

CITY OF
MONROE
Michigan



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2018

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Introductory Section



November 15, 2018

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, 2018. 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, 2018, 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, 2018.

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

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

City Government Profile

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

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

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

Economic Condition and Outlook

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

The average annual unemployment rate for the area has averaged 8.17% over the last ten years. The unemployment rate for Monroe County as of June 30, 2018 was 4.4%. The limited growth in property tax and state shared and federal revenues, and a filed 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 \$15 million. This represents a decrease of 51 percent as compared to the previous five-year average of \$31

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 \$27.05 million. A history of building permits over the last ten years follows:

Fiscal Year	Number of Permits	Value
2018	633	\$ 15,017,047
2017	853	12,050,440
2016	1533	26,515,389
2015	756	21,896,819
2014	772	70,775,309
2013	867	22,608,713
2012	899	53,334,251
2011	883	36,615,861
2010	883	16,737,251
2009	988	23,699,406

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 three year period beginning with the 2018-19 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 third 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 helps to plan for affects that could occur if a large property tax appeal by DTE Energy has a negative effect on the City's finances.

Property taxes represent 69% 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 2017 tax year, covering fiscal 2017-18, the overall taxable value was approximately \$106 million below state equalized value reducing potential tax revenue by approximately \$1.8 million due to the cap, with \$1.56 million of that amount being attributed to general operating purposes. The gap between taxable value and state equalized valuation increased for the 2017 tax year. The gap was approximately \$90 million for the 2016 tax year covering fiscal year 2016-17.

State shared revenue accounted for approximately 15.1 percent of the City's General Fund revenue. State shared revenue has historically only included revenue sharing from the State of Michigan. It now includes personal property tax exemption reimbursements from the State of Michigan as well, which has caused the percentage to increase from 10% in the prior years. The following table displays the change in revenue sharing from the prior year.

Revenue Sharing	9/30/2018	9/30/2017	Change +/-	% Change
Constitutional	\$ 1,713,243	\$ 1,669,156	\$ 44,087	2.64%
CVTRS/Statutory	311,012	294,177	16,835	5.72%
Total	\$ 2,024,255	\$ 1,963,333	\$ 60,922	3.10%

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 2017-18 budget. The following projects were active during the fiscal year ended June 30, 2018:

Local Streets:

- Jerome Street - Woodland Cemetery to Fourth
- John Rolfe - South of Crest of Donnalee
- West Lorain Reconstruction - West end to Donnalee

Major Streets:

- Kentucky Avenue Reconstruction - Fourth to First
- North Macomb Resurfacing-Elm to Grove
- West Lorain Reconstruction - John Rolf to Telegraph
- Conant Avenue Resurfacing - Wood to Third

- Union Street – Eight to Third

General Capital Projects:

- Winchester Street Bridge Deck Replacement
- City Council Chambers Renovation
- First Station One Replacement Design
- Sidewalk Replacement Program

Water System:

- Cartegraph OMS Asset Management Software Implementation
- Standby Power Generator Replacement
- GIS-Water Systems and Services
- Water Main – N. Macomb – Elm to Lorain
- Water Main – Conant Ave – Wood to Third
- Water Main – (Union Street, Sylvan Drive, Stockton Drive)

Wastewater System:

- Roof Replacement – Chlorine Building & Rear Pump Building
- Roof Replacement – Equipment Administration and Gallery Buildings
- Sanitary Sewer Rehabilitations
- Pump Station Rehabilitation – Ravenwood
- Pump Station Rehabilitation – Stoney Pointe #1

Major planned projects for fiscal 2018-19:

- Strategic Property Acquisition
- City Council Chambers Renovation/Audio/Video Upgrade
- City Branding
- Riverwalk Lighting and Security
- Sidewalk Replacement Program
- Custer Airport Crack Sealing and Marking
- First Street Resurfacing – Harrison to Washington
- West Front Resurfacing – Telegraph to Harrison
- Stockton Resurfacing – Borgess to Monroe
- Sylvan Resurfacing – Borgess to Monroe
- Parkwood Resurfacing – Hollywood to Maple
- Scottwood Resurfacing – Hollywood to Maple
- Fire Engine Two Replacement
- First Station 1 Replacement
- West side Fire Station Renovation
- Labor Park Master Plan Implementation
- Sanitary Sewer Rehabilitation/Replacement
- Lift Station Truck Replacement
- Water Distribution System Replacement/Rehabilitation
- Water Plant Generator Replacement
- Water Dump Truck and Backhoe Replacement
- Water High Service Pump/Motor/Etc. 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, 2017. 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 2017 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 2017's Best-Performing Small Cities by the Milken Institute, an objective and nonpartisan research institute. The City of Monroe was listed as number 55 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 2017 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 Manager/Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Monroe
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

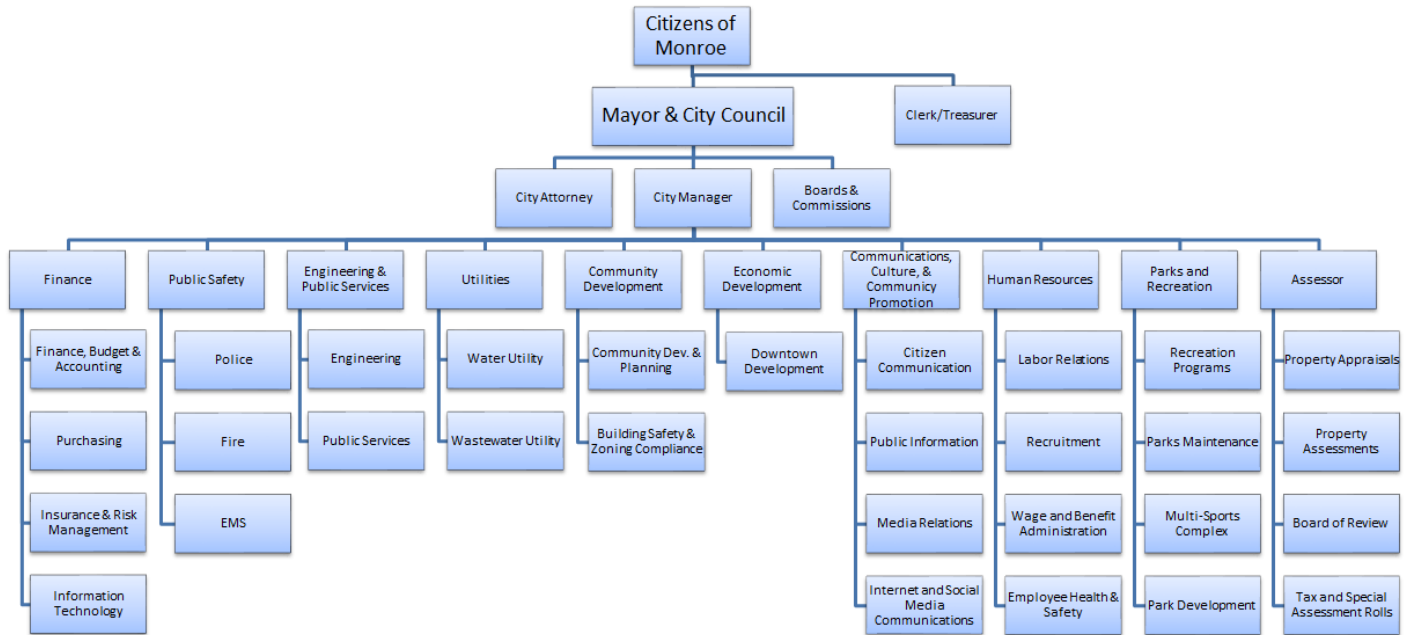
June 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF MONROE, MICHIGAN

Organizational Chart



CITY OF MONROE, MICHIGAN

List of Principal Officials

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

CITY OF MONROE, MICHIGAN

Facts About Monroe

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

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

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

Financial Section

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, 2018 and the related notes to the financial statements, which collectively comprise the City of Monroe, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe Housing Commission, which represents 49 percent, 80 percent, and 70 percent, respectively, of the assets, net position/fund balance, and revenue of the component units. Those financial statements were audited by other auditors whose report has been furnished to us and, in our opinion, insofar as it relates to the amounts included for the Monroe Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan as of June 30, 2018 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Monroe, Michigan

Emphasis of Matter

As discussed in Note 19 to the basic financial statements, the 2018 basic financial statements have been restated to correct a misstatement. Historically, the Monroe Housing Commission has not been reported as a component unit of the City. During the year ended June 30, 2018, the City determined that the Monroe Housing Commission is a discretely presented component unit of the City. The financial statements now present the Monroe Housing Commission as a discretely presented component unit. Net position for the component units as of June 30, 2017 has been restated to \$10,039,505 to reflect this change. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the basic financial statements, during the year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

As explained in Note 3, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable market values. These investments comprised approximately 13 percent, or \$25,796,869, of the Pension and Other Employee Benefit Trust Fund's net position at June 30, 2018. 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 and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Plante & Moran, PLLC

November 15, 2018

As management of City of Monroe, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2018.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplemental information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Statements

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

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

- **Proprietary Funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for its water and sewage disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks, its information systems services, and for its fleet of vehicles. All of these services predominantly benefit governmental rather than business-type functions; they have been included within governmental activities in the government-wide financial statements.
- **Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include both the pension and other postemployment benefit trust funds and agency funds.

Notes and Other Information

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

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2018:

- Property tax revenue, our largest revenue source, increased 7.0 percent from \$15.6 million to \$16.7 million. The total millage rate collected in the General Fund increased by 6.3 percent from 14.2894 to 15.1863. A new fire station millage (0.47 mill) and economic development millage (0.0519 mill) were levied for the first time. Also, in the past, the City had levied a portion of its operating millage for the Port of Monroe (0.375 mill). That millage was levied as a general operating millage during the 2017-2018 fiscal year, and the Port of Monroe received its funding through a General Fund appropriation for the first time.
- Reimbursements from the State of Michigan for personal property tax exemptions were received for the second time in the amount of \$1.482 million, an increase of \$145,000 from the prior year. The initial budget for the 2018 fiscal year for this revenue source was \$753,161. The amount collected significantly exceeded the budget due to funds available for distribution at the state level exceeding the amount estimated to be needed for full reimbursement across the state.
- The City received a Michigan Department of Natural Resources Trust Fund grant in the amount of \$4.986 million to purchase properties to expand the River Raisin National Battlefield Park. During the fiscal year, \$2.513 million was expended under the grant. Only \$2.203 million was reported as revenue due to a 10 percent hold back on each purchase until the end of the grant and some properties not yet being reimbursed. As of fiscal year end, a deferred inflow of approximately \$701,000 existed due to these factors.

Management's Discussion and Analysis (Continued)

- The shared sales tax portion of state-shared revenue, our second largest revenue source, increased 3.1 percent from the previous year. The revenue source increased by \$60,922 to \$2,024,255. The initial budget had projected \$1,922,000 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, Michigan for the last five State of Michigan fiscal years:

Fiscal Year End	Amount
September 30, 2018	\$ 2,024,255
September 30, 2017	1,963,333
September 30, 2016	1,872,372
September 30, 2015	1,873,891
September 30, 2014	1,840,749

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

- Total fund balance for the General Fund (which now includes the City's Budget Stabilization Fund under GASB Statement No. 54) increased \$230,732 to \$6,320,611. Unassigned fund balance increased \$198,125 to \$4,129,894. The following factors contributed to the increase:
 - Excluding grant-funded programs, revenue exceeded the budgeted amount by \$87,624. Sale of items from the now closed Multi-Sports Complex generated \$71,835 of that amount.
 - Expenditures in total were under budget by \$3,100,081. Excluding Michigan Department of Natural Resources Trust Fund (MNRTF) and Blight Elimination grant funds that were not spent, expenditures were under budget by \$852,710. Every city department was under budget, with parks and recreation, engineering, and zoning/ordinance enforcement having the largest variances. Approximately \$600,000 of those expenditures will still be made in the 2018-2019 fiscal year, as they were for building demolitions that did not start until the summer of 2018.
 - Assigned Fund Balance related to encumbrances outstanding at fiscal yearend was increased from \$57,961 to \$74,991. The assigned fund balance will be used in the fiscal year ending June 30, 2019.
- The City funded approximately 19 percent of its actuarial determined contribution (ADC) to the postretirement healthcare system. The ADC for the 2017-2018 fiscal year was calculated at \$3,927,016. The City issued OPEB bonds in 2016 to fund 82 percent of the unfunded actuarial accrued liability (UAAL). For this reason, the full ADC payment was not required. The City's contribution in relation to the ADC for the 2017-2018 fiscal year was \$1,299,795 or 18.92 percent of the ADC.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. This change essentially reports the City's unfunded retiree healthcare liability in the statement of net position. The City's net OPEB liability as of June 30, 2018 was \$7,826,283.
- The City increased the number of approved full-time equivalent positions budgeted from 175.96 to 180.98 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled \$12.08 million. A total of \$6.379 million of that amount was dedicated to infrastructure-type assets.
- Investment income saw a good increase of \$92,148 during the year with increasing short-term interest rates. The revenue source increased to \$339,233 from \$247,085 from the prior fiscal year.

- Total net position related to the City's governmental activities decreased by \$24,787,195 to \$33,943,015. The beginning net position was reduced by \$25,731,314 for the implementation of GASB 75. The change is described in Note 18 to the financial statements.
- Total net position related to the City's business-type activities decreased by \$6,214,401 to \$73,317,545. The beginning net position was reduced by \$12,301,503 for the implementation of GASB 75. The change is described in Note 18 to the financial statements.
- 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 \$11.17 million at fiscal year end, an increase of \$632,431, and the plan was 92.66 percent funded: an increase of 0.61 percent. The liability decreased primarily due to investment returns greater than normal actuarial assumptions.
- A review of the Monroe Housing Commission determined that it is a component unit of the City of Monroe, Michigan. Its September 30, 2017 financial statements are included in this report.
- The City's largest taxpayer, DTE Energy, has filed a large tax appeal. The appeal did not affect the 2018 operating results, and the appeal is too early on in its process to determine any liability on the City's part. Basic information on the appeal is included in Note 13 to the financial statements.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$107,260,560 at the close of the most recent fiscal year.

City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 37,603,823	\$ 57,683,502	\$ 17,490,629	\$ 24,670,797	\$ 55,094,452	\$ 82,354,299
Capital assets	67,904,922	65,024,808	124,516,427	123,739,928	192,421,349	188,764,736
Total assets	105,508,745	122,708,310	142,007,056	148,410,725	247,515,801	271,119,035
Deferred Outflows of Resources	4,840,583	9,142,807	386,098	574,717	5,226,681	9,717,524
Liabilities						
Current liabilities	3,637,547	4,347,868	2,015,077	1,748,427	5,652,624	6,096,295
Noncurrent liabilities	53,900,602	51,250,209	66,613,649	67,684,522	120,514,251	118,934,731
Total liabilities	57,538,149	55,598,077	68,628,726	69,432,949	126,166,875	125,031,026
Deferred Inflows of Resources	18,868,164	17,522,830	446,883	20,547	19,315,047	17,543,377
Net Position						
Net investment in capital assets	56,028,571	54,825,194	70,147,960	66,184,050	126,176,531	121,009,244
Restricted	2,671,364	2,158,946	-	-	2,671,364	2,158,946
Unrestricted	(24,756,920)	1,746,070	3,169,585	13,347,896	(21,587,335)	15,093,966
Total net position	<u>\$ 33,943,015</u>	<u>\$ 58,730,210</u>	<u>\$ 73,317,545</u>	<u>\$ 79,531,946</u>	<u>\$ 107,260,560</u>	<u>\$ 138,262,156</u>

The City's combined net position decreased by 22 percent from a year ago - decreasing from \$138.3 million to \$107.3 million. The primary reason for the reduction was the implementation of GASB 75, which now reports the City's OPEB liability in the statement of net position. Due to the OPEB bond issue that was deposited to the OPEB trust in fiscal year 2017, the City reported a combined net OPEB asset as of June 30, 2017 in the amount of \$28.2 million. With the change in accounting, the asset was eliminated and a net OPEB liability of \$7.8 million is now reported.

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 \$23.0 million for governmental activities due to the change in OPEB liability accounting mentioned. The decrease includes a reduction to the beginning unrestricted net position of \$25.7 million from \$1.75 million to \$(23.985) million due to the accounting change.

The unrestricted portion of the business-type activities net position decreased \$10.2 million primarily due to the OPEB liability accounting change previously mentioned.

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

City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Program revenue:						
Charges for services	\$ 1,295,091	\$ 1,531,767	\$ 18,548,236	\$ 17,520,395	\$ 19,843,327	\$ 19,052,162
Operating grants	2,373,939	1,727,719	-	-	2,373,939	1,727,719
Capital grants	4,155,991	695,973	2,244,327	754,346	6,400,318	1,450,319
General revenue:						
Property taxes	16,708,017	15,607,661	-	-	16,708,017	15,607,661
State-shared revenue and grants	3,485,665	3,286,493	-	-	3,485,665	3,286,493
Investment earnings	224,833	165,137	114,400	81,948	339,233	247,085
Other revenue	1,183,429	1,342,100	47,796	644,214	1,231,225	1,986,314
Total revenue	29,426,965	24,356,850	20,954,759	19,000,903	50,381,724	43,357,753
Expenses						
General government	2,634,067	2,482,372	-	-	2,634,067	2,482,372
Public safety	12,269,794	12,831,299	-	-	12,269,794	12,831,299
Public works	10,733,142	11,078,905	-	-	10,733,142	11,078,905
Community and economic development	294,520	1,069,806	-	-	294,520	1,069,806
Recreation and culture	1,600,210	1,836,283	-	-	1,600,210	1,836,283
Debt service	951,113	916,101	-	-	951,113	916,101
Water, wastewater, and building authority	-	-	14,867,657	16,013,897	14,867,657	16,013,897
Total expenses	28,482,846	30,214,766	14,867,657	16,013,897	43,350,503	46,228,663
Special and extraordinary items - Asset impairment	-	(2,589,791)	-	-	-	(2,589,791)
Change in Net Position	944,119	(8,447,707)	6,087,102	2,987,006	7,031,221	(5,460,701)
Net Position - Beginning of year, as restated	32,998,896	67,177,917	67,230,443	76,544,940	100,229,339	143,722,857
Net Position - End of year	\$ 33,943,015	\$ 58,730,210	\$ 73,317,545	\$ 79,531,946	\$107,260,560	\$138,262,156

Revenue for the City as a whole increased \$7.0 million (16.2 percent). Revenue increased in both governmental and business-type activities.

Governmental activity revenue increased primarily due to capital grant revenue, property tax revenue, and gas and weight tax increases; an increase in investment income; and other minor increases. Changes from the prior year in the individual revenue categories were as follows:

Revenue Category	2018	2017	Change +/-
Charges for services	\$ 19,843,327	\$ 19,052,162	\$ 791,165
Operating grants and contributions	2,373,939	1,727,719	646,220
Capital grants and contributions	6,400,318	1,450,319	4,949,999
Property taxes	16,708,017	15,607,661	1,100,356
State-shared revenue	3,485,665	3,172,082	313,583
Investment income	339,233	247,085	92,148
Cable franchise fees	318,469	335,704	(17,235)
Other miscellaneous income	912,756	1,755,554	(842,798)
Gain on sale of assets	-	9,467	(9,467)
Total	<u>\$ 50,381,724</u>	<u>\$ 43,357,753</u>	<u>\$ 7,023,971</u>

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 decreased by \$2.9 million (6.2 percent). In the prior year, expense was reported for the contribution of the OPEB debt issue into the Retiree Healthcare Trust. The one-time nature of those contributions is the primary reason for the reduction.

The City's total governmental revenue increased by \$5.1 million (20.8 percent), primarily due to changes in capital grants related to the DNR Trust Fund grant property purchases, state-shared revenue, increased road funding, and investment income that were discussed in the government-wide discussion. Governmental program expenses decreased \$1.73 million (5.7 percent) related to prior year retiree healthcare contributions discussed earlier.

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 \$6,087,102 in the business-type funds. This increase is after a reduction to the beginning net position of \$12.3 million due to the implantation of GASB 75 during the fiscal year. The increase was primarily due to increased revenue from water and wastewater services, a focus on reducing costs where possible, and increased capital asset contributions from private developments. The revenue increased due to fee increases implemented on July 1, 2017 and increased water sales.

Financial Analysis of Individual Funds

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

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

General Fund

The General Fund pays for most of the City's governmental services. The most significant are police and fire services, which incurred expenses of approximately \$8.64 million, or 40 percent of General Fund expenditures and transfers out. The costs of these departments are generally funded by property tax revenue, state-shared revenue, and, to a much lesser extent, charges for services. The activities of the Wastewater and Water Funds are disclosed under "business-type activities" above.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. City departments overall stayed below budget, resulting in total expenditures and transfers out of \$22,358,378, or 12.2 percent below budget. In addition to this amount, certain items that were budgeted will be expended in future years. A total of \$74,991 was encumbered at the fiscal year end, and the budget amount will be transferred to the 2018 fiscal year. Additionally, approximately \$600,000 in demolition budget will be transferred to the 2018-2019 fiscal year.

