



CITY OF MONROE, MICHIGAN

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016



City of Monroe, Michigan

Comprehensive Annual Financial Report with Supplemental Information June 30, 2016

Mayor

Robert E. Clark

City Council

Paula L. Whitman

John Iacoangeli

Kellie M. Vining

Charles D. Evans

Gloria Raffko

William D. Sisk

City Manager

Vincent D. Pastue

Prepared by:

Assistant City Manager, Finance Director

Edward J. Sell Jr.

City of Monroe, Michigan

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Introductory Section



CITY OF MONROE

December 5, 2016

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

We are pleased to submit the City of Monroe Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. 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, 2016, the City was not required to undergo an audit of its federal financial assistance in conformity with "2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" due to the amount of federal funds expended during the fiscal year being less than the \$750,000 threshold to trigger a federal award audit. Plante & Moran, PLLC, whose opinion and reports are included, has performed this audit for Fiscal Year 2016.

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

City Government Profile

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

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

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

Economic Condition and Outlook

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

The average annual unemployment rate for the area has averaged 8.8 percent over the last 10 years. The unemployment rate for Monroe County as of June 30, 2016 was 3.9 percent. The state of the economy in the state of Michigan in general, the potential reduction of state-shared revenues and federal revenues, and legislation

approved to eliminate personal property taxes on most commercial/industrial properties are significant factors relating to the City's future financial position.

Building permits for new construction and alterations were valued at approximately \$26.5 million. This represents a decrease of 35 percent as compared to the previous five-year average of \$41 million. This decrease was primarily due to some larger industrial projects, including expansion at the Gerdau MAC Steel facilities and the construction of a new world headquarters by La-Z-Boy that occurred in 2014. With the high and low years removed from the last ten years, the average value is \$28.6 million. The total number of permits increased substantially to 1,533 due to a number of property repairs needed from storm damage in 2015. A history of building permits over the last ten years follows:

Fiscal Year	Number of Permits	Value
2016	1533	\$ 26,515,389
2015	756	21,896,819
2014	772	70,775,309
2013	867	22,608,713
2012	899	53,334,251
2011	883	36,615,861
2010	883	16,737,251
2009	988	23,699,406
2008	827	23,987,130
2007	996	20,060,217

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

In recent years, a budget projection process has been completed for the General Fund. When a budget is adopted for the upcoming fiscal year, a projection is done for the following fiscal year. A budget projection was also required in order to qualify for City, Village, and Township Revenue Sharing (CVTRS) funding through the State of Michigan. A budget projection was completed in November 2016 that projected revenues and expenditures through June 30, 2018. The primary factor in completing these projections is the accuracy of the projected change in property tax revenues, including reductions in personal property tax revenue as a result of legislation approved that will begin the process of eliminating personal property taxes. If property tax revenues were to remain flat or increase and operating overhead is kept under control, the City should be able to achieve a balanced budget for the years covered in the forecast. Among other things, the projection includes savings realized from the City's 2016 Other Post-Employment Benefits (OPEB) bond issue

and full funding for the remainder of the annual retiree healthcare contribution not funded by the bond issue. Additional information regarding this bond issue and the retiree healthcare liability can be found in the Management's Discussion and Analysis letter and the Notes to the Financial Statements.

Property taxes represent 76 percent 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 is capped at the lesser of 5 percent 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 2015 tax year, covering fiscal 2015-16, the overall taxable value was approximately \$99 million below state-equalized value reducing potential tax revenue by approximately \$1.66 million due to the cap, with \$1.42 million of that amount being attributed to general operating purposes. The gap between taxable value and state-equalized valuation increased for the 2015 tax year. The gap was approximately \$98 million for the 2014 tax year covering fiscal year 2014-15.

State-shared revenue accounted for approximately 10 percent of the City's General Fund revenue. The constitutional portion decreased 0.10 percent and the City, Village, and Township Revenue Sharing (CVTRS) portion remained the same for a total revenue decrease of \$1,519 or 0.8 percent. 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 the City 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 City of 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 2015-16 budget. The following projects were active during the fiscal year ended June 30, 2016:

Local Streets:

- Richards Drive Resurfacing
- Ternes Drive Reconstruction-Telb 600 feet north
- East Maple Boulevard Resurfacing-Mason Run to Linwood

- Linwood Avenue Resurfacing-Mason Run to Linwood

Major Streets:

- East Third Resurfacing-Scott to Winchester
- North Monroe Street Streetscape
- Kentucky Avenue Reconstruction-6th to 4th

General Capital Projects:

- ALCC Building Renovations
- Cardiac Monitor Replacement
- Roessler Street Bridge Rehabilitation
- Sidewalk Improvement Program
- Mark Worrell Trail Resurfacing
- Sign and Tree Inventory Development
- Playground Equipment Replacement-Martin Luther King Jr. Memorial Park

Water System:

- Ozone System Upgrade
- Security System Upgrade-Water Plant
- East Remote Telemetry Radio System Replacement
- Water Main-East 3rd – Scott to Winchester
- Water Main-(N. Monroe Street, Linwood, Marion Drive)
- Excavator and Dump Truck Replacement

Wastewater System:

- Wet Weather Improvements (Bonded Project)
- Energy Conservation Improvements (Bonded Project)
- Sanitary Sewer Rehabilitations
- Winchester Pump Station Rehabilitation

Major planned projects for fiscal 2016-17:

- Telephone System Replacement
- City Council Chambers Renovation/Audio/Video Upgrade
- Replacement Election Equipment
- East 3rd Resurfacing-Monroe to Scott
- Winchester Resurfacing-3rd to River
- Borgess Resurfacing-Elm to Vine
- Various other street projects
- Sidewalk Replacement Program
- Tree Planting-S. Monroe Street and N. Dixie Highway
- Central Fire Station Replacement
- West Side Fire Station Renovation
- Munson Park Tennis Court and Parking Lot Improvements
- Wastewater Collection System Camera and Truck Replacement
- Sanitary Sewer Rehabilitation/Replacement
- Water Distribution System Replacement/Rehabilitation
- Water Plant Generator Replacement
- Other smaller cost projects

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Monroe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

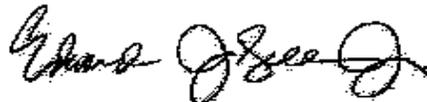
The City of Monroe has been recognized by Keep Michigan Beautiful, Inc., for the Kentucky Memorial Place floral display on South Monroe Street. The City has received the "Michigan Award" for the flowering annuals that spell out "Monroe", and hearken back to local history when the community was known as the "Floral City." The City was recognized for a program that contributed to environmental improvement, clean up, beautification, site restoration, and historical preservation.

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

Respectfully submitted,



Vincent Pastue
City Manager



Edward J. Sell Jr.
Finance Director



Government Finance Officers Association

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

Presented to

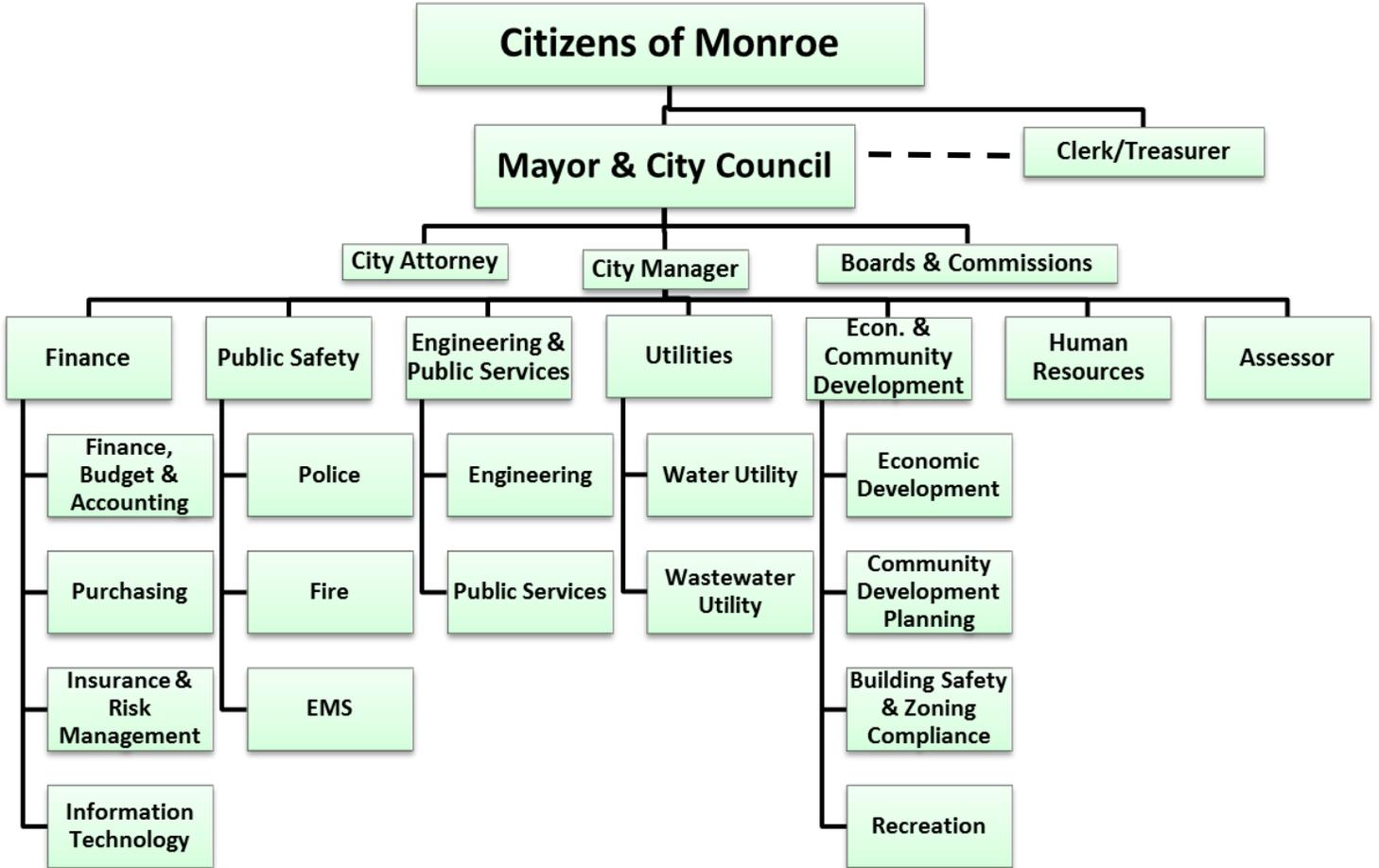
**City of Monroe
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF MONROE, MICHIGAN ORGANIZATIONAL CHART



CITY OF MONROE, MICHIGAN

List of Principal Officials

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

Facts About Monroe

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

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

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

Financial Section

Independent Auditor's Report

To the City Council
City of Monroe, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Monroe, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the City Council
City of Monroe, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monroe, Michigan as of June 30, 2016 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.

Required Supplemental Information

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

Other Information

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

To the City Council
City of Monroe, Michigan

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the City of Monroe, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Monroe, Michigan's internal control over financial reporting and compliance.



December 5, 2016

City of Monroe, Michigan

Management's Discussion and Analysis

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2016:

- Property tax revenue, our largest revenue source, increased 5.1 percent from \$15.25 to \$16.03 million. The increase in revenue is primarily due to an overall 4.5 percent increase in equivalent taxable value and increases in the refuse collection and bridge millage rates.
- The shared sales tax portion of state-shared revenue, our second largest revenue source, stayed about the same as the previous year. The revenue source decreased by \$1,519 to \$1,872,372. The initial budget had projected \$1,950,000 based on initial State of Michigan budget projections. The decrease was due to overall sales tax collections at the State level coming in at an amount less than what was originally estimated. The State of Michigan pays revenue sharing to local governments based on its fiscal year, which ends on September 30. The following table displays the revenue sharing paid by the State of Michigan to the City of Monroe, Michigan for the last five State of Michigan fiscal years:

<u>Fiscal Year End</u>	<u>Amount</u>
September 30, 2016	\$ 1,872,372
September 30, 2015	1,873,891
September 30, 2014	1,840,749
September 30, 2013	1,791,988
September 30, 2012	1,743,008

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

- Total fund balance for the General Fund (which now includes the City's Budget Stabilization Fund under GASB Statement No. 54) increased \$24,372,619 to \$30,464,973. This large increase was primarily due to a bond issue for funding retiree healthcare liabilities that closed on June 28, 2016. A total of \$24,557,672 of the bond issue was attributed to the General Fund and \$24,410,801 of that amount was reported as a restricted fund balance as of fiscal year end. The funds will be transferred to the Post-Retirement Healthcare Trust Fund during the 2016-17 fiscal year. Unassigned fund balance increased \$240,040 to \$3,776,720. The following factors contributed to the increase:
 - Expenditures in total were under budget by \$99,102. Every city department was under budget with Parks & Recreation and Public Safety having the largest variances.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

- The value of the land inventory held by the General Fund was reduced by \$384,138 to \$800,000. While this is an expense, it reduced the nonspendable portion of fund balance instead of the unassigned portion.

Fund balance of \$161,942 is assigned and will be used in the fiscal year ending June 30, 2017 for items encumbered at fiscal year end.

- The City continues to fully fund its annual required contribution (ARC) to the Post-Retirement Healthcare System. The ARC was \$3,646,281 and the City contributed \$4,038,956.
- The City increased the number of approved full-time equivalent positions budgeted from 166.6 to 173.3 during the fiscal year. The peak of 258 full-time equivalent positions was budgeted in fiscal year 2002.
- Expenditures related to capital projects totaled \$8.2 million.
- Investment income continued to be weak at \$145,409, increasing slightly by \$8,086 from the prior fiscal year.
- Total net position related to the City's governmental activities decreased by \$3,435,983 to \$67,177,917.
- Total net position related to the City's business-type activities increased by \$2,508,673 to \$76,544,940.
- This was the second year of implementation of Governmental Accounting Standards Board Statement No. 68 (GASB No. 68) regarding accounting and financial reporting for pensions. The reporting determined that the City had a net pension liability of \$10.1 million at fiscal year end and the plan was 92.7 percent funded. The liability increased from \$1.25 million the prior year primarily to a decline in the system's asset market values.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

Using this Annual Report

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

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

The City as a Whole

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 32,825,861	\$ 32,999,933	\$ 12,021,155	\$ 10,687,383	\$ 44,847,016	\$ 43,687,316
Equity in joint ventures	-	-	3,862,324	3,860,918	3,862,324	3,860,918
Restricted assets	26,276,362	1,526,817	9,811,185	3,291,643	36,087,547	4,818,460
Capital assets	67,921,266	69,272,071	123,499,760	122,620,713	191,421,026	191,892,784
Total assets	127,023,489	103,798,821	149,194,424	140,460,657	276,217,913	244,259,478
Deferred Outflows of Resources	11,350,028	4,287,795	704,021	222,111	12,054,049	4,509,906
Liabilities						
Current liabilities	5,422,676	4,622,556	5,645,153	5,359,011	11,067,829	9,981,567
Long-term liabilities	49,371,277	16,746,215	67,680,439	61,287,490	117,051,716	78,033,705
Total liabilities	54,793,953	21,368,771	73,325,592	66,646,501	128,119,545	88,015,272
Deferred Inflows of Resources	16,401,647	16,103,945	27,913	-	16,429,560	16,103,945
Net Position						
Net investment in capital assets	58,118,232	60,179,911	62,800,496	62,213,876	120,918,728	122,393,787
Restricted	2,354,630	2,149,720	-	-	2,354,630	2,149,720
Unrestricted	6,705,055	8,284,269	13,744,444	11,822,391	20,449,499	20,106,660
Total net position	<u>\$ 67,177,917</u>	<u>\$ 70,613,900</u>	<u>\$ 76,544,940</u>	<u>\$ 74,036,267</u>	<u>\$ 143,722,857</u>	<u>\$ 144,650,167</u>

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

The City's combined net position decreased by 0.6 percent from a year ago - decreasing from \$144.7 million to \$143.7 million. The main reason for the decrease was due to the increase in the net pension liability previously mentioned.

As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$1.58 million for governmental activities. This represents a decrease of approximately 19 percent. The decrease is again primarily due to the increase in the net pension liability previously mentioned. The current level of unrestricted net position for governmental activities stands at \$6.705 million, or about 25 percent of expenditures. The unrestricted portion of the business-type activities net position increased \$1.922 million, or 16.3 percent, primarily due to reduced operating expenses and water sales exceeding expectations.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015*	2016	2015*	2016	2015*
Net Position - Beginning of year	\$ 70,613,900	\$ 71,330,635	\$ 74,036,267	\$ 71,981,300	\$ 144,650,167	\$ 143,311,935
Revenue						
Program revenue:						
Charges for services	1,958,567	1,835,984	16,778,942	15,740,965	18,737,509	17,576,949
Operating grants and contributions	1,759,536	1,694,675	-	-	1,759,536	1,694,675
Capital grants and contributions	576,261	1,112,611	236,310	362,000	812,571	1,474,611
General revenue:						
Property taxes	16,033,234	15,259,339	-	-	16,033,234	15,259,339
State-shared revenue	1,888,484	1,889,711	-	-	1,888,484	1,889,711
Investment income	92,012	90,531	53,397	46,792	145,409	137,323
Cable franchise fees	336,660	336,590	-	-	336,660	336,590
Other miscellaneous income	710,011	912,309	553,755	-	1,263,766	912,309
Gain on sale of assets	15,248	-	-	-	15,248	-
Total revenue	23,370,013	23,131,750	17,622,404	16,149,757	40,992,417	39,281,507
Program Expenses						
General government	2,435,672	1,893,042	-	-	2,435,672	1,893,042
Public safety	11,602,770	9,524,877	-	-	11,602,770	9,524,877
Public works	9,932,495	10,366,601	-	-	9,932,495	10,366,601
Community development	433,587	623,199	-	-	433,587	623,199
Culture and recreation	2,139,798	1,236,997	-	-	2,139,798	1,236,997
Interest on long-term debt	261,674	203,769	-	-	261,674	203,769
Water, wastewater, and building authority	-	-	15,113,731	14,094,790	15,113,731	14,094,790
Total program expenses	26,805,996	23,848,485	15,113,731	14,094,790	41,919,727	37,943,275
Change in Net Position	(3,435,983)	(716,735)	2,508,673	2,054,967	(927,310)	1,338,232
Net Position - End of year	\$ 67,177,917	\$ 70,613,900	\$ 76,544,940	\$ 74,036,267	\$ 143,722,857	\$ 144,650,167

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

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

Revenue for the City as a whole increased \$1.71 million (4.4 percent). Revenue increased in both governmental and business-type activities. Governmental activity revenue increased primarily due to property tax revenue increases as a result of taxable value and millage rate increases. Percentage changes from the prior year in the individual revenue categories were as follows:

Revenue Category	Total		Change +/-	% Change
	2016	2015		
Charges for services	\$ 18,737,509	\$ 17,576,949	\$ 1,160,560	6.60%
Operating grants and contributions	1,759,536	1,694,675	64,861	3.83%
Capital grants and contributions	812,571	1,474,611	(662,040)	-44.90%
Property taxes	16,033,234	15,259,339	773,895	5.07%
State-shared revenue	1,888,484	1,889,711	(1,227)	-0.06%
Investment income	145,409	137,323	8,086	5.89%
Cable franchise fees	336,660	336,590	70	0.02%
Other miscellaneous income	1,263,766	912,309	351,457	38.52%
Gain on sale of assets	15,248	-	15,248	100.00%
Total	<u>\$ 40,992,417</u>	<u>\$ 39,281,507</u>	<u>\$ 1,710,910</u>	4.36%

Charges for services revenue increased due to increased building permit revenue and increased utility (water and wastewater) revenue due both to increased sales and rates. Capital grants and contributions decreased due to the use of the Great Lakes Restoration Initiative federal grant funding for the restoration and improvement of the River Raisin where the grants ended in the prior year. Other miscellaneous income increased by \$351,457, or 38.5 percent, due primarily to the receipt of funding received for the future asset management of the Wastewater system.

Due to a variety of reasons, program expenses for the City as a whole increased by \$3,976,452 (10.4 percent). Approximately \$2.4 million of that amount can be attributed to the net pension liability increase. Other operating expenses increased throughout the City to make up the remainder.

The City's total governmental revenue increased by \$238,263 (1.0 percent), primarily due to changes in property tax revenue, charges for services, capital grants, and other miscellaneous income that were discussed in the government-wide discussion. Governmental program expenses increased \$2,957,511 (12.4 percent) related to pension expense and other operating expenses as previously discussed.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The City's business-type activities consist of the Water and Wastewater Funds. The City operates the LePage raw water pump station in partnership with Frenchtown Charter Township and sells water to surrounding communities. The City also provides wastewater treatment through a City-owned and operated sewage treatment plant. The City experienced an increase in net position of \$2,508,673 in the business-type funds. The increase was primarily due to increased revenue from water and wastewater services and a focus on reducing costs where possible. The revenue increased due to fee increases implemented July 1, 2015 and increased water sales.

The analysis of the City's major funds is presented in Note I to the basic financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as street maintenance. The City's major funds for the year ended June 30, 2016 were the General Fund, Wastewater Fund, and the Water Fund.

