

CITY OF
MONROE
Michigan

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2023



City of Monroe, Michigan

Annual Comprehensive Financial Report with Supplemental Information Fiscal Year Ended June 30, 2023

Mayor

Robert E. Clark

City Council

Paula L. Whitman

Deb Staelgraeve

Kellie M. Vining

Michelle Germani

Brian Lamour

Andrew B. Felder

City Manager

David L. Robinson

Prepared by:

Assistant City Manager, Finance Director

Edward J. Sell Jr.

Introductory Section

Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officials	x
Facts About Monroe	xi

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16-17

Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of Net Position	19
Statement of Revenue, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21

Proprietary Funds:	
Statement of Net Position	22
Statement of Revenue, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24-25

Fiduciary Funds:	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27

Component Units:	
Statement of Net Position	28
Statement of Activities	29-30

Notes to Financial Statements	31-73
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Required Supplementary Information 74

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

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



December 7, 2023

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

We are pleased to submit the City of Monroe Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. 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, 2023, the City was required to undergo a Single Audit of our federal financial assistance in conformity with "2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" due to the amount of federal funds expended during the fiscal year exceeding the \$750,000 threshold to trigger a Single Audit. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Plante & Moran, PLLC, whose opinion and reports are included, has performed this audit for the fiscal year ended June 30, 2023.

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

City Government Profile

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

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

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

Economic Condition and Outlook

Monroe is a major employment center with companies such as Detroit Edison and Gerdau MAC Steel maintaining facilities here. Monroe is also home to the La-Z-Boy, Inc., World Headquarters. The largest employer in Monroe County and the City of Monroe is ProMedica Healthcare System. ProMedica employs over 1,000.

The average annual unemployment rate for the area has averaged 5.79% over the last ten years. The unemployment rate for Monroe County as of June 30, 2023 was 4.50%. The limited growth in property tax and state shared and federal revenues, a gradual 28% reduction in our largest tax payer's taxable value through the fiscal year ending June 30, 2026, and the announcement by our largest tax payer to take a major portion of the plant's electric power generation out of service by 2028 are significant factors relating to the City's future financial position.

Building permits for new construction and alterations were valued at approximately \$16.0 million. This represents a decrease of 16 percent as compared to the previous five-year average of \$19 million. With the high and low years removed from the last ten years, the average value is \$19.7 million. A history of building permits over the last ten years follows:

Fiscal Year	Number of Permits	Value
2023	762	\$ 16,041,776
2022	744	17,748,370
2021	830	22,814,522
2020	484	14,392,503
2019	587	25,147,111
2018	633	15,017,047
2017	853	12,050,440
2016	1533	26,515,389
2015	756	21,896,819
2014	772	70,775,309

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

The City started budgeting over a five year period beginning with the 2020-21 budget process. A budget projection is also required in order to qualify for City, Village, Township Revenue Sharing (CVTRS) funding through the State of Michigan. The primary factor in projecting the budget to the fifth year is the accuracy of the projected change in property tax revenues, including reductions in personal property tax revenue as a result of legislation approved that will begin the process of eliminating personal property taxes, and the reduction in taxable value due to the DTE property tax appeal settlement. The current projection, which extends through the fiscal year ending June 30, 2028, projects a primarily balanced General Fund budget.

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 homeowner's 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 2022 tax year, covering fiscal 2022-23, the overall taxable value was approximately \$138 million below state equalized value reducing potential tax revenue by approximately \$2.7 million due to the cap, with \$2.02 million of that amount being attributed to general operating purposes. The gap between taxable value and state equalized valuation increased for the 2022 tax year. The gap was approximately \$113 million for the 2021 tax year covering fiscal year 2021-22.

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

State shared revenue and grants accounted for approximately 23.8 percent of the City’s General Fund revenue. State shared revenue has historically only included revenue sharing from the State of Michigan. It now includes personal property tax exemption reimbursements from the State of Michigan as well, which has caused the percentage to increase from 10% in the prior years. The following table displays the change in revenue sharing from the prior year.

Revenue Sharing	9/30/2023	9/30/2022	Change +/-	% Change
Constitutional	\$ 2,194,770	\$ 2,200,328	\$ (5,558)	-0.25%
CVTRS/Statutory	343,907	324,441	19,466	6.00%
Total	\$ 2,538,677	\$ 2,524,769	\$ 13,908	0.55%

The decrease in constitutional revenue sharing was primarily due to adjustment to the City’s slightly reduced population per the 2020 census in calculating the payments. 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 2022-23 budget. The following projects were active during the fiscal year ended June 30, 2023:

Local Streets:

- St. Mary's Gardens Storm Sewer Construction Administration
- East Lorain Reconstruction-Hollywood to Arbor
- East Willow Street Reconstruction-Monroe to Tremont
- West Willow Street Resurfacing-Godfroy to Monroe
- Arbor Reconstruction-Linwood to Orchard
- Orchard Drive Resurfacing-Macomb to Riverview
- Avenue De Lafayette Reconstruction
- Washington Street Reconstruction-Jones to 3rd
- St. Mary's Avenue Reconstruction-Vine to Noble

Major Streets:

- East 2nd Resurfacing-Washington to Macomb
- Riverview Avenue Resurfacing and Curb Replacement
- West Lorain Reconstruction-Telegraph to Huber
- Downtown Geometric Modification Analysis

General Capital Projects:

- Sidewalk Replacement Program
- City Facility Improvements
- Former La-Z-Boy HQ Site Infrastructure
- Former La-Z-Boy Site Improvements
- Martin Luther King Jr. Footbridge Rehabilitation Design
- Neighborhood Park Playscape Replacement
- Father Cairns Park Redevelopment
- Other miscellaneous projects

Water System:

- High Service Pump Rehabilitation
- Ida Roessler Water Tower Improvements
- Water Main Replacements/Rehabilitations
 - West Lorain-Huber to East of Lavender
 - East Willow-Monroe to Macomb
 - East 7th-Monroe to Washington
 - Arbor-Linwood to Orchard
 - Washington-7th to 4th

Wastewater System:

- UV System Rehabilitation
- Sanitary Sewer Rehabilitations
- Valve Replacement-secondary system
- Plant Tuck Pointing and Soffit Replacement
- Generator Replacement-Pump Stations
- Plant Aeration System Upgrade
- Sludge Mixing System Replacement

Major planned projects for fiscal 2023-24:

- City Hall Courtyard Landscaping
- City Hall 2nd and 3rd Floor Renovations
- Property acquisitions–Battlefield Park and Telegraph corridor
- Eight different street reconstruction or resurfacing projects
- MLK Jr. Footbridge Rehabilitation
- Major public services equipment and vehicle replacements
- St. Mary's Park Plan/Design
- Fire SCBA Replacement
- Water Distribution System Replacements/Rehabilitations
- South Custer Booster Station Service Area Upgrade–Phase 2
- Sanitary Sewer Rehabilitation/Replacement
- Pump Station Generator Replacement
- Other smaller cost projects

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The City of Monroe has been recognized by the Arbor Day Foundation as a 2022 Tree City USA in honor of its commitment to effective urban forest management. The City met the program's four requirements: a tree board, department, or position; a tree care ordinance; an annual community forestry budget of at least 2\$ per capita; and an Arbor Day observance or proclamation. The City has received the award for 25 consecutive years.

The City of Monroe was chosen as one of 2022's Best-Performing Small Cities by the Milken Institute, an objective and nonpartisan research institute. The City of Monroe was listed as number 177 out of 201 chosen communities, and is one of seven communities in Michigan to receive the award. Cities were evaluated on relative growth, with listing criteria including job creation, wage gains, and technology developments.

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

Respectfully submitted,



David L. Robinson
City Manager



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





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Monroe
Michigan**

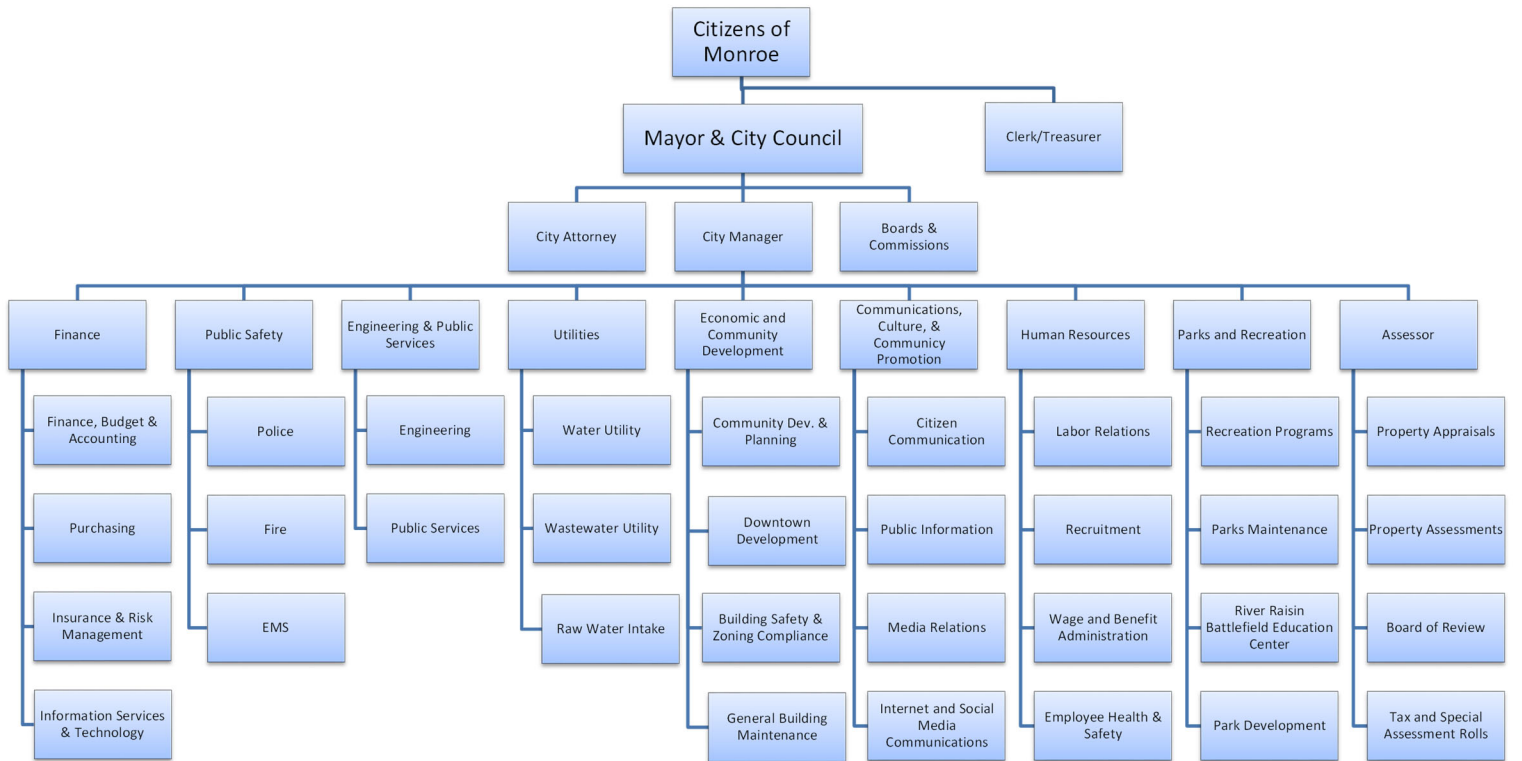
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

**CITY OF MONROE
ORGANIZATIONAL CHART**



CITY OF MONROE, MICHIGAN

List of Principal Officials

Title	Name
Mayor	Robert E. Clark
Council Members:	
First Precinct	Paula L. Whitman
Second Precinct	Deb Staelgraeve
Third Precinct	Kellie M. Vining
Fourth Precinct	Michelle Germani
Fifth Precinct	Brian Lamour
Sixth Precinct	Andrew B. Felder
City Clerk/Treasurer	Michelle LaVoy
City Manager	David Robinson
Public Safety Director	Chad Tolstedt
Assistant City Manager/Finance Director	Edward J. Sell Jr.
Director of Engineering and Public Services	Patrick Lewis
Director of Water and Wastewater Utilities	Barry LaRoy
Assessor	Paula Smith
Human Resources Director	Julie Everly
Economic and Community Development Director	Mark Cochran
Communications Director	Jody Egen
City Attorney	Mohr Budds Law, PLLC

CITY OF MONROE, MICHIGAN

Facts About Monroe

The City of Monroe, Michigan (the “City”) is located in Monroe County in the far southeast portion of Michigan’s lower peninsula. Located approximately 35 miles south of Detroit, Michigan, 15 miles north of Toledo, Ohio, and 40 miles southeast of Ann Arbor, Michigan, the City is the county seat with a population of 20,462 according to the 2020 Census.

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

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

Independent Auditor's Report

To the City Council
City of Monroe, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City of Monroe, Michigan's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Monroe Housing Commission, which represents 42 percent, 71 percent, and 38 percent of the assets, net position/fund balance, and revenue, respectively, of the component units. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Monroe Housing Commission, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As 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 5 percent, or \$10,408,966, of the pension and other employee benefit trust funds' net position at June 30, 2023. Management's estimates are based on information provided by fund managers or the partnership general partners. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the City Council
City of Monroe, Michigan

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

To the City Council
City of Monroe, Michigan

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



December 7, 2023

As management of the City of Monroe, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2023.

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 supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes and Other Information

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary 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 supplementary 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, 2023:

- The City settled a property tax appeal with its largest taxpayer in May 2020. This appeal resulted in a \$27.2 reduction in taxable value for the 2022-23 fiscal year. Property tax revenue, our largest revenue source, still increased from \$19.1 million to \$19.4 million.
- Reimbursements from the State of Michigan for personal property tax exemptions were received in the amount of \$1.87 million, an increase of \$228,425. The initial budget for the 2023 fiscal year for this revenue source was \$1.33 million. The amount collected significantly exceeded the budget due to funds available for distribution at the state level exceeding the amount estimated to be needed for full reimbursement across the state. The City's reimbursements have exceeded the full reimbursement amount each year as follows:

Fiscal Year End	100% Reimbursement	Total Funding Received
6/30/2023	\$ 827,091	\$ 1,876,658
6/30/2022	807,562	1,648,233
6/30/2021	753,776	1,470,887
6/30/2020	768,576	1,444,110
6/30/2019	703,337	1,237,594
6/30/2018	742,589	1,482,856

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

Management's Discussion and Analysis (Continued)

- The shared sales tax portion of state-shared revenue, our second largest revenue source, increased 0.6 percent from the previous year. The revenue source increased by \$13,908 to \$2,524,769. The initial budget had projected \$2,290,000 based on initial State of Michigan budget projections and was amended to \$2,550,000. The increase from budgeted projections was due to overall sales tax collection increases due to the economic recovery from the COVID-19 pandemic. The State of Michigan pays revenue sharing to local governments based on its fiscal year, which ends on September 30. The following table displays the revenue sharing paid by the State of Michigan to the City of Monroe, Michigan for the last five State of Michigan fiscal years:

Fiscal Year End	Amount
September 30, 2023	\$ 2,538,677
September 30, 2022	2,524,769
September 30, 2021	2,347,329
September 30, 2020	2,054,700
September 30, 2019	2,102,305

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

- Total fund balance for the General Fund (which includes the City’s Budget Stabilization Fund under GASB Statement No. 54) increased \$260,264 to \$7,954,953. The increase was primarily due to expenditures being made in an amount less than what was budgeted over various departments. The increase in fund balance will be used on the following items:
 - \$80,285 in encumbered items as of June 30, 2023 will be expended in the June 30, 2024 fiscal year.
 - \$86,422 of fund balance was assigned for additional employer pension contributions in the June 30, 2024 fiscal year to fully fund an early retirement incentive that occurred in May 2023.
 - \$50,000 budgeted for a public safety critical infrastructure study will need to be carried forward to the June 30, 2024 fiscal year if the project is to move forward.
- Unassigned fund balance in the General Fund increased to \$4,140,676 from \$3,107,208 due to the use of previously assigned fund balance for current year capital expenditures.
- The total pension liability increased \$1,913,781 to \$175,284,240. The plan was 78 percent funded due to a fiduciary net position of \$136,165,569.
- The total OPEB liability decreased by \$6,386,346 to \$40,631,037. The plan was 160 percent funded due to a fiduciary net position of \$64,931,566. The overfunded status of the plan is primarily due to converting Medicare- eligible retirees to a Medicare Advantage plan in October 2020.
- The City decreased the number of approved full-time equivalent positions budgeted from 182.07 to 179.82 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled \$16.3 million. A total of \$6.2 million was expended on infrastructure-type assets, and an additional \$8.4 million in infrastructure improvements were in progress at fiscal year end.
- Investment income saw an increase of \$1,902,265, to \$1,891,134 during the year with interest rates increasing substantially. A loss of \$11,131 was recognized in the previous year due to the rapid and substantial increase in interest rates causing a significant market value decline on longer term investments.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

- Total net position related to the City's governmental activities increased by \$11.1 million to \$79 million.
- Total net position related to the City's business-type activities increased by \$7.1 million to \$131.6 million.
- The City expended \$6.3 million of the \$11.45 million in American Rescue Plan Act (ARPA) funding received.
- The City created a new special revenue fund to account for funds received through multiple national opioid litigation settlements. As of June 30, 2023, \$82,116 had been recognized as revenue and none of it had been expended.
- Governmental Accounting Standards Board Statement No. 96 regarding subscription-based information technology assets was implemented for the 2022-2023 fiscal year. The effect is described in the notes to the financial statements.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$210,646,733 at the close of the most recent fiscal year.

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 80,077,244	\$ 71,733,980	\$ 29,219,361	\$ 25,045,404	\$ 109,296,605	\$ 96,779,384
Capital assets	<u>86,731,661</u>	<u>81,680,970</u>	<u>153,236,995</u>	<u>151,125,554</u>	<u>239,968,656</u>	<u>232,806,524</u>
Total assets	166,808,905	153,414,950	182,456,356	176,170,958	349,265,261	329,585,908
Deferred Outflows of Resources						
	15,382,736	23,545,954	4,114,475	5,326,783	19,497,211	28,872,737
Liabilities						
Current liabilities	16,575,475	18,798,785	2,167,755	1,561,660	18,743,230	20,360,445
Noncurrent liabilities	65,965,088	69,078,834	52,811,322	55,414,750	118,776,410	124,493,584
Deferred Inflows of Resources	<u>20,596,099</u>	<u>20,524,566</u>	-	-	<u>20,596,099</u>	<u>20,524,566</u>
Net Position						
Net investment in capital assets	73,862,485	68,068,885	115,556,131	109,808,260	189,418,616	177,877,145
Restricted	5,890,191	3,767,661	-	-	5,890,191	3,767,661
Unrestricted	<u>(697,697)</u>	<u>(3,938,337)</u>	<u>16,035,623</u>	<u>14,713,071</u>	<u>15,337,926</u>	<u>10,774,734</u>
Total net position	<u>\$ 79,054,979</u>	<u>\$ 67,898,209</u>	<u>\$ 131,591,754</u>	<u>\$ 124,521,331</u>	<u>\$ 210,646,733</u>	<u>\$ 192,419,540</u>

The City's combined net position increased by 9.5 percent from a year ago, increasing from \$192.4 million to \$210.6 million. The primary factor causing this increase was an increase in the net investment in capital assets as the City focuses on improvements to infrastructure and other assets and also an increase in the Net OPEB Asset from \$15.6 million to \$24.3 million.

As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased by \$3.2 million for governmental activities due primarily to the increase in the net OPEB asset previously mentioned. The restricted portion of net position increased from \$3.8 million to \$5.9 million, primarily due to streets and highway funds not being spent as quickly as expected and the new funding for opioid epidemic abatement previously mentioned.

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

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

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

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 1,750,156	\$ 1,665,293	\$ 22,732,639	\$ 22,456,077	\$ 24,482,795	\$ 24,121,370
Operating grants	10,050,318	2,973,246	-	1,507	10,050,318	2,974,753
Capital grants	559,283	1,864,459	2,282,998	29,161	2,842,281	1,893,620
General revenue:						
Property taxes	19,447,875	19,164,546	-	-	19,447,875	19,164,546
State-shared revenue and grants	4,389,648	4,240,427	-	-	4,389,648	4,240,427
Investment earnings	1,454,954	49,148	436,180	(60,279)	1,891,134	(11,131)
Other revenue	2,252,483	1,455,434	75,361	221	2,327,844	1,455,655
Total revenue	39,904,717	31,412,553	25,527,178	22,426,687	65,431,895	53,839,240
Expenses						
General government	5,172,493	2,548,190	-	-	5,172,493	2,548,190
Public safety	10,591,018	14,869,002	-	-	10,591,018	14,869,002
Public works	7,679,495	9,212,876	-	-	7,679,495	9,212,876
Community and economic development	2,102,217	1,329,641	-	-	2,102,217	1,329,641
Recreation and culture	2,156,103	2,245,040	-	-	2,156,103	2,245,040
Debt service	1,046,621	1,056,638	-	-	1,046,621	1,056,638
Water, wastewater, and building authority	-	-	18,456,755	18,348,656	18,456,755	18,348,656
Total expenses	28,747,947	31,261,387	18,456,755	18,348,656	47,204,702	49,610,043
Change in Net Position	11,156,770	151,166	7,070,423	4,078,031	18,227,193	4,229,197
Net Position - Beginning of year, as previously reported	67,898,209	67,739,459	124,521,331	120,443,300	192,419,540	188,182,759
Restatement - Adoption of GASB 87	-	7,584	-	-	-	7,584
Net Position - Beginning of year, as restated	67,898,209	67,747,043	124,521,331	120,443,300	192,419,540	188,190,343
Net Position - End of year	\$ 79,054,979	\$ 67,898,209	\$ 131,591,754	\$ 124,521,331	\$ 210,646,733	\$ 192,419,540

Revenue for the City as a whole increased \$11.6 million (21.5 percent). Revenue increased in both governmental activities and business-type activities.

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

Revenue Category	2023	2022	Change +/-	% Change
Charges for services	\$24,786,480	\$23,956,751	\$ 829,729	3.46%
Operating grants and contributions	10,050,318	2,974,753	7,075,565	237.85%
Capital grants and contributions	2,842,281	1,893,620	948,661	50.10%
Property taxes	19,447,875	19,164,546	283,329	1.48%
State-shared revenue	4,389,648	4,240,427	149,221	3.52%
Investment income	1,891,134	(11,131)	1,902,265	-17089.79%
Cable franchise fees	271,024	286,118	(15,094)	-5.28%
Other miscellaneous income	1,666,273	1,250,599	415,674	33.24%
Gain on sale of assets	86,862	83,557	3,305	3.96%
Total	\$65,431,895	\$53,839,240	\$ 11,592,655	21.53%

Governmental Activities

Charges for services increased due to the increase in water and wastewater fee revenue. Capital grants and contributions increased due to an increase in the amount of water mains contributed by others and a contribution received for HVAC installation at the River Raisin National Battlefield Visitor Center. Operating grants increased due to the use of ARPA funds and grant reimbursement received on the Michigan Department of Natural Resources Trust Fund grant. State-shared revenue and investment income changed, as mentioned in the financial highlights. Other revenue increased due to reimbursements received from the Brownfield Redevelopment Authority for work completed at the former La-z-boy site.

Program expenses for the City as a whole decreased by \$2.4 million. This was largely due to the increase in the net OPEB asset that was previously explained.

The City’s total governmental revenue increased by \$8.5 million, and governmental program expenses decreased by \$3.5 million primarily due to the items previously mentioned.

Business-type Activities

The City’s business-type activities consist of the Water and Wastewater funds. The City operates the LePage raw water pump station in partnership with Frenchtown Charter Township and sells water to surrounding communities. The City also provides wastewater treatment through a city-owned and operated sewage treatment plant. The City experienced an increase in net position of \$7.1 million, or 5.7 percent, in the business-type funds. The increase was primarily due to operating results being better than expected, as previously mentioned.

Financial Analysis of Individual Funds

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

Management's Discussion and Analysis (Continued)

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

General Fund

The General Fund pays for most of the City's governmental services. The most significant are public safety services, which incurred expenses of approximately \$4.85 million, or 31 percent, of General Fund expenditures. This was reduced from last year's 51 percent due to charging \$4.7 million in Public Safety Personnel Costs to the ARPA Fund. The costs of these departments are generally funded by property tax revenue; state-shared revenue; and, to a much lesser extent, charges for services. The activities of the Wastewater and Water funds are disclosed under business-type activities above.

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 \$22,003,203, or 1.2 percent below budget. A total of \$50,000 in budgeted expenditures related to a public safety critical infrastructure study remained unspent. In addition to this amount, certain items that were budgeted will be expended in future years. A total of \$80,285 was encumbered at fiscal year end, and the budget amount will be transferred to the 2024 fiscal year. Additionally, \$86,422 will be used to fund additional employer pension contributions to cover the cost of early retirement incentives approved in May 2023.

