

# City of Warren, Michigan

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**Comprehensive  
Annual Financial  
Report**

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***Fiscal Year Ended  
June 30, 2013***

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# **City of Warren, Michigan**

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## **Comprehensive Annual Financial Report with Supplemental Information June 30, 2013**

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# City of Warren, Michigan

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# City of Warren, Michigan

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## List of Elected Officials

James R. Fouts	Mayor
Paul J. Wojno	Clerk
Carolyn Kurkowski-Moceri	Treasurer
Cecil St. Pierre	Council President
Patrick Green	Council Vice President
Scott C. Stevens	Mayor Pro Tem, Council Secretary
Keith J. Sadowski	Assistant Council Secretary
Robert Boccomino	Councilman
Kelly Colegio	Councilwoman
Steven G. Warner	Councilman



CITY CONTROLLER'S OFFICE  
One City Square, Suite 425  
Warren, MI 48093-5289  
(586) 574-4600

December 6, 2013

To the Honorable Mayor, Members of City Council,  
and Citizens of the City of Warren

In accordance with the City Charter and State Statute, the City of Warren (the "City") is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a licensed certified public accounting firm in accordance with generally accepted auditing standards. Pursuant to those requirements, the City Controller's Office hereby submits the Comprehensive Annual Financial Report of the City of Warren for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a framework of internal controls that is designed to both protect the City's assets and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the certified public accounting firm of Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The City's financial statements have received an "unmodified opinion" from the independent auditor. An unmodified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

### **General Information**

The City of Warren was incorporated as a home rule city on January 1, 1957. The City is governed by a seven-member Council, Mayor, Treasurer, and City Clerk, all of whom are elected to a maximum of three four-year terms. The City encompasses 34.5 square miles (22,080 acres) of the southwestern section of Macomb County where it is adjacent to the City of Detroit. The City's boundaries are Eight Mile Road on the south, Fourteen Mile Road on the north, Dequindre Road on the west, and a parallel line running due north from the Gratiot-Eight Mile Road intersection on the east. With a population of 134,056 (2010 census figure), Warren remains the third largest city in the state of Michigan.

Warren is an area rich with ethnic flavor and charm. We are proud of our community, from its rural beginnings to its phenomenal growth and its unique blend of industrial innovation, residential comfort, and educational and cultural opportunities.

## General Information (continued)

With over 4,000 businesses, Warren has a diverse business climate. Unquestionably contributing to the economic vitality of the City is the presence of General Motors Corporation and Chrysler Corporation automotive facilities. Warren is proud to be the home of General Motors Technical Center, a 330-acre complex housing General Motors Corporation staff operations, research laboratories, engineering, and design. General Motors Corporation also operates the Hydramatic Plant on a 117-acre site within the City. Chrysler Corporation has three major facilities in Warren. Occupying a 224-acre site, this complex includes an assembly plant, a stamping plant, and a paint plant.

The South Campus of Macomb Community College is a public college located on a 100-acre site on Twelve Mile Road. Macomb Community College is one of the nation's leading community colleges, providing learning experiences to better our community. Macomb ranks high in Michigan and nationally in the number of associate's degrees. The college's comprehensive educational programming includes pre-collegiate experiences, university transfer and career preparation programs, bachelor's degree completion and graduate degree programs, workforce training, professional and continuing education, and enrichment opportunities.

Protecting the lives and property of Warren's citizens is the mission of our public safety departments. The fire department strives to ensure that the best fire extinguishment and emergency medical service is available to service the community. This mission continues to be realized by the purchase of four new fire engines in 2012. Also, with the assistance of a federal grant, the City has hired an additional 18 firefighters for the next two years. The police department operates an emergency 911 system, in-vehicle wireless communications, and a high-tech mobile command center to afford residents the quickest possible response to any emergency situation. This continual investment in equipment, facilities, and personnel has resulted in Warren having one of the lowest crime rates in the nation for a city of over 100,000 people.

The mission of the Warren Public Library is to improve the quality of life for the citizens of Warren by providing services and resources that promote educational, cultural, social, and economic well being. The library strives to be a source of information for lifetime learning and enjoyment. One of its primary goals is to stimulate young children's interest in reading and learning and to encourage literacy among all age groups. The Warren Public Library operates a Civic Center Library and occupies 35,000 square feet on the main floor of the City Hall building. The library features a computer lab, self check-out units, private study rooms, and an inviting reading room with fireplace. Services such as after hours book pick-up and a drive-up book drop are also available. This centrally located library benefits all citizens of Warren. Warren also has branch libraries, each providing internet access and adaptive devices for the visually impaired. As a member of the Suburban Library Cooperative, the Warren libraries provide access for patrons to all library materials in the state of Michigan.

The City of Warren has developed 27 city parks. Halmich Park, the largest of the city parks, sits on approximately 80 acres and has four-lighted baseball diamonds, soccer fields, a concession stand, and picnic pavilions. The City operates three indoor recreational facilities: the Warren Community Center, Owen Jax Recreation Center, and the Stilwell Manor Senior Drop-In Center. The Warren Community Center facility houses the Parks and Recreation, Communications Department, and City Council offices as well as the Miller Branch of the Warren Public Library. The facility operates a year-round aquatics center which includes a 150-foot water slide, a lazy river, play structure, and lap pool. In addition, there are three gymnasiums, multi-purpose meeting rooms, an auditorium, and a fitness center. The exterior grounds include a lighted football stadium, walking paths, and irrigated soccer fields. With grant assistance from the Michigan Department of Transportation, the recreation department continues to offer specialized transportation for seniors and special populations. The parks and recreation department offers many year-round recreational programs, including baseball, softball, basketball, volleyball, swimming, bowling, arts and crafts, music, theater, and dancing. Programs service pre-school children to senior citizens. Summer concerts are conducted by the City's Cultural Commission and the parks and recreation department.

The City's public service department provides a variety of services to the City's residents. Among these are weekly garbage collection; street maintenance, including snow and ice removal; building inspections; and operation of the waste water treatment plant and the water and sewer system. Our commitment to this area continues with the purchase of six new snow plows in the 2014 budget.

Affordable and safe housing is provided to Warren seniors through the operation of its 366-unit senior citizen housing complex.

## Reporting Entity

In conformance with criteria established by the Governmental Accounting Standards Board (GASB), the financial statements report all the funds of the City and its component units. Component units are separate legal entities for which the primary government is financially accountable. The component units of the City include the Tax Increment Finance Authority, Downtown Development Authority, Building Authority, and Brownfield Redevelopment Authority. Due to the degree of control exercised by the primary government, its financial relationship with each component unit and the component unit's benefit to the primary government, each component is reported in the accompanying financial statements discretely except for the Building Authority which is considered a blended component unit.

## Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

**Introductory Section.** This section introduces the reader to the City of Warren and to this report. Included in this section is a list of the principal officials, table of contents, this transmittal letter, certificate of achievement, and the City's organizational chart.

**Financial Section.** The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, and required supplemental information are included in this section.

**Statistical Section.** Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, encompass more than the current year, and are designed to reflect social and economic data, financial trends, and fiscal capabilities of the City.

The City is the recipient of a number of federal and state grants. This report relates specifically to the single audit and is issued under separate cover.

## Accounting Systems, Budgetary, and Internal Controls

The City's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing entity created to account for all assets, liabilities, financial resources, and uses associated with its intended purpose.

Annual balanced budgets are adopted for all the primary government's General, Special Revenue, and Debt Service Funds as required by Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. Although not required, budgets were formally adopted for the proprietary funds and the 37<sup>th</sup> District Court building renovation to assist management in monitoring operations.

The City Council, by resolution, adopted a budget on a budgetary center basis for all city departments, divisions, boards, commissions, and other activities. Budgets for the General, Special Revenue, and Debt Service Funds were adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal control represents the organization's plan of procedures associated with safeguarding assets and maintaining the integrity of financial records and consequently is designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles, or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## Economic Outlook

The auto industry is the lifeblood of the economy of Southeast Michigan. The City of Warren is no exception to this with the presence of the General Motors Technical Center and GM and Chrysler manufacturing facilities as well as numerous third-party suppliers to the auto industry. Its role in the City's financial future is increasingly optimistic as both GM and Chrysler have rebounded from their bankruptcies. This is further confirmed by recent investments by General Motors in adding several hundred jobs to the technical center for an informational technology center and construction of a wind tunnel, several million dollars of investment in their powertrain plant, and Chrysler adding a third shift to its plant.

## **Economic Outlook (continued)**

The 2014 budget was the first budget in several years not to utilize any fund balance. With five of seven labor contracts being in place through June 2016, the City is poised to deliver excellent services and financial results for the upcoming years. There is still concern over revenues from personal property tax and state-shared revenues. The City will continue to scrutinize every expenditure and try to maximize all other revenues.

## **Long-term Financial Planning**

The City continues to have a long-term approach to the financing of the organization. There continues to be many challenges with further property assessment declines and the expected elimination of certain personal property taxes. These revenue pressures along with legacy costs will force the City to continue to cut expenditures through staffing levels and labor contract savings.

## **Major Initiatives**

There is an ongoing commitment to improve conditions of road surfaces and traffic flows throughout the City. Road projects are either funded directly by the City utilizing state-shared gas and weight taxes, through cooperative efforts with the Michigan Department of Transportation or Macomb County Road Commission, or through road millages. Road widening and resurfacing projects, as well as water main and sewer line replacements, are currently underway at various locations. In November 2011, the citizens of Warren passed a road millage that will be dedicated for the use of local streets for five years. There have been several locations that were completed during the fiscal year as a result of this millage.

The water meter replacement program to improve registration accuracy and automate customer usage data collection has continued in 2013. An Automated Meter Reading System (AMR) will enable us to retrieve timely usage information and give us the ability to identify potential customer problems, such as spikes in usage indicating potential leaks, before they become too costly for users.

The water department, because of its aging infrastructure, has an unprecedented amount of capital projects occurring. This includes water main and sewer improvements, new water main structure, capital equipment upgrades, energy efficiency projects at the waste water treatment plant, and preliminary stages of the Oakland-Macomb interceptor project.

## **Awards**

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 Warren for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. 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. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgements**

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the controller's office. A significant investment in time and resources has been expended to submit this report in compliance with all financial requirements. I would like to express my sincere appreciation to all members of the department who assisted and contributed so greatly to its preparation. I would also like to thank your office and members of the Warren City Council for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully,



Robert C. Maleszyk, CPA  
City Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

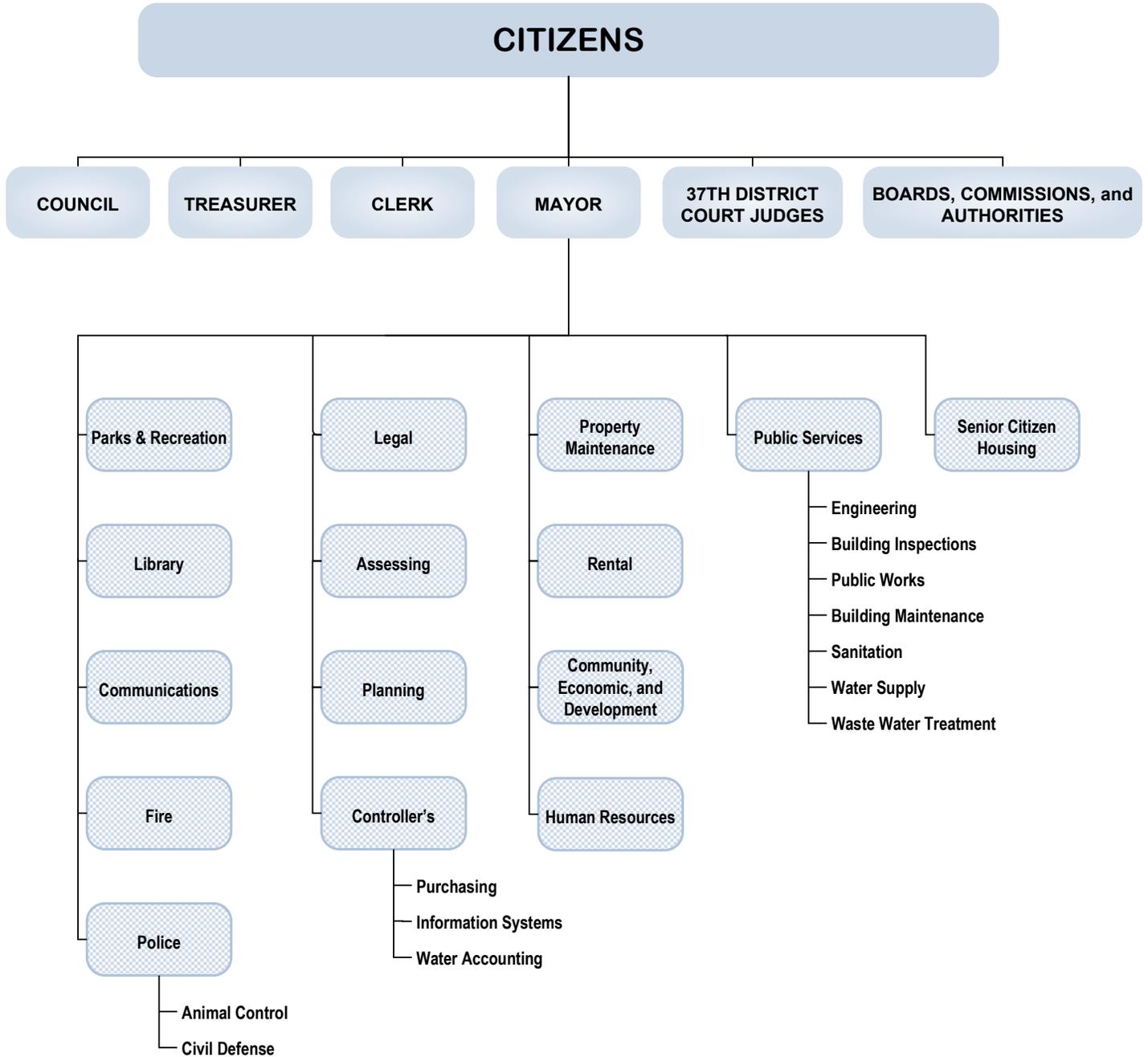
**City of Warren  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# City of Warren, Michigan Organization Chart



## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Warren, 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 Warren, Michigan (the "City") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City of Warren, Michigan's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Warren City Employees' Retirement System or the City Employees' VEBA Trust, which represent 30 percent, 31 percent, and 33 percent, respectively, of the assets, net position/fund balance, and revenues of the aggregate remaining fund information of the City of Warren. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Warren City Employees' Retirement Health, Life, and Disability Benefits Plan and Trust, and the City of Warren Employees' Retirement System Defined Benefit Plan Annual Financial Report, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. The City of Warren Police and Fire Retirement VEBA Trust, the City of Warren Police and Fire Retirement System, the City Employees' Retirement System, and the City Employees' VEBA Trust were not audited under *Government Auditing Standards*.

