417,266	979,817	1,397,083
<b>Net Position</b> - Held in trust for pension, other employee benefits, and cemetery operations	<b>\$ 136,614,724</b>	<b>\$ 58,196,803</b>	<b>\$ 194,811,527</b>

# City of Monroe, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds - Pension and Other Employee Benefit Trust Funds Year Ended June 30, 2017

	Pension Trust	Retiree Health Care	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 2,336,473	\$ 3,857,876	\$ 6,194,349
Net increase in fair value of investments	14,257,165	1,858,290	16,115,455
Investment-related expenses	(832,002)	(343,664)	(1,175,666)
Net investment income	15,761,636	5,372,502	21,134,138
Securities lending income	5,221	-	5,221
Contributions:			
Employer	1,845,799	36,635,332	38,481,131
Employee	444,104	160,554	604,658
Total contributions	2,289,903	36,795,886	39,085,789
Total additions	18,056,760	42,168,388	60,225,148
<b>Deductions</b>			
Benefit payments	9,527,240	3,475,344	13,002,584
Refunds of contributions	191,561	5,206	196,767
Administrative expenses	78,227	14,366	92,593
Total deductions	9,797,028	3,494,916	13,291,944
<b>Net Increase in Net Assets Held in Trust</b>	8,259,732	38,673,472	46,933,204
<b>Net Position</b> - Held in trust for pension, other employee benefits, and cemetery operations - Beginning of year	128,354,992	19,523,331	147,878,323
<b>Net Position</b> - Held in trust for pension, other employee benefits, and cemetery operations - End of year	<u>\$ 136,614,724</u>	<u>\$ 58,196,803</u>	<u>\$ 194,811,527</u>

# City of Monroe, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Fiduciary Funds - Agency Fund Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<b>Assets</b>				
Cash and cash equivalents	\$ 9,292,459	\$ 97,649,025	\$ (98,238,872)	\$ 8,702,612
Other assets	935,073	33,095,883	(33,081,710)	949,246
Total assets	<u>\$ 10,227,532</u>	<u>\$ 130,744,908</u>	<u>\$ (131,320,582)</u>	<u>\$ 9,651,858</u>
<b>Liabilities</b>				
Accounts payable	\$ 19,671	\$ 385,731	\$ (399,551)	\$ 5,851
Due to other governmental units	10,164,662	33,425,919	(34,011,908)	9,578,673
Accrued liabilities and other	43,199	68,867	(44,732)	67,334
Total liabilities	<u>\$ 10,227,532</u>	<u>\$ 33,880,517</u>	<u>\$ (34,456,191)</u>	<u>\$ 9,651,858</u>

## **Statistical Section**

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

The statistical section is organized into the following main categories:

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

## **Financial Trends**

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

# City of Monroe, Michigan

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 65,521,257	\$ 64,233,467	\$ 63,015,687	\$ 62,616,606
Restricted	1,568,799	1,583,236	2,345,979	2,017,723
Unrestricted	<u>6,474,374</u>	<u>4,799,429</u>	<u>2,585,456</u>	<u>2,873,427</u>
Total net position	73,564,430	70,616,132	67,947,122	67,507,756
<b>Business-type Activities - As restated</b>				
Net investment in capital assets	48,598,334	50,741,867	54,471,941	55,296,917
Unrestricted	<u>12,142,548</u>	<u>11,275,851</u>	<u>10,524,286</u>	<u>10,970,242</u>
Total net position	<u>60,740,882</u>	<u>62,017,718</u>	<u>64,996,227</u>	<u>66,267,159</u>
<b>Primary Government in Total</b>				
Net investment in capital assets	114,119,591	114,975,334	117,487,628	117,913,523
Restricted	1,568,799	1,583,236	2,345,979	2,017,723
Unrestricted	<u>18,616,922</u>	<u>16,075,280</u>	<u>13,109,742</u>	<u>13,843,669</u>
Total net position	<u>\$ 134,305,312</u>	<u>\$ 132,633,850</u>	<u>\$ 132,943,349</u>	<u>\$ 133,774,915</u>

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

## Financial Trends Net Position by Component

2012	2013	2014	2015 *	2016	2017
\$ 60,908,779	\$ 61,962,831	\$ 61,231,910	\$ 60,179,911	\$ 58,118,232	\$ 54,825,194
2,074,059	2,108,898	2,518,196	2,286,647	2,354,630	2,158,946
<u>2,367,980</u>	<u>2,936,731</u>	<u>4,137,152</u>	<u>8,147,342</u>	<u>6,705,055</u>	<u>1,746,070</u>
65,350,818	67,008,460	67,887,258	70,613,900	67,177,917	58,730,210
57,363,383	58,090,703	60,690,546	61,966,736	62,800,496	66,184,050
<u>9,521,421</u>	<u>11,860,887</u>	<u>11,154,906</u>	<u>12,069,531</u>	<u>13,744,444</u>	<u>13,347,896</u>
<u>66,884,804</u>	<u>69,951,590</u>	<u>71,845,452</u>	<u>74,036,267</u>	<u>76,544,940</u>	<u>79,531,946</u>
118,272,162	120,053,534	121,922,456	122,146,647	120,918,728	121,009,244
2,074,059	2,108,898	2,518,196	2,286,647	2,354,630	2,158,946
<u>11,889,401</u>	<u>14,797,618</u>	<u>15,292,058</u>	<u>20,216,873</u>	<u>20,449,499</u>	<u>15,093,966</u>
<b><u>\$ 132,235,622</u></b>	<b><u>\$ 136,960,050</u></b>	<b><u>\$ 139,732,710</u></b>	<b><u>\$ 144,650,167</u></b>	<b><u>\$ 143,722,857</u></b>	<b><u>\$ 138,262,156</u></b>