A report of the General Fund expenditures follows:

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended Budget
City Council	\$ 150,069	\$ 143,527	\$ 140,652	\$ 2,875
City Manager	319,105	356,311	348,966	7,345
Finance	521,529	527,922	527,061	861
Clerk-Treasurer	479,637	478,756	470,768	7,988
Assessor	308,976	309,022	301,068	7,954
Communications, culture, and promotion	152,995	158,343	155,796	2,547
City hall grounds	345,507	302,044	298,711	3,333
Attorney	172,760	190,660	190,082	578
Human resources	336,242	373,274	371,960	1,314
Engineering	268,967	332,516	332,489	27
Police	5,534,159	2,647,574	2,628,739	18,835
Fire	2,481,135	1,244,131	1,215,505	28,626
Zoning/Ordinance enforcement	415,723	365,409	347,956	17,453
Public Safety Administration	1,073,539	712,799	661,407	51,392
Public Services	2,123,449	2,461,686	2,445,892	15,794
Cemetery	75,258	83,258	82,042	1,216
Port of Monroe operations	400,000	2,100,000	2,100,000	-
Economic and Community Development	566,762	544,132	504,896	39,236
Parks and recreation	1,473,673	1,492,171	1,433,225	58,946
Library	65,000	65,000	65,000	-
Public access TV	143,000	138,000	135,512	2,488
Social services	207,000	207,000	207,000	-
Contingencies	100,000	-	-	-
Debt Service	1,826,299	1,870,110	1,870,101	9
Transfers out	894,627	5,168,479	5,168,479	-
Total	\$20,435,411	\$22,272,124	\$22,003,306	\$ 268,818

Management's Discussion and Analysis (Continued)

The original budget of \$20,435,411 was increased to \$22,272,124 by fiscal year end. The major changes in the budget were as follows:

- \$4.7 million in ARPA Funds were used to fund public safety personnel cost. This allowed those previously budgeted funds to be used for capital projects transfers and to fund a security project at the Port of Monroe.
- Increased costs for street lighting, forestry equipment rental, and additional tree removals increased the public services budget by \$338,237
- Other smaller adjustments were made throughout the budget.

Revenue in total came in under budget by \$8,657, or 0.04 percent. State revenue sharing was received in an amount slightly less than the budget and fines and forfeitures were also under budget.

The amended budget estimated that fund balance would be remain the same by fiscal year end at \$7,694,689 with budgeted revenue and expenditures being equal. The actual fund balance increased by \$260,264 million to \$7.955 million. Many departments expenditures came in under budget to cause this increase. Of the fund balance amount, \$80,285 is assigned for encumbered items, \$86,422 is assigned for employer pension contributions, \$2,000,000 is committed for budget stabilization purposes, and \$533,851 is committed for cemetery operations and perpetual care. The fund balance figure also includes a nonliquid real estate inventory asset in the amount of \$1,070,164 and prepaid assets that are nonspendable in the amount of \$43,555. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is \$4,140,676. The unassigned amount increased due to DNR Trust Fund grant payments that reimbursed prior fiscal year costs and the overall increase in fund balance as described. The unassigned amount represents about 19.0 percent of the General Fund adopted budget for fiscal year 2024, 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 fiscal year 2023, the City had \$239,968,656 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to \$78,872,704. Capital projects completed or in progress during fiscal year 2022-2023 are listed in the transmittal letter.

The City did not have any new debt issues during the fiscal year. The City received a financial rating from Standard & Poor's of AA- in 2014 when refunding bonds were being issued. This was the first time the City had been rated in the AA category. In 2021, Standard & Poor's reduced the City's rating to A+.

The City is currently using 50.88 percent of its available debt margin of \$112,317,069. Debt service made up 8.2 percent of total General Fund expenditures for fiscal year 2023. Bonded debt and other long-term obligations were decreased by \$6,797,122 during the year.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate in the Monroe County region has remained positive over the last fiscal year. Except for 2020 when the COVID-19 pandemic started, the unemployment rate has remained low. The rate is slightly higher than the Michigan rate:

Year Ended June 30	County	Michigan
2023	4.50%	4.10%
2022	5.50%	4.80%
2021	6.20%	5.30%
2020	13.40%	15.00%
2019	4.20%	4.40%

The unemployment rate in Monroe County had decreased to 4.2% as of September 2023.

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 Department of Natural Resources Trust Fund grant of \$4.9 million. Substantial increases in shipping operations are occurring at the Port of Monroe. The City acquired the former La-Z-Boy world headquarters property for redevelopment, and the buildings on the site had been demolished by the end of September 2020. Infrastructure has been installed for mixed commercial/residential development. Development began in the spring of 2022. Full build out is not expected until 2024 or later. Other commercial and industrial developments are also occurring.

The City's budget was developed over a three-year period for the 2023-24 fiscal year, with the General Fund being projected over a five-year period. The 2023-24 budget was adopted by the City Council, and the budget document and process included projections for the 2024-25 through 2027-28 fiscal years. The City's fiscal year 2023-24 General Fund budget increased when compared to the 2022-23 original budget. The adopted revenue and expenditures for 2023-24 compared to the 2022-23 adopted budget are as follows:

Originally Adopted General Fund Budget Totals

	June 30, 2023	June 30, 2024	Increase	% Change
Revenue	\$ 20,435,411	\$ 21,698,966	\$ 1,263,555	6.18%
Expenditures	\$ 20,435,411	\$ 21,770,425	\$ 1,335,014	6.53%

The projected General Fund revenue and expenditure budgets for fiscal years 2024-25 through 2027-28 are as follows:

	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027
Revenue	\$ 20,866,502	\$ 21,165,937	\$ 21,488,047	\$ 21,880,555
Expenditures	20,762,424	21,254,896	21,406,151	21,761,543
Difference	\$ 104,078	\$ (88,959)	\$ 81,896	\$ 119,012

The 2024 budget was adopted with expenditures exceeding revenues by \$71,459 due to the use of fund balance committed for cemetery perpetual care. The City settled a large property tax appeal in May 2020. The settlement requires a reduction in taxable value for the DTE Monroe Power Plant to be phased in beginning with fiscal year 2018-2019 and ending in fiscal year 2024-2025. Over that time period, the taxable value will be reduced from \$498,663,960 to \$348,034,381, a 30 percent reduction. A small structural deficit exists in the 2024-25 year of the budget projection due to funding being allocated for future tax appeals, but all other years project revenue exceeding expenditures as the City's plan for dealing with the revenue reductions is implemented.

The first quarterly review of the 2023-24 budget indicates that the budget is in good condition, and while some transfers within the budget may be needed to adjust estimated budget amounts, the total budget appears to be adequate.

The budget currently funds 183.02 full-time equivalent (FTE) positions. This is a slight increase from the previous year total of 179.82. The increase resulted from a change in staffing plans for the public safety operations adding 2 position and increasing half time positions in Human Resources and Clerk/Treasurer to full-time. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included \$1,413,658 budgeted for capital projects. This is an increase from the prior year amount of \$1,119,000 due to estimated surplus funding from personal property tax reimbursements being budgeted for capital projects.

For fiscal year 2024, taxable value increased in total by 0.24 percent. Residential ad valorem real property taxable values actually increased by 7.75 percent for the 2024 fiscal year, and total real property ad valorem taxable value increased by 6.89 percent. The effect of the property tax appeal settlement is the reason for the overall small increase in taxable value. Due to the impact of Proposal A and the tax appeal, the City will need to continue to monitor its budget very closely. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. We know that the inflation increase for the 2024-25 fiscal year will be 5.0 percent due to overall economic inflationary increases. The actual inflation rate was 5.06 percent, down from 7.9% the previous year. This means that the recovery in the taxable value of city properties will take a significant amount of time. An emphasis will have to remain on controlling operating costs.

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

The City received an actuarial valuation report for the retiree health care system as of December 31, 2020 that reported that the plan was 143.3 percent funded and the ADC is zero. A new valuation was received as of December 31, 2022 that reported the plan as being funded at 168.8% funded and the actuarial accrued liability was reduced once again to \$40.87 million. The City does not expect to make an employer contribution to the plan.

Interest rates for investing have been substantially reduced due to the economic impact of the COVID-19 pandemic, but in a dramatic quick turn, interest rates started to increase in the fall of 2021. The rates have continued to increase throughout 2023. While this rising rate environment has caused some temporary market value declines on fixed-income investments held by the City, the increases will be a benefit to the City's investment income overall. The State of Michigan has changed the statutory revenue-sharing program to an incentive-based program called the "City, Village, and Township Revenue Sharing" (CVTRS) program. Under the program, the City must meet certain goals to receive its full revenue-sharing allocation. The City has met all of the qualifications for the program since its beginning in 2012. The filings required to be qualified for the 2023-24 fiscal year have been made.

The primary factor affecting the City's 2023 and future budget projections is taxable value levels. The City came to an agreement with its largest taxpayer, DTE Energy, to settle a tax appeal requesting a substantial reduction in the coal fired electric plant's taxable value. The settlement has been mentioned previously, but in recent developments, DTE has announced plans to shut down a portion of the plant by 2028 or 2029. Future plans for the full shutdown or reuse of the plant are not yet known or available. DTE Energy had represented 49 percent of the City's tax base in the past and still represents over 40 percent for the 2023-24 fiscal year.

Requests for Further Information

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

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 52,014,442	\$ 13,937,769	\$ 65,952,211	\$ 8,948,105
Receivables:				
Property taxes receivable	1,357,328	17,909	1,375,237	-
Special assessments receivable	320,980	33,553	354,533	-
Customer receivables	19,504	3,187,528	3,207,032	122,293
Accrued interest receivable	18,379	8,605	26,984	-
Leases receivable	1,206,959	-	1,206,959	657,805
Due from fiduciary funds	918,893	-	918,893	-
Other receivables	513,935	235,719	749,654	174,084
Due from other governmental units	1,425,264	205,745	1,631,009	-
Economic development loans receivable	25,000	-	25,000	-
Advances to component units (Note 6)	910,372	-	910,372	-
Real estate inventory	1,070,164	-	1,070,164	69,140
Prepays and other assets	582,501	1,523,515	2,106,016	156,230
Restricted assets (Note 1)	1,377,569	-	1,377,569	680,893
Investment in joint ventures (Note 12)	-	4,084,443	4,084,443	-
Net OPEB asset (Note 10)	18,315,954	5,984,575	24,300,529	-
Capital assets: (Notes 5 and 18)				
Assets not subject to depreciation	17,533,484	3,829,349	21,362,833	4,273,088
Assets subject to depreciation - Net	69,198,177	149,407,646	218,605,823	12,010,017
Total assets	166,808,905	182,456,356	349,265,261	27,091,655
Deferred Outflows of Resources (Note 4)	15,382,736	4,114,475	19,497,211	321,879
Liabilities				
Accounts payable	2,442,859	1,262,418	3,705,277	530,400
Due to other governmental units	254,507	327,195	581,702	7,656
Refundable deposits, bonds, etc.	119,125	35,931	155,056	-
Accrued liabilities and other	1,579,384	430,342	2,009,726	345,944
Unearned revenue	12,179,600	111,869	12,291,469	2,375,856
Advances from primary government (Note 6)	-	-	-	910,372
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	222,629	366,416	589,045	-
Current portion of leases payable	294,739	-	294,739	-
Current portion of long-term debt (Note 7)	2,995,299	4,059,218	7,054,517	221,920
Due in more than one year:				
Compensated absences (Note 7)	789,465	-	789,465	-
Environmental liabilities	-	-	-	1,274,028
Net pension liability (Note 9)	31,514,414	7,604,257	39,118,671	1,523,930
Long-term debt - Net of current portion (Note 7)	29,658,246	40,781,431	70,439,677	6,329,157
Leases payable - Net of current portion	490,296	-	490,296	31,235
Total liabilities	82,540,563	54,979,077	137,519,640	13,550,498
Deferred Inflows of Resources (Note 4)	20,596,099	-	20,596,099	784,856
Net Position				
Net investment in capital assets	73,862,485	115,556,131	189,418,616	12,715,181
Restricted:				
Streets and highways	3,132,176	-	3,132,176	-
Debt service	1,474,954	-	1,474,954	-
Bond proceeds - Construction projects	-	-	-	680,893
Community and economic development	31,524	-	31,524	-
Rubbish	618,694	-	618,694	-
Grants	103,726	-	103,726	-
Drug forfeiture	46,522	-	46,522	-
Code enforcement	93,495	-	93,495	-
Opioid epidemic abatement	389,100	-	389,100	-
Health insurance and construction projects	-	-	-	1,739,609
Unrestricted	(697,697)	16,035,623	15,337,926	(2,057,503)
Total net position	\$ 79,054,979	\$ 131,591,754	\$ 210,646,733	\$ 13,078,180

City of Monroe, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 5,034,324	\$ 186,109	\$ 28,353	\$ 157,909
Public safety	10,591,018	893,910	6,350,203	-
Public works	7,817,664	235,776	2,800,828	401,374
Community and economic development	2,102,217	-	131,000	-
Recreation and culture	2,156,103	434,361	739,934	-
Interest on long-term debt	1,046,621	-	-	-
Total governmental activities	28,747,947	1,750,156	10,050,318	559,283
Business-type activities:				
Water	9,607,204	11,402,634	-	1,275,335
Wastewater	8,833,154	11,330,005	-	-
Building Authority (Enterprise)	16,397	-	-	1,007,663
Total business-type activities	18,456,755	22,732,639	-	2,282,998
Total primary government	<u>\$ 47,204,702</u>	<u>\$ 24,482,795</u>	<u>\$ 10,050,318</u>	<u>\$ 2,842,281</u>
Component units:				
Port of Monroe	\$ 1,763,212	\$ 809,157	\$ -	\$ 1,717,366
Downtown Development Authority	320,016	-	-	-
Brownfield Redevelopment Authority	934,970	-	-	-
Monroe Housing Commission (balances reported as of September 30, 2022)	2,847,693	834,331	386,162	1,367,777
Total component units	<u>\$ 5,865,891</u>	<u>\$ 1,643,488</u>	<u>\$ 386,162</u>	<u>\$ 3,085,143</u>
General revenue (expense):				
Taxes - Property taxes				
Unrestricted state-shared revenue and grants				
Unrestricted investment income (loss)				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue (expense)				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,661,953)	\$ -	\$ (4,661,953)	\$ -
(3,346,905)	-	(3,346,905)	-
(4,379,686)	-	(4,379,686)	-
(1,971,217)	-	(1,971,217)	-
(981,808)	-	(981,808)	-
(1,046,621)	-	(1,046,621)	-
(16,388,190)	-	(16,388,190)	-
-	3,070,765	3,070,765	-
-	2,496,851	2,496,851	-
-	991,266	991,266	-
-	6,558,882	6,558,882	-
(16,388,190)	6,558,882	(9,829,308)	-
-	-	-	763,311
-	-	-	(320,016)
-	-	-	(934,970)
-	-	-	(259,423)
-	-	-	(751,098)
19,447,875	-	19,447,875	2,974,771
4,389,648	-	4,389,648	52,950
1,454,954	436,180	1,891,134	(19,270)
271,024	-	271,024	-
11,501	75,361	86,862	-
1,969,958	-	1,969,958	1,081,665
27,544,960	511,541	28,056,501	4,090,116
11,156,770	7,070,423	18,227,193	3,339,018
67,898,209	124,521,331	192,419,540	9,739,162
\$ 79,054,979	\$ 131,591,754	\$ 210,646,733	\$ 13,078,180

Governmental Funds
Balance Sheet

June 30, 2023

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 17,001,621	\$ 5,577,893	\$ 9,925,046	\$ 12,106,469	\$ 44,611,029
Investments	3,785,347	-	-	-	3,785,347
Receivables	2,472,680	-	16,612	1,219,414	3,708,706
Advances to component units	347,610	-	-	562,762	910,372
Real estate inventory	1,070,164	-	-	-	1,070,164
Prepays and other assets	43,555	-	7,288	60,013	110,856
Restricted assets (Note 1)	-	-	1,377,569	-	1,377,569
Total assets	\$ 24,720,977	\$ 5,577,893	\$ 11,326,515	\$ 13,948,658	\$ 55,574,043
Liabilities					
Accounts payable	\$ 386,742	\$ 452,476	\$ 744,666	\$ 670,269	\$ 2,254,153
Due to other governmental units	-	-	-	254,507	254,507
Refundable deposits, bonds, etc.	92,375	-	-	26,750	119,125
Accrued liabilities and other	741,713	173,149	414	35,449	950,725
Unearned revenue	185,730	4,919,595	5,121,343	1,952,932	12,179,600
Total liabilities	1,406,560	5,545,220	5,866,423	2,939,907	15,758,110
Deferred Inflows of Resources					
Unavailable revenue (Note 4)	620,476	-	11,737	337,515	969,728
Property taxes levied for the following year (Note 4)	14,618,308	-	-	4,850,396	19,468,704
Deferred inflows from leases	120,680	-	-	1,847	122,527
Total deferred inflows of resources	15,359,464	-	11,737	5,189,758	20,560,959
Fund Balances (Note 16)					
Nonspendable	1,113,719	-	7,288	60,013	1,181,020
Restricted	-	-	-	5,547,033	5,547,033
Committed	2,533,851	-	5,370,762	200,640	8,105,253
Assigned	166,707	32,673	70,305	11,307	280,992
Unassigned	4,140,676	-	-	-	4,140,676
Total fund balances	7,954,953	32,673	5,448,355	5,818,993	19,254,974
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,720,977	\$ 5,577,893	\$ 11,326,515	\$ 13,948,658	\$ 55,574,043

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 19,254,974
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	82,946,827
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	969,728
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(31,737,719)
Accrued interest is not due and payable in the current period and is not reported in the funds	(194,984)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities or assets:	
Employee compensated absences	(986,831)
Pension benefits	(19,189,015)
Retiree health care benefits	<u>20,775,834</u>
Total employee fringe benefits not reported as fund liabilities	599,988
Internal service funds are included as part of governmental activities	<u>7,216,165</u>
Net Position of Governmental Activities	<u><u>\$ 79,054,979</u></u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 14,545,978	\$ -	\$ -	\$ 4,794,681	\$ 19,340,659
Special assessments	-	-	6,740	-	6,740
State-shared revenue and grants	5,023,489	6,342,046	-	3,565,248	14,930,783
Charges for services	435,860	-	-	130,070	565,930
Fines and forfeitures	76,274	-	-	-	76,274
Licenses and permits	346,299	-	-	600,548	946,847
Interest and rentals	505,728	351,755	228,575	849,690	1,935,748
Other revenue	188,925	-	1,394,076	320,345	1,903,346
Total revenue	21,122,553	6,693,801	1,629,391	10,260,582	39,706,327
Expenditures					
Current services:					
General government	2,008,031	-	-	18,730	2,026,761
Public safety	4,853,613	4,843,016	-	571,463	10,268,092
Public works	4,766,104	-	-	3,015,923	7,782,027
Community and economic development	525,631	-	-	192,423	718,054
Recreation and culture	1,840,737	-	-	37,673	1,878,410
Capital outlay	-	1,499,031	4,392,971	3,453,121	9,345,123
Debt service	1,711,195	-	-	2,134,819	3,846,014
Total expenditures	15,705,311	6,342,047	4,392,971	9,424,152	35,864,481
Excess of Revenue (Under) Over Expenditures	5,417,242	351,754	(2,763,580)	836,430	3,841,846
Other Financing Sources (Uses)					
Transfers in	-	-	4,750,445	1,347,109	6,097,554
Transfers out	(5,168,479)	(335,551)	-	(593,524)	(6,097,554)
Sale of capital assets	11,501	-	-	-	11,501
Total other financing (uses) sources	(5,156,978)	(335,551)	4,750,445	753,585	11,501
Net Change in Fund Balances	260,264	16,203	1,986,865	1,590,015	3,853,347
Fund Balances - Beginning of year	7,694,689	16,470	3,461,490	4,228,978	15,401,627
Fund Balances - End of year	<u>\$ 7,954,953</u>	<u>\$ 32,673</u>	<u>\$ 5,448,355</u>	<u>\$ 5,818,993</u>	<u>\$ 19,254,974</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, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$	3,853,347
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capital outlay		9,709,573
Depreciation expense		<u>(4,480,804)</u>
Total		5,228,769
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		(1,855)
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		(416,807)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)		2,734,757
OPEB-related expenses and expense recoveries do not require the use of current resources and, therefore, are not reported in the fund statements		4,657,999
Pension-related expenses and expense recoveries do not require the use of current resources and, therefore, are not reported in the fund statements		(5,249,379)
Increase in accumulated employee sick and vacation pay is recorded in the statement of activities		(124,424)
Interest expense is recognized in the government-wide statements as it accrues		87,887
Internal service funds are included as part of governmental activities - All other items		<u>386,476</u>
Change in Net Position of Governmental Activities	\$	<u><u>11,156,770</u></u>

Proprietary Funds
Statement of Net Position

June 30, 2023

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 5,495,918	\$ 7,382,590	\$ 1,059,261	\$ 13,937,769	\$ 3,618,066
Receivables:					
Property taxes receivable	11,924	5,985	-	17,909	-
Special assessments receivable	9,337	24,216	-	33,553	-
Customer receivables	1,768,180	1,419,348	-	3,187,528	-
Accrued interest receivable	4,036	4,569	-	8,605	-
Leases receivable	-	-	-	-	1,080,089
Due from fiduciary funds	-	-	-	-	918,893
Other receivables	224,483	11,236	-	235,719	98,554
Due from other governmental units	201,855	3,890	-	205,745	-
Prepays and other assets	-	1,523,515	-	1,523,515	471,645
Total current assets	7,715,733	10,375,349	1,059,261	19,150,343	6,187,247
Noncurrent assets:					
Investment in joint ventures (Note 12)	-	4,084,443	-	4,084,443	-
Net OPEB asset	2,813,591	3,170,984	-	5,984,575	798,380
Capital assets: (Notes 5 and 18)					
Assets not subject to depreciation	2,049,842	1,344,216	435,291	3,829,349	110,067
Assets subject to depreciation - Net	58,629,120	90,483,386	295,140	149,407,646	3,674,767
Total noncurrent assets	63,492,553	99,083,029	730,431	163,306,013	4,583,214
Total assets	71,208,286	109,458,378	1,789,692	182,456,356	10,770,461
Deferred Outflows of Resources (Note 4)	1,858,579	2,255,896	-	4,114,475	362,670
Liabilities					
Current liabilities:					
Accounts payable	598,857	661,227	2,334	1,262,418	188,706
Due to other governmental units	-	327,195	-	327,195	-
Refundable deposits, bonds, etc.	-	35,931	-	35,931	-
Accrued liabilities and other	238,360	191,982	-	430,342	433,675
Unearned revenue	-	3,585	108,284	111,869	-
Compensated absences	176,794	189,622	-	366,416	25,263
Current portion of leases payable	-	-	-	-	294,739
Current portion of long-term debt (Note 7)	2,706,874	1,352,344	-	4,059,218	139,525
Total current liabilities	3,720,885	2,761,886	110,618	6,593,389	1,081,908
Noncurrent liabilities:					
Net pension liability (Note 9)	3,513,676	4,090,581	-	7,604,257	563,593
Long-term debt - Net of current portion (Note 7)	27,901,599	12,879,832	-	40,781,431	776,301
Leases payable - Net of current portion	-	-	-	-	490,296
Total noncurrent liabilities	31,415,275	16,970,413	-	48,385,688	1,830,190
Total liabilities	35,136,160	19,732,299	110,618	54,979,077	2,912,098
Deferred Inflows of Resources (Note 4)	-	-	-	-	1,004,868
Net Position					
Net investment in capital assets	33,701,834	81,123,866	730,431	115,556,131	2,496,069
Unrestricted	4,228,871	10,858,109	948,643	16,035,623	4,720,096
Total net position	\$ 37,930,705	\$ 91,981,975	\$ 1,679,074	\$ 131,591,754	\$ 7,216,165

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

Year Ended June 30, 2023

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Operating Revenue					
Sale of water	\$ -	\$ 9,933,185	\$ -	\$ 9,933,185	\$ -
Sewage disposal charges	10,718,325	-	-	10,718,325	-
Other charges for services	608,491	1,469,449	-	2,077,940	533,105
Charges to other funds	-	-	-	-	4,969,630
Total operating revenue	11,326,816	11,402,634	-	22,729,450	5,502,735
Operating Expenses					
Operations and maintenance	2,481,279	1,495,991	-	3,977,270	4,545,271
Direct cost of providing service	3,714,044	5,483,849	-	9,197,893	-
Depreciation	1,851,872	2,405,955	16,397	4,274,224	866,043
Total operating expenses	8,047,195	9,385,795	16,397	17,449,387	5,411,314
Operating Income (Loss)	3,279,621	2,016,839	(16,397)	5,280,063	91,421
Nonoperating Revenue (Expense)					
Investment income	169,053	245,146	21,981	436,180	151,488
Interest expense	(785,959)	(429,935)	-	(1,215,894)	(75,500)
Gain from joint venture	-	208,526	-	208,526	-
Gain on sale of assets	27,221	48,140	-	75,361	175,724
Other nonoperating revenue	3,189	-	-	3,189	43,343
Total nonoperating (expense) revenue	(586,496)	71,877	21,981	(492,638)	295,055
Income - Before capital contributions	2,693,125	2,088,716	5,584	4,787,425	386,476
Capital Contributions					
Lines donated by developers	-	1,275,335	-	1,275,335	-
Other capital contributions	-	-	1,007,663	1,007,663	-
Total capital contributions	-	1,275,335	1,007,663	2,282,998	-
Change in Net Position	2,693,125	3,364,051	1,013,247	7,070,423	386,476
Net Position - Beginning of year	35,237,580	88,617,924	665,827	124,521,331	6,829,689
Net Position - End of year	\$ 37,930,705	\$ 91,981,975	\$ 1,679,074	\$ 131,591,754	\$ 7,216,165