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.

To the Honorable Mayor and  
Members of the City Council  
City of Warren, Michigan

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of June 30, 2013 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.

### **Other Matters**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system schedules of funding progress and employer contributions, and the major fund 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 Warren, Michigan's basic financial statements. The other supplemental information, introductory section, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory 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.

To the Honorable Mayor and  
Members of the City Council  
City of Warren, Michigan

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of the City of Warren, 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 the City of Warren, Michigan's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

December 13, 2013

# City of Warren, Michigan

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## Management's Discussion and Analysis

Our discussion and analysis of the City of Warren, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal and the City's financial statements.

### 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, 2013:

- As a result of this year's operations, governmental activities net position increased by \$20.7 million or 12.7 percent from 2012. The increase is due primarily from property tax revenue that increased as a result of the citizen approved police and fire millage.
- As a result of this year's operations, business-type activities net position increased by \$7.3 million or 8.1 percent from the prior year. The increase is due primarily to the positive operations in the water and sewer system.
- The General Fund reported a \$12.7 million increase in fund balance from the prior year. This increase is due primarily from property tax revenue that increased as a result of the citizen approved police and fire millage.

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

# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position as of June 30, 2013 compared to the prior year:

	Governmental Activities			Percent Change
	2012	2013	Change	
<b>Assets</b>				
Other assets	\$ 85,096,829	\$ 103,804,807	\$ 18,707,978	22%
Capital assets	134,235,255	133,444,491	(790,764)	-1%
Total assets	219,332,084	237,249,298	17,917,214	8%
<b>Liabilities</b>				
Current liabilities	8,188,747	7,557,133	(631,614)	-8%
Long-term liabilities	47,667,318	45,532,113	(2,135,205)	-4%
Total liabilities	55,856,065	53,089,246	(2,766,819)	-5%
<b>Net Position</b>				
Net investment in capital assets	110,327,564	110,679,720	352,156	0%
Restricted	28,243,279	33,486,346	5,243,067	19%
Unrestricted	24,905,176	39,993,986	15,088,810	61%
Total net position	<u>\$ 163,476,019</u>	<u>\$ 184,160,052</u>	<u>\$ 20,684,033</u>	13%

# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

	Governmental Activities			Percent Change
	2012	2013	Change	
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 14,646,243	\$ 14,899,126	\$ 252,883	2%
Operating grants	15,689,801	15,779,717	89,916	1%
Capital grants	837,793	700,760	(137,033)	-16%
General revenue:				
Property taxes	72,437,479	90,992,186	18,554,707	26%
State-shared revenue	11,895,230	12,256,586	361,356	3%
Investment earnings	177,108	169,068	(8,040)	-5%
Other revenue	5,018,873	4,618,312	(400,561)	-8%
Total revenue	120,702,527	139,415,755	18,713,228	16%
<b>Program Expenses</b>				
General government	10,187,753	11,005,229	817,476	8%
District court	6,308,210	6,104,152	(204,058)	-3%
Public safety	56,710,270	59,416,035	2,705,765	5%
Public works	24,550,108	24,664,224	114,116	0%
Community and economic development	4,851,249	4,254,706	(596,543)	-12%
Recreation and cultural	12,502,460	12,111,420	(391,040)	-3%
Interest on long-term debt	1,172,012	1,085,956	(86,056)	-7%
Total expenses	116,282,062	118,641,722	2,359,660	2%
<b>Change in Net Position</b>	<b>\$ 4,420,465</b>	<b>\$ 20,774,033</b>	<b>\$ 16,353,568</b>	370%

The governmental net position increased 12.7 percent from a year ago - increasing from \$163.5 million to \$184.2 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$15.1 million for the governmental activities. This represents an increase of approximately 61.0 percent primarily due to positive operations of \$20.7 million offset by an increase in restricted net position. The current level of unrestricted net position for our governmental activities stands at \$40.0 million, or about 33.7 percent of expenditures.

The City's total governmental revenues increased by approximately \$18.7 million or 15.5 percent. This increase was primarily due to the increase in property tax revenue of \$18.6 million.

Expenses increased by \$2.3 million or 2.0 percent during the year. The increase was more than explained by an increase in public safety (\$2.7 million).

# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position as of June 30, 2013 compared to the prior year:

	Business-type Activities			Percent Change
	2012	2013	Change	
<b>Assets</b>				
Other assets	\$ 46,424,098	\$ 59,618,591	\$ 13,194,493	28%
Capital assets	126,897,612	121,247,893	(5,649,719)	-4%
Total assets	173,321,710	180,866,484	7,544,774	4%
<b>Liabilities</b>				
Current liabilities	3,636,269	4,023,905	387,636	11%
Long-term liabilities	80,548,846	80,447,615	(101,231)	0%
Total liabilities	84,185,115	84,471,520	286,405	0%
<b>Net Position</b>				
Net investment in capital assets	59,757,545	60,698,300	940,755	2%
Restricted	9,800,098	10,511,646	711,548	7%
Unrestricted	19,578,952	25,185,018	5,606,066	29%
Total net position	<u>\$ 89,136,595</u>	<u>\$ 96,394,964</u>	<u>\$ 7,258,369</u>	8%

	Business-type Activities			Percent Change
	2012	2013	Change	
Operating revenue	\$ 40,596,308	\$ 42,997,260	\$ 2,400,952	6%
Operating expenses, other than depreciation	28,524,024	29,355,515	831,491	3%
Depreciation and amortization	4,461,215	4,300,975	(160,240)	-4%
<b>Operating Income</b>	7,611,069	9,340,770	1,729,701	23%
Interest income	26,887	48,181	21,294	79%
Interest expense	2,247,049	2,556,963	309,914	14%
Other nonoperating expenses	17,860	2,891	(14,969)	-84%
Gain on sale of assets	90,904	140,108	49,204	54%
Other nonoperating general revenue	178,457	289,164	110,707	62%
<b>Change in Net Position</b>	<u>\$ 5,642,408</u>	<u>\$ 7,258,369</u>	<u>\$ 1,615,961</u>	29%

# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

The City's business-type activities consist of the Water and Sewer Fund and Senior Citizen Housing Funds. We provide water to residents from the Detroit water system. We also provide sewage treatment through a City-owned and operated sewage treatment plant. Affordable and safe housing is provided to Warren seniors through operation of a 366-unit complex.

The net position of business-type activities increased \$7.3 million or 8.2 percent from a year ago.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$5.6 million. This represents an increase of approximately 28.6 percent. The current level of unrestricted net position stands at \$25.2 million, or about 69.6 percent of expenditures.

The increase in unrestricted net position is due primarily to the positive operations of the Water and Sewer Fund. The fund had a favorable budget to actual comparison as it relates to expenses in positions that have not been filled and postponements in spending.

### **The City of Warren, Michigan Funds**

Our analysis of the City's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detail 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 special property tax millages. The City's major funds for 2013 include the General Fund and the Grant Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which includes police and fire. Public safety incurred expenses of approximately \$59.4 million in 2013. Revenue exceeded expenditures (including transfers) in the General Fund by \$12.7 million. This was primarily due to the increase in property taxes offset by increased public safety expenditures. Fund balance of \$45.0 million is approximately 53.7 percent of expenditures.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to take into account events during the year. The most significant budget adjustment was for federal grants received within the fire department. At year end, General Fund expenditures were \$4.0 million or 4.3 percent under budget. This was due to careful spending by department leaders including a \$1.2 favorable variance in the police department. General Fund revenue came in over budget by \$15.2 million as the citizens passed a police and fire safety millage during 2013.

# City of Warren, Michigan

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## Management's Discussion and Analysis (Continued)

### Capital Asset and Debt Administration

At the end of fiscal year 2013, the City had \$255 million invested in a broad range of capital assets, including land, buildings, police and fire equipment, computer equipment, infrastructure assets (roads, bridges, sidewalks, and storm drains), and water and sewer lines. The value of the City's governmental net capital assets is \$133.4 million and business-type net capital assets are \$121.2 million (see Note 5 of the notes to the basic financial statements for additional information).

The City's general obligation bonds maintained their rating from Standard & Poor's (AA) during the fiscal year. This rating was affirmed in 2013 when the City refinanced several bond holdings. Please see Note 18 of the notes to the basic financial statements for additional information.

### Economic Factors and Next Year's Budgets

Due to the City's cost-cutting efforts and police and fire millage, the City is looking positively toward fiscal 2014 and beyond. However, as the State continues to attack various revenue sources such as personal property tax, the City administration along with City Council will continue to further develop the City's financial strategy and continue fiscal responsibility while maintaining as many core services as possible.

### 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 resources it receives. If you have questions about this report or need additional information, we welcome you to contact the controller's office at City Hall.

# City of Warren, Michigan

## Statement of Net Position June 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 72,123,289	\$ 22,142,900	\$ 94,266,189	\$ 12,498,301
Receivables (Note 4)	26,027,298	17,244,116	43,271,414	9,127
Due from component units	1,352,543	-	1,352,543	-
Due from primary government	-	-	-	16,345
Internal balances*	2,438,449	(2,560,081)	(121,632)	-
Inventory	359,279	1,229,020	1,588,299	136,296
Prepays and other assets	63,166	20,931	84,097	1,690
Restricted assets	-	21,541,705	21,541,705	-
Deposits	1,440,783	-	1,440,783	-
Capital assets:				
Assets not subject to depreciation (Note 5)	27,954,440	2,751,116	30,705,556	-
Assets subject to depreciation (Note 5)	105,490,051	118,496,777	223,986,828	1,224,194
<b>Total assets</b>	<b>237,249,298</b>	<b>180,866,484</b>	<b>418,115,782</b>	<b>13,885,953</b>
<b>Liabilities</b>				
Accounts payable	5,246,423	3,089,382	8,335,805	54,556
Due to other governmental units	96,377	-	96,377	235,608
Due to component units	16,345	-	16,345	-
Due to primary government	-	-	-	1,352,543
Refundable deposits, bonds, etc.	549,757	264,294	814,051	5,000
Accrued liabilities and other	1,587,418	653,171	2,240,589	737,280
Deferred revenue (Note 4)	60,813	17,058	77,871	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	2,936,117	604,777	3,540,894	-
Provision for property tax refunds	744,090	-	744,090	502,484
Current portion of long-term debt (Note 7)	3,346,848	4,924,597	8,271,445	2,000,000
Due in more than one year:				
Compensated absences	11,744,468	785,736	12,530,204	-
Provision for claims	6,381,263	-	6,381,263	-
Long-term debt (Note 7)	20,379,327	74,132,505	94,511,832	62,245,995
<b>Total liabilities</b>	<b>53,089,246</b>	<b>84,471,520</b>	<b>137,560,766</b>	<b>67,133,466</b>
<b>Net Position</b>				
Net investment in capital assets	110,679,720	60,698,300	171,378,020	1,224,194
Restricted for:				
Streets and highways	14,569,306	-	14,569,306	-
Public safety	3,176,460	-	3,176,460	-
Recreation and culture	8,834,899	-	8,834,899	-
Sanitation	2,009,473	-	2,009,473	-
Community development	89,912	-	89,912	-
Capital projects	3,708,362	-	3,708,362	-
Debt service	1,097,934	10,511,646	11,609,580	-
Unrestricted	39,993,986	25,185,018	65,179,004	(54,471,707)
<b>Total net position</b>	<b>\$ 184,160,052</b>	<b>\$ 96,394,964</b>	<b>\$ 280,555,016</b>	<b>\$ (53,247,513)</b>

\* Internal balances and transfers are not equal due to timing differences in reporting water and sewer system balances an amounts due from fiduciary funds as of December 31, 2012.

# City of Warren, Michigan

Functions/Programs	Program Revenue			Expenses
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 11,005,229	\$ 1,629,079	\$ 1,443,846	\$ 700,760
District Court	6,104,152	5,513,992	18,659	-
Public safety	59,416,035	4,540,164	2,376,811	-
Public works	24,664,224	153,553	8,684,071	-
Community and economic development	4,254,706	585,905	2,839,587	-
Recreation and culture	12,111,420	2,476,433	416,743	-
Interest on long-term debt	1,085,956	-	-	-
<b>Total governmental activities</b>	<b>118,641,722</b>	<b>14,899,126</b>	<b>15,779,717</b>	<b>700,760</b>
Business-type activities:				
Water and Sewer Fund	34,191,241	40,839,611	-	90,000
Senior housing	2,025,103	2,157,649	-	-
<b>Total business-type activities</b>	<b>36,216,344</b>	<b>42,997,260</b>	<b>-</b>	<b>90,000</b>
<b>Total primary government</b>	<b>\$ 154,858,066</b>	<b>\$ 57,896,386</b>	<b>\$ 15,779,717</b>	<b>\$ 790,760</b>
<b>Component units:</b>				
Tax Increment Financing Authority	\$ 94,344	\$ -	\$ -	\$ -
Downtown Development Authority	3,839,146	-	-	-
Brownfield Redevelopment	138,345	-	-	-
<b>Total component units</b>	<b>\$ 4,071,835</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General revenues:</b>				
General revenue				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
<b>Total general revenues</b>				
<b>Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

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

**Statement of Activities**  
**Year Ended June 30, 2013**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (7,231,544)	\$ -	\$ (7,231,544)	\$ -
(571,501)	-	(571,501)	-
(52,499,060)	-	(52,499,060)	-
(15,826,600)	-	(15,826,600)	-
(829,214)	-	(829,214)	-
(9,218,244)	-	(9,218,244)	-
(1,085,956)	-	(1,085,956)	-
(87,262,119)	-	(87,262,119)	-
-	6,738,370	6,738,370	-
-	132,546	132,546	-
-	6,870,916	6,870,916	-
(87,262,119)	6,870,916	(80,391,203)	-
-	-	-	(94,344)
-	-	-	(3,839,146)
-	-	-	(138,345)
-	-	-	(4,071,835)
90,992,186	-	90,992,186	5,295,230
12,256,586	-	12,256,586	-
169,068	48,181	217,249	13,114
1,935,470	-	1,935,470	-
2,656,638	199,164	2,855,802	360,059
26,204	140,108	166,312	-
108,036,152	387,453	108,423,605	5,668,403
(90,000)	-	(90,000)	-
20,684,033	7,258,369	27,942,402	1,596,568
163,476,019	89,136,595	252,612,614	(54,844,081)
<b>\$ 184,160,052</b>	<b>\$ 96,394,964</b>	<b>\$ 280,555,016</b>	<b>\$ (53,247,513)</b>