A report of the General Fund expenditures follows:

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
City Council	\$ 122,889	\$ 131,720	\$ 131,296	\$ 424
City manager	469,043	493,987	485,330	8,657
Finance	424,004	422,216	418,760	3,456
Clerk-treasurer	466,826	455,826	443,556	12,270
Assessor	329,580	329,480	326,489	2,991
Communications, culture, and promotion	143,624	150,200	130,425	19,775
City hall grounds	250,829	258,937	252,397	6,540
Attorney	146,722	146,722	144,458	2,264
Human resources	284,782	266,418	253,666	12,752
Engineering	196,393	361,688	361,043	645
Police	622,301	627,057	605,871	21,186
Fire	281,988	304,012	292,837	11,175
Zoning/Ordinance enforcement	312,656	873,706	183,226	690,480
Public safety division personnel	7,690,956	7,670,526	7,661,533	8,993
Street construction	1,820,707	1,752,622	1,742,531	10,091
Port of Monroe operations	400,000	400,000	400,000	-
Community and economic development	262,532	4,925,098	2,742,501	2,182,597
Library	57,500	57,500	57,500	-
Parks and recreation	2,001,733	1,550,395	1,450,730	99,665
Public access TV	167,000	165,000	159,234	5,766
Social services	140,000	145,000	145,000	-
Capital outlay	180,000	-	-	-
Debt service	1,747,060	1,743,767	1,743,413	354
Transfers out	1,564,197	2,226,583	2,226,582	1
Total	\$ 20,083,322	\$ 25,458,460	\$ 22,358,378	\$ 3,100,082

The original budget of \$20,083,322 was increased to \$25,458,460 by fiscal year end. The major changes in the budget were as follows:

- The carryforward of the unexpended funds from the Michigan Department of Natural Resources Trust Fund (MNRTF) grant
- The addition of \$400,000 in funding for the demolition of properties acquired under the MNRTF grant
- The addition of a \$174,300 blight elimination grant.
- The Parks and Recreation budget was reduced for the closing of the Multi-Sports Complex for ice-related activities.
- Transfers out were increased primarily due to the receipt and transfer to the Capital Projects Fund of additional personal property tax reimbursement funds.

Revenue in total came in under budget by \$2,869,547, or 11.27 percent. This was primarily due to \$2.782 million in MNRTF grant revenue that was budgeted but not recognized. The full amount of grant expenditures had not been incurred by fiscal year end, and approximately \$700,000 of grant revenue was deferred to future years as a result of delays in reimbursement and a 10 percent hold back by the Department of Natural Resources.

The amended budget estimated that fund balance would increase by \$197 to \$6,090,076. The actual fund balance increased by \$230,732 to \$6,320,611. Of the fund balance amount, \$74,991 is assigned for encumbered items and \$2,000,000 is committed for budget stabilization purposes. The fund balance figure also includes a nonliquid land asset in the amount of \$84,642 and prepaid assets that are nonspendable in the amount of \$31,084. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is \$4,129,894. That amount represents about 20 percent of the General Fund adopted budget for fiscal year 2019, which is above the level of what is recommended for a financially sound community. The City's policy is to keep fund balance at a level of 15 percent of budgeted expenditures.

Capital Assets and Debt Administration

At the end of 2018, the City had net capital assets of \$192,421,349 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to \$101,190,862. Capital projects completed or in progress during fiscal year 2018 include continuation of the resurfacing and/or reconstruction projects on Kentucky Avenue, North Macomb Street, Conant Avenue, Union Street, Jerome Street, West Lorain, and others and architectural design for the replacement of Fire Station 1, Winchester Street Bridge Deck replacement, sidewalk replacement program, water distribution and filtration system improvements, continued sanitary sewer rehabilitation, development of a wastewater asset management system, and many others.

No new debt was issued during the 2017-2018 fiscal year.

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

The City is currently using 68.66 percent of its available debt margin of \$1,068,092,160. Debt service made up 8.4 percent of total General Fund expenditures for fiscal year 2018. Bonded debt and other long-term obligations were reduced by \$5,594,045 during the year.

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

Economic Factors and Next Year's Budgets and Rates

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

Year Ended June 30	County	Michigan
2018	4.40 %	4.30 %
2017	4.30	4.00
2016	3.90	4.90
2015	4.80	5.80
2014	6.80	7.90
2013	8.80	9.40
2012	8.40	9.20
2011	10.40	11.00
2010	12.90	13.10
2009	17.00	15.40

The county unemployment rate had decreased to 4.0 percent at the end of October 2018.

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 three-year period. The 2018-2019 budget was adopted by the City Council, and the budget document and process included projections for the 2019-2020 and 2020-2021 fiscal years. The City's fiscal year 2018-2019 General Fund budget increased when compared to the 2017-2018 original budget. The adopted revenue and expenditures for 2018-2019 and the projected budgets for 2019-2020 and 2020-2021 as compared to the 2017-2018 adopted budget are as follows:

Originally Adopted General Fund Budget Totals					
	June 30, 2018	June 30, 2019	Increase	June 30, 2020	June 30, 2021
Revenue	\$ 19,930,495	\$ 20,194,679	\$ 264,184	\$ 20,604,653	\$ 21,000,837
Expenditures	20,083,322	20,285,747	202,425	20,729,941	21,040,571

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 as a River Raisin Battlefield Visitors Center. The 2018-2019 budget included maintenance costs for the facility.

The 2019 budget was adopted to use \$91,068 of fund balance. The use of fund balance is primarily related to two factors:

1. An appeal was filed with the Michigan Tax Tribunal (MTT) by DTE Energy, the City's largest taxpayer, of its taxable value. A reduction of over 50 percent is sought. The City budgeted \$175,000 for legal and consulting fees for the fiscal year.
2. The City budgeted \$75,000 to hire a consultant to study and make recommendations for the future operations of the Public Safety Division.

Due to the looming property tax appeal, the rest of the budget was kept primarily status quo. A total of \$1.5 million was set aside in the budget for a potential negative decision against the City in the tax appeal.

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 2018-2019 budget may need to be amended for local costs related to acquisition of properties near the River Raisin National Battlefield Park.

The budget currently funds 178.98 full-time equivalent (FTE) positions. This is a slight decrease from the previous year total of 180.98. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included \$969,100 budgeted for capital projects. This is an increase from the prior year amount of \$321,000. The increase was made possible by funds set aside in the Capital Project Fund in previous fiscal years.

For fiscal year 2019, taxable value increased in total by about 2.01 percent. Ad valorem real property taxable values actually increased by about 2.38 percent for the 2019 fiscal year, and the residential sector increased by 2.66 percent. Due to the impact of Proposal A, the City will need to continue to monitor its budget very closely. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. We know that the inflation increase for the 2019-2020 fiscal year will be 2.4 percent. This means that the recovery in the taxable value of city properties will take a significant amount of time, and the financial recovery will be very slow. An emphasis will have to remain on controlling operating costs.

The 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 2020 at \$1,297,610. This was reduced over \$2.6 million due to the issuance of OPEB bonds. 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 started to increase and are now exceeding 2.3 percent on overnight investment options. The pace of interest rate increases and the overall economic expansion 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, 2018 for 2019.

The primary factor affecting the City's 2019 and future budget projections is taxable value levels. The City's largest taxpayer, DTE Energy, has recently filed a tax appeal requesting a substantial reduction in the coal-fired electric plant's 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.

Requests for Further Information

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

Statement of Net Position

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 29,535,142	\$ 8,030,227	\$ 37,565,369	\$ 4,554,403
Receivables:				
Property taxes receivable	1,526,325	22,277	1,548,602	-
Special assessments receivable	101,817	72,564	174,381	-
Customer receivables	16,143	3,173,544	3,189,687	117,474
Accrued interest receivable	16,999	3,110	20,109	-
Due from fiduciary funds	682,759	-	682,759	-
Other receivables	916,350	177,370	1,093,720	103,585
Due from other governmental units	2,036,183	377,570	2,413,753	60,255
Economic development loans receivable	25,000	-	25,000	-
Internal balances (Note 6)	(715,358)	715,358	-	-
Real estate inventory	800,000	-	800,000	14,546
Prepays and other assets	424,744	832,353	1,257,097	81,675
Restricted assets (Note 1)	820,149	-	820,149	55,782
Investment in joint ventures (Note 12)	-	3,872,461	3,872,461	-
Advances to component unit (Note 6)	1,417,570	213,795	1,631,365	-
Capital assets: (Note 5)				
Assets not subject to depreciation	7,806,355	860,417	8,666,772	8,105,735
Asset subject to depreciation	60,098,567	123,656,010	183,754,577	5,367,035
Total assets	105,508,745	142,007,056	247,515,801	18,460,490
Deferred Outflows of Resources (Note 4)	4,840,583	386,098	5,226,681	204,642
Liabilities				
Accounts payable	968,441	1,054,275	2,022,716	566,200
Due to other governmental units	600	57,588	58,188	787
Refundable deposits, bonds, etc.	-	28,103	28,103	-
Accrued liabilities and other	898,422	411,151	1,309,573	310,265
Unearned revenue	1,770,084	463,960	2,234,044	16,250
Advances from primary government (Note 6)	-	-	-	1,631,365
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	175,312	324,740	500,052	-
Current portion of long-term debt (Note 7)	2,083,438	3,549,470	5,632,908	125,275
Due in more than one year:				
Compensated absences (Note 7)	645,692	-	645,692	-
Environmental liabilities	-	-	-	1,013,083
Net pension liability (Note 9)	10,853,263	319,103	11,172,366	1,099,316
Net OPEB liability (Note 10)	5,286,996	2,539,287	7,826,283	-
Long-term debt - Net of current portion (Note 7)	34,855,901	59,881,049	94,736,950	4,278,094
Total liabilities	57,538,149	68,628,726	126,166,875	9,040,635
Deferred Inflows of Resources (Note 4)	18,868,164	446,883	19,315,047	-
Net Position				
Net investment in capital assets	56,028,571	70,147,960	126,176,531	10,026,754
Restricted:				
Streets and highways	1,567,633	-	1,567,633	-
Debt service	494,019	-	494,019	-
Rubbish	352,552	-	352,552	-
Grants	179,304	-	179,304	-
Drug forfeiture	77,299	-	77,299	-
Code enforcement	557	-	557	-
Health insurance and construction projects	-	-	-	501,248
Unrestricted	(24,756,920)	3,169,585	(21,587,335)	(903,505)
Total net position	\$ 33,943,015	\$ 73,317,545	\$ 107,260,560	\$ 9,624,497

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	\$ 2,634,067	\$ 101,965	\$ -	\$ -
Public safety	12,269,794	431,898	7,724	-
Public works	10,733,142	674,091	2,366,215	1,580,804
Community and economic development	294,520	-	-	2,575,187
Recreation and culture	1,600,210	87,137	-	-
Interest on long-term debt	951,113	-	-	-
Total governmental activities	28,482,846	1,295,091	2,373,939	4,155,991
Business-type activities:				
Water	6,776,392	8,550,443	-	2,244,327
Wastewater	8,091,265	9,997,793	-	-
Building Authority	-	-	-	-
Total business-type activities	14,867,657	18,548,236	-	2,244,327
Total primary government	\$ 43,350,503	\$ 19,843,327	\$ 2,373,939	\$ 6,400,318
Component units:				
Port of Monroe	\$ 1,670,576	\$ 527,765	\$ -	\$ 246,198
Downtown Development Authority	282,952	-	-	-
Brownfield Redevelopment Authority	343,449	-	-	-
Monroe Housing Commission*	2,222,344	915,194	1,025,104	185,916
Total component units	\$ 4,519,321	\$ 1,442,959	\$ 1,025,104	\$ 432,114
General revenue:				
Taxes				
Unrestricted state-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Income from joint venture (not directly allocated)				
Other miscellaneous income				
Total general revenue				

Change in Net Position

Net Position - As restated - Beginning of year (Notes 18 and 19)

Net Position - End of year

Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,532,102)	\$ -	\$ (2,532,102)	\$ -
(11,830,172)	-	(11,830,172)	-
(6,112,032)	-	(6,112,032)	-
2,280,667	-	2,280,667	-
(1,513,073)	-	(1,513,073)	-
(951,113)	-	(951,113)	-
(20,657,825)	-	(20,657,825)	-
-	4,018,378	4,018,378	-
-	1,906,528	1,906,528	-
-	-	-	-
-	5,924,906	5,924,906	-
(20,657,825)	5,924,906	(14,732,919)	-
-	-	-	(896,613)
-	-	-	(282,952)
-	-	-	(343,449)
-	-	-	(96,130)
-	-	-	(1,619,144)
16,708,017	-	16,708,017	656,157
3,485,665	-	3,485,665	37,562
224,833	114,400	339,233	51,400
318,469	-	318,469	400,074
-	7,095	7,095	-
864,960	40,701	905,661	58,943
21,601,944	162,196	21,764,140	1,204,136
944,119	6,087,102	7,031,221	(415,008)
32,998,896	67,230,443	100,229,339	10,039,505
\$ 33,943,015	\$ 73,317,545	\$ 107,260,560	\$ 9,624,497

Governmental Funds
Balance Sheet

June 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 14,785,755	\$ 7,902,849	\$ 22,688,604
Investments	5,163,859	-	5,163,859
Receivables	2,901,437	1,117,053	4,018,490
Due from other funds (Note 6)	11,796	41,568	53,364
Real estate inventory	800,000	-	800,000
Prepays and other assets	31,084	46,551	77,635
Restricted assets (Note 1)	-	820,149	820,149
Advances to component unit (Note 6)	-	1,417,570	1,417,570
Total assets	<u>\$ 23,693,931</u>	<u>\$ 11,345,740</u>	<u>\$ 35,039,671</u>
Liabilities			
Accounts payable	\$ 378,666	\$ 438,046	\$ 816,712
Due to other governmental units	-	600	600
Due to other funds (Note 6)	-	53,364	53,364
Advances from other funds (Note 6)	715,358	-	715,358
Accrued liabilities and other	272,542	13,719	286,261
Unearned revenue	9,876	1,760,108	1,769,984
Total liabilities	1,376,442	2,265,837	3,642,279
Deferred Inflows of Resources			
Unavailable revenue (Note 4)	805,742	288,971	1,094,713
Property taxes levied for the following year (Note 4)	15,191,136	2,112,613	17,303,749
Total deferred inflows of resources	15,996,878	2,401,584	18,398,462
Fund Balances			
Nonspendable (Note 16)	115,726	46,551	162,277
Restricted (Note 16)	-	3,348,382	3,348,382
Committed (Note 16)	2,000,000	3,251,452	5,251,452
Assigned (Note 16)	74,991	31,934	106,925
Unassigned (Note 16)	4,129,894	-	4,129,894
Total fund balances	6,320,611	6,678,319	12,998,930
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,693,931</u>	<u>\$ 11,345,740</u>	<u>\$ 35,039,671</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2018

Fund Balances Reported in Governmental Funds	\$ 12,998,930
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	65,709,640
Other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	1,094,713
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(36,271,199)
Accrued interest is not due and payable in the current period and is not reported in the funds	(177,604)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(806,882)
Pension benefits	(6,673,979)
Retiree healthcare benefits	(6,108,849)
Total employee fringe benefits not reported as fund liabilities	(13,589,710)
Internal service funds are included as part of governmental activities	4,178,245
Net Position of Governmental Activities	<u><u>\$ 33,943,015</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Property taxes	\$ 14,893,650	\$ 1,965,823	\$ 16,859,473
Special assessments	-	25,731	25,731
State-shared revenue and grants	5,463,339	3,340,442	8,803,781
Charges for services	343,151	265,672	608,823
Fines and forfeitures	72,590	39,246	111,836
Licenses and permits	360,994	333,987	694,981
Interest and rentals	201,046	634,907	835,953
Other revenue	262,214	201,979	464,193
Total revenue	21,596,984	6,807,787	28,404,771
Expenditures			
Current services:			
General government	2,186,663	-	2,186,663
Public safety	8,643,105	135,119	8,778,224
Public works	2,172,531	3,385,276	5,557,807
Community and economic development	2,742,501	471,135	3,213,636
Recreation and culture	1,812,464	-	1,812,464
Capital outlay	-	4,107,263	4,107,263
Debt service	1,612,406	1,370,289	2,982,695
Total expenditures	19,169,670	9,469,082	28,638,752
Excess of Revenue Over (Under) Expenditures	2,427,314	(2,661,295)	(233,981)
Other Financing Sources (Uses)			
Transfers in	-	2,694,382	2,694,382
Transfers out	(2,196,582)	(562,800)	(2,759,382)
Total other financing (uses) sources	(2,196,582)	2,131,582	(65,000)
Net Change in Fund Balances	230,732	(529,713)	(298,981)
Fund Balances - Beginning of year	6,089,879	7,208,032	13,297,911
Fund Balances - End of year	<u>\$ 6,320,611</u>	<u>\$ 6,678,319</u>	<u>\$ 12,998,930</u>

Governmental Funds

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

Year Ended June 30, 2018

Net Change in Fund Balances Reported in Governmental Funds	\$ (298,981)
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 contributions	757,251
Depreciation expense	(4,772,812)
Capital outlay	<u>6,736,645</u>
Total	2,721,084
Loss on the disposal of assets reported in the statement of activities does not represent a decrease in current resources and is not reported in the governmental funds	(21,397)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	344,598
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,966,819
Decrease in net OPEB liability 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	(153,303)
Pension-related expenses do not require the use of current resources and, therefore, are not reported in the fund statements	(3,782,556)
Increase in accumulated employee sick and vacation pay is recorded in the statement of activities	(20,060)
Interest expense is recognized in the government-wide statements as it accrues	11,777
Internal service funds are included as part of governmental activities	<u>176,138</u>
Change in Net Position of Governmental Activities	<u>\$ 944,119</u>

Proprietary Funds Statement of Net Position

June 30, 2018

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Assets					
Current assets:					
Cash and investments	\$ 2,860,238	\$ 4,694,077	\$ 475,912	\$ 8,030,227	\$ 1,682,679
Receivables:					
Property taxes receivable	14,798	7,479	-	22,277	-
Special assessments receivable	38,417	34,147	-	72,564	-
Customer receivables	1,758,755	1,414,789	-	3,173,544	-
Accrued interest receivable	946	2,164	-	3,110	443
Due from fiduciary funds	-	-	-	-	682,759
Other receivables	171,963	5,407	-	177,370	619,884
Due from other governmental units	376,246	1,324	-	377,570	-
Prepays and other assets	15,727	816,626	-	832,353	347,109
Total current assets	5,237,090	6,976,013	475,912	12,689,015	3,332,874
Noncurrent assets:					
Advances to other funds (Note 6)	-	715,358	-	715,358	-
Investment in joint ventures (Note 12)	-	3,872,461	-	3,872,461	-
Advances to component unit	-	213,795	-	213,795	-
Capital assets - Net (Note 5)	63,946,654	60,215,482	354,291	124,516,427	2,195,282
Total noncurrent assets	63,946,654	65,017,096	354,291	129,318,041	2,195,282
Total assets	69,183,744	71,993,109	830,203	142,007,056	5,528,156
Deferred Outflows of Resources (Note 4)	62,128	323,970	-	386,098	10,138
Liabilities					
Current liabilities:					
Accounts payable	580,834	473,441	-	1,054,275	151,729
Due to other governmental units	-	57,588	-	57,588	-
Refundable deposits, bonds, etc.	-	28,103	-	28,103	-
Accrued liabilities and other	258,841	152,310	-	411,151	434,557
Unearned revenue	-	3,585	460,375	463,960	100
Compensated absences	161,368	163,372	-	324,740	14,122
Current portion of long-term debt (Note 7)	2,416,448	1,133,022	-	3,549,470	70,015
Total current liabilities	3,417,491	2,011,421	460,375	5,889,287	670,523
Noncurrent liabilities:					
Net pension liability (Note 9)	139,300	179,803	-	319,103	22,732
Net OPEB liability (Note 10)	1,323,575	1,215,712	-	2,539,287	57,571
Long-term debt - Net of current portion (Note 7)	40,476,460	19,404,589	-	59,881,049	598,125
Total noncurrent liabilities	41,939,335	20,800,104	-	62,739,439	678,428
Total liabilities	45,356,826	22,811,525	460,375	68,628,726	1,348,951
Deferred Inflows of Resources (Note 4)	231,251	215,632	-	446,883	11,098
Net Position					
Net investment in capital assets	25,597,085	44,196,584	354,291	70,147,960	2,042,746
Unrestricted	(1,939,290)	5,093,338	15,537	3,169,585	2,135,499
Total net position	\$ 23,657,795	\$ 49,289,922	\$ 369,828	\$ 73,317,545	\$ 4,178,245