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 11,383,656	\$ 11,876,632	\$ -	\$ 23,260,288	\$ 4,257,042
Payments to suppliers	(3,454,235)	(3,691,863)	-	(7,146,098)	(3,548,375)
Payments to employees and fringes	(2,294,336)	(3,016,174)	-	(5,310,510)	(481,166)
Other receipts	-	-	-	-	110,000
Lease payments	-	-	-	-	(120,881)
Net cash and cash equivalents provided by operating activities	5,635,085	5,168,595	-	10,803,680	216,620
Cash Flows Used in Noncapital Financing Activities - Principal and interest paid on OPEB bonds	(320,381)	(301,449)	-	(621,830)	(36,822)
Cash Flows from Capital and Related Financing Activities					
Special assessment collections	5,536	-	-	5,536	-
Proceeds from sale and disposal of capital assets	29,691	48,140	-	77,831	175,724
Purchase of capital assets	(2,317,861)	(2,712,825)	(78,667)	(5,109,353)	(689,820)
Principal and interest paid on capital debt and payments on lease assets	(3,155,673)	(1,337,409)	-	(4,493,082)	(54,211)
Contributions for capital improvements	-	-	1,007,663	1,007,663	-
Lease payments received	-	-	-	-	6,546
Other receipts	3,189	-	-	3,189	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(5,435,118)	(4,002,094)	928,996	(8,508,216)	(561,761)
Cash Flows from Investing Activities					
Interest received on investments	165,627	33,005	21,981	220,613	151,806
(Purchases) sale of investment securities	(286,588)	7,987	-	(278,601)	-
Gain from joint venture	-	208,526	-	208,526	-
Net cash and cash equivalents (used in) provided by investing activities	(120,961)	249,518	21,981	150,538	151,806
Net (Decrease) Increase in Cash and Cash Equivalents	(241,375)	1,114,570	950,977	1,824,172	(230,157)
Cash and Cash Equivalents - Beginning of year	4,758,000	5,001,191	108,284	9,867,475	3,848,223
Cash and Cash Equivalents - End of year	<u>\$ 4,516,625</u>	<u>\$ 6,115,761</u>	<u>\$ 1,059,261</u>	<u>\$ 11,691,647</u>	<u>\$ 3,618,066</u>
Classification of Cash and Cash Equivalents					
Cash and investments	\$ 5,495,918	\$ 7,382,590	\$ 1,059,261	\$ 13,937,769	\$ 3,618,066
Less amounts classified as investments	(979,293)	(1,266,829)	-	(2,246,122)	-
Total cash and cash equivalents	<u>\$ 4,516,625</u>	<u>\$ 6,115,761</u>	<u>\$ 1,059,261</u>	<u>\$ 11,691,647</u>	<u>\$ 3,618,066</u>

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended June 30, 2023

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 3,279,621	\$ 2,016,839	\$ (16,397)	\$ 5,280,063	\$ 91,421
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	1,851,872	2,405,955	16,397	4,274,224	866,043
Changes in assets and liabilities:					
Receivables	56,840	473,657	-	530,497	(807,869)
Inventories	-	(280,575)	-	(280,575)	-
Prepaid and other assets	18,940	8,935	-	27,875	(12,459)
Net pension or OPEB asset	-	-	-	-	(92,270)
Accounts payable	228,792	340,681	-	569,473	124,532
Accrued and other liabilities	47,156	(67,447)	-	(20,291)	7,304
Net OPEB and pension liabilities	151,864	270,908	-	422,772	39,918
Leases payable	-	(358)	-	(358)	-
Net cash and cash equivalents provided by operating activities	<u>\$ 5,635,085</u>	<u>\$ 5,168,595</u>	<u>\$ -</u>	<u>\$ 10,803,680</u>	<u>\$ 216,620</u>
Significant Noncash Transactions - Capital contributions	\$ -	\$ 1,275,335	\$ -	\$ 1,275,335	\$ -

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Fund
Assets		
Cash and cash equivalents	\$ 30,981	\$ 7,147,470
Investments:		
U.S. government securities	25,351,251	-
Municipal bonds	2,537,190	-
Equity investments	4,018,356	-
Foreign bonds	3,432,753	-
Stocks	40,461,218	-
Corporate bonds	32,801,672	-
Other investments	14,986,282	-
Foreign stocks	16,801,515	-
Mutual funds	61,608,805	-
Receivables:		
Property taxes receivable	-	458,558
Accrued interest receivable	313,183	-
Other receivables	6,300	-
Total assets	202,349,506	7,606,028
Liabilities		
Accounts payable	333,478	-
Due to other governmental units	-	7,606,028
Advances from primary government	918,893	-
Total liabilities	1,252,371	7,606,028
Net Position		
Restricted:		
Restricted for pension	136,165,570	-
Restricted for OPEB	64,931,565	-
Total net position	\$ 201,097,135	\$ -

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Fund
Additions		
Investment income (loss):		
Interest and dividends	\$ 3,425,404	\$ -
Net increase in fair value of investments	13,454,063	-
Investment-related expenses	(795,994)	-
Net investment income	16,083,473	-
Contributions:		
Employer contributions	2,218,469	-
Employee contributions	453,230	-
Total contributions	2,671,699	-
Property tax collections	-	27,296,073
Total additions	18,755,172	27,296,073
Deductions		
Benefit payments	14,581,009	-
Refunds of contributions	57,031	-
Administrative expenses	203,160	-
Tax distributions to other governments	-	27,296,073
Total deductions	14,841,200	27,296,073
Net Increase in Fiduciary Net Position	3,913,972	-
Net Position - Beginning of year	197,183,163	-
Net Position - End of year	\$ 201,097,135	\$ -

Component Units
Statement of Net Position

June 30, 2023

	Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission (Balances Reported as of September 30, 2022)	Total
Assets					
Cash and investments	\$ 477,027	\$ 591,499	\$ 4,076,180	\$ 3,803,399	\$ 8,948,105
Receivables:					
Customer receivables	-	-	122,293	-	122,293
Leases receivable	-	-	657,805	-	657,805
Other receivables	-	33,862	-	140,222	174,084
Real estate inventory	55,000	-	-	14,140	69,140
Prepays and other assets	500	-	60,522	95,208	156,230
Restricted assets	-	680,893	-	-	680,893
Capital assets: (Note 5)					
Assets not subject to depreciation	-	-	2,556,220	1,716,868	4,273,088
Assets subject to depreciation - Net	-	-	6,457,674	5,552,343	12,010,017
Total assets	532,527	1,306,254	13,930,694	11,322,180	27,091,655
Deferred Outflows of Resources (Note 4)	-	-	-	321,879	321,879
Liabilities					
Accounts payable	19,970	112,523	44,719	353,188	530,400
Due to other governmental units	-	7,656	-	-	7,656
Accrued liabilities and other	-	-	55,787	290,157	345,944
Unearned revenue	-	-	2,375,856	-	2,375,856
Advances from primary government (Note 6)	-	640,372	270,000	-	910,372
Noncurrent liabilities:					
Due within one year - Current portion of long-term debt (Note 7)	-	61,951	159,969	-	221,920
Due in more than one year:					
Environmental liabilities (Note 15)	-	-	1,274,028	-	1,274,028
Net pension liability	-	-	-	1,523,930	1,523,930
Long-term debt - Net of current portion	-	3,191,202	3,137,955	-	6,329,157
Leases payable - Net of current portion	-	-	-	31,235	31,235
Total liabilities	19,970	4,013,704	7,318,314	2,198,510	13,550,498
Deferred Inflows of Resources (Note 4)	-	-	631,440	153,416	784,856
Net Position (Deficit)					
Net investment in capital assets	-	-	5,445,970	7,269,211	12,715,181
Restricted:					
Bond proceeds - Construction projects	-	680,893	-	-	680,893
Health insurance and construction projects	-	-	-	1,739,609	1,739,609
Unrestricted	512,557	(3,388,343)	534,970	283,313	(2,057,503)
Total net position (deficit)	\$ 512,557	\$ (2,707,450)	\$ 5,980,940	\$ 9,292,133	\$ 13,078,180

City of Monroe, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority	\$ 320,016	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority:				
Public works	933,645	-	-	-
Interest on long-term debt	1,325	-	-	-
Total Brownfield Redevelopment Authority	934,970	-	-	-
Port of Monroe	1,763,212	809,157	-	1,717,366
Monroe Housing Commission (balances reported as of September 30, 2022)	2,847,693	834,331	386,162	1,367,777
Total component units	\$ 5,865,891	\$ 1,643,488	\$ 386,162	\$ 3,085,143

General revenue (expense):

- Property taxes and appropriation from City of Monroe, Michigan
- State-shared revenue
- Investment income (loss)
- Other miscellaneous income

Total general revenue (expense)

Change in Net Position

Net Position (Deficit) - Beginning of year

Net Position (Deficit) - End of year

Component Units
Statement of Activities

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position					
Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Monroe Housing Commission (Balances Reported as of September 30, 2022)	Total	
\$ (320,016)	\$ -	\$ -	\$ -	\$ (320,016)	
-	(933,645)	-	-	(933,645)	
-	(1,325)	-	-	(1,325)	
-	(934,970)	-	-	(934,970)	
-	-	763,311	-	763,311	
-	-	-	(259,423)	(259,423)	
(320,016)	(934,970)	763,311	(259,423)	(751,098)	
288,022	586,749	2,100,000	-	2,974,771	
6,960	45,990	-	-	52,950	
22,840	55,990	-	(98,100)	(19,270)	
-	-	-	1,081,665	1,081,665	
317,822	688,729	2,100,000	983,565	4,090,116	
(2,194)	(246,241)	2,863,311	724,142	3,339,018	
514,751	(2,461,209)	3,117,629	8,567,991	9,739,162	
\$ 512,557	\$ (2,707,450)	\$ 5,980,940	\$ 9,292,133	\$ 13,078,180	

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

Note 1 - Significant Accounting Policies (Continued)

Fiduciary Component Units

- The City of Monroe, Michigan administers the City of Monroe Employees' Retirement System, a single-employer defined benefit pension plan that includes hybrid (combination of defined benefit and defined contribution) expenditures and provides pensions for substantially all full-time employees of the City. The financial statements of the City of Monroe Employees' Retirement System are included in these financial statements as part of the pension and other employee benefit trust fund (a fiduciary fund). Management of the City of Monroe Employees' Retirement System is vested in the pension board, which consists of nine members, including the mayor, the city manager, a member of the City Council, and one retiree and one citizen that are appointed by the City. The remaining four members are appointed by plan members.
- The City of Monroe, Michigan administers the City of Monroe Retiree Health Care Plan, a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees hired prior to June 30, 2008. The financial statements of the OPEB plan are included in these financial statements as part of the pension and other employee benefit trust funds (a fiduciary fund). Management of the City of Monroe Retiree Health Care Plan is vested with the city manager of the City of Monroe, Michigan, who is responsible for administering and overseeing the day-to-day operations of the plan. The investments of the City of Monroe Retiree Health Care Plan are managed by the trustee, which is the Monroe City Retiree Healthcare Board of Trustees. The City Council has the sole and exclusive authority to prudently select and appoint each trustee member of the board. The board shall be composed of no fewer than three and no more than nine trustee members. The board currently consists of nine appointed members, including the mayor and city manager.

Jointly Governed Organization

Jointly governed organizations are discussed in Note 12.

Accounting and Reporting Principles

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

Report Presentation

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

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

Note 1 - Significant Accounting Policies (Continued)

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

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

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The American Rescue Plan Act Fund is used to account for the City's share of funds from the American Rescue Plan Act.
- The Capital Projects Fund is used to account for the development of capital facilities other than those financed by the operations of an enterprise fund.

Proprietary Funds

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Fiduciary Funds

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

- Pension and other employee benefit trust funds account for the activities of the retirement system and the trust established to account for costs related to retiree health care.
- The custodial fund accounts for tax collections that are held by the City in the capacity of trustee. The collections are then transferred to the other governmental units on a timely distribution basis.

Interfund Activity

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

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

Basis of Accounting

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

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

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

Note 1 - Significant Accounting Policies (Continued)

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

Specific Balances and Transactions

Bank Deposits and Investments

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

Real Estate Inventory

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

Receivables and Payables

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

Inventories and Prepaid Items

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

Restricted Assets

Restricted assets in the Capital Projects Fund represent cash from unspent escrow deposits to be used for infrastructure improvements at a brownfield development site. Restricted assets in the Brownfield Redevelopment Authority represent unspent bond proceeds from the Series 2021 Tax Increment Bonds.

Capital Assets

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

Note 1 - Significant Accounting Policies (Continued)

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

Capital Asset Class	Depreciable Life - Years
Roads and sidewalks	15 to 20
Water and sewer distribution systems	40 to 75
Land improvements	10 to 30
Buildings and improvements	40 to 50
Vehicles	3 to 5
Machinery and equipment	3 to 7
Road and site improvements	5 to 25
Railroad siding	10 to 50
Wharf and dock	7 to 50
Dredging	20
Leachate collection system	7 to 20
Rental buildings	10 to 33
Office buildings	3 to 39
Furniture and equipment	5 to 10
Monroe Housing Commission buildings and improvements	10 to 40

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

The City reports two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflows of resources related to the defined benefit pension plan and the defined benefit OPEB plan. The deferred outflows related to pension and OPEB are explained further in Notes 9 and 10, respectively.

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

Note 1 - Significant Accounting Policies (Continued)

The City reports four items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: grants, special assessments, and other charges. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes received before the period levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet and the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. The third type of deferred inflows reported by the government relates to the defined benefit pension plan. The deferred inflows related to pensions are explained further in Note 9. The fourth type of deferred inflows reported by the government relates to leases, which are described further in Note 18.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Note 1 - Significant Accounting Policies (Continued)

By an ordinance adopted by the City Council, a committed General Fund fund balance has been created consisting of surplus fund balance in an amount equal to the excess of revenue in comparison to expenditures. The amount of committed fund balance for this purpose is limited to either 15 percent of the City's most recent General Fund budget, as originally adopted, or 15 percent of the average of the City's five most recent General Fund budgets, as amended, whichever is less. An appropriation of these funds requires a two-thirds vote of the City Council and may occur only 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 2022 property tax revenue was levied and collectible on May 1, 2022 and is recognized as revenue in the year ended June 30, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the City totaled \$985 million (a portion of which is abated and a portion of which is captured by the Brownfield Redevelopment Authority, DDA, and the Telegraph Corridor Improvement Authority), on which taxes levied consisted of 14.6424 mills for operating purposes, 0.4700 mills for the construction of a new fire station, 2.0155 mills for refuse, 0.0513 for economic development, 0.5200 mills for debt service related to bridge repairs and rehabilitation, and 2.0000 mills for roads and trails. This resulted in \$13.9 million for operating, \$446 thousand for the construction of a new fire station, \$1.9 million for refuse, \$48 thousand for economic development, \$494 thousand for debt service, and \$1.9 million for roads. These amounts are recognized in the respective General, special revenue, and debt service fund financial statements as tax revenue.

Pension

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

Other Postemployment Benefit Costs

The City records a net OPEB asset for the difference between the total OPEB asset calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset, 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.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Wastewater Fund, the Water Fund, and the internal service funds is charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Leases

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

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

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

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

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

The City is a lessor for noncancelable leases of a portion of city hall, a cell tower site, and city property used for farming. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

Upcoming Accounting Pronouncements

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

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

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.

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

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

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

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

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the City Council is the department level for the General Fund and the fund level for other funds. 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, 2023 was \$80,285 in the General Fund, \$2,449,623 in the Capital Projects Fund, and \$741,502 in nonmajor governmental funds. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, except for the following exceptions:

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

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

Fund Balance (Deficit)

For the year ended June 30, 2023, the Brownfield Redevelopment Authority has a deficit in unrestricted net position of \$3,388,343 on a full accrual basis but has a fund balance of \$1,108,465 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.

Net Position of Internal Service Funds

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

Insurance	\$	488,269
Employee benefits		2,735,037

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

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$2,212,326 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.

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	\$ 29,605,791	\$ 18,856,753	\$ 8,066,771	\$ 2,682,267
Municipal bonds	2,863,631	1,561,428	1,302,203	-
Foreign bonds	3,432,753	2,745,675	687,078	-
Corporate bonds	32,801,672	17,183,183	10,057,099	5,561,390
Commercial paper	995,079	995,079	-	-
Total	<u>\$ 69,698,926</u>	<u>\$ 41,342,118</u>	<u>\$ 20,113,151</u>	<u>\$ 8,243,657</u>

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, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Investment pool	\$ 68,533,932	AAA	S&P
Money market fund	9,064,734	AAA	S&P
Corporate bond	5,704,443	AAA	Moody's
Corporate bond	295,793	AA2	Moody's
Corporate bond	81,111	AA3	Moody's
Corporate bond	4,579,440	A1	Moody's
Corporate bond	1,944,454	A2	Moody's
Corporate bond	3,973,667	A3	Moody's
Corporate bond	12,080,562	BAA1 and below	Moody's
Corporate bond	4,142,202	NR	Moody's
Foreign bond	175,621	AAA	Moody's
Foreign bond	228,813	AA2	Moody's
Foreign bond	271,640	AA3	Moody's
Foreign bond	1,141,730	A1	Moody's
Foreign bond	526,161	A2	Moody's
Foreign bond	142,106	A3	Moody's
Foreign bond	946,682	BAA1 and below	Moody's
Municipal bond	318,098	AA1	Moody's
Municipal bond	851,858	AA2	Moody's
Municipal bond	417,089	AA3	Moody's
Municipal bond	201,103	A1	Moody's
Municipal bond	97,074	A2	Moody's
Municipal bond	238,345	A3	Moody's
Municipal bond	413,623	NR	Moody's
Municipal bond	74,763	AA-	S&P
Municipal bond	251,678	A	S&P
U.S government bond	22,668,985	AAA	Moody's
U.S. government bond	2,682,267	NR	Moody's
U.S. government bond	4,254,539	AA+	S&P
Commercial paper	995,080	A1	S&P
Total	\$ 147,297,593		

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The Pension Trust Fund and Retiree Health Care Fund restrict the amount of investments in foreign currency-denominated investments to 5 percent of total investments. At June 30, 2023, the Pension Trust Fund and Retiree Health Care Fund had \$3,432,753 invested in foreign bonds and \$16,801,515 invested in foreign stock. Of these amounts, \$11,092,457 of foreign stock was not denominated in U.S. currency, as indicated below. The remaining amounts are denominated in U.S. currency or are considered American Depositary Receipts (ADRs) and are denominated in U.S. currency.

Note 3 - Deposits and Investments (Continued)

The following securities are subject to foreign currency risk:

Investment Type	Fair Value	Currency
Foreign stocks	\$ 787,800	DKK - Danish krone
Foreign stocks	352,088	NOK - Norwegian krone
Foreign stocks	5,929,494	EUR - Euro
Foreign stocks	866,023	Great British pounds
Foreign stocks	1,828,947	HKD - Hong Kong dollar
Foreign stocks	1,328,105	JPY - Japanese yen
Total	\$ 11,092,457	

Fair Value Measurements

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

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

June 30, 2023

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2023:

	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, 2023
Debt securities:				
U.S. Treasury and agency securities	\$ -	\$ 31,066,848	\$ -	\$ 31,066,848
Corporate bonds	-	31,715,538	-	31,715,538
Commercial paper	-	995,080	-	995,080
Foreign bonds	-	3,432,753	-	3,432,753
Municipal bonds	-	2,863,631	-	2,863,631
Total debt securities	-	70,073,850	-	70,073,850
Domestic equity securities:				
Consumer discretionary	4,963,045	-	-	4,963,045
Consumer staples	2,137,450	-	-	2,137,450
Energy	1,189,224	-	-	1,189,224
Financial industry	8,746,620	-	-	8,746,620
Health care industry	3,809,690	-	-	3,809,690
Industrials	7,518,879	-	-	7,518,879
Information technology	6,478,848	-	-	6,478,848
Materials	356,340	-	-	356,340
Telecommunication services industry	5,973,873	-	-	5,973,873
Utilities	390,077	-	-	390,077
Mutual funds	175,416	-	-	175,416
Total domestic equity securities	41,739,462	-	-	41,739,462
Foreign equity securities:				
Consumer discretionary	2,367,115	-	-	2,367,115
Consumer staples	125,951	-	-	125,951
Energy	1,523,144	-	-	1,523,144
Financial industry	1,295,601	-	-	1,295,601
Health care industry	2,559,392	-	-	2,559,392
Industrials	458,610	-	-	458,610
Information technology	384,079	-	-	384,079
Materials	1,581,489	-	-	1,581,489
Telecommunication services industry	1,447,649	-	-	1,447,649
Other	3,780,239	-	-	3,780,239
Total foreign equity securities	15,523,269	-	-	15,523,269
Money market fund	-	4,191,329	-	4,191,329
Private equity funds	-	-	5,516,822	5,516,822
Total	\$ 57,262,731	\$ 74,265,179	\$ 5,516,822	137,044,732
Investments measured at NAV:				
Michigan CLASS investment pool				68,533,932
Money market fund				4,873,405
Real estate funds				13,643,709
Mutual funds				22,728,662
Mutual funds index equity				10,931,851
Mutual funds international				19,058,108
Total investments measured at NAV				139,769,667
Total assets				\$ 276,814,399

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

Note 3 - Deposits and Investments (Continued)

The fair value of debt securities and money market funds at June 30, 2023 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, 2023 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

Investments in Entities that Calculate Net Asset Value per Share

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

At June 30, 2023, 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	\$ 68,533,932	\$ -	No limitations	None
Money market fund	4,873,405	-	N/A	N/A
Real estate funds	13,643,709	-	N/A	N/A
Mutual funds	22,728,662	-	N/A	N/A
Mutual funds index equity	10,931,851	-	N/A	N/A
Mutual funds international	19,058,108	-	N/A	N/A
Total investments measured at NAV	<u>\$ 139,769,667</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 money market fund is a high-quality money market portfolio composed of U.S. government and U.S. Treasury securities, including bills, bonds, notes, and repurchase agreements.

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

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

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

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

Note 4 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities	Component Units
Property taxes levied for subsequent year's operations	\$ 19,468,704	\$ 19,468,704	\$ -
Special assessments and delinquent property taxes	202,139	-	-
Grants and other receivables	767,589	-	-
Deferred pension cost reductions	-	-	153,416
Leases	122,527	1,127,395	631,440
Total deferred inflows	<u>\$ 20,560,959</u>	<u>\$ 20,596,099</u>	<u>\$ 784,856</u>

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

	Governmental Activities	Business-type Activities	Component Units
Bond refunding previously amortized	\$ -	\$ 111,609	\$ -
Deferred pension costs	11,975,980	2,889,738	321,879
Deferred OPEB costs	3,406,756	1,113,128	-
Total deferred outflows	<u>\$ 15,382,736</u>	<u>\$ 4,114,475</u>	<u>\$ 321,879</u>

June 30, 2023

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 10,139,925	\$ -	\$ 91,836	\$ -	\$ 10,231,761
Construction in progress	6,213,002	(5,136,073)	6,224,794	-	7,301,723
Subtotal	16,352,927	(5,136,073)	6,316,630	-	17,533,484
Capital assets being depreciated:					
Roads and sidewalks	158,177,767	3,234,653	2,368,013	-	163,780,433
Buildings and improvements	28,088,103	318,277	74,467	-	28,480,847
Furniture and equipment	9,891,895	-	1,114,780	(554,530)	10,452,145
Land improvements	6,072,805	1,583,143	101,919	(14,842)	7,743,025
Lease and subscription assets	881,003	-	423,324	-	1,304,327
Subtotal	203,111,573	5,136,073	4,082,503	(569,372)	211,760,777
Accumulated depreciation:					
Roads and sidewalks	115,191,528	-	3,245,916	-	118,437,444
Buildings and improvements	12,517,894	-	661,180	-	13,179,074
Furniture and equipment	5,983,953	-	799,033	(554,530)	6,228,456
Land improvements	3,867,183	-	338,836	(13,247)	4,192,772
Lease and subscription assets	222,972	-	301,882	-	524,854
Subtotal	137,783,530	-	5,346,847	(567,777)	142,562,600
Net capital assets being depreciated	65,328,043	5,136,073	(1,264,344)	(1,595)	69,198,177
Net capital assets	\$ 81,680,970	\$ -	\$ 5,052,286	\$ (1,595)	\$ 86,731,661

June 30, 2023

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 397,092	\$ -	\$ -	\$ -	\$ 397,092
Construction in progress	3,377,479	(2,140,117)	2,194,895	-	3,432,257
Subtotal	3,774,571	(2,140,117)	2,194,895	-	3,829,349
Capital assets being depreciated:					
Water and sewer lines	127,754,484	2,071,474	3,823,890	-	133,649,848
Buildings and improvements	70,341,189	68,643	187,928	(27,413)	70,570,347
Machinery and equipment	21,523,607	-	153,603	(79,736)	21,597,474
Vehicles	1,248,285	-	-	-	1,248,285
Land improvements	454,010	-	-	-	454,010
Lease and subscription assets	-	-	27,819	-	27,819
Subtotal	221,321,575	2,140,117	4,193,240	(107,149)	227,547,783
Accumulated depreciation:					
Water and sewer lines	31,891,188	-	2,385,070	-	34,276,258
Buildings and improvements	26,680,666	-	1,229,971	(24,943)	27,885,694
Machinery and equipment	14,313,725	-	465,245	(79,736)	14,699,234
Vehicles	660,540	-	159,639	-	820,179
Land improvements	424,473	-	7,593	-	432,066
Lease and subscription assets	-	-	26,706	-	26,706
Subtotal	73,970,592	-	4,274,224	(104,679)	78,140,137
Net capital assets being depreciated	147,350,983	2,140,117	(80,984)	(2,470)	149,407,646
Net capital assets	<u>\$ 151,125,554</u>	<u>\$ -</u>	<u>\$ 2,113,911</u>	<u>\$ (2,470)</u>	<u>\$ 153,236,995</u>

June 30, 2023

Note 5 - Capital Assets (Continued)

Capital asset activity for the City's component units for the year ended June 30, 2023 was as follows:

Component Units

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Monroe Housing Commission*:					
Land	\$ 1,025,754	\$ -	\$ -	\$ (812,868)	\$ 212,886
Construction in progress	862,606	-	3,183,676	(2,542,300)	1,503,982
Port of Monroe:					
Land	1,863,629	-	-	-	1,863,629
Site improvements	363,697	7,833	-	-	371,530
Earthen dikes	321,061	-	-	-	321,061
Construction in progress	277,329	(277,329)	-	-	-
Subtotal	4,714,076	(269,496)	3,183,676	(3,355,168)	4,273,088
Capital assets being depreciated:					
Monroe Housing Commission*:					
Land improvements	2,028,669	-	-	-	2,028,669
Building and improvements	16,856,355	-	2,611,760	(1,292,527)	18,175,588
Equipment	475,049	-	21,374	(27,330)	469,093
Lease and subscription assets	-	-	40,289	-	40,289
Port of Monroe:					
Road and site improvement	877,916	(7,833)	-	-	870,083
Railroad siding	1,539,826	-	-	-	1,539,826
Wharf and dock	3,712,456	-	17,799	-	3,730,255
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,580	-	-	-	291,580
Office building	529,000	-	-	-	529,000
Furniture and equipment	441,462	-	19,016	-	460,478
Crawler crane	-	277,329	1,588,714	-	1,866,043
Subtotal	27,164,995	269,496	4,298,952	(1,319,857)	30,413,586
Accumulated depreciation:					
Monroe Housing Commission* -					
Land improvements, building and					
improvements, and equipment	15,845,332	-	494,096	(1,178,132)	15,161,296
Port of Monroe:					
Road and site improvement	775,907	-	28,187	-	804,094
Railroad siding	413,337	-	55,135	-	468,472
Wharf and dock	577,506	-	92,433	-	669,939
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,581	-	-	-	291,581
Office building	104,398	-	14,628	-	119,026
Furniture and equipment	345,888	-	37,431	-	383,319
Land improvements	-	-	93,160	-	93,160
Subtotal	18,766,631	-	815,070	(1,178,132)	18,403,569
Net capital assets being depreciated	8,398,364	269,496	3,483,882	(141,725)	12,010,017
Net capital assets	\$ 13,112,440	\$ -	\$ 6,667,558	\$ (3,496,893)	\$ 16,283,105

*Reported activity is for the fiscal year ended September 30, 2022.