# City of Warren, Michigan

## Governmental Funds Balance Sheet June 30, 2013

	General Fund	Grant Fund	Nonmajor Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 32,324,008	\$ 784,297	\$ 39,014,984	\$ 72,123,289
Receivables (Note 4):				
Property taxes receivable	546,238	-	209,347	755,585
Special assessments receivable	-	-	1,223,649	1,223,649
Accrued interest receivable	387	-	373	760
Other receivables	380,209	-	548,906	929,115
Due from other governmental units	3,943,100	571,841	1,845,570	6,360,511
Due from pension and VEBA funds	9,103,968	-	-	9,103,968
Notes receivable	-	7,653,710	-	7,653,710
Due from component units	1,335,388	-	17,155	1,352,543
Due from other funds	3,511,295	-	8,133	3,519,428
Inventory	323,188	-	36,091	359,279
Prepays and other assets	44,899	14,751	3,516	63,166
Deposits	875,356	-	565,427	1,440,783
	<u>\$ 52,388,036</u>	<u>\$ 9,024,599</u>	<u>\$ 43,473,151</u>	<u>\$ 104,885,786</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 3,507,368	\$ 457,989	\$ 1,281,066	\$ 5,246,423
Due to other governmental units	95,709	-	668	96,377
Due to component units	13,445	-	2,900	16,345
Due to other funds	149	553,169	527,661	1,080,979
Refundable deposits, bonds, etc.	415,288	-	134,469	549,757
Accrued liabilities and other	1,133,460	2,750	248,996	1,385,206
Deferred revenue	1,711,120	7,906,028	1,632,118	11,249,266
Provision for property tax refunds	551,293	-	192,797	744,090
	<u>7,427,832</u>	<u>8,919,936</u>	<u>4,020,675</u>	<u>20,368,443</u>
Total liabilities				
<b>Fund Balances</b>				
Nonspendable:				
Inventory/Assets held for resale	323,188	-	36,091	359,279
Prepays	44,899	14,751	3,516	63,166
Restricted:				
Roads construction and maintenance	-	-	14,569,306	14,569,306
Grants	-	89,912	-	89,912
Capital projects	-	-	2,336,350	2,336,350
Sanitation	-	-	2,009,473	2,009,473
Recreation	-	-	1,896,459	1,896,459
Library	-	-	3,914,039	3,914,039
Cable franchise fees	-	-	3,024,401	3,024,401
Police enforcement	78,199	-	2,954,239	3,032,438
Special assessments	-	-	1,368,740	1,368,740
Vice crime	-	-	144,022	144,022
Committed:				
Rental ordinance	-	-	730,058	730,058
Special assessments	-	-	308,590	308,590
Assigned:				
Subsequent year's budget	1,045,102	-	-	1,045,102
Compensated absences	13,598,333	-	-	13,598,333
Claims and insurance	5,522,006	-	-	5,522,006
37th District Court	-	-	5,661,161	5,661,161
Debt service	-	-	496,031	496,031
Unassigned	24,348,477	-	-	24,348,477
	<u>44,960,204</u>	<u>104,663</u>	<u>39,452,476</u>	<u>84,517,343</u>
Total fund balances				
	<u>\$ 52,388,036</u>	<u>\$ 9,024,599</u>	<u>\$ 43,473,151</u>	<u>\$ 104,885,786</u>
Total liabilities and fund balances				

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

# City of Warren, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2013

<b>Fund Balance Reported in Governmental Funds</b>	\$ 84,517,343
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	133,444,491
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,223,649
Grants and 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	9,964,804
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(24,225,971)
Unamortized bond premium	499,796
Accrued interest is not due and payable in the current period and is not reported in the funds	(202,212)
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	(14,680,585)
Other long-term liabilities, such as claims and judgments, landfill closure and postclosure costs, and net pension obligations, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(6,381,263)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 184,160,052</u></b>

# City of Warren, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended June 30, 2013

	General Fund	Grant Fund	Nonmajor Funds	Total
<b>Revenue</b>				
Property taxes	\$ 68,574,282	\$ -	\$ 22,364,252	\$ 90,938,534
Licenses and permits	2,691,555	-	-	2,691,555
Federal grants	937,979	3,440,889	951,477	5,330,345
State-shared revenue and grants	13,507,106	-	9,207,578	22,714,684
Charges for services	3,301,528	-	2,172,540	5,474,068
Fines and forfeitures	4,697,363	-	1,713,688	6,411,051
Investment income	96,174	-	67,467	163,641
Rental income	-	-	136,754	136,754
Other revenue:				
Special assessments	-	-	706,457	706,457
Cable franchise fees	-	-	1,935,470	1,935,470
Other miscellaneous income	1,577,036	-	334,556	1,911,592
Total revenue	<u>95,383,023</u>	<u>3,440,889</u>	<u>39,590,239</u>	<u>138,414,151</u>
<b>Expenditures</b>				
Current:				
General government	10,027,740	39,390	236,628	10,303,758
District court	6,104,152	-	-	6,104,152
Public safety	59,397,123	-	304,020	59,701,143
Public works	7,289,871	-	18,881,061	26,170,932
Community and economic development	596,487	3,113,474	454,258	4,164,219
Recreation and culture	34,257	24,044	10,505,027	10,563,328
Debt service	280,886	-	4,043,630	4,324,516
Total expenditures	<u>83,730,516</u>	<u>3,176,908</u>	<u>34,424,624</u>	<u>121,332,048</u>
<b>Excess of Revenue Over Expenditures</b>	11,652,507	263,981	5,165,615	17,082,103
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	1,724,856	-	-	1,724,856
Transfers in	-	-	3,839,724	3,839,724
Transfers out	(718,578)	(90,000)	(3,121,146)	(3,929,724)
Total other financing sources (uses)	<u>1,006,278</u>	<u>(90,000)</u>	<u>718,578</u>	<u>1,634,856</u>
<b>Net Change in Fund Balances</b>	12,658,785	173,981	5,884,193	18,716,959
<b>Fund Balances (Deficit) - Beginning of year</b>	32,301,419	(69,318)	33,568,283	65,800,384
<b>Fund Balances - End of year</b>	<u>\$ 44,960,204</u>	<u>\$ 104,663</u>	<u>\$ 39,452,476</u>	<u>\$ 84,517,343</u>

# City of Warren, Michigan

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities Year Ended June 30, 2013**

**Net Change in Fund Balances - Total Governmental Funds** \$ 18,716,959

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	7,054,908
Depreciation expense	(7,813,470)
Net book value of assets disposed of	(32,202)

Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position

	(1,724,856)
--	-------------

Federal grants - Operating grants

	703,380
--	---------

Charges for services to external parties

	325,268
--	---------

Capital-type special assessments

	(610,875)
--	-----------

Property taxes

	53,382
--	--------

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

	3,273,042
--	-----------

Change in accrued interest payable and other

	20,777
--	--------

Amortized bond costs

	(93,536)
--	----------

Increase in accumulated sick and vacation pay is recorded when earned in the statement of activities

	(340,239)
--	-----------

Change in the provision for claims liability

	1,151,495
--	-----------

**Change in Net Position of Governmental Activities** \$ 20,684,033

# City of Warren, Michigan

## Proprietary Funds Statement of Net Position June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund - 12/31/12	Nonmajor Enterprise	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 17,734,944	\$ 4,407,956	\$ 22,142,900
Receivables:			
Receivables from sales to customers on account	14,435,619	-	14,435,619
Accrued interest receivable	235	73	308
Other receivables	110,894	29,806	140,700
Due from other governmental units	67,523	-	67,523
Due from other funds	14,738	587,376	602,114
Inventory	1,229,020	-	1,229,020
Prepays and other assets	20,854	77	20,931
Total current assets	<u>33,613,827</u>	<u>5,025,288</u>	<u>38,639,115</u>
Noncurrent assets:			
Restricted unspent bond proceeds for capital projects	15,889,195	-	15,889,195
Restricted assets	5,652,510	-	5,652,510
Assets with financing entity	2,599,966	-	2,599,966
Capital assets:			
Assets not subject to depreciation	2,529,472	221,644	2,751,116
Assets subject to depreciation	111,353,656	7,143,121	118,496,777
Total noncurrent assets	<u>138,024,799</u>	<u>7,364,765</u>	<u>145,389,564</u>
Total assets	<u>171,638,626</u>	<u>12,390,053</u>	<u>184,028,679</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,058,947	30,435	3,089,382
Due to other funds	1,460,418	1,701,777	3,162,195
Refundable deposits, bonds, etc.	66,971	197,323	264,294
Accrued liabilities and other	636,950	16,221	653,171
Deferred revenue	-	17,058	17,058
Compensated absences	604,777	-	604,777
Current portion of long-term debt	4,522,090	402,507	4,924,597
Total current liabilities	<u>10,350,153</u>	<u>2,365,321</u>	<u>12,715,474</u>
Noncurrent liabilities:			
Compensated absences	749,577	36,159	785,736
Long-term debt	70,741,604	3,390,901	74,132,505
Total noncurrent liabilities	<u>71,491,181</u>	<u>3,427,060</u>	<u>74,918,241</u>
Total liabilities	<u>81,841,334</u>	<u>5,792,381</u>	<u>87,633,715</u>
<b>Net Position</b>			
Net investment in capital assets	57,108,595	3,589,705	60,698,300
Restricted - Debt service	10,511,646	-	10,511,646
Unrestricted	22,177,051	3,007,967	25,185,018
Total net position	<u>\$ 89,797,292</u>	<u>\$ 6,597,672</u>	<u>\$ 96,394,964</u>

# City of Warren, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund - 12/31/12	Nonmajor Enterprise	Total
<b>Operating Revenue</b>			
Sale of water	\$ 20,955,632	\$ -	\$ 20,955,632
Sewage disposal charges	17,650,089	-	17,650,089
Other sales to customers	147,744	-	147,744
Interest and penalty charges	2,086,146	-	2,086,146
Rental revenue	-	1,729,778	1,729,778
Other operating revenue	-	427,871	427,871
Total operating revenue	40,839,611	2,157,649	42,997,260
<b>Operating Expenses</b>			
Cost of water	9,740,191	-	9,740,191
Other operation and maintenance	3,798,150	-	3,798,150
Billing and administrative costs	2,023,210	438,915	2,462,125
Wages and fringes	10,714,005	463,116	11,177,121
Materials and supplies	668,116	56,328	724,444
Other operating expenses	-	635,847	635,847
Professional services	817,637	-	817,637
Depreciation	4,040,451	260,524	4,300,975
Total operating expenses	31,801,760	1,854,730	33,656,490
<b>Operating Income</b>	9,037,851	302,919	9,340,770
<b>Nonoperating Revenue (Expenses)</b>			
Investment income	43,785	4,396	48,181
Interest expense	(2,389,481)	(167,482)	(2,556,963)
Other nonoperating expenses	-	(2,891)	(2,891)
Gain on sale of assets	140,108	-	140,108
Capital grant	199,164	-	199,164
Total nonoperating expenses	(2,006,424)	(165,977)	(2,172,401)
<b>Income - Before contributions</b>	7,031,427	136,942	7,168,369
<b>Capital Contributions - Other capital contributions</b>	90,000	-	90,000
<b>Change in Net Position</b>	7,121,427	136,942	7,258,369
<b>Net Position - Beginning of year</b>	82,675,865	6,460,730	89,136,595
<b>Net Position - End of year</b>	<b>\$ 89,797,292</b>	<b>\$ 6,597,672</b>	<b>\$ 96,394,964</b>

# City of Warren, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2013

	Enterprise Funds		
	Water and Sewer Fund - 12/31/12	Nonmajor Enterprise	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 40,918,548	\$ 2,169,344	\$ 43,087,892
Receipts from interfund services and reimbursements	-	558,546	558,546
Payments to suppliers	(16,073,071)	(1,201,247)	(17,274,318)
Payments to employees	(10,900,531)	(478,823)	(11,379,354)
Internal activity - Receipts to other funds	1,315,372	-	1,315,372
Other receipts	-	16,774	16,774
	<u>15,260,318</u>	<u>1,064,594</u>	<u>16,324,912</u>
Net cash provided by operating activities			
	15,260,318	1,064,594	16,324,912
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from issuance of bonds	35,170,088	4,032,244	39,202,332
Receipt of capital grants	180,765	-	180,765
Proceeds from sales of capital assets	140,108	-	140,108
Purchase of capital assets	(7,121,023)	(79,004)	(7,200,027)
Principal and interest paid on capital debt	(25,929,881)	(4,861,390)	(30,791,271)
	<u>2,440,057</u>	<u>(908,150)</u>	<u>1,531,907</u>
Net cash provided by (used in) capital and related financing activities			
	2,440,057	(908,150)	1,531,907
<b>Cash Flows from Investing Activities</b> - Interest received on investments	43,662	4,460	48,122
	<u>43,662</u>	<u>4,460</u>	<u>48,122</u>
<b>Net Increase in Cash and Cash Equivalents</b>	17,744,037	160,904	17,904,941
<b>Cash and Cash Equivalents</b> - Beginning of year	21,532,612	4,247,052	25,779,664
	<u>21,532,612</u>	<u>4,247,052</u>	<u>25,779,664</u>
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 39,276,649</u>	<u>\$ 4,407,956</u>	<u>\$ 43,684,605</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 17,734,944	\$ 4,407,956	\$ 22,142,900
Restricted cash	5,652,510	-	5,652,510
Restricted unspent bond proceeds for capital projects	15,889,195	-	15,889,195
	<u>17,734,944</u>	<u>4,407,956</u>	<u>22,142,900</u>
Total cash and cash equivalents	<u>\$ 39,276,649</u>	<u>\$ 4,407,956</u>	<u>\$ 43,684,605</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 9,037,851	\$ 302,919	\$ 9,340,770
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	4,040,451	260,524	4,300,975
Changes in assets and liabilities:			
Receivables	78,937	28,469	107,406
Due from others	-	558,546	558,546
Inventories	523,445	-	523,445
Prepaid and other assets	68,329	(77)	68,252
Accounts payable	398,737	(67,189)	331,548
Due to others	1,315,372	-	1,315,372
Accrued and other liabilities	(202,804)	(18,598)	(221,402)
	<u>15,260,318</u>	<u>1,064,594</u>	<u>16,324,912</u>
Net cash provided by operating activities	<u>\$ 15,260,318</u>	<u>\$ 1,064,594</u>	<u>\$ 16,324,912</u>