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

Year Ended June 30, 2018

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Operating Revenue					
Sale of water	\$ -	\$ 7,788,872	\$ -	\$ 7,788,872	\$ -
Sewage disposal charges	8,975,459	-	-	8,975,459	-
Other charges for services	490,643	761,571	-	1,252,214	424,030
Charges to other funds	-	-	-	-	3,621,945
Total operating revenue	9,466,102	8,550,443	-	18,016,545	4,045,975
Operating Expenses					
Operations and maintenance	1,628,246	1,054,434	-	2,682,680	3,654,592
Direct cost of providing service	3,724,440	3,428,162	-	7,152,602	-
Depreciation	1,704,709	1,617,023	-	3,321,732	313,885
Total operating expenses	7,057,395	6,099,619	-	13,157,014	3,968,477
Operating Income	2,408,707	2,450,824	-	4,859,531	77,498
Nonoperating Revenue (Expense)					
Investment income	32,053	75,278	7,069	114,400	21,270
Income from joint venture	-	7,095	-	7,095	-
Interest expense	(1,033,870)	(676,773)	-	(1,710,643)	(21,053)
Gain on sale of assets	-	-	-	-	18,423
Nonoperating grants	531,691	-	-	531,691	15,000
Insurance settlement	40,701	-	-	40,701	-
Total nonoperating (expense) revenue	(429,425)	(594,400)	7,069	(1,016,756)	33,640
Income - Before capital contributions	1,979,282	1,856,424	7,069	3,842,775	111,138
Capital Contributions - Lines donated by developers	-	2,244,327	-	2,244,327	-
Transfers In	-	-	-	-	65,000
Change in Net Position	1,979,282	4,100,751	7,069	6,087,102	176,138
Net Position - As restated - Beginning of year (Note 18)	21,678,513	45,189,171	362,759	67,230,443	4,002,107
Net Position - End of year	<u>\$ 23,657,795</u>	<u>\$ 49,289,922</u>	<u>\$ 369,828</u>	<u>\$ 73,317,545</u>	<u>\$ 4,178,245</u>

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2018

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Cash Flows from Operating Activities					
Receipts from customers	\$ 9,215,558	\$ 8,498,370	\$ -	\$ 17,713,928	\$ 3,524,658
Payments to other funds	-	-	-	-	(573,873)
Payments to suppliers	(3,337,354)	(2,426,960)	-	(5,764,314)	(3,249,378)
Payments to employees and fringes	(2,069,534)	(2,435,113)	-	(4,504,647)	(222,578)
Other receipts	-	-	-	-	47,549
Net cash and cash equivalents provided by (used in) operating activities	3,808,670	3,636,297	-	7,444,967	(473,622)
Cash Flows from Noncapital Financing Activities					
Receipt of noncapital grants	492,534	-	-	492,534	-
Transfers from other funds	-	-	-	-	65,000
Principal and interest paid on OPEB bonds	(332,991)	(313,262)	-	(646,253)	(75,946)
Net cash and cash equivalents provided by (used in) noncapital financing activities	159,543	(313,262)	-	(153,719)	(10,946)
Cash Flows from Capital and Related Financing Activities					
Special assessment collections	6,171	4,261	-	10,432	-
Contributions	-	-	-	-	15,000
Proceeds from sale and disposal of capital assets	-	-	-	-	18,423
Purchase of capital assets	(675,695)	(1,178,207)	-	(1,853,902)	(494,312)
Principal and interest paid on capital debt	(3,074,034)	(1,434,660)	-	(4,508,694)	(33,569)
Insurance settlement	40,701	-	-	40,701	-
Net cash and cash equivalents used in capital and related financing activities	(3,702,857)	(2,608,606)	-	(6,311,463)	(494,458)
Cash Flows from Investing Activities					
Interest received on investments	32,435	74,279	7,069	113,783	20,827
Purchases of investment securities	(107,531)	-	-	(107,531)	-
Proceeds from sale and maturities of investment securities	-	159,648	-	159,648	(97,755)
Net cash and cash equivalents (used in) provided by investing activities	(75,096)	233,927	7,069	165,900	(76,928)
Net Increase (Decrease) in Cash and Cash Equivalents	190,260	948,356	7,069	1,145,685	(1,055,954)
Cash and Cash Equivalents - Beginning of year	2,413,359	3,203,115	468,843	6,085,317	2,640,878
Cash and Cash Equivalents - End of year	<u>\$ 2,603,619</u>	<u>\$ 4,151,471</u>	<u>\$ 475,912</u>	<u>\$ 7,231,002</u>	<u>\$ 1,584,924</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2018

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Classification of Cash and Cash Equivalents					
Cash and investments	\$ 2,860,238	\$ 4,694,077	\$ 475,912	\$ 8,030,227	\$ 1,682,679
Less amounts classified as investments	(256,619)	(542,606)	-	(799,225)	(97,755)
Total cash and cash equivalents	<u>\$ 2,603,619</u>	<u>\$ 4,151,471</u>	<u>\$ 475,912</u>	<u>\$ 7,231,002</u>	<u>\$ 1,584,924</u>
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating income	\$ 2,408,707	\$ 2,450,824	\$ -	\$ 4,859,531	\$ 77,498
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	1,704,709	1,617,023	-	3,321,732	313,885
Changes in assets and liabilities:					
Receivables	(250,544)	(52,073)	-	(302,617)	(168,618)
Due to and from other funds	-	-	-	-	(573,873)
Inventories	-	(32,627)	-	(32,627)	-
Prepaid and other assets	(15,727)	(6,920)	-	(22,647)	(13,503)
Accounts payable	191,448	66,491	-	257,939	56,995
Accrued and other liabilities	(5,684)	(11,594)	-	(17,278)	(5,247)
Net OPEB and pension liabilities	(224,239)	(394,827)	-	(619,066)	(160,759)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 3,808,670</u>	<u>\$ 3,636,297</u>	<u>\$ -</u>	<u>\$ 7,444,967</u>	<u>\$ (473,622)</u>
Significant Noncash Transactions - Customer water main installations recorded as water capital assets and a capital contribution at June 30, 2018	\$ -	\$ 2,244,327	\$ -	\$ 2,244,327	\$ -

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery	Agency Fund
Assets			
Cash and cash equivalents	\$ 399,886	\$ 20,640	\$ 1,886,441
Investments:			
U.S. government securities	20,968,840	219,257	-
Municipal bonds	6,810,547	-	-
Commercial paper	12,590,212	-	-
Foreign bonds	3,191,963	-	-
Stocks	48,737,505	-	-
Corporate bonds	25,042,645	-	-
Other investments	11,963,308	216,169	-
Foreign stocks	13,854,573	-	-
Mutual funds	59,504,312	-	-
Receivables:			
Accrued interest receivable	289,618	1,722	-
Other receivables	-	7,400	-
Due from other governmental units	17,465	-	-
Prepaid expenses	7,475	-	-
Other assets	-	-	1,134,741
Total assets	203,378,349	465,188	<u><u>\$ 3,021,182</u></u>
Liabilities			
Accounts payable	547,786	2,600	\$ -
Due to other governmental units	-	-	2,904,287
Due to primary government	682,759	-	-
Accrued liabilities and other	-	-	116,895
Total liabilities	1,230,545	2,600	<u><u>\$ 3,021,182</u></u>
Net Position - Restricted for pensions, other employee benefits, and cemetery operations	<u><u>\$ 202,147,804</u></u>	<u><u>\$ 462,588</u></u>	

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery
Additions		
Investment income:		
Interest and dividends	\$ 4,245,867	\$ 7,912
Net increase (decrease) in fair value of investments	14,238,527	(10,049)
Investment-related expenses	(986,736)	-
Net investment income	17,497,658	(2,137)
Securities lending income:		
Interest and dividends	47	-
Investment-related expense	(14)	-
Contributions:		
Employer	3,130,447	-
Employee	613,160	-
Total contributions	3,743,607	-
General Fund contribution	-	30,000
Charges for services	-	22,003
Total additions	21,241,298	49,866
Deductions		
Benefit payments	13,679,397	-
Refunds of contributions	55,444	-
Administrative expenses	170,180	37,778
Total deductions	13,905,021	37,778
Net Increase in Net Position Held in Trust	7,336,277	12,088
Net Position - Beginning of year	194,811,527	450,500
Net Position - End of year	\$ 202,147,804	\$ 462,588

Component Units
Statement of Net Position

June 30, 2018

	Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission*	Total
Assets					
Cash and investments	\$ 489,989	\$ 1,333,593	\$ 46,118	\$ 2,684,703	\$ 4,554,403
Receivables	-	-	177,729	103,585	281,314
Real estate inventory	-	-	-	14,546	14,546
Prepays and other assets	-	-	19,662	62,013	81,675
Restricted assets	-	-	55,782	-	55,782
Capital assets: (Note 5)					
Assets not subject to depreciation	-	-	5,820,184	2,285,551	8,105,735
Asset subject to depreciation	-	-	1,555,642	3,811,393	5,367,035
Total assets	489,989	1,333,593	7,675,117	8,961,791	18,460,490
Deferred Outflows of Resources - Pensions	-	-	-	204,642	204,642
Liabilities					
Accounts payable	3,832	371,874	28,646	161,848	566,200
Due to other governmental units	-	787	-	-	787
Accrued liabilities and other	366	-	73,687	236,212	310,265
Unearned revenue	-	-	16,250	-	16,250
Advances from primary government	-	1,591,365	40,000	-	1,631,365
Noncurrent liabilities:					
Due within one year - Current portion of long-term debt (Note 7)	-	100,613	24,662	-	125,275
Due in more than one year:					
Environmental liabilities (Note 15)	-	-	1,013,083	-	1,013,083
Net pension liability	-	-	-	1,099,316	1,099,316
Long-term debt - Net of current portion (Note 7)	-	790,958	3,487,136	-	4,278,094
Total liabilities	4,198	2,855,597	4,683,464	1,497,376	9,040,635
Net Position					
Net investment in capital assets	-	-	3,929,810	6,096,944	10,026,754
Restricted - Health insurance and construction projects	-	-	-	501,248	501,248
Unrestricted	485,791	(1,522,004)	(938,157)	1,070,865	(903,505)
Total net position	\$ 485,791	\$ (1,522,004)	\$ 2,991,653	\$ 7,669,057	\$ 9,624,497

*Balances reported as of September 30, 2017

City of Monroe, Michigan

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Downtown Development Authority - Public works	\$ 282,952	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority:				
Public works	287,597	-	-	-
Interest on long-term debt	55,852	-	-	-
Total Brownfield Redevelopment Authority	343,449	-	-	-
Port of Monroe - General government	1,670,576	527,765	-	246,198
Monroe Housing Commission* - General government	2,222,344	915,194	1,025,104	185,916
Total component units	\$ 4,519,321	\$ 1,442,959	\$ 1,025,104	\$ 432,114

General revenue:

Property taxes
State-shared revenue
Investment income
Appropriation from City of Monroe, Michigan
Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

*Balances reported as of September 30, 2017

Component Units
Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position				
Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission*	Total
\$ (282,952)	\$ -	\$ -	\$ -	\$ (282,952)
-	(287,597)	-	-	(287,597)
-	(55,852)	-	-	(55,852)
-	(343,449)	-	-	(343,449)
-	-	(896,613)	-	(896,613)
-	-	-	(96,130)	(96,130)
(282,952)	(343,449)	(896,613)	(96,130)	(1,619,144)
196,176	459,981	-	-	656,157
19,428	18,134	-	-	37,562
8,144	20,800	-	22,456	51,400
-	-	400,074	-	400,074
23,333	-	-	35,610	58,943
247,081	498,915	400,074	58,066	1,204,136
(35,871)	155,466	(496,539)	(38,064)	(415,008)
521,662	(1,677,470)	3,488,192	7,707,121	10,039,505
\$ 485,791	\$ (1,522,004)	\$ 2,991,653	\$ 7,669,057	\$ 9,624,497

June 30, 2018**Note 1 - Significant Accounting Policies**

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

Reporting Entity

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

Blended Component Units

The City Building Authority is governed by a board appointed by the City's mayor and City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

Discretely Presented Component Units

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

- The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA's governing body is selected by the mayor and subject to approval by the City Council. In addition, the DDA's budget is subject to approval by the City Council. Complete financial reports can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.
- The Brownfield Redevelopment Authority (the "Authority") is a separate legal entity that was created to finance environmental cleanup within the City. The Authority's governing body is selected by the City Council, which has the authority to approve its budget. The Brownfield Redevelopment Authority issues a separate financial statement that can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.
- The Port of Monroe (the "Port") was established as a separate legal entity to operate port facilities within the boundaries of the City. The Port is governed by a Port Commission, which is appointed by the City Council. The Port Commission's annual budget is also approved by the City Council. The Port issues a separate financial statement that can be obtained at the administrative offices at 10 Port Avenue, Monroe, MI 48161.
- The Monroe Housing Commission (the "Housing Commission") was created in the State of Michigan under the provisions of Public Act 18 of the Extra Session of 1933, as amended, (MCL 125.651 through 125.709e). A five-member board appointed by the city mayor and approved by the City Council administers the Housing Commission. Complete financial reports can be obtained at the administrative offices at 20 N. Roessler Street, Monroe, MI 48162.

Jointly Governed Organization

Jointly governed organizations are discussed in Note 12.

June 30, 2018**Note 1 - Significant Accounting Policies (Continued)*****Accounting and Reporting Principles***

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

Report Presentation

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

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

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

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

Fund Accounting

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

Governmental Funds

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

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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

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

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

Fiduciary Funds

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

- Pension and Other Employee Benefit Trust Funds, 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.

Interfund Activity

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

June 30, 2018**Note 1 - Significant Accounting Policies (Continued)**

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

Basis of Accounting

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

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree 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.

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

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

Specific Balances and Transactions**Bank Deposits and Investments**

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

Receivables and Payables

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

Inventories and Prepaid Items

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

Note 1 - Significant Accounting Policies (Continued)

Real Estate Inventory

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

Restricted Assets

Restricted assets in the 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.

During a prior year, the Port of Monroe was awarded funding from the Michigan Strategic Fund for a project to revitalize its commercial harbor area located on Lake Erie. The loan is expected to be repaid through property tax captures of the Monroe Brownfield Redevelopment Authority. The unspent loan proceeds have been recorded as a restricted asset.

Capital Assets

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

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

Capital Asset Class	Lives (years)
Roads and sidewalks	15 to 20
Water and sewer distribution systems	40 to 75
Buildings and improvements	40 to 50
Vehicles	3 to 5
Machinery and equipment	3 to 7
Road and site improvements	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
Monroe Housing Commission Buildings and Improvements	10 to 40

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as 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 1 - 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 will not be recognized as an outflow of resources (expense/expenditure) until then.

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

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

The City reports three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: grants, special assessments, and other charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes received before the period levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet 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 the defined benefit pension plan and the defined benefit OPEB plan.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Policies

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

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

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

By an ordinance adopted by the City Council, a committed General Fund fund balance has been created consisting of surplus fund balance in an amount equal to the excess of revenue in comparison to expenditures. The amount of committed fund balance for this purpose is limited to either 15 percent of the City's most recent General Fund budget, as originally adopted, or 15 percent of the average of the City's five most recent General Fund budgets, as amended, whichever is less. An appropriation of these funds requires a 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 2017 property tax revenue was levied and collectible on May 1, 2017 and is recognized as revenue in the year ended June 30, 2018, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017 taxable valuation of the City totaled \$948 million (a portion of which is abated and a portion of which is captured by the Brownfield Redevelopment Authority and DDA), on which taxes levied consisted of 14.6644 mills for operating purposes, 0.4700 mills for the construction of a new fire station, 1.564 mills for refuse, 0.0519 for economic development, and 0.520 mills for debt service related to bridge repairs and rehabilitation. This resulted in \$13.6 million for operating, \$436 thousand for the construction of a new fire station, \$1.5 million for refuse, \$48 thousand for economic development, and \$483 thousand for debt service. These amounts are recognized in the respective General, Special Revenue, and Debt Service fund financial statements as tax revenue.

June 30, 2018**Note 1 - Significant Accounting Policies (Continued)****Pension**

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Monroe, 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.

Other Postemployment Benefit Costs

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

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 were previously 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 1 - Significant Accounting Policies (Continued)

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. 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 June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the June 30, 2021 fiscal year.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

- By February of each year, all department heads submit spending requests to the finance director so that a budget may be prepared.
- Before April, the proposed budget is submitted to the City Council for review.

June 30, 2018

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

- Public hearings are held and a final budget is adopted no later than May 1.
- The City Council must approve any budget amendments.

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

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2018 was \$74,991 in the General Fund and \$1,328,706 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, 2018, the Brownfield Redevelopment Authority Fund has a deficit in unrestricted net position of \$1,522,004 on a full accrual basis, but has a fund balance of \$960,932 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, 2018, the Port of Monroe has an unrestricted net position deficit of \$928,157. The Port of Monroe believes that the deficit will be eliminated over time as the property is developed and improved through private funds or government grants and low-interest loans.

Net Position of Internal Service Funds

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

Insurance	\$	466,568
Employee benefits		1,514,150

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.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

The City has designated 13 banks for the deposit of its funds. The investment policy, adopted in accordance with state law, has authorized investment in bank accounts and CDs, as well as investment pools organized under the Surplus Funds Investment Act of 1982 and under the Investment Company Act of 1940. For mutual funds, the City may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pool and mutual funds whose intent is to maintain a net asset value of \$1.00 per share and allow for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

The City's pension trust fund (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.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$2,315,475 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.

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	\$ 24,219,681	\$ 11,055,957	\$ 7,919,029	\$ 5,244,695
Municipal bonds	7,101,039	5,198,991	1,902,048	-
Foreign bonds	3,191,963	2,156,069	1,035,894	-
Corporate bonds	25,042,645	15,697,028	8,153,683	1,191,934
Commercial paper	995,475	995,475	-	-
Total	<u>\$ 60,550,803</u>	<u>\$ 35,103,520</u>	<u>\$ 19,010,654</u>	<u>\$ 6,436,629</u>

June 30, 2018

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

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Investment pool	\$ 34,132,281	AAA	S&P
Money market fund	3,352,194	AAA	S&P
Corporate bond	2,916,736	AAA	S&P
Corporate bond	2,063,039	AA	S&P
Corporate bond	9,211,191	A	S&P
Corporate bond	9,465,574	BBB	S&P
Corporate bond	1,386,106	Not Rated	N/A
Foreign bond	1,259,896	AA	S&P
Foreign bond	1,512,205	A	S&P
Foreign bond	419,862	BBB	S&P
Municipal bond	2,061,349	AAA	S&P
Municipal bond	3,801,637	AA	S&P
Municipal bond	389,926	A	S&P
Municipal bond	848,128	Not Rated	N/A
Commercial paper	995,475	A1	S&P

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 Health Care Fund restrict the amount of investments in foreign currency-denominated investments to 5 percent of total investments. At June 30, 2018, the Pension System and Retiree Health Care Fund had \$3,191,963 invested in foreign bonds and \$20,228,111 invested in foreign stock. Of these amounts, \$10,105,007 of foreign stock was not denominated in U.S. currency, as indicated below. The remaining amounts are considered American Depositary Receipts (ADRs) and are denominated in U.S. currency.

The following securities are subject to foreign currency risk:

Investment Type	Fair Value	Currency
Foreign stocks	\$ 342,950	Canadian Dollar
Foreign stocks	4,179,272	Euro
Foreign stocks	791,314	Great British Pounds
Foreign stocks	1,848,789	Hong Kong Dollar
Foreign stocks	2,605,580	Japanese Yen
Foreign stocks	337,102	Swedish Krona

Fair Value Measurements

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

June 30, 2018

Note 3 - Deposits and Investments (Continued)

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 or liability.

The City has the following recurring fair value measurements as of June 30, 2018:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
Debt securities:				
U.S. Treasury and agency securities	\$ -	\$ 24,219,681	\$ -	\$ 24,219,681
Corporate bonds	-	25,042,645	-	25,042,645
Commercial paper	-	995,475	-	995,475
Foreign bonds	-	3,191,963	-	3,191,963
Municipal bonds	-	7,101,039	-	7,101,039
Total debt securities	-	60,550,803	-	60,550,803
Domestic equity securities:				
Consumer discretionary	8,839,656	-	-	8,839,656
Consumer staples	1,312,715	-	-	1,312,715
Energy	1,380,418	-	-	1,380,418
Financial industry	10,411,190	-	-	10,411,190
Healthcare industry	4,843,601	-	-	4,843,601
Industrials	6,184,869	-	-	6,184,869
Information technology	12,005,117	-	-	12,005,117
Materials	1,984,012	-	-	1,984,012
Telecommunication services industry	986,489	-	-	986,489
Utilities	481,950	-	-	481,950
Other	307,486	-	-	307,486
Total domestic equity securities	48,737,503	-	-	48,737,503
Foreign equity securities:				
Consumer discretionary	662,589	-	-	662,589
Energy	261,304	-	-	261,304
Financial industry	1,060,569	-	-	1,060,569
Healthcare industry	1,214,985	-	-	1,214,985
Industrials	970,848	-	-	970,848
Information technology	1,975,206	-	-	1,975,206
Materials	80,181	-	-	80,181
Telecommunication services industry	420,312	-	-	420,312
Other	7,208,579	-	-	7,208,579
Total foreign equity securities	13,854,573	-	-	13,854,573
Money market fund	-	3,352,194	-	3,352,194
Private equity funds	-	-	23,762,727	23,762,727
Total	\$ 62,592,076	\$ 63,902,997	\$ 23,762,727	150,257,800
Investments measured at NAV:				
Michigan class investment pool				34,132,281
Real estate funds				9,241,834
Mutual funds				415,421
Mutual funds index equity				33,803,433
Mutual funds international				13,615,394
Total investments measured at NAV				91,208,363
Total assets				\$ 241,466,163

June 30, 2018

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, 2018 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, 2018 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 table below.