June 30, 2023

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 285,992
Public safety	424,982
Public works	3,347,188
Economic development	17,447
Recreation and culture	405,195
Internal service fund depreciation is charged to the various functions based on their usage of the asset	866,043
	<u>866,043</u>
Total governmental activities	<u>\$ 5,346,847</u>
Business-type activities:	
Water	\$ 2,405,955
Wastewater	1,851,872
Building Authority Nonmajor Enterprise	16,397
	<u>16,397</u>
Total business-type activities	<u>\$ 4,274,224</u>
Component unit activities:	
Port of Monroe	\$ 320,974
Monroe Housing Commission	494,096
	<u>494,096</u>
Total component unit activities	<u>\$ 815,070</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
Wastewater Corrective Action Plan Phase 1	\$ 1,954,102	\$ 1,367,171	\$ 586,931
La-Z-Boy Site Infrastructure Phase 2	1,790,131	738,933	1,051,198
St. Mary's Gardens Subdivision Storm	6,422,400	2,020,309	4,402,091
Father Cairns Park Improvements	2,564,082	952,283	1,611,799
Battlefield Visitor Center HVAC Improvements	973,180	23,337	949,843
2023 Water Main and Street Paving Program	3,604,913	1,959,830	1,645,083
	<u>3,604,913</u>	<u>1,959,830</u>	<u>1,645,083</u>
Total	<u>\$ 17,308,808</u>	<u>\$ 7,061,863</u>	<u>\$ 10,246,945</u>

Note 6 - Interfund Receivables, Payables, and Transfers

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

Receivable	Payable	Amount
General Fund	Component unit - Port of Monroe	\$ 270,000
	Component unit - Brownfield Redevelopment Authority	77,610
Nonmajor funds - Economic Development Fund	Component unit - Brownfield Redevelopment Authority	562,762
		<u>562,762</u>
	Total	<u>\$ 910,372</u>

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

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 770,659
	Capital Projects Fund	4,397,820
	Total General Fund	5,168,479
American Rescue Plan Act Fund	Capital Projects Fund	335,551
Nonmajor governmental funds	Nonmajor governmental funds	576,450
	Capital Projects Fund	17,074
	Total nonmajor governmental funds	593,524
	Total	<u>\$ 6,097,554</u>

The transfers from the General Fund to the nonmajor governmental funds include transfers for debt service payments and the use of unrestricted resources to finance Major Streets, Local Streets, and airport programs in accordance with budgetary authorizations. The transfer from the General Fund to the Capital Projects Fund include transfers for certain capital improvement projects. The transfer from the American Rescue Plan Act Fund to the Capital Projects Fund was to fund certain capital improvement projects. The transfer from the Major Streets Fund (nonmajor fund) to the Local Streets Fund (nonmajor fund) represents the sharing of gas and weight tax revenue in accordance with Act 51. The transfer from the Grants Fund (nonmajor fund) to the Capital Projects Fund (major fund) represents the use of resources to finance eligible capital improvement projects.

June 30, 2023

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, 2023 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
Direct borrowings:							
Equipment installment purchase - \$746,831 - Maturing through 2029	2.8%	\$65,749-\$84,300	\$ 544,010	\$ -	\$ (71,428)	\$ 472,582	\$ 73,428
Equipment installment purchase - \$424,730 - Maturing through 2028	3.5%	\$36,093-\$49,284	312,248	-	(40,188)	272,060	41,578
Equipment installment purchase - Police software - \$96,057 Maturing through 2023	2%	\$15,614-\$32,335	16,410	-	(16,410)	-	-
Equipment installment purchase - \$369,703 - Maturing through 2026	1.83%	\$71,283-\$76,646	298,420	-	(72,588)	225,832	73,916
Equipment installment purchase - \$10,749 - Maturing through 2026	7.831	\$1,752-\$2,484	7,802	-	(1,962)	5,840	2,122
Total direct borrowings principal outstanding			1,178,890	-	(202,576)	976,314	191,044
Other debt:							
2012 Monroe Building Authority Refunding Bonds - \$4,425,000 - Maturing through 2024	2.23%	\$350,000-\$425,000	845,000	-	(420,000)	425,000	425,000
2014 Refunding Bonds (City Hall & Bridge) - \$1,421,000 - Maturing through 2031	3% - 4%	\$81,000-\$95,000	745,000	-	(90,000)	655,000	90,000
Unamortized bond premium			65,363	-	(7,400)	57,963	7,400
2015 Capital Improvement Bonds (Roessler Street Bridge) - \$1,725,000 - Maturing through 2030	0.5% - 2.6%	\$100,000-\$170,000	1,015,000	-	(100,000)	915,000	100,000
2016 OPEB Bonds - \$25,968,220 - Maturing through 2038	0.98% - 4.02%	\$921,559-\$1,631,012	20,190,180	-	(998,356)	19,191,824	1,020,298
2017 Capital Improvements Bonds - \$1,890,000 - Maturing through 2030	1% - 3%	\$140,000-\$150,000	1,170,000	-	(140,000)	1,030,000	150,000
2017 Michigan Transportation Fund Bonds - \$2,565,000 - Maturing through 2024	0.85% - 1.75%	\$150,000-\$495,000	975,000	-	(480,000)	495,000	495,000
2018 Capital Improvement Bonds - \$6,000,000 - Maturing through 2037	3% - 4%	\$205,000-\$445,000	5,120,000	-	(245,000)	4,875,000	255,000
Unamortized bond premium			150,186	-	(10,085)	140,101	10,085
2020 Refunding Bonds - \$2,700,000 - Maturing through 2033	2% - 4%	\$175,000-\$300,000	2,305,000	-	(195,000)	2,110,000	215,000
Unamortized bond premium			357,614	-	(40,411)	317,203	19,899
2021 Michigan Transportation Fund Bonds - \$1,385,000 - Maturing through 2028	2.5%	\$0-\$360,000	1,385,000	-	-	1,385,000	-
Unamortized bond premium			96,714	-	(16,574)	80,140	16,573
Total other debt principal outstanding			34,420,057	-	(2,742,826)	31,677,231	2,804,255
Total bonds payable			35,598,947	-	(2,945,402)	32,653,545	2,995,299
Compensated absences			883,283	322,168	(193,357)	1,012,094	222,629
Total governmental activities long-term debt			\$ 36,482,230	\$ 322,168	\$ (3,138,759)	\$ 33,665,639	\$ 3,217,928

June 30, 2023

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:							
Direct borrowings:							
MDEQ Clean Water State Revolving Funds (through County of Monroe, Michigan) - \$12,000,000 - Maturing through 2030	2.5%	\$615,000-\$755,000	\$ 5,530,000	\$ -	\$ (635,000)	\$ 4,895,000	\$ 645,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - \$3,051,000 - Maturing through 2030	2.5%	\$100,000-\$190,000	1,117,783	-	(130,000)	987,783	130,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$9,115,000 - Maturing through 2033	2.5%	\$341,767-\$545,000	5,344,569	-	(430,000)	4,914,569	440,000
MDEQ Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$17,950,000 - Maturing through 2034	2.5%	\$705,000-\$1,125,000	11,810,000	-	(855,000)	10,955,000	878,000
2014 Sewage Disposal System Bonds (through County of Monroe, Michigan) - \$10,500,000 - Maturing through 2034	0.35% - 4.75%	\$505,000-\$580,000	6,450,000	-	(505,000)	5,945,000	510,000
Equipment installment purchase - \$463,085 - Maturing through 2026	2.65%	\$61,518-\$71,379	330,188	-	(62,629)	267,559	64,289
Total direct borrowings principal outstanding			30,582,540	-	(2,617,629)	27,964,911	2,667,289
Other debt:							
2014 Refunding Bonds (Water) - \$4,864,000 - Maturing through 2031	3% - 4%	\$137,000-\$690,000	3,655,000	-	(160,000)	3,495,000	170,000
Unamortized bond premium			223,734	-	(25,330)	198,404	-
2016 Refunding Bonds (Water Meter Shop) - \$3,905,000 - Maturing through 2028	2% - 4%	\$25,000-\$470,000	2,520,000	-	(375,000)	2,145,000	385,000
Unamortized bond premium			278,125	-	(47,678)	230,447	-
2016 OPEB Bonds - \$9,536,780 - Maturing through 2038	0.98% - 4.02%	\$338,441-\$598,987	7,414,820	-	(366,644)	7,048,176	374,702
2020 Refunding Bonds - \$4,480,000 - Maturing through 2033	2% - 4%	\$380,000-\$510,000	3,630,000	-	(385,000)	3,245,000	410,000
Unamortized bond premium			565,938	-	(52,227)	513,711	52,227
Total other debt principal outstanding			18,287,617	-	(1,411,879)	16,875,738	1,391,929
Total bonds payable			48,870,157	-	(4,029,508)	44,840,649	4,059,218
Compensated absences			317,439	366,416	(317,439)	366,416	366,416
Total business-type activities long-term debt			\$ 49,187,596	\$ 366,416	\$ (4,346,947)	\$ 45,207,065	\$ 4,425,634

Other Long-term Liabilities

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

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 191,044	\$ 27,158	\$ 2,750,297	\$ 1,044,841	\$ 4,013,340
2025	196,062	22,130	2,225,897	985,941	3,430,030
2026	200,171	16,987	2,300,152	923,989	3,441,299
2027	125,813	11,835	2,375,751	858,433	3,371,832
2028	129,640	8,009	2,463,664	787,702	3,389,015
2029-2033	133,584	4,065	9,738,063	2,847,194	12,722,906
2034-2038	-	-	9,228,000	1,103,143	10,331,143
Total	\$ 976,314	\$ 90,184	\$ 31,081,824	\$ 8,551,243	\$ 40,699,565

Years Ending June 30	Business-type Activities				
	Direct Borrowings		Other Debt		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,667,289	\$ 805,268	\$ 1,339,702	\$ 595,480	\$ 5,407,739
2025	2,730,992	731,308	1,369,104	555,863	5,387,267
2026	2,777,741	654,638	1,439,848	506,438	5,378,665
2027	2,854,536	575,901	1,494,249	453,937	5,378,623
2028	2,845,000	494,410	1,546,336	398,372	5,284,118
2029-2033	12,384,353	1,289,781	5,971,940	1,177,347	20,823,421
2034-2038	1,705,000	83,225	2,771,997	342,181	4,902,403
Total	\$ 27,964,911	\$ 4,634,531	\$ 15,933,176	\$ 4,029,618	\$ 52,562,236

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 is being repaid with tax captures. Annual debt service payments in the amount of \$73,276 are due through 2023. During a prior year, \$200,000 of this balance was forgiven by the Downriver Community Conference. The balance on the advance at June 30, 2023 is \$0, as it was completely repaid on February 28, 2023.

The Brownfield Redevelopment Authority has committed to repaying the Downriver Community Conference the principal of \$325,000, without interest, related to a Brownfield Cleanup Revolving Loan advance that the Authority received for the demolition of a building in accordance with environmental considerations. The advance will be repaid over a period of 12 years with tax captures. The balance on the advance at June 30, 2023 is \$162,500, and the amount due within one year is \$32,500. The advance is 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 with tax captures. The balance on the loan at June 30, 2023 is \$59,340, and the amount due within one year is \$29,451. The loan is projected to be completely repaid by June 30, 2025.

Note 7 - Long-term Debt (Continued)

During 2021, the Brownfield Redevelopment Authority issued the Series 2021 Tax Increment Bonds, which included total principal of \$3,000,000, with annual interest ranging between 2.00 and 3.00 percent. The loan will be repaid over a period of 20 years, with annual principal payments ranging between \$85,000 and \$220,000 through May 2041. The loan will be repaid with tax captures. The balance on the loan along with the associated bond premium at June 30, 2023 is \$3,031,313, with no payment due within one year.

During 2018, the Port of Monroe entered into a new promissory note to renew the remaining note balance of \$109,966 at an interest rate of 4.75 percent. The mortgage relating to this loan is secured by real estate held by the Port. The renewed note provides for monthly principal and interest payments of \$1,149 through April 2023 and a balloon payment of \$63,173 in May 2023. The outstanding balance at June 30, 2023 was \$60,364, all of which is due next year.

During fiscal year 2016, the Port entered into a promissory note in the amount of \$440,000 to fund the purchase of a new office building. The mortgage relating to this loan is secured by the office building. During the current year, the Port entered into a new promissory note to renew the remaining note balance of \$364,920. The renewed note provides for monthly principal and interest payments of \$2,718 through April 2026 and a balloon payment of \$269,773 in April 2026. The outstanding balance at June 30, 2023 was \$318,955, of which \$19,605 is due next year.

During fiscal year 2016, the Port was awarded a loan in the amount of \$3,000,000 from the Michigan Strategic Fund for a project to revitalize its commercial harbor area located on Lake Erie. The loan is to be repaid with the property tax captures of the Monroe Brownfield Redevelopment Authority until the balance of principal and interest is paid in full. The loan bears interest at 1.0 percent annually, and interest will accrue up to a maximum due of \$3,623,375. If the Port complies with all aspects of the loan agreement with the Michigan Strategic Fund, payments will be made only from the Authority's tax captures. As of June 30, 2023, the loan had an outstanding balance of \$2,758,605, with accrued interest due of \$4,714.

During fiscal year 2019, the Port was awarded a loan in the amount of \$400,000 from the Michigan Department of Transportation for a project to construct and install a turning basin dock rail spur. The loan is to be repaid through five annual installments of \$94,000, which includes simple interest at a rate of 3.5 percent annually. Under the terms of the loan, the loan is fully forgivable if the Port ships and/or receives a minimum of 100 carloads of freight by rail per carloading year during the term of this contract. As of June 30, 2021, the Port has received forgiveness for the first annual debt service payment of \$94,000, which includes \$80,000 of the loan balance and \$14,000 of accrued interest. As of June 30, 2023, the outstanding balance on the loan was \$160,000, of which \$80,000 is due next year. The Port has obtained an irrevocable letter of credit for collateral for this loan in the event that the balance is not forgiven. As of the date of issuance of these financial statements, the Port has met the minimum carloads for the second carloading year under the terms of this contract and has received forgiveness for the third annual debt service payment of \$94,000.

Note 8 - Risk Management

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

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

Note 8 - Risk Management (Continued)

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

	2023	2022
Estimated liability - Beginning of year	\$ 598,996	\$ 414,067
Claim payments	(4,675,190)	(5,189,920)
Estimated claims incurred, including changes in estimates	4,643,250	5,374,849
Estimated liability - End of year	\$ 567,056	\$ 598,996

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 hired prior to January 1, 2022. Non-public safety employees hired after that date are no longer participants of the plan. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

The financial statements of the pension system are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund). The pension system does not issue a separate financial report.

Management of the plan is vested in the pension board, which consists of nine members, including the mayor, the city manager, a member of the City Council, and one retiree and one citizen who are appointed by the City. The remaining four members are appointed by plan members.

Note 9 - Pension Plan (Continued)

Benefits Provided

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

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

Employees Covered by Benefit Terms

At December 31, 2022, 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	317
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	117
	117
Total employees covered by the plan	451

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, 2023, the average active member contribution rate was 4.56 percent of annual pay, and the City's average contribution rate was 19.63 percent of annual payroll.

Note 9 - Pension Plan (Continued)

Net Pension Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net pension asset. The June 30, 2023 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, 2023 measurement date. The June 30, 2023 total pension liability was determined by an actuarial valuation performed as of December 31, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

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, 2022	\$ 173,370,459	\$ 134,552,544	\$ 38,817,915
Changes for the year:			
Service cost	1,198,458	-	1,198,458
Interest	11,763,341	-	11,763,341
Differences between expected and actual experience	795,891	-	795,891
Contributions - Employer	-	2,218,469	(2,218,469)
Contributions - Employee	-	372,505	(372,505)
Net investment income	-	10,995,338	(10,995,338)
Benefit payments, including refunds	(11,843,909)	(11,843,909)	-
Administrative expenses	-	(125,557)	125,557
Miscellaneous other charges	-	(3,821)	3,821
Net changes	1,913,781	1,613,025	300,756
Balance at June 30, 2023	\$ 175,284,240	\$ 136,165,569	\$ 39,118,671

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

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

For the year ended June 30, 2023, the City recognized pension expense of \$9,642,641. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 907,135	\$ -
Changes in assumptions	4,019,585	-
Net difference between projected and actual earnings on pension plan investments	9,938,998	-
Total	\$ 14,865,718	\$ -

Note 9 - Pension Plan (Continued)

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

Years Ending June 30	Amount
2024	\$ (5,300,601)
2025	(3,639,190)
2026	(6,306,936)
2027	381,009
Total	<u>\$ (14,865,718)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 to 5.25 percent, an investment rate of return (net of investment expenses) of 7.00 percent, and a version of the Pub-2010 fully generational mortality tables, including the use of the MP-2021 mortality improvement scale.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of a five-year actuarial experience study ended December 31, 2020.

Discount Rate

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

Projected Cash Flows

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

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, 2022 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. large-cap growth	5.32 %
U.S. large-cap value	4.90
U.S. large-cap core	5.39
U.S. mid-cap growth	5.85
U.S. small-cap value	5.35
International	6.55
Intermediate fixed income	3.47
Private fixed income	1.45
Real estate	6.65
Gold	1.15

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

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

	1 Percentage Point Decrease (6%)	Current Discount Rate (7%)	1 Percentage Point Increase (8%)
Net pension liability of the City	\$ 58,635,040	\$ 39,118,671	\$ 22,761,810

Assumption Changes

There were no assumption changes as of June 30, 2023.

Benefit Changes

There were no benefit changes as of June 30, 2023.

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, 2023:

Asset Class	Target Allocation
U.S. large-cap growth	6.50 %
U.S. large-cap value	6.50
U.S. large-cap core	7.50
U.S. mid-cap growth	10.00
U.S. small-cap value	7.50
International	11.50
Intermediate fixed income	28.50
Private fixed income	5.00
Real estate	7.50
Emerging Markets	5.50
Private Equity	1.00
Gold	3.00

Concentrations

At June 30, 2023, the plan held 6.5 percent, 10.1 percent, and 6.5 percent of plan net position invested within the Prisa Pooled Fund, the iShares Russell Midcap Growth fund, and the iShares Russell 1000 Growth fund, respectively.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.35 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments. The reserve credits interest annually at a rate of 7.00 percent.

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

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

Note 9 - Pension Plan (Continued)

The balances of the reserve accounts at June 30, 2023 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 145,678,254	\$ 128,224,131
Employee reserve	7,941,439	7,941,439

Defined Contribution Pension Plan

Plan Description

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

Benefits Provided

Benefit terms, including contribution requirements, for the plan are established and may be amended by the City of Monroe City Council. All contributions are determined on compensation as defined in collective bargaining agreements and city policy. For each employee hired after January 1, 2022 and for those employees who elected to convert from the defined benefit pension plan and are not members of the firefighter union, the City is required to contribute 5 percent to an individual employee account. Eligible employees who voluntarily elect to contribute a minimum of 2 percent to a deferred compensation plan will receive an additional 2 percent contribution to the defined contribution plan. Employees hired after January 1, 1997 who did not convert from the defined benefit pension plan are eligible for a 2 percent contribution to the defined contribution plan if they contribute a minimum of 2 percent to a deferred compensation plan. Employees are permitted to contribute a maximum of 6 percent to the plan. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in employer contributions and earnings on employer contributions after completion of 36 months of creditable service with the City. Nonvested employer contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses. During the current year, \$4,692 was forfeited by nonvested terminating employees. As of June 30, 2023, there were 101 active members in the plan. During the year ended June 30, 2023, the City contributed \$259,551 into the plan and \$110,295 was contributed to the plan by plan participants.

Monroe Housing Commission Pension Plan

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

Note 10 - Other Postemployment Benefit Plan

Plan Description

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

Note 10 - Other Postemployment Benefit Plan (Continued)

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund). The OPEB plan does not issue a separate financial report.

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At December 31, 2022, 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	261
Active plan members	42
Total plan members	<u>303</u>

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, 2023, the City’s average contribution rate was 0 percent of covered payroll or \$0. Active plan members currently contribute 3 percent of the average annual base wage of all full-time city employees, which amounted to \$1,672 per active plan member for the June 30, 2023 fiscal year.

Net OPEB Asset

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2023 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2023 measurement date. The June 30, 2023 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

Note 10 - Other Postemployment Benefit Plan (Continued)

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

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at June 30, 2022	\$ 47,017,383	\$ 62,630,619	\$ (15,613,236)
Changes for the year:			
Service cost	275,920	-	275,920
Interest	3,202,716	-	3,202,716
Differences between expected and actual experience	(8,183,682)	-	(8,183,682)
Changes in assumptions	1,123,218	-	1,123,218
Contributions - Employee	-	80,726	(80,726)
Net investment income	-	5,088,134	(5,088,134)
Benefit payments, including refunds	(2,804,518)	(2,804,518)	-
Administrative expenses	-	(50,763)	50,763
Miscellaneous other charges	-	(12,632)	12,632
Net changes	(6,386,346)	2,300,947	(8,687,293)
Balance at June 30, 2023	<u>\$ 40,631,037</u>	<u>\$ 64,931,566</u>	<u>\$ (24,300,529)</u>

The Plan's fiduciary net position represents 160 percent of the total OPEB liability.

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

For the year ended June 30, 2023, the City recognized OPEB expense recovery of \$(6,461,617).

At June 30, 2023, 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
Net difference between projected and actual earnings on OPEB plan investments	\$ 4,519,884	\$ -

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
2024	\$ 883,806
2025	770,736
2026	3,025,651
2027	(160,309)
Total	<u>\$ 4,519,884</u>

Note 10 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.75 percent; assumed salary increases (including inflation) of 3.25 to 5.49 percent; an investment rate of return (net of investment expenses) of 7.0 percent; for active members pre-65 (non-Medicare), a health care cost trend rate of 7.5 percent for 2022, decreasing 0.5 or 0.25 percent per year to an ultimate rate of 3.5 percent for 2034 and later years; for active members post-65 (Medicare), a health care cost trend rate of 6.25 percent for 2022, decreasing 0.25 percent per year to an ultimate rate of 3.5 percent for 2034 and later years; and the Pub-2010 mortality tables.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study covering the five-year period ended December 31, 2020, as conducted for the City of Monroe Employees Retirement System.