# City of Warren, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2013

	Pension and Other Employee Benefits - 12/31/12	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,449,782	\$ 1,592,643
Investments:		
U.S. government securities	46,520,091	-
Agency securities	3,108,174	-
Stocks	238,271,147	-
Bonds	81,448,525	-
Real estate	16,941,456	-
Other	37,798,903	-
Securities lending	13,307,895	-
Receivables:		
Accrued interest receivable	2,681,294	-
Other receivables	68,712	-
Due from other governmental units	-	3,457
Advances to other funds	-	8,106
Prepays and other assets	2,020	-
	441,597,999	<b>\$ 1,604,206</b>
<b>Liabilities</b>		
Accounts payable	773,391	\$ -
Due to other governmental units	-	32,013
Due to primary government	9,408,613	-
Refundable deposits, bonds, etc.	-	1,489,410
Accrued liabilities and other	906,249	82,783
Obligations under securities lending agreements	13,889,994	-
	24,978,247	<b>\$ 1,604,206</b>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 416,619,752</b>	

# City of Warren, Michigan

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Year Ended June 30, 2013

	Pension and Other Employee Benefits - 12/31/12
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 12,837,808
Net increase in fair value of investments	34,049,039
Investment-related expenses	<u>(2,051,212)</u>
Net investment income	44,835,635
Securities lending income (loss):	
Interest and dividends	247,438
Securities lending - Investment expense	<u>(50,182)</u>
Net securities lending income	197,256
Contributions:	
Employer	28,187,462
Employee	<u>1,269,209</u>
Total contributions	29,456,671
Other income	<u>16,675</u>
Total additions	74,506,237
<b>Deductions</b>	
Benefit payments	58,459,019
Refunds of contributions	1,185,571
Administrative expenses	<u>702,266</u>
Total deductions	<u>60,346,856</u>
<b>Net Increase in Net Position Held in Trust</b>	14,159,381
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	<u>402,460,371</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 416,619,752</u></u>

# City of Warren, Michigan

## Component Units Statement of Net Position June 30, 2013

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,787,271	\$ 9,638,032	\$ 1,072,998	\$ 12,498,301
Receivables:				
Property taxes receivable	-	-	9,093	9,093
Accrued interest receivable	34	-	-	34
Due from primary government	-	-	16,345	16,345
Inventory	-	136,296	-	136,296
Prepays and other assets	-	1,690	-	1,690
Capital assets - Assets subject to depreciation	-	1,224,194	-	1,224,194
Total assets	1,787,305	11,000,212	1,098,436	13,885,953
<b>Liabilities</b>				
Accounts payable	1,253	53,303	-	54,556
Due to other governmental units	217,091	-	18,517	235,608
Due to primary government	45,376	1,306,020	1,147	1,352,543
Refundable deposits, bonds, etc.	-	5,000	-	5,000
Accrued liabilities and other	18,250	718,642	388	737,280
Noncurrent liabilities (Note 7):				
Due within one year	-	2,502,484	-	2,502,484
Due in more than one year	-	62,245,995	-	62,245,995
Total liabilities	281,970	66,831,444	20,052	67,133,466
<b>Net Position</b>				
Net investment in capital assets	-	1,224,194	-	1,224,194
Unrestricted	1,505,335	(57,055,426)	1,078,384	(54,471,707)
Total net position	\$ 1,505,335	\$ (55,831,232)	\$ 1,078,384	\$ (53,247,513)

# City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authority	\$ 94,344	\$ -	\$ -	\$ -
Downtown Development Authority:				
General government	54,008	-	-	-
Community and economic development	857,084	-	-	-
Interest expense	2,928,054	-	-	-
Total Downtown Development Authority	3,839,146	-	-	-
Brownfield Redevelopment	138,345	-	-	-
Total component units	<u>\$ 4,071,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013**

Net (Expense) Revenue and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment	Total
\$ (94,344)	\$ -	\$ -	\$ (94,344)
-	(54,008)	-	(54,008)
-	(857,084)	-	(857,084)
-	(2,928,054)	-	(2,928,054)
-	(3,839,146)	-	(3,839,146)
-	-	(138,345)	(138,345)
(94,344)	(3,839,146)	(138,345)	(4,071,835)
236,106	4,673,059	386,065	5,295,230
1,668	10,368	1,078	13,114
-	360,059	-	360,059
237,774	5,043,486	387,143	5,668,403
143,430	1,204,340	248,798	1,596,568
1,361,905	(57,035,572)	829,586	(54,844,081)
<b>\$ 1,505,335</b>	<b>\$ (55,831,232)</b>	<b>\$ 1,078,384</b>	<b>\$ (53,247,513)</b>

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

The City of Warren, formerly Warren Township, was incorporated January 1, 1957 under provisions of Act 279, P.A. 1909 as amended (Home Rule Act). The City is administered by a mayor, council of seven members, treasurer, and clerk, all of whom are elected for four-year terms. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, recreation, library, planning and zoning, and general administrative services.

The accounting policies of the City of Warren, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Warren, Michigan:

#### **Reporting Entity**

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 legal separate entities, in substance, they are part of the City's operations.

**Blended Component Units** - The following entity is considered a blended component unit of the City due to either the authority existing for the exclusive benefit of the City itself or due to the degree of City Council oversight in adopting the authority's plan, approving the issuance and repayment of debt, or in cases adopting the authority's annual operating budget.

The City of Warren Building Authority was incorporated, pursuant to the provisions of Act 31, Public Acts of Michigan, 1948, as amended, and approved by the Warren City Council for the purpose of acquiring, furnishing, and equipping and maintaining buildings, structures, and sites for use by the City. The authority is governed by a commission consisting of three members who are appointed by the mayor and the City Council. All contracts entered into by the authority must be approved by the City Council. The City has pledged its full faith and credit for payment of annual lease payments to the authority in order to satisfy principal and interest requirements from issuance of Building Authority Bonds. The City of Warren Building Authority is reported within the enterprise and capital projects funds. Additional information can be obtained from the Council Office at 5460 Arden, Warren, Michigan 48092.

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

**Discretely Presented Component Units** - The Tax Increment Finance Authority of the City of Warren was established pursuant to Act 450 of the Michigan Public Acts of 1980, and approved by the Warren City Council to prevent urban deterioration and to encourage economic development and historic preservation within a defined geographic area of the City of Warren. The authority is governed by a board of directors consisting of eight members who are appointed by the mayor subject to the approval of the City Council. The City has pledged its full faith and credit for payment of principal and interest requirements from issuance of Tax Increment Finance Authority Bonds. Additional information can be obtained from the mayor's office at One City Square, Suite 215, Warren, Michigan 48093-6726.

The Downtown Development Authority (DDA) of the City of Warren was established pursuant to Act 197 of the Public Acts of Michigan, 1975, as amended, and approved by the Warren City Council to prevent property value deterioration, eliminate the causes of that deterioration, increase property tax valuation where possible, and improve economic growth in the business district of the City. The authority is governed by a board of directors which consists of the mayor plus eight members appointed by the mayor subject to the approval of the City Council. Additional information can be obtained from the mayor's office at One City Square, Suite 215, Warren, Michigan 48093-6726.

The Brownfield Redevelopment Authority was established pursuant to Act 381 of the Public Acts of Michigan, 1996, as amended. The act allows municipalities to establish the authority, adopt Brownfield redevelopment financing plans, and capture incremental local and school property taxes from redeveloped properties to pay for the environmental costs associated with those properties. The act, as amended in 2000, expanded the definition of Brownfield properties to include not only contaminated but also blighted or functionally obsolete properties and also expanded eligible activities to include infrastructure improvements, demolition, lead and asbestos abatement, as well as site preparation. Additional information can be obtained from the planning department at One City Square, Suite 315, Warren, Michigan 48093-5283.

#### **Government-wide and Fund Financial Statements**

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, component units, 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.

The City does not allocate indirect expenses. An administrative service fee is charged by the General Fund to other funds to recover direct costs such as finance, personnel, purchasing, legal costs, etc. incurred by the General Fund. This reimbursement is eliminated by reducing corresponding revenue and expenses in the General Fund.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Grant Fund** - The Grant Fund is used to account for the proceeds of specific grant revenue that are restricted to expenditures for specified purposes.

The City reports the following major proprietary fund:

**Water and Sewer Fund** - The Water and Sewer Fund is used to account for the results of operations for providing water and sewer service to the citizens and businesses of the City. The fund's primary revenue is generated through user charges from those requesting water and sewer services.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. Accordingly, fiduciary activities are not reported within the government-wide financial statements. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The City's fiduciary funds include its Pension and Voluntary Employee Benefit Association (VEBA) trust funds and the Payroll Revolving, Cash Bond, Tax Collection, and Fire Insurance Withholding Agency Funds.

The Pension and Voluntary Employee Benefit Association (VEBA) trust funds account for the activities of the police and fire employees' health and retirement system and general employees' health and retirement system, which accumulates resources for pension benefit payments to qualified employees.

The agency funds account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer 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)**

Amounts reported as program revenue include (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. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **Property Tax Revenue**

Property taxes are levied on each July 1 and December 1 on the taxable value of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2012 tax was levied and collectible on July 1, 2012 and is recognized as revenue in the year ended June 30, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2013

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

The 2012 taxable valuation of the City totaled \$3.217 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA). Taxes were levied as follows:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	8.7724	\$ 28,052,000
Emergency medical service	0.2923	934,000
Library charter and operating	1.3373	4,276,000
Rubbish services	2.5550	8,180,000
Police/Fire pension and retiree health care	4.9848	15,983,000
Police operating	0.9746	3,120,000
Fire operating	0.9746	3,120,000
Recreation operating	0.9746	3,120,000
Police and fire operating	4.9000	15,712,000
Road repairs	2.1000	6,746,000
Total	<u>27.8656</u>	<u>\$ 89,243,000</u>

### Assets, Liabilities, and Net Position or Equity

**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.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are 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 and property tax receivables are shown as net of allowance for uncollectible amounts.

Only the portion of special assessments collected within the current fiscal year is considered as revenue in the governmental fund financial statements. The remaining balance of special assessment receivables is recorded as deferred revenue.

**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.

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

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

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Water and sewer mains	50 years
Machinery and equipment	5 to 25 years
Land improvements	20 years
Road system	12 to 50 years

**Compensated Absences (Vacation and Sick Leave) and Compensatory Time** - All full-time employees of the City earn one sick leave day for each month of service rendered, not to exceed 12 days in any calendar year. Employees are allowed to accumulate anywhere from 27 days to 225 days depending upon their hire date, union affiliation, and pension plan participation. Upon retirement, most employees are paid 80 percent of their accumulated sick bank.

Each year, employees earn a number of vacation days based on total years of service. Vacation days are not allowed to accumulate and must be used in the year in which they are earned.

Employees are allowed to accumulate compensatory time in lieu of receiving overtime pay. Compensatory time is allowed to accumulate to a maximum of 150 hours. Compensated absences and compensatory time, inclusive of associated payroll taxes and benefits, are accrued in the government-wide financial statements.

The governmental fund financial statements report an assignment of fund balance for compensated absences and compensatory time to the extent that budget appropriations have been approved by City Council to fund this noncurrent liability.

### **Note 1 - 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, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

**Fund Equity** - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the City's highest level of decision-making for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- **Assigned:** Intent to spend resources on specific purposes expressed by the City Council or City Controller, who is authorized by the policy approved by the City Council to make assignments
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

**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.

**Accounting and Reporting Change** - During the year, the City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Since the City has no deferred outflows or inflows until the adoption of GASB No. 65, the impact of the adoption of GASB No. 63 on the City only is a change in terminology, from "net assets" to "net position."

### Note 2 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2000 is as follows:

Shortfall - At July 1, 2012	\$ (6,613,601)
Current year permit revenue	1,865,273
Related expenses - Estimated indirect costs	<u>2,171,896</u>
Current year shortfall	<u>(306,623)</u>
Cumulative shortfall at June 30, 2013	<u>\$ (6,920,224)</u>

**Fund Deficits** - At June 30, 2013, the Downtown Development Authority reported a deficit in net position of \$55,831,232. This deficit relates to debt reported in the full accrual basis. The Downtown Development Authority does not have a deficit when reported on the fund basis.

### 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. In accordance with the provisions of the act, the City, by separate ordinance, has adopted the following policies relative to its investments:

- I. The city treasurer is authorized to invest surplus funds as follows:
  - (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States
  - (b) Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2) below
  - (c) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after the date of purchase
  - (d) Repurchase agreements consisting of instruments list in subdivision (a) above
  - (e) Bankers' acceptances of United States banks
  - (f) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service
  - (g) Mutual funds registered under the Investment Company Act of 1940 with authority to purchase only investment vehicles that are legal for direct investment by public corporation
  - (h) Obligations described in the above subdivisions (a) through (g) if purchased through an inter-local agreement under the Urban Cooperation Act of 1967
  - (i) Investment pools organized under the Surplus Funds Investment Pool Act of 1982
  - (j) Investment pools organized under the Local Government Investment Pool Act of 1985

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

2. The city treasurer shall not deposit or invest funds in a financial institution that is not eligible to be a depository of funds belonging to the State of Michigan under a law or rule of the State of Michigan of the United States.
3. Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investments under subsection (1) above.
4. The securities, which serve as collateral, shall be held by the issuing financial institution provided that a written trust agreement has been executed. Institutions without safekeeping departments or abilities must deliver said securities to a third-party custodian with which the City has executed an agreement. Said agreement must be approved by City Council pursuant to resolution.
5. The city treasurer shall only invest the surplus funds of the City in institutions eligible under subsection (2) above, and with concurrence by resolution of City Council.
6. The city treasurer shall not deposit or invest in excess of \$50 million at or within any one financial institution.
7. The city treasurer shall not exceed 60 percent of the investable funds of the City in any one form of investment.
8. The city treasurer shall not have in excess of 50 percent of the City's total amount of surplus funds in any one financial institution.

The General Employees' Retirement System, General Employees' VEBA, Police and Fire Retirement System, and Police and Fire VEBA are 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.