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, 2018, 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	\$ 34,132,281	\$ -	No limitations	None
Real estate funds	9,241,834	-		
Mutual funds	415,421	-		
Mutual funds index equity	33,803,433	-		
Mutual funds international	13,615,394	-		
Total investments measured at NAV	<u>\$ 91,208,363</u>	<u>\$ -</u>		

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

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

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

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

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

June 30, 2018

Note 4 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities	Business-type Activities
Property taxes levied for subsequent year's operations	\$ 17,303,749	\$ 17,303,749	\$ -
Special assessments and delinquent property taxes	203,964	-	-
Grants and other receivables	890,749	-	-
Deferred pension cost reductions	-	675,310	19,856
Deferred OPEB cost reductions	-	889,105	427,027
Total deferred inflows	<u>\$ 18,398,462</u>	<u>\$ 18,868,164</u>	<u>\$ 446,883</u>

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

	Governmental Activities	Business-type Activities
Bond refunding previously amortized	\$ -	\$ 243,777
Deferred pension costs	4,840,583	142,321
Total deferred outflows	<u>\$ 4,840,583</u>	<u>\$ 386,098</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:

Governmental Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 3,386,128	\$ (13,210)	\$ 928,447	\$ -	\$ 4,301,365
Construction in progress	2,063,771	(1,938,243)	3,399,162	(19,700)	3,504,990
Subtotal	5,449,899	(1,951,453)	4,327,609	(19,700)	7,806,355
Capital assets being depreciated:					
Roads and sidewalks	144,157,236	1,896,296	3,121,992	-	149,175,524
Buildings and improvements	17,790,769	10,978	26,565	-	17,828,312
Equipment	8,432,371	13,553	512,042	(334,276)	8,623,690
Land improvements	5,784,169	30,626	-	-	5,814,795
Subtotal	176,164,545	1,951,453	3,660,599	(334,276)	181,442,321
Accumulated depreciation:					
Infrastructure	96,747,409	-	4,154,554	-	100,901,963
Buildings and improvements	10,741,790	-	289,887	-	11,031,677
Equipment	6,533,598	-	378,503	(332,579)	6,579,522
Land improvements	2,566,839	-	263,753	-	2,830,592
Subtotal	116,589,636	-	5,086,697	(332,579)	121,343,754
Net capital assets being depreciated	59,574,909	1,951,453	(1,426,098)	(1,697)	60,098,567
Net capital assets	<u>\$ 65,024,808</u>	<u>\$ -</u>	<u>\$ 2,901,511</u>	<u>\$ (21,397)</u>	<u>\$ 67,904,922</u>

June 30, 2018

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 367,931	\$ -	\$ -	\$ -	\$ 367,931
Construction in progress	987,373	(928,900)	434,013	-	492,486
Subtotal	1,355,304	(928,900)	434,013	-	860,417
Capital assets being depreciated:					
Water and sewer distribution systems	87,195,549	928,900	3,257,298	-	91,381,747
Buildings and improvements	68,778,795	-	235,532	-	69,014,327
Machinery and equipment	20,723,424	-	171,388	(14,868)	20,879,944
Vehicles	1,260,582	-	-	(61,311)	1,199,271
Land improvements	473,730	-	-	(19,720)	454,010
Subtotal	178,432,080	928,900	3,664,218	(95,899)	182,929,299
Accumulated depreciation:					
Water and sewer distribution systems	22,269,255	-	1,441,563	-	23,710,818
Buildings and improvements	20,282,344	-	1,321,499	-	21,603,843
Machinery and equipment	12,131,716	-	492,973	(14,868)	12,609,821
Vehicles	960,273	-	57,630	(61,311)	956,592
Land improvements	403,868	-	8,067	(19,720)	392,215
Subtotal	56,047,456	-	3,321,732	(95,899)	59,273,289
Net capital assets being depreciated	122,384,624	928,900	342,486	-	123,656,010
Net capital assets	\$ 123,739,928	\$ -	\$ 776,499	\$ -	\$ 124,516,427

June 30, 2018

Note 5 - Capital Assets (Continued)

Capital asset activity for the City's component units for the year ended June 30, 2018 was as follows:

Component Units

	Balance July 1, 2017	Additions	Disposals and Adjustments	Balance June 30, 2018
Capital assets not being depreciated:				
Monroe Housing Commission*:				
Land	\$ 2,123,036	\$ -	\$ -	\$ 2,123,036
Construction in progress	465,009	753,015	(1,055,509)	162,515
Port of Monroe:				
Land	1,767,092	-	-	1,767,092
Site improvements	363,697	-	-	363,697
Earthen dikes	321,061	-	-	321,061
Construction in progress	1,414,878	1,953,456	-	3,368,334
Subtotal	6,454,773	2,706,471	(1,055,509)	8,105,735
Capital assets being depreciated:				
Monroe Housing Commission*:				
Land improvements	2,028,669	-	-	2,028,669
Building and improvements	17,545,870	1,019,266	-	18,565,136
Equipment	506,431	11,225	(351)	517,305
Port of Monroe:				
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	1,087,443	-	-	1,087,443
Furniture and equipment	412,888	33,522	-	446,410
Subtotal	24,142,257	1,064,013	(351)	25,205,919
Accumulated depreciation:				
Monroe Housing Commission* - Land improvements, building and improvements, and equipment	16,737,999	561,969	(251)	17,299,717
Port of Monroe:				
Road and site improvement	635,757	28,030	-	663,787
Railroad siding	227,441	14,929	-	242,370
Wharf	227,836	749	-	228,585
Dredging	374,445	-	-	374,445
Leachate collection system	38,237	-	-	38,237
Rental buildings	291,551	30	-	291,581
Office building	441,489	22,860	-	464,349
Furniture and equipment	199,726	36,087	-	235,813
Subtotal	19,174,481	664,654	(251)	19,838,884
Net capital assets being depreciated	4,967,776	399,359	(100)	5,367,035
Net capital assets	\$ 11,422,549	\$ 3,105,830	\$ (1,055,609)	\$ 13,472,770

*Reported activity is for the fiscal year ended September 30, 2017.

June 30, 2018

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 223,018
Public safety	76,169
Public works	4,239,158
Recreation and culture	234,467
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	313,885
Total governmental activities	<u>\$ 5,086,697</u>
Business-type activities:	
Water	\$ 1,617,023
Wastewater	1,704,709
Total business-type activities	<u>\$ 3,321,732</u>
Component unit activities:	
Port of Monroe	\$ 102,685
Monroe Housing Commission	561,969
Total component unit activities	<u>\$ 664,654</u>

Construction Commitments

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

	Total Commitment	Spent to Date	Remaining Commitment
Underground Utility Program	\$ 1,012,635	\$ 201,089	\$ 811,546
Curb Replacement and Resurfacing Program	925,474	-	925,474
Total	<u>\$ 1,938,109</u>	<u>\$ 201,089</u>	<u>\$ 1,737,020</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental fund - Grants Fund	\$ 11,796
Nonmajor governmental fund - Capital Projects Fund	Nonmajor governmental fund - Grants Fund	16,732
Nonmajor governmental fund - Local Streets Fund	Nonmajor governmental fund - Major Streets Fund	24,836
Internal service fund - Employee Benefits Fund	Fiduciary fund - Retiree Health Care Fund	682,759
	Total	<u>\$ 736,123</u>

June 30, 2018

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

The City has made the following long-term advances between funds:

Receivable Fund	Payable Fund	Amount
Water Fund	General Fund	\$ 715,358

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

Receivable Fund	Payable Fund	Amount
Nonmajor governmental fund - Economic Development Fund	Component unit - Brownfield Redevelopment Authority	\$ 1,377,570
	Component unit - Port of Monroe	40,000
	Total nonmajor governmental fund - Economic Development Fund	1,417,570
Business-type fund - Water Fund	Component unit - Brownfield Redevelopment Authority	213,795
	Total	\$ 1,631,365

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 composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds (1)	\$ 2,064,395
	Nonmajor governmental funds (2)	67,187
	Internal service funds (1)	65,000
	Total General Fund	2,196,582
Nonmajor governmental funds	Nonmajor governmental funds (1)	562,800
	Total	\$ 2,759,382

(1) Transfer for capital improvements

(2) Transfer for debt service

The transfers from the General Fund to the Major and Local Streets funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations; the transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenue in accordance with Act 51; the transfer from the Major Streets Fund to the debt service fund represents the movement of resources to be used to service Major Streets Fund debt.

June 30, 2018

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
MDEQ Site Revitalization Loan - Mason Run - \$800,000 - Maturing through 2021	2%	\$69,766- \$78,568	\$ 305,150	\$ -	\$ (74,037)	\$ 231,113	\$ 75,517
2012 Capital Improvement Bonds - \$4,050,000 - Maturing through 2032	2.25% - 3.5%	\$110,000- \$330,000	3,495,000	-	(140,000)	3,355,000	155,000
2012 Monroe Building Authority Refunding Bonds - \$4,425,000 - Maturing through 2024	2.230%	\$350,000- \$425,000	2,800,000	-	(375,000)	2,425,000	380,000
2014 Refunding Bonds (City Hall & Bridge) - \$1,421,000 - Maturing through 2031	3% - 4%	\$81,000- \$95,000	1,165,000	-	(81,000)	1,084,000	83,000
Unamortized bond premium			102,363	-	(7,400)	94,963	7,400
2015 Capital Improvement Bonds (Roessler Street Bridge) - \$1,725,000 - Maturing through 2030	0.50% - 2.60%	\$100,000- \$170,000	1,525,000	-	(100,000)	1,425,000	100,000
2016 OPEB Bonds - \$25,968,220 - Maturing through 2038	0.98% - 4.02%	\$921,559- \$1,631,012	24,933,291	-	(921,559)	24,011,732	932,530
2017 Capital Improvements Bonds - \$1,890,000 - Maturing through 2030	1% - 3%	\$140,000- \$150,000	1,890,000	-	(145,000)	1,745,000	145,000
2017 Michigan Transportation Fund Bonds - \$2,565,000 - Maturing through 2024	.85% - 1.75%	\$150,000- \$495,000	2,565,000	-	(150,000)	2,415,000	155,000
Installment purchase obligations:							
Equipment installment purchase - \$159,230 - Maturing through 2018	4.90%	\$16,944- \$19,542	19,542	-	(19,542)	-	-
Equipment installment purchase - \$249,990 - Maturing through 2021	1.70%	\$48,299- \$51,705	201,691	-	(49,160)	152,531	49,991
Total principal and installment purchase obligations outstanding			39,002,037	-	(2,062,698)	36,939,339	2,083,438
Compensated absences			800,007	191,546	(170,549)	821,004	175,312
Total governmental activities long-term debt			<u>\$ 39,802,044</u>	<u>\$ 191,546</u>	<u>\$ (2,233,247)</u>	<u>\$ 37,760,343</u>	<u>\$ 2,258,750</u>

June 30, 2018

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
2008 General Obligation Water Meter Shop Bonds - \$6,360,000 - Maturing through 2028	3.25% - 4.5%	\$260,000- \$505,000	\$ 315,000	\$ -	\$ (315,000)	\$ -	\$ -
MDEQ Clean Water State Revolving Funds (through County of Monroe, Michigan) - \$12,000,000 - Maturing through 2030	2.5%	\$505,000- \$560,000	8,465,000	-	(560,000)	7,905,000	575,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - \$3,051,000 - Maturing through 2030	2.5%	\$100,000- \$190,000	1,712,783	-	(115,000)	1,597,783	115,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$9,115,000 - Maturing through 2033	2.5%	\$341,767- \$545,000	7,324,569	-	(380,000)	6,944,569	385,000
2012 General Obligation Limited Tax Refunding Bonds - \$1,850,000 - Maturing through 2025	.55% - 3.5%	\$130,000- \$165,000	1,200,000	-	(135,000)	1,065,000	140,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$17,950,000 - Maturing through 2034	2.5%	\$705,000- \$1,125,000	15,785,000	-	(755,000)	15,030,000	775,000
2013 Water Bonds - \$5,540,000 Maturing through 2033	3.55%	\$210,000- \$395,000	4,890,000	-	(230,000)	4,660,000	240,000
2016 Refunding Bonds (Water Meter Shop) - \$3,905,000 - Maturing through 2028	2% - 4%	\$25,000- \$470,000	3,880,000	-	-	3,880,000	325,000
2014 Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$10,500,000 - Maturing through 2034	.35% - 4.75%	\$505,000- \$580,000	8,975,000	-	(505,000)	8,470,000	505,000
2014 Refunding Bonds (Water) - \$4,864,000 - Maturing through 2031	3% - 4%	\$137,000- \$690,000	4,410,000	-	(144,000)	4,266,000	147,000
Unamortized bond premium			868,806	-	(74,914)	793,892	-
2016 OPEB Bonds - \$9,536,780 - Maturing through 2038	0.98% - 4.02%	\$338,441- \$598,987	9,156,705	-	(338,430)	8,818,275	342,470
Total business-type activities long-term debt			\$ 66,982,863	\$ -	\$ (3,552,344)	\$ 63,430,519	\$ 3,549,470

June 30, 2018

Note 7 - Long-term Debt (Continued)

Compensated absences attributable to the governmental activities will be liquidated from funds from which the individual employee's salaries are paid, which is primarily the General Fund. All governmental bond obligations are financed through the debt service funds. Other long-term governmental obligations are typically financed through the General Fund. 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
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	3,624,847	1,812,851	5,437,698
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	2,458,356	892,292	3,350,648	3,886,644	2,017,702	5,904,346
2024-2028	9,480,761	3,693,168	13,173,929	21,024,239	5,721,728	26,745,967
2029-2033	8,083,061	2,328,607	10,411,668	18,584,287	2,426,089	21,010,376
2034-2038	7,548,004	931,743	8,479,747	4,476,997	425,406	4,902,403
Total	<u>\$ 36,844,376</u>	<u>\$ 11,876,830</u>	<u>\$ 48,721,206</u>	<u>\$ 62,636,627</u>	<u>\$ 17,640,786</u>	<u>\$ 80,277,413</u>

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. During the prior year, \$200,000 of this balance was forgiven by the Downriver Community Conference. The balance on the advance at June 30, 2018 is \$366,379, with the advance projected to be completely repaid by February 28, 2023. The remaining \$293,103 of the total \$1,250,000 is not expected to be drawn down as the project is completed.

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, 2018 is \$325,000, with the advance projected to be completely repaid by October 1, 2027.

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, 2018 is \$200,192, with the loan projected to be completely repaid by June 30, 2025.

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, 2018 was \$0, with \$0 due next year.

June 30, 2018

Note 7 - Long-term Debt (Continued)

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 relating to general liability; the City is self-insured for workers' compensation and medical benefits and limits its risk with excess insurance for workers' compensation and stop-loss insurance for medical benefits. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The City estimates the liability for workers' compensation and medical benefits claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustment expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These liabilities are all considered to be current and are recorded in the Employee 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:

	2018	2017
Estimated liability - Beginning of year	\$ 714,984	\$ 648,933
Estimated claims incurred, including changes in estimates	(5,513,639)	(4,965,468)
Claim payments	5,553,593	5,031,519
Estimated liability - End of year	<u>\$ 754,938</u>	<u>\$ 714,984</u>

The Monroe Housing Commission encountered a fire during the prior fiscal year resulting in two apartment buildings having significant damage and requiring renovation and eight apartments requiring minor cleaning. The Monroe Housing Commission carried casualty insurance with a policy amount of \$3,553,958 at the time of the loss. Damage repairs are estimated to cost \$942,475 and loss of income is estimated to be \$36,538; the Monroe Housing Commission has a \$5,000 deductible. Total insurance proceeds have been received in the amount of \$937,475 for repairs and \$35,689 for loss of income. The balance due of \$849 for loss of business income has been recorded as a receivable.

Note 9 - Pension Plan

Plan Description

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

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

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At December 31, 2017, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	287
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	177
	<hr/>
Total employees covered by the plan	483
	<hr/>

June 30, 2018

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, 2018, the average active member contribution rate was 4.52 percent of annual pay, and the City's average contribution rate was 17.74 percent of annual payroll.

Net Pension Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net pension liability. The June 30, 2018 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the June 30, 2018 measurement date. The June 30, 2018 total pension liability was determined by an actuarial valuation performed as of December 31, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2017	\$ 148,419,521	\$ 136,614,724	\$ 11,804,797
Changes for the year:			
Service cost	1,438,204	-	1,438,204
Interest	10,739,989	-	10,739,989
Differences between expected and actual experience	694,718	-	694,718
Changes in assumptions	781,504	-	781,504
Contributions - Employer	-	1,830,651	(1,830,651)
Contributions - Employee	-	458,410	(458,410)
Net investment income	-	12,126,717	(12,126,717)
Benefit payments, including refunds	(9,955,374)	(9,955,374)	-
Administrative expenses	-	(128,979)	128,979
Miscellaneous other charges	-	47	(47)
Net changes	3,699,041	4,331,472	(632,431)
Balance at June 30, 2018	<u>\$ 152,118,562</u>	<u>\$ 140,946,196</u>	<u>\$ 11,172,366</u>

The plan's fiduciary net position represents 92.66 percent of the total pension liability.

June 30, 2018

Note 9 - Pension Plan (Continued)

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

For the year ended June 30, 2018, the City recognized pension expense of \$5,720,470. At June 30, 2018, 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	\$ 512,788	\$ 256,456
Changes in assumptions	4,470,116	-
Net difference between projected and actual earnings on pension plan investments	-	438,710
Total	<u>\$ 4,982,904</u>	<u>\$ 695,166</u>

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

Years Ending June 30	Amount
2019	\$ 3,806,550
2020	2,343,705
2021	(1,414,665)
2022	(447,852)

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.25 to 5.5 percent; an investment rate of return (net of investment expenses) of 7.40 percent; and the RP-2014 mortality tables.

The actuarial assumptions used in the December 31, 2017 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 7.40 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.40 percent and a municipal bond rate of 3.62 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

June 30, 2018

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, 2017 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. large-cap growth	6.63 %
U.S. large-cap value	7.96
U.S. large-cap core	7.51
U.S. mid-cap growth	7.62
U.S. small-cap value	9.10
International	7.39
Intermediate fixed income	0.53
Private fixed income	6.00
Real estate	3.79
Life settlement	6.00
Reinsurance	5.00

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 7.40 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 (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate:

	1 Percent Decrease (6.40%)	Current Discount Rate (7.40%)	1 Percent Increase (8.40%)
Net pension liability (asset) of the City	\$ 28,372,490	\$ 11,172,366	\$ (3,250,539)

June 30, 2018

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

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of June 30, 2018:

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

Concentrations

At June 30, 2018, the plan held 8.3 percent, 6.6 percent, and 8 percent of plan net position within Comerica Large Cap Growth Fund, Comerica S&P 500 Index Fund, and International Research Enhanced Index, respectively.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.10 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 employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

June 30, 2018

Note 9 - Pension Plan (Continued)

The balances of the reserve accounts at June 30, 2018 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 117,244,222	\$ 117,244,222
Employee reserve	8,926,544	8,926,544
Employer reserve	14,775,430	14,775,430

Monroe Housing Commission Pension Plan

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

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

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

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

Benefits Provided

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

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

June 30, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

At December 31, 2017, the date of the most recent actuarial valuation, the following members were covered by the benefit terms:

	City of Monroe Retiree Health Care Plan
Inactive plan members or beneficiaries currently receiving benefits	285
Active plan members	99
Total plan members	384

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, 2018, the City's average contribution rate was 18.92 percent of covered employee payroll, or \$1,299,796. Active plan members currently contribute 3 percent of the average annual base wage of all full-time city employees, which amounted to \$1,705 per active plan member for the June 30, 2018 fiscal year.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2018 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2018 measurement date. The June 30, 2018 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016, which used update procedures to roll forward the estimated liability to June 30, 2018.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 68,073,006	\$ 58,196,803	\$ 9,876,203
Changes for the year:			
Service cost	472,985	-	472,985
Interest	4,649,384	-	4,649,384
Differences between expected and actual experience	(388,018)	-	(388,018)
Contributions - Employer	-	1,299,796	(1,299,796)
Contributions - Employee	-	154,750	(154,750)
Net investment income	-	5,399,971	(5,399,971)
Benefit payments, including refunds	(3,779,466)	(3,779,466)	-
Administrative expenses	-	(70,246)	70,246
Net changes	954,885	3,004,805	(2,049,920)
Balance at June 30, 2018	\$ 69,027,891	\$ 61,201,608	\$ 7,826,283

The plan's fiduciary net position represents 88.66 percent of the total OPEB liability.

June 30, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$566,008.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (188,111)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,128,021)
Total	<u>\$ -</u>	<u>\$ (1,316,132)</u>

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

Years Ending June 30	Amount
2019	\$ (470,117)
2020	(282,005)
2021	(282,005)
2022	(282,005)

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.25 to 5.5 percent; an investment rate of return (net of investment expenses) of 7 percent; a healthcare cost trend rate of 8.25 percent for 2017, decreasing 0.75 to 0.50 percent per year to an ultimate rate of 3.25 percent for 2027 and later years; and the RP-2014 mortality tables.