Discount Rate

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

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2022 measurement date for each major asset class included in the OPEB plan’s target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

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

Note 10 - Other Postemployment Benefit Plan (Continued)

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

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

	1 Percentage Point Decrease <u>(6%)</u>	Current Discount Rate <u>(7%)</u>	1 Percentage Point Increase <u>(8%)</u>
Net OPEB asset of the City	\$ (20,160,277)	\$ (24,300,529)	\$ (27,789,260)

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

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

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB asset of the City	\$ (27,974,776)	\$ (24,300,529)	\$ (19,964,936)

Assumption Changes

Assumption changes include an update following the review of pension system experience, dated February 2, 2022, resetting the trend assumptions back to 7.50 percent for the initial pre-65 population and 6.25 percent for the initial post-65 health care cost trend rate assumption.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retiree Healthcare Board of Trustees with approval from the City Council. It is the policy of the Monroe City Retiree Healthcare Board of Trustees to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
U.S. large-cap growth	6.50 %
U.S. large-cap value	6.50
U.S. large-cap core	7.00
U.S. mid-cap growth	10.00
U.S. small-cap value	7.50
International	14.50
Emerging markets	4.00
Intermediate fixed income	27.00
Private fixed income	5.00
Real estate	7.50
Private equity	1.00
Gold	3.00
Cash	0.50
Total	<u>100.00 %</u>

Note 10 - Other Postemployment Benefit Plan (Continued)

Concentrations

At June 30, 2023, the Plan held 6.3 percent, 10 percent, 6.5 percent and 6.3 percent of its investment portfolio in Prisa LP, the iShares Russell Midcap Growth fund, the iShares Russell 1000 Growth, and Goldman Sachs Financial Square.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 8.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Other Postemployment Defined Contribution Plan

The City provides retiree health care benefits to eligible employees hired after June 30, 2009 through a defined contribution plan administered by the Municipal Employees' Retirement System of Michigan. The benefits are provided under collective bargaining agreements and require the City and the employee to contribute 3 percent of base earnings, as defined by collective bargaining agreements and City policies, to the plan. Any plan members who terminate employment from the City are then eligible to use the balance in their accounts to fund current medical costs. During the year ended June 30, 2023, there were 186 members in the plan (127 active participants and 59 terminated employees with balances), and the City contributed \$212,701 and plan members contributed \$212,628 to the plan.

Note 12 - Joint Venture

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

The City has an 18/26 interest and the Township has an 8/26 interest in the Partnership. Each partner's governing body has an equal vote in managing the affairs of the Partnership. The operating and maintenance costs are split based on actual water consumption. In addition, the Township pays the City an administrative fee of 12.5 percent of its share of operating and maintenance costs. The following financial information of the Partnership was obtained from its audited financial statements for the year ended June 30, 2023:

Total assets	\$ 5,925,701
Total liabilities	25,885
Total equity	5,899,816
Total operating revenue	747,566
Total operating expenses	495,521
Total nonoperating revenue	49,162
Increase in equity	301,207

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 \$4,084,443 is recorded in the Water Fund.

Note 13 - Economic Dependency

Three taxpayers account for approximately 47 percent of the City's tax revenue and 10 percent of the water and sewage disposal revenue. During the fiscal year ended June 30, 2019, DTE Electric Company (DTE), the City's largest taxpayer, filed an appeal with the Michigan Tax Tribunal relating to its Monroe Power Plant, seeking a reduction in taxable value of approximately 58 percent beginning with the December 31, 2018 taxable valuation, which was levied and recognized as revenue for the year ended June 30, 2019. In May 2020, DTE settled the appeal with the City. DTE's taxable value within the City for the 2019 tax year was reduced by \$28,744,919. The City has been setting aside funds for this appeal and has paid DTE the amount owed related to the 2018 and 2019 tax years pursuant to such settlement, which equated to \$749,588. The agreement requires a reduction in taxable value for the Monroe Power Plant to be phased over the next six years from the original 2019 valuation of \$498,663,960 to \$348,034,381 in 2024 as follows:

	DTE Taxable Value	Reduction in DTE Taxable Value	Annual Change	Cumulative Change	City Total 2020 Ad Valorem Taxable Value	DTE Reduction as % of Total 2020 City Taxable Value
Original 2019 taxable value	\$ 498,663,960	\$ -	0%	0%	\$ -	0%
Phased in 2019 taxable value	469,919,041	(28,744,919)	(5.76)%	(5.76)%	(6)	0%
Phased in 2020 taxable value	444,377,930	(25,541,111)	(5.44)%	10.89%	953,117,900	5.70%
Phased in 2021 taxable value	417,413,592	(26,964,338)	(6.07)%	(16.29)%	953,117,900	8.52%
Phased in 2022 taxable value	405,850,391	(11,563,201)	(2.77)%	(18.61)%	953,117,900	9.74%
Phased in 2023 taxable value	371,160,785	(34,689,606)	(8.55)%	(25.57)%	953,117,900	13.38%
Phased in 2024 taxable value	348,034,381	(23,126,404)	(6.23)%	(30.21)%	953,117,900	15.80%
Phased in 2025 taxable value	348,034,381	-	0%	(30.21)%	953,117,900	15.80%

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

The Monroe Housing Commission is dependent upon the U.S. Department of Housing and Urban Development (HUD) to fund its operations through operating subsidies and capital funding grants. Total revenue for the year ended September 30, 2022 totaled \$3,674,518, of which \$1,753,939, or 47.7 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.

Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust Fund	Retiree Health Care Fund	Total
Statement of Net Position			
Investments	\$ 135,957,794	\$ 66,072,229	\$ 202,030,023
Other assets	319,483	-	319,483
Liabilities	111,707	1,140,664	1,252,371
Net position	<u>\$ 136,165,570</u>	<u>\$ 64,931,565</u>	<u>\$ 201,097,135</u>

June 30, 2023

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

	Pension Trust Fund	Retiree Health Care Fund	Total
Statement of Changes in Net Position			
Investment income	\$ 10,995,339	\$ 5,088,134	\$ 16,083,473
Contributions	2,590,974	80,725	2,671,699
Benefit payments	11,812,632	2,768,377	14,581,009
Other decreases	160,655	99,536	260,191
Net change in net position	<u>\$ 1,613,026</u>	<u>\$ 2,300,946</u>	<u>\$ 3,913,972</u>

Note 15 - Contingent Liabilities

Environmental Liability

As of June 30, 2023, the Port of Monroe owned approximately 279 acres (the "Property") of a 480-acre tract of land formerly used as an industrial landfill that has been identified by the Michigan Department of Environment Quality (MDEQ) as a site of environmental contamination, as defined by the Natural Resources and Environmental Protection Act (NREPA), Michigan PA 451, of 1994, as amended. The MDEQ has identified the Port of Monroe along with more than 70 other individual and corporate entities as potentially responsible parties (PRPs). The land is divided roughly in half by I-75, with the West Site being west of I-75 and the East Site being east of I-75. An Interim Remedial Action Plan (IRAP) was prepared for the East Site in 2002.

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

Based upon available information, at June 30, 2023, the Port identified its pollution remediation obligations and estimated the expected pollution remediation outlays that are reasonably able to be estimated to meet those obligations related to the Property. The estimated outlays for the landfill were primarily based upon the above-referenced reports and subsequent comments from MDEQ and may include, without limitation, the following components: (1) professional and legal services, (2) installation of additional perimeter monitoring wells and additional investigations, (3) additional investigation necessary to prepare a response activity plan for the West Site, (4) annual monitoring of perimeter wells, (5) filling the ponds, (6) revisions to the municipal ordinance that prohibit the use of groundwater, (7) installation of permanent markers, and (8) operation and maintenance of the existing leachate collection system. The completion of the IRDC will be the benchmark that will be used to evaluate the estimate of the outlays and to determine if any changes to the estimate should be made for the West Site.

As a part of the process of estimating the expected pollution remediation outlays, the Port's environmental consultant considered three possible scenarios based on the fact that a final remediation plan for both sites has not been approved by MDEQ. Each scenario makes certain assumptions, and the last two scenarios assume an expanded scope of work and increasing costs. The costs for the components of each scenario were estimated by the Port's engineer or environmental consultant. The current value of the expected outlays for the three scenarios was measured using the expected cash flow technique according to the governmental accounting standard with regard to accounting and financial reporting for pollution remediation obligations. This technique measures a pollution remediation liability as the sum of probability-weighted amounts in a range of possible estimated amounts - the estimated mean or average. According to the consultant, the estimated outlays were measured as of June 30, 2023. The measurement of the pollution remediation liability includes all remediation work that is expected to be performed, including work to be performed by other PRPs. Expected recoveries from other PRPs have been included by reducing the measurement of the Port's pollution remediation liability.

June 30, 2023

Note 15 - Contingent Liabilities (Continued)

Based upon prior contributions from 14 of the PRPs to MDEQ for various completed environmental activities on the Property, and after considering current economic conditions related to some of those PRPs, a measurement for expected recoveries has been made in the amount of \$5,680,274. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be \$1,274,028 and are reflected on the Port's June 30, 2023 statement of net position as environmental liabilities. Furthermore, the actual costs could differ from the estimated liability for both sites if any of the assumptions change due to such factors as price increases or reductions, environmental technology, applicable laws and regulations, or enforceability or collectibility from other PRPs.

Note 16 - Fund Balance Constraints

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

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Funds	Total
Nonspendable:					
Inventory	\$ 1,070,164	\$ -	\$ 7,288	\$ 47,101	\$ 1,124,553
Prepays	43,555	-	-	12,912	56,467
Total nonspendable	1,113,719	-	7,288	60,013	1,181,020
Restricted:					
Roads	-	-	-	3,120,734	3,120,734
Police	-	-	-	46,522	46,522
Debt service	-	-	-	1,467,287	1,467,287
Grants	-	-	-	103,726	103,726
Rubbish, garbage, and recycling	-	-	-	600,538	600,538
Code enforcement	-	-	-	93,495	93,495
Opioid epidemic abatement	-	-	-	83,207	83,207
Community and economic development	-	-	-	31,524	31,524
Total restricted	-	-	-	5,547,033	5,547,033
Committed:					
Cemetery	533,851	-	-	-	533,851
Budget stabilization	2,000,000	-	-	-	2,000,000
Airport operations	-	-	-	151,172	151,172
Donation purpose	-	-	-	42,343	42,343
Capital outlay projects	-	-	5,370,762	-	5,370,762
Economic development activities	-	-	-	7,125	7,125
Total committed	2,533,851	-	5,370,762	200,640	8,105,253

June 30, 2023

Note 16 - Fund Balance Constraints (Continued)

	General Fund	American Rescue Plan Act Fund	Capital Projects Fund	Nonmajor Funds	Total
Assigned:					
Subsequent year's budget	\$ 80,285	\$ -	\$ -	\$ -	\$ 80,285
Future retirement contributions	86,422	-	-	-	86,422
Grant programs	-	32,673	-	-	32,673
Capital projects	-	-	70,305	-	70,305
Debt service	-	-	-	11,307	11,307
Total assigned	166,707	32,673	70,305	11,307	280,992
Unassigned	4,140,676	-	-	-	4,140,676
Total fund balances	\$ 7,954,953	\$ 32,673	\$ 5,448,355	\$ 5,818,993	\$ 19,254,974

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, 2023, the City abated \$147,249 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 2023, the Authority abated \$211,772 of taxes under this program. There are no provisions to recapture taxes.

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

Note 18 - Leases

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

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

Leased Asset Class (Lessee)	July 1, 2022 Balance	Additions	Deletions	June 30, 2023 Balance
Machinery and equipment	\$ 10,621	\$ -	\$ -	\$ 10,621
Vehicles	870,382	465,495	(81,270)	1,254,607
Accumulated amortization - Machinery and equipment	(6,094)	(2,031)	-	(8,125)
Accumulated amortization - Vehicles	(216,878)	(310,056)	23,053	(503,881)
Total	\$ 658,031	\$ 153,408	\$ (58,217)	\$ 753,222

Note 18 - Leases (Continued)

Future principal and interest payment requirements related to the City’s lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	\$ 294,739	\$ 39,106	\$ 333,845
2025	221,798	25,077	246,875
2026	155,431	13,458	168,889
2027	83,194	5,046	88,240
2028	29,873	1,003	30,876
Total	\$ 785,035	\$ 83,690	\$ 868,725

As of June 30, 2023, the City did not have any commitments related to leases for which the lease term has not commenced. During the year ended June 30, 2023, the City had leased vehicles impaired, which resulted in a reduction in the lease liability of \$31,154. Any impairment losses were fully recovered through insurance.

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

During the year ended June 30, 2023, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 62,476
Interest income related to its leases	48,753

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

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

During the year ended June 30, 2023, the Port recognized lease revenue of \$82,202 and interest income of \$31,765 related to these leases.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 14,613,959	\$ 14,549,334	\$ 14,545,978	\$ (3,356)
State-shared revenue and grants	3,561,500	5,079,635	5,023,489	(56,146)
Charges for services	362,655	387,545	435,860	48,315
Fines and forfeitures	125,000	95,000	76,274	(18,726)
Licenses and permits	355,200	345,200	346,299	1,099
Interest and rentals:				
Investment earnings	100,000	430,000	464,201	34,201
Other miscellaneous income	36,984	42,817	41,527	(1,290)
Other revenue:				
Administrative fees	1,129,413	1,129,413	1,129,413	-
Miscellaneous revenue	145,700	201,180	188,925	(12,255)
Sale of capital assets	5,000	12,000	11,501	(499)
Total revenue	20,435,411	22,272,124	22,263,467	(8,657)
Expenditures				
Current services:				
General government:				
Mayor and City Council	150,069	143,527	140,653	2,874
City manager	319,105	356,311	348,966	7,345
Finance	461,712	477,910	477,050	860
Audit	59,817	50,012	50,012	-
Clerk/Treasurer	407,732	401,107	396,155	4,952
Assessor	307,361	307,407	299,648	7,759
Communications, culture, and promotion	152,995	158,343	155,782	2,561
Board of review	1,615	1,615	1,421	194
City hall grounds	345,507	302,044	298,713	3,331
Attorney	172,760	190,660	190,082	578
Elections	53,624	67,266	65,497	1,769
Human resources	336,242	373,274	371,960	1,314
Engineering	268,967	332,516	332,489	27
Other	18,281	10,383	9,016	1,367
Public safety:				
Police	5,398,525	2,545,523	2,530,497	15,026
Fire	2,481,135	1,244,131	1,215,505	28,626
Police training	5,300	8,156	6,340	1,816
Parking enforcement	115,134	78,695	76,701	1,994
Liquor law enforcement	15,200	15,200	15,200	-
Zoning/Code enforcement	415,723	365,409	347,961	17,448
Public safety administration	1,073,539	712,799	661,409	51,390
Public works:				
DPS general operations	1,599,223	1,724,960	1,709,864	15,096
Forestry	524,226	736,726	736,029	697
Cemetery	75,258	83,258	82,042	1,216
Port of Monroe	400,000	2,100,000	2,100,000	-
Drains assessments	113,100	138,169	138,169	-
Contingencies:				
Health department (county)	100,000	-	-	-
Community and economic development:				
Nondepartmental	2,000	20,742	20,735	7
Planning commission	12,605	1,855	1,752	103
Community development	269,211	258,061	224,086	33,975

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund (Continued)

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Economic development	\$ 282,321	\$ 281,591	\$ 278,758	\$ 2,833
Historical district commission	2,625	2,625	300	2,325
Recreation and culture:				
Library	65,000	65,000	65,000	-
Parks and recreation administration	222,735	250,775	196,451	54,324
Public access TV	143,000	138,000	135,512	2,488
Parks, playgrounds and programs	724,979	715,137	710,559	4,578
Social services	207,000	207,000	207,000	-
MMSC/Battlefield Education Center	525,959	526,259	526,215	44
Debt service:				
Principal	1,033,969	1,033,969	1,033,968	1
Interest and fiscal charges	677,230	677,230	677,227	3
Total expenditures	19,540,784	17,103,645	16,834,724	268,921
Excess of Revenue Over Expenditures	894,627	5,168,479	5,428,743	260,264
Other Financing Uses - Transfers out	(894,627)	(5,168,479)	(5,168,479)	-
Net Change in Fund Balance	-	-	260,264	260,264
Fund Balance - Beginning of year	7,694,689	7,694,689	7,694,689	-
Fund Balance - End of year	<u>\$ 7,694,689</u>	<u>\$ 7,694,689</u>	<u>\$ 7,954,953</u>	<u>\$ 260,264</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
State-shared revenue and grants	\$ 8,641,825	\$ 10,569,629	\$ 6,342,046	\$ (4,227,583)
Interest and rentals	4,000	320,000	351,755	31,755
Total revenue	8,645,825	10,889,629	6,693,801	(4,195,828)
Expenditures				
Current services:				
Public safety	107,537	4,648,087	4,843,016	(194,929)
Public works	1,600,000	-	-	-
Capital outlay	7,334,288	5,923,784	1,499,031	4,424,753
Total expenditures	9,041,825	10,571,871	6,342,047	4,229,824
Other Financing Uses - Transfers out	-	(335,551)	(335,551)	-
Net Change in Fund Balance	(396,000)	(17,793)	16,203	33,996
Fund Balance - Beginning of year	16,470	16,470	16,470	-
Fund Balance - End of year	<u><u>\$ (379,530)</u></u>	<u><u>\$ (1,323)</u></u>	<u><u>\$ 32,673</u></u>	<u><u>\$ 33,996</u></u>

Required Supplementary Information
Schedule of Changes in the City Net Pension Liability (Asset) and Related Ratios

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,198,458	\$ 1,343,392	\$ 1,512,281	\$ 1,491,258	\$ 1,422,382	\$ 1,438,204	\$ 1,294,853	\$ 1,361,897	\$ 1,359,947	\$ 1,437,222
Interest	11,763,341	11,388,254	11,258,580	11,129,406	10,925,209	10,739,989	10,071,113	10,019,895	9,785,460	9,601,384
Changes in benefit terms	-	944,540	-	-	-	-	-	-	-	-
Differences between expected and actual experience	795,891	507,217	655,981	28,710	1,515,816	694,718	(212,575)	(1,128,899)	1,019,422	-
Changes in assumptions	-	8,703,301	816,207	803,926	351,203	781,504	8,491,439	-	-	-
Benefit payments, including refunds	(11,843,909)	(11,847,849)	(10,764,862)	(10,549,496)	(10,383,559)	(9,955,374)	(9,718,792)	(9,354,128)	(8,725,884)	(8,365,344)
Net Change in Total Pension Liability	1,913,781	11,038,855	3,478,187	2,903,804	3,831,051	3,699,041	9,926,038	898,765	3,438,945	2,673,262
Total Pension Liability - Beginning of year	173,370,459	162,331,604	158,853,417	155,949,613	152,118,562	148,419,521	138,493,483	137,594,718	134,155,773	131,482,511
Total Pension Liability - End of year	\$ 175,284,240	\$ 173,370,459	\$ 162,331,604	\$ 158,853,417	\$ 155,949,613	\$ 152,118,562	\$ 148,419,521	\$ 138,493,483	\$ 137,594,718	\$ 134,155,773
Plan Fiduciary Net Position										
Contributions - Employer	\$ 2,218,469	\$ 3,065,547	\$ 2,130,207	\$ 1,954,593	\$ 1,803,719	\$ 1,830,651	\$ 1,845,799	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154
Contributions - Member	372,505	433,858	483,844	464,545	462,612	458,410	444,104	448,182	434,437	447,088
Net investment income (loss)	10,995,338	(21,797,289)	31,986,650	9,037,137	7,603,953	12,126,717	15,761,636	(716,793)	5,402,368	19,162,455
Administrative expenses	(125,557)	(122,079)	(113,438)	(114,140)	(122,981)	(128,979)	(78,229)	(74,593)	(131,962)	(126,646)
Benefit payments, including refunds	(11,843,909)	(11,847,841)	(10,764,862)	(10,549,497)	(10,383,559)	(9,955,374)	(9,718,800)	(9,354,128)	(8,725,884)	(8,365,344)
Other	(3,821)	-	-	-	(4,631)	47	5,221	13,804	6,311	11,317
Net Change in Plan Fiduciary Net Position	1,613,025	(30,267,804)	23,722,401	792,638	(640,887)	4,331,472	8,259,731	(7,987,654)	(1,392,351)	12,617,024
Plan Fiduciary Net Position - Beginning of year	134,552,544	164,820,348	141,097,947	140,305,309	140,946,196	136,614,724	128,354,993	136,342,647	137,734,998	125,117,974
Plan Fiduciary Net Position - End of year	\$ 136,165,569	\$ 134,552,544	\$ 164,820,348	\$ 141,097,947	\$ 140,305,309	\$ 140,946,196	\$ 136,614,724	\$ 128,354,993	\$ 136,342,647	\$ 137,734,998
City's Net Pension Liability (Asset) - Ending	\$ 39,118,671	\$ 38,817,915	\$ (2,488,744)	\$ 17,755,470	\$ 15,644,304	\$ 11,172,366	\$ 11,804,797	\$ 10,138,490	\$ 1,252,071	\$ (3,579,225)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.68 %	77.61 %	101.53 %	88.82 %	89.97 %	92.66 %	92.05 %	92.68 %	99.09 %	102.67 %
Covered Payroll	\$ 7,955,574	\$ 9,089,979	\$ 10,927,109	\$ 10,798,219	\$ 10,336,991	\$ 10,202,555	\$ 10,817,255	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890
City's Net Pension Liability as a Percentage of Covered Payroll	491.71 %	427.04 %	(22.78)%	164.43 %	151.34 %	109.51 %	109.13 %	102.21 %	13.17 %	(36.41)%

Required Supplementary Information
 Schedule of City Contributions
 Pension Plan

Last Ten Fiscal Years
 Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,912,452	\$ 2,235,649	\$ 2,130,207	\$ 1,954,593	\$ 1,803,719	\$ 1,830,651	\$ 1,845,799	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154
Contributions in relation to the actuarially determined contribution	2,218,469	3,065,547	2,130,207	1,954,593	1,803,719	1,830,651	1,845,799	1,695,874	1,622,379	1,488,154
Contribution Excess	\$ 306,017	\$ 829,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,955,574	\$ 9,089,979	\$ 10,927,109	\$ 10,798,219	\$ 10,336,991	\$ 10,202,555	\$ 10,817,255	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890
Contributions as a Percentage of Covered Payroll	27.89 %	33.72 %	19.49 %	18.10 %	17.45 %	17.94 %	17.06 %	17.10 %	17.06 %	15.14 %

Notes to Schedule of City Contributions - Pension Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	19 years, closed
Asset valuation method	7-year smoothed market
Inflation	2.75 percent
Salary increase	3.25 percent to 5.49 percent, including inflation
Investment rate of return	7.25 percent (net of administrative expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2016 valuation pursuant to an experience study of the period 2011-2015
Mortality	RP-2014 Mortality Tables

Required Supplementary Information
Schedule of Investment Returns
Pension Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	8.35 %	(13.43)%	23.09 %	6.53 %	5.51 %	9.10 %	12.60 %	(0.60)%	3.90 %	15.60 %

Required Supplementary Information
Schedule of Changes in the City Net OPEB (Asset) Liability and Related Ratios

	Last Seven Fiscal Years*						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 275,920	\$ 464,672	\$ 420,399	\$ 440,197	\$ 445,958	\$ 472,985	\$ 474,117
Interest	3,202,716	3,045,808	4,527,597	4,460,159	4,734,671	4,649,384	4,326,412
Changes in benefit terms	-	552,639	(21,534,333)	-	-	-	-
Differences between expected and actual experience	(8,183,682)	64,415	(2,132,997)	(611,936)	(12,063,498)	(388,018)	(499,207)
Changes in assumptions	1,123,218	1,431,581	811,267	-	6,430,407	-	3,943,136
Benefit payments, including refunds	(2,804,518)	(3,641,868)	(2,923,118)	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
Net Change in Total OPEB Liability	(6,386,346)	1,917,247	(20,831,185)	581,317	(3,677,887)	954,885	4,763,909
Total OPEB Liability - Beginning of year	47,017,383	45,100,136	65,931,321	65,350,004	69,027,891	68,073,006	63,309,097
Total OPEB Liability - End of year	\$ 40,631,037	\$ 47,017,383	\$ 45,100,136	\$ 65,931,321	\$ 65,350,004	\$ 69,027,891	\$ 68,073,006
Plan Fiduciary Net Position							
Contributions - Employer	\$ -	\$ 298,224	\$ 475,415	\$ 1,078,324	\$ 1,061,020	\$ 1,299,796	\$ 36,635,331
Contributions - Member	80,726	105,299	130,082	137,102	140,573	154,750	160,554
Net investment income (loss)	5,088,134	(10,681,744)	15,629,188	3,704,824	3,177,994	5,399,971	5,373,015
Administrative expenses	(50,763)	(65,195)	(85,000)	(93,483)	(60,704)	(70,246)	(14,879)
Benefit payments, including refunds	(2,804,518)	(3,641,868)	(2,923,118)	(3,707,103)	(3,225,425)	(3,779,466)	(3,480,549)
Other	(12,632)	(16,074)	(9,320)	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,300,947	(14,001,358)	13,217,247	1,119,664	1,093,458	3,004,805	38,673,472
Plan Fiduciary Net Position - Beginning of year	62,630,619	76,631,977	63,414,730	62,295,066	61,201,608	58,196,803	19,523,331
Plan Fiduciary Net Position - End of year	\$ 64,931,566	\$ 62,630,619	\$ 76,631,977	\$ 63,414,730	\$ 62,295,066	\$ 61,201,608	\$ 58,196,803
Net OPEB (Asset) Liability - Ending	\$ (24,300,529)	\$ (15,613,236)	\$ (31,531,841)	\$ 2,516,591	\$ 3,054,938	\$ 7,826,283	\$ 9,876,203
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	159.81 %	133.21 %	169.92 %	96.18 %	95.33 %	88.66 %	85.49 %
Covered-employee Payroll	\$ 3,466,622	\$ 4,518,498	\$ 5,844,878	\$ 5,974,140	\$ 6,237,856	\$ 6,869,144	\$ 7,122,885
Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll	(700.99)%	(345.54)%	(539.48)%	42.12 %	48.97 %	113.93 %	138.65 %

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

Required Supplementary Information
 Schedule of City Contributions
 OPEB Plan

Last Ten Fiscal Years
 Years Ended June 30

	2023	2022	2021	2020	2019	2017*	2016	2015	2014	2013
Actuarially determined contribution	\$ -	\$ 775,629	\$ 823,816	\$ 1,297,610	\$ 1,337,261	\$ 3,927,016	\$ 3,963,730	\$ 3,646,281	\$ 3,708,247	\$ 3,691,439
Contributions in relation to the actuarially determined contribution	-	298,224	475,415	1,078,324	1,061,020	1,299,795	36,635,331	3,854,847	3,991,371	4,022,875
Contribution (Deficiency) Excess	\$ -	\$ (477,405)	\$ (348,401)	\$ (219,286)	\$ (276,241)	\$ (2,627,221)	\$ 32,671,601	\$ 208,566	\$ 283,124	\$ 331,436
Covered-employee Payroll	\$ 3,466,622	\$ 4,518,498	\$ 5,844,878	\$ 5,974,140	\$ 6,237,856	\$ 6,869,144	\$ 7,122,885	\$ 8,097,773	\$ 8,393,671	\$ 9,005,255
Contributions as a Percentage of Covered-employee Payroll	- %	6.60 %	8.13 %	18.05 %	17.01 %	18.92 %	514.33 %	47.60 %	47.55 %	44.67 %

*Actual contribution reflects bonding proceeds.