The City has designated six banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

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

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 general City accounts had \$60,632,734 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City's component units had \$8,864,102 of bank deposits that were uninsured and uncollateralized. Additionally, the Water and Sewer Fund and fiduciary funds, at their year end of December 31, 2012, had \$38,869,388 and \$916,308, respectively, 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 with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

At December 31, 2012, the City's fiduciary funds had the following investments and maturities:

Fiduciary Funds	Fair Value	0-5 Years	6-10 Years	More than 10 Years
U.S. government	\$ 25,990,183	\$ 6,510,866	\$ 8,632,449	\$ 10,846,868
U.S. government agency	5,312,298	4,643,709	668,589	-
Mortgage-backed securities	16,493,722	-	742,215	15,751,507
Collateralized mortgage obligations	3,486,730	51,700	48,679	3,386,351
Asset-backed securities	7,025,794	1,589,763	3,280,302	2,155,729
Corporate and convertible bonds	65,293,335	34,476,343	20,328,489	10,488,503
Foreign bonds and notes	3,476,301	2,037,141	1,319,100	120,060
Municipal bonds	319,719	-	31,406	288,313
Bond Index Funds	3,279,069	-	3,279,069	-
Total	\$ 130,677,151	\$ 49,309,522	\$ 38,330,298	\$ 43,037,331

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

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

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
Bank of America - Fidelity Treas. Only - Class I	\$ 100,872	Not rated	N/A
Huntington Bank - Automated Funds Investment	2,918,583	Not rated	N/A
Comerica - Government Cash Investment Fund	15,248,095	A1/P1/FI	Moody's
<b>Fiduciary Funds</b>			
Goldman Sachs FS Prime Obligations Fund	3,679,826	AAAm	S&P
Repurchase agreement	829,034	A1/P1/FI	Moody's
Comerica Short-term Fund Series C	3,412,696	Not rated	N/A
Index funds	3,279,069	BAA-AAA	Moody's
Bank investment pool	1,128,218	AAA	Moody's
Debt securities	<u>68,356,920</u>	NR-AAA	S&P
Total	<u>\$ 80,685,763</u>		
<b>Component Units</b>			
Fifth Third Institutional Money Market Trust	\$ 782,591	A1/P1/FI	Moody's
Bank investment pool	31,117	Aaa	Moody's
Interlocal agreement	<u>748,610</u>	Aaa	Moody's
Total	<u>\$ 1,562,318</u>		

**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 restricts the amount of investments in foreign currency-denominated investments to 5 percent of total pension system investments. The following securities are subject to foreign currency risk:

Security	Fair Value	Foreign Currency
Foreign stocks	\$ 3,417,867	Euro
Foreign stocks	3,195,352	Swiss franc
Foreign stocks	3,506,968	UK pound
Foreign stocks	2,435,255	Hong Kong dollar
Foreign stocks	652,682	Japanese yen
Foreign stocks	659,277	Canadian dollar
Foreign stocks	251,715	Singapore dollar
Foreign stocks	463,740	Swedish krona

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2013

### Note 4 - Receivables and Deferred Revenue

Receivables as of year end for the City's individual major funds and the nonmajor, Internal Service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Grant Fund	Nonmajor Funds	Total	Water and Sewer Fund	Nonmajor Enterprise	Total	Component Units
Receivables:								
Property taxes receivable	\$ 546,238	\$ -	\$ 209,347	\$ 755,585	\$ -	\$ -	\$ -	\$ 9,093
Special assessments receivable	-	-	1,223,649	1,223,649	-	-	-	-
Receivables from sales to customers on account	-	-	-	-	14,435,619	-	14,435,619	-
Accrued interest receivable	387	-	373	760	235	73	308	34
Assets with financing entity	-	-	-	-	2,599,966	-	2,599,966	-
Other receivables	380,209	-	548,906	929,115	110,894	29,806	140,700	-
Due from other governmental units	3,943,100	571,841	1,845,570	6,360,511	67,523	-	67,523	-
Due from pension and VEBA funds	9,103,968	-	-	9,103,968	-	-	-	-
Notes receivable	-	7,653,710	-	7,653,710	-	-	-	-
Net receivables	<u>\$ 13,973,902</u>	<u>\$ 8,225,551</u>	<u>\$ 3,827,845</u>	<u>\$ 26,027,298</u>	<u>\$ 17,214,237</u>	<u>\$ 29,879</u>	<u>\$ 17,244,116</u>	<u>\$ 9,127</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds			Enterprise Funds
	Unavailable	Unearned	Total	
Special assessments	\$ 1,223,649	\$ -	\$ 1,223,649	\$ -
Grant receivables	8,508,199	60,813	8,569,012	-
Delinquent personal property taxes	734,376	-	734,376	-
Other	722,229	-	722,229	17,058
Total	<u>\$ 11,188,453</u>	<u>\$ 60,813</u>	<u>\$ 11,249,266</u>	<u>\$ 17,058</u>

### Note 5 - Capital Assets

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

	Balance July 1, 2012	Reclassifications	Additions	Disposals	Balance June 30, 2013
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 25,095,767	\$ -	\$ -	\$ -	\$ 25,095,767
Construction in progress	3,597,230	(1,800,143)	1,061,586	-	2,858,673
Subtotal	28,692,997	(1,800,143)	1,061,586	-	27,954,440
Capital assets being depreciated:					
Infrastructure	135,429,175	1,800,143	2,982,349	-	140,211,667
Buildings and improvements	89,137,291	-	184,602	(64,461)	89,257,432
Machinery and equipment	44,626,845	-	2,826,371	(1,579,634)	45,873,582
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	278,669,026	1,800,143	5,993,322	(1,644,095)	284,818,396
Accumulated depreciation:					
Infrastructure	104,620,530	-	1,690,517	-	106,311,047
Buildings and improvements	32,581,334	-	2,957,793	(64,461)	35,474,666
Machinery and equipment	29,159,394	-	2,744,630	(1,547,432)	30,356,592
Land improvements	6,765,510	-	420,530	-	7,186,040
Subtotal	173,126,768	-	7,813,470	(1,611,893)	179,328,345
Net capital assets being depreciated	105,542,258	1,800,143	(1,820,148)	(32,202)	105,490,051
Net capital assets	\$ 134,235,255	\$ -	\$ (758,562)	\$ (32,202)	\$ 133,444,491
<b>Business-type Activities</b>					
Capital assets not being depreciated -					
Land	\$ 4,013,507	\$ (3,729,200)	\$ 2,466,809	\$ -	\$ 2,751,116
Capital assets being depreciated:					
Buildings and improvements	82,499,009	3,729,200	39,813	-	86,268,022
Machinery and equipment	14,420,837	-	300,574	(108,428)	14,612,983
Utility systems	117,402,730	-	6,662,897	(2,309,104)	121,756,523
Subtotal	214,322,576	3,729,200	7,003,284	(2,417,532)	222,637,528
Accumulated depreciation:					
Buildings and improvements	31,552,470	-	2,116,881	-	33,669,351
Machinery and equipment	13,279,736	-	199,064	(108,429)	13,370,371
Utility systems	57,425,102	-	1,985,030	(2,309,103)	57,101,029
Subtotal	102,257,308	-	4,300,975	(2,417,532)	104,140,751
Net capital assets being depreciated	112,065,268	3,729,200	2,702,309	-	118,496,777
Net capital assets	\$ 116,078,775	\$ -	\$ 5,169,118	\$ -	\$ 121,247,893

Capital asset activity for the City of Warren, Michigan's DDA for the year ended June 30, 2013 included no significant additions. The DDA holds land and a building with a net book value of \$1,224,194 that is currently being leased by another governmental unit.

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2013

### Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 2,394,966
Public safety	1,672,208
City development	12,952
Highway and streets	1,542,870
Recreation and culture	1,741,116
Sanitation	<u>449,358</u>

Total governmental activities	<u>\$ 7,813,470</u>
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Business-type activities:

Water and sewer	\$ 4,040,451
Senior citizen housing	<u>260,524</u>

Total business-type activities	<u>\$ 4,300,975</u>
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### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From						Total	Component Units
	General Fund	Grant Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Nonmajor Governmental Funds		
General Fund	\$ -	\$ 553,169	\$ 1,322,854	\$ 1,114,401	\$ 9,103,968	\$ 520,871	\$12,615,263	\$ 1,335,388
Nonmajor enterprise funds	-	-	-	587,376	-	-	587,376	-
Component units	13,445	-	-	-	-	2,900	16,345	-
Nonmajor governmental funds	149	-	-	-	1,194	6,790	8,133	17,155
Total	<u>\$ 13,594</u>	<u>\$ 553,169</u>	<u>\$ 1,322,854</u>	<u>\$ 1,701,777</u>	<u>\$ 9,105,162</u>	<u>\$ 530,561</u>	<u>\$13,227,117</u>	<u>\$ 1,352,543</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. Internal balances and transfers are not equal due to timing differences in reporting water and sewer system balances and amounts due from fiduciary funds as of December 31, 2012.

The balances for the Water and Sewer Funds and fiduciary funds are amounts due at June 30, 2013.

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2013

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

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

Transfer In	Transfers Out			Total
	General Fund	Grant Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	\$ 718,578	\$ -	\$ 3,121,146	\$ 3,839,724
Water and Sewer Fund	-	90,000	-	90,000

The transfers from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance major and local road programs in accordance with budgetary authorizations and represent the movement of resources to be used for debt service. The transfers within the nonmajor governmental funds represent the sharing of gas and weight tax revenue in accordance with Act 51 and the movement of resources to be used for debt service.

The transfer from the Grant Fund to the Water and Sewer Fund relates to a contribution of assets to be used in the waste water treatment plant. The transfers do not equal as the transfer is treated as contributed capital in the Water and Sewer Fund.

### 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. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

**Land Contracts** - A land contract was executed between the City and the City of Warren Water and Sewer System for the acquisition of a garage facility to be utilized by the Department of Public Works. The property was acquired at a cost of \$1,206,976. The land contract had a principal maturity of \$53,648 due in fiscal year 2013 at an annual interest rate of 6.00 percent.

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

**Road Construction Bonds** - Road construction bonds are comprised of various bond issues that pledge state-collected gas and weight tax receipts returned to the City. The full faith and credit of the City are pledged as additional security. These bond issues have aggregate principal maturities ranging from \$165,000 to \$1,494,787 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.50 percent to 6.50 percent.

**Building Authority Bonds** - Building Authority Bonds are comprised of bonds issued to finance various construction projects and equipment acquisitions. For the Warren Multiple Purpose Bonds, Series 2005, and the Warren Community Center Refunding Bonds, Series 2005, the City has entered into lease agreements with the Building Authority and agrees to pay as cash rental amounts that will be sufficient to enable the Building Authority to pay principal and interest on the bonds as they become due. The City has pledged its full faith and credit for the payment of these rentals. The Warren Multiple Purpose Bonds, Series 2005, and Warren Community Center Refunding Bonds, Series 2005, have aggregate principal maturities ranging from \$560,000 to \$1,140,000 a year and are due serially through fiscal year ending June 30, 2027 with annual interest rates ranging from 4.00 percent to 4.375 percent.

**Sidewalk Replacement Bonds** - Sidewalk Replacement Bonds are comprised of bonds issued to finance various sidewalk and drive approach improvements and paving projects in designated special assessment districts throughout the City. The payment of principal and interest on the bonds shall be payable primarily from the collection of special assessments levied against those properties improved within each district. Assessments can be paid in full or in installments due July 1 of each year. In addition, the full faith and credit of the City are pledged to the payment of the principal and interest on the bonds when due. The bonds have aggregate maturities ranging from \$34,397 to \$543,967 a year and are due serially through fiscal year 2024 with annual interest rates ranging from 3.50 percent to 6.50 percent.

**Water and Sewer Bonds** - Water and Sewer Bonds, including the Capital Improvement Bonds and the State Revolving Fund bonds, are comprised of bonds issued to fund major infrastructure replacement projects and are payable solely from the net revenue of the Water and Sewer System. The bond issues have principal maturities ranging from \$780,000 to \$4,907,143 a year and are due serially through fiscal year 2031 with annual interest rates ranging from 1.45 percent to 6.00 percent. The total liability for SRF, Series 5401-01 at December 31, 2012 is \$2,597,912; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated below.

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

**Downtown Development Authority Bonds** - DDA Bonds are comprised of bonds issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in anticipation of the collection of certain tax increment revenue payments for the purpose of paying costs of development and redevelopment of all or a portion of the downtown district as specified in the authority's development and tax increment financing plan. In addition, the City has pledged its full faith and credit as additional security for payment of the principal and interest when due. In order to achieve the desired development and redevelopment objectives as described in the plan, the City has authorized the issuance of Downtown Development Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$1,250,000 to \$5,750,000 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 3.25 percent to 5.00 percent.

**Senior Housing Bonds** - Senior Housing Bonds consists of the Refunding Series 2012 bonds. Principal and interest payments are to be paid from cash flows generated by monthly rental unit receipts. In addition, the City has pledged its full faith and credit for the payment of these principal and interest payments as they become due. The Senior Housing Refunding Bonds, Series 2012, have principal maturities ranging from \$150,000 to \$540,000 a year and are due serially through the fiscal year ending June 30, 2023 with annual interest rates ranging from 2.00 percent to 2.25 percent.

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

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
Land contract debt - DPW garage - Maturing through 2013	6.00%	\$ 53,649	\$ -	\$ 53,649	\$ -	\$ -
Maturing through 2013						
Road Construction Bonds:						
MTF, Series 2003						
Maturing through 2018	3.65%-4.10%	2,952,498	-	491,972	2,460,526	500,000
Capital Improvement, Series 2006 Maturing through 2027	3.75%-4.00%	5,067,063	-	101,456	4,965,607	222,694
Capital Improvement, Series 2008 Maturing through 2028	5.00%-6.50%	2,631,337	-	338,653	2,292,684	347,373
MTF, Refunding Series 2010 Maturing through 2016	2.50%-3.25%	1,914,381	-	499,523	1,414,858	500,000
Building Authority Bonds:						
Series 2005, Multi-purpose Maturing through 2015	4.00%	1,772,887	-	572,561	1,200,326	600,000
Series 2005, WCC refunding Maturing through 2027	4.00%- 4.375%	9,155,011	-	464,771	8,690,240	510,000
Sidewalk Replacement Bonds:						
Capital Improvement Bonds, Series 2005 Maturing through 2015	3.50%-4.00%	600,489	-	196,739	403,750	200,000
Capital Improvement Bonds, Series 2008 Maturing through 2028	5.00%-6.50%	1,031,900	-	158,544	873,356	162,626
Capital leases (Note 8)		-	1,724,856	300,028	1,424,828	304,155
Total bonds payable		25,179,215	1,724,856	3,177,896	23,726,175	3,346,848
Accumulated compensated absences and compensatory time		14,340,346	393,980	53,741	14,680,585	2,936,117
Provision for claims		7,532,758	2,941,068	4,092,563	6,381,263	-
Provision for property tax refunds		614,999	129,091	-	744,090	-
Total governmental activities		\$ 47,667,318	\$ 5,188,995	\$ 7,324,200	\$ 45,532,113	\$ 6,282,965

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

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund or other operating funds to which each employee is assigned.