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

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

June 30, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2018 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Long-term Expected Real Rate of Return
U.S. large-cap growth	6.63 %
U.S. large-cap value	7.96
U.S. mid-cap growth	7.69
U.S. small-cap value	9.10
International	7.39
Emerging markets	5.52
Intermediate fixed income	0.53
Private fixed income	6.00
Real estate	3.79
Life settlement	6.00
Reinsurance	5.00

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

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

	1 Percent Decrease (6%)	Current Discount Rate (7%)	1 Percent Increase (8%)
Net OPEB liability of the City	\$ 15,524,689	\$ 7,826,283	\$ 1,380,254

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

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.25 percent, decreasing to an ultimate trend rate of 3.25 percent, as well as what the City's 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 2.25 percent) or 1 percentage point higher than the (9.25 percent, decreasing to 4.25 percent) current rate:

	1 Percent Decrease (7.25% Decreasing to 2.25%)	Current Healthcare Cost Trend Rate (8.25% Decreasing to 3.25%)	1 Percent Increase (9.25% Decreasing to 4.25%)
Net OPEB liability of the City	\$ 650,184	\$ 7,826,283	\$ 16,243,574

June 30, 2018

Note 10 - Other Postemployment Benefit Plan (Continued)***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 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, 2018:

Asset Class	Target Allocation
U.S. large-cap growth	10.50 %
U.S. large-cap value	10.50
U.S. mid-cap growth	10.00
U.S. small-cap value	7.00
International	15.00
Emerging markets	4.00
Intermediate fixed income	26.00
Private fixed income	5.00
Real estate	5.00
Life settlement	4.00
Reinsurance	3.00
Total	100.00 %

Concentrations

At June 30, 2018, the plan held 10.5 percent of its investment portfolio in Comerica Large Cap Growth Index Fund and 10.5 percent of its investment portfolio in Comerica Midcap Index Fund.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 8.79 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Other Postemployment Defined Contribution Plan

The City provides retiree 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, 2018, there were 114 members in the plan (76 active participants and 38 terminated employees with balances), and both the City and the plan members contributed \$125,165 to the plan.

June 30, 2018

Note 12 - Joint Venture

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

The City has an 18/26 interest and the Township has an 8/26 interest in the Partnership. Each partner's governing body has an equal vote in managing the affairs of the Partnership. The operating and maintenance costs are split based on actual water consumption. In addition, the Township pays the City an administrative fee of 12.5 percent of its share of operating and maintenance costs. The following financial information of the Partnership was obtained from its audited financial statements for the year ended June 30, 2018:

Total assets	\$ 5,627,647
Total liabilities	34,029
Total equity	5,593,618
Total revenue	389,236
Total operating expenses	389,236
Total nonoperating revenue	10,249
Increase in equity	10,249

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 \$3,872,461 is recorded in the Water Fund.

Note 13 - Economic Dependency

Three taxpayers account for approximately 53 percent of the City's tax revenue and 8 percent of the water and sewage disposal revenue. During the current year, the City's largest taxpayer filed an appeal with the Michigan Tax Tribunal, seeking a reduction in taxable value of approximately 58 percent. The proposed reduction is approximately \$283 million, consisting of 29 percent of the City's total tax base. As of the date of the issuance of this report, the City intends to fight this appeal, and the probable outcome of this appeal is not yet known.

The Monroe Housing Commission is dependent upon the Department of Housing and Urban Development (HUD) to fund its operations through operating subsidies and capital funding grants. Total revenue for the year ended September 30, 2017 totaled \$2,711,066 of which \$1,211,020 or 44.7 percent was from HUD subsidies and grants. The operations of the project are subject to the rules and regulations of HUD. These rules and regulations are subject to change. Such changes may occur with short notice and could create a lack of funding to pay for operational related costs, including the additional administrative burden to comply with the changes.

June 30, 2018

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
Statement of Net Position			
Investments	\$ 140,787,428	\$ 62,276,363	\$ 203,063,791
Other assets	289,618	24,940	314,558
Liabilities	130,850	1,099,695	1,230,545
Net position	<u>\$ 140,946,196</u>	<u>\$ 61,201,608</u>	<u>\$ 202,147,804</u>
Statement of Changes in Net Position			
Investment income	\$ 12,126,765	\$ 5,370,926	\$ 17,497,691
Contributions	2,289,061	1,454,546	3,743,607
Benefit payments	9,910,858	3,768,539	13,679,397
Other decreases	173,496	52,128	225,624
Net change in net position	<u>\$ 4,331,472</u>	<u>\$ 3,004,805</u>	<u>\$ 7,336,277</u>

Note 15 - Contingent Liabilities

Environmental Liability

As of June 30, 2018, 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.

Note 15 - Contingent Liabilities (Continued)

Based upon available information, in June 30, 2018, 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.

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, 2018. 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 \$4,516,847. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be \$1,013,083 and are reflected on the Port's June 30, 2018 balance sheet as liabilities - environmental. Furthermore, the actual costs could differ from the estimated liability for both sites if any of the assumptions change due to such factors as price increases or reductions, environmental technology, applicable laws and regulations, or enforceability or collectibility from other PRPs.

June 30, 2018

Note 16 - Fund Balance Constraints

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

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Real estate inventories - Net of related advances	\$ 115,726	\$ -	\$ 115,726
Prepays	-	46,551	46,551
Total nonspendable	115,726	46,551	162,277
Restricted:			
Roads	-	1,786,368	1,786,368
Police	-	77,299	77,299
Debt service	-	490,485	490,485
Grants	-	179,304	179,304
Capital projects (unspent bond proceeds)	-	472,839	472,839
Rubbish, garbage, and recycling	-	341,530	341,530
Code enforcement	-	557	557
Total restricted	-	3,348,382	3,348,382
Committed:			
Budget stabilization	2,000,000	-	2,000,000
Airport operations	-	1,852	1,852
Parking enforcement and parking lot maintenance	-	122,272	122,272
Donation purpose	-	15,739	15,739
Capital outlay projects	-	3,068,222	3,068,222
Economic development activities	-	43,367	43,367
Total committed	2,000,000	3,251,452	5,251,452
Assigned:			
Subsequent year's budget	74,991	-	74,991
Debt service	-	31,934	31,934
Total assigned	74,991	31,934	106,925
Unassigned	4,129,894	-	4,129,894
Total fund balance	\$ 6,320,611	\$ 6,678,319	\$ 12,998,930

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, 2018, the City abated \$182,211 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses Brownfield Redevelopment Agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the Brownfield's tax revenue is reduced. For fiscal year 2018, the Authority abated \$176,625 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.

June 30, 2018

Note 18 - Change in Accounting Principle

During the current year, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded portion of the City's retiree healthcare costs. Some of the changes in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details. This change does not impact the General Fund or any other governmental funds.

As a result of implementing this statement, the beginning net position of the governmental activities, business-type activities, Wastewater Fund, and Water Fund has been restated as follows:

	Net Position		
	As Previously Reported	As Restated	Effect of Change
Governmental activities	\$ 58,730,210	\$ 32,998,896	\$ (25,731,314)
Business-type activities:			
Wastewater fund	27,945,791	21,678,513	(6,267,278)
Water fund	51,223,396	45,189,171	(6,034,225)
Total business-type activities	79,531,946	67,230,443	(12,301,503)

The impact on the prior year changes in net position could not be determined.

Note 19 - Prior Period Adjustment

The accompanying financial statements have been restated to correct an error made in a prior year. During the year ended June 30, 2018, the City determined that the Monroe Housing Commission is a discretely presented component unit of the City. Historically, the Housing Commission has not been reported as a component unit of the City. The financial statements now present the Housing Commission as a discretely presented component unit, and the activity of the Housing Commission is reported in a separate column in the combined financial statements to emphasize that the Housing Commission is legally separate from the City. Net position for the component units as of June 30, 2017 has been restated to \$10,039,505 to reflect this change.

Note 20 - Subsequent Events

During the fiscal year ending June 30, 2019, the City issued capital improvement bond debt in the principal amount of \$6.0 million. The debt will fund the construction of a new Fire Station Number One. The debt will be repaid over a 20-year period with a 0.47 mill fire station millage approved by voters in 2016.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 14,865,913	\$ 14,907,062	\$ 14,893,650	\$ (13,412)
State-shared revenue and grants	2,595,922	8,386,801	5,463,339	(2,923,462)
Charges for services	621,864	334,967	343,151	8,184
Fines and forfeitures	83,500	67,500	72,590	5,090
Licenses and permits	369,700	360,800	360,994	194
Interest and rentals:				
Investment earnings	150,000	150,000	157,243	7,243
Other miscellaneous income	45,268	36,168	43,803	7,635
Other revenue:				
Administrative fees	992,128	992,128	992,126	(2)
Miscellaneous revenue	206,200	223,231	262,214	38,983
Total revenue	19,930,495	25,458,657	22,589,110	(2,869,547)
Expenditures				
Current services:				
General government:				
City Council	122,889	131,720	131,296	424
City manager	469,043	493,987	485,330	8,657
Finance	424,004	422,216	418,760	3,456
Clerk treasurer	466,826	455,826	443,556	12,270
Assessor	329,580	329,480	326,489	2,991
Communications, culture, and promotion	143,624	150,200	130,425	19,775
City hall grounds	250,829	258,937	252,397	6,540
Attorney	146,722	146,722	144,458	2,264
Human resources	284,782	266,418	253,666	12,752
Engineering	196,393	361,688	361,043	645
Public safety:				
Police	622,301	627,057	605,871	21,186
Fire	281,988	304,012	292,837	11,175
Zoning/Code enforcement	312,656	873,706	183,226	690,480
Public safety division personnel	7,690,956	7,670,526	7,661,533	8,993
Public works	2,220,707	2,152,622	2,142,531	10,091
Community and economic development	262,532	4,925,098	2,742,501	2,182,597
Recreation and culture:				
Library	57,500	57,500	57,500	-
Parks and recreation	2,001,733	1,550,395	1,450,730	99,665
Public access TV	167,000	165,000	159,234	5,766
Social services	140,000	145,000	145,000	-
Contingencies	180,000	-	-	-
Debt service	1,747,060	1,743,767	1,743,413	354
Total expenditures	18,519,125	23,231,877	20,131,796	3,100,081
Excess of Revenue Over Expenditures	1,411,370	2,226,780	2,457,314	230,534
Other Financing Uses - Transfers out	(1,564,197)	(2,226,583)	(2,226,582)	1
Net Change in Fund Balance	(152,827)	197	230,732	230,535
Fund Balance - Beginning of year	6,089,879	6,089,879	6,089,879	-
Fund Balance - End of year	\$ 5,937,052	\$ 6,090,076	\$ 6,320,611	\$ 230,535

Required Supplemental Information

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

	Last Five Fiscal Years*				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,438,204	\$ 1,294,853	\$ 1,361,897	\$ 1,359,947	\$ 1,437,222
Interest	10,739,989	10,071,113	10,019,895	9,785,460	9,601,384
Differences between expected and actual experience	694,718	(212,575)	(1,128,899)	1,019,422	-
Changes in assumptions	781,504	8,491,439	-	-	-
Benefit payments, including refunds	(9,955,374)	(9,718,792)	(9,354,128)	(8,725,884)	(8,365,344)
Net Change in Total Pension Liability	3,699,041	9,926,038	898,765	3,438,945	2,673,262
Total Pension Liability - Beginning of year	148,419,521	138,493,483	137,594,718	134,155,773	131,482,511
Total Pension Liability - End of year	\$ 152,118,562	\$ 148,419,521	\$ 138,493,483	\$ 137,594,718	\$ 134,155,773
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,830,651	\$ 1,845,799	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154
Contributions - Member	458,410	444,104	448,182	434,437	447,088
Net investment income (loss)	12,126,717	15,761,636	(716,793)	5,402,368	19,162,455
Administrative expenses	(128,979)	(78,229)	(74,593)	(131,962)	(126,646)
Benefit payments, including refunds	(9,955,374)	(9,718,800)	(9,354,128)	(8,725,884)	(8,365,344)
Other	47	5,221	13,804	6,311	11,317
Net Change in Plan Fiduciary Net Position	4,331,472	8,259,731	(7,987,654)	(1,392,351)	12,617,024
Plan Fiduciary Net Position - Beginning of year	136,614,724	128,354,993	136,342,647	137,734,998	125,117,974
Plan Fiduciary Net Position - End of year	\$ 140,946,196	\$ 136,614,724	\$ 128,354,993	\$ 136,342,647	\$ 137,734,998
City's Net Pension Liability - Ending	\$ 11,172,366	\$ 11,804,797	\$ 10,138,490	\$ 1,252,071	\$ (3,579,225)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.66 %	92.05 %	92.68 %	99.09 %	102.67 %
Covered Employee Payroll	\$ 10,202,555	\$ 10,817,255	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890
City's Net Pension Liability as a Percentage of Covered Employee Payroll	109.51 %	109.13 %	102.21 %	13.17 %	(36.41)%

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

Required Supplemental Information
Schedule of City Contributions
Pension Plan

Last Ten Fiscal Years
Years Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,830,651	\$ 1,845,799	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154	\$ 1,351,441	\$ 1,274,568	\$ 1,191,553	\$ 1,483,539	\$ 1,439,269
Contributions in relation to the actuarially determined contribution	1,830,651	1,845,799	1,695,874	1,622,379	1,488,154	1,351,441	1,274,568	1,191,553	1,483,539	1,439,269
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 10,202,555	\$ 10,817,255	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890	\$ 10,758,097	\$ 11,061,644	\$ 11,289,204	\$ 13,371,922	\$ 13,007,162
Contributions as a Percentage of Covered Employee Payroll	17.94 %	17.06 %	17.10 %	17.06 %	15.14 %	12.56 %	11.52 %	10.55 %	11.09 %	11.07 %

Notes to Schedule of City Contributions - Pension Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, 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 percent of pay
Remaining amortization period	24 years, closed
Asset valuation method	Seven-year smoothed market
Inflation	2.75 percent
Salary increase	3.50 to 6.50 percent including inflation
Investment rate of return	7.50 percent (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2009 valuation pursuant to an experience study of the period from 2005-2009.
Mortality	The RP-2000 Mortality Table

Required Supplemental Information
Schedule of Investment Returns
Pension Plan

	Last Five Fiscal Years*				
	Years Ended June 30				
	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	9.10 %	12.60 %	(0.60)%	3.90 %	15.60 %

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

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

	Last Two Fiscal Years*	
	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 472,985	\$ 474,117
Interest	4,649,384	4,326,412
Differences between expected and actual experience	(388,018)	(499,207)
Changes in assumptions	-	3,943,136
Benefit payments, including refunds	<u>(3,779,466)</u>	<u>(3,480,549)</u>
Net Change in Total OPEB Liability	954,885	4,763,909
Total OPEB Liability - Beginning of year	<u>68,073,006</u>	<u>63,309,097</u>
Total OPEB Liability - End of year	<u>\$ 69,027,891</u>	<u>\$ 68,073,006</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,299,796	\$ 36,635,331
Contributions - Member	154,750	160,554
Net investment income	5,399,971	5,373,015
Administrative expenses	(70,246)	(14,879)
Benefit payments, including refunds	<u>(3,779,466)</u>	<u>(3,480,549)</u>
Net Change in Plan Fiduciary Net Position	3,004,805	38,673,472
Plan Fiduciary Net Position - Beginning of year	<u>58,196,803</u>	<u>19,523,331</u>
Plan Fiduciary Net Position - End of year	<u>\$ 61,201,608</u>	<u>\$ 58,196,803</u>
Net OPEB Liability - Ending	<u>\$ 7,826,283</u>	<u>\$ 9,876,203</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	88.66 %	85.49 %
Covered Payroll	\$ 6,869,144	\$ 7,122,885
Net OPEB Liability as a Percentage of Covered Payroll	113.93 %	138.65 %

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

Required Supplemental Information
Schedule of City Contributions
OPEB Plan

Last Ten Fiscal Years Years Ended June 30										
	2018	2017*	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 3,927,016	\$ 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	1,299,795	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 (Deficiency) Excess	\$ (2,627,221)	\$ 32,671,601	\$ 208,566	\$ 283,124	\$ 331,436	\$ 292,316	\$ (1,196,937)	\$ (1,459,703)	\$ (2,002,325)	\$ (1,906,983)
Covered Employee Payroll	\$ 6,869,144	\$ 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	18.92 %	514.33 %	47.60 %	47.55 %	44.67 %	44.86 %	34.72 %	31.28 %	25.27 %	22.11 %

*Actual contribution reflects bonding proceeds.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	23 years, closed
Asset valuation method	Market value of assets
Inflation	2.75 percent
Healthcare cost trend rates	Initial trend rate of 8.25 percent, gradually decreasing to an ultimate trend rate of 3.50 percent
Salary increase	3.5 to 6.5 percent, including inflation
Investment rate of return	7.00 percent, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2009 pension valuation pursuant to an experience study of the period from 2005-2009.
Mortality	The RP-2000 Mortality Table

Required Supplemental Information
Schedule of Investment Returns
OPEB Plan

	Last Two Fiscal Years*	
	Years Ended June 30	
	2018	2017
Annual money-weighted rate of return - Net of investment expense	8.79 %	12.80 %

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

June 30, 2018

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.

Pension Information

Benefit Changes

There were no changes of benefit terms in 2018.

Changes in Assumptions

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

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2018.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2018.

Changes in Assumptions

There were no changes of benefit assumptions in 2017.

Other Supplemental Information

Special Revenue Funds

Major Streets Fund

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

Local Streets Fund

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

Rubbish, Garbage, and Recycling Fund

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

Parking Meter Fund

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

Economic Development Fund

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

Grants Fund

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

Drug Forfeiture Fund

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

Airport Fund

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

Building Safety Fund

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

Expendable Trust Fund

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

Debt Service Funds

Debt Service Fund

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

Building Authority Fund

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

Capital Project Fund

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

City of Monroe, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
Assets						
Cash and cash equivalents	\$ 533,314	\$ 531,242	\$ 1,920,012	\$ 128,440	\$ 355,772	\$ 171,324
Receivables	442,023	87,127	138,618	162,175	38,559	58,726
Due from other funds	-	24,836	-	-	-	-
Prepays and other assets	7,523	-	-	-	-	-
Restricted assets	149,548	138,838	-	-	-	-
Advances to component unit	-	-	-	-	1,417,570	-
Total assets	\$ 1,132,408	\$ 782,043	\$ 2,058,630	\$ 290,615	\$ 1,811,901	\$ 230,050
Liabilities						
Accounts payable	\$ 90,867	\$ 2,560	\$ 102,884	\$ 4,816	\$ 9,005	\$ 16,150
Due to other governmental units	-	-	-	-	-	-
Due to other funds	24,836	-	-	-	-	28,528
Accrued liabilities and other	300	1,997	1,049	1,352	-	390
Unearned revenue	-	-	-	-	1,745,970	5,678
Total liabilities	116,003	4,557	103,933	6,168	1,754,975	50,746
Deferred Inflows of Resources						
Unavailable revenue	-	-	11,022	162,175	13,559	-
Property taxes levied for the following year	-	-	1,602,145	-	-	-
Total deferred inflows of resources	-	-	1,613,167	162,175	13,559	-
Fund Balances						
Nonspendable	7,523	-	-	-	-	-
Restricted:						
Roads	1,008,882	777,486	-	-	-	-
Police	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Grants	-	-	-	-	-	179,304
Capital projects (unspent bond proceeds)	-	-	-	-	-	-
Rubbish, garbage, and recycling	-	-	341,530	-	-	-
Code enforcement	-	-	-	-	-	-
Committed:						
Airport operations	-	-	-	-	-	-
Parking enforcement and parking lot maintenance	-	-	-	122,272	-	-
Donation purpose	-	-	-	-	-	-
Capital outlay projects	-	-	-	-	-	-
Economic development activities	-	-	-	-	43,367	-
Assigned	-	-	-	-	-	-
Total fund balances	1,016,405	777,486	341,530	122,272	43,367	179,304
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,132,408	\$ 782,043	\$ 2,058,630	\$ 290,615	\$ 1,811,901	\$ 230,050