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date December 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	18 years, closed
Asset valuation method	7-year smoothed market
Inflation	2.75 percent
Health care cost trend rates	Initial trend of 7.50 percent, gradually decreasing to an ultimate trend rate of 3.50 percent in year 12
Salary increase	3.25 percent to 5.49 percent, including wage inflation
Investment rate of return	7.00 percent, net of OPEB plan administrative expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Mortality Tables

Required Supplementary Information
Schedule of Investment Returns
OPEB Plan

Last Seven Fiscal Years*
Years Ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	8.28 %	(14.19)%	25.14 %	6.08 %	4.13 %	8.79 %	12.80 %

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

Budgetary Information

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

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

	Total Revenue	Total Expenditures	Other Financing Uses	Fund Balance
Amounts per operating statement	\$ 21,122,553	\$ 15,705,311	\$ (5,156,978)	\$ 7,954,953
Administrative fee revenue is budgeted as reductions to expenditures	1,129,413	1,129,413	-	-
Sale of capital assets is budgeted as revenue and not as an other financing source	11,501	-	(11,501)	-
Amounts per budget statement	<u>\$ 22,263,467</u>	<u>\$ 16,834,724</u>	<u>\$ (5,168,479)</u>	<u>\$ 7,954,953</u>

Pension Information

Benefit Changes

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

Changes in Assumptions

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

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

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

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

June 30, 2021: The single discount rate used to measure the total pension liability as of June 30, 2021 is 7.25 percent, which represents a change from the rate of 7.30 percent, which was used at June 30, 2020. The single discount rate changed due to a change in the valuation assumptions for the expected rate of return on pension plan investments.

June 30, 2023

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

Changes in Size or Composition of the Covered Population

There were no significant changes in size or composition of the covered population in 2023.

OPEB Information

Benefit Changes

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

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

Changes in Assumptions

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

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

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

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

June 30, 2023: Assumption changes include an update following the review of pension system experience, dated February 2, 2022, resetting the trend assumptions back to 7.50 percent for the initial pre-65 population and 6.25 percent for the initial post-65 health care cost trend rate assumption.

Other Supplementary Information

Special Revenue Funds

Major Streets Fund

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

Local Streets Fund

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

Municipal Street Fund

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

Rubbish, Garbage, and Recycling Fund

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

Opioid Settlement Fund

The Opioid Settlement Fund is used to account for funds received from national opioid settlements.

Economic Development Fund

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

Grants Fund

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

Drug Forfeiture Fund

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

Airport Fund

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

Building Safety Fund

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

Expendable Trust Fund

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

Telegraph Corridor Improvement Authority Fund

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

**Other Supplementary Information
Nonmajor Governmental Funds
Fund Descriptions (Continued)**

Debt Service Funds

Debt Service Fund

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

Building Authority Fund

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

Fire Station One Bond Fund

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

City of Monroe, Michigan

Special Revenue Funds							
	Major Streets	Local Streets	Municipal Street	Rubbish, Garbage, and Recycling	Opioid Settlement Fund	Economic Development	Grants
Assets							
Cash and cash equivalents	\$ 1,582,889	\$ 775,549	\$ 2,881,768	\$ 2,587,066	\$ 73,665	\$ 1,361,135	\$ 45,046
Receivables	328,377	114,930	123,342	134,499	315,435	25,000	83,475
Advances to component units	-	-	-	-	-	562,762	-
Prepays and other assets	5,643	-	-	-	-	-	-
Total assets	\$ 1,916,909	\$ 890,479	\$ 3,005,110	\$ 2,721,565	\$ 389,100	\$ 1,948,897	\$ 128,521
Liabilities							
Accounts payable	\$ 2,696	\$ 185,570	\$ 275,110	\$ 161,181	\$ -	\$ -	\$ 23,326
Due to other governmental units	254,309	-	-	-	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	-	-
Accrued liabilities and other	1,452	7,619	2,867	7,515	-	-	1,274
Unearned revenue	-	-	-	-	-	1,941,772	195
Total liabilities	258,457	193,189	277,977	168,696	-	1,941,772	24,795
Deferred Inflows of Resources							
Unavailable revenue	-	-	5,799	18,156	305,893	-	-
Property taxes levied for the following year	-	-	1,950,699	1,934,175	-	-	-
Deferred inflows from leases	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	1,956,498	1,952,331	305,893	-	-
Total liabilities and deferred inflows of resources	258,457	193,189	2,234,475	2,121,027	305,893	1,941,772	24,795
Fund Balances							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Prepays	5,643	-	-	-	-	-	-
Restricted:							
Roads	1,652,809	697,290	770,635	-	-	-	-
Police	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	103,726
Rubbish, garbage, and recycling	-	-	-	600,538	-	-	-
Code enforcement	-	-	-	-	-	-	-
Opioid epidemic abatement	-	-	-	-	83,207	-	-
Community and economic development	-	-	-	-	-	-	-
Committed:							
Airport operations	-	-	-	-	-	-	-
Donation purpose	-	-	-	-	-	-	-
Economic development activities	-	-	-	-	-	7,125	-
Assigned							
	-	-	-	-	-	-	-
Total fund balances	1,658,452	697,290	770,635	600,538	83,207	7,125	103,726
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,916,909	\$ 890,479	\$ 3,005,110	\$ 2,721,565	\$ 389,100	\$ 1,948,897	\$ 128,521

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

Special Revenue Funds				Debt Service Funds				Total
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Telegraph Corridor Improvement Authority	Debt Service	Building Authority	Fire Station One Bond	
\$ 53,797	\$ 149,763	\$ 119,472	\$ 58,761	\$ 31,524	\$ 1,095,593	\$ 11,307	\$ 1,279,134	\$ 12,106,469
-	21,425	300	6,850	-	35,960	-	29,821	1,219,414
-	-	-	-	-	-	-	-	562,762
-	54,370	-	-	-	-	-	-	60,013
\$ 53,797	\$ 225,558	\$ 119,772	\$ 65,611	\$ 31,524	\$ 1,131,553	\$ 11,307	\$ 1,308,955	\$ 13,948,658
\$ 7,275	\$ 5,719	\$ 1,152	\$ 8,208	\$ -	\$ 20	\$ -	\$ 12	\$ 670,269
-	198	-	-	-	-	-	-	254,507
-	-	11,750	15,000	-	-	-	-	26,750
-	1,287	13,375	60	-	-	-	-	35,449
-	10,965	-	-	-	-	-	-	1,952,932
7,275	18,169	26,277	23,268	-	20	-	12	2,939,907
-	-	-	-	-	5,438	-	2,229	337,515
-	-	-	-	-	507,146	-	458,376	4,850,396
-	1,847	-	-	-	-	-	-	1,847
-	1,847	-	-	-	512,584	-	460,605	5,189,758
7,275	20,016	26,277	23,268	-	512,604	-	460,617	8,129,665
-	47,101	-	-	-	-	-	-	47,101
-	7,269	-	-	-	-	-	-	12,912
-	-	-	-	-	-	-	-	3,120,734
46,522	-	-	-	-	-	-	-	46,522
-	-	-	-	-	618,949	-	848,338	1,467,287
-	-	-	-	-	-	-	-	103,726
-	-	-	-	-	-	-	-	600,538
-	-	93,495	-	-	-	-	-	93,495
-	-	-	-	-	-	-	-	83,207
-	-	-	-	31,524	-	-	-	31,524
-	151,172	-	-	-	-	-	-	151,172
-	-	-	42,343	-	-	-	-	42,343
-	-	-	-	-	-	-	-	7,125
-	-	-	-	-	-	11,307	-	11,307
46,522	205,542	93,495	42,343	31,524	618,949	11,307	848,338	5,818,993
\$ 53,797	\$ 225,558	\$ 119,772	\$ 65,611	\$ 31,524	\$ 1,131,553	\$ 11,307	\$ 1,308,955	\$ 13,948,658

City of Monroe, Michigan

Special Revenue Funds							
	Major Streets	Local Streets	Municipal Street	Rubbish, Garbage, and Recycling	Opioid Settlement Fund	Economic Development	Grants
Revenue							
Property taxes	\$ -	\$ -	\$ 1,907,869	\$ 1,922,641	\$ -	\$ -	\$ -
State-shared revenue and grants:							
Federal grants	-	-	-	-	-	-	205,492
State sources	2,450,599	677,258	76,296	76,877	-	-	-
Charges for services	-	-	-	350	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Interest and rentals	57,340	8,647	57,312	58,508	1,091	1,609	2,976
Other revenue	56,061	1,377	-	-	82,116	-	-
Total revenue	2,564,000	687,282	2,041,477	2,058,376	83,207	1,609	208,468
Expenditures							
Current services:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	455,312	403,734	-	1,848,104	-	-	-
Community and economic development	-	-	-	-	-	4,007	188,416
Recreation and culture	-	-	-	-	-	-	-
Capital outlay	1,097,558	828,437	1,504,649	22,477	-	-	-
Debt service	250,581	281,387	-	-	-	-	-
Total expenditures	1,803,451	1,513,558	1,504,649	1,870,581	-	4,007	188,416
Excess of Revenue Over (Under) Expenditures	760,549	(826,276)	536,828	187,795	83,207	(2,398)	20,052
Other Financing Sources (Uses)							
Transfers in	100,000	1,148,796	-	-	-	-	-
Transfers out	(576,450)	-	-	-	-	-	(17,074)
Total other financing (uses) sources	(476,450)	1,148,796	-	-	-	-	(17,074)
Net Change in Fund Balances	284,099	322,520	536,828	187,795	83,207	(2,398)	2,978
Fund Balances - Beginning of year	1,374,353	374,770	233,807	412,743	-	9,523	100,748
Fund Balances - End of year	\$ 1,658,452	\$ 697,290	\$ 770,635	\$ 600,538	\$ 83,207	\$ 7,125	\$ 103,726

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

Year Ended June 30, 2023

Special Revenue Funds					Debt Service Funds				
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Telegraph Corridor Improvement Authority	Debt Service	Building Authority	Fire Station One Bond	Total	
\$ -	\$ -	\$ -	\$ -	\$ 19,835	\$ 496,016	\$ -	\$ 448,320	\$ 4,794,681	
-	13,000	-	26,640	-	-	-	-	245,132	
-	-	-	-	-	19,835	-	19,251	3,320,116	
-	129,720	-	-	-	-	-	-	130,070	
-	-	600,548	-	-	-	-	-	600,548	
2,602	140,496	3,191	-	953	37,242	434,785	42,938	849,690	
-	1,758	-	53,973	-	125,060	-	-	320,345	
2,602	284,974	603,739	80,613	20,788	678,153	434,785	510,509	10,260,582	
-	-	-	18,730	-	-	-	-	18,730	
22,546	-	548,917	-	-	-	-	-	571,463	
-	276,250	-	32,523	-	-	-	-	3,015,923	
-	-	-	-	-	-	-	-	192,423	
-	-	-	37,673	-	-	-	-	37,673	
-	-	-	-	-	-	-	-	3,453,121	
-	-	52,933	-	-	694,283	434,361	421,274	2,134,819	
22,546	276,250	601,850	88,926	-	694,283	434,361	421,274	9,424,152	
(19,944)	8,724	1,889	(8,313)	20,788	(16,130)	424	89,235	836,430	
-	30,000	-	-	-	68,313	-	-	1,347,109	
-	-	-	-	-	-	-	-	(593,524)	
-	30,000	-	-	-	68,313	-	-	753,585	
(19,944)	38,724	1,889	(8,313)	20,788	52,183	424	89,235	1,590,015	
66,466	166,818	91,606	50,656	10,736	566,766	10,883	759,103	4,228,978	
\$ 46,522	\$ 205,542	\$ 93,495	\$ 42,343	\$ 31,524	\$ 618,949	\$ 11,307	\$ 848,338	\$ 5,818,993	

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State-shared revenue and grants	\$ 2,729,700	\$ 2,729,428	\$ 2,450,599	\$ (278,829)
Interest and rentals	1,000	42,000	57,340	15,340
Other revenue	200	56,058	56,061	3
Total revenue	2,730,900	2,827,486	2,564,000	(263,486)
Expenditures - Public works	2,508,258	2,319,524	1,803,451	516,073
Excess of Revenue Over Expenditures	222,642	507,962	760,549	252,587
Other Financing Sources (Uses)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(576,450)	(576,450)	(576,450)	-
Total other financing uses	(476,450)	(476,450)	(476,450)	-
Net Change in Fund Balance	(253,808)	31,512	284,099	252,587
Fund Balance - Beginning of year	1,374,353	1,374,353	1,374,353	-
Fund Balance - End of year	<u>\$ 1,120,545</u>	<u>\$ 1,405,865</u>	<u>\$ 1,658,452</u>	<u>\$ 252,587</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
State-shared revenue and grants	\$ 663,000	\$ 668,622	\$ 677,258	\$ 8,636
Interest and rentals	500	10,000	8,647	(1,353)
Other revenue	500	1,377	1,377	-
Total revenue	664,000	679,999	687,282	7,283
Expenditures - Public works	1,078,810	2,068,658	1,513,558	555,100
Excess of Expenditures Over Revenue	(414,810)	(1,388,659)	(826,276)	562,383
Other Financing Sources - Transfers in	576,450	1,148,796	1,148,796	-
Net Change in Fund Balance	161,640	(239,863)	322,520	562,383
Fund Balance - Beginning of year	374,770	374,770	374,770	-
Fund Balance - End of year	\$ 536,410	\$ 134,907	\$ 697,290	\$ 562,383

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,905,953	\$ 1,910,425	\$ 1,907,869	\$ (2,556)
State-shared revenue and grants	-	76,823	76,296	(527)
Interest and rentals	1,000	50,000	57,312	7,312
Total revenue	1,906,953	2,037,248	2,041,477	4,229
Expenditures - Capital outlay	1,055,500	2,040,572	1,504,649	535,923
Net Change in Fund Balance	851,453	(3,324)	536,828	540,152
Fund Balance - Beginning of year	233,807	233,807	233,807	-
Fund Balance - End of year	\$ 1,085,260	\$ 230,483	\$ 770,635	\$ 540,152

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,923,889	\$ 1,925,161	\$ 1,922,641	\$ (2,520)
State-shared revenue and grants	75,000	76,877	76,877	-
Charges for services	500	500	350	(150)
Interest and rentals	500	60,000	58,508	(1,492)
Total revenue	1,999,889	2,062,538	2,058,376	(4,162)
Expenditures - Public works	2,051,738	2,102,146	1,870,581	231,565
Net Change in Fund Balance	(51,849)	(39,608)	187,795	227,403
Fund Balance - Beginning of year	412,743	412,743	412,743	-
Fund Balance - End of year	\$ 360,894	\$ 373,135	\$ 600,538	\$ 227,403

City of Monroe, Michigan

Other Supplementary Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Opioid Settlement Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Interest and rentals	\$ -	\$ 800	\$ 1,091	\$ 291
Other revenue - Opioid settlement revenue	-	72,573	82,116	9,543
Total revenue	-	73,373	83,207	9,834
Expenditures	-	-	-	-
Net Change in Fund Balance	-	73,373	83,207	9,834
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 73,373</u>	<u>\$ 83,207</u>	<u>\$ 9,834</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Interest and rentals	\$ 200	\$ 1,000	\$ 1,609	\$ 609
Expenditures - Community and economic development	-	10,250	4,007	6,243
Net Change in Fund Balance	200	(9,250)	(2,398)	6,852
Fund Balance - Beginning of year	9,523	9,523	9,523	-
Fund Balance - End of year	<u>\$ 9,723</u>	<u>\$ 273</u>	<u>\$ 7,125</u>	<u>\$ 6,852</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Federal grants	\$ 500,000	\$ 1,132,675	\$ 205,492	\$ (927,183)
Interest and rentals	200	2,000	2,976	976
Total revenue	500,200	1,134,675	208,468	(926,207)
Expenditures - Community and economic development	310,000	432,675	188,416	244,259
Excess of Revenue Over Expenditures	190,200	702,000	20,052	(681,948)
Other Financing Uses - Transfers out	(190,000)	(700,000)	(17,074)	682,926
Net Change in Fund Balance	200	2,000	2,978	978
Fund Balance - Beginning of year	100,748	100,748	100,748	-
Fund Balance - End of year	<u>\$ 100,948</u>	<u>\$ 102,748</u>	<u>\$ 103,726</u>	<u>\$ 978</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Fines and forfeitures	\$ 5,000	\$ -	\$ -	\$ -
Interest and rentals	500	2,000	2,602	602
Total revenue	5,500	2,000	2,602	602
Expenditures - Public safety	10,058	32,058	22,546	9,512
Net Change in Fund Balance	(4,558)	(30,058)	(19,944)	10,114
Fund Balance - Beginning of year	66,466	66,466	66,466	-
Fund Balance - End of year	\$ 61,908	\$ 36,408	\$ 46,522	\$ 10,114

City of Monroe, Michigan

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

Year Ended June 30, 2023

	<u>Original Budget</u> (Unaudited)	<u>Amended Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance with Amended Budget</u> (Unaudited)
Revenue				
State-shared revenue and grants	\$ -	\$ 13,000	\$ 13,000	\$ -
Charges for services	120,000	150,000	129,720	(20,280)
Interest and rentals	133,800	137,700	140,496	2,796
Other revenue	9,000	10,000	1,758	(8,242)
Total revenue	<u>262,800</u>	<u>310,700</u>	<u>284,974</u>	<u>(25,726)</u>
Expenditures - Public works	<u>293,784</u>	<u>320,794</u>	<u>276,250</u>	<u>44,544</u>
Excess of Revenue (Under) Over Expenditures	(30,984)	(10,094)	8,724	18,818
Other Financing Sources - Transfers in	<u>45,000</u>	<u>45,000</u>	<u>30,000</u>	<u>(15,000)</u>
Net Change in Fund Balance	14,016	34,906	38,724	3,818
Fund Balance - Beginning of year	<u>166,818</u>	<u>166,818</u>	<u>166,818</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 180,834</u></u>	<u><u>\$ 201,724</u></u>	<u><u>\$ 205,542</u></u>	<u><u>\$ 3,818</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Licenses and permits	\$ 623,650	\$ 643,650	\$ 600,548	\$ (43,102)
Interest and rentals	300	2,500	3,191	691
Total revenue	623,950	646,150	603,739	(42,411)
Expenditures				
Current services - Public works	621,112	591,800	548,917	42,883
Debt service	52,934	52,934	52,933	1
Total expenditures	674,046	644,734	601,850	42,884
Net Change in Fund Balance	(50,096)	1,416	1,889	473
Fund Balance - Beginning of year	91,606	91,606	91,606	-
Fund Balance - End of year	<u><u>\$ 41,510</u></u>	<u><u>\$ 93,022</u></u>	<u><u>\$ 93,495</u></u>	<u><u>\$ 473</u></u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue	\$ 41,000	\$ 91,964	\$ 80,613	\$ (11,351)
Expenditures - Public works	41,000	137,007	88,926	48,081
Net Change in Fund Balance	-	(45,043)	(8,313)	36,730
Fund Balance - Beginning of year	50,656	50,656	50,656	-
Fund Balance - End of year	\$ 50,656	\$ 5,613	\$ 42,343	\$ 36,730

City of Monroe, Michigan

Other Supplementary Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Telegraph Corridor Improvement Authority

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 8,700	\$ 18,670	\$ 19,835	\$ 1,165
Interest and rentals - Investment earnings	100	700	953	253
Total revenue	8,800	19,370	20,788	1,418
Expenditures - Community development	3,000	3,000	-	3,000
Net Change in Fund Balance	5,800	16,370	20,788	4,418
Fund Balance - Beginning of year	10,736	10,736	10,736	-
Fund Balance - End of year	\$ 16,536	\$ 27,106	\$ 31,524	\$ 4,418

City of Monroe, Michigan

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

Year Ended June 30, 2023

	<u>Original Budget</u> (Unaudited)	<u>Amended Budget</u> (Unaudited)	<u>Actual</u>	<u>Variance with Amended Budget</u> (Unaudited)
Revenue - Interest and rentals	\$ 434,561	\$ 434,561	\$ 434,785	\$ 224
Expenditures - Debt service	434,361	434,361	434,361	-
Net Change in Fund Balance	200	200	424	224
Fund Balance - Beginning of year	10,883	10,883	10,883	-
Fund Balance - End of year	<u>\$ 11,083</u>	<u>\$ 11,083</u>	<u>\$ 11,307</u>	<u>\$ 224</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 447,975	\$ 447,996	\$ 448,320	\$ 324
State-shared revenue and grants	21,500	19,251	19,251	-
Interest and rentals	2,000	42,000	42,938	938
Total revenue	471,475	509,247	510,509	1,262
Expenditures - Debt service	421,275	421,275	421,274	1
Net Change in Fund Balance	50,200	87,972	89,235	1,263
Fund Balance - Beginning of year	759,103	759,103	759,103	-
Fund Balance - End of year	\$ 809,303	\$ 847,075	\$ 848,338	\$ 1,263

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - General government	\$ 646,826	\$ 678,689	\$ 678,153	\$ (536)
Expenditures - Debt service	696,296	696,296	694,283	2,013
Excess of Expenditures Over Revenue	(49,470)	(17,607)	(16,130)	1,477
Other Financing Sources - Transfers in	68,313	68,313	68,313	-
Net Change in Fund Balance	18,843	50,706	52,183	1,477
Fund Balance - Beginning of year	566,766	566,766	566,766	-
Fund Balance - End of year	<u>\$ 585,609</u>	<u>\$ 617,472</u>	<u>\$ 618,949</u>	<u>\$ 1,477</u>

City of Monroe, Michigan

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

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Special assessments	\$ 864,650	\$ 1,248,438	\$ 6,740	\$ (1,241,698)
Interest and rentals - Investment earnings	2,000	135,000	228,575	93,575
Other revenue	1,800,000	13,071,740	1,394,076	(11,677,664)
Total revenue	2,666,650	14,455,178	1,629,391	(12,825,787)
Expenditures - Capital outlay	4,076,000	21,751,283	4,392,971	17,358,312
Excess of Expenditures Over Revenue	(1,409,350)	(7,296,105)	(2,763,580)	4,532,525
Other Financing Sources - Transfers in	871,515	4,565,378	4,750,445	185,067
Net Change in Fund Balance	(537,835)	(2,730,727)	1,986,865	4,717,592
Fund Balance - Beginning of year	3,461,490	3,461,490	3,461,490	-
Fund Balance - End of year	<u>\$ 2,923,655</u>	<u>\$ 730,763</u>	<u>\$ 5,448,355</u>	<u>\$ 4,717,592</u>

Equipment and Motor Pool Fund

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

Information Systems Fund

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

Insurance Fund

The Insurance Fund accounts for payment of public liability premiums.