The General Fund pays for most of the City's governmental services. The most significant are police and fire services, which incurred expenses of approximately \$9.377 million, or 50 percent of General Fund expenditures and transfers out. The costs of these departments are generally funded by property tax revenue, state-shared revenue, and, to a much lesser extent, charges for services. The activities of the Wastewater and Water Funds are disclosed under "business-type activities" above.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. City departments overall stayed below budget, resulting in total expenditures of \$18,594,870, or .53 percent, below budget. The expenditures included a write down in the value of the land inventory in the amount of \$384,138. In addition to this amount, certain items that were budgeted will be expended in future years. A total of \$161,942 was encumbered at the fiscal year end and the budget amount will be transferred to the 2017 fiscal year. A report of the General Fund expenditures follows:

Department	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
City Council	\$ 127,644	\$ 130,707	\$ 125,354	\$ 5,353
City manager	367,081	328,968	326,896	2,072
Finance	409,689	545,117	539,840	5,277
Clerk-treasurer	499,580	505,333	496,321	9,012
Assessor	377,321	376,039	375,004	1,035
Communications, culture, and promotion	-	99,470	67,675	31,795
City hall grounds	281,480	279,678	261,199	18,479
Attorney	140,662	139,912	139,778	134
Human resources	267,388	331,341	324,402	6,939
Engineering	290,001	336,882	336,790	92
Police	624,826	622,200	586,781	35,419
Fire	305,159	335,718	268,873	66,845
Zoning/Ordinance enforcement	232,047	343,599	265,379	78,220
Police and fire salaries and benefits	8,820,669	8,582,247	8,521,580	60,667
Public works - Department of Public Services	1,911,940	1,869,714	1,868,785	929
Community and economic development	296,368	298,641	234,374	64,267
Library	57,500	57,500	57,500	-
Parks and recreation	1,851,475	1,989,594	1,896,830	92,764
Public access T.V.	163,000	169,000	168,330	670
Historic District Commission	3,180	3,180	69	3,111
Social services	140,000	140,000	140,000	-
Debt service - Principal	25,570	25,570	25,570	-
Debt service - Interest on long-term debt	14,992	14,992	14,992	-
Contingencies	264,005	-	-	-
Other uses - Transfers out	1,099,975	1,168,570	1,168,410	160
Other uses - Loss in fair value of inventory	-	-	384,138	(384,138)
Total	\$ 18,571,552	\$ 18,693,972	\$ 18,594,870	\$ 99,102

The original budget of \$18,571,552 was increased to \$18,693,972 by fiscal year end. The increase was due to miscellaneous changes across the budget and included \$174,447 of encumbered items from fiscal year 2015 that were transferred into the 2016 fiscal year.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

Revenue was originally budgeted at \$18,571,352. It was amended to \$18,498,140 primarily due to state-shared revenue not meeting estimates. In addition, charges for services revenue was less than what was expected due to reduced operating revenue from the Multi-Sports Complex. Revenue in total came in under budget by \$88,323, or 0.48 percent.

The amended budget estimated that fund balance would decrease by \$195,832 to \$5,896,522. The actual fund balance, less the amount restricted for OPEB bond proceeds, decreased by \$38,182 to \$6,054,172. Of the fund balance amount, \$161,942 is assigned for encumbered items and \$2,000,000 is committed for budget stabilization purposes. The fund balance figure also includes a non-liquid land asset in the amount of \$84,642 and prepaid assets which are non-spendable in the amount of \$30,868. When these items are subtracted from the ending fund balance, the amount of the fund balance available for appropriation, or considered unassigned, is \$3,776,720. That amount represents about 20 percent of the General Fund adopted budget for fiscal year 2017, 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 Asset and Debt Administration

At the end of 2016, the City had net capital assets of \$191,612,918 invested in a broad range of capital assets, including buildings, roads, police and fire equipment, and water and sewer lines. Debt amounted to \$107,723,957. Capital projects completed or in progress during fiscal year 2016 include continuation of the resurfacing and/or reconstruction projects on East Third Street, Kentucky Avenue, Richards Drive, Maple Boulevard, Ternes Drive, Linwood Avenue, and others; and North Monroe Streetscape, ALCC Building renovations, cardiac monitors, sidewalk replacement, Roessler Street Bridge rehabilitation, Mark Worrell Trail resurfacing, playground equipment replacement, water distribution and filtration system improvements, continued sanitary sewer rehabilitation, wet weather improvements, and energy conservation project for the wastewater treatment plant, and many others.

The City of Monroe, Michigan had two new debt issues and one refunding debt issue during the 2016 fiscal year. An installment purchase agreement was issued in August 2015 for the financing of the purchase of a new street sweeper in the amount of \$249,990. A refunding issue was completed in June 2016 to refund a 2008 Capital Improvement Bond issued for water system improvements. The bond was refunded for cost savings. The total issue was for \$3.905 million at a true interest cost interest rate of 1.85 percent. The issue refunded bonds of \$4.095 million and it provided a net present value cash flow savings of \$396,454.

The City also completed a debt issue in June 2016 to finance a portion of the City's retiree healthcare liability by issuing an OPEB bond in the amount of \$35.505 million. The bonds funded approximately 82 percent of the City's unfunded liability. The bonds are taxable and were issued at a true interest rate of 3.48 percent. The bonds will mature in 2038 and are projected to provide cash flow savings of \$20.3 million through 2039. The annual cash flow savings is expected to be approximately \$650,000 if all actuarial assumptions are met.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

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 and it made the City eligible to issue OPEB bonds under state law. The AA- rating was reaffirmed with the 2016 debt issues.

The City is currently using 74.74 percent of its available debt margin of \$108,354,857. Debt service made up .24 percent of total General Fund expenditures for fiscal year 2016. Bonded debt and other long-term obligations were increased by \$32,983,441 during the year due to the OPEB debt issue.

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.

Other Significant Matters

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

Year Ended June 30	County	Michigan
2016	3.90%	4.90%
2015	4.80%	5.80%
2014	6.80%	7.90%
2013	8.80%	9.40%
2012	8.40%	9.20%
2011	10.40%	11.00%
2010	12.90%	13.10%
2009	17.00%	15.40%
2008	8.30%	8.70%
2007	6.50%	7.40%

The county unemployment rate had decreased to 3.7 percent at the end of September 2016.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

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 new La-Z-Boy world headquarters, which was relocated from a different site within the City, is now open. Hanwha L&C purchased a facility and has converted it to an automotive supply business. Substantial increases in shipping operations are occurring at the Port of Monroe. Other commercial and industrial developments are also occurring.

The City's fiscal year 2016-17 General Fund budget decreased when compared to the 2015-16 budget. The adopted revenue and expenditures for each fiscal year's budget are as follows:

	<u>Originally Adopted General Fund Budget Totals</u>			
	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>Decrease</u>	<u>% Change</u>
Revenue	\$ 18,571,352	\$ 18,314,774	\$(266,578)	-1.38%
Expenditures	18,571,352	18,270,025	(301,327)	-1.62%

The original budget for 2016-17 included the elimination of the operations of the Monroe Multi-Sports Complex. It also funded design costs for the repurposing of the facility. The decision to repurpose the entire facility was ultimately reversed and the ice side of the facility was allowed to continue operations. The budget comparison after the budget was amended is as follows:

	<u>Amended General Fund Budget Totals</u>			
	<u>June 30, 2016</u>	<u>Amended June 30, 2017</u>	<u>Increase</u>	<u>% Change</u>
Revenue	\$ 18,571,352	\$ 18,645,554	\$ 74,202	0.40%
Expenditures	18,571,352	18,600,805	29,453	0.16%

The 2017 budget does not use any fund balance to balance the budget. The budget also does not use any appropriations from other city funds, including the Committed Budget Stabilization Fund balance. The expenditure budget increased by .40 percent primarily due to increased personnel costs, including increased pension costs. The City Council approved continuing to levy the remaining city operating millage of .5634 mills and dedicated it to funding the postretirement healthcare liability.

The first quarterly review indicates that the budget is in good condition, and while some transfers within the budget may be needed to adjust estimated budget amounts, the total budget appears to be adequate. The budget primarily funded operations at the same level as 2016 due to weak revenue growth. Employer pension contributions have increased from \$1.695 million to \$1.846 million. The 2017 budget will need to be amended to take into account the changes needed as it relates to funding the City's retiree healthcare liability with an OPEB bond issue.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

The budget currently funds 172.95 full-time equivalent (FTE) positions. This is a slight reduction from the previous year total of 173.3. Previous full-time employment numbers had exceeded 250. The initial General Fund budget included \$858,000 budgeted for capital projects. This is a decrease from the prior year amount of \$925,500 necessitated due to weak revenue growth. The 2008 General Fund budget was originally adopted at \$20.5 million. Funding reductions over the years have resulted in budget reductions of almost \$4.0 million. The improving economy has allowed the City to start to enhance services once again.

For fiscal year 2017, taxable value decreased in total by about 3.0 percent. This is primarily due to personal property tax exemption legislation taking effect for the first time. While reimbursements will be made through a process put in place by the State of Michigan, at the time the budget was adopted, it was expected that the City could receive about \$200,000 less than it did for fiscal year 2016 as it relates to personal property tax. As the reimbursement process has now occurred in November 2016, we now know that the reimbursements received will exceed initial estimates by a significant amount and 2016-17 personal property tax-related revenue will exceed the previous year. We do not expect this trend to continue into the future. Ad valorem real property taxable values actually increased by about 3.0 percent for the 2017 fiscal year, and the residential sector increased by 1.4 percent. Due to the impact of Proposal A, the City will need to continue to monitor its budget very closely. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. We know that the inflation increase for the 2017-2018 fiscal year will be only 0.9 percent. This means that the recovery in the taxable value of City properties will take a significant amount of time and the financial recovery will be very slow. An emphasis will have to remain on controlling operating costs.

The combination of healthcare costs, increases in pension funding, and funding of future retiree healthcare liabilities have all significantly contributed to the financial burden that exists on the City's General Fund budget.

The City received an actuarial valuation report for the retiree healthcare system, which calculated the annual required contribution (ARC) for fiscal year 2017 at \$3,963,730. The City has made changes to retiree healthcare benefits that have reduced the overall estimated liability. The present value of future benefit payments was estimated at \$57.7 million in the December 31, 2014 actuarial study. This was reduced from \$78.5 million as calculated in the December 31, 2006 study. The system was 32.5 percent funded as of December 31, 2014, an increase from 15.7 percent in the December 31, 2008 actuarial study. The unfunded liability due to past service was estimated at \$38.995 million as of December 31, 2014, and due to interest, had grown to \$43,160 million as of July 1, 2016. The City's \$35.5 million OPEB bond issue funds approximately 82 percent of that liability.

City of Monroe, Michigan

Management's Discussion and Analysis (Continued)

Interest rates have remained low, but have started to increase. Until the economy gets nearer to a full recovery, they will continue to be low. This will affect the amount of investment income the City can count on to fund its annual budget. The State of Michigan has changed the statutory revenue-sharing program to an incentive-based program called the "City, Village, and Township Revenue Sharing" (CVTRS) program. Under the program, the City must meet certain goals to receive its full revenue-sharing allocation. The City has met all of the qualifications for the program since its beginning in 2012. The filings required to be qualified are due on December 1, 2016 for 2017. The primary factor affecting the City's 2018 budget projection is taxable value levels and the amount of revenue loss the City will see from the implementation of the new personal property tax exemption law. If property tax levels increase by 2.0 percent or greater, the City's budget for 2018 can be balanced without expenditure reductions. Increases in costs for retirement benefits must also be monitored for their effect on the budget.

Contacting the City's Management

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

City of Monroe, Michigan

Statement of Net Position June 30, 2016

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets				
Cash and investments (Note 3)	\$ 27,769,552	\$ 6,022,848	\$ 33,792,400	\$ 2,224,121
Receivables - Net:				
Property taxes receivable	1,128,732	18,881	1,147,613	-
Customer receivables	15,766	3,204,730	3,220,496	42,405
Accrued interest receivable	10,394	1,399	11,793	1,383
Other receivables	872,590	207,437	1,080,027	-
Due from other governmental units	879,709	723,306	1,603,015	317,233
Economic development loans	25,000	-	25,000	-
Special assessments receivable	139,311	99,656	238,967	-
Internal balances (Note 6)	(715,358)	715,358	-	-
Inventory	800,000	-	800,000	-
Prepaid expenses and other assets	365,369	672,404	1,037,773	19,128
Restricted assets (Note 1)	26,276,362	9,811,185	36,087,547	3,388,964
Investment in joint ventures (Note 11)	-	3,862,324	3,862,324	-
Advances to component unit (Note 6)	1,534,796	355,136	1,889,932	-
Capital assets (Note 5):				
Assets not subject to depreciation	3,987,072	422,876	4,409,948	2,625,601
Assets subject to depreciation	63,934,194	123,076,884	187,011,078	1,677,922
Total assets	127,023,489	149,194,424	276,217,913	10,296,757
Deferred Outflows of Resources (Note 4)	11,350,028	704,021	12,054,049	-
Liabilities				
Accounts payable	1,016,883	768,697	1,785,580	556,918
Due to other governmental units	-	179,540	179,540	-
Refundable deposits, bonds, etc.	-	13,025	13,025	-
Accrued liabilities and other	687,027	375,192	1,062,219	12,894
Unearned revenue	1,695,801	463,960	2,159,761	28,550
Advances from primary government (Note 6)	-	-	-	1,889,932
Noncurrent liabilities:				
Due within one year:				
Compensated absences	146,310	299,657	445,967	-
Current portion of long-term debt (Note 7)	1,876,655	3,545,082	5,421,737	123,046
Due in more than one year:				
Compensated absences	532,775	-	532,775	-
Landfill closure and postclosure	-	-	-	985,706
Net OPEB obligation (Note 10)	4,415,767	341,549	4,757,316	-
Net pension liability (Note 9)	9,787,207	351,283	10,138,490	-
Long-term debt	34,635,528	66,987,607	101,623,135	4,525,315
Total liabilities	54,793,953	73,325,592	128,119,545	8,122,361
Deferred Inflows of Resources (Note 4)	16,401,647	27,913	16,429,560	351,614
Net Position				
Net investment in capital assets	58,118,232	62,800,496	120,918,728	3,578,525
Restricted for:				
Streets and highways	1,097,844	-	1,097,844	-
Debt service	438,592	-	438,592	-
Rubbish	124,552	-	124,552	-
Grants	206,230	-	206,230	-
Drug forfeiture	65,387	-	65,387	-
Code enforcement	422,025	-	422,025	-
Restricted land	-	-	-	557,012
Unrestricted	6,705,055	13,744,444	20,449,499	(2,312,755)
Total net position	\$ 67,177,917	\$ 76,544,940	\$ 143,722,857	\$ 1,822,782

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

City of Monroe, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,435,672	\$ 133,902	\$ -	\$ -
Public safety	11,602,770	396,243	10,455	27,632
Public works	9,932,495	1,012,857	1,749,081	185,354
Community and economic development	433,587	-	-	363,275
Recreation and culture	2,139,798	415,565	-	-
Interest on long-term debt	261,674	-	-	-
Total governmental activities	26,805,996	1,958,567	1,759,536	576,261
Business-type activities:				
Water	7,017,117	8,237,737	-	222,152
Wastewater	7,946,781	8,541,205	-	14,158
Building Authority	149,833	-	-	-
Total business-type activities	15,113,731	16,778,942	-	236,310
Total primary government	\$ 41,919,727	\$ 18,737,509	\$ 1,759,536	\$ 812,571
Component units:				
Port of Monroe	\$ 1,915,694	\$ 476,415	\$ -	\$ 4,565
Downtown Development Authority	149,084	-	-	-
Brownfield Redevelopment Authority	414,520	-	-	-
Total component units:	\$ 2,479,298	\$ 476,415	\$ -	\$ 4,565

General revenue:

- Property taxes
- State-shared revenue
- Investment income
- Unrestricted cable franchise fees
- Other miscellaneous income
- Gain on sale of assets

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Statement of Activities
Year Ended June 30, 2016**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,301,770)	\$ -	\$ (2,301,770)	\$ -
(11,168,440)	-	(11,168,440)	-
(6,985,203)	-	(6,985,203)	-
(70,312)	-	(70,312)	-
(1,724,233)	-	(1,724,233)	-
(261,674)	-	(261,674)	-
(22,511,632)	-	(22,511,632)	-
-	1,442,772	1,442,772	-
-	608,582	608,582	-
-	(149,833)	(149,833)	-
-	1,901,521	1,901,521	-
(22,511,632)	1,901,521	(20,610,111)	-
-	-	-	(1,434,714)
-	-	-	(149,084)
-	-	-	(414,520)
-	-	-	(1,998,318)
16,033,234	-	16,033,234	1,105,795
1,888,484	-	1,888,484	-
92,012	53,397	145,409	8,695
336,660	-	336,660	-
710,011	553,755	1,263,766	234,160
15,248	-	15,248	-
19,075,649	607,152	19,682,801	1,348,650
(3,435,983)	2,508,673	(927,310)	(649,668)
70,613,900	74,036,267	144,650,167	2,472,450
\$ 67,177,917	\$ 76,544,940	\$ 143,722,857	\$ 1,822,782

City of Monroe, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Nonmajor Funds	Total
Assets			
Cash and cash equivalents	\$ 15,414,433	\$ 4,877,728	\$ 20,292,161
Investments	3,329,475	769,000	4,098,475
Receivables	1,652,356	991,217	2,643,573
Due from other funds (Note 6)	27,257	99,878	127,135
Real estate inventory	800,000	-	800,000
Prepays and other assets	30,868	26,735	57,603
Advances to component unit (Note 6)	-	1,534,796	1,534,796
Restricted assets (Note 1)	24,505,610	1,214,333	25,719,943
	\$ 45,759,999	\$ 9,513,687	\$ 55,273,686
Liabilities			
Accounts payable	\$ 531,401	\$ 361,332	\$ 892,733
Due to other funds (Note 6)	-	127,135	127,135
Advances from other funds (Note 6)	715,358	-	715,358
Accrued liabilities and other	290,040	13,947	303,987
Unearned revenue	2,963	1,692,743	1,695,706
	1,539,762	2,195,157	3,734,919
Deferred Inflows of Resources			
Unavailable revenue (Note 4)	86,039	385,270	471,309
Property taxes levied for the following year (Note 4)	13,669,225	1,954,736	15,623,961
	13,755,264	2,340,006	16,095,270
Fund Balances			
Nonspendable (Note 15)	115,510	26,735	142,245
Restricted (Note 15)	24,410,801	3,549,477	27,960,278
Committed (Note 15)	2,000,000	1,371,276	3,371,276
Assigned (Note 15)	161,942	31,036	192,978
Unassigned (Note 15)	3,776,720	-	3,776,720
	30,464,973	4,978,524	35,443,497
	\$ 45,759,999	\$ 9,513,687	\$ 55,273,686
Total liabilities, deferred inflows of resources, and fund balances			

City of Monroe, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund Balance Reported in Governmental Funds	\$ 35,443,497
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	66,176,309
Certain pension contributions and changes in pension plan net position are reported as deferred inflows of resources in the statement of net position, but are not recognized in the governmental funds	(775,544)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	11,318,771
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	201,162
Other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	270,147
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(35,666,415)
Accrued interest is not due and payable in the current period and is not reported in the funds	(102,999)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(665,969)
Net retiree healthcare obligations do not present a claim on current financial resources and are not reported as fund liabilities	(4,298,145)
Net pension liability is not due and payable in the current period and is not reported in the funds	(9,760,253)
Internal service funds are included as part of governmental activities	<u>5,037,356</u>
Net Position of Governmental Activities	<u>\$ 67,177,917</u>

City of Monroe, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 14,101,321	\$ 1,975,284	\$ 16,076,605
Licenses and permits	383,495	587,758	971,253
Federal grants	-	610,368	610,368
State-shared revenue and grants	1,961,217	2,081,238	4,042,455
Charges for services	655,755	321,767	977,522
Fines and forfeitures	74,821	23,203	98,024
Investment income	67,104	15,255	82,359
Rental income	61,790	539,162	600,952
Other revenue	119,507	240,523	360,030
Total revenue	17,425,010	6,394,558	23,819,568
Expenditures			
Current:			
General government	2,629,169	-	2,629,169
Public safety	9,544,761	117,224	9,661,985
Public works	1,897,785	6,756,974	8,654,759
Community and economic development	234,374	197,979	432,353
Recreation and culture	2,262,729	-	2,262,729
Debt service	40,562	923,917	964,479
Total expenditures	16,609,380	7,996,094	24,605,474
Excess of Revenue Over (Under) Expenditures	815,630	(1,601,536)	(785,906)
Other Financing Sources (Uses)			
Face value of debt issue	24,557,672	852,947	25,410,619
Proceeds from sale of capital assets	-	15,248	15,248
Transfers in (Note 6)	-	1,344,470	1,344,470
Transfers out (Note 6)	(1,000,683)	(381,924)	(1,382,607)
Total other financing sources	23,556,989	1,830,741	25,387,730
Net Change in Fund Balances	24,372,619	229,205	24,601,824
Fund Balances - Beginning of year	6,092,354	4,749,319	10,841,673
Fund Balances - End of year	\$ 30,464,973	\$ 4,978,524	\$ 35,443,497

City of Monroe, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 24,601,824
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	3,560,375
Depreciation expense	(5,074,184)
Losses on the disposal of assets reported in the statement of activities does not represent a decrease in current resources and are not reported in the governmental funds	(100,990)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(191,260)
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(25,410,619)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	748,731
Decrease in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	259,553
Pension-related expenses do not require the use of current resources, and therefore are not reported in the fund statements	(2,290,537)
Increase in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when incurred in the statement of activities	42,551
Change in accrued interest payable and others	(43,661)
Internal service funds are included as part of governmental activities	462,234
Change in Net Position of Governmental Activities	<u>\$ (3,435,983)</u>