# City of Monroe, Michigan

	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,543,977	\$ 2,591,789	\$ 2,835,598	\$ 1,857,323	\$ 2,398,403
Public safety	12,093,279	11,431,861	11,048,450	9,572,617	9,654,009
Public works	10,697,812	10,374,152	8,971,554	9,635,359	9,825,018
Community development	1,383,129	394,366	612,927	660,731	601,433
Culture and recreation	2,176,732	2,012,925	1,715,213	1,534,257	1,406,611
Interest on long-term debt	273,314	257,700	266,778	342,073	299,425
Total governmental activities	29,168,243	27,062,793	25,450,520	23,602,360	24,184,899
Business-type activities - As restated:					
Water	6,028,092	6,295,006	6,494,138	6,931,684	7,291,792
Wastewater	6,159,888	6,182,045	6,117,709	6,611,525	7,436,772
Building Authority	-	-	-	-	-
Total business-type activities	12,187,980	12,477,051	12,611,847	13,543,209	14,728,564
Total primary government expenses	41,356,223	39,539,844	38,062,367	37,145,569	38,913,463
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
General government	146,008	81,628	120,290	82,397	90,204
Public safety	1,508,019	1,386,757	1,201,787	397,407	336,814
Public works	726,972	479,990	541,438	838,894	1,103,911
Community development	1,696,001	1,728,327	161,601	-	-
Culture and recreation	892,473	852,982	865,636	720,475	634,578
Operating grants and contributions	1,515,662	1,717,744	1,447,882	1,661,693	1,496,086
Capital grants and contributions	4,942	4,770	1,626,516	2,642,646	1,615,645
Total governmental activities program revenue	6,490,077	6,252,198	5,965,150	6,343,512	5,277,238
Business-type activities:					
Charges for services:					
Water	5,599,299	6,335,531	6,619,024	7,348,790	7,214,309
Wastewater	6,245,312	6,340,634	6,404,776	6,908,842	7,252,271
Operating grants and contributions	-	-	-	146,493	153,575
Capital grants and contributions	941,925	926,283	2,364,438	336,478	610,905
Total business-type activities program revenue	12,786,536	13,602,448	15,388,238	14,740,603	15,231,060
Total primary government program revenue	19,276,613	19,854,646	21,353,388	21,084,115	20,508,298
<b>Net (Expense) Revenue</b>					
Governmental activities	(22,678,166)	(20,810,595)	(19,485,370)	(17,258,848)	(18,907,661)
Business-type activities	598,556	1,125,397	2,776,391	1,197,394	502,496
Total primary government net expense	(22,079,610)	(19,685,198)	(16,708,979)	(16,061,454)	(18,405,165)

## Financial Trends

### Changes in Governmental and Business-type Net Position

2013	2014	2015	2016	2017
\$ 2,646,677	\$ 1,583,604	\$ 1,893,042	\$ 2,435,672	\$ 2,482,372
8,663,622	9,330,166	9,524,877	11,602,770	12,831,299
8,601,804	10,816,801	10,366,601	9,932,495	11,078,905
628,791	1,005,355	623,199	433,587	1,069,806
1,631,045	1,135,361	1,236,997	2,139,798	1,836,283
<u>325,183</u>	<u>252,070</u>	<u>203,769</u>	<u>261,674</u>	<u>916,101</u>
22,497,122	24,123,357	23,848,485	26,805,996	30,214,766
6,756,495	7,141,197	7,026,325	7,017,117	7,172,197
6,458,580	6,864,433	7,068,465	7,946,781	8,841,700
-	-	-	149,833	-
<u>13,215,075</u>	<u>14,005,630</u>	<u>14,094,790</u>	<u>15,113,731</u>	<u>16,013,897</u>
35,712,197	38,128,987	37,943,275	41,919,727	46,228,663
102,968	110,282	122,895	133,902	96,961
364,546	416,404	409,652	396,243	342,005
1,093,392	1,050,776	838,946	1,012,857	776,506
-	-	-	-	10,000
581,030	532,615	464,491	415,565	306,295
1,635,959	1,851,121	1,694,675	1,759,536	1,727,719
<u>3,023,728</u>	<u>2,322,245</u>	<u>1,112,611</u>	<u>576,261</u>	<u>695,973</u>
6,801,623	6,283,443	4,643,270	4,294,364	3,955,459
7,559,714	7,293,205	7,460,287	8,237,737	8,447,142
7,712,715	8,112,871	8,280,678	8,541,205	9,073,253
152,259	139,867	-	-	-
<u>468,477</u>	<u>287,982</u>	<u>362,000</u>	<u>236,310</u>	<u>754,346</u>
<u>15,893,165</u>	<u>15,833,925</u>	<u>16,102,965</u>	<u>17,015,252</u>	<u>18,274,741</u>
<u>22,694,788</u>	<u>22,117,368</u>	<u>20,746,235</u>	<u>21,309,616</u>	<u>22,230,200</u>
(15,695,499)	(17,839,914)	(19,205,215)	(22,511,632)	(26,259,307)
<u>2,678,090</u>	<u>1,828,295</u>	<u>2,008,175</u>	<u>1,901,521</u>	<u>2,260,844</u>
(13,017,409)	(16,011,619)	(17,197,040)	(20,610,111)	(23,998,463)

# City of Monroe, Michigan

	2008	2009	2010	2011	2012
<b>General Revenue and Other Changes in Net Position</b>					
Governmental activities:					
Property taxes	\$ 15,221,446	\$ 14,833,080	\$ 14,378,142	\$ 13,997,910	\$ 13,997,518
State-shared revenue	2,092,805	2,005,975	1,785,843	1,786,140	1,752,988
Investment earnings	1,029,899	483,042	176,901	127,503	87,494
Franchise fees	253,205	267,655	276,697	303,680	307,837
Gain (loss) on sale of capital assets	-	3,526	(31,630)	-	-
Miscellaneous	204,379	202,889	237,112	604,249	487,789
Special Item - Impairment	-	-	-	-	-
Transfers	73,570	66,130	(6,705)	-	-
Total governmental activities	18,875,304	17,862,297	16,816,360	16,819,482	16,633,626
Business-type activities:					
Investment earnings	347,378	216,442	130,413	73,538	51,253
Gain on sale of capital assets	-	1,127	65,000	-	-
Miscellaneous	-	-	-	-	63,896
Transfers	(73,570)	(66,130)	6,705	-	-
Total business-type activities	273,808	151,439	202,118	73,538	115,149
Total primary government	19,149,112	18,013,736	17,018,478	16,893,020	16,748,775
<b>Changes in Net Position</b>					
Governmental activities	(3,802,862)	(2,948,298)	(2,669,010)	(439,366)	(2,274,035)
Business-type activities	872,364	1,276,836	2,978,509	1,270,932	617,645
Total primary government	<b>\$ (2,930,498)</b>	<b>\$ (1,671,462)</b>	<b>\$ 309,499</b>	<b>\$ 831,566</b>	<b>\$ (1,656,390)</b>

\* The presentation of certain 2006 items has been reclassified to conform to their presentation in 2007.