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>						
Water and Sewer Bonds:						
Refunding Series 2005						
Maturing through 2026	3.75%-4.75%	\$ 20,560,000	\$ -	\$ 20,560,000	\$ -	\$ -
Refunding Series 2012						
Maturing through 2026	2.50%-4.00%	-	17,780,000	-	17,780,000	870,000
Capital Improvement Bonds:						
Series 2003	2.75%-4.125%	880,000	-	60,000	820,000	60,000
Series 2006	3.75%-4.00%	2,022,125	-	42,245	1,979,880	87,306
Series 2010	2.00%-3.00%	5,080,000	-	1,135,000	3,945,000	1,165,000
Series 2010	1.45%-6.00%	9,290,000	-	300,000	8,990,000	300,000
Series 2012	2.00%-4.10%	-	15,680,000	-	15,680,000	420,000
State Revolving Fund:						
SRF, Series 5134-01						
Maturing through 2024	2.50%	3,350,000	-	220,000	3,130,000	225,000
SRF, Series 5134-02						
Maturing through 2026	2.125%	5,095,000	-	290,000	4,805,000	300,000
SRF, Series 5134-03						
Maturing 2024	2.125%	787,091	-	50,000	737,091	55,000
SRF, Series 5134-04						
Maturing 2026	1.625%	6,390,000	-	380,000	6,010,000	385,000
SRF, Series 5401-01						
Maturing through 2030	2.50%	2,700,310	22,602	125,000	2,597,912	125,000
Capital lease (Note 8):						
2010		752,039	-	176,993	575,046	184,143
2011 Installment Purchase (Note 8)		8,021,303	-	268,216	7,753,087	303,300
Senior Housing Bonds:						
Refunding Series 2004						
Refunded 2012	3.75%	4,700,000	-	4,700,000	-	-
Refunding Series 2012						
Maturing 2026	2.00%-2.25%	-	3,975,000	-	3,975,000	425,000
Less deferred amounts:						
Issuance discounts		(148,378)	(171,485)	(13,556)	(306,307)	(14,053)
Issuance premiums		65,390	2,011,272	39,034	2,037,628	158,752
Cost of issuance deferred charge		(1,455,802)	(152,300)	(155,867)	(1,452,235)	(124,851)
Total bonds payable	3.75%-4.00%	68,089,078	39,145,089	28,177,065	79,057,102	4,924,597
Accumulated compensated absences and compensatory time	2.00%-3.00%	1,640,931	-	250,418	1,390,513	170,379
Total business-type activities		<u>\$ 69,730,009</u>	<u>\$ 39,145,089</u>	<u>\$ 28,427,483</u>	<u>\$ 80,447,615</u>	<u>\$ 5,094,976</u>
<b>Component Unit Activities</b>						
Downtown Development Limited Tax Bonds:						
Series 2002	4.40%-5.00%	\$ 16,835,446	\$ -	\$ 487,581	\$ 16,347,865	\$ 737,581
Series 2003	3.25%-4.25%	17,323,586	-	487,620	16,835,966	487,620
Series 2004	4.00%-4.75%	17,760,342	-	484,784	17,275,558	484,784
Series 2005	4.125%-4.50%	14,022,613	-	236,007	13,786,606	236,007
Issuance premiums		<u>\$ 65,941,987</u>	<u>\$ -</u>	<u>\$ 1,695,992</u>	<u>\$ 64,245,995</u>	<u>\$ 1,945,992</u>

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

Total interest expense for the year was approximately \$6,537,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows, excluding capital leases (see Note 8), unamortized bond issuance costs, and deferred charges:

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 3,042,694	\$ 950,002	\$ 3,992,696	\$ 4,453,776	\$ 2,411,912	\$ 6,865,688	\$ 2,000,000	\$ 2,871,719	\$ 4,871,719
2015	2,871,224	838,154	3,709,378	4,530,817	2,339,344	6,870,161	2,250,000	2,786,406	5,036,406
2016	2,089,184	728,537	2,817,721	5,142,857	2,317,808	7,460,665	2,750,000	2,684,063	5,434,063
2017	1,657,143	646,705	2,303,848	4,599,898	2,140,264	6,740,162	3,250,000	2,554,375	5,804,375
2018	1,720,102	577,178	2,297,280	4,561,939	1,870,830	6,432,769	3,750,000	2,398,438	6,148,438
2019-2023	6,603,550	1,953,048	8,556,598	21,622,797	7,099,262	28,722,059	25,500,000	8,843,625	34,343,625
2024-2028	5,121,224	538,806	5,660,030	11,927,581	2,702,484	14,630,065	24,250,000	2,717,625	26,967,625
2029-2033	164,998	5,363	170,361	6,200,000	1,242,461	7,442,461	1,249,999	28,124	1,278,123
2034-2038	-	-	-	3,665,000	308,610	3,973,610	-	-	-
Total	\$ 23,270,119	\$ 6,237,793	\$ 29,507,912	\$ 66,704,665	\$ 22,432,975	\$ 89,137,640	\$ 64,999,999	\$ 24,884,375	\$ 89,884,374

**Current Refundings** - In October 2012, the City issued Building Authority Refunding Bonds, Series 2012, in the amount of \$3,975,000. The debt refunded amounted to \$3,995,000 of Building Authority Refunding Bonds, Series 2004, maturing in the years 2013 through 2022. The refunding was undertaken to reduce the debt service payment over the next 10 years with net savings of \$111,216 and to obtain an economic (present value) gain for the City of Warren of \$280,221.

In October 2012, the City issued Water & Sewer Refunding Bonds, Series 2012, in the amount of \$17,780,000. The debt refunded amounted to \$19,695,000 of Water & Sewer Refunding Bonds, Series 2005, maturing in the years 2013 through 2026. The refunding was undertaken to reduce the debt service payment over the next 14 years with net savings of \$3,130,967 and to obtain an economic (present value) gain for the City of Warren of \$2,711,995.

### Note 8 - Leases

**Capital Leases** - The City entered into lease agreements as lessees for financing the purchase of a fire truck and motorcycles used in public safety. The total amount of the financing is \$1,685,319 and \$151,672 for the fire truck and motorcycles, respectively.

### Note 8 - Leases (Continued)

The future minimum lease obligations and the net present value of these leases are as follows:

Years Ending June 30	Amount
2014	\$ 331,444
2015	331,444
2016	280,886
2017	280,886
2018	280,886
Total	1,505,546
Less interest	53,430
Total	<u>\$ 1,452,116</u>

In 2011, the Water and Sewer Fund entered into a lease agreement as lessee for financing the purchase of energy performance improvements for the waste water treatment plant. The total amount of financing is \$8,021,303, with \$54,693 of issuance costs included in the total. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. At December 31, 2012, the construction of the assets under capital lease was considered construction in progress totaling \$1,692,137. The remaining \$2,599,966 is considered as cash with paying agent. As of December 31, 2012, the project is ongoing; however, a portion of the project totaling \$3,729,200 was completed during the fiscal year and was placed into service where it is considered a capital asset and is subject to depreciation.

In 2010, the water and sewer department entered into a lease agreement as lessee for financing the purchase of a waste-to-heat energy project. The total amount of the financing is \$970,444.

**Note 8 - Leases (Continued)**

The future minimum lease obligations for these items and the net present value are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2013	\$ 719,263
2014	738,121
2015	757,681
2016	573,664
2017	626,472
2018-2022	3,496,898
2023-2026	<u>3,303,660</u>
Total minimum lease payments	10,215,759
Less amount representing interest	<u>(1,887,626)</u>
Present value	<u>\$ 8,328,133</u>

**Note 9 - General Employees' Other Postemployment Benefits - VEBA**

The City's postemployment health and dental benefits are administered under a combination of premium-based, self-insurance, and/or Medicare coverage plans. In general, if a retiree or members of his or her immediate family are entitled to retirement benefits under the City Employees' Retirement System or the Police and Fire Retirement System, then they are entitled to the postretirement health and dental insurance benefits. Currently, the City provides 100 percent of the cost of health insurance and either 50 percent or 100 percent of dental coverage dependent upon the coverage selected. Some collective bargaining agreements include language that employees will pay either 50 percent or 25 percent of their health insurance upon retirement dependent on age and years of service. There are currently no retirees under the provisions of these contracts. Recent collective bargaining agreements have included Retirement Health Savings account provisions for new hires. During employment, the City will contribute 1 percent of the employee's wages and the employee will contribute 1 percent to 5 percent of wages into the plan. At retirement, the employee will not be provided retiree health insurance under any of the City's existing plans.

**Plan Description** - Established by City Ordinance and collective bargaining agreements, the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and Trust (the "Trust") is a single-employer public employee Voluntary Employee Benefit Association (VEBA) Trust administered by the City of Warren Employees' Retirement System board of trustees.

### **Note 9 - General Employees' Other Postemployment Benefits - VEBA (Continued)**

The Trust is created for the exclusive purpose of funding health, life, and disability benefits for those retirees and beneficiaries eligible to receive such retirement benefits under the City of Warren General Employees' Retirement System and Defined Contribution Plan. At December 31, 2010, the date of the most recent valuation, the plan consisted of 307 active participants, 589 retired participants, and 35 inactive vested participants.

The plan issues a publicly available financial report that may be obtained by writing to the City of Warren Employees' Retirement System, One City Square, Suite 415, Warren, Michigan 48093-5287.

**Summary of Significant Accounting Policies** - The financial statements of the Trust are prepared using the accrual basis of accounting. Employer contributions are recognized as revenue in the period in which employee services are performed. Retiree health, life, and disability benefits are recognized in the period incurred.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or an international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Gains and losses on sales and exchanges are recorded on the trade date. Interest on fixed-income securities is recorded as earned with no amortization of premiums or discounts.

**Funding Policy** - The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Contributions to the plan represent 36.11 percent of covered payroll for the period from January 1, 2012 through June 30, 2012 in accordance with the actuarial valuation of December 31, 2008, and estimated at 40.00 percent for the period from July 1, 2012 through December 31, 2012, as the actuarial valuation of December 31, 2010 was not yet available prior to the adoption of the City budget for the fiscal year beginning July 1, 2012. Administrative costs of the plan are financed through investment earnings. Actuarial valuations are performed bi-annually.

**Funding Progress** - For the year ended June 30, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2010. 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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**Note 9 - General Employees' Other Postemployment Benefits - VEBA  
(Continued)**

For the fiscal year ended December 31, 2012, contributions to the plan totaled \$7,157,432 and postemployment health benefits totaled \$8,008,844. For the current year and the preceding years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/12	12/31/10	\$ 7,157,432	100.0	\$ -
12/31/11	12/31/08	7,296,831	100.0	-
12/31/10	12/31/08	7,941,093	100.0	-

\* The required contribution is expressed to the City as a percentage of payroll.

The funding progress of the plan is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (Percent) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/10	\$ 23,670,836	\$ 168,000,923	\$ 144,330,087	14.1 %	\$ 20,751,208	695.5 %
12/31/08	16,522,158	158,665,734	142,143,576	10.4	25,743,285	552.2
12/31/06	16,229,489	161,270,365	145,040,876	10.1	27,490,701	527.6
12/31/04	15,033,329	114,898,479	99,865,150	13.1	27,560,084	362.4
12/31/01	10,000,000	74,349,303	64,349,303	13.5	28,362,379	226.9

**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. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### **Note 9 - General Employees' Other Postemployment Benefits - VEBA (Continued)**

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, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 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, and an annual healthcare cost trend rate of 5 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates included a 5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a six-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

### **Note 10 - Police and Fire Other Postemployment Benefits - VEBA**

**Plan Description** - The City of Warren Police and Fire Retirement Health Benefits Plan and Trust is a single-employer public employee Voluntary Employee Benefit Association (VEBA) Trust administered by the City of Warren Police and Fire Retirement System.

The trust is created for the exclusive purpose of funding health, life, and disability benefits for substantially all police and fire retirees of the City. At December 31, 2012, membership consisted of 226 current active employees and 540 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.

The plan issues a separate stand-alone financial statement which can be obtained by writing to the City of Warren Police and Fire Retirement System, One City Square, Suite 415, Warren, Michigan 48093-5287.

**Summary of Significant Accounting Policies** - The plan and trust's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenue in the period in which they are earned. Insurance and other costs are recognized when due and payable in accordance with the terms of the plan and trust. Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

### Note 10 - Police and Fire Other Postemployment Benefits - VEBA (Continued)

**Funding Policy** - The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are designed to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Contributions represent 26.62 percent of covered payroll for the period from January 1, 2012 through June 30, 2012 and 34.63 for the period from July 1, 2012 through December 31, 2012. Administrative costs of the plan are financed through investment earnings.

**Funding Progress** - For the year ended December 31, 2012, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2010. 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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Based on that valuation, the City contributed \$6,173,013 in the year ended December 31, 2012, which is equal to the annual required contribution.

The funding progress of the plan and trust as of the most recent valuation date is as follows:

Actuarial value of assets	\$ 17,360,593
Actuarial accrued liability (AAL)	\$ 153,497,640
Unfunded AAL (UAAL)	\$ 136,137,047
Funded ratio	11.3%
Annual covered payroll	\$ 19,755,129
Ratio of UAAL to covered payroll	689.1%

For the fiscal year ended December 31, 2012, contributions to the plan totaled \$6,173,013 and postemployment health benefits totaled \$8,768,872. For the current year and the preceding two years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed	Net OPEB Obligation
12/31/10	12/31/08	\$ 7,362,420	100.0	\$ -
12/31/11	12/31/10	6,661,565	100.0	-
12/31/12	12/31/10	6,173,013	100.0	-

\* The required contribution is expressed to the City as a percentage of payroll.

**Note 10 - Police and Fire Other Postemployment Benefits - VEBA  
(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
12/31/03	\$ -	\$ 116,492,273	\$ 116,492,273	- %	\$ 29,400,497	396.2 %
12/31/06	16,278,706	173,368,137	157,089,431	9.4	29,425,088	533.9
12/31/08	12,805,655	166,135,717	153,330,062	7.7	30,524,963	502.3
12/31/10	18,170,142	154,083,759	135,913,617	11.8	24,386,083	557.3
12/31/11	17,360,593	153,497,640	136,137,047	11.3	19,755,129	689.1

**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. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 2.5 percent per year plus a long-term rate of inflation of 5.0 percent per year. It also included healthcare cost increases of 5.0 percent for the years included in the valuation. The actuarial value of assets is set to equal fair market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

### **Note 11 - Employees' Retirement System Defined Benefit Pension Plan**

**Plan Description** - Established under General City Ordinance on January 1, 1958, the City of Warren Employees' Retirement System is the administrator of a single-employer public employees' retirement system that covers all full-time employees, except police and fire personnel.