City of Monroe, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Assets					
Current assets:					
Cash and investments	\$ 1,876,061	\$ 3,681,736	\$ 465,051	\$ 6,022,848	\$ 3,378,916
Receivables:					
Property taxes receivable	12,465	6,416	-	18,881	-
Special assessments receivable	54,217	45,439	-	99,656	-
Customer receivable	1,624,065	1,580,665	-	3,204,730	-
Accrued interest receivable	344	892	163	1,399	758
Other receivables	192,585	14,852	-	207,437	427,171
Due from other governmental units	722,060	1,246	-	723,306	-
Inventory	-	672,404	-	672,404	307,766
Total current assets	4,481,797	6,003,650	465,214	10,950,661	4,114,611
Noncurrent assets:					
Restricted assets (Note 1)	5,197,765	4,613,420	-	9,811,185	556,419
Advances to other funds (Note 6)	-	715,358	-	715,358	-
Investment in joint ventures (Note 11)	-	3,862,324	-	3,862,324	-
Advances to component unit	-	355,136	-	355,136	-
Capital assets	66,140,474	57,004,995	354,291	123,499,760	1,744,957
Total noncurrent assets	71,338,239	66,551,233	354,291	138,243,763	2,301,376
Total assets	75,820,036	72,554,883	819,505	149,194,424	6,415,987
Deferred Outflows of Resources (Note 4)	185,126	518,895	-	704,021	31,257
Liabilities					
Current liabilities:					
Accounts payable	602,836	165,861	-	768,697	124,150
Due to other governmental units	-	179,540	-	179,540	-
Refundable deposits, bonds, etc.	-	13,025	-	13,025	-
Accrued liabilities and other	249,910	125,282	-	375,192	280,041
Unearned revenue	-	3,585	460,375	463,960	95
Compensated absences	156,546	143,111	-	299,657	13,116
Current portion of long-term debt (Note 7)	2,357,639	1,187,443	-	3,545,082	89,157
Total current liabilities	3,366,931	1,817,847	460,375	5,645,153	506,559

City of Monroe, Michigan

Proprietary Funds Statement of Net Position (Continued) June 30, 2016

	Enterprise Funds				Governmental Activities
	Wastewater	Water	Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
Liabilities (Continued):					
Noncurrent liabilities:					
Net OPEB obligation	\$ 149,634	\$ 191,915	\$ -	\$ 341,549	\$ 117,622
Net pension liability	159,635	191,648	-	351,283	26,954
Long-term debt - Net of current portion (Note 7)	45,265,489	21,722,118	-	66,987,607	756,611
Total noncurrent liabilities	45,574,758	22,105,681	-	67,680,439	901,187
Total liabilities	48,941,689	23,923,528	460,375	73,325,592	1,407,746
Deferred inflows related to pensions	12,685	15,228	-	27,913	2,142
Net Position					
Net investment in capital assets	23,430,905	39,015,300	354,291	62,800,496	1,456,446
Unrestricted	3,619,883	10,119,722	4,839	13,744,444	3,580,910
Total net position	\$ 27,050,788	\$ 49,135,022	\$ 359,130	\$ 76,544,940	\$ 5,037,356

City of Monroe, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	Enterprise Funds				
	Major Funds		Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Wastewater	Water			
Operating Revenue					
Sale of water	\$ -	\$ 7,411,002	\$ -	\$ 7,411,002	\$ -
Sewage disposal charges	8,176,171	-	-	8,176,171	-
Other charges for services	365,034	826,735	-	1,191,769	261,914
Charges to other funds	-	-	-	-	3,714,803
Total operating revenue	8,541,205	8,237,737	-	16,778,942	3,976,717
Operating Expenses					
Operations and maintenance	1,735,040	1,062,413	-	2,797,453	3,312,873
Direct cost of providing service	3,599,401	3,664,499	-	7,263,900	-
Loss on inventory	-	-	149,833	149,833	-
Depreciation	1,493,988	1,528,576	-	3,022,564	260,652
Total operating expenses	6,828,429	6,255,488	149,833	13,233,750	3,573,525
Operating Income (Loss)	1,712,776	1,982,249	(149,833)	3,545,192	403,192
Nonoperating Revenue (Expenses)					
Investment income	7,894	43,770	1,733	53,397	11,815
Income from joint venture	-	1,406	-	1,406	-
Interest expense	(907,072)	(632,548)	-	(1,539,620)	(6,285)
Bond issuance costs	(29,386)	(98,284)	-	(127,670)	-
(Loss) gain on sale of assets	(181,894)	(32,203)	-	(214,097)	15,375
Nonoperating grants	553,755	-	-	553,755	-
Total nonoperating (expenses) revenue	(556,703)	(717,859)	1,733	(1,272,829)	20,905
Income (Loss) - Before contributions	1,156,073	1,264,390	(148,100)	2,272,363	424,097
Capital Contributions					
Special assessments	14,158	-	-	14,158	-
Lines donated by developers	-	222,152	-	222,152	-
Total capital contributions	14,158	222,152	-	236,310	-
Transfers in	-	-	-	-	38,137
Change in Net Position	1,170,231	1,486,542	(148,100)	2,508,673	462,234
Net Position - Beginning of year	25,880,557	47,648,480	507,230	74,036,267	4,575,122
Net Position - End of year	\$ 27,050,788	\$ 49,135,022	\$ 359,130	\$ 76,544,940	\$ 5,037,356

City of Monroe, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Enterprise Funds				
	Major Funds		Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Wastewater	Water			
Cash Flows from Operating Activities					
Receipts from customers	\$ 8,082,075	\$ 7,090,528	\$ -	\$ 15,172,603	\$ 3,602,396
Receipts from interfund services and reimbursements	-	-	-	-	9,574
Payments to suppliers	(3,064,963)	(2,259,102)	-	(5,324,065)	(3,006,900)
Payments to employees	(2,449,025)	(2,149,407)	-	(4,598,432)	(381,749)
Other receipts	365,034	826,135	-	1,191,169	248,726
Net cash provided by operating activities	2,933,121	3,508,154	-	6,441,275	472,047
Cash Flows from Noncapital Financing Activities					
Issuance of OPEB bonds	4,913,559	4,623,221	-	9,536,780	807,591
Transfers from other funds	-	-	-	-	38,137
Repayments of loans made to other funds	-	100,000	-	100,000	-
Net cash provided by noncapital financing activities	4,913,559	4,723,221	-	9,636,780	845,728
Cash Flows from Capital and Related Financing Activities					
Issuance of bonds	21,854	4,469,587	-	4,491,441	-
Special assessment collections	6,262	5,668	-	11,930	-
Proceeds from sales of capital assets	-	29,000	-	29,000	15,375
Purchase of capital assets	(478,272)	(1,668,020)	-	(2,146,292)	(524,646)
Principal and interest paid on capital debt	(3,055,197)	(6,534,140)	-	(9,589,337)	(24,052)
Net cash used in capital and related financing activities	(3,505,353)	(3,697,905)	-	(7,203,258)	(533,323)
Cash Flows from Investing Activities					
Interest received on investments	8,286	43,281	1,786	53,353	12,071
Purchase of investment securities	(245,000)	-	-	(245,000)	-
Proceeds from sale and maturities of investment securities	-	1,495,931	-	1,495,931	699,117
Net cash (used in) provided by investing activities	(236,714)	1,539,212	1,786	1,304,284	711,188
Net Increase in Cash and Cash Equivalents	4,104,613	6,072,682	1,786	10,179,081	1,495,640
Cash and Cash Equivalents - Beginning of year	2,429,590	2,097,642	463,265	4,990,497	2,151,793
Cash and Cash Equivalents - End of year	<u>\$ 6,534,203</u>	<u>\$ 8,170,324</u>	<u>\$ 465,051</u>	<u>\$ 15,169,578</u>	<u>\$ 3,647,433</u>
Statement of Net Position					
Classification of Cash and Cash Equivalents					
Cash and investments	\$ 1,876,061	\$ 3,681,736	\$ 465,051	\$ 6,022,848	\$ 3,378,916
Restricted cash	4,903,142	4,613,420	-	9,516,562	556,419
Less amounts classified as investments	(245,000)	(124,832)	-	(369,832)	(287,902)
Total cash and cash equivalents	<u>\$ 6,534,203</u>	<u>\$ 8,170,324</u>	<u>\$ 465,051</u>	<u>\$ 15,169,578</u>	<u>\$ 3,647,433</u>

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

City of Monroe, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2016

	Enterprise Funds				
	Major Funds		Building Authority Nonmajor Enterprise	Total	Proprietary Internal Service Fund
	Wastewater	Water			
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 1,712,776	\$ 1,982,249	\$ (149,833)	\$ 3,545,192	\$ 403,192
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,493,988	1,528,576	-	3,022,564	260,652
Changes in assets and liabilities:					
Receivables	(94,096)	(321,074)	-	(415,170)	(125,595)
Due from others	-	-	-	-	9,705
Inventories	-	(71,794)	149,833	78,039	-
Prepaid and other assets	831	1,758	-	2,589	(240)
Accounts payable	(37,609)	(18,889)	-	(56,498)	3,827
Due to others	-	-	-	-	(131)
Estimated claims liability	-	-	-	-	2,017
Accrued and other liabilities	(67,866)	487,820	-	419,954	(81,380)
Net OPEB and pension obligations	(74,903)	(80,492)	-	(155,395)	-
Net cash provided by operating activities	<u>\$ 2,933,121</u>	<u>\$ 3,508,154</u>	<u>\$ -</u>	<u>\$ 6,441,275</u>	<u>\$ 472,047</u>

Noncash Activity - During the current year, Monroe County issued bonds for wastewater system improvements on behalf of the City. The City recorded \$21,854 as debt and as wastewater capital assets at June 30, 2016. Additionally, during the current fiscal year, the City recorded \$1,776,264 of wastewater capital assets that were funded using restricted unspent bond proceeds that were available from a prior year county debt issue. For both projects, funds were held and disbursed by the County directly to contractors, resulting in a noncash activity for the City. There was also \$222,152 in customer water main installations that were recorded as water capital assets and a capital contribution at June 30, 2016.

City of Monroe, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery	Agency Funds
Assets			
Cash and cash equivalents	\$ 233,910	\$ 30,712	\$ 9,292,459
Investments:			
U.S. government securities	15,744,116	404,673	-
Municipal bonds	8,707,742	-	-
Foreign bonds	2,656,412	-	-
Stocks	34,036,000	-	-
Corporate bonds	25,164,244	-	-
Other investments	6,742,740	-	-
Foreign stocks	11,672,331	-	-
Money market	44,419,634	-	-
Securities lending - Money market	3,522,273	-	-
Receivables:			
Interest	375,879	199	-
Other receivables	1,481	5,700	-
Other assets	-	-	935,073
	153,276,762	441,284	\$ 10,227,532
Liabilities			
Accounts payable	1,745,342	2,588	\$ 19,671
Due to other governmental units	-	-	10,164,662
Accrued liabilities and other	-	-	43,199
Obligations under securities lending agreements	3,653,097	-	-
	5,398,439	2,588	\$ 10,227,532
Net Position - Held in trust for pension, other employee benefits, and cemetery operations	\$ 147,878,323	\$ 438,696	

City of Monroe, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund - Cemetery
Additions		
Investment income (loss):		
Interest and dividends	\$ 2,692,673	\$ 3,769
Net (decrease) increase in fair value of investments	(2,532,036)	322
Investment-related expenses	(927,368)	-
Net investment (loss) income	(766,731)	4,091
Securities lending income:		
Interest and dividends	19,801	-
Investment-related expenses	(5,999)	-
Contributions:		
Employer	5,550,721	-
Employee	632,290	-
Total contributions	6,183,011	-
General Fund contribution	-	29,000
Charges for services	-	24,695
Total additions	5,430,082	57,786
Deductions		
Benefit payments	13,118,177	-
Refunds of contributions	8,216	-
Administrative expenses	106,182	38,454
Total deductions	13,232,575	38,454
Net (Decrease) Increase in Net Position Held in Trust	(7,802,493)	19,332
Net Position - Beginning of year	155,680,816	419,364
Net Position - End of year	\$ 147,878,323	\$ 438,696

City of Monroe, Michigan

Component Units Statement of Net Position June 30, 2016

	Port of Monroe	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and investments	\$ 172,465	\$ 534,839	\$ 1,516,817	\$ 2,224,121
Receivables:				
Customer receivables	42,405	-	-	42,405
Accrued interest receivable	-	9	1,374	1,383
Due from other governmental units	317,233	-	-	317,233
Prepaid expenses and other assets	19,128	-	-	19,128
Restricted assets	3,388,964	-	-	3,388,964
Capital assets	4,303,523	-	-	4,303,523
Total assets	8,243,718	534,848	1,518,191	10,296,757
Liabilities				
Accounts payable	48,009	5,824	503,085	556,918
Accrued liabilities and other	12,644	250	-	12,894
Unearned revenue	28,550	-	-	28,550
Advance from primary government	60,000	-	1,829,932	1,889,932
Noncurrent liabilities:	-	-	-	-
Due within one year -				
Current portion of long-term debt	23,234	-	99,812	123,046
Due in more than one year:				
Environmental liabilities	985,706	-	-	985,706
Long-term debt	3,533,716	-	991,599	4,525,315
Total liabilities	4,691,859	6,074	3,424,428	8,122,361
Property Taxes Levied for Subsequent Year's Operations - Deferred inflows - Property taxes	351,614	-	-	351,614
Net Position				
Net investment in capital assets	3,578,525	-	-	3,578,525
Restricted	557,012	-	-	557,012
Unrestricted	(935,292)	528,774	(1,906,237)	(2,312,755)
Total net position	<u>\$ 3,200,245</u>	<u>\$ 528,774</u>	<u>\$ (1,906,237)</u>	<u>\$ 1,822,782</u>

City of Monroe, Michigan

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Capital Grants and Contributions
Downtown Development Authority - Public Works	\$ 149,084	\$ -	\$ -
Brownfield Redevelopment Authority:			
Public works	354,212	-	-
Debt service	60,308	-	-
Total Brownfield Redevelopment Authority	414,520	-	-
Business-type activities - Port of Monroe - Public Works	1,915,694	476,415	4,565
Total component units	\$ 2,479,298	\$ 476,415	\$ 4,565
General revenue:			
Property taxes			
Investment income			
Other miscellaneous income			
Total general revenue			
Change in Net Position			
Net Position - Beginning of year			
Net Position - End of year			

**Component Units
Statement of Activities
Year Ended June 30, 2016**

Net (Expense) Revenue and Changes in Net Position			
Downtown Development Authority	Brownfield Redevelopment Authority	Port of Monroe	Total
\$ (149,084)	\$ -	\$ -	\$ (149,084)
-	(354,212)	-	(354,212)
-	(60,308)	-	(60,308)
-	(414,520)	-	(414,520)
-	-	(1,434,714)	(1,434,714)
(149,084)	(414,520)	(1,434,714)	(1,998,318)
200,950	555,290	349,555	1,105,795
2,190	6,505	-	8,695
971	233,189	-	234,160
204,111	794,984	349,555	1,348,650
55,027	380,464	(1,085,159)	(649,668)
473,747	(2,286,701)	4,285,404	2,472,450
\$ 528,774	\$ (1,906,237)	\$ 3,200,245	\$ 1,822,782

Note I - Nature of Business and Significant Accounting Policies

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

Reporting Entity

The City of Monroe, Michigan is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Blended Component Units

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

Discretely Presented Component Units

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

- a. The Downtown Development Authority (the "DDA") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body is selected by the mayor and subject to approval by the City Council. In addition, the DDA's budget is subject to approval by the City Council. The Downtown Development Authority issues a separate financial statement that can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.
- b. The Brownfield Redevelopment Authority (the "Authority") is a separate legal entity that was created to finance environmental cleanup within the City. The Authority's governing body is selected by the City Council, which has the authority to approve its budget. The Brownfield Redevelopment Authority issues a separate financial statement that can be obtained at the administrative offices at 120 E. First Street, Monroe, MI 48161.

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

- c. The Port of Monroe (the "Port") was established as a separate legal entity to operate port facilities within the boundaries of the City. The Port is governed by a Port Commission, which is appointed by the City Council. The Port Commission's annual budget is also approved by the City Council. The Port issues a separate financial statement that can be obtained at the administrative offices at 10 Port Avenue, Monroe, MI 48161.

Jointly Governed Organization - Jointly governed organizations are discussed in Note II.

Accounting and Reporting Principles

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

Report Presentation

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

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

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

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

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

Fund Accounting

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

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

- The General Fund, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

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

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

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

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

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

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

Specific Balances and Transactions

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

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

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

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

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

Restricted Assets - Restricted assets in the General, Parking Meter, Building Safety, Stores and Equipment, Information Systems, and Water Funds represent unspent bond proceeds from the 2016 Limited Tax General Obligation Bonds issued to fund other postemployment benefit obligations (OPEB bonds). Restricted assets in the Capital Projects Fund represent cash from unspent bond proceeds from the 2015 Capital Improvement Bonds. Restricted assets in the Wastewater Fund represent cash from unspent bond proceeds held at the County of \$294,623 and unspent bond proceeds from the OPEB bonds of \$4,903,142. The unspent bond proceeds related to the OPEB bonds are expected to be contributed to the Retiree Health Care Trust fund in the next fiscal year.

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position in the amount of \$296,645. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows result from two transactions: the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings, and differences between projected and actual experience of the plan.

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: grants and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes received before the period levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. The third type of deferred inflows reported by the government relates to pensions.

Net Position Flow Assumption

Sometimes the government will 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 Assumption

Sometimes the government will 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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

Fund Balance Policies

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

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

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

The City Council has committed fund balance, by ordinance, General Fund surplus, an amount equal to the excess of revenue in comparison to expenses in the General Fund. The amount of committed fund balance for this purpose is limited to either 15 percent of the City's most recent General Fund budget, as originally adopted, or 15 percent of the average of the City's five most recent General Fund budgets, as amended, whichever is less. An appropriation of these funds requires a 2/3 vote of the City Council and may only occur to correct a budget shortfall or in the case of a natural disaster. The balance at year end of the committed amount, which is reported in the General Fund, is \$2,000,000.

Property Tax Revenue

Property taxes are levied and become a lien on the first Tuesday in May on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on June 30, at which time penalties and interest are assessed. The final collection date is September 15, at which point they are added to the county tax rolls.

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

The City's 2015 tax is levied and collectible on May 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the City totaled \$937 million (a portion of which is abated and a portion of which is captured by the TIFA and DDA), on which taxes levied consisted of 13.726 mills for operating purposes, .5634 mills for postretirement health care, 1.564 mills for refuse, and .520 mills for debt service related to bridge repairs and rehabilitation. This resulted in \$12.5 million for operating, \$516 thousand for postretirement health care, \$1 million for refuse, and \$476 thousand for debt service. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

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

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

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

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

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

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

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

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

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2016 was \$161,942 in the General Fund and \$443,957 in the nonmajor governmental funds. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America except for the following exceptions:

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

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

Fund Deficits - For the year ended June 30, 2016, the Brownfield Redevelopment Authority Fund has a deficit in unrestricted net position of \$1,906,237 on a full accrual basis but has a fund balance of \$1,015,106 on the modified accrual basis of accounting. Management believes this deficit will be eliminated over time as the property tax revenue captures increase when property cleanup is completed and property values increase. For the year ended June 30, 2016, the Port of Monroe has an unrestricted net position deficit of \$935,292. The Port of Monroe believes that the deficit will be eliminated over time as the property is developed and improved through private funds or government grants and low-interest loans.

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

Net Position of Internal Service Funds - Certain net position of internal service funds has been assigned by management for the following purposes:

Insurance	\$ 679,237
Employee benefits	2,057,702

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

Note 3 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the State of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

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

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a Securities Lending Authorization Agreement, the Retirement System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Retirement System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2016, only United States currency was received as collateral.

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

The Retirement System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2016 was one day. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2016, the Retirement System had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the Retirement System as of June 30, 2016 were \$3,522,273 and \$3,653,097, respectively.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$12,240,000 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The City has deposits of \$52,021,625 that are uninsured but collateralized with securities held by the pledging financial institution's agent but not in the depositor-government's name.

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

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

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

Investment	Fair Value	0-5 Years	6-10 Years	More than 10 Years
U.S. government or agency bond or note	\$ 17,994,509	\$ 11,627,478	\$ 6,105,230	\$ 261,801
Municipal bonds	8,707,742	5,653,729	3,054,013	-
Foreign bonds	2,656,412	1,643,215	1,013,197	-
Corporate bonds	25,164,244	15,888,532	8,750,712	525,000
Total	<u>\$ 54,522,907</u>	<u>\$ 34,812,954</u>	<u>\$ 18,923,152</u>	<u>\$ 786,801</u>

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

Investment	Fair Value	Rating Organization	Rating
Corporate bonds	\$ 937,257	S&P	AAA
Corporate bonds	1,614,352	S&P	AA+
Corporate bonds	2,222,454	S&P	AA-
Corporate bonds	555,594	S&P	AA
Corporate bonds	571,770	S&P	A+
Corporate bonds	2,733,265	S&P	A-
Corporate bonds	3,992,898	S&P	A
Corporate bonds	7,424,419	S&P	BBB+
Corporate bonds	2,769,860	S&P	BBB
Corporate bonds	1,173,838	S&P	BBB-
Corporate bonds	1,168,537	S&P	NR
Foreign bonds	373,398	S&P	AA-
Foreign bonds	138,340	S&P	AA
Foreign bonds	1,005,364	S&P	A+
Foreign bonds	539,074	S&P	A-
Foreign bonds	265,557	S&P	A
Foreign bonds	130,721	S&P	BBB+
Foreign bonds	203,958	S&P	BB+
Municipal bonds	2,141,145	S&P	AAA
Municipal bonds	1,529,329	S&P	AA+
Municipal bonds	2,906,727	S&P	AA-
Municipal bonds	1,036,617	S&P	AA
Municipal bonds	192,085	S&P	A+
Municipal bonds	901,839	S&P	NR

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The Pension System and Retiree Healthcare Fund restrict the amount of investments in foreign currency-denominated investments to 5 percent of total investments. At June 30, 2016, the Pension System and Retiree Healthcare Fund had \$2,656,412 invested in foreign bonds and \$13,912,260 invested in foreign stock. Of these amounts, \$6,756,369 of foreign stock was not denominated in U.S. currency as indicated below. The remaining amounts are considered American Depositary Receipts (ADRs) and are denominated in U.S. currency.