**Financial Trends**

**Changes in Governmental and Business-type Net Position**  
**(Continued)**

2013	2014	2015	2016	2017
\$ 14,444,017	\$ 14,753,413	\$ 15,259,339	\$ 16,033,234	\$ 15,607,661
1,861,100	1,855,826	1,889,711	1,888,484	3,286,493
65,260	79,464	90,531	92,012	165,137
319,517	319,426	336,590	336,660	335,704
-	-	-	-	-
663,247	1,710,583	912,309	725,259	1,006,396
-	-	-	-	(2,589,791)
-	-	-	-	-
17,353,141	18,718,712	18,488,480	19,075,649	17,811,600
46,277	45,990	46,792	53,397	81,948
14,513	4,250	-	-	-
347,906	15,327	-	553,755	644,214
-	-	-	-	-
408,696	65,567	46,792	607,152	726,162
17,761,837	18,784,279	18,535,272	19,682,801	18,537,762
1,657,642	878,798	(716,735)	(3,435,983)	(8,447,707)
3,086,786	1,893,862	2,054,967	2,508,673	2,987,006
<b>\$ 4,744,428</b>	<b>\$ 2,772,660</b>	<b>\$ 1,338,232</b>	<b>\$ (927,310)</b>	<b>\$ (5,460,701)</b>

# City of Monroe, Michigan

	2008	2009	2010	2011* **	2012
<b>General Fund</b>					
Reserved	\$ 1,414,423	\$ 1,415,794	\$ 1,415,856	\$ -	\$ -
Unreserved	1,787,231	1,702,959	1,852,037	-	-
Nonspendable	-	-	-	1,271,399	891,344
Restricted	-	-	-	-	-
Committed	-	-	-	2,181,000	2,181,000
Assigned	-	-	-	176,297	56,348
Unassigned	-	-	-	1,842,246	2,511,024
<b>Total General Fund</b>	<b><u>\$ 3,201,654</u></b>	<b><u>\$ 3,118,753</u></b>	<b><u>\$ 3,267,893</u></b>	<b><u>\$ 5,470,942</u></b>	<b><u>\$ 5,639,716</u></b>
<b>All Other Governmental Funds</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	4,261,836	4,215,765	4,527,789	-	-
Capital projects funds	1,214,538	565,819	489,223	-	-
Debt service funds	165,735	119,492	105,704	-	-
Nonspendable	-	-	-	37,083	52,197
Restricted	-	-	-	2,716,290	5,193,346
Committed	-	-	-	1,479,690	1,812,012
Assigned	-	-	-	-	73,845
<b>Total all other governmental funds</b>	<b><u>\$ 5,642,109</u></b>	<b><u>\$ 4,901,076</u></b>	<b><u>\$ 5,122,716</u></b>	<b><u>\$ 4,233,063</u></b>	<b><u>\$ 7,131,400</u></b>

\* An accounting change affected the beginning fund balance.

\*\* Fund balance classifications were changed as a result of implementation of GASB Statement No. 54.

**Financial Trends**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
390,439	394,866	381,227	115,510	100,149
-	-	-	24,410,801	-
2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
48,565	94,960	174,447	161,942	57,961
<u>3,101,726</u>	<u>3,300,391</u>	<u>3,536,680</u>	<u>3,776,720</u>	<u>3,931,769</u>
<b><u>\$ 5,540,730</u></b>	<b><u>\$ 5,790,217</u></b>	<b><u>\$ 6,092,354</u></b>	<b><u>\$ 30,464,973</u></b>	<b><u>\$ 6,089,879</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
48,545	64,438	73,513	26,735	44,830
2,640,688	2,734,354	3,419,074	3,549,477	4,931,404
1,141,372	1,509,914	1,225,696	1,371,276	2,200,567
<u>78,848</u>	<u>30,986</u>	<u>31,036</u>	<u>31,036</u>	<u>31,231</u>
<b><u>\$ 3,909,453</u></b>	<b><u>\$ 4,339,692</u></b>	<b><u>\$ 4,749,319</u></b>	<b><u>\$ 4,978,524</u></b>	<b><u>\$ 7,208,032</u></b>