The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The obligation to contribute to and maintain the system for these employees was established by City Ordinance and negotiation with the various collective bargaining units. At December 31, 2011, the date of the most recent actuarial valuation, membership consisted of 519 retirees and beneficiaries currently receiving benefits, 21 terminated employees entitled to benefits but not yet receiving them, and 153 current active employees.

The plan issues a publicly available financial report that may be obtained by writing to the City of Warren Employees' Retirement System, One City Square, Suite 415, Warren, Michigan 48093-5287.

**Summary of Significant Accounting Policies** - The financial statements of the Employees' Retirement System are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Pension benefits and refund of contributions are recognized in the period such payments are made.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Gains and losses on sales and exchanges are recorded on the trade date. Interest on fixed-income securities is recorded as earned with no amortization of premiums or discounts.

The assets of the Employees' Retirement System include no loans to any participants or officers of the system, City officials, or any other related party.

### Note 11 - Employees' Retirement System Defined Benefit Pension Plan (Continued)

**Funding Policy** - The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability were determined using the aggregate actuarial cost method. Employer contributions represented 64.79 percent of covered payroll for the period from January 1, 2012 through June 30, 2012 in accordance with the actuarial valuation dated December 31, 2009 and 73.29 percent of covered payroll for the period from July 1, 2012 through December 31, 2012 in accordance with the actuarial valuation dated December 31, 2011. Employees are not required to contribute to the system. Amounts shown as employee contributions represent purchase of prior service credit. Administrative costs are financed through investment earnings.

**Annual Pension Cost** - For the year ended June 30, 2013, the City's annual pension cost of \$5,541,746 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2013	2012	2011
Annual pension cost (APC)	\$ 5,541,746	\$ 6,040,711	\$ 5,757,847
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

**Funded Status and Funding Progress** - The funding status (in thousands of dollars) for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2012	2011	2010
Actuarial value of assets	\$ 121,368	\$ 126,091	\$ 129,942
Actuarial accrued liability (AAL) (entry age)	\$ 180,371	\$ 181,207	\$ 180,298
Unfunded AAL (UAAL)	\$ 59,003	\$ 55,116	\$ 50,356
Funded ratio	67.3 %	69.6 %	72.1 %
Covered payroll	\$ 10,860	\$ 13,046	\$ 14,577
UAAL as a percentage of covered payroll	543.3 %	422.5 %	345.4 %

**Note 11 - Employees' Retirement System Defined Benefit Pension Plan  
(Continued)**

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2010 using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return and (b) projected salary increases of 4.0 percent per year. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 10 years.

Actuarial valuations are performed annually using the aggregate cost method to compute the City's recommended contribution rate and is the appropriate method for a plan closed to new hires. Other actuarial methods and assumptions used in the latest report dated December 31, 2011 are as follows:

Amortization method	Level percent of payroll, closed
Remaining amortization period	Expected future working lifetime
Asset valuation method	Closed 4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	4.00%-7.80%
*Includes inflation at	4.00%

**Reserves** - As of December 31, 2012, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 194,036
Reserve for employer's contribution	(32,421,002)
Reserve for retirees' benefit payments	145,482,544

**Note 12 - Police and Fire Retirement System Defined Benefit Pension Plan**

**Plan Description** - The Police and Fire Retirement System is the administrator of a single-employer public employees' retirement system that covers substantially all police and fire employees of the City.

The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The obligation to contribute to and maintain the system for these employees was established by City Ordinance and negotiation with the police and fire collective bargaining units. At December 31, 2011, the date of the most recent actuarial evaluation, membership consisted of 540 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 307 current active employees.

### Note 12 - Police and Fire Retirement System Defined Benefit Pension Plan (Continued)

The plan issues a publicly available financial report that may be obtained by writing to the City of Warren Police and Fire Retirement System, One City Square, Suite 415, Warren, Michigan 48093-5287.

**Summary of Significant Accounting Policies** - The system's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

**Funding Policy** - The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are intended to accumulate sufficient assets to pay pension benefits when due. The normal cost and actuarial accrued liability were determined using the entry age actuarial cost method. Employer contributions represented 32.03 percent of covered payroll for the period from January 1, 2012 through June 30, 2012 in accordance with the actuarial valuation dated December 31, 2009, and 35.91 percent of covered payroll for the period from July 1, 2012 through December 31, 2012 in accordance with the actuarial valuation dated December 31, 2010.

Police and fire employment contracts provide for direct employee pension contributions of 1.0 percent of payroll for all police and fire employees hired prior to July 1, 2000 and 5.0 percent of payroll for all police employees hired after July 1, 2000. In addition, the agreements provide that current City contributions of 4.0 percent of payroll be made on behalf of all police and fire employees hired prior to July 1, 2000. Under the terms of the contracts, these employer contributions made on behalf of the employees are effectively treated as direct employee contributions and are therefore recorded in the reserved net position balance for the employee contributions.

Administrative costs of the plan are financed through investment earnings.

**Annual Pension Cost** - For the year ended June 30, 2013, the City's annual pension cost of \$9,831,565 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2013	2012	2011
Annual pension cost (APC)	\$ 9,831,565	\$ 8,446,159	\$ 8,557,915
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

### Note 12 - Police and Fire Retirement System Defined Benefit Pension Plan (Continued)

**Funded Status and Funding Progress** - The funding status for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2012	2011	2010
Actuarial value of assets	\$ 280,097,982	\$ 293,593,047	\$ 303,410,859
Actuarial accrued liability (AAL) (entry age)	\$ 354,228,101	\$ 357,552,076	\$ 350,288,031
Unfunded AAL (UAAL)	\$ 74,130,119	\$ 63,959,029	\$ 46,877,172
Funded ratio	79.1 %	82.1 %	86.6 %
Covered payroll	\$ 27,491,491	\$ 30,183,617	\$ 30,524,963
UAAL as a percentage of covered payroll	269.6 %	211.9 %	153.6 %

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2011, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 5.0 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases of 0 percent to 3 percent per year, attributable to seniority/merit, and (d) no postretirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The underfunded actuarial accrued liability (UAAL) is being amortized by level percent-of-payroll contributions over a closed six-year period for UAAL as of December 31, 2004 and an open 25-year period for the remaining UAAL.

Actuarial valuations are performed annually using the entry age cost method to compute the City's recommended contribution rate. Other actuarial methods and assumptions used in the latest report dated December 31, 2011 are as follows:

Amortization method	Level percent of payroll, closed
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	5.0%-8.0%
* Includes inflation at	5.0%

### **Note 12 - Police and Fire Retirement System Defined Benefit Pension Plan (Continued)**

**Reserves** - As of December 31, 2012, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 17,392,706
Reserve for retired benefit payments	157,327,906

### **Note 13 - Defined Contribution Pension Plan**

**Plan Description** - The Defined Contribution Plan was approved by the Warren City Council at their meeting on April 8, 1997. The plan is administered by the International City Management Association Retirement Corporation (ICMA). Participation in the plan is extended to all full-time employees, other than police and fire personnel. Employees were allowed to transfer the actuarially determined value of prior service credit from the City Employees' Retirement System to the Defined Contribution Plan upon adoption of the plan and settlement of respective collective bargaining agreements. Employees hired after ratification of the respective collective bargaining agreements are automatically enrolled in the Defined Contribution Plan. There were 252 active participants in the plan as of June 30, 2013.

**Funding Policy** - For employees transferring from the defined benefit pension plan to the defined contribution plan, the City contributes 15.0 percent of payroll and the employee contributes 3.0 percent. For employees hired after ratification of their respective union contracts, the City contributes 10.0 percent of payroll and the employee contributes 4.0 percent.

### **Note 14 - Other Retirement Plans**

#### ***Qualified Excess Benefit Arrangement (QEBA) Trust***

**Plan Description** - The City Employees' Retirement System provides retirement benefits to its participants. Because of statutory limitations on benefits set forth in Section 415(b) of the Internal Revenue Code, certain participants do not receive their full benefits under the Employees' Retirement System. Congress has recognized that governmental employers who sponsor tax-qualified retirement plans have contractual obligations to provide full retirement benefits to their employees, regardless of the limitations of Section 415(b). Thus, pursuant to Section 415(m), a governmental plan may include a qualified excess benefit arrangement that allows the payment of the full benefit to plan participants, without jeopardizing the tax-qualified status of the governmental plan. The benefits provided by the QEBA shall equal the "excess benefit" of the participants. The "excess benefit" of a participant shall equal the difference between (i) the annual benefit that would be payable to the participant pursuant to the terms of the City Employees' Retirement System without application of Section 415(b) limitations and (ii) the annual benefit actually paid to the participant by the City Employees' Retirement System in accordance with the limitations of Section 415(b).

**Summary of Significant Accounting Policies** - The Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Employer contributions and benefit payments are recognized as revenue or expense in the period when due.

Investments are reported at fair value.

**Funding Policy** - No benefits payable under the QEBA shall be paid from the Employees' Retirement System; rather, the amounts due under the QEBA shall be paid directly by the City in an amount sufficient to pay the "excess benefits" when due.

#### ***Deferred Compensation Plan***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

In accordance with the provision of IRC Section 457, Subsection (g), plan assets are held for the exclusive benefit of employees in a trust or qualifying insurance contract in an amount equal to the fair value of the deferred account maintained with respect to each participant.

### **Note 14 - Other Retirement Plans (Continued)**

The City's primary responsibility is to process employee payroll withholdings and remit the withheld funds to the plan administrators. The City does not perform any investing function. Accordingly, due to the absence of fiduciary responsibility with respect to these funds, deferred compensation plan assets are not reported in the accompanying financial statements.

### **Note 15 - 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. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City utilizes a combination of self-insurance and commercial insurance. All coverage is premium based with the following exceptions.

The City is self-insured for non-HMO medical benefits afforded to employees and retirees. The program is liable for the first \$175,000 per member contract. The City has purchased an insurance policy to cover any cost over the \$175,000 limitation, not to exceed the limit of \$5,000,000 lifetime per person.

The City is self-insured for workers' compensation, automobile, and public entity liability insurance. The City maintains a \$350,000 Self-insured Retention (SIR) for workers' compensation and a \$500,000 SIR for auto and public entity liability. The City has purchased additional insurance to cover potential claims in excess of the SIR.

### Note 15 - Risk Management (Continued)

The government-wide statement of net position reports "accrued insurance claims" in the amount of \$6,381,263 for the governmental activity funds. This is a representation of amounts that have been accrued in conjunction with the budget process to settle potential claims and judgments outstanding as of June 30, 2013 as provided by the City's insurance carrier. The General Fund balance sheet reports "unreserved fund balance - designated for insurance claims" in the amount of \$5,522,006. On July 2, 2009, the City Council approved a settlement agreement with the City's former trash hauling contractor in the amount of \$5.975 million with further designation that funds were available in "unreserved fund balance - designated for insurance claims" within the General Fund. On November 10, 2009, the City Council approved a request by the City's director of personnel and risk management to commence litigation in an effort to recoup any portion of the settlement agreement that may be covered by the City's insurance carrier. It would be management's recommendation that any proceeds resulting from this litigation be credited back to "unreserved fund balance - designated for insurance claims." The circumstance of this settlement was not a component of the City's annual evaluation of this reserve. Accordingly, should the other potential claims and judgments that the City has attempted to reserve for materialize before the reserve can be restored to its former level, funds will need to be expended from General Fund "unreserved - undesignated fund balance."

The City estimates the liability for all claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2011	Est. Claims Incurred/ Reserved	Payments and Adjustments	2012	Est. Claims Incurred/ Reserved	Payments and Adjustments	2013
Workers' compensation, automobile, and public entity liability	\$ 3,928,119	\$ 6,971,021	\$ (3,866,382)	\$ 7,032,758	\$ 2,941,068	\$ (3,592,563)	\$ 6,381,263
Other insurance related items	6,907,639	500,000	(6,907,639)	500,000	-	(500,000)	-
Estimated liability - End of year	<u>\$ 10,835,758</u>	<u>\$ 7,471,021</u>	<u>\$ (10,774,021)</u>	<u>\$ 7,532,758</u>	<u>\$ 2,941,068</u>	<u>\$ (4,092,563)</u>	<u>\$ 6,381,263</u>

### Note 16 - Contingent Liabilities

**Litigation** - There are various claims and legal actions pending against the City of Warren and its various operating units, most of which are either partially or fully covered by insurance. The City maintains public entity liability coverage with a \$10 million limit. It is the opinion of management that any potential claims not covered by insurance would not materially affect the financial statements of the City.

### **Note 17 - Joint Venture**

The City is a member of the South Macomb Disposal Authority, which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, Eastpointe, and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budget. The City, however, does not have a definable equity interest in the South Macomb Disposal Authority. Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue, Box 286, St. Clair Shores, Michigan 48080.

### **Note 18 - Subsequent Events**

The City of Warren Water and Sewer System sold two capital improvement bonds since year end. The first bond was a refinancing of the series 2006 bond which sold on August 1, 2013. The issue has a 2.7 percent interest rate with the principal payments starting September 1, 2014. The bonds will mature September 1, 2026.

The second water bond issue is a new capital improvement bond sold in October 2013 in the amount of \$18,775,000. The initial rate on the variable rate bonds is 4.0 percent with principal payments starting October 1, 2014 for \$700,000. The bonds will mature October 1, 2033.

The Downtown Development Authority refinanced one of its four outstanding issues on September 1, 2013. The Series 2002 issue was refinanced in the amount of \$15,765,000. The issue has a 3.97 percent interest rate with principal payments starting October 1, 2014. The bonds will mature October 1, 2025.

### **Note 19 - Upcoming Accounting Pronouncements**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City's 2014 fiscal year.

### **Note 19 - Upcoming Accounting Pronouncements (Continued)**

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to their employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted for the year ending June 30, 2015 and Statement No. 68 one year later.