Investment Type	Fair Value	Currency
Foreign stocks	\$ 291,443	Australian Dollar
Foreign stocks	456,049	Swiss Franc
Foreign stocks	239,560	Danish Krone
Foreign stocks	1,607,128	Euro
Foreign stocks	500,200	Great British Pounds
Foreign stocks	1,501,305	Hong Kong Dollar
Foreign stocks	2,160,684	Japanese Yen

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

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

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
U.S. Treasury and agency securities	\$ 17,994,509	\$ -	\$ 17,994,509	\$ -
Corporate bonds	25,164,244	-	25,164,244	-
Foreign bonds	2,656,412	-	2,656,412	-
Municipal bonds	8,707,742	-	8,707,742	-
Total debt securities	54,522,907	-	54,522,907	-
Domestic equity securities:				
Consumer discretionary	5,103,797	5,103,797	-	-
Consumer staples	2,212,683	2,212,683	-	-
Energy	1,143,967	1,143,967	-	-
Financial industry	6,190,269	6,190,269	-	-
Healthcare industry	3,422,197	3,422,197	-	-
Industrials	4,230,796	4,230,796	-	-
Information technology	7,832,499	7,832,499	-	-
Materials	1,726,258	1,726,258	-	-
Telecommunication services industry	1,228,765	1,228,765	-	-
Utilities	678,018	678,018	-	-
Other	266,751	266,751	-	-
Total domestic equity securities	34,036,000	34,036,000	-	-
Foreign equity securities:				
Consumer discretionary	1,168,316	-	-	-
Energy	164,173	-	-	-
Financial industry	1,246,047	-	-	-
Healthcare industry	1,562,358	-	-	-
Information technology	2,794,775	-	-	-
Materials	460,748	-	-	-
Telecommunication services industry	37,755	-	-	-
Other	4,238,159	-	-	-
Total foreign equity securities	11,672,331	-	-	-
Money market funds	6,307,362	-	6,307,362	-
Total investments by fair value level	106,538,600	\$ 34,036,000	\$ 60,830,269	\$ -
Investments Measured at the Net Asset Value (NAV)				
Michigan class investment pool	12,240,162			
Real estate funds	5,783,741			
Mutual funds index equity	28,182,987			
Mutual funds international	10,821,268			
Money market fund - Securities lending	3,522,273			
Total investments measured at the NAV	60,550,431			
Total investments measured at fair value	\$ 167,089,031			

Note 3 - Deposits and Investments (Continued)

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

The fair value of debt securities at June 30, 2016 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 valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies 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, 2016, 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	\$ 12,240,162	\$ -	No limitations	None
Real estate funds	5,783,741	-		
Mutual funds index equity	28,182,987	-		
Mutual funds international	10,821,268	-		
Money market fund - Securities lending	3,522,273	-		
Total investments measured at NAV	<u>\$ 60,550,431</u>	<u>\$ -</u>		

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

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

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

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

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

The money market fund - securities lending holds various investment grade money market funds held at various domestic financial institutions.

Note 4 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities	Business-type Activities
Property taxes levied for subsequent year's operations	\$ 15,623,961	\$ 15,623,961	\$ -
Special assessments and delinquent property taxes	211,579	-	-
Grants and other receivables	259,730	-	-
Pensions - Difference between expected and actual experience	-	777,686	27,913
Total deferred inflows	<u>\$ 16,095,270</u>	<u>\$ 16,401,647</u>	<u>\$ 27,913</u>

In addition, the Port of Monroe, a component unit of the City, has \$351,614 of deferred inflows related to property taxes for subsequent year's operations.

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

	Governmental Activities	Business-type Activities
Bond refunding charges previously amortized	\$ -	\$ 296,645
Pensions - Difference between expected and actual experience	403,287	14,475
Pensions - Net difference between projected and actual earnings on pension plan investments	10,946,741	392,901
Total deferred outflows	<u>\$ 11,350,028</u>	<u>\$ 704,021</u>

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets

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

	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,353,368	\$ -	\$ 250	\$ -	\$ 3,353,618
Construction in progress	793,819	(768,826)	608,461	-	633,454
Subtotal	4,147,187	(768,826)	608,711	-	3,987,072
Capital assets being depreciated:					
Roads and sidewalks	138,169,884	765,051	2,542,947	-	141,477,882
Buildings and improvements	17,573,298	-	207,751	-	17,781,049
Equipment	8,248,886	3,775	725,612	(391,603)	8,586,670
Land improvements	5,737,299	-	-	(193,399)	5,543,900
Subtotal	169,729,367	768,826	3,476,310	(585,002)	173,389,501
Accumulated depreciation:					
Infrastructure	88,044,992	-	4,376,664	-	92,421,656
Buildings and improvements	7,409,269	-	374,092	-	7,783,361
Equipment	7,015,867	-	311,411	(382,476)	6,944,802
Land improvements	2,134,355	-	272,669	(101,536)	2,305,488
Subtotal	104,604,483	-	5,334,836	(484,012)	109,455,307
Net capital assets being depreciated	65,124,884	768,826	(1,858,526)	(100,990)	63,934,194
Net capital assets	\$ 69,272,071	\$ -	\$ (1,249,815)	\$ (100,990)	\$ 67,921,266

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 367,931	\$ -	\$ -	\$ -	\$ 367,931
Construction in progress	8,837,010	(8,837,010)	54,945	-	54,945
Subtotal	9,204,941	(8,837,010)	54,945	-	422,876
Capital assets being depreciated:					
Water and sewer distribution systems	79,859,553	2,435,384	2,769,547	-	85,064,484
Buildings and improvements	65,717,186	2,687,355	423,458	(70,014)	68,757,985
Machinery and equipment	18,791,331	3,714,271	804,675	(2,562,889)	20,747,388
Vehicles	1,168,812	-	92,084	(70,703)	1,190,193
Land improvements	467,626	-	-	-	467,626
Subtotal	166,004,508	8,837,010	4,089,764	(2,703,606)	176,227,676
Accumulated depreciation:					
Water and sewer distribution systems	19,599,375	-	1,282,627	-	20,882,002
Buildings and improvements	17,745,274	-	1,238,504	(21,748)	18,962,030
Machinery and equipment	13,828,056	-	403,221	(2,368,057)	11,863,220
Vehicles	1,027,075	-	90,755	(70,703)	1,047,127
Land improvements	388,956	-	7,457	-	396,413
Subtotal	52,588,736	-	3,022,564	(2,460,508)	53,150,792
Net capital assets being depreciated	113,415,772	8,837,010	1,067,200	(243,098)	123,076,884
Net capital assets	\$ 122,620,713	\$ -	\$ 1,122,145	\$ (243,098)	\$ 123,499,760

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Component Units					
Capital assets not being depreciated:					
Land	\$ 1,767,092	\$ -	\$ -	\$ -	\$ 1,767,092
Site improvements	363,697	-	-	-	363,697
Earthen dikes	321,061	-	-	-	321,061
Construction in progress	-	-	173,751	-	173,751
Subtotal	2,451,850	-	173,751	-	2,625,601
Capital assets being depreciated:					
Road and site improvement	877,916	-	-	-	877,916
Railroad siding	729,957	-	-	-	729,957
Wharf	248,821	-	-	-	248,821
Dredging	374,445	-	-	-	374,445
Leachate collection system	38,237	-	-	-	38,237
Rental buildings	291,580	-	-	-	291,580
Office building	572,043	-	467,003	-	1,039,046
Furniture and equipment	374,775	-	38,113	-	412,888
Subtotal	3,507,774	-	505,116	-	4,012,890
Accumulated depreciation:					
Road and site improvement	579,697	-	28,030	-	607,727
Railroad siding	197,583	-	14,929	-	212,512
Wharf	226,338	-	749	-	227,087
Dredging	374,445	-	-	-	374,445
Leachate collection system	36,699	-	1,538	-	38,237
Rental buildings	291,012	-	479	-	291,491
Office building	399,718	-	19,399	-	419,117
Furniture and equipment	131,528	-	32,824	-	164,352
Subtotal	2,237,020	-	97,948	-	2,334,968
Net capital assets being depreciated	1,270,754	-	407,168	-	1,677,922
Net capital assets	\$ 3,722,604	\$ -	\$ 580,919	\$ -	\$ 4,303,523

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

Governmental activities:

General government	\$ 203,258
Public safety	77,701
Public works	4,460,617
Recreation and culture	332,608
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>260,652</u>
Total governmental activities	<u>\$ 5,334,836</u>

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

Business-type activities:	
Water	\$ 1,528,576
Wastewater	<u>1,493,988</u>
Total business-type activities	<u>\$ 3,022,564</u>
Component unit activities - Port of Monroe	<u>\$ 97,948</u>

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

	<u>Total Commitment</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Main Replacement Program	\$ 1,090,193	\$ -	\$ 1,090,193

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Nonmajor governmental fund - Grants Fund	\$ 13,543
	Nonmajor governmental fund - Building Safety Fund	<u>13,714</u>
	Total General Fund	27,257
Nonmajor governmental fund - Capital Projects Fund	Nonmajor governmental fund - Grants Fund	60,513
Nonmajor governmental fund - Building Safety Fund	Nonmajor governmental fund - Grants Fund	4,710
Nonmajor governmental fund - Major Streets Fund	Nonmajor governmental funds - Local Streets Fund	<u>34,655</u>
	Total interfund activity	<u>\$ 127,135</u>

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

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

Receivable Fund	Payable Fund	Amount
Advances from/to Other Funds		
Water Fund	General Fund	\$ 715,358
Receivable Fund	Payable Fund	Amount
Advances Due to/from Primary Government and Component Units		
Nonmajor governmental fund - Economic Development Fund	Component unit - Brownfield Redevelopment Authority	\$ 1,474,796
	Component unit - Port of Monroe	<u>60,000</u>
	Total nonmajor governmental fund - Economic Development Fund	1,534,796
Business-type fund - Water Fund	Component unit - Brownfield Redevelopment Authority	<u>355,136</u>
	Total	<u>\$ 1,889,932</u>

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

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

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

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

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

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds (1)	\$ 939,466
	Nonmajor governmental funds (2)	23,080
	Internal service funds (3)	<u>38,137</u>
	Total General Fund	1,000,683
Nonmajor governmental funds	Nonmajor governmental funds (1)	<u>381,924</u>
	Total transfers	<u>\$ 1,382,607</u>

- (1) Transfer for capital improvements
- (2) Transfer for debt service
- (3) Transfer for additional costs incurred

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
MDEQ Site Revitalization Loan - Mason Run - \$800,000 - Maturing through 2021	2%	\$69,766- \$78,568	\$ 448,898	\$ -	\$ 71,163	\$ 377,735	\$ 72,586
2016 OPEB Bonds - \$25,968,220 - Maturing through 2038	0.98% - 4.02%	\$921,559- \$1,631,012	-	25,968,220	-	25,968,220	1,034,925
2012 Capital Improvement Bonds - \$4,050,000 - Maturing through 2032	2.25% - 3.5%	\$110,000- \$330,000	3,730,000	-	115,000	3,615,000	120,000
2012 Monroe Building Authority Refunding Bonds - \$4,425,000 - Maturing through 2024	2.230%	\$350,000- \$425,000	3,520,000	-	355,000	3,165,000	365,000
2014 Refunding Bonds (City Hall & Bridge) - \$1,421,000 - Maturing through 2031	3.00% - 4.00%	\$91,000 - \$95,000	1,330,000	-	82,000	1,248,000	83,000
2015 Capital Improvement Bonds (Roessler Street Bridge) - \$1,725,000 - Maturing through 2030	0.50% - 2.60%	\$100,000 - \$170,000	1,725,000	-	100,000	1,625,000	100,000
Installment purchase obligations:							
Various city facility improvements - \$253,005 - Maturing through 2020	4.85%	\$24,387- \$30,903	140,866	-	25,568	115,298	26,810
Equipment installment purchase - \$159,230 - Maturing through 2018	4.90%	\$16,944- \$19,542	55,946	-	17,769	38,177	18,635
Equipment installment purchase - \$249,990 - Maturing through 2021	1.70%	\$48,299 - \$51,705	-	249,990	-	249,990	48,299
Unamortized bond premium			117,163	-	7,400	109,763	7,400
Compensated absences			726,972	112,269	160,156	679,085	146,310
Total governmental activities			\$ 11,794,845	\$ 26,330,479	\$ 934,056	\$ 37,191,268	\$ 2,022,965

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
2005 General Obligation Unlimited Capital Improvement Bonds - \$2,385,000 - Maturing through 2025:							
2008 General Obligation Water Meter Shop Bonds - \$6,360,000 - Maturing through 2028	3.25%- 4.5%	\$260,000- \$505,000	\$ 4,995,000	\$ -	\$ 4,380,000	\$ 615,000	\$ 300,000
MDEQ Clean Water State Revolving Funds (through County of Monroe) - \$12,000,000 - Maturing through 2030	2.50%	\$505,000- \$550,000	9,535,000	-	525,000	9,010,000	545,000
Michigan Municipal Bond Authority Drinking Water Revolving Funds - \$3,051,000 - Maturing through 2030	2.50%	\$100,000- \$190,000	1,932,783	-	110,000	1,822,783	110,000
MDEQ Sewage Disposal System Bonds (through County of Monroe) - \$9,115,000 - Maturing through 2033	2.50%	\$341,767- \$545,000	8,054,569	-	360,000	7,694,569	370,000
2012 General Obligation Limited Tax Refunding Bonds - \$1,850,000 - Maturing through 2025	.55% - 3.50%	\$130,000- \$165,000	1,470,000	-	135,000	1,335,000	135,000
MDEQ Sewage Disposal System Bonds (through County of Monroe) - \$17,950,000 - Maturing through 2034	2.50%	\$705,000- \$1,125,000	17,223,146	21,854	720,000	16,525,000	740,000
2013 Water Bonds - \$5,540,000 Maturing through 2033	3.55%	\$210,000- \$395,000	5,330,000	-	215,000	5,115,000	225,000
2016 Refunding Bonds (Water Meter Shop) - \$3,905,000 - Maturing through 2028	2.00% - 4.00%	\$25,000- \$470,000	-	3,905,000	-	3,905,000	25,000
2014 Sewage Disposal System Bonds (through County of Monroe):							
\$10,500,000 - Maturing through 2034	4.20%	\$515,000- \$580,000	9,985,000	-	505,000	9,480,000	505,000
2014 Refunding Bonds (Water) - \$4,864,000 - Maturing through 2031	3.00% - 4.00%	\$137,000- \$690,000	4,685,000	-	138,000	4,547,000	137,000
Unamortized bond premium			462,145	564,588	80,176	946,557	73,007
2016 OPEB Bonds - \$9,536,780 - Maturing through 2038	0.98% - 4.02%	\$338,441- \$598,987	-	9,536,780	-	9,536,780	380,075
Total			\$ 63,672,643	\$ 14,028,222	\$ 7,168,176	\$ 70,532,689	\$ 3,545,082

Note 7 - Long-term Debt (Continued)

Compensated absences attributable to the governmental activities will be liquidated funds from which the individual employee's salaries are paid, which is primarily the General Fund. All governmental bond obligations are financed through the debt service funds. Other long-term governmental obligations are typically financed through the General Fund. Annual debt service requirements to maturity for the above obligations, excluding compensated absences and unamortized bond premiums, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest - Net of Subsidy	Total	Principal	Interest - Net of Subsidy	Total
2017	\$ 1,869,254	\$ 938,241	\$ 2,807,495	\$ 3,472,074	\$ 2,003,255	\$ 5,475,329
2018	1,788,403	1,034,029	2,822,432	3,477,441	1,989,194	5,466,635
2019	1,805,512	1,001,453	2,806,965	3,549,470	1,900,312	5,449,782
2020	1,853,930	966,679	2,820,609	3,624,842	1,812,851	5,437,693
2021	1,871,058	928,648	2,799,706	3,699,214	1,720,213	5,419,427
2022-2026	8,588,773	4,024,804	12,613,577	19,941,227	7,451,621	27,392,848
2027-2031	8,260,797	2,859,667	11,120,464	21,226,986	3,725,171	24,952,157
2032-2036	7,164,835	1,498,474	8,663,309	9,419,736	959,297	10,379,033
2037-2041	3,199,858	194,199	3,394,057	1,175,142	71,320	1,246,462
Total	\$ 36,402,420	\$ 13,446,194	\$ 49,848,614	\$ 69,586,132	\$ 21,633,234	\$ 91,219,366

The Brownfield Redevelopment Authority has committed to repaying the Downriver Community Conference the principal of \$1,250,000 without interest related to a Brownfield Cleanup Revolving Loan advance that the Authority received for rehabilitation of a contaminated site. The advance will be repaid over a period of 15 years. No payments are due in the first five years. The advance will be repaid with tax captures. The balance on the advance at June 30, 2016 is \$512,930, with the advance projected to be completely repaid by February 28, 2023.

The Brownfield Redevelopment Authority has committed to repaying the Downriver Community Conference the principal of \$325,000 without interest related to a Brownfield Cleanup Revolving Loan advance that the Authority received for the demolition of a building in accordance with environmental considerations. The advance will be repaid over a period of 12 years. No payments are due until October 1, 2018. The advance will be repaid with tax captures. The balance on the advance at June 30, 2016 is \$324,817, with the advance projected to be completely repaid by October 1, 2027.

Note 7 - Long-term Debt (Continued)

The Brownfield Redevelopment Authority has committed to repaying the State of Michigan Department of Environmental Quality the principal of \$1,000,000 with 1.5 percent interest related to a Clean Michigan Initiative Brownfield Redevelopment Loan that the Authority received for redevelopment of a contaminated site. The loan will be repaid over a period of 11 years. The loan will be repaid with tax captures. The balance on the loan at June 30, 2016 is \$253,664 with the loan projected to be completely repaid by June 30, 2025.

In April 2013, the Port of Monroe entered into a promissory note in the amount of \$150,000 at an interest rate of 3.75 percent. The note provides for monthly principal and interest payments of \$1,093 through March 2018 and a balloon payment of \$110,223 in April 2018. The outstanding balance at June 30, 2016 was \$125,021 with \$8,625 due next year.

During the current year, the Port of Monroe entered into a promissory note in the amount of \$440,000 to fund the purchase of a new office building. The note provides for monthly principal and interest payments of \$2,773 through October 2020 and a balloon payment of \$364,900 in November 2020. The outstanding balance at June 30, 2016 was \$431,929 with \$14,609 due next year.

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

Current Refunding - During the current year, the City issued the City of Monroe 2016 Limited Tax General Obligation Refunding bonds in the amount of \$3,905,000, with interest rates ranging between 2.0 and 4.0 percent. The proceeds of these bonds were used to refund \$4,095,000 of outstanding 2008 General Obligation Water Meter Shop Bonds, with interest rates ranging between 3.25 and 4.50 percent. The net proceeds of the refunding were \$4,393,959 (after payment of \$75,628 in underwriting fees, insurance, and other issuance costs). The refunding was undertaken to reduce the debt service payment over the next 12 years with net savings of \$440,138 and to obtain an economic (present value) gain for the City of Monroe, Michigan of \$396,454.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League risk pool for claims related to general liability; the City is self-insured for workers' compensation and medical benefits and limits its risk with excess insurance for workers' compensation and stop-loss insurance for medical benefits.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Settled claims have not exceeded the amount of insurance coverage in the past three years.

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

	2016	2015
Unpaid claims - Beginning of year	\$ 637,200	\$ 646,463
Incurred claims, including claims incurred but not reported	(5,246,557)	(4,890,414)
Claim payments	5,258,290	4,881,151
Unpaid claims - End of year	<u>\$ 648,933</u>	<u>\$ 637,200</u>

Note 9 - Pension Plan

Pension Plan Description

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

Note 9 - Pension Plan (Continued)

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

Employees Covered by Benefit Terms - At the June 30, 2016, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	278
Inactive plan members entitled to but not yet receiving benefits	21
Active plan members	<u>163</u>
Total employees covered by the plan	<u>462</u>

Benefits Provided - The pension plan provides retirement, disability, and death benefits. Retirement benefits for general plan members are calculated as 2.2 percent of the member's final three-year average salary times the member's years of service. Hybrid member benefits are calculated as 1.5 percent of the member's final three-year average salary times the member's years of service or the monthly pension that can be paid from 2.0 times the member's accumulated contributions, whichever is higher. Benefits for public safety plan members hired prior to June 30, 2008 are calculated as 2.65 percent of the member's final three-year average salary times the member's years of service. Benefits for public safety plan members hired after June 30, 2008 are calculated as 2.0 percent of the average salary of the member's first 15 years of service, and 2.25 percent of years thereafter. General plan members with 10 years of continuous service are eligible to retire at age 60 and can also retire after 25 continuous years of service at age 55. General members that are Teamsters union members can retire when the sum of their years of service and age equals 80. Hybrid plan members with 10 continuous years of service are eligible to retire at age 60 and at age 62 with three continuous years of service. Public safety plan members with 10 years of continuous service are eligible to retire at age 55, and can retire at age 50 with 25 years of continuous service. All plan members are eligible for non-duty 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.

Note 9 - Pension Plan (Continued)

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).

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, 2016, the average active member contribution rate was 4.53 percent of annual pay and the City's average contribution rate was 16.34 percent of annual payroll.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Pension Board's adopted asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation
U.S. Large Cap Growth	7.5%
U.S. Large Cap Value	7.5%
U.S. Large Cap Core	8.5%
U.S. Mid Cap Growth	12.0%
U.S. Small Cap Growth	6.0%
International Equity	16.0%
Taxable Fixed Income - Intermediate	37.5%
Real Estate/REITs	5.0%

Note 9 - Pension Plan (Continued)

Concentrations - At June 30, 2016, the plan held 8.4 percent, 8.3 percent, and 9.3 percent of plan net position within International Research Enhanced Index, Comerica Large Cap Growth, and Comerica S&P 500 Index Fund, respectively.