# City of Monroe, Michigan

	Year Ended June 30			
	2008	2009	2010	2011
<b>Revenue</b>				
Property taxes	\$ 15,052,806	\$ 15,042,614	\$ 14,431,373	\$ 13,985,058
Licenses and permits	876,777	716,195	644,648	828,816
Federal grants	1,535,622	916,832	1,663,075	1,668,566
State-shared revenue and grants	4,951,014	3,774,663	3,599,265	3,486,364
Charges for services	1,979,435	1,886,304	1,891,719	1,341,866
Fines and forfeitures	95,939	79,793	71,485	84,443
Interest and rent	1,487,861	1,004,197	759,441	721,408
Special assessment	80,501	73,460	81,491	114,233
Other	489,040	771,937	206,877	212,793
Total revenue	26,548,995	24,265,995	23,349,374	22,443,547
<b>Expenditures</b>				
Current:				
General government	2,759,546	2,518,950	2,399,966	2,299,454
Public safety	11,101,482	9,980,735	9,304,682	8,666,716
Public works	10,395,898	8,537,976	8,526,350	8,177,280
Health and welfare	330,636	339,049	275,425	-
Community development	-	-	-	654,160
Recreation and culture	2,452,607	2,238,636	2,054,801	1,807,922
Capital outlay	628,327	578,341	362,713	515,809
Debt service:				
Principal and interest	-	-	-	-
Principal	444,548	461,700	479,155	756,850
Interest	289,198	270,446	252,648	338,079
Other	-	-	-	-
Total expenditures	28,402,242	24,925,833	23,655,740	23,216,270
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,853,247)	(659,838)	(306,366)	(772,723)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,694,330	1,871,744	1,731,119	1,342,032
Transfers out	(1,802,359)	(2,035,840)	(1,720,859)	(1,342,032)
Debt issuance	763,510	-	2,753,005	-
Debt defeasance	-	-	-	-
Debt premium or discount	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	655,481	(164,096)	2,763,265	-
<b>Net Change in Fund Balances</b>	(1,197,766)	(823,934)	2,456,899	(772,723)
<b>Fund Balances - Beginning of year</b>	10,041,529	8,843,763	8,019,829	10,476,728
<b>Fund Balances - End of year</b>	<b>\$ 8,843,763</b>	<b>\$ 8,019,829</b>	<b>\$ 10,476,728</b>	<b>\$ 9,704,005</b>
Capital expenditures	\$ 3,216,045	\$ 3,175,217	\$ 3,979,564	\$ 3,832,699
Debt service as a percentage of noncapital expenditures	2.91%	3.37%	3.72%	5.65%

## Financial Trends Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

Year Ended June 30					
2012	2013	2014	2015	2016	2017
\$ 13,973,835	\$ 14,475,644	\$ 14,732,701	\$ 15,246,310	\$ 16,076,605	\$ 15,589,110
902,130	859,259	930,701	750,529	971,253	773,913
1,376,627	2,125,091	2,423,356	826,810	610,368	440,642
3,994,692	4,246,298	3,779,531	3,776,245	4,042,455	5,303,490
1,283,048	1,151,562	1,098,830	1,064,867	977,522	871,257
80,148	97,821	116,532	92,461	98,024	93,846
714,330	657,024	666,147	79,278	82,359	144,171
28,844	769	79,613	-	-	595,916
<u>141,626</u>	<u>454,736</u>	<u>819,875</u>	<u>1,277,756</u>	<u>960,982</u>	<u>320,956</u>
22,495,280	24,068,204	24,647,286	23,114,256	23,819,568	24,133,301
2,462,672	2,661,896	1,686,183	1,877,665	2,629,169	5,250,778
8,515,103	8,808,768	9,302,913	9,549,666	9,661,985	24,011,765
8,501,505	12,430,284	8,446,362	8,876,253	8,654,759	9,459,202
-	-	-	-	-	-
583,729	647,756	1,003,153	631,858	432,353	1,551,822
1,815,121	1,819,755	1,794,288	1,797,716	2,262,729	3,323,409
339,984	91,408	854,251	538,385	-	4,363,062
-	-	-	-	-	-
988,595	612,183	568,259	2,083,611	677,570	1,796,012
325,035	423,481	321,151	313,725	286,909	920,837
-	-	-	-	-	-
<u>23,531,744</u>	<u>27,495,531</u>	<u>23,976,560</u>	<u>25,668,879</u>	<u>24,605,474</u>	<u>50,676,887</u>
(1,036,464)	(3,427,327)	670,726	(2,554,623)	(785,906)	(26,543,586)
1,434,396	1,069,546	1,717,671	1,461,544	1,344,470	2,720,921
(1,434,396)	(1,098,152)	(1,708,671)	(1,461,544)	(1,382,607)	(2,777,921)
4,103,575	4,275,000	-	3,146,000	25,410,619	4,455,000
-	(4,140,000)	-	-	-	-
-	-	-	120,387	-	-
-	-	-	-	15,248	-
<u>4,103,575</u>	<u>106,394</u>	<u>9,000</u>	<u>3,266,387</u>	<u>25,387,730</u>	<u>4,398,000</u>
3,067,111	(3,320,933)	679,726	711,764	24,601,824	(22,145,586)
9,704,005	12,771,116	9,450,183	10,129,909	10,841,673	35,443,497
<b><u>\$ 12,771,116</u></b>	<b><u>\$ 9,450,183</u></b>	<b><u>\$ 10,129,909</u></b>	<b><u>\$ 10,841,673</u></b>	<b><u>\$ 35,443,497</u></b>	<b><u>\$ 13,297,911</u></b>
\$ 3,836,071	\$ 8,141,498	\$ 3,565,751	\$ 3,890,424	\$ 3,560,375	\$ 4,456,326
6.67%	5.35%	4.36%	11.01%	4.58%	5.88%

## **Revenue Capacity**

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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

# City of Monroe, Michigan

Taxable Value by Property Type							
Real Property							
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	IFT	Personal Property	Total Value
2007	\$ 405,380,660	\$ 101,619,590	\$ 357,835,380	\$ 629,050	\$ 27,269,820	\$ 109,037,880	\$ 1,001,772,380
2008	406,020,000	111,452,060	354,414,400	842,276	22,464,590	97,919,940	993,113,266
2009	383,280,185	114,814,150	357,553,390	988,332	13,571,035	79,570,790	949,777,882
2010	324,249,950	118,658,190	346,012,140	990,790	9,873,830	80,575,270	880,360,170
2011	302,168,380	116,526,760	365,866,750	993,037	9,239,490	83,255,310	878,049,727
2012	283,123,690	110,904,650	389,810,410	1,092,237	13,853,310	84,702,128	883,486,425
2013	274,641,980	107,271,380	405,140,100	843,160	20,949,155	90,430,020	899,275,795
2014	272,645,400	105,781,990	428,256,860	825,835	30,781,845	87,331,700	925,623,630
2015	277,099,250	122,548,170	450,924,910	838,610	29,955,320	102,741,770	984,108,030
2016	281,080,540	121,979,360	474,239,480	824,807	15,626,650	69,233,230	962,984,067