Employee Benefits Fund

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

Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds

June 30, 2023

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 734,972	\$ 465,879	\$ 159,267	\$ 2,257,948	\$ 3,618,066
Receivables - Other receivables	1,107,842	-	30,580	959,114	2,097,536
Prepays and other assets	92,460	46,947	332,238	-	471,645
Total current assets	1,935,274	512,826	522,085	3,217,062	6,187,247
Noncurrent assets:					
Net OPEB asset	540,277	258,103	-	-	798,380
Capital assets - Net	3,313,000	471,834	-	-	3,784,834
Total noncurrent assets	3,853,277	729,937	-	-	4,583,214
Total assets	5,788,551	1,242,763	522,085	3,217,062	10,770,461
Deferred Outflows of Resources					
Deferred pension costs	87,098	127,076	-	-	214,174
Deferred OPEB costs	100,492	48,004	-	-	148,496
Total deferred outflows of resources	187,590	175,080	-	-	362,670
Liabilities					
Current liabilities:					
Accounts payable	51,512	29,405	33,816	73,973	188,706
Accrued liabilities and other	17,961	7,662	-	408,052	433,675
Compensated absences	11,048	14,215	-	-	25,263
Current portion of leases payable	294,739	-	-	-	294,739
Current portion of long-term debt	139,186	339	-	-	139,525
Total current liabilities	514,446	51,621	33,816	482,025	1,081,908
Noncurrent liabilities:					
Net pension liability	229,197	334,396	-	-	563,593
Long-term debt - Net of current portion	764,430	11,871	-	-	776,301
Leases payable - Net of current portion	488,728	1,568	-	-	490,296
Total noncurrent liabilities	1,482,355	347,835	-	-	1,830,190
Total liabilities	1,996,801	399,456	33,816	482,025	2,912,098
Deferred Inflows of Resources - Deferred inflows from leases					
	1,004,868	-	-	-	1,004,868
Net Position					
Net investment in capital assets	2,031,641	464,428	-	-	2,496,069
Unrestricted	942,831	553,959	488,269	2,735,037	4,720,096
Total net position	<u>\$ 2,974,472</u>	<u>\$ 1,018,387</u>	<u>\$ 488,269</u>	<u>\$ 2,735,037</u>	<u>\$ 7,216,165</u>

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

Year Ended June 30, 2023

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Operating Revenue					
Other charges for services	\$ 138,648	\$ 66,587	\$ 30,580	\$ 297,290	\$ 533,105
Charges to other funds	1,503,989	817,764	413,464	2,234,413	4,969,630
Total operating revenue	1,642,637	884,351	444,044	2,531,703	5,502,735
Operating Expenses					
Operations and maintenance	878,992	705,350	402,842	2,558,087	4,545,271
Depreciation	742,669	123,374	-	-	866,043
Total operating expenses	1,621,661	828,724	402,842	2,558,087	5,411,314
Operating Income (Loss)	20,976	55,627	41,202	(26,384)	91,421
Nonoperating Revenue (Expense)					
Investment income	24,552	17,501	11,923	97,512	151,488
Interest expense	(74,219)	(1,281)	-	-	(75,500)
Gain on sale of assets	174,589	1,135	-	-	175,724
Other nonoperating revenue	43,343	-	-	-	43,343
Total nonoperating revenue (expense)	168,265	17,355	11,923	97,512	295,055
Change in Net Position	189,241	72,982	53,125	71,128	386,476
Net Position - Beginning of year	2,785,231	945,405	435,144	2,663,909	6,829,689
Net Position - End of year	<u><u>\$ 2,974,472</u></u>	<u><u>\$ 1,018,387</u></u>	<u><u>\$ 488,269</u></u>	<u><u>\$ 2,735,037</u></u>	<u><u>\$ 7,216,165</u></u>

Other Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2023

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,504,001	\$ 884,351	\$ 448,703	\$ 1,419,987	\$ 4,257,042
Payments to suppliers	(623,507)	(413,491)	(405,860)	(2,105,517)	(3,548,375)
Payments to employees and fringes	(243,646)	(234,705)	-	(2,815)	(481,166)
Other receipts	109,539	-	-	461	110,000
Lease payments	(120,881)	-	-	-	(120,881)
Net cash and cash equivalents provided by (used in) operating activities	625,506	236,155	42,843	(687,884)	216,620
Cash Flows Used in Noncapital Financing Activities - Principal and interest paid on operating debt					
	(36,259)	(563)	-	-	(36,822)
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	185,999	7,434	-	-	193,433
Purchase of capital assets	(512,559)	(194,970)	-	-	(707,529)
Principal and interest paid on capital debt and payments on lease assets	(50,961)	(3,250)	-	-	(54,211)
Lease payments received	6,546	-	-	-	6,546
Net cash and cash equivalents used in capital and related financing activities	(370,975)	(190,786)	-	-	(561,761)
Cash Flows Provided by Investing Activities - Interest received on investments					
	24,562	17,639	11,923	97,682	151,806
Net Increase (Decrease) in Cash and Cash Equivalents	242,834	62,445	54,766	(590,202)	(230,157)
Cash and Cash Equivalents - Beginning of year	492,138	403,434	104,501	2,848,150	3,848,223
Cash and Cash Equivalents - End of year	<u>\$ 734,972</u>	<u>\$ 465,879</u>	<u>\$ 159,267</u>	<u>\$ 2,257,948</u>	<u>\$ 3,618,066</u>
Classification of Cash and Cash Equivalents - Cash and investments	<u>\$ 734,972</u>	<u>\$ 465,879</u>	<u>\$ 159,267</u>	<u>\$ 2,257,948</u>	<u>\$ 3,618,066</u>

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

Year Ended June 30, 2023

	Equipment and Motor Pool	Information Systems	Insurance	Employee Benefits	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 20,976	\$ 55,627	\$ 41,202	\$ (26,384)	\$ 91,421
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	742,669	123,374	-	-	866,043
Changes in assets and liabilities:					
Receivables	(29,097)	-	4,659	(783,431)	(807,869)
Prepaid and other assets	(10,162)	11,722	(14,019)	-	(12,459)
Net pension or OPEB asset	-	(92,270)	-	-	(92,270)
Accounts payable	(13,667)	5,575	11,001	121,623	124,532
Accrued and other liabilities	3,638	3,358	-	308	7,304
Net OPEB and pension liabilities	(88,851)	128,769	-	-	39,918
Total adjustments	604,530	180,528	1,641	(661,500)	125,199
Net cash and cash equivalents provided by (used in) operating activities	\$ 625,506	\$ 236,155	\$ 42,843	\$ (687,884)	\$ 216,620

Pension Trust Fund

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

Retiree Health Care Fund

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

Custodial Fund

The Tax Collection Fund accounts for tax collections on behalf of all taxing authorities (state, county, school district, and various other authorities). The collections are then transferred to the other governmental units on a timely distribution basis.

Other Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2023

	Pension and Other Employee Benefit Trust Funds		
	Pension Trust	Retiree Health	Total
		Care	
Assets			
Cash and cash equivalents	\$ -	\$ 30,981	\$ 30,981
Investments:			
U.S. government securities	17,793,702	7,557,549	25,351,251
Municipal bonds	1,409,101	1,128,089	2,537,190
Equity investments	4,018,356	-	4,018,356
Foreign bonds	1,841,513	1,591,240	3,432,753
Stocks	28,854,531	11,606,687	40,461,218
Corporate bonds	22,958,485	9,843,187	32,801,672
Other investments	4,947,560	10,038,722	14,986,282
Foreign stocks	9,245,335	7,556,180	16,801,515
Mutual funds	44,889,211	16,719,594	61,608,805
Receivables:			
Accrued interest receivable	313,183	-	313,183
Other receivables	6,300	-	6,300
Total assets	<u>136,277,277</u>	<u>66,072,229</u>	<u>202,349,506</u>
Liabilities			
Accounts payable	111,707	221,771	333,478
Advances from primary government	-	918,893	918,893
Total liabilities	<u>111,707</u>	<u>1,140,664</u>	<u>1,252,371</u>
Net Position			
Restricted:			
Restricted for pension	136,165,570	-	136,165,570
Restricted for OPEB	-	64,931,565	64,931,565
Total net position	<u>\$ 136,165,570</u>	<u>\$ 64,931,565</u>	<u>\$ 201,097,135</u>

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

Year Ended June 30, 2023

	Pension and Other Employee Benefit Trust Funds		
	Pension Trust	Retiree Health	Total
		Care	
Additions			
Investment income (loss):			
Interest and dividends	\$ 2,336,364	\$ 1,089,040	\$ 3,425,404
Net increase in fair value of investments	9,173,943	4,280,120	13,454,063
Investment-related expenses	(514,968)	(281,026)	(795,994)
Net investment income	10,995,339	5,088,134	16,083,473
Contributions:			
Employer contributions	2,218,469	-	2,218,469
Employee contributions	372,505	80,725	453,230
Total contributions	2,590,974	80,725	2,671,699
Total additions	13,586,313	5,168,859	18,755,172
Deductions			
Benefit payments	11,812,632	2,768,377	14,581,009
Refunds of contributions	31,277	25,754	57,031
Administrative expenses	129,378	73,782	203,160
Total deductions	11,973,287	2,867,913	14,841,200
Net Increase in Fiduciary Net Position	1,613,026	2,300,946	3,913,972
Net Position - Beginning of year	134,552,544	62,630,619	197,183,163
Net Position - End of year	\$ 136,165,570	\$ 64,931,565	\$ 201,097,135

Statistical Section

This part of the Annual Comprehensive 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,			
	2014	2015 *	2016	2017
Governmental Activities:				
Net investment in capital assets	\$ 61,231,910	\$ 60,179,911	\$ 58,118,232	\$ 54,825,194
Restricted	2,518,196	2,286,647	2,354,630	2,158,946
Unrestricted	<u>4,137,152</u>	<u>8,147,342</u>	<u>6,705,055</u>	<u>1,746,070</u>
Total net position	67,887,258	70,613,900	67,177,917	58,730,210
Business-type Activities:				
Net investment in capital assets	60,690,546	61,966,736	62,800,496	66,184,050
Unrestricted	<u>11,154,906</u>	<u>12,069,531</u>	<u>13,744,444</u>	<u>13,347,896</u>
Total net position	71,845,452	74,036,267	76,544,940	79,531,946
Primary Government in Total:				
Net investment in capital assets	121,922,456	122,146,647	120,918,728	121,009,244
Restricted	2,518,196	2,286,647	2,354,630	2,158,946
Unrestricted	<u>15,292,058</u>	<u>20,216,873</u>	<u>20,449,499</u>	<u>15,093,966</u>
Total net position	<u>\$ 139,732,710</u>	<u>\$ 144,650,167</u>	<u>\$ 143,722,857</u>	<u>\$ 138,262,156</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,					
2018 **	2019	2020	2021	2022	2023
\$ 56,028,571	\$ 56,603,660	\$ 56,521,355	\$ 62,609,327	\$ 68,068,885	\$ 73,862,485
2,671,364	4,692,897	3,978,604	3,196,729	3,767,661	5,890,191
<u>(24,756,920)</u>	<u>(23,243,417)</u>	<u>(22,466,827)</u>	<u>1,933,403</u>	<u>(3,938,337)</u>	<u>(697,697)</u>
33,943,015	38,053,140	38,033,132	67,739,459	67,898,209	79,054,979
70,147,960	93,667,831	102,684,428	107,034,135	109,808,260	115,556,131
<u>3,169,585</u>	<u>2,315,016</u>	<u>4,051,103</u>	<u>13,409,165</u>	<u>14,713,071</u>	<u>16,035,623</u>
73,317,545	95,982,847	106,735,531	120,443,300	124,521,331	131,591,754
126,176,531	150,271,491	159,205,783	169,643,462	177,877,145	189,418,616
2,671,364	4,692,897	3,978,604	3,196,729	3,767,661	5,890,191
<u>(21,587,335)</u>	<u>(20,928,401)</u>	<u>(18,415,724)</u>	<u>15,342,568</u>	<u>10,774,734</u>	<u>15,337,926</u>
<u>\$ 107,260,560</u>	<u>\$ 134,035,987</u>	<u>\$ 144,768,663</u>	<u>\$ 188,182,759</u>	<u>\$ 192,419,540</u>	<u>\$ 210,646,733</u>

City of Monroe, Michigan

	Year Ended June 30,			
	2,014	2015	2016	2,017
Expenses				
Governmental activities:				
General government	\$ 1,583,604	\$ 1,893,042	\$ 2,435,672	\$ 2,482,372
Public safety	9,330,166	9,524,877	11,602,770	12,831,299
Public works	10,816,801	10,366,601	9,932,495	11,078,905
Community development	1,005,355	623,199	433,587	1,069,806
Culture and recreation	1,135,361	1,236,997	2,139,798	1,836,283
Interest on long-term debt	252,070	203,769	261,674	916,101
Total governmental activities	24,123,357	23,848,485	26,805,996	30,214,766
Business-type activities:				
Water	7,141,197	7,026,325	7,017,117	7,172,197
Wastewater	6,864,433	7,068,465	7,946,781	8,841,700
Building Authority	-	-	149,833	-
Total business-type activities	14,005,630	14,094,790	15,113,731	16,013,897
Total primary government expenses	38,128,987	37,943,275	41,919,727	46,228,663
Program Revenue				
Governmental activities:				
Charges for services:				
General government	110,282	122,895	133,902	96,961
Public safety	416,404	409,652	396,243	342,005
Public works	1,050,776	838,946	1,012,857	776,506
Community development	-	-	-	10,000
Culture and recreation	532,615	464,491	415,565	306,295
Operating grants and contributions	1,851,121	1,694,675	1,759,536	1,727,719
Capital grants and contributions	2,322,245	1,112,611	576,261	695,973
Total governmental activities program revenue	6,283,443	4,643,270	4,294,364	3,955,459
Business-type activities:				
Charges for services:				
Water	7,293,205	7,460,287	8,237,737	8,447,142
Wastewater	8,112,871	8,280,678	8,541,205	9,073,253
Operating grants and contributions	139,867	-	-	-
Capital grants and contributions	287,982	362,000	236,310	754,346
Total business-type activities program revenue	15,833,925	16,102,965	17,015,252	18,274,741
Total primary government program revenue	22,117,368	20,746,235	21,309,616	22,230,200
Net (Expense) Revenue				
Governmental activities	(17,839,914)	(19,205,215)	(22,511,632)	(26,259,307)
Business-type activities	1,828,295	2,008,175	1,901,521	2,260,844
Total primary government net expense	(16,011,619)	(17,197,040)	(20,610,111)	(23,998,463)

* 2021 expenses are reported net of an OPEB cost recovery

Changes in Governmental and Business-type Net Position

Last Ten Fiscal Years

(Unaudited)

		Year Ended June 30,					
		2018	2019	2020	2021*	2022	2023
\$	2,634,067	\$ 2,325,586	\$ 2,550,310	\$ (1,054,889)	\$ 2,548,190	\$ 5,172,493	
	12,269,794	10,347,617	11,122,855	(4,356,408)	14,768,301	10,591,018	
	10,733,142	9,225,079	9,358,645	5,776,672	9,358,951	7,679,495	
	294,520	804,262	1,305,728	1,491,201	1,329,641	2,102,217	
	1,600,210	641,260	1,356,752	743,870	1,878,734	2,156,103	
	951,113	1,194,423	1,202,156	1,204,027	1,056,638	1,046,621	
	<u>28,482,846</u>	<u>24,538,227</u>	<u>26,896,446</u>	<u>3,804,473</u>	<u>30,940,455</u>	<u>28,747,947</u>	
	6,776,392	7,469,892	8,643,862	5,109,216	9,135,788	9,607,204	
	8,091,265	8,794,091	8,390,077	4,834,795	9,194,701	8,833,154	
	-	-	53,023	4,930	18,167	16,397	
	<u>14,867,657</u>	<u>16,263,983</u>	<u>17,086,962</u>	<u>9,948,941</u>	<u>18,348,656</u>	<u>18,456,755</u>	
	43,350,503	40,802,210	43,983,408	13,753,414	49,289,111	47,204,702	
	101,965	93,972	116,469	140,525	130,392	186,109	
	431,898	426,226	301,875	187,379	611,212	893,910	
	674,091	951,369	833,504	850,963	387,942	235,776	
	-	-	-	-	-	-	
	87,137	73,200	23,903	24,673	29,619	434,361	
	2,373,939	2,786,241	2,272,638	3,964,471	3,755,690	10,050,318	
	<u>4,155,991</u>	<u>893,397</u>	<u>852,465</u>	<u>1,198,602</u>	<u>1,119,705</u>	<u>559,283</u>	
	7,825,021	5,224,405	4,400,854	6,366,613	6,034,560	12,359,757	
	8,550,443	9,072,440	9,857,767	10,137,345	11,142,430	11,402,634	
	9,997,793	10,219,532	10,452,277	10,541,677	11,342,808	11,330,005	
	-	-	27,683	332,572	1,507	-	
	<u>2,244,327</u>	<u>19,391,301</u>	<u>7,354,347</u>	<u>2,484,402</u>	<u>-</u>	<u>2,282,998</u>	
	<u>20,792,563</u>	<u>38,683,273</u>	<u>27,692,074</u>	<u>23,495,996</u>	<u>22,486,745</u>	<u>25,015,637</u>	
	<u>28,617,584</u>	<u>43,907,678</u>	<u>32,092,928</u>	<u>29,862,609</u>	<u>28,521,305</u>	<u>37,375,394</u>	
	(20,657,825)	(19,313,822)	(22,495,592)	2,562,140	(24,905,895)	(16,388,190)	
	<u>5,924,906</u>	<u>22,419,290</u>	<u>10,605,112</u>	<u>13,547,055</u>	<u>4,138,089</u>	<u>6,558,882</u>	
	(14,732,919)	3,105,468	(11,890,480)	16,109,195	(20,767,806)	(9,829,308)	

City of Monroe, Michigan

	Year Ended June 30,			
	2014	2015	2015	2017
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 14,753,413	\$ 15,259,339	\$ 16,033,234	\$ 15,607,661
State-shared revenue	1,855,826	1,889,711	1,888,484	3,286,493
Investment earnings	79,464	90,531	92,012	165,137
Franchise fees	319,426	336,590	336,660	335,704
Gain on sale of capital assets	-	-	-	-
Miscellaneous	1,710,583	912,309	725,259	1,006,396
Special Item - Impairment	-	-	-	(2,589,791)
Transfers	-	-	-	-
Total governmental activities	<u>18,718,712</u>	<u>18,488,480</u>	<u>19,075,649</u>	<u>17,811,600</u>
Business-type activities:				
Investment earnings	45,990	46,792	53,397	81,948
Gain on sale of capital assets	4,250	-	-	-
Miscellaneous	15,327	-	553,755	644,214
Transfers	-	-	-	-
Total business-type activities	<u>65,567</u>	<u>46,792</u>	<u>607,152</u>	<u>726,162</u>
Total primary government	<u>18,784,279</u>	<u>18,535,272</u>	<u>19,682,801</u>	<u>18,537,762</u>
Changes in Net Position				
Governmental activities	878,798	(716,735)	(3,435,983)	(8,447,707)
Business-type activities	<u>1,893,862</u>	<u>2,054,967</u>	<u>2,508,673</u>	<u>2,987,006</u>
Total primary government	<u>\$ 2,772,660</u>	<u>\$ 1,338,232</u>	<u>\$ (927,310)</u>	<u>\$ (5,460,701)</u>

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

**Last Ten Fiscal Years
(Unaudited)**

Year Ended June 30,						
2018	2019	2020	2021	2022	2023	
\$ 16,708,017	\$ 17,440,624	\$ 16,993,685	\$ 17,025,788	\$ 19,164,546	\$ 19,447,875	
3,485,665	3,314,905	3,475,054	3,797,399	4,240,427	4,389,648	
224,833	783,296	544,899	30,748	49,148	1,454,954	
318,469	318,342	297,171	296,952	286,118	271,024	
-	203,001	12,060	72,086	83,336	11,501	
864,960	1,363,779	1,152,715	5,396,998	1,233,486	1,969,958	
-	-	-	-	-	-	
-	-	-	-	-	-	
21,601,944	23,423,947	22,475,584	26,619,971	25,057,061	27,544,960	
114,400	221,477	142,625	17,903	(60,279)	436,180	
40,701	10,454	(5,717)	142,040	-	-	
7,095	14,081	10,664	771	221	75,361	
-	-	-	-	-	-	
162,196	246,012	147,572	160,714	(60,058)	511,541	
21,764,140	23,669,959	22,623,156	26,780,685	24,997,003	28,056,501	
944,119	4,110,125	(20,008)	29,182,111	151,166	11,156,770	
6,087,102	22,665,302	10,752,684	13,707,769	4,078,031	7,070,423	
\$ 7,031,221	\$ 26,775,427	\$ 10,732,676	\$ 42,889,880	\$ 4,229,197	\$ 18,227,193	

City of Monroe, Michigan

	As of June 30,			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 394,866	\$ 381,227	\$ 115,510	\$ 100,149
Restricted	-	-	24,410,801	-
Committed	2,000,000	2,000,000	2,000,000	2,000,000
Assigned	94,960	174,447	161,942	57,961
Unassigned	3,300,391	3,536,680	3,776,720	3,931,769
Total General Fund	\$ 5,790,217	\$ 6,092,354	\$ 30,464,973	\$ 6,089,879
All Other Governmental Funds				
Nonspendable	\$ 64,438	\$ 73,513	\$ 26,735	\$ 44,830
Restricted	2,734,354	3,419,074	3,549,477	4,931,404
Committed	1,509,914	1,225,696	1,371,276	2,200,567
Assigned	30,986	31,036	31,036	31,231
Total all other governmental funds	\$ 4,339,692	\$ 4,749,319	\$ 4,978,524	\$ 7,208,032

Fund Balances, Governmental Funds

**Last Ten Fiscal Years
(Unaudited)**

As of June 30,						
2018	2019	2020	2021	2022	2023	
\$ 115,726	\$ 812,518	\$ 819,891	\$ 1,096,189	\$ 1,089,840	\$ 1,113,719	
-	-	-	-			
2,000,000	2,000,000	2,000,000	2,533,851	2,533,851	2,533,851	
74,991	1,644,643	2,278,333	2,262,446	963,790	166,707	
4,129,894	3,816,070	3,867,780	3,726,698	3,107,208	4,140,676	
<u>\$ 6,320,611</u>	<u>\$ 8,273,231</u>	<u>\$ 8,966,004</u>	<u>\$ 9,619,184</u>	<u>\$ 7,694,689</u>	<u>\$ 7,954,953</u>	
\$ 46,551	\$ 266,690	\$ 49,403	\$ 66,023	\$ 87,655	\$ 67,301	
3,348,382	5,617,183	4,115,752	3,812,259	3,985,620	5,547,033	
3,251,452	2,945,482	2,359,176	3,274,379	3,606,475	5,571,402	
31,934	29,743	14,358	11,077	27,188	114,285	
<u>\$ 6,678,319</u>	<u>\$ 8,859,098</u>	<u>\$ 6,538,689</u>	<u>\$ 7,163,738</u>	<u>\$ 7,706,938</u>	<u>\$ 11,300,021</u>	

City of Monroe, Michigan

	Year Ended June 30,			
	2014	2015	2016	2017
Revenue				
Property taxes	\$ 14,732,701	\$ 15,246,310	\$ 16,076,605	\$ 15,589,110
Special assessment	79,613	-	-	595,916
State-shared revenue and grants	3,779,531	3,776,245	4,042,455	5,303,490
Federal grants	2,423,356	826,810	610,368	440,642
Charges for services	1,098,830	1,064,867	977,522	871,257
Fines and forfeitures	116,532	92,461	98,024	93,846
Licenses and permits	930,701	750,529	971,253	773,913
Interest and rent	666,147	79,278	82,359	144,171
Other	819,875	1,277,756	960,982	320,956
Total revenue	24,647,286	23,114,256	23,819,568	24,133,301
Expenditures				
Current:				
General government	1,686,183	1,877,665	2,629,169	5,250,778
Public safety	9,302,913	9,549,666	9,661,985	24,011,765
Public works	8,446,362	8,876,253	8,654,759	9,459,202
Community development	1,003,153	631,858	432,353	1,551,822
Recreation and culture	1,794,288	1,797,716	2,262,729	3,323,409
Capital outlay	854,251	538,385	-	4,363,062
Debt service:				
Principal	568,259	2,083,611	677,570	1,796,012
Interest	321,151	313,725	286,909	920,837
Total expenditures	23,976,560	25,668,879	24,605,474	50,676,887
Excess of Revenue (Under) Over Expenditures	670,726	(2,554,623)	(785,906)	(26,543,586)
Other Financing Sources (Uses)				
Transfers in	1,717,671	1,461,544	1,344,470	2,720,921
Transfers out	(1,708,671)	(1,461,544)	(1,382,607)	(2,777,921)
Debt issuance	-	3,146,000	25,410,619	4,455,000
Debt defeasance	-	-	-	-
Debt premium or discount	-	120,387	-	-
Proceeds from sale of assets	-	-	15,248	-
Total other financing sources (uses)	9,000	3,266,387	25,387,730	4,398,000
Net Change in Fund Balances	679,726	711,764	24,601,824	(22,145,586)
Fund Balances - Beginning of year	9,450,183	10,129,909	10,841,673	35,443,497
Fund Balances - End of year	\$ 10,129,909	\$ 10,841,673	\$ 35,443,497	\$ 13,297,911
Capital expenditures	\$ 3,565,751	3890424	\$ 3,560,375	\$ 4,456,326
Debt service as a percentage of noncapital expenditures	4.36%	11.01%	4.58%	5.88%