Rate of Return - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.58) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments. The reserve credits interest annually at a rate of 7.5 percent.

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

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

The balances of the reserve accounts at June 30, 2016 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 104,641,046	\$ 104,641,046
Employee reserve	8,897,968	8,897,968
Employer reserve	14,815,979	14,815,979

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Pension Plan (Continued)

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total pension liability	\$ 138,493,483
Plan fiduciary net position	<u>(128,354,993)</u>
City's net pension liability	<u>\$ 10,138,490</u>

Plan fiduciary net position as a percentage of the total pension liability 92.7 %

The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used updated procedures to roll forward the estimated liability to June 30, 2016.

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, 2015	\$ 137,594,718	\$ 136,342,647	\$ 1,252,071
Service cost	1,361,897	-	1,361,897
Interest	10,019,895	-	10,019,895
Differences between expected and actual experience	(1,128,899)	-	(1,128,899)
Contributions - Employer	-	1,695,874	(1,695,874)
Contributions - Employee	-	448,182	(448,182)
Net investment income	-	(716,793)	716,793
Benefit payments, including refunds	(9,354,128)	(9,354,128)	-
Administrative expenses	-	(74,593)	74,593
Miscellaneous other charges	-	13,804	(13,804)
Net changes	<u>898,765</u>	<u>(7,987,654)</u>	<u>8,886,419</u>
Balance at June 30, 2016	<u>\$ 138,493,483</u>	<u>\$ 128,354,993</u>	<u>\$ 10,138,490</u>

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Pension Plan (Continued)

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

For the year ended June 30, 2016, the City recognized pension expense of \$4,087,446. At June 30, 2016, 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	\$ 417,762	\$ (805,599)
Net difference between projected and actual earnings on pension plan investments	<u>11,339,642</u>	<u>-</u>
Total	<u>\$ 11,757,404</u>	<u>\$ (805,599)</u>

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

Years Ending June 30	Amount
2017	\$ 3,046,088
2018	2,862,190
2019	2,909,559
2020	2,133,968

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %	
Salary increases	5.00 %	Average, including inflation
Investment rate of return	7.50 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP2000 Mortality Table.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period from 2005-2009.

Note 9 - Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.50 percent and a municipal bond rate of 2.85 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.

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, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. Large Cap Growth	7.60 %
U.S. Large Cap Value	7.00 %
U.S. Large Cap Core	7.30 %
U.S. Mid Cap Growth	8.55 %
U.S. Small Cap Value	8.80 %
International Equity	7.80 %
Taxable Fixed Income - Intermediate	2.30 %
Real Estate/REITS	4.10 %

Note 9 - Pension Plan (Continued)

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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1 Percent Decrease (6.5%)	Current Discount Rate (7.5%)	1 Percent Increase (8.5%)
Net pension liability/(asset) of the City	\$ 25,042,318	\$ 10,138,490	\$ (2,503,189)

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

Note 10 - Other Postemployment Benefits

Defined Benefit Plan Description - The City provides retiree healthcare benefits to eligible employees hired prior to June 30, 2008 and their spouses. Benefits are provided to employees covered under the Employees' Retirement System who were hired before June 30, 2008. Currently, the plan has 396 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

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

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Other Postemployment Benefits (Continued)

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

Funding Progress - For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014, which is the most recent valuation. There have been no significant changes to healthcare costs, payroll, or other factors that would cause the City to expect a significant increase in the funding progress. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation’s computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,646,281
Interest on the prior year's net OPEB obligation	368,990
Less adjustment to the annual required contribution	<u>(490,280)</u>
Annual OPEB cost	3,524,991
Amounts contributed:	
Payments of current premiums	(3,772,265)
Advance funding	<u>(266,691)</u>
Decrease in net OPEB obligation	(513,965)
OPEB obligation - Beginning of year	<u>5,271,281</u>
OPEB obligation - End of year	<u>\$ 4,757,316</u>

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

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage of OPEB Costs Contributed	
6/30/12	12/31/08	\$ 4,698,863	\$ 4,755,247	74.5 %	73.6 %	\$ 6,713,022
6/30/13	12/31/10	3,871,234	3,788,047	108.4	110.7	6,304,821
6/30/14	12/31/10	3,691,439	3,579,680	110.7	114.2	5,797,942
6/30/15	12/31/12	3,708,247	3,623,823	111.9	114.5	5,271,283
6/30/16	12/31/12	3,646,281	3,524,991	110.8	114.6	4,757,318

Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ 8,668,479	\$ 62,970,849	\$ 54,302,370	13.8 %	\$ 13,007,162	417.5 %
12/31/08	8,148,464	51,985,601	43,837,137	15.7	11,289,204	388.3
12/31/10	12,465,300	51,703,768	39,238,468	24.1	10,758,097	364.7
12/31/12	14,793,096	52,084,559	37,291,463	28.4	9,513,707	392.0
12/31/14	18,767,341	57,762,426	38,995,085	32.5	8,748,796	445.7

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

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

In the December 31, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 8.25 percent initially, reduced by decrements to an ultimate rate of 3.5 percent after 10 years, and projected salary increases of 3.5 percent per year with additional salary increases of 0 percent to 3 percent related to merit and/or longevity. Both rates included a 3.5 percent inflation assumption. Actuarial gains and losses reduce (increase) the UAAL as they occur. The UAAL is being amortized as a level dollar value on a closed basis. The remaining amortization period at December 31, 2014 was 24 years.

Note 10 - Other Postemployment Benefits (Continued)

Defined Contribution Plan Description - The City also provides retiree healthcare benefits to eligible employees hired after June 30, 2009 through a defined contribution plan administered by the Municipal Employees Retirement System of Michigan (MERS). The benefits are provided under collective bargaining agreements and require the City and the employee each to contribute 3 percent of base earnings, as defined by collective bargaining agreements, to the plan. Any plan members who terminate employment from the City are then eligible to use the balance in their accounts to fund current medical costs. During the year ended June 30, 2016, there were 77 members in the plan (63 active participants and 14 terminated employees with balances), and both the City and the plan members contributed \$82,700 to the plan.

Note 11 - 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, 2016:

Total assets	\$	5,660,620
Total liabilities		81,655
Total equity		5,578,965
Total revenue		366,263
Total operating expenses		366,262
Total nonoperating revenue		2,020
Increase in equity		2,021

Complete financial statements for the joint venture can be obtained from the administrative offices at 120 E. First Street, Monroe, Michigan.

The City's equity interest in the Partnership of \$3,862,324 is recorded in the Water Fund.

Note 12 - Economic Dependency

Three taxpayers account for approximately 54 percent of the City's tax revenue and 10 percent of the water and sewage disposal revenue.

Note 13 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust Fund	Retiree Health Care Fund	Total
<u>Statement of Net Position</u>			
Cash and investments	\$ 132,573,831	\$ 20,325,571	\$ 152,899,402
Other assets	377,360	-	377,360
Liabilities	4,596,199	802,240	5,398,439
Net position	<u>\$ 128,354,992</u>	<u>\$ 19,523,331</u>	<u>\$ 147,878,323</u>
<u>Statement of Changes in Net Position</u>			
Investment income	\$ (764,241)	\$ 72,983	\$ (691,258)
Contributions	2,144,056	4,038,955	6,183,011
Benefit payments	9,345,912	3,772,265	13,118,177
Other decreases	21,558	154,511	176,069
Net change in net position	<u>\$ (7,987,655)</u>	<u>\$ 185,162</u>	<u>\$ (7,802,493)</u>

Note 14 - Contingent Liabilities

Environmental Liability

As of June 30, 2016, the Port of Monroe (the "Port") owned approximately 279 acres (the "Property") of a 480-acre tract of land formerly used as an industrial landfill that has been identified by the Michigan Department of Environment Quality (MDEQ) as a site of environmental contamination as defined by the Natural Resources and Environmental Protection Act (NREPA), Michigan PA 451, of 1994, as amended. The MDEQ has identified the Port of Monroe along with more than 70 other individual and corporate entities as potentially responsible parties (PRPs). The land is divided roughly in half by I-75 with the West Site being west of I-75 and the East Site being east of I-75. An Interim Remedial Action Plan (IRAP) was prepared for the East Site in 2002.

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

Note 14 - Contingent Liabilities (Continued)

Based upon available information, in June 2016, the Port identified its pollution remediation obligations and estimated the expected pollution remediation outlays that are reasonably able to be estimated to meet those obligations related to the Property. The estimated outlays for the landfill were based primarily upon the above-referenced reports and subsequent comments from MDEQ and may include, without limitation, the following components: (1) professional and legal services, (2) installation of additional perimeter monitoring wells and additional investigations, (3) additional investigation necessary to prepare a Response Activity Plan for the West Site, (4) annual monitoring of perimeter wells, (5) filling the ponds, (6) revisions to the municipal ordinance that prohibit the use of groundwater, (7) installation of permanent markers, and (8) operation and maintenance of the existing leachate collection system. The completion of the IRDC will be the benchmark that will be used to evaluate the estimate of the outlays and to determine if any changes to the estimate should be made for the West Site.

As a part of the process of estimating the expected pollution remediation outlays, the Port's environmental consultant considered three possible scenarios based on the fact that a final remediation plan for both sites has not been approved by MDEQ. Each scenario makes certain assumptions and the last two scenarios assume an expanded scope of work and increasing costs. The costs for the components of each scenario were estimated by the Port's engineer or environmental consultant. The current value of the expected outlays for the three scenarios was measured using the expected cash flow technique according to the governmental accounting standard with regard to accounting and financial reporting for pollution remediation obligations. This technique measures a pollution remediation liability as the sum of probability-weighted amounts in a range of possible estimated amounts - the estimated mean or average. According to the consultant, the estimated outlays were measured as of June 30, 2016. The measurement of the pollution remediation liability includes all remediation work that is expected to be performed including work to be performed by other PRPs. Expected recoveries from other PRPs have been included by reducing the measurement of the Port's pollution remediation liability.

Based upon prior contributions from 14 of the PRPs to MDEQ for various completed environmental activities on the Property, and after considering current economic conditions related to some of those PRPs, a measurement for expected recoveries has been made in the amount of \$4,394,786. The Port's expected outlays for its share of the pollution remediation obligations related to the Property have been estimated to be \$985,706 and are reflected on the Port's June 30, 2016 balance sheet as liabilities - environmental. Further, the actual costs could differ from the estimated liability for both sites if any of the assumptions change due to such factors as price increases or reductions, environmental technology, applicable laws and regulations, or enforceability or collectibility from other PRPs.

City of Monroe, Michigan

Notes to Financial Statements June 30, 2016

Note 15 - Fund Balance Constraints

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

	General Fund	Nonmajor Funds	Total
Fund Balances			
Nonspendable:			
Real estate inventories - Net of related advances	\$ 84,642	\$ -	\$ 84,642
Prepays	30,868	26,735	57,603
Total nonspendable	115,510	26,735	142,245
Restricted:			
Roads	-	1,090,321	1,090,321
Police	-	65,387	65,387
Other postemployment benefits	24,410,801	851,139	25,261,940
Debt service	-	435,710	435,710
Grants	-	206,230	206,230
Capital projects (unspent bond proceeds)	-	363,194	363,194
Rubbish, garbage, and recycling	-	115,471	115,471
Code enforcement	-	422,025	422,025
Total restricted	24,410,801	3,549,477	27,960,278
Committed:			
Budget stabilization	2,000,000	-	2,000,000
Airport operations	-	29,594	29,594
Parking enforcement and parking lot maintenance	-	73,154	73,154
Donation purpose	-	79,294	79,294
Capital outlay projects	-	947,470	947,470
Economic development activities	-	241,764	241,764
Total committed	2,000,000	1,371,276	3,371,276
Assigned:			
Subsequent year's budget	161,942	-	161,942
Debt service	-	31,036	31,036
Total assigned	161,942	31,036	192,978
Unassigned	3,776,720	-	3,776,720
Total fund balance	<u>\$ 30,464,973</u>	<u>\$ 4,978,524</u>	<u>\$ 35,443,497</u>

Note 16 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplemental Information

City of Monroe, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 14,032,829	\$ 14,113,543	\$ 14,101,321	\$ (12,222)
Licenses and permits	366,350	385,850	383,495	(2,355)
State-shared revenue and grants	1,973,850	1,996,706	1,961,217	(35,489)
Charges for services	835,700	632,868	655,755	22,887
Fines and forfeitures	93,500	85,100	74,821	(10,279)
Investment income	50,000	60,000	67,104	7,104
Rental income	62,125	61,790	61,790	-
Other revenue:				
Administrative fees	1,044,598	1,044,598	1,044,598	-
Other miscellaneous income	112,400	117,685	59,716	(57,969)
Total revenue	18,571,352	18,498,140	18,409,817	(88,323)
Expenditures				
General government:				
City Council	127,444	130,707	125,354	5,353
City manager	367,081	328,968	326,896	2,072
Finance	409,689	545,117	539,840	5,277
Clerk-treasurer	499,580	505,333	496,321	9,012
Assessor	377,321	376,039	375,004	1,035
Communications, culture, and promotion	-	99,470	67,675	31,795
City hall grounds	281,480	279,678	261,199	18,479
Attorney	140,662	139,912	139,778	134
Human resources	267,388	331,341	324,402	6,939
Engineering	290,001	336,882	336,790	92
Total general government	2,760,646	3,073,447	2,993,259	80,188
Public safety:				
Police	624,826	622,200	586,781	35,419
Fire	305,159	335,718	268,873	66,845
Zoning/Ordinance enforcement	232,047	343,599	265,379	78,220
Police and fire salaries and benefits	8,820,669	8,582,247	8,521,580	60,667
Total public safety	9,982,701	9,883,764	9,642,613	241,151
Public works - Department of Public Services				
	1,911,940	1,869,714	1,868,785	929
Community and economic development				
	296,368	298,641	234,374	64,267

City of Monroe, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Recreation and culture:				
Library	\$ 57,500	\$ 57,500	\$ 57,500	\$ -
Parks and recreation	1,851,475	1,989,594	1,896,830	92,764
Public access TV	163,000	169,000	168,330	670
Historic District Commission	3,180	3,180	69	3,111
Social services	140,000	140,000	140,000	-
	<u>2,215,155</u>	<u>2,359,274</u>	<u>2,262,729</u>	<u>96,545</u>
Total recreation and culture				
	2,215,155	2,359,274	2,262,729	96,545
Debt service:				
Principal	25,570	25,570	25,570	-
Interest on long-term debt	14,992	14,992	14,992	-
Contingencies	264,005	-	-	-
Other uses - Transfers out	1,099,975	1,168,570	1,168,410	160
Other uses - Loss in fair value of inventory	-	-	384,138	(384,138)
	<u>18,571,352</u>	<u>18,693,972</u>	<u>18,594,870</u>	<u>99,102</u>
Total expenditures				
	18,571,352	18,693,972	18,594,870	99,102
Other Financing Sources -				
Proceeds from debt issuance	-	-	24,557,672	24,557,672
	<u>-</u>	<u>-</u>	<u>24,557,672</u>	<u>24,557,672</u>
Net Change in Fund Balance				
	-	(195,832)	24,372,619	24,568,451
Fund Balance - Beginning of year				
	6,092,354	6,092,354	6,092,354	-
	<u>6,092,354</u>	<u>6,092,354</u>	<u>6,092,354</u>	<u>-</u>
Fund Balance - End of year				
	<u>\$ 6,092,354</u>	<u>\$ 5,896,522</u>	<u>\$ 30,464,973</u>	<u>\$ 24,568,451</u>

City of Monroe, Michigan

Note to Required Supplemental Information Year Ended June 30, 2016

Note - Budgetary Information

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

During the year, the City of Monroe, Michigan incurred expenditures for the loss of value of inventory held, which was not budgeted. The loss in the value of inventory is a noncash expenditure that had not been available until year end.

City of Monroe, Michigan

Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Year Ended June 30, 2016

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

City of Monroe, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 1,695,874	\$ 1,622,379	\$ 1,488,154	\$ 1,351,441	\$ 1,274,568	\$ 1,191,553	\$ 1,483,539	\$ 1,439,269	\$ 1,444,880	\$ 487,016
Contributions in relation to the actuarially determined contribution	<u>1,695,874</u>	<u>1,622,379</u>	<u>1,488,154</u>	<u>1,351,441</u>	<u>1,274,568</u>	<u>1,191,553</u>	<u>1,483,539</u>	<u>1,439,269</u>	<u>1,444,880</u>	<u>487,368</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (352)</u>								
Covered employee payroll	\$ 9,919,395	\$ 9,509,101	\$ 9,829,890	\$ 10,758,097	\$ 11,061,644	\$ 11,289,204	\$ 13,371,922	\$ 13,007,162	\$ 13,232,960	\$ 13,232,960
Contributions as a percentage of covered employee payroll	17.1 %	17.1 %	15.1 %	12.6 %	11.5 %	10.6 %	11.1 %	11.1 %	10.9 %	3.7 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age actuarial method

Amortization method Level percent-of-pay

Remaining amortization period 26 years

Asset valuation method Seven-year smoothing method

Inflation 2.75%

Salary increases 3.5% to 6.5%

Investment rate of return 7.5% per year

Retirement age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2009 valuation pursuant to an experience study of the period from 2005-2009.

Mortality The RP2000 Mortality table was selected by the board of trustees.

Other information There were no benefit changes during the year.

City of Monroe, Michigan

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

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

City of Monroe, Michigan

Notes to Pension Required Supplemental Information Schedules Year Ended June 30, 2016

Benefit Changes - None

Changes in Assumptions - None

Changes in Size or Composition of the Covered Population - None

Other Supplemental Information

City of Monroe, Michigan

Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

City of Monroe, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development	Grants
Assets						
Cash and investments	\$ 790,377	\$ 90,915	\$ 1,582,315	\$ 77,588	\$ 362,276	\$ 207,671
Receivables:						
Property taxes receivable	-	-	103,461	-	-	-
Special assessments receivable	-	-	-	-	-	-
Customer receivables	-	-	-	-	-	-
Accrued interest receivable	159	-	270	-	153	219
Other receivables	-	-	-	259,730	-	-
Due from other governmental units	217,241	74,435	-	-	-	95,325
Economic development loans receivable	-	-	-	-	25,000	-
Due from other funds	-	34,655	-	-	-	-
Prepays and other assets	7,523	-	-	-	-	-
Advances to component unit	-	-	-	-	1,534,796	-
Restricted assets	-	-	-	43,016	-	-
Total assets	\$ 1,015,300	\$ 200,005	\$ 1,686,046	\$ 380,334	\$ 1,922,225	\$ 303,215
Liabilities						
Accounts payable	\$ 36,596	\$ 46,210	\$ 94,486	\$ 3,379	\$ -	\$ 5,937
Due to other funds	34,655	-	-	-	-	78,766
Accrued liabilities and other	-	-	-	1,055	-	-
Unearned revenue	-	-	-	-	1,680,461	12,282
Total liabilities	71,251	46,210	94,486	4,434	1,680,461	96,985
Deferred Inflows of Resources						
Unavailable revenue	-	-	9,081	259,730	-	-
Property taxes levied for the following year	-	-	1,467,008	-	-	-
Total deferred inflows of resources	-	-	1,476,089	259,730	-	-
Fund Balances						
Nonspendable - Prepays	7,523	-	-	-	-	-
Restricted:						
Roads	936,526	153,795	-	-	-	-
Police	-	-	-	-	-	-
Other postemployment benefits	-	-	-	43,016	-	-
Debt service	-	-	-	-	-	-
Grants	-	-	-	-	-	206,230
Capital projects (unspent bond proceeds)	-	-	-	-	-	-
Rubbish, garbage, and recycling	-	-	115,471	-	-	-
Code enforcement	-	-	-	-	-	-
Committed:						
Airport operations	-	-	-	-	-	-
Parking enforcement and parking lot maintenance	-	-	-	73,154	-	-
Donation purpose	-	-	-	-	-	-
Capital outlay projects	-	-	-	-	-	-
Economic development activities	-	-	-	-	241,764	-
Assigned	-	-	-	-	-	-
Total fund balances	944,049	153,795	115,471	116,170	241,764	206,230
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,015,300	\$ 200,005	\$ 1,686,046	\$ 380,334	\$ 1,922,225	\$ 303,215

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

Special Revenue Funds				Debt Service Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Capital Projects Fund	
\$ 68,957	\$ 14,900	\$ 444,595	\$ 81,095	\$ 971,751	\$ 31,142	\$ 923,146	\$ 5,646,728
-	-	3,000	-	34,277	-	-	140,738
-	-	-	-	-	-	139,311	139,311
-	22,368	-	-	-	-	-	22,368
30	-	32	-	335	3	147	1,348
-	-	-	11,762	-	-	-	271,492
-	3,959	-	-	-	-	-	390,960
-	-	-	-	-	-	-	25,000
-	-	4,710	-	-	-	60,513	99,878
-	11,924	-	-	-	-	7,288	26,735
-	-	-	-	-	-	-	1,534,796
-	-	808,123	-	-	-	363,194	1,214,333
\$ 68,987	\$ 53,151	\$ 1,260,460	\$ 92,857	\$ 1,006,363	\$ 31,145	\$ 1,493,599	\$ 9,513,687
\$ 3,600	\$ 10,688	\$ 4,651	\$ 13,563	\$ 80,043	\$ 109	\$ 62,070	\$ 361,332
-	-	13,714	-	-	-	-	127,135
-	945	11,947	-	-	-	-	13,947
-	-	-	-	-	-	-	1,692,743
3,600	11,633	30,312	13,563	80,043	109	62,070	2,195,157
-	-	-	-	2,882	-	113,577	385,270
-	-	-	-	487,728	-	-	1,954,736
-	-	-	-	490,610	-	113,577	2,340,006
-	11,924	-	-	-	-	7,288	26,735
-	-	-	-	-	-	-	1,090,321
65,387	-	-	-	-	-	-	65,387
-	-	808,123	-	-	-	-	851,139
-	-	-	-	435,710	-	-	435,710
-	-	-	-	-	-	-	206,230
-	-	-	-	-	-	363,194	363,194
-	-	-	-	-	-	-	115,471
-	-	422,025	-	-	-	-	422,025
-	29,594	-	-	-	-	-	29,594
-	-	-	-	-	-	-	73,154
-	-	-	79,294	-	-	-	79,294
-	-	-	-	-	-	947,470	947,470
-	-	-	-	-	-	-	241,764
-	-	-	-	-	31,036	-	31,036
65,387	41,518	1,230,148	79,294	435,710	31,036	1,317,952	4,978,524
\$ 68,987	\$ 53,151	\$ 1,260,460	\$ 92,857	\$ 1,006,363	\$ 31,145	\$ 1,493,599	\$ 9,513,687