Source: City of Monroe Assessor

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**Revenue Capacity**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Tax Rate (Mills)	Estimated Actual Value	Value as a Percentage of Actual
15.3790	\$ 2,288,397,220	43.78
15.5490	2,193,922,680	45.27
15.5490	2,008,528,830	47.29
16.0690	1,961,907,580	44.87
16.5324	1,918,469,640	45.77
16.5867	1,911,160,396	46.23
16.6017	1,955,582,280	45.99
16.7484	2,047,959,740	45.20
16.7484	2,167,097,140	45.41
16.7484	2,105,920,420	45.73

# City of Monroe, Michigan

Tax Year	Millage Rates - Direct City Taxes				Overlapping Rates			
	General Operating	Debt	Special Purpose	Total Direct Taxes	County	Community College	Intermediate School District	Library
<b>Monroe School District</b>								
2016	13.7260	0.5200	2.5024	16.7484	5.4461	3.0294	4.7541	1.0000
2015	13.7260	0.5200	2.5024	16.7484	5.5972	2.1794	4.7541	1.0000
2014	13.7260	0.4200	2.4557	16.6017	5.5972	2.1794	4.7541	1.0000
2013	13.7260	0.4200	2.4407	16.5867	5.5972	2.1794	4.7541	1.0000
2012	13.7260	0.4200	2.3864	16.5324	5.6952	2.1794	4.7541	1.0000
2011	13.7260	0.5200	1.8230	16.0690	5.6052	2.1794	4.7541	1.0000
2010	13.7260	0.5200	1.8230	16.0690	5.2952	2.1794	4.7541	1.0000
2009	13.6760	-	1.8730	15.5490	5.2952	2.1794	4.7541	1.0000
2008	13.6390	-	1.9100	15.5490	5.2952	2.1794	4.7541	1.0000
2007	13.6390	-	1.7400	15.3790	5.2952	2.1794	4.7541	1.0000
<b>Jefferson School District</b>								
2016	13.7260	0.5200	2.5024	16.7484	5.4461	3.0294	4.7541	1.0000
2015	13.7260	0.5200	2.5024	16.7484	5.5972	2.1794	4.7541	1.0000
2014	13.7260	0.4200	2.4557	16.6017	5.5972	2.1794	4.7541	1.0000
2013	13.7260	0.4200	2.4407	16.5867	5.5972	2.1794	4.7541	1.0000
2012	13.7260	0.4200	2.3864	16.5324	5.6952	2.1794	4.7541	1.0000
2011	13.7260	0.5200	1.8230	16.0690	5.6052	2.1794	4.7541	1.0000
2010	13.7260	0.5200	1.8230	16.0690	5.2952	2.1794	4.7541	1.0000
2009	13.6760	-	1.8730	15.5490	5.2952	2.1794	4.7541	1.0000
2008	13.6390	-	1.9100	15.5490	5.2952	2.1794	4.7541	1.0000
2007	13.6390	-	1.7400	15.3790	5.2952	2.1794	4.7541	1.0000

Source: City of Monroe Assessor

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
2016	14.6644	-	3.4528

Information gathered from Tax Database

**Revenue Capacity  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

Overlapping Rates				Total Tax Rate	
Public Transportation	State Education	School - Homestead	School - Nonhomestead	Homestead	Non- homestead
0.7587	6.0000	1.0000	19.0000	38.7367	56.7367
0.7470	6.0000	1.0000	19.0000	38.0261	56.0261
0.7333	6.0000	1.0000	19.0000	37.8657	55.8657
0.7310	6.0000	1.0000	19.0000	37.8484	55.8484
0.6904	6.0000	1.0000	19.0000	37.8515	55.8515
0.6904	6.0000	1.0000	19.0000	37.2981	55.2981
0.6922	6.0000	1.0000	19.0000	36.9899	54.9899
0.6826	6.0000	1.0000	19.0000	36.4603	54.4603
0.6199	6.0000	0.9985	18.9985	36.3961	54.3961
0.4896	6.0000	0.9985	18.9985	36.0958	54.0958
0.7587	6.0000	1.4500	19.4500	39.1867	57.1867
0.7470	6.0000	1.4500	19.4500	38.4761	56.4761
0.7333	6.0000	0.5000	18.5000	37.3657	55.3657
0.7310	6.0000	0.5000	18.5000	37.3484	55.3484
0.6904	6.0000	0.5000	18.5000	37.3515	55.3515
0.6904	6.0000	-	18.0000	36.2981	54.2981
0.6922	6.0000	-	18.0000	35.9899	53.9899
0.6826	6.0000	-	18.0000	35.4603	53.4603
0.6199	6.0000	-	18.0000	35.3976	53.3976
0.4896	6.0000	0.9985	18.9985	36.0958	54.0958

# City of Monroe, Michigan

## Revenue Capacity Principal Property Taxpayers

	Tax Year 2016			Tax Year 2007		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	\$ 473,936,990	1	49.22	\$ 333,343,120	1	33.28
Gerdau Macsteel	27,821,190	2	2.89	45,884,470	3	4.58
International Transmission Company	10,428,120	3	1.08	8,464,990	4	0.85
Howard Ternes Packing Company	6,031,080	4	0.63	6,888,450	5	0.69
Great Lakes Towers, LLC	5,648,990	5	0.59			
Ford Motor Company	5,113,490	6	0.53			
Headwaters Resources, Inc.	4,209,170	7	0.44			
Fluid Equipment Development Company	4,158,950	8	0.43	4,661,390	8	0.47
Michigan Gas Utility Corp	4,155,530	9	0.43			
Monroe Bank & Trust	3,897,350	10	0.40	5,231,200	7	0.52
Oak Forest APT Investors, LLC				3,694,140	9	0.37
Automotive Components Holdings				50,053,628	2	5.00
Riverbend Commons, LLC				5,419,030	6	0.54
Holiday Inn of Monroe				3,151,670	10	0.31