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

Special Revenue Funds				Debt Service Funds			
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Capital Projects Fund	Total
\$ 77,549	\$ 1,099	\$ 7,001	\$ 34,450	\$ 1,040,922	\$ 31,944	\$ 3,069,780	\$ 7,902,849
-	19,786	960	23,028	44,234	-	101,817	1,117,053
-	-	-	-	-	-	16,732	41,568
-	31,740	-	-	-	-	7,288	46,551
-	-	-	-	-	-	531,763	820,149
-	-	-	-	-	-	-	1,417,570
\$ 77,549	\$ 52,625	\$ 7,961	\$ 57,478	\$ 1,085,156	\$ 31,944	\$ 3,727,380	\$ 11,345,740
\$ 250	\$ 8,360	\$ 551	\$ 28,331	\$ 80,669	\$ 10	\$ 93,593	\$ 438,046
-	600	-	-	-	-	-	600
-	-	-	-	-	-	-	53,364
-	1,613	6,853	-	-	-	165	13,719
-	8,460	-	-	-	-	-	1,760,108
250	19,033	7,404	28,331	80,669	10	93,758	2,265,837
-	-	-	13,408	3,534	-	85,273	288,971
-	-	-	-	510,468	-	-	2,112,613
-	-	-	13,408	514,002	-	85,273	2,401,584
-	31,740	-	-	-	-	7,288	46,551
-	-	-	-	-	-	-	1,786,368
77,299	-	-	-	-	-	-	77,299
-	-	-	-	490,485	-	-	490,485
-	-	-	-	-	-	-	179,304
-	-	-	-	-	-	472,839	472,839
-	-	-	-	-	-	-	341,530
-	-	557	-	-	-	-	557
-	1,852	-	-	-	-	-	1,852
-	-	-	-	-	-	-	122,272
-	-	-	15,739	-	-	-	15,739
-	-	-	-	-	-	3,068,222	3,068,222
-	-	-	-	-	-	-	43,367
-	-	-	-	-	31,934	-	31,934
77,299	33,592	557	15,739	490,485	31,934	3,548,349	6,678,319
\$ 77,549	\$ 52,625	\$ 7,961	\$ 57,478	\$ 1,085,156	\$ 31,944	\$ 3,727,380	\$ 11,345,740

City of Monroe, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
Revenue						
Property taxes	\$ -	\$ -	\$ 1,475,665	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
State-shared revenue and grants:						
Federal grants	-	-	-	-	54,228	317,616
State sources	2,191,370	543,835	180,917	-	-	-
Charges for services	-	-	4,218	169,074	-	-
Fines and forfeitures	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Interest and rentals	14,917	4,949	15,020	1,817	5,464	2,579
Other revenue	26,700	2,329	-	-	500	-
Total revenue	2,232,987	551,113	1,675,820	170,891	60,192	320,195
Expenditures						
Current services:						
Public safety	-	-	-	101,796	-	-
Public works	419,029	355,021	1,516,326	69,477	-	-
Community and economic development	-	-	-	-	164,574	306,561
Capital outlay	1,955,917	360,357	-	-	-	-
Debt service	97,256	95,597	-	2,785	-	-
Total expenditures	2,472,202	810,975	1,516,326	174,058	164,574	306,561
Excess of Revenue (Under) Over Expenditures	(239,215)	(259,862)	159,494	(3,167)	(104,382)	13,634
Other Financing Sources (Uses)						
Transfers in	-	526,745	-	-	25,000	-
Transfers out	(526,745)	-	-	-	-	(36,055)
Total other financing (uses) sources	(526,745)	526,745	-	-	25,000	(36,055)
Net Change in Fund Balances	(765,960)	266,883	159,494	(3,167)	(79,382)	(22,421)
Fund Balances - Beginning of year	1,782,365	510,603	182,036	125,439	122,749	201,725
Fund Balances - End of year	<u>\$ 1,016,405</u>	<u>\$ 777,486</u>	<u>\$ 341,530</u>	<u>\$ 122,272</u>	<u>\$ 43,367</u>	<u>\$ 179,304</u>

Other Supplemental Information

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

Nonmajor Governmental Funds

Year Ended June 30, 2018

Special Revenue Funds				Debt Service Funds			Total
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Capital Projects Fund	
\$ -	\$ -	\$ -	\$ -	\$ 490,158	\$ -	\$ -	\$ 1,965,823
-	-	-	-	-	-	25,731	25,731
-	-	-	-	-	-	-	371,844
-	-	-	-	52,476	-	-	2,968,598
-	92,380	-	-	-	-	-	265,672
39,246	-	-	-	-	-	-	39,246
-	-	333,987	-	-	-	-	333,987
1,257	109,803	1,984	-	13,165	434,162	29,790	634,907
-	2,227	6,060	58,669	105,494	-	-	201,979
40,503	204,410	342,031	58,669	661,293	434,162	55,521	6,807,787
33,323	-	-	-	-	-	-	135,119
-	303,297	560,498	75,215	-	-	86,413	3,385,276
-	-	-	-	-	-	-	471,135
-	-	-	-	-	-	1,790,989	4,107,263
-	-	52,912	-	688,280	433,459	-	1,370,289
33,323	303,297	613,410	75,215	688,280	433,459	1,877,402	9,469,082
7,180	(98,887)	(271,379)	(16,546)	(26,987)	703	(1,821,881)	(2,661,295)
-	73,356	-	-	67,187	-	2,002,094	2,694,382
-	-	-	-	-	-	-	(562,800)
-	73,356	-	-	67,187	-	2,002,094	2,131,582
7,180	(25,531)	(271,379)	(16,546)	40,200	703	180,213	(529,713)
70,119	59,123	271,936	32,285	450,285	31,231	3,368,136	7,208,032
\$ 77,299	\$ 33,592	\$ 557	\$ 15,739	\$ 490,485	\$ 31,934	\$ 3,548,349	\$ 6,678,319

City of Monroe, Michigan

Other Supplemental Information

Budgetary Comparison Schedules - Nonmajor Governmental Funds

Major Streets

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State-shared revenue and grants	\$ 1,738,527	\$ 2,486,184	\$ 2,191,370	\$ (294,814)
Interest and rentals	3,000	11,881	14,917	3,036
Other revenue	-	25,176	26,700	1,524
Total revenue	1,741,527	2,523,241	2,232,987	(290,254)
Expenditures				
Current services - Public works	1,358,200	2,592,606	419,029	2,173,577
Capital outlay	-	-	1,955,917	(1,955,917)
Debt service	108,171	97,256	97,256	-
Total expenditures	1,466,371	2,689,862	2,472,202	217,660
Excess of Revenue Over (Under)				
Expenditures	275,156	(166,621)	(239,215)	(72,594)
Other Financing Uses - Transfers out	(518,713)	(518,713)	(526,745)	(8,032)
Net Change in Fund Balance	(243,557)	(685,334)	(765,960)	(80,626)
Fund Balance - Beginning of year	1,782,365	1,782,365	1,782,365	-
Fund Balance - End of year	<u>\$ 1,538,808</u>	<u>\$ 1,097,031</u>	<u>\$ 1,016,405</u>	<u>\$ (80,626)</u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State-shared revenue and grants	\$ 476,962	\$ 514,750	\$ 543,835	\$ 29,085
Interest and rentals	100	4,058	4,949	891
Other revenue	-	1,794	2,329	535
Total revenue	477,062	520,602	551,113	30,511
Expenditures				
Current services - Public works	395,800	729,566	355,021	374,545
Capital outlay	-	-	360,357	(360,357)
Debt service	84,682	95,598	95,597	1
Total expenditures	480,482	825,164	810,975	14,189
Excess of Expenditures Over Revenue	(3,420)	(304,562)	(259,862)	44,700
Other Financing Sources - Transfers in	518,713	522,000	526,745	4,745
Net Change in Fund Balance	515,293	217,438	266,883	49,445
Fund Balance - Beginning of year	510,603	510,603	510,603	-
Fund Balance - End of year	<u>\$ 1,025,896</u>	<u>\$ 728,041</u>	<u>\$ 777,486</u>	<u>\$ 49,445</u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,478,641	\$ 1,475,420	\$ 1,475,665	\$ 245
State-shared revenue and grants	55,958	180,917	180,917	-
Charges for services	4,500	4,400	4,218	(182)
Interest and rentals	6,000	12,888	15,020	2,132
Total revenue	1,545,099	1,673,625	1,675,820	2,195
Expenditures - Public works	1,606,090	1,627,625	1,516,326	111,299
Net Change in Fund Balance	(60,991)	46,000	159,494	113,494
Fund Balance - Beginning of year	182,036	182,036	182,036	-
Fund Balance - End of year	<u>\$ 121,045</u>	<u>\$ 228,036</u>	<u>\$ 341,530</u>	<u>\$ 113,494</u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 182,000	\$ 185,000	\$ 169,074	\$ (15,926)
Interest and rentals	500	1,800	1,817	17
Total revenue	182,500	186,800	170,891	(15,909)
Expenditures				
Current services:				
Public safety	117,887	125,589	101,796	23,793
Public works	49,200	73,200	69,477	3,723
Debt service	2,784	2,784	2,785	(1)
Total expenditures	169,871	201,573	174,058	27,515
Net Change in Fund Balance	12,629	(14,773)	(3,167)	11,606
Fund Balance - Beginning of year	125,439	125,439	125,439	-
Fund Balance - End of year	<u><u>\$ 138,068</u></u>	<u><u>\$ 110,666</u></u>	<u><u>\$ 122,272</u></u>	<u><u>\$ 11,606</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Interest and rentals	\$ 3,000	\$ 75,968	\$ 60,192	\$ (15,776)
Expenditures - Community and economic development	10,000	220,612	164,574	56,038
Excess of Expenditures Over Revenue	(7,000)	(144,644)	(104,382)	40,262
Other Financing Sources - Transfers in	-	25,000	25,000	-
Net Change in Fund Balance	(7,000)	(119,644)	(79,382)	40,262
Fund Balance - Beginning of year	122,749	122,749	122,749	-
Fund Balance - End of year	<u>\$ 115,749</u>	<u>\$ 3,105</u>	<u>\$ 43,367</u>	<u>\$ 40,262</u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Federal grants	\$ 480,000	\$ 820,589	\$ 317,616	\$ (502,973)
Interest and rentals	2,000	2,500	2,579	79
Total revenue	482,000	823,089	320,195	(502,894)
Expenditures - Community and economic development	330,000	434,451	306,561	127,890
Excess of Revenue Over Expenditures	152,000	388,638	13,634	(375,004)
Other Financing Uses - Transfers out	(150,000)	(410,678)	(36,055)	374,623
Net Change in Fund Balance	2,000	(22,040)	(22,421)	(381)
Fund Balance - Beginning of year	201,725	201,725	201,725	-
Fund Balance - End of year	<u>\$ 203,725</u>	<u>\$ 179,685</u>	<u>\$ 179,304</u>	<u>\$ (381)</u>

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Fines and forfeitures	\$ 15,000	\$ 35,000	\$ 39,246	\$ 4,246
Interest and rentals	350	1,000	1,257	257
Total revenue	15,350	36,000	40,503	4,503
Expenditures - Public safety	33,700	37,725	33,323	4,402
Net Change in Fund Balance	(18,350)	(1,725)	7,180	8,905
Fund Balance - Beginning of year	70,119	70,119	70,119	-
Fund Balance - End of year	<u><u>\$ 51,769</u></u>	<u><u>\$ 68,394</u></u>	<u><u>\$ 77,299</u></u>	<u><u>\$ 8,905</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Charges for services	\$ 127,700	\$ 100,700	\$ 92,380	\$ (8,320)
Interest and rentals	108,565	108,327	109,803	1,476
Other revenue	2,000	2,500	2,227	(273)
Total revenue	238,265	211,527	204,410	(7,117)
Expenditures - Public works	268,763	319,329	303,297	16,032
Other Financing Sources - Transfers in	31,000	83,082	73,356	(9,726)
Net Change in Fund Balance	502	(24,720)	(25,531)	(811)
Fund Balance - Beginning of year	59,123	59,123	59,123	-
Fund Balance - End of year	<u>\$ 59,625</u>	<u>\$ 34,403</u>	<u>\$ 33,592</u>	<u>\$ (811)</u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Licenses and permits	\$ 521,150	\$ 410,100	\$ 333,987	\$ (76,113)
Interest and rentals	3,000	2,250	1,984	(266)
Other revenue	-	-	6,060	6,060
Total revenue	524,150	412,350	342,031	(70,319)
Expenditures				
Current services - Public works	621,855	574,721	560,498	14,223
Debt service	52,901	52,926	52,912	14
Total expenditures	674,756	627,647	613,410	14,237
Net Change in Fund Balance	(150,606)	(215,297)	(271,379)	(56,082)
Fund Balance - Beginning of year	271,936	271,936	271,936	-
Fund Balance - End of year	<u><u>\$ 121,330</u></u>	<u><u>\$ 56,639</u></u>	<u><u>\$ 557</u></u>	<u><u>\$ (56,082)</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other	\$ 54,000	\$ 83,907	\$ 58,669	\$ (25,238)
Expenditures - Public works	54,000	108,192	75,215	32,977
Net Change in Fund Balance	-	(24,285)	(16,546)	7,739
Fund Balance - Beginning of year	32,285	32,285	32,285	-
Fund Balance - End of year	<u><u>\$ 32,285</u></u>	<u><u>\$ 8,000</u></u>	<u><u>\$ 15,739</u></u>	<u><u>\$ 7,739</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 489,683	\$ 498,366	\$ 490,158	\$ (8,208)
State-shared revenue and grants	16,230	52,476	52,476	-
Interest and rentals	6,500	10,729	13,165	2,436
Other revenue	105,494	105,494	105,494	-
Total revenue	617,907	667,065	661,293	(5,772)
Expenditures - Debt service	683,043	690,273	688,280	1,993
Excess of Expenditures Over Revenue	(65,136)	(23,208)	(26,987)	(3,779)
Other Financing Sources - Transfers in	54,440	67,187	67,187	-
Net Change in Fund Balance	(10,696)	43,979	40,200	(3,779)
Fund Balance - Beginning of year	450,285	450,285	450,285	-
Fund Balance - End of year	<u><u>\$ 439,589</u></u>	<u><u>\$ 494,264</u></u>	<u><u>\$ 490,485</u></u>	<u><u>\$ (3,779)</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Interest and rentals:				
Investment earnings	\$ 200	\$ 380	\$ 380	\$ -
Rental income	433,559	433,559	433,782	223
Total revenue	433,759	433,939	434,162	223
Expenditures - Debt service	433,559	433,459	433,459	-
Net Change in Fund Balance	200	480	703	223
Fund Balance - Beginning of year	31,231	31,231	31,231	-
Fund Balance - End of year	<u>\$ 31,431</u>	<u>\$ 31,711</u>	<u>\$ 31,934</u>	<u>\$ 223</u>

City of Monroe, Michigan

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

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 30,450	\$ 29,150	\$ 25,731	\$ (3,419)
Grants	137,500	137,500	-	(137,500)
Interest and rentals	6,000	25,178	29,790	4,612
Other revenue	-	47,500	-	(47,500)
Total revenue	173,950	239,328	55,521	(183,807)
Expenditures				
Current services - Public works	389,000	4,050,862	86,413	3,964,449
Capital outlay	40,680	4,940,680	1,790,989	3,149,691
Total expenditures	429,680	8,991,542	1,877,402	7,114,140
Excess of Expenditures Over Revenue	(255,730)	(8,752,214)	(1,821,881)	6,930,333
Other Financing Sources				
Transfers in	406,000	1,934,960	2,002,094	67,134
Face value of debt issue	-	6,000,000	-	(6,000,000)
Total other financing sources	406,000	7,934,960	2,002,094	(5,932,866)
Net Change in Fund Balance	150,270	(817,254)	180,213	997,467
Fund Balance - Beginning of year	3,368,136	3,368,136	3,368,136	-
Fund Balance - End of year	\$ 3,518,406	\$ 2,550,882	\$ 3,548,349	\$ 997,467

Stores and Equipment Fund

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

Information Systems Fund

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

Insurance Fund

The Insurance Fund accounts for payment of public liability premiums.

Employee Benefits Fund

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

Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2018

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 547,259	\$ 205,454	\$ 264,453	\$ 665,513	\$ 1,682,679
Receivables - Other receivables	8,846	100	443	1,293,697	1,303,086
Prepays and other assets	58,600	28,083	260,426	-	347,109
Total current assets	614,705	233,637	525,322	1,959,210	3,332,874
Noncurrent assets - Capital assets	1,811,956	383,326	-	-	2,195,282
Total assets	2,426,661	616,963	525,322	1,959,210	5,528,156
Deferred Outflows of Resources -					
Pensions	9,300	838	-	-	10,138
Liabilities					
Current liabilities:					
Accounts payable	32,401	42,194	58,754	18,380	151,729
Accrued liabilities and other	7,602	275	-	426,680	434,557
Unearned revenue	-	100	-	-	100
Compensated absences	12,377	1,745	-	-	14,122
Current portion of long-term debt	69,705	310	-	-	70,015
Total current liabilities	122,085	44,624	58,754	445,060	670,523
Noncurrent liabilities:					
Net pension liability	20,853	1,879	-	-	22,732
Net OPEB liability	52,337	5,234	-	-	57,571
Long-term debt - Net of current portion	590,349	7,776	-	-	598,125
Total noncurrent liabilities	663,539	14,889	-	-	678,428
Total liabilities	785,624	59,513	58,754	445,060	1,348,951
Deferred Inflows of Resources					
Deferred pension cost reductions	1,298	119	-	-	1,417
Deferred OPEB cost reductions	8,801	880	-	-	9,681
Total deferred inflows of resources	10,099	999	-	-	11,098
Net Position					
Net investment in capital assets	1,659,420	383,326	-	-	2,042,746
Unrestricted	(19,182)	173,963	466,568	1,514,150	2,135,499
Total net position	<u>\$ 1,640,238</u>	<u>\$ 557,289</u>	<u>\$ 466,568</u>	<u>\$ 1,514,150</u>	<u>\$ 4,178,245</u>

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

Year Ended June 30, 2018

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Operating Revenue					
Other charges for services	\$ 54,055	\$ 34,946	\$ 29,879	\$ 305,150	\$ 424,030
Charges to other funds	1,029,930	410,760	218,058	1,963,197	3,621,945
Total operating revenue	1,083,985	445,706	247,937	2,268,347	4,045,975
Operating Expenses					
Operations and maintenance	579,223	421,065	349,023	2,305,281	3,654,592
Depreciation	253,686	60,199	-	-	313,885
Total operating expenses	832,909	481,264	349,023	2,305,281	3,968,477
Operating Income (Loss)	251,076	(35,558)	(101,086)	(36,934)	77,498
Nonoperating Revenue (Expense)					
Investment income	6,259	3,275	3,931	7,805	21,270
Interest expense	(20,824)	(229)	-	-	(21,053)
Gain on sale of assets	18,423	-	-	-	18,423
Nonoperating grants	-	15,000	-	-	15,000
Total nonoperating revenue (expense)	3,858	18,046	3,931	7,805	33,640
Transfers In	65,000	-	-	-	65,000
Change in Net Position	319,934	(17,512)	(97,155)	(29,129)	176,138
Net Position - As restated - Beginning of year	1,320,304	574,801	563,723	1,543,279	4,002,107
Net Position - End of year	\$ 1,640,238	\$ 557,289	\$ 466,568	\$ 1,514,150	\$ 4,178,245

Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2018

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,033,664	\$ 445,706	\$ 247,937	\$ 1,797,351	\$ 3,524,658
Payments to other funds	-	-	-	(573,873)	(573,873)
Payments to suppliers	(537,816)	(450,480)	(331,873)	(1,929,209)	(3,249,378)
Payments to employees and fringes	(201,269)	(15,315)	-	(5,994)	(222,578)
Other receipts	47,019	100	-	430	47,549
Net cash and cash equivalents provided by (used in) operating activities	341,598	(19,989)	(83,936)	(711,295)	(473,622)
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	65,000	-	-	-	65,000
Principal and interest paid on OPEB bonds	(75,482)	(464)	-	-	(75,946)
Net cash and cash equivalents used in noncapital financing activities	(10,482)	(464)	-	-	(10,946)
Cash Flows from Capital and Related Financing Activities					
Contributions	-	15,000	-	-	15,000
Proceeds from sale of capital assets	18,423	-	-	-	18,423
Purchase of capital assets	(374,006)	(120,306)	-	-	(494,312)
Principal and interest paid on capital debt	(33,569)	-	-	-	(33,569)
Net cash and cash equivalents used in capital and related financing activities	(389,152)	(105,306)	-	-	(494,458)
Cash Flows from Investing Activities					
Interest received on investments	6,259	3,275	3,488	7,805	20,827
Proceeds from sale and maturities of investment securities	-	-	(97,755)	-	(97,755)
Net cash and cash equivalents provided by (used in) investing activities	6,259	3,275	(94,267)	7,805	(76,928)
Net Decrease in Cash and Cash Equivalents	(51,777)	(122,484)	(178,203)	(703,490)	(1,055,954)
Cash and Cash Equivalents - Beginning of year	599,036	327,938	344,901	1,369,003	2,640,878
Cash and Cash Equivalents - End of year	<u><u>\$ 547,259</u></u>	<u><u>\$ 205,454</u></u>	<u><u>\$ 166,698</u></u>	<u><u>\$ 665,513</u></u>	<u><u>\$ 1,584,924</u></u>

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

Year Ended June 30, 2018

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Classification of Cash and Cash Equivalents					
Cash and investments	\$ 547,259	\$ 205,454	\$ 264,453	\$ 665,513	\$ 1,682,679
Less amounts classified as investments	-	-	(97,755)	-	(97,755)
Total cash and cash equivalents	<u><u>\$ 547,259</u></u>	<u><u>\$ 205,454</u></u>	<u><u>\$ 166,698</u></u>	<u><u>\$ 665,513</u></u>	<u><u>\$ 1,584,924</u></u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 251,076	\$ (35,558)	\$ (101,086)	\$ (36,934)	\$ 77,498
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	253,686	60,199	-	-	313,885
Changes in assets and liabilities:					
Receivables	(3,302)	100	-	(165,416)	(168,618)
Due to and from other funds	-	-	-	(573,873)	(573,873)
Prepaid and other assets	9,532	(9,726)	(13,309)	-	(13,503)
Accounts payable	(11,810)	(32,576)	30,459	70,922	56,995
Accrued and other liabilities	536	211	-	(5,994)	(5,247)
Net OPEB and pension liabilities	(158,120)	(2,639)	-	-	(160,759)
Net cash provided by (used in) operating activities	<u><u>\$ 341,598</u></u>	<u><u>\$ (19,989)</u></u>	<u><u>\$ (83,936)</u></u>	<u><u>\$ (711,295)</u></u>	<u><u>\$ (473,622)</u></u>

Pension Trust Fund

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.