City of Monroe, Michigan

	Special Revenue Funds				
	Major Streets	Local Streets	Rubbish, Garbage, and Recycling	Parking Meter	Economic Development
Revenue					
Property taxes	\$ -	\$ -	\$ 1,482,659	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Federal grants	-	214,981	-	-	-
State-shared revenue and grants	1,657,368	423,870	-	-	-
Charges for services	-	-	4,669	183,503	-
Fines and forfeitures	-	-	-	-	-
Investment income	2,842	157	3,326	160	1,455
Rental income	-	-	-	-	-
Other revenue	324	11,810	-	-	-
Total revenue	1,660,534	650,818	1,490,654	183,663	1,455
Expenditures					
Current:					
Public safety	-	-	-	107,399	-
Public works	1,496,278	1,171,500	1,442,535	31,395	-
Community and economic development	-	-	-	-	25,000
Debt service	-	-	-	-	-
Total expenditures	1,496,278	1,171,500	1,442,535	138,794	25,000
Excess of Revenue Over (Under) Expenditures	164,256	(520,682)	48,119	44,869	(23,545)
Other Financing Sources (Uses)					
Face value of debt issue	-	-	-	43,107	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	46,800	479,829	-	-	-
Transfers out	(191,629)	-	-	-	-
Total other financing (uses) sources	(144,829)	479,829	-	43,107	-
Net Change in Fund Balances	19,427	(40,853)	48,119	87,976	(23,545)
Fund Balances - Beginning of year	924,622	194,648	67,352	28,194	265,309
Fund Balances - End of year	\$ 944,049	\$ 153,795	\$ 115,471	\$ 116,170	\$ 241,764

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Special Revenue Funds					Debt Service Funds		Total Nonmajor Governmental Funds	
Grants	Drug Forfeiture	Airport	Building Safety	Expendable Trust	Debt Service	Building Authority	Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,625	\$ -	\$ -	\$ 1,975,284
-	-	-	587,758	-	-	-	-	587,758
363,275	1,312	-	-	10,800	-	-	20,000	610,368
-	-	-	-	-	-	-	-	2,081,238
-	-	133,595	-	-	-	-	-	321,767
-	23,203	-	-	-	-	-	-	23,203
706	221	-	1,658	-	3,004	-	1,726	15,255
-	-	109,324	-	-	-	429,838	-	539,162
-	-	4,485	-	52,397	92,181	-	79,326	240,523
363,981	24,736	247,404	589,416	63,197	587,810	429,838	101,052	6,394,558
-	9,825	-	-	-	-	-	-	117,224
-	-	284,699	557,308	59,253	-	-	1,714,006	6,756,974
172,979	-	-	-	-	-	-	-	197,979
-	-	-	-	-	494,079	429,838	-	923,917
172,979	9,825	284,699	557,308	59,253	494,079	429,838	1,714,006	7,996,094
191,002	14,911	(37,295)	32,108	3,944	93,731	-	(1,612,954)	(1,601,536)
-	-	-	809,840	-	-	-	-	852,947
-	-	-	-	-	-	-	15,248	15,248
-	-	18,966	-	-	23,080	-	775,795	1,344,470
(190,295)	-	-	-	-	-	-	-	(381,924)
(190,295)	-	18,966	809,840	-	23,080	-	791,043	1,830,741
707	14,911	(18,329)	841,948	3,944	116,811	-	(821,911)	229,205
205,523	50,476	59,847	388,200	75,350	318,899	31,036	2,139,863	4,749,319
\$ 206,230	\$ 65,387	\$ 41,518	\$ 1,230,148	\$ 79,294	\$ 435,710	\$ 31,036	\$ 1,317,952	\$ 4,978,524

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds Year Ended June 30, 2016

Special Revenue Fund - Major Streets

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue and Other Sources				
State-shared revenue and grants	\$ 1,560,400	\$ 1,740,263	\$ 1,657,368	\$ (82,895)
Other miscellaneous income	-	324	324	-
Investment income	1,500	2,000	2,842	842
Other sources - Transfers in	-	46,800	46,800	-
Total revenue and other sources	1,561,900	1,789,063	1,707,334	(81,729)
Expenditures and Other Uses				
Streets	1,562,225	2,012,747	1,496,278	516,469
Other uses - Transfers out	210,000	409,500	191,629	217,871
Total expenditures and other uses	1,772,225	2,422,247	1,687,907	734,340
Net Change in Fund Balance	\$ (210,325)	\$ (633,184)	\$ 19,427	\$ 652,611

Special Revenue Fund - Local Streets

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue and Other Sources				
Federal grants	\$ -	\$ 214,980	\$ 214,981	\$ 1
State-shared revenue and grants	350,000	424,265	423,870	(395)
Investment income	200	-	157	157
Other sources - Transfers in	545,000	697,700	479,829	(217,871)
Other revenue	-	960	11,810	10,850
Total revenue and other sources	895,200	1,337,905	1,130,647	(207,258)
Expenditures - Public works	1,033,545	1,321,550	1,171,500	150,050
Net Change in Fund Balance	\$ (138,345)	\$ 16,355	\$ (40,853)	\$ (57,208)

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Special Revenue Funds - Rubbish, Garbage, and Recycling

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,482,195	\$ 1,481,155	\$ 1,482,659	\$ 1,504
Charges for services	4,000	5,000	4,669	(331)
Investment income	1,200	2,500	3,326	826
Total revenue	1,487,395	1,488,655	1,490,654	1,999
Expenditures - Public works	1,486,791	1,442,672	1,442,535	137
Net Change in Fund Balance	\$ 604	\$ 45,983	\$ 48,119	\$ 2,136

Special Revenue Fund - Parking Meter

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 155,000	\$ 183,000	\$ 183,503	\$ 503
Investment income	20	220	160	(60)
Total revenue	155,020	183,220	183,663	443
Expenditures and Other Uses				
Public safety	103,225	107,794	107,399	395
Public works	41,000	31,000	31,395	(395)
Total expenditures and other uses	144,225	138,794	138,794	-
Excess of Revenue Over Expenditures	10,795	44,426	44,869	443
Other Financing Sources -				
Face value of debt issue	-	-	43,107	43,107
Net Change in Fund Balance	\$ 10,795	\$ 44,426	\$ 87,976	\$ 43,550

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Special Revenue Fund - Economic Development

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 1,500	\$ 1,000	\$ 1,455	\$ 455
Expenditures and Other Uses - Community and economic development	10,000	35,000	25,000	10,000
Net Change in Fund Balance	<u>\$ (8,500)</u>	<u>\$ (34,000)</u>	<u>\$ (23,545)</u>	<u>\$ 10,455</u>

Special Revenue Fund - Grants

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 407,000	\$ 699,546	\$ 363,275	\$ (336,271)
Investment income	500	500	706	206
Total revenue	407,500	700,046	363,981	(336,065)
Expenditures and Other Uses				
Community and economic development	257,000	455,800	172,979	282,821
Other uses - Transfers out	150,000	243,746	190,295	53,451
Total expenditures and other uses	407,000	699,546	363,274	336,272
Net Change in Fund Balance	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 707</u>	<u>\$ 207</u>

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Special Revenue Fund - Drug Forfeiture

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ 979	\$ 1,312	\$ 333
Fines and forfeitures	15,000	15,000	23,203	8,203
Investment income	100	150	221	71
Total revenue	15,100	16,129	24,736	8,607
Expenditures - Public safety	18,400	19,200	9,825	9,375
Net Change in Fund Balance	\$ (3,300)	\$ (3,071)	\$ 14,911	\$ 17,982

Special Revenue Fund - Airport

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue and Other Sources				
Charges for services	\$ 180,100	\$ 150,300	\$ 133,595	\$ (16,705)
Other sources - Transfers in	16,000	15,000	18,966	3,966
Rental income	113,845	109,600	109,324	(276)
Other miscellaneous income	1,600	2,000	4,485	2,485
Total revenue and other sources	311,545	276,900	266,370	(10,530)
Expenditures and Other Uses - Public works	326,429	292,529	284,699	7,830
Net Change in Fund Balance	\$ (14,884)	\$ (15,629)	\$ (18,329)	\$ (2,700)

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Special Revenue Fund - Building Safety

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 407,725	\$ 529,950	\$ 587,758	\$ 57,808
Investment income	1,000	1,250	1,658	408
Total revenue	408,725	531,200	589,416	58,216
Expenditures - Public works	571,353	557,318	557,308	10
Excess of Revenue (Under) Over Expenditures	(162,628)	(26,118)	32,108	58,226
Other Financing Sources -				
Face value of debt issue	-	-	809,840	809,840
Net Change in Fund Balance	<u>\$ (162,628)</u>	<u>\$ (26,118)</u>	<u>\$ 841,948</u>	<u>\$ 868,066</u>

Special Revenue Fund - Expendable Trust

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ 20,350	\$ 10,800	\$ (9,550)
Other miscellaneous income	50,000	48,950	52,397	3,447
Total revenue	50,000	69,300	63,197	(6,103)
Expenditures - Public works	50,000	139,562	59,253	80,309
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (70,262)</u>	<u>\$ 3,944</u>	<u>\$ 74,206</u>

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Debt Service Fund - Debt Service

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue and Other Sources				
Property taxes	\$ 489,148	\$ 491,319	\$ 492,871	\$ 1,552
Investment income	1,100	2,200	3,004	804
Other sources - Transfers	115,332	115,382	115,261	(121)
Total revenue and other sources	605,580	608,901	611,136	2,235
Expenditures - Debt service	535,676	496,066	494,325	1,741
Net Change in Fund Balance	\$ 69,904	\$ 112,835	\$ 116,811	\$ 3,976

Debt Service Fund - Building Authority

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ -	\$ 50	\$ -	\$ (50)
Rental income	429,938	429,838	429,838	-
Total revenue	429,938	429,888	429,838	(50)
Expenditures - Debt service	429,938	429,838	429,838	-
Net Change in Fund Balance	\$ -	\$ 50	\$ -	\$ (50)

City of Monroe, Michigan

Other Supplemental Information Budgetary Comparison - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2016

Capital Projects Fund - Capital Projects

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue and Other Sources				
Federal grants	\$ -	\$ 20,000	\$ 20,000	\$ -
Investment income	1,500	1,500	1,726	226
Other revenue:				
Special assessments	70,350	70,719	69,326	(1,393)
Local donations	-	12,299	-	(12,299)
Other sources - Transfers in	783,000	876,746	775,795	(100,951)
Other miscellaneous income	32,000	10,000	10,000	-
Total revenue and other sources	886,850	991,264	876,847	(114,417)
Expenditures and Other Uses				
Public works	7,865,000	2,962,400	1,714,006	1,248,394
Capital outlay	-	5,000	-	5,000
Total expenditures and other uses	7,865,000	2,967,400	1,714,006	1,253,394
Excess of Expenditures Over Revenue	(6,978,150)	(1,976,136)	(837,159)	1,138,977
Other Financing Sources				
Face value of debt issue	7,000,000	-	-	-
Proceeds from sale of capital assets	-	15,248	15,248	-
Total other financing sources	7,000,000	15,248	15,248	-
Net Change in Fund Balance	\$ 21,850	\$ (1,960,888)	\$ (821,911)	\$ 1,138,977

City of Monroe, Michigan

Other Supplemental Information Internal Service Funds Fund Descriptions

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

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

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

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

City of Monroe, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2016

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
Assets					
Current assets:					
Cash and investments	\$ 584,889	\$ 363,100	\$ 472,969	\$ 1,957,958	\$ 3,378,916
Receivables:					
Interest receivable	49	20	224	465	758
Other receivables	8,117	95	33,587	385,372	427,171
Prepaid expenses and other assets	43,687	30,560	233,519	-	307,766
Total current assets	636,742	393,775	740,299	2,343,795	4,114,611
Restricted assets	547,816	8,603	-	-	556,419
Noncurrent assets - Capital assets	1,487,256	257,701	-	-	1,744,957
Total restricted and noncurrent assets	2,035,072	266,304	-	-	2,301,376
Total assets	2,671,814	660,079	740,299	2,343,795	6,415,987
Deferred Outflows of Resources -					
Deferred outflows - Pension	29,105	2,152	-	-	31,257
Liabilities					
Current liabilities:					
Accounts payable	30,827	19,280	61,062	12,981	124,150
Accrued liabilities and other	6,778	151	-	273,112	280,041
Unearned revenue	-	95	-	-	95
Compensated absences	12,256	860	-	-	13,116
Current portion of long-term debt	88,813	344	-	-	89,157
Total current liabilities	138,674	20,730	61,062	286,093	506,559
Noncurrent liabilities:					
Net OPEB obligation	85,199	32,423	-	-	117,622
Net pension liability	25,098	1,856	-	-	26,954
Long-term debt	748,334	8,277	-	-	756,611
Total noncurrent liabilities	858,631	42,556	-	-	901,187
Total liabilities	997,305	63,286	61,062	286,093	1,407,746
Deferred Inflows of Resources -					
Deferred inflows - Pension	1,994	148	-	-	2,142
Net Position					
Net investment in capital assets	1,199,089	257,701	-	-	1,456,790
Unrestricted	502,531	341,096	679,237	2,057,702	3,580,566
Total net position	<u>\$ 1,701,620</u>	<u>\$ 598,797</u>	<u>\$ 679,237</u>	<u>\$ 2,057,702</u>	<u>\$ 5,037,356</u>

City of Monroe, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2016

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
Operating Revenue					
Other	\$ 10,594	\$ 35,634	\$ 33,587	\$ 182,099	\$ 261,914
Charges to other funds	1,064,768	349,739	287,995	2,012,301	3,714,803
Total operating revenue	1,075,362	385,373	321,582	2,194,400	3,976,717
Operating Expenses					
Other operation and maintenance	785,624	330,674	369,949	1,826,626	3,312,873
Depreciation	218,078	42,574	-	-	260,652
Total operating expenses	1,003,702	373,248	369,949	1,826,626	3,573,525
Operating Income (Loss)	71,660	12,125	(48,367)	367,774	403,192
Nonoperating Revenue (Expenses)					
Investment income	1,755	1,135	3,292	5,633	11,815
Interest expense	(6,283)	(2)	-	-	(6,285)
Gain on sale of assets	10,200	5,175	-	-	15,375
Total nonoperating revenue	5,672	6,308	3,292	5,633	20,905
Income (Loss) - Before transfers in	77,332	18,433	(45,075)	373,407	424,097
Transfers in	-	38,137	-	-	38,137
Change in Net Position	77,332	56,570	(45,075)	373,407	462,234
Net Position - Beginning of year	1,624,288	542,227	724,312	1,684,295	4,575,122
Net Position - End of year	<u>\$ 1,701,620</u>	<u>\$ 598,797</u>	<u>\$ 679,237</u>	<u>\$ 2,057,702</u>	<u>\$ 5,037,356</u>

City of Monroe, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2016

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,067,370	\$ 356,859	\$ 290,898	\$ 1,887,269	\$ 3,602,396
Receipts from interfund services and reimbursements	(128)	(3)	-	9,705	9,574
Payments to suppliers	(510,371)	(333,657)	(330,574)	(1,832,298)	(3,006,900)
Payments to employees for wages and benefits	(297,395)	(11,761)	-	(72,593)	(381,749)
Other receipts	4,431	28,609	33,587	182,099	248,726
Net cash provided by (used in) operating activities	263,907	40,047	(6,089)	174,182	472,047
Cash Flows from Noncapital Financing Activities					
Issuance of OPEB bonds	798,970	8,621	-	-	807,591
Transfers from other funds	-	38,137	-	-	38,137
Net cash provided by noncapital financing activities	798,970	46,758	-	-	845,728
Cash Flows from Capital and Related Financing Activities					
Proceeds from sales of capital assets	10,200	5,175	-	-	15,375
Purchase of capital assets	(504,566)	(20,080)	-	-	(524,646)
Principal and interest paid on capital debt	(24,052)	-	-	-	(24,052)
Net cash used in capital and related financing activities	(518,418)	(14,905)	-	-	(533,323)
Cash Flows from Investing Activities					
Interest received on investments	1,913	1,252	3,273	5,633	12,071
Proceeds from sale and maturities of investment securities	68,000	31,000	100,117	500,000	699,117
Net cash provided by investing activities	69,913	32,252	103,390	505,633	711,188
Net Increase in Cash and Cash Equivalents	614,372	104,152	97,301	679,815	1,495,640
Cash and Cash Equivalents - Beginning of year	416,333	183,551	273,766	1,278,143	2,151,793
Cash and Cash Equivalents - End of year	<u>\$ 1,030,705</u>	<u>\$ 287,703</u>	<u>\$ 371,067</u>	<u>\$ 1,957,958</u>	<u>\$ 3,647,433</u>
Statement of Net Position					
Classification of Cash and Cash Equivalents					
Cash and investments	\$ 584,889	\$ 363,100	\$ 472,969	\$ 1,957,958	\$ 3,378,916
Restricted cash	547,816	8,603	-	-	556,419
Less amounts classified as investments	(102,000)	(84,000)	(101,902)	-	(287,902)
Total cash and cash equivalents	<u>\$ 1,030,705</u>	<u>\$ 287,703</u>	<u>\$ 371,067</u>	<u>\$ 1,957,958</u>	<u>\$ 3,647,433</u>

City of Monroe, Michigan

Other Supplemental Information Combining Statement of Cash Flows (Continued) Internal Service Funds Year Ended June 30, 2016

	Stores and Equipment	Information Systems	Insurance	Employee Benefits	Total
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 71,660	\$ 12,125	\$ (48,367)	\$ 367,774	\$ 403,192
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	218,078	42,574	-	-	260,652
Changes in assets and liabilities:					
Receivables	(3,561)	95	2,903	(131,491)	(132,054)
Due from others	-	-	-	16,164	16,164
Prepaid and other assets	21,807	(17,896)	(4,151)	-	(240)
Accounts payable	(37,668)	3,641	43,526	(5,672)	3,827
Due to others	(128)	(3)	-	-	(131)
Accrued and other liabilities	(8,468)	(319)	-	(72,593)	(81,380)
Net OPEB and pension obligations	2,187	(170)	-	-	2,017
Net cash provided by (used in) operating activities	<u>\$ 263,907</u>	<u>\$ 40,047</u>	<u>\$ (6,089)</u>	<u>\$ 174,182</u>	<u>\$ 472,047</u>

City of Monroe, Michigan

Other Supplemental Information Fiduciary Funds Fund Descriptions

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

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

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

City of Monroe, Michigan

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds - Pension and Other Employee Benefit Trust Funds June 30, 2016

	Pension Trust	Retiree Health Care	Total
Assets			
Cash and cash equivalents	\$ -	\$ 233,910	\$ 233,910
Investments:			
U.S. government securities	14,254,263	1,489,853	15,744,116
Municipal bonds	6,813,733	1,894,009	8,707,742
Foreign bonds	1,989,331	667,081	2,656,412
Stocks	28,825,481	5,210,519	34,036,000
Foreign stocks	9,300,590	2,371,741	11,672,331
Corporate bonds	22,585,792	2,578,452	25,164,244
Mutual funds	39,352,062	5,067,572	44,419,634
Other investments	5,930,306	812,434	6,742,740
Securities lending - Money market	3,522,273	-	3,522,273
Receivables - Interest	375,879	-	375,879
Other	1,481	-	1,481
Total assets	132,951,191	20,325,571	153,276,762
Liabilities			
Accounts payable	943,102	802,240	1,745,342
Obligations under securities lending agreements	3,653,097	-	3,653,097
Total liabilities	4,596,199	802,240	5,398,439
Net Position - Held in trust for pension, other employee benefits, and cemetery operations	\$ 128,354,992	\$ 19,523,331	\$ 147,878,323

City of Monroe, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds - Pension and Other Employee Benefit Trust Funds Year Ended June 30, 2016

	Pension Trust	Retiree Health Care	Total
Additions			
Investment income:			
Interest and dividends	\$ 2,000,202	\$ 692,471	\$ 2,692,673
Net increase in fair value of investments	(1,912,548)	(619,488)	(2,532,036)
Investment-related expenses	(804,447)	(122,921)	(927,368)
Net investment income	(716,793)	(49,938)	(766,731)
Securities lending income	13,802	-	13,802
Contributions:			
Employer	1,695,874	3,854,847	5,550,721
Employee	448,182	184,108	632,290
Total contributions	2,144,056	4,038,955	6,183,011
Total additions	1,441,065	3,989,017	5,430,082
Deductions			
Benefit payments	9,345,912	3,772,265	13,118,177
Refunds of contributions	8,216	-	8,216
Administrative expenses	74,592	31,590	106,182
Total deductions	9,428,720	3,803,855	13,232,575
Net (Decrease) Increase in Net Position Held in Trust	(7,987,655)	185,162	(7,802,493)
Net Position - Held in trust for pension, other employee benefits, and cemetery operations - Beginning of year	136,342,647	19,338,169	155,680,816
Net Position - Held in trust for pension, other employee benefits, and cemetery operations - End of year	<u>\$ 128,354,992</u>	<u>\$ 19,523,331</u>	<u>\$ 147,878,323</u>