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

Changes in Fund Balances, Governmental Funds

**Last Ten Fiscal Years
(Unaudited)**

		Year Ended June 30,					
		2018	2019	2018	2021*	2022	2023
\$	16,859,473	\$ 17,306,545	\$ 17,106,770	\$ 17,018,554	\$ 19,151,993	\$ 19,340,659	
	25,731	58,042	29,050	15,924	16,010	6,740	
	8,456,937	7,169,865	6,309,722	7,052,460	7,107,711	8,339,840	
	371,844	415,004	211,911	2,020,811	386,983	6,590,943	
	608,823	523,921	421,137	393,874	438,598	565,930	
	111,836	126,234	83,018	29,352	80,595	76,274	
	694,981	979,501	887,224	898,888	899,818	946,847	
	835,953	1,307,477	1,063,481	646,155	523,586	1,935,748	
	439,193	442,296	364,862	1,960,489	1,728,715	1,903,346	
	<u>28,404,771</u>	<u>28,328,885</u>	<u>26,477,175</u>	<u>30,036,507</u>	<u>30,334,009</u>	<u>39,706,327</u>	
	2,186,663	2,094,263	2,327,975	2,079,687	2,398,295	4,126,761	
	8,778,224	8,796,016	8,803,435	9,224,199	10,706,313	10,268,092	
	5,557,807	5,651,278	6,104,512	6,115,876	5,352,012	7,181,058	
	3,213,636	947,828	697,792	2,091,830	1,711,332	718,054	
	1,812,464	1,829,771	1,796,101	2,983,221	1,943,927	1,878,410	
	4,107,263	8,696,721	4,780,415	4,547,824	5,711,387	7,846,092	
	1,893,128	2,135,853	2,471,530	5,746,490	2,685,189	2,748,771	
	1,089,567	1,181,889	1,231,168	1,192,275	1,290,185	1,097,243	
	<u>28,638,752</u>	<u>31,333,619</u>	<u>28,212,928</u>	<u>33,981,402</u>	<u>31,798,640</u>	<u>35,864,481</u>	
	(233,981)	(3,004,734)	(1,735,753)	(3,944,895)	(1,464,631)	3,841,846	
	2,694,382	1,974,399	1,549,540	4,348,789	2,710,204	6,097,554	
	(2,759,382)	(1,974,399)	(1,549,540)	(4,348,789)	(2,710,204)	(6,097,554)	
	-	6,746,831	96,057	4,085,000			
	-	-	-	-			
	-	188,301	-	541,822			
	-	203,001	12,060	72,086	83,336	11,501	
	<u>(65,000)</u>	<u>7,138,133</u>	<u>108,117</u>	<u>4,698,908</u>	<u>83,336</u>	<u>11,501</u>	
	(298,981)	4,133,399	(1,627,636)	754,013	(1,381,295)	3,853,347	
	<u>13,297,911</u>	<u>12,998,930</u>	<u>17,132,329</u>	<u>16,028,909</u>	<u>16,782,922</u>	<u>15,401,627</u>	
\$	<u>12,998,930</u>	\$ <u>17,132,329</u>	\$ <u>15,504,693</u>	\$ <u>16,782,922</u>	\$ <u>15,401,627</u>	\$ <u>19,254,974</u>	
\$	6,736,645	\$ 9,738,044	\$ 4,764,547	\$ 6,804,557	\$ 6,611,821	\$ 9,709,573	
	13.62%	15.36%	15.79%	25.53%	15.78%	14.70%	

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
2013	2014	274,641,980	107,271,380	405,140,100	843,160	20,949,155
2014	2015	272,645,400	105,781,990	428,256,860	825,835	30,781,845
2015	2016	277,099,250	122,548,170	450,924,910	838,610	29,955,320
2016	2017	281,080,540	121,979,360	474,239,480	824,807	15,626,650
2017	2018	288,512,150	119,344,780	493,325,660	832,182	11,280,495
2018	2019	297,455,130	122,750,100	506,330,630	829,890	8,385,240
2019	2020	308,935,900	126,971,520	130,012,316	845,462	11,345,270
2020	2021	320,210,660	125,019,100	84,934,808	889,572	13,043,100
2021	2022	330,633,330	120,938,850	82,560,252	860,409	11,155,130
2022	2023	350,403,885	121,835,070	82,098,436	646,246	14,124,910

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, 2023

Taxable Value by Property Type

Personal property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
90,430,020	899,275,795	16.6017	1,955,582,280	45.99
87,331,700	925,623,630	16.7484	2,047,959,740	45.20
102,741,770	984,108,030	16.7484	2,167,097,140	45.41
69,233,230	962,984,067	16.7484	2,105,920,420	45.73
68,435,790	981,731,057	17.2703	2,176,184,320	45.11
68,395,050	1,004,146,040	17.3372	2,202,820,160	45.58
429,278,815	1,007,389,283	17.3372	2,195,927,762	45.88
448,035,542	992,132,782	17.3865	2,183,471,620	45.44
429,279,190	975,427,161	19.6998	2,177,141,864	44.80
415,833,955	984,942,502	19.6992	2,246,341,382	43.85

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							
2013	13.7260	-	2.8607	16.5867	5.5972	2.1794	4.7541
2014	13.7260	-	2.8757	16.6017	5.5972	2.1794	4.7541
2015	13.7260	-	3.0224	16.7484	5.5972	2.1794	4.7541
2016	13.7260	-	3.0224	16.7484	5.4461	3.0294	4.7541
2017	14.6644	-	2.6059	17.2703	5.5842	3.0294	4.7541
2018	14.6644	-	2.6728	17.3372	5.5592	3.0294	4.7541
2019	14.6424	-	2.6948	17.3372	5.6622	3.0294	4.7541
2020	14.6424	-	2.7441	17.3865	5.4722	3.0294	4.7541
2021	14.6424	-	5.0574	19.6998	5.4872	3.0294	4.7541
2022	14.6424	-	5.0568	19.6992	5.6002	3.0294	4.7541

Jefferson School District

2013	13.7260	-	2.8607	16.5867	5.5972	2.1794	4.7541
2014	13.7260	-	2.8757	16.6017	5.5972	2.1794	4.7541
2015	13.7260	-	3.0224	16.7484	5.5972	2.1794	4.7541
2016	13.7260	-	3.0224	16.7484	5.4461	3.0294	4.7541
2017	14.6644	-	2.6059	17.2703	5.5842	3.0294	4.7541
2018	14.6644	-	2.6728	17.3372	5.5592	3.0294	4.7541
2019	14.6424	-	2.6948	17.3372	5.6622	3.0294	4.7541
2020	14.6424	-	2.7441	17.3865	5.4722	3.0294	4.7541
2021	14.6424	-	5.0574	19.6998	5.4872	3.0294	4.7541
2022	14.6424	-	5.0568	19.6992	5.6002	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
2023	14.6424	-	9.9124

Direct and Overlapping Property Tax Rates

June 30, 2023

Overlapping taxes					Total tax rate:	
Library	Public Transportation	State Education	School: Homestead	School: Non- homestead	Homestead	Non-homestead
1.0000	0.7310	6.0000	1.0000	19.0000	37.8484	55.8484
1.0000	0.7333	6.0000	1.0000	19.0000	37.8657	55.8657
1.0000	0.7470	6.0000	1.0000	19.0000	38.0261	56.0261
1.0000	0.7587	6.0000	1.0000	19.0000	38.7367	56.7367
1.0000	0.7084	6.0000	1.0000	19.0000	39.3464	57.3464
1.0000	0.6723	6.0000	1.0000	19.0000	39.3522	57.3522
1.0000	0.7713	6.0000	1.0000	19.0000	39.5542	57.5542
1.0000	0.8178	6.0000	2.5000	20.5000	40.9600	58.9600
1.0000	0.9018	6.0000	2.5000	20.5000	43.3723	61.3723
1.0000	0.8909	6.0000	2.5000	20.5000	43.4738	61.4738
1.0000	0.7310	6.0000	0.5000	18.5000	37.3484	55.3484
1.0000	0.7333	6.0000	0.5000	18.5000	37.3657	55.3657
1.0000	0.7470	6.0000	1.4500	19.4500	38.4761	56.4761
1.0000	0.7587	6.0000	1.4500	19.4500	39.1867	57.1867
1.0000	0.7084	6.0000	1.4500	19.4500	39.7964	57.7964
1.0000	0.6723	6.0000	1.4500	19.4500	39.8022	57.8022
1.0000	0.7713	6.0000	1.4500	19.4500	40.0042	58.0042
1.0000	0.8178	6.0000	1.4500	19.4500	39.9100	57.9100
1.0000	0.9018	6.0000	1.4500	19.4500	42.3223	60.3223
1.0000	0.8909	6.0000	1.4500	19.4500	42.4238	60.4238

Principal Property Tax Payers

Current and Nine Years Ago

June 30, 2023

	Taxpayer	2023 Taxable Value	% of total	2014 Taxable Value	% of total	2014 Rank
1	Detroit Edison	424,291,541	43.08%	408,385,360	45.41%	1
2	Gerdau Macsteel	20,954,840	2.13%	53,553,860	5.96%	2
3	International Transmission Company	13,345,780	1.35%	11,110,930	1.24%	3
4	La-z-boy Incorporated	13,869,340	1.41%			
5	Howard Ternes Packing Company	6,946,110	0.71%	6,108,220	0.68%	5
6	Michigan Gas Utility Corp	6,046,520	0.61%			
7	Ford Motor Company	5,585,860	0.57%	5,200,730	0.58%	6
8	OFTH 172 LLC	5,071,790	0.51%			
9	Monroe Bank & Trust	3,330,680	0.34%	4,445,500	0.49%	9
10	Great Lakes Towers, LLC	4,226,100	0.43%	6,617,890	0.74%	4
	Headwaters Resources, Inc			4,857,750	0.54%	7
	National Galvanizing	-		4,703,980	0.52%	8
	Oak Forest APT Investors LLC			3,012,290	0.33%	10
	Total	984,942,502				

Property Tax Levies and Collections

Last Ten Fiscal Years

June 30, 2023

Tax Year	Year ended June 30	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2013	2014	14,545,101	14,238,835	97.89	283,173	14,522,008	99.84
2014	2015	15,307,151	15,023,122	98.14	266,527	15,289,649	99.89
2015	2016	16,164,243	15,904,530	98.39	241,959	16,146,490	99.89
2016	2017	15,611,588	15,302,634	98.02	289,118	15,593,862	99.89
2017	2018	16,553,946	16,245,258	98.14	295,986	16,541,244	99.92
2018	2019	17,015,527	16,689,725	98.09	314,218	17,003,943	99.93
2019	2020	17,445,888	17,136,846	98.23	294,556	17,431,402	99.92
2020	2021	16,725,348	16,476,197	98.51	237,935	16,714,132	99.93
2021	2022	18,805,531	18,526,200	98.51	267,002	18,793,202	99.93
2022	2023	19,036,637	18,732,219	98.40	273,471	19,005,691	99.84

(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,			
	2014	2015	2016	2017
Governmental Activities:				
General obligation bonds	\$ 9,215	\$ 10,422	\$ 35,622	\$ 35,808
Installment purchase agreements	238	197	403	221
State of Michigan loans	618	449	377	305
Transportation bonds	-	-	-	2,565
Capital leases	-	-	-	-
Total	10,071	11,068	36,402	38,899
Business Type Activities:				
General obligation bonds	65,200	63,672	69,586	66,114
Installment purchase agreements	-	-	-	-
Special assessment bonds	-	-	-	-
Revenue bonds	-	-	-	-
Capital leases	-	-	-	-
Total	65,200	63,672	69,586	66,114
Total debt of the government	\$ 75,271	\$ 74,740	\$ 105,988	\$ 105,013
Total Taxable Value	\$ 87,332	\$ 102,742	\$ 69,233	\$ 68,436
Ratio of total debt to taxable value	86.19%	72.75%	153.09%	153.45%
Total Population	20,405	20,198	20,092	19,986
Total debt per capita	\$ 3,689	\$ 3,700	\$ 5,275	\$ 5,254

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, 2023

As of June 30,						
2018	2019	2020	2021	2022	2023	
\$ 34,046	\$ 38,313	\$ 36,240	\$ 34,155	\$ 31,963	\$ 29,717	
152	1,274	1,202	1,393	1,179	976	
231	156	79	-	-	-	
2,415	2,260	1,905	2,943	2,457	1,960	
-	10	8	6	-	-	
36,844	42,013	47,385	38,497	35,599	32,653	
62,637	59,808	56,110	52,416	48,540	44,573	
-	-	-	392	330	268	
-	-	-	-	-	-	
-	-	-	-	-	-	
62,637	59,808	56,110	52,808	48,870	44,841	
\$ 99,481	\$ 101,821	\$ 103,495	\$ 91,305	\$ 84,469	\$ 77,494	
\$ 68,395	\$ 1,004,146	\$ 1,007,389	\$ 992,133	\$ 975,427	\$ 415,834	
145.45%	10.14%	10.27%	9.20%	8.66%	18.64%	
19,875	19,715	19,552	20,462	20,336	20,295	
\$ 5,005	\$ 5,165	\$ 5,293	\$ 4,462	\$ 4,154	\$ 3,818	

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2023

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
2014	28,787,783	-	186,263	20,123,396	48,724,916	899,275,795	5.42%	20,405	2,388
2015	28,717,783	-	318,898	19,761,506	48,160,391	925,623,630	5.20%	20,198	2,384
2016	62,497,783	-	435,711	18,841,495	80,903,567	984,108,030	8.22%	20,092	4,027
2017	61,372,783	-	450,286	17,890,081	78,812,578	962,984,067	8.18%	19,986	3,943
2018	58,332,783	-	490,484	16,921,288	74,763,587	981,731,057	7.62%	19,875	3,762
2019	62,011,695	-	1,099,789	15,935,092	76,846,998	1,004,146,040	7.65%	19,715	3,898
2020	58,521,191	-	1,195,237	14,931,411	72,257,365	1,007,389,283	7.17%	19,552	3,696
2021	55,066,875	-	1,260,335	13,908,134	67,714,674	992,132,782	6.83%	20,462	3,309
2022	51,368,744	-	1,325,871	12,865,260	62,908,133	975,427,161	6.45%	20,336	3,093
2023	47,580,613	-	1,467,289	11,798,482	57,911,806	984,942,502	5.88%	20,295	2,854

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, 2023

Governmental unit	Debt outstanding	Estimated % applicable	Estimated share of overlapping debt
County of Monroe	6,419,543	14.36%	921,846
Jefferson School District	-	2.70%	-
Monroe School District	33,545,000	47.34%	15,880,203
Monroe Intermediate School District	-	14.91%	-
Monroe County Community College	-	14.39%	-
Total overlapping debt	39,964,543		16,802,049
Direct City debt			32,653,545
Total direct and overlapping debt			49,455,594

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

City of Monroe, Michigan

	As of June 30,			
	2014	2015	2016	2017
Calculation of debt limit:				
State equalized valuation	977,791,140	1,023,979,870	1,083,548,570	1,052,960,210
10% of taxable value	97,779,114	102,397,987	108,354,857	105,296,021
Calculation of debt subject to limit:				
Total debt	75,271,310	74,278,371	105,988,549	105,013,735
Less: debt not subject to limit:				
County Agency Bonds	25,072,090	25,277,715	24,219,569	23,109,569
Installment Purchase Agreements	238,143	196,812	403,463	221,233
State/County Direct Loans	927,936	448,898	377,735	305,150
Transportation Bonds				2,565,000
Net debt subject to limit	49,033,142	48,354,946	80,987,782	78,812,783
Legal debt margin	48,745,972	54,043,041	27,367,075	26,483,238
Net debt subject to limit as % of debt limit	50.15%	47.22%	74.74%	74.85%

Source: City of Monroe Assessor

Legal Debt Margin

June 30, 2023

As of June 30,					
2018	2019	2020	2021	2022	2023
1,088,092,160	1,101,083,690	1,097,963,881	1,091,735,810	1,088,570,932	1,123,170,691
108,809,216	110,108,369	109,796,388	109,173,581	108,857,093	112,317,069
99,481,001	100,831,862	94,645,747	89,367,549	82,731,429	75,956,223
21,974,569	20,814,569	19,624,569	18,404,569	17,154,569	15,869,569
152,536	1,274,107	1,201,868	1,392,648	1,178,889	976,313
231,113	155,596	159,011	48,745	16,410	-
2,415,000	2,260,000	1,905,000	2,943,287	2,456,713	1,960,140
74,707,783	76,327,590	71,755,299	66,578,300	61,924,848	57,150,201
34,101,433	33,780,779	38,041,089	42,595,281	46,932,245	55,166,868
68.66%	69.32%	65.35%	60.98%	56.89%	50.88%

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, 2023

Fiscal year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemployment rate
2014	20,405	458,015	22,446	6.80%
2015	20,198	451,276	22,343	4.80%
2016	20,092	456,658	22,910	3.90%
2017	19,986	465,791	23,492	4.30%
2018	19,875	475,107	23,905	4.40%
2019	19,715	488,531	24,780	4.10%
2020	19,552	483,624	24,735	13.40%
2021	20,462	492,789	25,204	6.20%
2022	20,336	552,631	27,175	5.50%
2023	20,295	553,871	27,291	4.50%

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

Principal Employers

June 30, 2023

Employer	2023 Employees	Percentage of total	2014 Employees	Percentage of total	2014 rank
1 ProMedica Monroe Hospital	1,250	1.70%			
2 Monroe Public Schools	1,015	1.38%			
3 County of Monroe	580	0.79%	427	0.63%	6
4 DTE Energy	501	0.68%	501	0.74%	3
5 La-Z-Boy Incorporated	491	0.67%	491	0.72%	4
6 Gerdau MACSteel	392	0.53%	510	0.75%	2
7 City of Monroe	180	0.25%	167	0.25%	8
8 SYGMA Network	144	0.20%	119	0.18%	10
9 Backyard Products	120	0.16%	210	0.31%	7
10 Pioneer Metal Finishing	120	0.16%	150	0.22%	9
Monroe Bank & Trust			450	0.66%	5
Mercy Memorial Hospital			1,738	2.56%	1
Monroe Publishing Company					
Mercy Memorial Hospital					
Total	4,793		4,763		

Source: Monroe County Business Development Corporation

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2023

Function/ program:	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
City Manager	2.00	2.00	3.00	3.00	5.00	3.00	3.00	3.00	3.00	3.00
Clerk/Treasurer	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	4.50
Assessor	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	3.50	3.50	3.50	3.50	3.90	3.90	3.90	3.90	3.90	3.90
Human resources	1.50	1.50	1.60	1.60	2.00	2.00	2.00	2.00	2.00	2.50
Engineering	6.50	6.50	6.50	6.50	5.50	4.50	4.50	4.50	4.50	4.50
City Hall and grounds	1.35	1.41	1.38	1.38	1.38	1.38	1.88	1.88	1.88	1.88
Information systems	0.10	0.10	0.10	0.10	0.10	2.10	2.10	2.10	2.10	2.10
Public safety:										
Public Safety Administration:										
Director and Commanders	-	-	-	-	-	-	-	-	-	4.00
Civilians	-	-	-	-	-	-	-	-	-	4.60
Police:										
Officers	42.00	42.00	42.00	42.00	40.00	40.00	40.00	40.00	40.00	34.00
Civilians	6.00	6.00	6.00	6.00	7.68	7.68	7.70	7.70	7.70	3.40
Fire and EMS:										
Firefighters and officers	13.00	13.00	16.00	19.00	19.00	19.00	19.00	19.00	19.00	16.00
Civilians	-	-	-	-	-	-	-	-	-	0.60
Zoning/Ordinance enforcement	1.13	1.19	1.46	1.51	1.58	1.83	1.83	1.83	1.83	2.58
Building inspection	3.65	4.53	4.86	5.01	6.49	6.24	5.76	5.76	5.76	5.76
Public works - Public service	19.50	19.50	20.50	19.34	19.16	17.83	17.83	17.83	17.83	17.83
Community and economic development	2.75	2.75	3.18	3.18	2.35	4.35	4.35	3.75	3.50	4.00
Parks and recreation	2.13	2.13	2.73	3.89	6.34	4.67	4.67	4.67	4.67	5.27
Water	28.50	27.50	27.50	27.50	27.50	27.50	28.70	31.70	30.70	30.70
Wastewater	26.00	26.00	26.00	25.45	25.00	25.00	25.70	25.70	25.70	25.70
Total	166.60	166.60	173.30	175.96	180.98	178.98	180.92	183.32	182.07	179.82

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,			
	2014	2015	2016	2017
Police:				
Physical arrests	1,335	1,091	1,456	1,081
Traffic citations and warnings	4,744	4,695	3,841	3,329
Original complaints	24,857	21,731	21,254	20,916
Fire:				
Fire incidents	817	876	951	1,138
EMS incidents	2,584	2,680	2,694	2,776
Inspections	458	462	226	104
Code enforcement/administration:				
Building inspections	2,217	2,273	4,653	9,521
Plumbing/Mechanical inspections	577	479	647	901
Electrical inspections	128	269	341	311
Zoning inspections	373	110	180	87
Blight violations	968	1,636	1,773	2,611
Rental inspections	1,327	1,976	1,615	1,091
Public works:				
Miles of street resurfaced	3	1	2	3
Trees trimmed	250	300	375	440
Trees removed	130	130	160	210
Trees planted	120	120	90	402
Street sweeping curb miles	2,400	2,400	2,400	2,400
Storm sewers replaced (miles)	-	-	-	-
Storm sewers installed (miles)	-	-	-	-
Storm sewer miles cleaned	1	0	1	12
City property mowing hours	100	110	90	90
Parks and recreation:				
Recreation program attendance	18,746	16,208	19,657	25,789
Park/Shelter reservations	85	91	90	89
Pool admission	-	-	-	-
Water:				
Number of customers billed	63,866	64,052	64,808	65,878
New services	72	83	66	53
Average daily consumption (thousands of gallons per day)	7,283	7,141	7,365	7,525
Wastewater - Average daily sewage treatment (thousands of gallons)	7,279	11,993	11,580	12,342

Operating Indicators

Last Ten Fiscal Years

June 30, 2023

As of June 30,						
2018	2019	2020	2021	2022	2023	
1,333	1,155	1,172	404	503	399	
3,403	4,031	3,646	2,126	2,190	1,604	
19,540	20,464	20,458	16,368	16,169	20,054	
1,126	1,293	1,009	1,028	1,319	1,652	
2,702	2,740	2,871	2,880	2,972	2,535	
100	106	58	-	10	42	
3,116	3,085	1,631	2,089	2,005	2,397	
689	890	378	529	430	552	
313	419	197	276	246	280	
838	306	132	156	142	173	
1,470	1,257	3,233	1,620	1,086	936	
1,326	1,286	822	1,615	1,758	1,703	
1	4	1	3	2	3	
950	1,100	552	310	450	532	
521	225	285	305	225	220	
237	207	226	130	276	243	
2,400	2,400	2,400	2,400	2,400	2,400	
-	-	-	-	-	-	
-	-	-	-	-	-	
1	12	6	4	3	12	
180	220	200	245	300	350	
25,066	25,064	620	616	13,606	48,049	
81	109	-	23	117	151	
-	-	-	-	-	-	
65,108	65,144	68,141	72,837	85,432	103,467	
45	56	57	69	55	50	
7,272	6,830	7,063	7,427	7,180	7,338	
12,738	13,529	13,300	9,746	14,164	10,395	

City of Monroe, Michigan

Function/ program	As of June 30,			
	2014	2015	2016	2017
Police:				
Stations	1	1	1	1
Patrol units	15	15	15	15
Fire:				
Stations	2	2	2	2
Fire response vehicles	4	5	5	5
Emergency response vehicles	4	5	5	5
Public works:				
Streets (miles):				
Major streets	28.6	28.6	28.6	28.6
Local streets	54.12	54.13	54.13	54.13
Sidewalks	172.25	172.25	172.29	172.39
Streetlights	1582	1582	1582	1599
Traffic signals	7	7	7	7
Parks and recreation:				
Acreage	280	280	280	280
Developed parks/playgrounds	32	32	32	32
Developed fields (soccer, baseball, etc)	21	21	21	21
Libraries - Branches	2	2	2	2
Water:				
Mains (miles)	306	306	306	307
Fire hydrants	3327	3339	3340	3,346
Storage capacity	6.81	7.00	6.81	6.81
Sewer:				
Miles of sanitary sewers	303	303	303	303
Miles of storm sewers	60.85	61	60.85	60.85
Treatment capacity (millions of gallons/day)	32.0	46.0	45.6	45.6

Capital Asset Statistics

Last Ten Fiscal Years

June 30, 2023

As of June 30,

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
15	15	15	15	15	15
2	2	2	2	2	2
5	5	4	4	4	4
5	5	4	4	4	4
28.6	28.4	28.4	28.3	28.3	28.32
54.13	54.37	54.29	54.26	54.26	54.35
172.39	172.39	172.64	172.64	172.64	172.64
1599	1600	1,600	1,600	1,607	1607
7	7	7	7	7	7
280	280	280	280	280	280
32	32	32	32	33	33
21	21	21	21	21	21
2	2	2	2	2	2
307	307	307	307	307	309.42
3387	3391	3,391	3,395	3,405	3436
6.81	6.81	6.81	6.81	6.81	6.81
260.51	260.51	260.51	260.51	260.51	260.51
60.85	60.85	73.50	75.20	75.20	75.72
45.6	45.6	45.6	45.6	45.6	45.6