Retiree Health Care Fund

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

Agency Fund

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

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

June 30, 2018

	Pension Trust	Retiree Health Care	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ -	\$ 399,886	\$ 399,886
Investments:			
U.S. government securities	16,351,283	4,617,557	20,968,840
Municipal bonds	3,764,596	3,045,951	6,810,547
Foreign bonds	2,152,067	1,039,896	3,191,963
Stocks	34,689,459	14,048,046	48,737,505
Foreign stocks	8,762,067	5,092,506	13,854,573
Corporate bonds	18,083,621	6,959,024	25,042,645
Mutual funds	42,435,788	17,068,524	59,504,312
Other investments	1,958,335	10,004,973	11,963,308
Commercial paper	12,590,212	-	12,590,212
Receivables	289,618	17,465	307,083
Prepays and other assets	-	7,475	7,475
	<u>141,077,046</u>	<u>62,301,303</u>	<u>203,378,349</u>
Total assets			
Liabilities - Accounts payable	<u>130,850</u>	<u>1,099,695</u>	<u>1,230,545</u>
Net Position - Restricted for pensions and other employee benefits	<u><u>\$ 140,946,196</u></u>	<u><u>\$ 61,201,608</u></u>	<u><u>\$ 202,147,804</u></u>

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

Year Ended June 30, 2018

	Pension Trust	Retiree Health Care	Total Fiduciary Funds
Additions			
Investment income:			
Interest and dividends	\$ 1,709,411	\$ 2,536,456	\$ 4,245,867
Net increase in fair value of investments	11,070,726	3,167,801	14,238,527
Investment-related expenses	(653,405)	(333,331)	(986,736)
Net investment income	12,126,732	5,370,926	17,497,658
Securities lending income	33	-	33
Contributions:			
Employer	1,830,651	1,299,796	3,130,447
Employee	458,410	154,750	613,160
Total contributions	2,289,061	1,454,546	3,743,607
Total additions	14,415,826	6,825,472	21,241,298
Deductions			
Benefit payments	9,910,858	3,768,539	13,679,397
Refunds of contributions	44,517	10,927	55,444
Administrative expenses	128,979	41,201	170,180
Total deductions	10,084,354	3,820,667	13,905,021
Net Increase in Net Assets Held in Trust	4,331,472	3,004,805	7,336,277
Net Position - Held in trust for pension and other employee benefits - Beginning of year	136,614,724	58,196,803	194,811,527
Net Position - Held in trust for pension and other employee benefits - End of year	<u><u>\$ 140,946,196</u></u>	<u><u>\$ 61,201,608</u></u>	<u><u>\$ 202,147,804</u></u>

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

Year Ended June 30, 2018

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2018</u>
Assets				
Cash and cash equivalents	\$ 8,702,612	\$ 98,346,358	\$ (105,162,529)	\$ 1,886,441
Other assets	949,246	34,330,137	(34,144,642)	1,134,741
Total assets	<u>\$ 9,651,858</u>	<u>\$ 132,676,495</u>	<u>\$ (139,307,171)</u>	<u>\$ 3,021,182</u>
Liabilities				
Accounts payable	\$ -	\$ 588,160	\$ (517,940)	\$ 70,220
Due to other governmental units	9,578,673	34,484,790	(41,159,176)	2,904,287
Accrued liabilities and other	73,185	89,249	(115,759)	46,675
Total liabilities	<u>\$ 9,651,858</u>	<u>\$ 35,162,199</u>	<u>\$ (41,792,875)</u>	<u>\$ 3,021,182</u>

Statistical Section

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

The statistical section is organized into the following main categories:

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

Financial Trends

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

City of Monroe, Michigan

	As of June 30,			
	2009	2010	2011	2012
Governmental Activities:				
Net investment in capital assets	\$ 64,233,467	\$ 63,015,687	\$ 62,616,606	\$ 60,908,779
Restricted	1,583,236	2,345,979	2,017,723	2,074,059
Unrestricted	<u>4,799,429</u>	<u>2,585,456</u>	<u>2,873,427</u>	<u>2,367,980</u>
Total net position	70,616,132	67,947,122	67,507,756	65,350,818
Business-type Activities:				
Net investment in capital assets	50,741,867	54,471,941	55,296,917	57,363,383
Unrestricted	<u>11,275,851</u>	<u>10,524,286</u>	<u>10,970,242</u>	<u>9,521,421</u>
Total net position	62,017,718	64,996,227	66,267,159	66,884,804
Primary Government in Total:				
Net investment in capital assets	114,975,334	117,487,628	117,913,523	118,272,162
Restricted	1,583,236	2,345,979	2,017,723	2,074,059
Unrestricted	<u>16,075,280</u>	<u>13,109,742</u>	<u>13,843,669</u>	<u>11,889,401</u>
Total net position	<u>\$ 132,633,850</u>	<u>\$ 132,943,349</u>	<u>\$ 133,774,915</u>	<u>\$ 132,235,622</u>

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

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

Net Position by Component

Last Ten Fiscal Years
(Unaudited)

As of June 30,					
2013	2014	2015 *	2016	2017	2018 **
\$ 61,962,831	\$ 61,231,910	\$ 60,179,911	\$ 58,118,232	\$ 54,825,194	\$ 56,028,571
2,108,898	2,518,196	2,286,647	2,354,630	2,158,946	2,671,364
<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>	<u>(24,756,920)</u>
67,008,460	67,887,258	70,613,900	67,177,917	58,730,210	33,943,015
58,090,703	60,690,546	61,966,736	62,800,496	66,184,050	70,147,960
<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>3,169,585</u>
69,951,590	71,845,452	74,036,267	76,544,940	79,531,946	73,317,545
120,053,534	121,922,456	122,146,647	120,918,728	121,009,244	126,176,531
2,108,898	2,518,196	2,286,647	2,354,630	2,158,946	2,671,364
<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>	<u>(21,587,335)</u>
<u>\$ 136,960,050</u>	<u>\$ 139,732,710</u>	<u>\$ 144,650,167</u>	<u>\$ 143,722,857</u>	<u>\$ 138,262,156</u>	<u>\$ 107,260,560</u>

City of Monroe, Michigan

	Year Ended June 30,			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 2,591,789	\$ 2,835,598	\$ 1,857,323	\$ 2,398,403
Public safety	11,431,861	11,048,450	9,572,617	9,654,009
Public works	10,374,152	8,971,554	9,635,359	9,825,018
Community development	394,366	612,927	660,731	601,433
Culture and recreation	2,012,925	1,715,213	1,534,257	1,406,611
Interest on long-term debt	257,700	266,778	342,073	299,425
Total governmental activities	27,062,793	25,450,520	23,602,360	24,184,899
Business-type activities:				
Water	6,295,006	6,494,138	6,931,684	7,291,792
Wastewater	6,182,045	6,117,709	6,611,525	7,436,772
Building Authority	-	-	-	-
Total business-type activities	12,477,051	12,611,847	13,543,209	14,728,564
Total primary government expenses	39,539,844	38,062,367	37,145,569	38,913,463
Program Revenue				
Governmental activities:				
Charges for services:				
General government	81,628	120,290	82,397	90,204
Public safety	1,386,757	1,201,787	397,407	336,814
Public works	479,990	541,438	838,894	1,103,911
Community development	1,728,327	161,601	-	-
Culture and recreation	852,982	865,636	720,475	634,578
Operating grants and contributions	1,717,744	1,447,882	1,661,693	1,496,086
Capital grants and contributions	4,770	1,626,516	2,642,646	1,615,645
Total governmental activities program revenue	6,252,198	5,965,150	6,343,512	5,277,238
Business-type activities:				
Charges for services:				
Water	6,335,531	6,619,024	7,348,790	7,214,309
Wastewater	6,340,634	6,404,776	6,908,842	7,252,271
Operating grants and contributions	-	-	146,493	153,575
Capital grants and contributions	926,283	2,364,438	336,478	610,905
Total business-type activities program revenue	13,602,448	15,388,238	14,740,603	15,231,060
Total primary government program revenue	19,854,646	21,353,388	21,084,115	20,508,298
Net (Expense) Revenue				
Governmental activities	(20,810,595)	(19,485,370)	(17,258,848)	(18,907,661)
Business-type activities	1,125,397	2,776,391	1,197,394	502,496
Total primary government net expense	(19,685,198)	(16,708,979)	(16,061,454)	(18,405,165)

Changes in Governmental and Business-type Net Position

**Last Ten Fiscal Years
(Unaudited)**

Year Ended June 30,					
2013	2014	2015	2016	2017	2018
\$ 2,646,677	\$ 1,583,604	\$ 1,893,042	\$ 2,435,672	\$ 2,482,372	\$ 2,634,067
8,663,622	9,330,166	9,524,877	11,602,770	12,831,299	12,269,794
8,601,804	10,816,801	10,366,601	9,932,495	11,078,905	10,733,142
628,791	1,005,355	623,199	433,587	1,069,806	294,520
1,631,045	1,135,361	1,236,997	2,139,798	1,836,283	1,600,210
325,183	252,070	203,769	261,674	916,101	951,113
<u>22,497,122</u>	<u>24,123,357</u>	<u>23,848,485</u>	<u>26,805,996</u>	<u>30,214,766</u>	<u>28,482,846</u>
6,756,495	7,141,197	7,026,325	7,017,117	7,172,197	6,776,392
6,458,580	6,864,433	7,068,465	7,946,781	8,841,700	8,091,265
-	-	-	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>	<u>14,867,657</u>
35,712,197	38,128,987	37,943,275	41,919,727	46,228,663	43,350,503
102,968	110,282	122,895	133,902	96,961	101,965
364,546	416,404	409,652	396,243	342,005	431,898
1,093,392	1,050,776	838,946	1,012,857	776,506	674,091
-	-	-	-	10,000	-
581,030	532,615	464,491	415,565	306,295	87,137
1,635,959	1,851,121	1,694,675	1,759,536	1,727,719	2,373,939
3,023,728	2,322,245	1,112,611	576,261	695,973	4,155,991
<u>6,801,623</u>	<u>6,283,443</u>	<u>4,643,270</u>	<u>4,294,364</u>	<u>3,955,459</u>	<u>7,825,021</u>
7,559,714	7,293,205	7,460,287	8,237,737	8,447,142	8,550,443
7,712,715	8,112,871	8,280,678	8,541,205	9,073,253	9,997,793
152,259	139,867	-	-	-	-
468,477	287,982	362,000	236,310	754,346	2,244,327
<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>20,792,563</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>	<u>28,617,584</u>
(15,695,499)	(17,839,914)	(19,205,215)	(22,511,632)	(26,259,307)	(20,657,825)
<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>	<u>5,924,906</u>
(13,017,409)	(16,011,619)	(17,197,040)	(20,610,111)	(23,998,463)	(14,732,919)

	Year Ended June 30,			
	2009	2010	2011	2012
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 14,833,080	\$ 14,378,142	\$ 13,997,910	\$ 13,997,518
State-shared revenue	2,005,975	1,785,843	1,786,140	1,752,988
Investment earnings	483,042	176,901	127,503	87,494
Franchise fees	267,655	276,697	303,680	307,837
Gain (loss) on sale of capital assets	3,526	(31,630)	-	-
Miscellaneous	202,889	237,112	604,249	487,789
Special Item - Impairment	-	-	-	-
Transfers	66,130	(6,705)	-	-
Total governmental activities	17,862,297	16,816,360	16,819,482	16,633,626
Business-type activities:				
Investment earnings	216,442	130,413	73,538	51,253
Gain on sale of capital assets	1,127	65,000	-	-
Miscellaneous	-	-	-	63,896
Transfers	(66,130)	6,705	-	-
Total business-type activities	151,439	202,118	73,538	115,149
Total primary government	18,013,736	17,018,478	16,893,020	16,748,775
Changes in Net Position				
Governmental activities	(2,948,298)	(2,669,010)	(439,366)	(2,274,035)
Business-type activities	1,276,836	2,978,509	1,270,932	617,645
Total primary government	<u>\$ (1,671,462)</u>	<u>\$ 309,499</u>	<u>\$ 831,566</u>	<u>\$ (1,656,390)</u>

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

**Last Ten Fiscal Years
(Unaudited)**

Year Ended June 30,					
2013	2014	2015	2016	2017	2018
\$ 14,444,017	\$ 14,753,413	\$ 15,259,339	\$ 16,033,234	\$ 15,607,661	\$ 16,708,017
1,861,100	1,855,826	1,889,711	1,888,484	3,286,493	3,485,665
65,260	79,464	90,531	92,012	165,137	224,833
319,517	319,426	336,590	336,660	335,704	318,469
-	-	-	-	-	-
663,247	1,710,583	912,309	725,259	1,006,396	864,960
-	-	-	-	(2,589,791)	-
-	-	-	-	-	-
17,353,141	18,718,712	18,488,480	19,075,649	17,811,600	21,601,944
46,277	45,990	46,792	53,397	81,948	114,400
14,513	4,250	-	-	-	40,701
347,906	15,327	-	553,755	644,214	7,095
-	-	-	-	-	-
408,696	65,567	46,792	607,152	726,162	162,196
17,761,837	18,784,279	18,535,272	19,682,801	18,537,762	21,764,140
1,657,642	878,798	(716,735)	(3,435,983)	(8,447,707)	944,119
3,086,786	1,893,862	2,054,967	2,508,673	2,987,006	6,087,102
\$ 4,744,428	\$ 2,772,660	\$ 1,338,232	\$ (927,310)	\$ (5,460,701)	\$ 7,031,221

City of Monroe, Michigan

	As of June 30,			
	2009	2010	2011* **	2012
General Fund				
Reserved	\$ 1,415,794	\$ 1,415,856	\$ -	\$ -
Unreserved	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
Total General Fund	\$ 3,118,753	\$ 3,267,893	\$ 5,470,942	\$ 5,639,716
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	4,215,765	4,527,789	-	-
Capital projects funds	565,819	489,223	-	-
Debt service funds	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
Total all other governmental funds	\$ 4,901,076	\$ 5,122,716	\$ 4,233,063	\$ 7,131,400

* An accounting change affected the beginning fund balance.

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

Fund Balances, Governmental Funds

**Last Ten Fiscal Years
(Unaudited)**

As of June 30,						
2013	2014	2015	2016	2017	2018	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
390,439	394,866	381,227	115,510	100,149	115,726	
-	-	-	24,410,801	-	-	
2,000,000	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	74,991	
3,101,726	3,300,391	3,536,680	3,776,720	3,931,769	4,129,894	
\$ 5,540,730	\$ 5,790,217	\$ 6,092,354	\$ 30,464,973	\$ 6,089,879	\$ 6,320,611	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
48,545	64,438	73,513	26,735	44,830	46,551	
2,640,688	2,734,354	3,419,074	3,549,477	4,931,404	3,348,382	
1,141,372	1,509,914	1,225,696	1,371,276	2,200,567	3,251,452	
78,848	30,986	31,036	31,036	31,231	31,934	
\$ 3,909,453	\$ 4,339,692	\$ 4,749,319	\$ 4,978,524	\$ 7,208,032	\$ 6,678,319	

City of Monroe, Michigan

	Year Ended June 30,			
	2009	2010	2011	2012
Revenue				
Property taxes	\$ 15,042,614	\$ 14,431,373	\$ 13,985,058	\$ 13,973,835
Special assessment	73,460	81,491	114,233	28,844
State-shared revenue and grants	3,774,663	3,599,265	3,486,364	3,994,692
Federal grants	916,832	1,663,075	1,668,566	1,376,627
Charges for services	1,886,304	1,891,719	1,341,866	1,283,048
Fines and forfeitures	79,793	71,485	84,443	80,148
Licenses and permits	716,195	644,648	828,816	902,130
Interest and rent	1,004,197	759,441	721,408	714,330
Other	771,937	206,877	212,793	141,626
Total revenue	24,265,995	23,349,374	22,443,547	22,495,280
Expenditures				
Current:				
General government	2,518,950	2,399,966	2,299,454	2,462,672
Public safety	9,980,735	9,304,682	8,666,716	8,515,103
Public works	8,537,976	8,526,350	8,177,280	8,501,505
Health and welfare	339,049	275,425	-	-
Community development	-	-	654,160	583,729
Recreation and culture	2,238,636	2,054,801	1,807,922	1,815,121
Capital outlay	578,341	362,713	515,809	339,984
Debt service:				
Principal	461,700	479,155	756,850	988,595
Interest	270,446	252,648	338,079	325,035
Other	-	-	-	-
Total expenditures	24,925,833	23,655,740	23,216,270	23,531,744
			0	
Excess of Revenue (Under) Over Expenditures	(659,838)	(306,366)	(772,723)	(1,036,464)
			0	
Other Financing Sources (Uses)				
Transfers in	1,871,744	1,731,119	1,342,032	1,434,396
Transfers out	(2,035,840)	(1,720,859)	(1,342,032)	(1,434,396)
Debt issuance	-	2,753,005	-	4,103,575
Debt defeasance	-	-	-	-
Debt premium or discount	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	(164,096)	2,763,265	-	4,103,575
Net Change in Fund Balances	(823,934)	2,456,899	(772,723)	3,067,111
Fund Balances - Beginning of year	8,843,763	8,019,829	10,476,728	9,704,005
Fund Balances - End of year	\$ 8,019,829	\$ 10,476,728	\$ 9,704,005	\$ 12,771,116
Capital expenditures	\$ 3,175,217	\$ 3,979,564	\$ 3,832,699	\$ 3,836,071
Debt service as a percentage of noncapital expenditures	3.37%	3.72%	5.65%	6.67%

Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years
(Unaudited)**

Year Ended June 30,					
2013	2014	2015	2016	2017	2018
\$ 14,475,644	\$ 14,732,701	\$ 15,246,310	\$ 16,076,605	\$ 15,589,110	\$ 16,859,473
769	79,613	-	-	595,916	25,731
4,246,298	3,779,531	3,776,245	4,042,455	5,303,490	8,456,937
2,125,091	2,423,356	826,810	610,368	440,642	371,844
1,151,562	1,098,830	1,064,867	977,522	871,257	608,823
97,821	116,532	92,461	98,024	93,846	111,836
859,259	930,701	750,529	971,253	773,913	694,981
657,024	666,147	79,278	82,359	144,171	835,953
454,736	819,875	1,277,756	960,982	320,956	439,193
24,068,204	24,647,286	23,114,256	23,819,568	24,133,301	28,404,771
2,661,896	1,686,183	1,877,665	2,629,169	5,250,778	2,186,663
8,808,768	9,302,913	9,549,666	9,661,985	24,011,765	8,778,224
12,430,284	8,446,362	8,876,253	8,654,759	9,459,202	5,557,807
-	-	-	-	-	-
647,756	1,003,153	631,858	432,353	1,551,822	3,213,636
1,819,755	1,794,288	1,797,716	2,262,729	3,323,409	1,812,464
91,408	854,251	538,385	-	4,363,062	4,107,263
612,183	568,259	2,083,611	677,570	1,796,012	1,893,128
423,481	321,151	313,725	286,909	920,837	1,089,567
-	-	-	-	-	-
27,495,531	23,976,560	25,668,879	24,605,474	50,676,887	28,638,752
(3,427,327)	670,726	(2,554,623)	(785,906)	(26,543,586)	(233,981)
1,069,546	1,717,671	1,461,544	1,344,470	2,720,921	2,694,382
(1,098,152)	(1,708,671)	(1,461,544)	(1,382,607)	(2,777,921)	(2,759,382)
4,275,000	-	3,146,000	25,410,619	4,455,000	-
(4,140,000)	-	-	-	-	-
-	-	120,387	-	-	-
-	-	-	15,248	-	-
106,394	9,000	3,266,387	25,387,730	4,398,000	(65,000)
(3,320,933)	679,726	711,764	24,601,824	(22,145,586)	(298,981)
12,771,116	9,450,183	10,129,909	10,841,673	35,443,497	13,297,911
\$ 9,450,183	\$ 10,129,909	\$ 10,841,673	\$ 35,443,497	\$ 13,297,911	\$ 12,998,930
\$ 8,141,498	\$ 3,565,751	\$ 3,890,424	\$ 3,560,375	\$ 4,456,326	\$ 6,736,645
5.35%	4.36%	11.01%	4.58%	5.88%	13.62%