City of Monroe, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Fiduciary Funds - Agency Fund Year Ended June 30, 2016

Agency Fund	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
Assets				
Cash and cash equivalents	\$ 8,844,637	\$ 55,749,719	\$ (55,301,897)	\$ 9,292,459
Other assets	1,236,852	32,838,745	(33,140,524)	935,073
Total assets	\$ 10,081,489	\$ 88,588,464	\$ (88,442,421)	\$ 10,227,532
Liabilities				
Accounts payable	\$ 99,880	\$ 297,811	\$ (378,020)	\$ 19,671
Due to other governmental units	9,953,454	32,900,221	(32,689,013)	10,164,662
Accrued liabilities and other	28,155	32,922	(17,878)	43,199
Total liabilities	\$ 10,081,489	\$ 33,230,954	\$ (33,084,911)	\$ 10,227,532

Statistical Section

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

The statistical section is organized into the following main categories:

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

Financial Trends

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

City of Monroe, Michigan

	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	\$ 67,326,685	\$ 65,521,257	\$ 64,233,467	\$ 63,015,687
Restricted	1,517,780	1,568,799	1,583,236	2,345,979
Unrestricted	<u>8,522,827</u>	<u>6,474,374</u>	<u>4,799,429</u>	<u>2,585,456</u>
Total net position	77,367,292	73,564,430	70,616,132	67,947,122
Business-type Activities -				
As restated				
Net investment in capital assets	47,466,608	48,598,334	50,741,867	54,471,941
Unrestricted	<u>12,401,910</u>	<u>12,142,548</u>	<u>11,275,851</u>	<u>10,524,286</u>
Total net position	59,868,518	60,740,882	62,017,718	64,996,227
Primary Government in Total				
Net investment in capital assets	114,793,293	114,119,591	114,975,334	117,487,628
Restricted	1,517,780	1,568,799	1,583,236	2,345,979
Unrestricted	<u>20,924,737</u>	<u>18,616,922</u>	<u>16,075,280</u>	<u>13,109,742</u>
Total net position	<u>\$ 137,235,810</u>	<u>\$ 134,305,312</u>	<u>\$ 132,633,850</u>	<u>\$ 132,943,349</u>

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

Financial Trends Net Position by Component

2011	2012	2013	2014	2015 *	2016
\$ 62,616,606	\$ 60,908,779	\$ 61,962,831	\$ 61,231,910	\$ 60,179,911	\$ 58,118,232
2,017,723	2,074,059	2,108,898	2,518,196	2,286,647	2,354,630
<u>2,873,427</u>	<u>2,367,980</u>	<u>2,936,731</u>	<u>4,137,152</u>	<u>8,147,342</u>	<u>6,705,055</u>
67,507,756	65,350,818	67,008,460	67,887,258	70,613,900	67,177,917
55,296,917	57,363,383	58,090,703	60,690,546	61,966,736	62,800,496
<u>10,970,242</u>	<u>9,521,421</u>	<u>11,860,887</u>	<u>11,154,906</u>	<u>12,069,531</u>	<u>13,744,444</u>
66,267,159	66,884,804	69,951,590	71,845,452	74,036,267	76,544,940
117,913,523	118,272,162	120,053,534	121,922,456	122,146,647	120,918,728
2,017,723	2,074,059	2,108,898	2,518,196	2,286,647	2,354,630
<u>13,843,669</u>	<u>11,889,401</u>	<u>14,797,618</u>	<u>15,292,058</u>	<u>20,216,873</u>	<u>20,449,499</u>
<u>\$ 133,774,915</u>	<u>\$ 132,235,622</u>	<u>\$ 136,960,050</u>	<u>\$ 139,732,710</u>	<u>\$ 144,650,167</u>	<u>\$ 143,722,857</u>

City of Monroe, Michigan

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 3,475,626	\$ 2,543,977	\$ 2,591,789	\$ 2,835,598	\$ 1,857,323
Public safety	10,557,003	12,093,279	11,431,861	11,048,450	9,572,617
Public works	8,073,568	10,697,812	10,374,152	8,971,554	9,635,359
Community development	1,056,860	1,383,129	394,366	612,927	660,731
Culture and recreation	2,299,055	2,176,732	2,012,925	1,715,213	1,534,257
Interest on long-term debt	290,567	273,314	257,700	266,778	342,073
Total governmental activities	25,752,679	29,168,243	27,062,793	25,450,520	23,602,360
Business-type activities - As restated:					
Water	5,772,384	6,028,092	6,295,006	6,494,138	6,931,684
Wastewater	5,849,335	6,159,888	6,182,045	6,117,709	6,611,525
Building Authority	-	-	-	-	-
Total business-type activities	11,621,719	12,187,980	12,477,051	12,611,847	13,543,209
Total primary government expenses	37,374,398	41,356,223	39,539,844	38,062,367	37,145,569
Program Revenue					
Governmental activities:					
Charges for services:					
General government	144,448	146,008	81,628	120,290	82,397
Public safety	1,251,333	1,508,019	1,386,757	1,201,787	397,407
Public works	657,196	726,972	479,990	541,438	838,894
Community development	902,972	1,696,001	1,728,327	161,601	-
Culture and recreation	975,343	892,473	852,982	865,636	720,475
Operating grants and contributions	2,389,324	1,515,662	1,717,744	1,447,882	1,661,693
Capital grants and contributions	5,036	4,942	4,770	1,626,516	2,642,646
Total governmental activities program revenue	6,325,652	6,490,077	6,252,198	5,965,150	6,343,512
Business-type activities:					
Charges for services:					
Water	4,954,923	5,599,299	6,335,531	6,619,024	7,348,790
Wastewater	6,079,243	6,245,312	6,340,634	6,404,776	6,908,842
Operating grants and contributions	-	-	-	-	146,493
Capital grants and contributions	268,370	941,925	926,283	2,364,438	336,478
Total business-type activities program revenue	11,302,536	12,786,536	13,602,448	15,388,238	14,740,603
Total primary government program revenue	17,628,188	19,276,613	19,854,646	21,353,388	21,084,115
Net (Expense) Revenue					
Governmental activities	(19,427,027)	(22,678,166)	(20,810,595)	(19,485,370)	(17,258,848)
Business-type activities	(319,183)	598,556	1,125,397	2,776,391	1,197,394
Total primary government net expense	(19,746,210)	(22,079,610)	(19,685,198)	(16,708,979)	(16,061,454)

Financial Trends

Changes in Governmental and Business-type Net Position

	2012	2013	2014	2015	2016
\$	2,398,403	\$ 2,646,677	\$ 1,583,604	\$ 1,893,042	\$ 2,435,672
	9,654,009	8,663,622	9,330,166	9,524,877	11,602,770
	9,825,018	8,601,804	10,816,801	10,366,601	9,932,495
	601,433	628,791	1,005,355	623,199	433,587
	1,406,611	1,631,045	1,135,361	1,236,997	2,139,798
	299,425	325,183	252,070	203,769	261,674
	<u>24,184,899</u>	<u>22,497,122</u>	<u>24,123,357</u>	<u>23,848,485</u>	<u>26,805,996</u>
	7,291,792	6,756,495	7,141,197	7,026,325	7,017,117
	7,436,772	6,458,580	6,864,433	7,068,465	7,946,781
	-	-	-	-	149,833
	<u>14,728,564</u>	<u>13,215,075</u>	<u>14,005,630</u>	<u>14,094,790</u>	<u>15,113,731</u>
	38,913,463	35,712,197	38,128,987	37,943,275	41,919,727
	90,204	102,968	110,282	122,895	133,902
	336,814	364,546	416,404	409,652	396,243
	1,103,911	1,093,392	1,050,776	838,946	1,012,857
	-	-	-	-	-
	634,578	581,030	532,615	464,491	415,565
	1,496,086	1,635,959	1,851,121	1,694,675	1,759,536
	<u>1,615,645</u>	<u>3,023,728</u>	<u>2,322,245</u>	<u>1,112,611</u>	<u>576,261</u>
	5,277,238	6,801,623	6,283,443	4,643,270	4,294,364
	7,214,309	7,559,714	7,293,205	7,460,287	8,237,737
	7,252,271	7,712,715	8,112,871	8,280,678	8,541,205
	153,575	152,259	139,867	-	-
	<u>610,905</u>	<u>468,477</u>	<u>287,982</u>	<u>362,000</u>	<u>236,310</u>
	<u>15,231,060</u>	<u>15,893,165</u>	<u>15,833,925</u>	<u>16,102,965</u>	<u>17,015,252</u>
	<u>20,508,298</u>	<u>22,694,788</u>	<u>22,117,368</u>	<u>20,746,235</u>	<u>21,309,616</u>
	(18,907,661)	(15,695,499)	(17,839,914)	(19,205,215)	(22,511,632)
	<u>502,496</u>	<u>2,678,090</u>	<u>1,828,295</u>	<u>2,008,175</u>	<u>1,901,521</u>
	(18,405,165)	(13,017,409)	(16,011,619)	(17,197,040)	(20,610,111)

City of Monroe, Michigan

	2007	2008	2009	2010	2011
General Revenue and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 14,695,520	\$ 15,221,446	\$ 14,833,080	\$ 14,378,142	\$ 13,997,910
State-shared revenue	2,092,605	2,092,805	2,005,975	1,785,843	1,786,140
Investment earnings	1,086,134	1,029,899	483,042	176,901	127,503
Franchise fees	244,743	253,205	267,655	276,697	303,680
Gain (loss) on sale of capital assets	10,423	-	3,526	(31,630)	-
Miscellaneous	221,219	204,379	202,889	237,112	604,249
Transfers	56,521	73,570	66,130	(6,705)	-
Total governmental activities	18,407,165	18,875,304	17,862,297	16,816,360	16,819,482
Business-type activities:					
Investment earnings	468,483	347,378	216,442	130,413	73,538
Gain on sale of capital assets	-	-	1,127	65,000	-
Miscellaneous	-	-	-	-	-
Transfers	(56,521)	(73,570)	(66,130)	6,705	-
Total business-type activities	411,962	273,808	151,439	202,118	73,538
Total primary government	18,819,127	19,149,112	18,013,736	17,018,478	16,893,020
Changes in Net Position					
Governmental activities	(1,019,862)	(3,802,862)	(2,948,298)	(2,669,010)	(439,366)
Business-type activities	92,779	872,364	1,276,836	2,978,509	1,270,932
Total primary government	\$ (927,083)	\$ (2,930,498)	\$ (1,671,462)	\$ 309,499	\$ 831,566

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

	2012	2013	2014	2015	2016
\$	13,997,518	\$ 14,444,017	\$ 14,753,413	\$ 15,259,339	\$ 16,033,234
	1,752,988	1,861,100	1,855,826	1,889,711	1,888,484
	87,494	65,260	79,464	90,531	92,012
	307,837	319,517	319,426	336,590	336,660
	-	-	-	-	-
	487,789	663,247	1,710,583	912,309	725,259
	-	-	-	-	-
	<u>16,633,626</u>	<u>17,353,141</u>	<u>18,718,712</u>	<u>18,488,480</u>	<u>19,075,649</u>
	51,253	46,277	45,990	46,792	53,397
	-	14,513	4,250	-	-
	63,896	347,906	15,327	-	553,755
	-	-	-	-	-
	<u>115,149</u>	<u>408,696</u>	<u>65,567</u>	<u>46,792</u>	<u>607,152</u>
	<u>16,748,775</u>	<u>17,761,837</u>	<u>18,784,279</u>	<u>18,535,272</u>	<u>19,682,801</u>
	(2,274,035)	1,657,642	878,798	(716,735)	(3,435,983)
	<u>617,645</u>	<u>3,086,786</u>	<u>1,893,862</u>	<u>2,054,967</u>	<u>2,508,673</u>
\$	<u>(1,656,390)</u>	<u>4,744,428</u>	<u>2,772,660</u>	<u>1,338,232</u>	<u>(927,310)</u>

City of Monroe, Michigan

	2007	2008	2009	2010
General Fund				
Reserved	\$ 1,414,153	\$ 1,414,423	\$ 1,415,794	\$ 1,415,856
Unreserved	1,796,042	1,787,231	1,702,959	1,852,037
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,210,195</u>	<u>\$ 3,201,654</u>	<u>\$ 3,118,753</u>	<u>\$ 3,267,893</u>
All Other Governmental Funds				
Reserved	\$ 1,191,050	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	3,536,885	4,261,836	4,215,765	4,527,789
Capital projects funds	1,922,651	1,214,538	565,819	489,223
Debt service funds	180,748	165,735	119,492	105,704
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 6,831,334</u>	<u>\$ 5,642,109</u>	<u>\$ 4,901,076</u>	<u>\$ 5,122,716</u>

* An accounting change affected the beginning fund balance.

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

Financial Trends
Fund Balances, Governmental Funds
Last Ten Fiscal Years

2011*	2012**	2013**	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,271,399	891,344	390,439	394,866	381,227	115,510
-	-	-	-	-	24,505,610
2,181,000	2,181,000	2,000,000	2,000,000	2,000,000	2,000,000
176,297	56,348	48,565	94,960	174,447	161,942
<u>1,842,246</u>	<u>2,511,024</u>	<u>3,101,726</u>	<u>3,300,391</u>	<u>3,536,680</u>	<u>3,681,911</u>
<u>\$ 5,470,942</u>	<u>\$ 5,639,716</u>	<u>\$ 5,540,730</u>	<u>\$ 5,790,217</u>	<u>\$ 6,092,354</u>	<u>\$ 30,464,973</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37,083	52,197	48,545	64,438	73,513	26,735
2,716,290	5,193,346	2,640,688	2,734,354	3,419,074	3,549,477
1,479,690	1,812,012	1,141,372	1,509,914	1,225,696	1,371,276
-	73,845	78,848	30,986	31,036	31,036
<u>-</u>	<u>73,845</u>	<u>78,848</u>	<u>30,986</u>	<u>31,036</u>	<u>31,036</u>
<u>\$ 4,233,063</u>	<u>\$ 7,131,400</u>	<u>\$ 3,909,453</u>	<u>\$ 4,339,692</u>	<u>\$ 4,749,319</u>	<u>\$ 4,978,524</u>

City of Monroe, Michigan

	Year Ended June 30			
	2007	2008	2009	2010
Revenue				
Property taxes	\$ 14,627,273	\$ 15,052,806	\$ 15,042,614	\$ 14,431,373
Licenses and permits	636,857	876,777	716,195	644,648
Federal grants	1,258,043	1,535,622	916,832	1,663,075
State-shared revenue and grants	3,855,401	4,951,014	3,774,663	3,599,265
Charges for services	2,432,815	1,979,435	1,886,304	1,891,719
Fines and forfeitures	104,389	95,939	79,793	71,485
Interest and rent	1,509,709	1,487,861	1,004,197	759,441
Special assessment	67,846	80,501	73,460	81,491
Other	357,454	489,040	771,937	206,877
Total revenue	24,849,787	26,548,995	24,265,995	23,349,374
Expenditures				
Current:				
General government	3,524,862	2,759,546	2,518,950	2,399,966
Public safety	9,758,318	11,101,482	9,980,735	9,304,682
Public works	7,411,954	10,395,898	8,537,976	8,526,350
Health and welfare	352,177	330,636	339,049	275,425
Community development	-	-	-	-
Recreation and culture	2,536,156	2,452,607	2,238,636	2,054,801
Capital outlay	808,054	628,327	578,341	362,713
Debt service:				
Principal and interest	-	-	-	-
Principal	265,000	444,548	461,700	479,155
Interest	260,879	289,198	270,446	252,648
Other	-	-	-	-
Total expenditures	24,917,400	28,402,242	24,925,833	23,655,740
Excess of Revenue (Under) Over Expenditures	(67,613)	(1,853,247)	(659,838)	(306,366)
Other Financing Sources (Uses)				
Transfers in	1,743,876	1,694,330	1,871,744	1,731,119
Transfers out	(1,866,431)	(1,802,359)	(2,035,840)	(1,720,859)
Debt issuance	1,406,910	763,510	-	2,753,005
Debt defeasance	-	-	-	-
Debt premium or discount	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	1,284,355	655,481	(164,096)	2,763,265
Net Change in Fund Balances	1,216,742	(1,197,766)	(823,934)	2,456,899
Fund Balances - Beginning of year	8,824,787	10,041,529	8,843,763	8,019,829
Fund Balances - End of year	\$ 10,041,529	\$ 8,843,763	\$ 8,019,829	\$ 10,476,728
Capital expenditures	\$ 2,446,104	\$ 3,216,045	\$ 3,175,217	\$ 3,979,564
Debt service as a percentage of noncapital expenditures	2.34%	2.91%	3.37%	3.72%

* Certain expenditures were reclassified from public works to reflect the appropriate category.

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

Year Ended June 30					
2011	2012	2013	2014	2015	2016
\$ 13,985,058	\$ 13,973,835	\$ 14,475,644	\$ 14,732,701	\$ 15,246,310	\$ 16,076,605
828,816	902,130	859,259	930,701	750,529	971,253
1,668,566	1,376,627	2,125,091	2,423,356	826,810	610,368
3,486,364	3,994,692	4,246,298	3,779,531	3,776,245	4,042,455
1,341,866	1,283,048	1,151,562	1,098,830	1,064,867	977,522
84,443	80,148	97,821	116,532	92,461	98,024
721,408	714,330	657,024	666,147	79,278	82,359
114,233	28,844	769	79,613	-	-
212,793	141,626	454,736	819,875	1,277,756	960,982
<u>22,443,547</u>	<u>22,495,280</u>	<u>24,068,204</u>	<u>24,647,286</u>	<u>23,114,256</u>	<u>23,819,568</u>
2,299,454	2,462,672	2,661,896	1,686,183	1,877,665	2,629,169
8,666,716	8,515,103	8,808,768	9,302,913	9,549,666	9,661,985
8,177,280	8,501,505	12,430,284	8,446,362	8,876,253	8,654,759
-	-	-	-	-	-
654,160	583,729	647,756	1,003,153	631,858	432,353
1,807,922	1,815,121	1,819,755	1,794,288	1,797,716	2,262,729
515,809	339,984	91,408	854,251	538,385	-
-	-	-	-	-	-
756,850	988,595	612,183	568,259	2,083,611	677,570
338,079	325,035	423,481	321,151	313,725	286,909
-	-	-	-	-	-
<u>23,216,270</u>	<u>23,531,744</u>	<u>27,495,531</u>	<u>23,976,560</u>	<u>25,668,879</u>	<u>24,605,474</u>
(772,723)	(1,036,464)	(3,427,327)	670,726	(2,554,623)	(785,906)
1,342,032	1,434,396	1,069,546	1,717,671	1,461,544	1,344,470
(1,342,032)	(1,434,396)	(1,098,152)	(1,708,671)	(1,461,544)	(1,382,607)
-	4,103,575	4,275,000	-	3,146,000	25,410,619
-	-	(4,140,000)	-	-	-
-	-	-	-	120,387	-
-	-	-	-	-	15,248
-	<u>4,103,575</u>	<u>106,394</u>	<u>9,000</u>	<u>3,266,387</u>	<u>25,387,730</u>
(772,723)	3,067,111	(3,320,933)	679,726	711,764	24,601,824
<u>10,476,728</u>	<u>9,704,005</u>	<u>12,771,116</u>	<u>9,450,183</u>	<u>10,129,909</u>	<u>10,841,673</u>
<u>\$ 9,704,005</u>	<u>\$ 12,771,116</u>	<u>\$ 9,450,183</u>	<u>\$ 10,129,909</u>	<u>\$ 10,841,673</u>	<u>\$ 35,443,497</u>
\$ 3,832,699	\$ 3,836,071	\$ 8,141,498	\$ 3,565,751	\$ 3,890,424	\$ 3,890,424
5.65%	6.67%	5.35%	4.36%	11.01%	4.66%

Revenue Capacity

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

City of Monroe, Michigan

Taxable Value by Property Type							
Tax Year	Real Property					Personal Property	Total Value
	Residential	Commercial	Industrial	Agricultural and Other	IFT		
2006	\$ 388,094,290	\$ 94,485,370	\$ 360,158,560	\$ 614,740	\$ 24,187,715	\$ 103,392,860	\$ 970,933,535
2007	405,380,660	101,619,590	357,835,380	629,050	27,269,820	109,037,880	1,001,772,380
2008	406,020,000	111,452,060	354,414,400	842,276	22,464,590	97,919,940	993,113,266
2009	383,280,185	114,814,150	357,553,390	988,332	13,571,035	79,570,790	949,777,882
2010	324,249,950	118,658,190	346,012,140	990,790	9,873,830	80,575,270	880,360,170
2011	302,168,380	116,526,760	365,866,750	993,037	9,239,490	83,255,310	878,049,727
2012	283,123,690	110,904,650	389,810,410	1,092,237	13,853,310	84,702,128	883,486,425
2013	274,641,980	107,271,380	405,140,100	843,160	20,949,155	90,430,020	899,275,795
2014	272,645,400	105,781,990	428,256,860	825,835	30,781,845	87,331,700	925,623,630
2015	277,099,250	122,548,170	450,924,910	838,610	29,955,320	102,741,770	984,108,030

Source: City of Monroe, Michigan Assessor

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

Tax Rate (Mills)	Estimated Actual Value	Value as a Percentage of Actual
15.3790	\$ 2,227,183,960	43.59
15.3790	2,288,397,220	43.78
15.5490	2,193,922,680	45.27
15.5490	2,008,528,830	47.29
16.0690	1,961,907,580	44.87
16.5324	1,918,469,640	45.77
16.5867	1,911,160,396	46.23
16.6017	1,955,582,280	45.99
16.7484	2,047,959,740	45.20
16.7484	2,167,097,140	45.41

City of Monroe, Michigan

Tax Year	Millage Rates - Direct City Taxes				Overlapping Rates			
	General Operating	Debt	Special Purpose	Total Direct Taxes	County	Community College	Intermediate School District	Library
Monroe School District								
2015	13.7260	0.5200	2.5024	16.7484	5.5972	2.1794	4.7541	1.0000
2014	13.7260	0.4200	2.4557	16.6017	5.5972	2.1794	4.7541	1.0000
2013	13.7260	0.4200	2.4407	16.5867	5.5972	2.1794	4.7541	1.0000
2012	13.7260	0.4200	2.3864	16.5324	5.6952	2.1794	4.7541	1.0000
2011	13.7260	0.5200	1.8230	16.0690	5.6052	2.1794	4.7541	1.0000
2010	13.7260	0.5200	1.8230	16.0690	5.2952	2.1794	4.7541	1.0000
2009	13.6760	-	1.8730	15.5490	5.2952	2.1794	4.7541	1.0000
2008	13.6390	-	1.9100	15.5490	5.2952	2.1794	4.7541	1.0000
2007	13.6390	-	1.7400	15.3790	5.2952	2.1794	4.7541	1.0000
2006	13.6390	-	1.7400	15.3790	5.2952	2.1794	4.7541	1.0000
2005	13.7156	-	1.6000	15.3156	5.4052	2.1794	4.7541	1.0000
Jefferson School District								
2015	13.7260	0.5200	2.5024	16.7484	5.5972	2.1794	4.7541	1.0000
2014	13.7260	0.4200	2.4557	16.6017	5.5972	2.1794	4.7541	1.0000
2013	13.7260	0.4200	2.4407	16.5867	5.5972	2.1794	4.7541	1.0000
2012	13.7260	0.4200	2.3864	16.5324	5.6952	2.1794	4.7541	1.0000
2011	13.7260	0.5200	1.8230	16.0690	5.6052	2.1794	4.7541	1.0000
2010	13.7260	0.5200	1.8230	16.0690	5.2952	2.1794	4.7541	1.0000
2009	13.6760	-	1.8730	15.5490	5.2952	2.1794	4.7541	1.0000
2008	13.6390	-	1.9100	15.5490	5.2952	2.1794	4.7541	1.0000
2007	13.6390	-	1.7400	15.3790	5.2952	2.1794	4.7541	1.0000
2006	13.6390	-	1.7400	15.3790	5.2952	2.1794	4.7541	1.0000
2005	13.7156	-	1.6000	15.3156	5.4052	2.1794	4.7541	1.0000

Note: City of Monroe, Michigan has no Jefferson School District homestead properties located in its boundaries.