Data gathered from parcel report/top 30 taxpayers report from tax system

# City of Monroe, Michigan

## Revenue Capacity Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Levy Collected
2007	2008	\$ 15,494,010	\$ 14,975,863	96.66	\$ 473,526	\$ 15,449,389	99.71
2008	2009	15,614,880	15,099,991	96.70	493,029	15,593,021	99.86
2009	2010	15,310,521	14,721,278	96.15	550,331	15,271,609	99.75
2010	2011	14,709,127	14,250,863	96.88	446,060	14,696,923	99.92
2011	2012	14,227,768	13,843,954	97.30	361,837	14,205,791	99.85
2012	2013	14,188,252	13,799,075	97.26	364,757	14,163,832	99.83
2013	2014	14,545,101	14,238,835	97.89	283,173	14,522,008	99.84
2014	2015	15,307,151	15,023,122	98.14	266,527	15,289,649	99.89
2015	2016	16,164,243	15,904,530	98.39	241,959	16,146,490	99.89
2016	2017	15,611,588	15,302,634	98.02	289,118	15,593,862	99.89

Information from Treasurer Settlement Report

Delinquent collections includes personal tax collected March to June each year - Report from DLP Receipt Spread report

## **Debt Capacity**

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

# City of Monroe, Michigan

	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
General obligation bonds	\$ 5,470	\$ 5,225	\$ 7,470	\$ 6,810	\$ 10,215
Installment purchase agreements	699	617	784	673	315
State of Michigan loans	2,213	2,127	2,038	1,750	1,591
Transportation bonds	-	-	-	-	-
Revenue bonds	-	-	-	-	-
Capital leases	255	111	-	-	-
<b>Total</b>	<b>8,637</b>	<b>8,080</b>	<b>10,292</b>	<b>9,233</b>	<b>12,122</b>
<b>Business-type Activities</b>					
General obligation bonds	8,855	17,278	26,592	27,477	31,360
Installment purchase agreements	-	-	-	-	-
Special assessment bonds	-	-	-	-	-
Revenue bonds	-	-	-	-	-
Capital leases	-	-	-	-	-
<b>Total</b>	<b>8,855</b>	<b>17,278</b>	<b>26,592</b>	<b>27,477</b>	<b>31,360</b>
<b>Total debt of the government</b>	<b>\$ 17,492</b>	<b>\$ 25,358</b>	<b>\$ 36,884</b>	<b>\$ 36,710</b>	<b>\$ 43,482</b>
Total residential personal income*	\$ 493,198	\$ 491,262	\$ 478,448	\$ 477,838	\$ 473,543
Ratio of total debt to personal income	3.10%	5.16%	7.71%	7.68%	9.18%
Total population (actual)	21,528	21,374	21,323	20,733	20,672
Total debt per capita	\$ 813	\$ 1,186	\$ 1,730	\$ 1,771	\$ 2,103

Note: Data in thousands of dollars, except debt per capita

\* Personal income trended based on Monroe County percentage change

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

**Debt Capacity  
Ratios of Outstanding Debt  
Last Ten Fiscal Years**

2013	2014	2015	2016	2017
\$ 9,760	\$ 9,215	\$ 10,422	\$ 35,622	\$ 35,808
278	238	197	403	221
1,367	618	449	377	305
-	-	-	-	2,565
-	-	-	-	-
-	-	-	-	-
11,405	10,071	11,068	36,402	38,899
42,413	65,200	63,672	69,586	66,114
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
42,413	65,200	63,672	69,586	66,114
<b><u>\$ 53,818</u></b>	<b><u>\$ 75,271</u></b>	<b><u>\$ 74,740</u></b>	<b><u>\$ 105,988</u></b>	<b><u>\$ 105,013</u></b>
\$ 456,034	\$ 458,015	\$ 451,276	\$ 460,302	\$ 469,508
11.80%	16.43%	16.56%	23.03%	22.37%
20,535	20,405	20,198	20,092	19,986
\$ 2,621	\$ 3,689	\$ 3,700	\$ 5,275	\$ 5,254

# City of Monroe, Michigan

## Debt Capacity Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Tax-limited	Tax-supported Bonds (UTGO)	Less Pledged Debt Service Funds	Net General Bonded Debt	Estimated Actual Value of Taxable Property	Debt as a Percentage of Estimated Actual Value		Debt per Capita
	General Obligation Bonds (LTGO)					Population		
2008	\$ 14,325,000	\$ -	\$ 165,735	\$ 14,159,265	\$ 2,288,397,220	0.62	21,528	\$ 394
2009	13,770,000	-	119,492	13,650,508	2,193,922,680	0.62	21,374	639
2010	22,062,221	-	105,704	21,956,517	2,008,528,830	1.09	21,323	1,030
2011	22,070,980	-	20,869	22,050,111	1,961,907,580	1.12	20,733	1,064
2012	25,522,783	-	62,233	25,460,550	1,918,469,640	1.33	20,672	1,232
2013	24,508,383	-	93,684	24,414,699	1,911,160,396	1.28	20,535	1,189
2014	28,853,634	-	186,263	28,667,371	1,955,582,280	1.47	20,405	1,405
2015	29,297,091	-	318,898	28,978,193	2,047,959,740	1.41	20,198	1,435
2016	62,497,783	-	435,711	62,062,072	2,167,097,140	2.86	20,092	3,089
2017	61,372,783	-	450,286	60,922,497	2,105,920,420	2.89	19,986	3,048

Note: Excludes debt issued through the County of Monroe

# City of Monroe, Michigan

## Debt Capacity Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
County of Monroe	\$ 10,448,947	16.52%	\$ 1,472,590
Jefferson School District	1,025,000	2.86%	21,623
Monroe School District	-	50.90%	-
Monroe Intermediate School District	-	16.65%	-
Monroe County Community College	-	16.20%	-
Total overlapping debt			1,494,213
Direct City debt			<u>38,899,674</u>
Total direct and overlapping debt			<u><b>\$ 40,393,887</b></u>