Revenue Capacity

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

City of Monroe, Michigan

		Taxable Value by Property Type				
		Real Property				
Tax Year	Fiscal year	Residential	Commercial	Industrial	Agricultural & other	IFT
2008	2009	406,020,000	111,452,060	354,414,400	842,276	22,464,590
2009	2010	383,280,185	114,814,150	357,553,390	988,332	13,571,035
2010	2011	324,249,950	118,658,190	346,012,140	990,790	9,873,830
2011	2012	302,168,380	116,526,760	365,866,750	993,037	9,239,490
2012	2013	283,123,690	110,904,650	389,810,410	1,092,237	13,853,310
2013	2014	274,641,980	107,271,380	405,140,100	843,160	20,949,155
2014	2015	272,645,400	105,781,990	428,256,860	825,835	30,781,845
2015	2016	277,099,250	122,548,170	450,924,910	838,610	29,955,320
2016	2017	281,080,540	121,979,360	474,239,480	824,807	15,626,650
2017	2018	288,512,150	119,344,780	493,325,660	832,182	11,280,495

Source: City of Monroe Assessor

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

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

Taxable Value and Actual Value of Taxable Property

June 30, 2018

Taxable Value by Property Type

Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
97,919,940	993,113,266	15.5490	2,193,922,680	45.27
79,570,790	949,777,882	15.5490	2,008,528,830	47.29
80,575,270	880,360,170	16.0690	1,961,907,580	44.87
83,255,310	878,049,727	16.5324	1,918,469,640	45.77
84,702,128	883,486,425	16.5867	1,911,160,396	46.23
90,430,020	899,275,795	16.6017	1,955,582,280	45.99
87,331,700	925,623,630	16.7484	2,047,959,740	45.20
102,741,770	984,108,030	16.7484	2,167,097,140	45.41
69,233,230	962,984,067	16.7484	2,105,920,420	45.73
68,435,790	981,731,057	17.2703	2,176,184,320	45.11

City of Monroe, Michigan

Tax Year	Millage rates - direct city taxes				Overlapping taxes		
	General operating	Debt	Special purpose	Total direct taxes	County	Community college	Intermediate school district
Monroe School District							
2008	13.6390	-	1.9100	15.5490	5.2952	2.1794	4.7541
2009	13.6760	-	1.8730	15.5490	5.2952	2.1794	4.7541
2010	13.7260	0.5200	1.8230	16.0690	5.2952	2.1794	4.7541
2011	13.7260	0.5200	1.8230	16.0690	5.6052	2.1794	4.7541
2012	13.7260	0.4200	2.3864	16.5324	5.6952	2.1794	4.7541
2013	13.7260	0.4200	2.4407	16.5867	5.5972	2.1794	4.7541
2014	13.7260	0.4200	2.4557	16.6017	5.5972	2.1794	4.7541
2015	13.7260	0.5200	2.5024	16.7484	5.5972	2.1794	4.7541
2016	13.7260	0.5200	2.5024	16.7484	5.4461	3.0294	4.7541
2017	14.6644	0.5200	2.0859	17.2703	5.5842	3.0294	4.7541

Jefferson School District

2008	13.6390	-	1.9100	15.5490	5.2952	2.1794	4.7541
2009	13.6760	-	1.8730	15.5490	5.2952	2.1794	4.7541
2010	13.7260	0.5200	1.8230	16.0690	5.2952	2.1794	4.7541
2011	13.7260	0.5200	1.8230	16.0690	5.6052	2.1794	4.7541
2012	13.7260	0.4200	2.3864	16.5324	5.6952	2.1794	4.7541
2013	13.7260	0.4200	2.4407	16.5867	5.5972	2.1794	4.7541
2014	13.7260	0.4200	2.4557	16.6017	5.5972	2.1794	4.7541
2015	13.7260	0.5200	2.5024	16.7484	5.5972	2.1794	4.7541
2016	13.7260	0.5200	2.5024	16.7484	5.4461	3.0294	4.7541
2017	14.6644	0.5200	2.0859	17.2703	5.5842	3.0294	4.7541

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

	General operating	Debt	Special purpose
2018	14.6644	-	3.9228

Direct and Overlapping Property Tax Rates

June 30, 2018

Overlapping taxes					Total tax rate:	
Library	Public Transportation	State Education	School: Homestead	School: Non- homestead	Homestead	Non-homestead
1.0000	0.6199	6.0000	0.9985	18.9985	36.3961	54.3961
1.0000	0.6826	6.0000	1.0000	19.0000	36.4603	54.4603
1.0000	0.6922	6.0000	1.0000	19.0000	36.9899	54.9899
1.0000	0.6904	6.0000	1.0000	19.0000	37.2981	55.2981
1.0000	0.6904	6.0000	1.0000	19.0000	37.8515	55.8515
1.0000	0.7310	6.0000	1.0000	19.0000	37.8484	55.8484
1.0000	0.7333	6.0000	1.0000	19.0000	37.8657	55.8657
1.0000	0.7470	6.0000	1.0000	19.0000	38.0261	56.0261
1.0000	0.7587	6.0000	1.0000	19.0000	38.7367	56.7367
1.0000	0.7084	6.0000	1.0000	19.0000	39.3464	57.3464
1.0000	0.6199	6.0000	-	18.0000	35.3976	53.3976
1.0000	0.6826	6.0000	-	18.0000	35.4603	53.4603
1.0000	0.6922	6.0000	-	18.0000	35.9899	53.9899
1.0000	0.6904	6.0000	-	18.0000	36.2981	54.2981
1.0000	0.6904	6.0000	0.5000	18.5000	37.3515	55.3515
1.0000	0.7310	6.0000	0.5000	18.5000	37.3484	55.3484
1.0000	0.7333	6.0000	0.5000	18.5000	37.3657	55.3657
1.0000	0.7470	6.0000	1.4500	19.4500	38.4761	56.4761
1.0000	0.7587	6.0000	1.4500	19.4500	39.1867	57.1867
1.0000	0.7084	6.0000	1.4500	19.4500	39.7964	57.7964

Principal Property Tax Payers

Current and Nine Years Ago
June 30, 2018

	Taxpayer	2018 Taxable Value	% of total	2009 Taxable Value	% of total	2009 Rank
1	Detroit Edison	494,747,030	50.40%	337,928,380	34.03%	1
2	Gerdau Macsteel	21,959,590	2.24%	43,019,520	4.33%	3
3	International Transmission Company	10,366,280	1.06%	9,598,410	0.97%	4
4	Howard Ternes Packing Company	6,227,160	0.63%	6,219,680	0.63%	5
5	Great Lakes Towers, LLC	5,489,950	0.56%			
6	Ford Motor Company	5,147,840	0.52%			
7	Michigan Gas Utility Corp	4,164,580	0.42%			
8	Monroe Bank & Trust	3,885,970	0.40%	5,207,220	0.52%	7
9	OFTH 172 LLC	3,094,960	0.32%			
10	National Galvanizing	2,440,890	0.25%	4,770,720	0.48%	8
	Automotive Components Holdings			43,373,800	4.37%	2
	Riverbend Commons, LLC			5,543,660	0.56%	6
	Oak Forest APT Investors, LLC			4,268,200	0.43%	9
	Holiday Inn of Monroe			3,224,150	0.32%	10
	Total					

Property Tax Levies and Collections

Last Ten Fiscal Years

June 30, 2018

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
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
2017	2018	16,553,946	16,245,258	98.14	295,986	16,541,244	99.92

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

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

Information from Treasurer Settlement Report

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

Debt Capacity

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

City of Monroe, Michigan

	As of June 30,			
	2009	2010	2011	2012
Governmental Activities:				
General obligation bonds	\$ 5,225	\$ 7,470	\$ 6,810	\$ 10,215
Installment purchase agreements	617	784	673	315
State of Michigan loans	2,127	2,038	1,750	1,591
Transportation bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	111	-	-	-
Total	8,080	10,292	9,233	12,122
Business Type Activities:				
General obligation bonds	17,278	26,592	27,477	31,360
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	17,278	26,592	27,477	31,360
Total debt of the government	\$ 25,358	\$ 36,884	\$ 36,710	\$ 43,482
Total Taxable Value	\$ 993,113	\$ 949,778	\$ 880,360	\$ 878,050
Ratio of total debt to taxable value	2.55%	3.88%	4.17%	4.95%
Total Population	21,374	21,323	20,733	20,672
Total debt per capita	\$ 1,186	\$ 1,730	\$ 1,771	\$ 2,103

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

Source: U.S. Census Bureau - www.census.gov

Ratios of Outstanding Debt

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
2013	2014	2015	2016	2017	2018
\$ 9,760	\$ 9,215	\$ 10,422	\$ 35,622	\$ 35,808	\$ 34,046
278	238	197	403	221	152
1,367	618	449	377	305	231
-	-	-	-	2,565	2,415
-	-	-	-	-	-
-	-	-	-	-	-
11,404	10,071	11,068	36,402	38,899	36,844
42,413	65,200	63,672	69,586	66,114	62,637
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
42,413	65,200	63,672	69,586	66,114	62,637
\$ 53,817	\$ 75,271	\$ 74,740	\$ 105,988	\$ 105,013	\$ 99,481
\$ 883,486	\$ 899,276	\$ 925,624	\$ 984,108	\$ 962,984	\$ 981,731
6.09%	8.37%	8.07%	10.77%	10.90%	10.13%
20,535	20,405	20,198	20,092	19,986	19,875
\$ 2,621	\$ 3,689	\$ 3,700	\$ 5,275	\$ 5,254	\$ 5,005

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2018

Fiscal Year	Tax-limited General obligation bonds (LTGO)	Tax supported bonds (UTGO)	Less pledged debt service funds	Other general obligation debt	Net general bonded debt	Taxable value	Debt as a percentage of taxable value	Population	Debt per capita
2009	13,770,000	-	119,492	3,688,383	17,338,891	993,113,266	1.75%	21,374	811
2010	22,062,221	-	105,704	5,068,320	27,024,837	949,777,882	2.85%	21,323	1,267
2011	22,070,980	-	20,869	5,170,647	27,220,757	880,360,170	3.09%	20,733	1,313
2012	25,522,783	-	62,233	6,862,818	32,323,368	878,049,727	3.68%	20,672	1,564
2013	24,437,783	-	93,684	12,040,104	36,384,203	883,486,425	4.12%	20,535	1,772
2014	28,787,783	-	186,263	20,123,396	48,724,916	899,275,795	5.42%	20,405	2,388
2015	28,717,783	-	318,898	19,761,506	48,160,391	925,623,630	5.20%	20,198	2,384
2016	62,497,783	-	435,711	18,841,495	80,903,567	984,108,030	8.22%	20,092	4,027
2017	61,372,783	-	450,286	17,890,081	78,812,578	962,984,067	8.18%	19,986	3,943
2018	58,332,783	-	490,484	16,921,288	74,763,587	981,731,057	7.62%	19,875	3,762

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

City of Monroe, Michigan

Direct and Overlapping Governmental Activities Debt

June 30, 2018

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
County of Monroe	7,482,349	16.39%	1,226,357
Jefferson School District	520,000	2.79%	14,508
Monroe School District	100	51.25%	-
Monroe Intermediate School District	100	16.95%	-
Monroe County Community College	100	16.42%	-
Total overlapping debt	8,002,649		1,240,865
Direct City debt			36,844,374
Total direct and overlapping debt			38,085,239

- Information gathered from Tax Database

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

City of Monroe, Michigan

	As of June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Calculation of debt limit:				
State equalized valuation	1,096,961,340	1,004,264,415	980,953,790	959,234,820
10% of taxable value	109,696,134	100,426,442	98,095,379	95,923,482
Calculation of debt subject to limit:				
Total debt	25,378,075	36,884,315	36,709,967	43,482,017
Less: debt not subject to limit:				
County Agency Bonds	-	-	680,573	4,997,673
Installment Purchase Agreements	728,801	784,293	673,434	315,148
State Direct Loans	2,146,490	2,037,801	1,749,880	1,591,413
Transportation Bonds				
Net debt subject to limit	22,502,784	34,062,221	33,606,080	36,577,783
Legal debt margin	87,193,350	66,364,221	64,489,299	59,345,699
Net debt subject to limit as % of debt limit	20.51%	33.92%	34.26%	38.13%

Source: City of Monroe Assessor

Legal Debt Margin

June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
955,580,198	977,791,140	1,023,979,870	1,083,548,570	1,052,960,210	1,088,092,160
95,558,020	97,779,114	102,397,987	108,354,857	105,296,021	108,809,216
53,815,607	75,271,310	74,278,371	105,988,549	105,013,735	99,481,001
17,175,475	25,072,090	25,277,715	24,219,569	23,109,569	21,974,569
277,558	238,143	196,812	403,463	221,233	152,536
1,364,791	927,936	448,898	377,735	305,150	231,113
				2,565,000	2,415,000
34,997,783	49,033,142	48,354,946	80,987,782	78,812,783	74,707,783
60,560,237	48,745,972	54,043,041	27,367,075	26,483,238	34,101,433
36.62%	50.15%	47.22%	74.74%	74.85%	68.66%

Demographic and Economic Information

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

Demographic and Economic Statistics

June 30, 2018

<u>Fiscal year</u>	<u>Population</u>	<u>Personal income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment rate</u>
2009	21,375	491,262	22,983	17.00%
2010	21,323	478,448	22,438	12.90%
2011	20,733	477,838	23,047	10.40%
2012	20,672	473,543	22,907	8.40%
2013	20,535	456,034	22,208	8.80%
2014	20,405	458,015	22,446	6.80%
2015	20,198	451,276	22,343	4.80%
2016	20,092	456,658	22,910	3.90%
2017	19,986	465,791	23,492	4.30%
2018	19,875	475,107	23,905	4.40%

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

Principal Employers

June 30, 2018

Employer	2018 Employees	Percentage of total	2009 Employees	Percentage of total	2009 rank
1 ProMedica	1,738	1.50%			
2 La-Z-Boy Incorporated	550	1.50%	522	0.81%	4
3 Gerdau MACSteel	520	1.50%	450	0.70%	5
4 DTE Energy	501	1.50%	530	0.82%	3
5 County of Monroe	427	1.50%	700	1.08%	2
6 Monroe Bank & Trust	295	1.50%	401	0.62%	6
7 Backyard Products	210	1.50%			
8 City of Monroe	181	1.50%	205	0.32%	8
9 Pioneer Metal Finishing	142	1.50%			
10 SYGMA Network	119	1.50%	162	0.25%	10
Sisters, Servants of the Immaculate Heart of Mary			265	0.41%	7
Monroe Publishing Company			200	0.31%	9
Visteon					
Mercy Memorial Hospital			1,600	2.48%	1
Total	4,683	6.28%	5,035	7.80%	

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

City of Monroe, Michigan

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2018

Function/ program:	As of June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	5.00
Clerk/Treasurer	5.00	5.00	5.00	4.00	5.00	4.00	4.00	4.00	4.00	5.00
Assessor	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
City attorney	2.00	-	-	-	-	-	-	-	-	-
Finance	3.90	3.90	3.90	3.90	3.90	3.50	3.50	3.50	3.50	3.90
Human resources	2.00	2.00	1.50	1.50	1.50	1.50	1.50	1.60	1.60	2.00
Engineering	9.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	5.50
City Hall and grounds	1.35	1.35	1.35	1.35	1.35	1.35	1.41	1.38	1.38	1.38
Information systems	2.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Public safety:										
Police:										
Officers	38.00	39.00	37.00	40.00	40.00	42.00	42.00	42.00	42.00	40.00
Civilians	6.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	7.68
Fire and EMS:										
Firefighters and officers	31.00	27.00	19.00	16.00	16.00	13.00	13.00	16.00	19.00	19.00
Civilians	-	-	-	-	-	-	-	-	-	-
Zoning/Ordinance enforcement	2.25	1.25	0.63	0.63	0.63	1.13	1.19	1.46	1.51	1.58
Building inspection	4.15	3.90	4.15	4.15	4.15	3.65	4.53	4.86	5.01	6.49
Public works - Public service	27.00	22.50	20.50	19.50	19.50	19.50	19.50	20.50	19.34	19.16
Community and economic development	3.00	2.25	2.75	2.75	2.75	2.75	2.75	3.18	3.18	2.35
Parks and recreation	2.25	2.25	2.13	2.13	2.13	2.13	2.13	2.73	3.89	6.34
Water	30.00	28.50	28.50	28.50	28.50	28.50	27.50	27.50	27.50	27.50
Wastewater	31.00	26.50	26.50	26.00	26.00	26.00	26.00	26.00	25.45	25.00
Total	205.00	182.00	169.50	167.00	169.00	166.60	166.60	173.30	175.96	180.98

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

Operating Information

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

City of Monroe, Michigan

Function/ Program	As of June 30,			
	2009	2010	2011	2012
Police:				
Physical arrests	998	1,039	1,032	1,045
Traffic citations and warnings	3,685	3,471	3,148	2,571
Original complaints	19,611	19,075	19,656	17,100
Fire:				
Fire incidents	781	766	784	697
EMS incidents	2,407	2,360	2,272	2,590
Inspections	200	222	337	300
Code enforcement/administration:				
Building inspections	2,538	2,186	2,096	2,280
Plumbing/Mechanical inspections	751	750	600	585
Electrical inspections	607	424	616	516
Zoning inspections	152	437	416	486
Blight violations	159	73	307	1,178
Rental inspections	1,075	1,425	1,096	1,052
Public works:				
Miles of street resurfaced	2	3	2	2
Trees trimmed	650	2,000	1,500	1,200
Trees removed	250	288	215	220
Trees planted	125	130	125	140
Street sweeping curb miles	2,400	2,400	2,400	2,400
Storm sewers replaced (miles)	-	-	-	-
Storm sewers installed (miles)	-	-	-	-
Storm sewer miles cleaned	10	7	3	1
City property mowing hours	150	290	210	170
Parks and recreation:				
Recreation program attendance	16,393	17,149	20,703	13,388
Park/Shelter reservations	117	82	92	101
Pool admission	3,613	-	-	3,011
Water:				
Number of customers billed	61,595	61,779	61,709	62,202
New services	112	35	73	115
Average daily consumption (thousands of gallons per day)	5,978	6,983	7,206	7,197
Wastewater - Average daily sewage treatment (thousands of gallons)	14,081	8,568	12,130	14,094

Operating Indicators

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1,089	1,335	1,091	1,456	1,081	1,333
3,549	4,744	4,695	3,841	3,329	3,403
19,581	24,857	21,731	21,254	20,916	19,540
735	817	876	951	1,138	1,126
2,533	2,584	2,680	2,694	2,776	2,702
193	458	462	226	104	100
2,376	2,217	2,273	4,653	9,521	3,116
485	577	479	647	901	689
364	128	269	341	311	313
326	373	110	180	87	838
759	968	1,636	1,773	2,611	1,470
1,348	1,327	1,976	1,615	1,091	1,326
2	3	1	2	3	1
600	250	300	375	440	950
145	130	130	160	210	521
120	120	120	90	402	237
2,400	2,400	2,400	2,400	2,400	2,400
-	-	-	-	-	-
-	-	-	-	-	-
1	1	0	1	12	1
150	100	110	90	90	180
12,181	18,746	16,208	19,657	25,789	25,066
85	85	91	90	89	81
2,465	-	-	-	-	-
62,067	63,866	64,052	64,808	65,878	65,108
121	72	83	66	53	45
7,328	7,283	7,141	7,365	7,525	7,272
10,192	7,279	11,993	11,580	12,342	12,738

City of Monroe, Michigan

Function/ program	As of June 30,			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Patrol units	15	14	14	14
Fire:				
Stations	2	2	2	2
Fire response vehicles	5	4	4	4
Emergency response vehicles	2	3	4	4
Public works:				
Streets (miles):				
Major streets	28.77	28.6	29	28.6
Local streets	53.33	54.12	54	54.12
Sidewalks	170.86	170.86	170.86	170.86
Streetlights	1,564	1564	1564	1570
Traffic signals	10	10	9	9
Parks and recreation:				
Acreage	280	280	280	280
Developed parks/playgrounds	32	32	32	32
Developed fields (soccer, baseball, etc.)	21	21	21	21
Libraries - Branches	2	2	2	2
Water:				
Mains (miles)	282	282	298	298
Fire hydrants	2,541	2640	2834	2854
Storage capacity	6.81	6.81	6.81	6.81
Sewer:				
Miles of sanitary sewers	303	303	303	303
Miles of storm sewers	60.81	60.81	60.81	60.81
Treatment capacity (millions of gallons/day)	32	32	32	32

Capital Asset Statistics

Last Ten Fiscal Years

June 30, 2018

As of June 30,					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1	1	1	1	1	1.00
14	15	15	15	15	15.00
2	2	2	2	2	2.00
4	4	5	5	5	5.00
4	4	5	5	5	5.00
28.6	28.6	28.6	28.6	28.6	28.60
54.12	54.12	54.13	54.13	54.13	54.13
172.25	172.25	172.25	172.29	172.39	172.39
1582	1582	1582	1582	1599	1,599.00
7	7	7	7	7	7.00
280	280	280	280	280	280.00
32	32	32	32	32	32.00
21	21	21	21	21	21.00
2	2	2	2	2	2.00
305	306	306	306	307	307.00
3295	3327	3,339	3340	3346	3,387.00
6.81	6.81	7	6.81	6.81	6.81
303	303	303	303	303	260.51
60.81	60.85	61	60.85	60.85	60.85
32	32	46	45.6	45.6	45.60