Source: City of Monroe, Michigan Assessor

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

	General Operating	Debt	Special Purpose
2014	14.6644	0.5200	2.9328

Information gathered from Tax Database

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

Overlapping Rates				Total Tax Rate	
Public Transportation	State Education	School - Homestead	School - Nonhomestead	Homestead	Non- homestead
0.7470	6.0000	1.0000	19.0000	38.0261	56.0261
0.7333	6.0000	1.0000	19.0000	37.8657	55.8657
0.7310	6.0000	1.0000	19.0000	37.8484	55.8484
0.6904	6.0000	1.0000	19.0000	37.8515	55.8515
0.6904	6.0000	1.0000	19.0000	37.2981	55.2981
0.6922	6.0000	1.0000	19.0000	36.9899	54.9899
0.6826	6.0000	1.0000	19.0000	36.4603	54.4603
0.6199	6.0000	0.9985	18.9985	36.3961	54.3961
0.4896	6.0000	0.9985	18.9985	36.0958	54.0958
0.4981	6.0000	0.9985	18.9985	36.1043	54.1043
0.4825	6.0000	0.9985	18.9985	36.1353	54.1353
0.7470	6.0000	1.4500	19.4500	38.4761	56.4761
0.7333	6.0000	0.5000	18.5000	37.3657	55.3657
0.7310	6.0000	0.5000	18.5000	37.3484	55.3484
0.6904	6.0000	0.5000	18.5000	37.3515	55.3515
0.6904	6.0000	-	18.0000	36.2981	54.2981
0.6922	6.0000	-	18.0000	35.9899	53.9899
0.6826	6.0000	-	18.0000	35.4603	53.4603
0.6199	6.0000	-	18.0000	35.3976	53.3976
0.4896	6.0000	0.9985	18.9985	36.0958	54.0958
0.4981	6.0000	-	18.0000	35.1058	53.1058
0.4825	6.0000	-	18.0000	35.1368	53.1368

City of Monroe, Michigan

Revenue Capacity Principal Property Taxpayers

	Tax Year 2015			Tax Year 2006		
	Taxable Value	Rank	Percentage of Total	Taxable Value	Rank	Percentage of Total
Detroit Edison	\$ 453,812,670	1	46.11	\$ 334,243,740	1	34.95
Gerdau Macsteel	80,033,700	2	8.13	45,884,470	3	3.70
International Transmission Company	10,502,070	3	1.07	8,548,590	4	0.69
Howard Ternes Packing Company	5,920,410	4	0.60	7,398,530	5	0.72
Ford Motor Company	5,098,260	5	0.52			
Headwaters Resources, Inc.	4,372,480	6	0.44			
Great Lakes Towers, LLC	6,963,210	7	0.71			
Michigan Gas Utility Corp	4,198,430	8	0.43			
National Galvanizing	4,581,400	9	0.47	4,693,510	8	0.48
Oak Forest APT Investors, LLC	3,067,360	10	0.31	4,444,210	9	0.35
Automotive Components Holdings				62,634,420	2	3.80
Riverbend Commons, LLC				6,268,170	6	0.55
Monroe Bank & Trust				6,099,290	7	0.34
Holiday Inn of Monroe				4,047,390	10	0.32

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

City of Monroe, Michigan

Revenue Capacity Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Levy Collected
2006	2007	\$ 15,088,559	\$ 14,605,550	\$ 97	\$ 459,751	\$ 15,065,301	99.85
2007	2008	15,494,010	14,975,863	96.66	473,526	15,449,389	99.71
2008	2009	15,614,880	15,099,991	96.70	493,029	15,593,021	99.86
2009	2010	15,310,521	14,721,278	96.15	550,331	15,271,609	99.75
2010	2011	14,709,127	14,250,863	96.88	446,060	14,696,923	99.92
2011	2012	14,227,768	13,843,954	97.30	361,837	14,205,791	99.85
2012	2013	14,188,252	13,799,075	97.26	364,757	14,163,832	99.83
2013	2014	14,545,101	14,238,835	97.89	283,173	14,522,008	99.84
2014	2015	15,307,151	15,023,122	98.14	266,527	15,289,649	99.89
2015	2016	16,164,243	15,904,530	98.39	241,959	16,146,490	99.89

Information from Treasurer Settlement Report

Delinquent Collections includes personal tax collected April to June each year.

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

	2007	2008	2009	2010	2011
Governmental Activities					
General obligation bonds	\$ 5,705	\$ 5,470	\$ 5,225	\$ 7,470	\$ 6,810
Installment purchase agreements	607	699	617	784	673
State of Michigan loans	1,535	2,213	2,127	2,038	1,750
Sewer bonds	-	-	-	-	-
Revenue bonds	-	-	-	-	-
Capital leases	394	255	111	-	-
Total	8,241	8,637	8,080	10,292	9,233
Business-type Activities					
General obligation bonds	2,755	8,855	17,278	26,592	27,477
Installment purchase agreements	-	-	-	-	-
Special assessment bonds	-	-	-	-	-
Revenue bonds	-	-	-	-	-
Capital leases	-	-	-	-	-
Total	2,755	8,855	17,278	26,592	27,477
Total debt of the government	\$ 10,996	\$ 17,492	\$ 25,358	\$ 36,884	\$ 36,710
Total residential personal income*	\$ 525,328	\$ 542,139	\$ 563,662	\$ 575,330	\$ 558,415
Ratio of total debt to personal income	2.03%	3.10%	4.50%	6.41%	6.57%
Total population (actual)	21,840	21,528	21,374	21,323	20,733
Total debt per capita	\$ 503	\$ 813	\$ 1,186	\$ 1,730	\$ 1,771

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

* Personal income trended based on Monroe County percentage change

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

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

2012	2013	2014	2015	2016
\$ 10,215	\$ 9,760	\$ 9,215	\$ 10,422	\$ 35,622
315	278	238	197	403
1,591	1,367	618	449	377
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12,122	11,404	10,071	11,068	36,402
31,360	42,413	65,200	63,672	69,586
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
31,360	42,413	65,200	63,672	69,586
<u>\$ 43,482</u>	<u>\$ 53,817</u>	<u>\$ 75,271</u>	<u>\$ 74,740</u>	<u>\$ 105,988</u>
\$ 570,309	\$ 606,238	\$ 640,187	\$ 670,916	\$ 697,686
7.62%	8.88%	11.76%	11.14%	15.19%
20,672	20,535	20,405	20,198	20,092
\$ 2,103	\$ 2,621	\$ 3,689	\$ 3,700	\$ 5,275

City of Monroe, Michigan

Fiscal Year	Tax-limited General Obligation Bonds (LTGO)	Tax- supported Bonds (UTGO)	Less Pledged Debt Service Funds	Net General Bonded Debt	Estimated Actual Value of Taxable Property
2007	\$ 8,460,000	\$ -	\$ 180,748	\$ 8,279,252	\$ 2,227,183,960
2008	14,325,000	-	165,735	14,159,265	2,288,397,220
2009	13,770,000	-	119,492	13,650,508	2,193,922,680
2010	22,062,221	-	105,704	21,956,517	2,008,528,830
2011	22,070,980	-	20,869	22,050,111	1,961,907,580
2012	25,522,783	-	62,233	25,460,550	1,918,469,640
2013	24,508,383	-	93,684	24,414,699	1,911,160,396
2014	28,853,634	-	186,263	28,667,371	1,955,582,280
2015	29,297,091	-	318,898	28,978,193	2,047,959,740
2016	61,940,182	-	435,711	61,504,471	2,167,097,140

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

Debt as a Percentage of Estimated Actual Value	Population	Debt per Capita
0.37	21,840	\$ 369
0.62	21,528	394
0.62	21,374	639
1.09	21,323	1,030
1.12	20,733	1,064
1.33	20,672	1,232
1.28	20,535	1,189
1.47	20,405	1,405
1.41	20,198	1,435
2.84	20,092	3,061

City of Monroe, Michigan

Debt Capacity Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
County of Monroe	\$ 10,448,947	16.52%	\$ 1,726,166
Jefferson School District	1,025,000	2.86%	29,315
Monroe School District	-	50.90%	-
Monroe Intermediate School District	-	16.65%	-
Monroe County Community College	-	16.20%	-
Total overlapping debt			1,755,481
Direct city debt			36,402,417
Total direct and overlapping debt			<u>\$ 38,157,898</u>

Source: Michigan Municipal Advisory Council

City of Monroe, Michigan

	2007	2008	2009	2010
Calculation of Debt Limit				
State equalized valuation	\$ 1,113,591,980	\$ 1,144,198,610	\$ 1,096,961,340	\$ 1,004,264,415
10% of SEV	111,359,198	114,419,861	109,696,134	100,426,442
Calculation of Debt Subject to Limit				
Total debt	11,056,659	17,533,950	25,378,075	36,884,315
Less debt not subject to limit:				
County Agency Bonds	-	-	-	-
Installment Purchase Agreements	1,002,113	955,723	728,801	784,293
State Direct Loans	1,594,546	2,253,227	2,146,490	2,037,801
Water Resources Commission or Court-ordered bonds - Net debt subject to limit	8,460,000	16,538,227	24,629,274	36,100,022
Legal Debt Margin	102,899,198	97,881,634	85,066,860	64,326,420
Net Debt Subject to Limit as Percent of Debt Limit	7.60%	14.45%	22.45%	35.95%

Source: City of Monroe, Michigan Assessor

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

2011	2012	2013	2014	2015	2016
\$ 980,953,790	\$ 959,234,820	\$ 955,580,198	\$ 977,791,140	\$ 1,023,979,870	\$ 1,083,548,570
98,095,379	95,923,482	95,558,020	97,779,114	102,397,987	108,354,857
36,709,967	43,482,017	53,815,607	75,271,310	74,278,371	105,988,549
680,573	4,997,673	17,175,475	25,072,090	25,277,715	24,219,569
673,434	315,148	277,558	238,143	196,812	403,463
1,749,880	1,591,413	1,364,791	927,936	448,898	377,735
<u>33,606,080</u>	<u>36,577,783</u>	<u>34,997,783</u>	<u>49,033,142</u>	<u>48,354,946</u>	<u>80,987,782</u>
64,489,299	59,345,699	60,560,237	48,745,972	54,043,041	27,367,075
34.26%	38.13%	36.62%	50.15%	47.22%	74.74%

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.

City of Monroe, Michigan

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	21,840	\$ 525,328	\$ 24,053	6.5
2008	21,528	542,139	25,183	8.5
2009	21,375	563,662	26,370	17.0
2010	21,323	575,330	26,982	12.9
2011	20,733	558,415	26,934	10.4
2012	20,672	570,309	27,588	8.4
2013	20,535	606,238	29,522	8.8
2014	20,405	640,187	31,374	6.8
2015	20,198	670,916	33,217	4.8
2016	20,092	697,686	34,725	3.9

Source: U.S. Census Bureau and Michigan Department of Labor and Economic Growth

City of Monroe, Michigan

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

Taxpayer	2016 Employees	Percentage of Total	2007 Employees	Percentage of Total	2007 Rank
1 ProMedica	1,738	2.31			
2 Gerdau MACSteel	510	0.68	385	0.50	7
3 DTE Energy	501	0.67	530	0.70	4
4 La-Z-Boy Incorporated	491	0.65	522	0.68	5
5 Monroe Bank & Trust	450	0.60	401	0.53	6
6 County of Monroe	427	0.57	750	0.98	3
7 Backyard Products	210	0.28			
8 City of Monroe	173	0.23	257	0.34	9
9 Pioneer Metal Finishing	150	0.20			
10 SYGMA Network	119	0.16			
Sisters, Servants of the Immaculate Heart of Mary			265	0.35	8
Monroe Publishing Company			200	0.26	10
Visteon			1,954	2.56	1
Mercy Memorial Hospital			1,246	1.63	2

Source: Monroe County Chamber of Commerce and Michigan Department of Labor and Economic Growth

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

City of Monroe, Michigan

Function/Program	2007	2008	2009	2010
General government:				
City manager	4.00	3.00	2.00	2.00
Clerk/Treasurer	6.00	6.00	5.00	5.00
Assessor	3.60	3.60	3.00	3.00
City attorney	2.00	2.00	2.00	-
Finance	5.00	5.00	3.90	3.90
Human resources	2.00	2.00	2.00	2.00
Engineering	9.50	8.50	9.00	6.50
City Hall and grounds	2.20	2.35	1.35	1.35
Information systems	3.00	2.00	2.10	0.10
Public safety:				
Police:				
Officers	46.00	45.00	38.00	39.00
Civilians	7.00	7.00	6.00	5.00
Fire and EMS:				
Firefighters and officers	41.00	41.00	31.00	27.00
Civilians	0.40	0.40	-	-
Zoning/Ordinance enforcement	3.75	2.75	2.25	1.25
Building inspection	5.55	5.40	4.15	3.90
Public works - Public service:				
Operations Division	25.00	26.00	27.00	22.50
Forestry Division	5.00	5.00	-	-
Parks Division	-	-	-	-
Airport	1.00	1.00	-	-
Community and economic development	4.00	4.00	3.00	2.25
Parks and recreation	6.00	3.00	2.25	2.25
Water	33.00	32.00	30.00	28.50
Wastewater	31.00	31.00	31.00	26.50
Total	<u>246.00</u>	<u>238.00</u>	<u>205.00</u>	<u>182.00</u>

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

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

2011	2012	2013	2014	2015	2016
2.00	2.00	2.00	2.00	2.00	3.00
5.00	4.00	5.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00	3.00
-	-	-	-	-	-
3.90	3.90	3.90	3.50	3.50	3.50
1.50	1.50	1.50	1.50	1.50	1.60
6.50	6.50	6.50	6.50	6.50	6.50
1.35	1.35	1.35	1.35	1.41	1.38
0.10	0.10	0.10	0.10	0.10	0.10
37.00	40.00	40.00	42.00	42.00	42.00
5.00	5.00	6.00	6.00	6.00	6.00
19.00	16.00	16.00	13.00	13.00	16.00
-	-	-	-	-	-
0.63	0.63	0.63	1.13	1.19	1.46
4.15	4.15	4.15	3.65	4.53	4.86
20.50	19.50	19.50	19.50	19.50	20.50
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2.75	2.75	2.75	2.75	2.75	3.18
2.13	2.13	2.13	2.13	2.13	2.73
28.50	28.50	28.50	28.50	27.50	27.50
26.50	26.00	26.00	26.00	26.00	26.00
<u>169.50</u>	<u>167.00</u>	<u>169.00</u>	<u>166.60</u>	<u>166.60</u>	<u>173.30</u>

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	2007	2008	2009	2010
Police:				
Physical arrests	1,186	1,101	998	1,039
Traffic citations and warnings	5,407	4,562	3,685	3,471
Original complaints	22,273	19,858	19,611	19,075
Fire:				
Fire incidents	3,168	3,165	781	766
EMS incidents	2,481	2,498	2,407	2,360
Inspections	508	470	200	222
Code enforcement/administration:				
Building inspections	2,635	2,452	2,538	2,186
Plumbing/Mechanical inspections	709	1,011	751	750
Electrical inspections	730	1,263	607	424
Zoning inspections	876	280	152	437
Blight violations	552	197	159	73
Rental inspections	1,204	1,053	1,075	1,425
Public works:				
Miles of street resurfaced	1.81	1.61	1.66	2.60
Trees trimmed	3,300	600	650	2,000
Trees removed	275	250	250	288
Trees planted	350	100	125	130
Street sweeping curb miles	2,400	2,400	2,400	2,400
Storm sewers replaced (miles)	0.02	0.06	0.10	0.11
Storm sewers installed (miles)	-	0.04	-	0.01
Storm sewer miles cleaned	75.00	8.00	10.00	7.00
City property mowing hours	2,900	300	150	290
Parks and recreation:				
Recreation program attendance	5,608	9,844	16,393	17,149
Park/Shelter reservations	187	168	117	82
Pool admission	3,830	3,807	3,613	-
Water:				
Number of customers billed	61,394	61,435	61,595	61,779
New services	126	110	112	35
Average daily consumption (thousands of gallons per day)	6,287	6,207	5,978	6,983
Wastewater - Average daily sewage treatment (thousands of gallons)	13,720	15,304	14,081	8,568

N/A - Not available

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

2011	2012	2013	2014	2015	2016
1,032	1,045	1089	1,335	1,091	1456
3,148	2,571	3549	4,744	4,695	3841
19,656	17,100	19581	24,857	21,731	21254
784	697	735	817	876	951
2,272	2590	2533	2,584	2680	2694
337	300	193	458	462	226
2,096	2,280	2376	2,217	2273	4653
600	585	485	577	479	647
616	516	364	128	269	341
416	486	326	373	110	180
307	1178	759	968	1636	1773
1,096	1052	1348	1,327	1976	1615
2.16	1.98	1.57	3	1.30	1.86
1,500	1,200	600	250	300	375
215	220	145	130	130	160
125	140	120	120	120	90
2,400	2,400	2400	2,400	2,400	2,400
-	0.17	-	-	-	-
-	0.05	-	-	-	-
2.50	1.00	0.50	1	0.25	1
210	170	150.00	100	110	90
20,703	13,388	12,181	18,746	16,208	19,657
92	101	85	85	91	90
-	3011	2,465	-	-	-
61,709	62202	62067	63,866	64052	64808
73	115	121	72	83	66
7,206	7197	7328	7,283	7,141	7,365
12,130	14094	10192	7,279	11,993	11,580

City of Monroe, Michigan

Function/Program	2007	2008	2009	2010	2011
Police:					
Stations	1	1	1	1	1
Patrol units	15	15	15	14	14
Fire:					
Stations	3	3	2	2	2
Fire response vehicles	5	5	5	4	4
Emergency response vehicles	3	2	2	3	4
Public works:					
Streets (miles):					
Major streets	28.77	28.77	28.77	28.6	28.6
Local streets	53.33	53.33	53.33	54.12	54.12
Sidewalks	170.74	170.86	170.86	170.86	170.86
Streetlights	1,564	1,564	1,564	1564	1564
Traffic signals	12	10	10	10	9
Parks and recreation:					
Acreage	280	280	280	280	280
Developed parks/playgrounds	32	32	32	32	32
Developed fields (soccer, baseball, etc)	21	21	21	21	21
Libraries - Branches	2	2	2	2	2
Water:					
Mains (miles)	262	281	282	282	298
Fire hydrants	2,373	2,494	2,541	2640	2834
Storage capacity	6.81	6.81	6.81	6.81	6.81
Sewer:					
Miles of sanitary sewers	303	303	303	303	303
Miles of storm sewers	60.81	60.81	60.81	60.81	60.81
Treatment capacity (millions of gallons/day)	32	32	32	32	32

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

2012	2013	2014	2015	2016
1	1	1	1	1
14	14	15	15	15
2	2	2	2	2
4	4	4	5	5
4	4	4	5	5
28.6	28.6	28.6	28.6	28.6
54.12	54.12	54.12	54.13	54.13
170.86	172.25	172.25	172.25	172.29
1570	1582	1582	1582	1582
9	7	7	7	7
280	280	280	280	280
32	32	32	32	32
21	21	21	21	21
2	2	2	2	2
298	305	306	306	306
2854	3295	3327	3339	3340
6.81	6.81	6.81	6.81	6.81
303	303	303	303	303
60.81	60.81	60.85	60.85	60.85
32	32	32	45.6	45.6