- Source: Michigan Municipal Advisory Council

- 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

	2008	2009	2010	2011
<b>Calculation of Debt Limit</b>				
State equalized valuation	\$ 1,144,198,610	\$ 1,096,961,340	\$ 1,004,264,415	\$ 980,953,790
10 percent of SEV	114,419,861	109,696,134	100,426,442	98,095,379
<b>Calculation of Debt Subject to Limit</b>				
Total debt	17,533,950	25,378,075	36,884,315	36,709,967
Less debt not subject to limit:				
County agency bonds	-	-	-	680,573
Installment purchase agreements	955,723	728,801	784,293	673,434
State direct loans	2,253,227	2,146,490	2,037,801	1,749,880
Transportation bonds				
Water resources commission or				
Court-ordered bonds -				
Net debt subject to limit	<u>16,538,227</u>	<u>24,629,274</u>	<u>36,100,022</u>	<u>33,606,080</u>
<b>Legal Debt Margin</b>	97,881,634	85,066,860	64,326,420	64,489,299
<b>Net Debt Subject to Limit as Percent of Debt Limit</b>	14.45%	22.45%	35.95%	34.26%

Source: City of Monroe Assessor

**Debt Capacity  
Legal Debt Margin  
Last Ten Fiscal Years**

2012	2013	2014	2015	2016	2017
\$ 959,234,820	\$ 955,580,198	\$ 977,791,140	\$ 1,023,979,870	\$ 1,083,548,570	\$ 1,052,960,210
95,923,482	95,558,020	97,779,114	102,397,987	108,354,857	105,296,021
43,482,017	53,815,607	75,271,310	74,278,371	105,988,549	105,013,735
4,997,673	17,175,475	25,072,090	25,277,715	24,219,569	23,109,569
315,148	277,558	238,143	196,812	403,463	221,233
1,591,413	1,364,791	927,936	448,898	377,735	305,150
					2,565,000
<u>36,577,783</u>	<u>34,997,783</u>	<u>49,033,142</u>	<u>48,354,946</u>	<u>80,987,782</u>	<u>78,812,783</u>
59,345,699	60,560,237	48,745,972	54,043,041	27,367,075	26,483,238
38.13%	36.62%	50.15%	47.22%	74.74%	74.85%

## **Demographic and Economic Information**

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

# City of Monroe, Michigan

## Demographic and Economic Information Demographic and Economic Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	21,528	\$ 493,198	\$ 22,910	8.5
2009	21,375	491,262	22,983	17.0
2010	21,323	478,448	22,438	12.9
2011	20,733	477,838	23,047	10.4
2012	20,672	473,543	22,907	8.4
2013	20,535	456,034	22,208	8.8
2014	20,405	458,015	22,446	6.8
2015	20,198	451,276	22,343	4.8
2016	20,092	460,302	22,910	3.9
2017	19,986	469,508	23,492	4.3

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

# City of Monroe, Michigan

## Demographic and Economic Information Principal Employers Current Year and Nine Years Prior

Taxpayer	2017 Employees	Percentage of Total	2008 Employees	Percentage of Total	2008 Rank
1 ProMedica	1,738	2.24			
2 Gerdau MACSteel	510	0.66	450	0.62	6
3 DTE Energy	501	0.65	530	0.74	4
4 La-Z-Boy Incorporated	491	0.63	522	0.72	5
5 Monroe Bank & Trust	450	0.58	401	0.56	7
6 County of Monroe	427	0.55	700	0.97	2
7 Backyard Products	210	0.27			
8 City of Monroe	176	0.23	238	0.33	9
9 Pioneer Metal Finishing	150	0.19			
10 SYGMA Network	119	0.15			
Sisters, Servants of the Immaculate Heart of Mary			265	0.37	8
Monroe Publishing Company			200	0.28	10
Visteon			600	0.83	3
Mercy Memorial Hospital			1,246	1.73	1

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

Note: Percentage is of total employed in Monroe County. Data on City of Monroe employment is not available

# City of Monroe, Michigan

Function/Program	2008	2009	2010	2011	2012	2013
General government:						
City manager	3.00	2.00	2.00	2.00	2.00	2.00
Clerk/Treasurer	6.00	5.00	5.00	5.00	4.00	5.00
Assessor	3.60	3.00	3.00	3.00	3.00	3.00
City attorney	2.00	2.00	-	-	-	-
Finance	5.00	3.90	3.90	3.90	3.90	3.90
Human resources	2.00	2.00	2.00	1.50	1.50	1.50
Engineering	8.50	9.00	6.50	6.50	6.50	6.50
City Hall and grounds	2.35	1.35	1.35	1.35	1.35	1.35
Information systems	2.00	2.10	0.10	0.10	0.10	0.10
Public safety:						
Police:						
Officers	45.00	38.00	39.00	37.00	40.00	40.00
Civilians	7.00	6.00	5.00	5.00	5.00	6.00
Fire and EMS:						
Firefighters and officers	41.00	31.00	27.00	19.00	16.00	16.00
Civilians	0.40	-	-	-	-	-
Zoning/Ordinance enforcement	2.75	2.25	1.25	0.63	0.63	0.63
Building inspection	5.40	4.15	3.90	4.15	4.15	4.15
Public works - Public service:						
Operations Division	26.00	27.00	22.50	20.50	19.50	19.50
Forestry Division	5.00	-	-	-	-	-
Parks Division	-	-	-	-	-	-
Airport	1.00	-	-	-	-	-
Community and economic development	4.00	3.00	2.25	2.75	2.75	2.75
Parks and recreation	3.00	2.25	2.25	2.13	2.13	2.13
Water	32.00	30.00	28.50	28.50	28.50	28.50
Wastewater	31.00	31.00	26.50	26.50	26.00	26.00
Total	<u>238.00</u>	<u>205.00</u>	<u>182.00</u>	<u>169.50</u>	<u>167.00</u>	<u>169.00</u>

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

**Demographic and Economic Information  
Full-time Equivalent Government Employees  
Last Ten Fiscal Years**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
2.00	2.00	3.00	3.00
4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00
-	-	-	-
3.50	3.50	3.50	3.50
1.50	1.50	1.60	1.60
6.50	6.50	6.50	6.50
1.35	1.41	1.38	1.38
0.10	0.10	0.10	0.10
42.00	42.00	42.00	42.00
6.00	6.00	6.00	6.00
13.00	13.00	16.00	19.00
-	-	-	-
1.13	1.19	1.46	1.51
3.65	4.53	4.86	5.01
19.50	19.50	20.50	19.34
-	-	-	-
-	-	-	-
-	-	-	-
2.75	2.75	3.18	3.18
2.13	2.13	2.73	3.89
28.50	27.50	27.50	27.50
<u>26.00</u>	<u>26.00</u>	<u>26.00</u>	<u>25.45</u>
<b><u>166.60</u></b>	<b><u>166.60</u></b>	<b><u>173.30</u></b>	<b><u>175.96</u></b>

## **Operating Information**

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

# City of Monroe, Michigan

Function/Program	2008	2009	2010	2011	2012
<b>Police:</b>					
Physical arrests	1,101	998	1,039	1,032	1,045
Traffic citations and warnings	4,562	3,685	3,471	3,148	2,571
Original complaints	19,858	19,611	19,075	19,656	17,100
<b>Fire:</b>					
Fire incidents	3,165	781	766	784	697
EMS incidents	2,498	2,407	2,360	2,272	2,590
Inspections	470	200	222	337	300
<b>Code enforcement/administration:</b>					
Building inspections	2,452	2,538	2,186	2,096	2,280
Plumbing/Mechanical inspections	1,011	751	750	600	585
Electrical inspections	1,263	607	424	616	516
Zoning inspections	280	152	437	416	486
Blight violations	197	159	73	307	1,178
Rental inspections	1,053	1,075	1,425	1,096	1,052
<b>Public works:</b>					
Miles of street resurfaced	2	2	3	2	2
Trees trimmed	600	650	2,000	1,500	1,200
Trees removed	250	250	288	215	220
Trees planted	100	125	130	125	140
Street sweeping curb miles	2,400	2,400	2,400	2,400	2,400
Storm sewers replaced (miles)	-	-	-	-	-
Storm sewers installed (miles)	-	-	-	-	-
Storm sewer miles cleaned	8	10	7	3	1
City property mowing hours	300	150	290	210	170
<b>Parks and recreation:</b>					
Recreation program attendance	9,844	16,393	17,149	20,703	13,388
Park/Shelter reservations	168	117	82	92	101
Pool admission	3,807	3,613	-	-	3,011
<b>Water:</b>					
Number of customers billed	61,435	61,595	61,779	61,709	62,202
New services	110	112	35	73	115
Average daily consumption (thousands of gallons per day)	6,207	5,978	6,983	7,206	7,197
Wastewater - Average daily sewage treatment (thousands of gallons)	15,304	14,081	8,568	12,130	14,094

**Operating Information  
Operating Indicators  
Last Ten Fiscal Years**

2013	2014	2015	2016	2017
1,089	1,335	1,091	1,456	1,081
3,549	4,744	4,695	3,841	3,329
19,581	24,857	21,731	21,254	20,916
735	817	876	951	1,138
2,533	2,584	2,680	2,694	2,776
193	458	462	226	104
2,376	2,217	2,273	4,653	9,521
485	577	479	647	901
364	128	269	341	311
326	373	110	180	87
759	968	1,636	1,773	2,611
1,348	1,327	1,976	1,615	1,091
2	3	1	2	3
600	250	300	375	440
145	130	130	160	210
120	120	120	90	402
2,400	2,400	2,400	2,400	2,400
-	-	-	-	-
-	-	-	-	-
1	1	-	1	12
150	100	110	90	90
12,181	18,746	16,208	19,657	25,789
85	85	91	90	89
2,465	-	-	-	-
62,067	63,866	64,052	64,808	65,878
121	72	83	66	53
7,328	7,283	7,141	7,365	7,525
10,192	7,279	11,993	11,580	12,342

# City of Monroe, Michigan

Function/Program	2008	2009	2010	2011	2012
Police:					
Stations	1	1	1	1	1
Patrol units	15	15	14	14	14
Fire:					
Stations	3	2	2	2	2
Fire response vehicles	5	5	4	4	4
Emergency response vehicles	2	2	3	4	4
Public works:					
Streets (miles):					
Major streets	28.77	28.77	28.6	28.6	28.6
Local streets	53.33	53.33	54.12	54.12	54.12
Sidewalks	170.86	170.86	170.86	170.86	170.86
Streetlights	1,564	1,564	1,564	1,564	1,570
Traffic signals	10	10	10	9	9
Parks and recreation:					
Acreage	280	280	280	280	280
Developed parks/playgrounds	32	32	32	32	32
Developed fields (soccer, baseball, etc.)	21	21	21	21	21
Libraries - Branches	2	2	2	2	2
Water:					
Mains (miles)	281	282	282	298	298
Fire hydrants	2,494	2,541	2,640	2,834	2,854
Storage capacity	6.81	6.81	6.81	6.81	6.81
Sewer:					
Miles of sanitary sewers	303	303	303	303	303
Miles of storm sewers	60.81	60.81	60.81	60.81	60.81
Treatment capacity (millions of gallons/day)	32.0	32.0	32.0	32.0	32.0

**Operating Information  
Capital Asset Statistics  
Last Ten Fiscal Years**

2013	2014	2015	2016	2017
1	1	1	1	1
14	15	15	15	15
2	2	2	2	2
4	4	5	5	5
4	4	5	5	5
28.6	28.6	28.6	28.6	28.6
54.12	54.12	54.13	54.13	54.13
172.25	172.25	172.25	172.29	172.39
1,582	1,582	1,582	1,582	1,599
7	7	7	7	7
280	280	280	280	280
32	32	32	32	32
21	21	21	21	21
2	2	2	2	2
305	306	306	306	307
3,295	3,327	3,339	3,340	3,346
6.81	6.81	6.81	6.81	6.81
303	303	303	303	303
60.81	60.85	60.85	60.85	60.85
32.0	32.0	45.6	45.6	45.6