## **Required Supplemental Information**

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# City of Warren, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 53,368,791	\$ 53,758,971	\$ 68,574,282	\$ 14,815,311
Licenses and permits	2,034,000	2,034,000	2,691,555	657,555
Federal grants	50,000	672,604	937,979	265,375
State-shared revenue and grants	13,204,896	13,404,896	13,507,106	102,210
Charges for services	3,529,000	3,679,000	3,301,528	(377,472)
Fines and forfeitures	4,633,954	4,633,954	4,697,363	63,409
Investment income	90,000	90,000	96,174	6,174
Other miscellaneous income	6,287,150	6,298,806	5,997,760	(301,046)
Total revenue	83,197,791	84,572,231	99,803,747	15,231,516
<b>Expenditures - Current</b>				
General government:				
Council	836,201	836,201	786,920	49,281
Mayor	600,283	600,283	410,763	189,520
Controller	1,506,343	1,506,343	1,286,691	219,652
Information systems	655,094	655,094	645,660	9,434
Treasurer	1,409,700	1,409,700	1,064,813	344,887
Assessing	1,669,845	1,671,645	1,617,405	54,240
Clerk	1,335,840	1,335,840	1,035,688	300,152
Building maintenance	1,644,765	1,644,765	1,339,191	305,574
Legal	1,460,993	1,460,993	1,103,329	357,664
Human resources	1,404,208	1,404,208	1,233,440	170,768
Administrative unallocated expense	3,967,400	3,967,400	3,884,299	83,101
Other general government	59,545	59,545	40,265	19,280
Total general government	16,550,217	16,552,017	14,448,464	2,103,553
District court	5,867,496	6,525,072	6,104,152	420,920
Public safety:				
Police department	35,617,659	35,983,827	34,822,958	1,160,869
Fire department	18,648,902	21,689,324	22,196,978	(507,654)
Civil defense	204,328	204,328	186,699	17,629
Animal control	333,391	333,391	290,603	42,788
Building inspections	2,281,288	2,281,288	2,171,896	109,392
Crime commission	10,100	10,100	8,875	1,225
Total public safety	57,095,668	60,502,258	59,678,009	824,249

# City of Warren, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures - Current (Continued)</b>				
Public works:				
Property maintenance	\$ 631,647	\$ 936,647	\$ 981,589	\$ (44,942)
Engineering and inspections	1,133,701	1,207,701	1,034,060	173,641
Public service director	371,157	371,157	368,332	2,825
Stormwater drainage	75,921	75,921	75,921	-
Highway street lighting	2,945,000	3,100,000	3,097,012	2,988
DPW garage	1,711,566	2,004,592	1,732,957	271,635
Total public works	6,868,992	7,696,018	7,289,871	406,147
Community and economic development:				
Planning, zoning, and related	476,063	476,063	410,394	65,669
Community and economic development	325,382	325,382	186,093	139,289
Total community and economic development	801,445	801,445	596,487	204,958
Recreation and culture:				
Historical commission	8,945	8,945	6,865	2,080
Cultural commission	24,600	24,600	24,365	235
Village historical commission	4,400	4,400	3,027	1,373
Total recreation and culture	37,945	37,945	34,257	3,688
Total expenditures	87,221,763	92,114,755	88,151,240	3,963,515
<b>Excess of Revenue (Under) Over Expenditures</b>	(4,023,972)	(7,542,524)	11,652,507	19,195,031
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	-	-	1,724,856	1,724,856
Transfers out	(701,404)	(701,404)	(718,578)	(17,174)
Total other financing (uses) sources	(701,404)	(701,404)	1,006,278	1,707,682
<b>Net Change in Fund Balance</b>	(4,725,376)	(8,243,928)	12,658,785	20,902,713
<b>Fund Balance - Beginning of year</b>	28,302,171	26,483,865	32,301,419	5,817,554
<b>Fund Balance - End of year</b>	<b>\$ 23,576,795</b>	<b>\$ 18,239,937</b>	<b>\$ 44,960,204</b>	<b>\$ 26,720,267</b>

# City of Warren, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Grant Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 1,761,978	\$ 1,761,960	\$ 3,440,889	\$ 1,678,929
<b>Expenditures - Current</b>				
General government	-	-	39,390	(39,390)
Community and economic development	1,761,978	1,762,015	3,113,474	(1,351,459)
Recreation and culture	-	-	24,044	(24,044)
Total expenditures	1,761,978	1,762,015	3,176,908	(1,414,893)
<b>Other Financing Uses - Transfers out</b>	-	-	(90,000)	(90,000)
<b>Net Change in Fund Balance</b>	-	(55)	173,981	174,036
<b>Fund Balance (Deficit) - Beginning of year</b>	134,832	(497,126)	(69,318)	427,808
<b>Fund Balance (Deficit) - End of year</b>	<u>\$ 134,832</u>	<u>\$ (497,181)</u>	<u>\$ 104,663</u>	<u>\$ 601,844</u>

# City of Warren, Michigan

## Required Supplemental Information Pension System Schedule - City Employees' Retirement System Year Ended June 30, 2013

The schedule of funding progress 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	\$ 132,076,000	\$ 176,356,000	\$ 44,280,000	74.9 %	\$ 14,879,000	297.6 %
12/31/07	136,044,000	180,381,000	44,337,000	75.4	14,734,000	300.9
12/31/08	129,942,000	180,298,000	50,356,000	72.1	14,577,000	345.4
12/31/09	126,091,000	181,207,000	55,116,000	69.6	13,046,000	422.5
12/31/10	121,368,000	180,371,000	59,003,000	67.3	10,860,000	543.3
12/31/11	113,878,000	184,905,000	71,027,000	61.6	10,328,000	687.7

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/07	12/31/05	\$ 6,603,342	100.0 %
12/31/08	12/31/06	7,016,960	100.0
12/31/09	12/31/07	7,209,187	100.0
12/31/10	12/31/08	6,573,761	100.0
12/31/11	12/31/09	6,588,937	100.0
12/31/12	12/31/10	6,645,219	100.0

\* The required contribution is expressed to the City as a percentage of payroll.

# City of Warren, Michigan

## Required Supplemental Information Pension System Schedule - Police and Fire Retirement System Year Ended June 30, 2013

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	\$ 300,703,399	\$ 322,711,074	\$ 22,007,675	93.2 %	\$ 29,425,088	74.8 %
12/31/07	316,619,175	336,477,451	19,858,276	94.1	29,995,123	66.2
12/31/08	303,410,859	350,288,031	46,877,172	86.6	30,524,963	153.6
12/31/09	293,593,047	357,552,076	63,959,029	82.1	30,183,617	211.9
12/31/10	280,097,982	354,228,101	74,130,119	79.1	27,491,481	269.6
12/31/11	253,837,495	366,331,653	112,494,158	69.3	24,349,312	462.0

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/07	12/31/06	\$ 7,473,960	100.0 %
12/31/08	12/31/07	8,138,100	100.0
12/31/09	12/31/08	7,960,684	100.0
12/31/10	12/31/09	7,636,762	100.0
12/31/11	12/31/10	8,071,368	100.0
12/31/12	12/31/11	8,161,798	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2012, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	16 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5% - 8.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

# City of Warren, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2013

**Budgetary Information** - Annual balanced budgets are adopted for the General, Special Revenue, and Debt Service Funds as required by Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. Budgets were not formally adopted for Tax Increment Finance Authority, Building Authority, or Special Assessment Debt Service Funds. Although not required, budgets were formally adopted for the Water and Sewer System and Senior Citizen Housing Proprietary Funds as well as the 37th District Court Building Renovation and Energy Efficiency and Conservation Block Grant Capital Projects Funds to assist management in monitoring operations.

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

- Not later than the second Monday in April of each year, the mayor shall submit to the Council a recommended budget for the next fiscal year.
- The recommended budget of the mayor, together with his supporting schedules, information, and messages, shall be reviewed by the Council.
- A public hearing on the budget shall be held not less than one week before its final adoption.
- Not later than the third Monday in May of each year, the Council shall, by resolution, adopt a budget for the ensuing fiscal year in accordance with the Michigan Uniform Budgeting and Accounting Act.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)". Additionally, nonreciprocal interfund activity including expenditure reimbursements between funds are budgeted as revenues rather than as reductions of expenditures. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items.

**Encumbrances** - Budgets in governmental funds and proprietary funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. Appropriations for the fiscal year lapse every June 30. However, management does restrict unreserved fund balance designated for the subsequent year's expenditures by the amount of material expenditures for goods and services which were ordered, budgeted, and appropriated at year end but which had not been received or completed at that date. The City Council, by separate resolution, reappropriates funds in the subsequent year to complete these transactions.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City of Warren, Michigan incurred significant expenditures in the Grant Fund that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Community and economic development	\$ 1,762,015	\$ 3,168,231	\$ (1,406,216)

Actual expenditures exceed budgeted amounts as a result of increased grant-related activity in the current year.

## **Other Supplemental Information**

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# City of Warren, Michigan

Special Revenue Funds						
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
<b>Assets</b>						
Cash and investments	\$ 3,124,878	\$ 3,060,093	\$ 2,311,795	\$ 2,214,741	\$ 3,918,637	\$ 2,587,870
Receivables - Net:						
Property taxes receivable	-	-	89,220	24,745	46,116	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	151	120	-	-	-	-
Other receivables	608	-	11,668	37,030	5,363	494,237
Due from other governmental units	1,055,994	343,170	8,042	58,854	139,092	-
Due from component units	-	-	7,582	4,431	3,995	-
Due from other funds	746	448	-	-	-	-
Inventory	-	-	30,085	6,006	-	-
Prepays and other assets	-	-	-	3,466	50	-
Deposits	40,000	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,222,377</b>	<b>\$ 3,403,831</b>	<b>\$ 2,458,392</b>	<b>\$ 2,349,273</b>	<b>\$ 4,113,253</b>	<b>\$ 3,082,107</b>
<b>Liabilities</b>						
Accounts payable	\$ 84,465	\$ 22,090	\$ 190,479	\$ 224,540	\$ 96,688	\$ 45,622
Due to other governmental units	-	-	-	-	668	-
Due to component units	-	-	914	838	1,148	-
Due to other funds	306,569	206,418	-	7,884	-	-
Refundable deposits, bonds, etc.	16,560	19,647	-	6,340	-	-
Accrued liabilities and other	18,096	21,384	70,234	105,715	19,919	10,394
Deferred revenue	3,610	-	90,554	72,037	45,087	1,690
Provision for property tax refunds	-	-	66,653	25,988	35,654	-
<b>Total liabilities</b>	<b>429,300</b>	<b>269,539</b>	<b>418,834</b>	<b>443,342</b>	<b>199,164</b>	<b>57,706</b>
<b>Fund Balances</b>						
Nonspendable:						
Inventory/Assets held for resale	-	-	30,085	6,006	-	-
Prepays	-	-	-	3,466	50	-
Restricted:						
Roads construction and maintenance	3,793,077	3,134,292	-	-	-	-
Capital projects	-	-	-	-	-	-
Sanitation	-	-	2,009,473	-	-	-
Recreation	-	-	-	1,896,459	-	-
Library	-	-	-	-	3,914,039	-
Cable franchise fees	-	-	-	-	-	3,024,401
Police enforcement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Assigned:						
37th District Court	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total fund balances</b>	<b>3,793,077</b>	<b>3,134,292</b>	<b>2,039,558</b>	<b>1,905,931</b>	<b>3,914,089</b>	<b>3,024,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,222,377</b>	<b>\$ 3,403,831</b>	<b>\$ 2,458,392</b>	<b>\$ 2,349,273</b>	<b>\$ 4,113,253</b>	<b>\$ 3,082,107</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013**

Special Revenue Funds							Total Nonmajor Governmental Funds
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	
\$ 734,045	\$ 141,880	\$ 2,860,810	\$ 106,726	\$ 7,981,499	\$ 496,144	\$ 9,475,866	\$ 39,014,984
-	-	-	-	49,266	-	-	209,347
-	-	-	-	-	-	1,223,649	1,223,649
-	-	-	-	-	-	102	373
-	4,500	-	-	38	-	235,880	1,845,570
-	-	-	-	1,147	-	-	17,155
-	-	-	-	-	-	6,939	8,133
-	-	-	-	-	-	-	36,091
-	-	-	-	-	-	-	3,516
-	-	-	-	-	-	525,427	565,427
<b>\$ 734,045</b>	<b>\$ 146,380</b>	<b>\$ 2,860,810</b>	<b>\$ 106,726</b>	<b>\$ 8,031,950</b>	<b>\$ 496,144</b>	<b>\$ 11,467,863</b>	<b>\$ 43,473,151</b>
\$ 733	\$ 2,358	\$ 5,355	\$ 7,942	\$ 560,076	\$ 113	\$ 40,605	\$ 1,281,066
-	-	-	-	-	-	-	668
-	-	-	-	-	-	-	2,900
-	-	-	-	-	-	6,790	527,661
-	-	-	-	91,922	-	-	134,469
3,254	-	-	-	-	-	-	248,996
-	-	-	-	47,650	-	1,371,490	1,632,118
-	-	-	-	64,502	-	-	192,797
3,987	2,358	5,355	7,942	764,150	113	1,418,885	4,020,675
-	-	-	-	-	-	-	36,091
-	-	-	-	-	-	-	3,516
-	-	-	-	7,267,800	-	374,137	14,569,306
-	-	-	-	-	-	2,336,350	2,336,350
-	-	-	-	-	-	-	2,009,473
-	-	-	-	-	-	-	1,896,459
-	-	-	-	-	-	-	3,914,039
-	-	-	-	-	-	-	3,024,401
-	-	2,855,455	98,784	-	-	-	2,954,239
-	-	-	-	-	-	1,368,740	1,368,740
-	144,022	-	-	-	-	-	144,022
730,058	-	-	-	-	-	-	730,058
-	-	-	-	-	-	308,590	308,590
-	-	-	-	-	-	5,661,161	5,661,161
-	-	-	-	-	496,031	-	496,031
730,058	144,022	2,855,455	98,784	7,267,800	496,031	10,048,978	39,452,476
<b>\$ 734,045</b>	<b>\$ 146,380</b>	<b>\$ 2,860,810</b>	<b>\$ 106,726</b>	<b>\$ 8,031,950</b>	<b>\$ 496,144</b>	<b>\$ 11,467,863</b>	<b>\$ 43,473,151</b>

# City of Warren, Michigan

Special Revenue Funds						
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 8,199,728	\$ 3,130,938	\$ 4,283,738	\$ -
Federal grants	-	-	-	12,535	-	-
State-shared revenue and grants	6,211,648	2,472,423	-	316,380	172,185	-
Charges for services	-	-	-	2,146,578	-	-
Fines and forfeitures	-	-	-	-	108,944	-
Investment income	2,590	1,898	1,283	1,523	2,446	1,734
Rental income	-	-	-	136,754	-	-
Other revenue:						
Special assessments	-	-	-	-	-	-
Cable franchise fees	-	-	-	-	-	1,935,470
Other miscellaneous income	28,117	-	263,673	2,285	11,388	29,093
<b>Total revenue</b>	<b>6,242,355</b>	<b>2,474,321</b>	<b>8,464,684</b>	<b>5,746,993</b>	<b>4,578,701</b>	<b>1,966,297</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	3,888,664	2,429,779	7,528,913	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	5,239,090	3,732,122	1,533,815
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,888,664</b>	<b>2,429,779</b>	<b>7,528,913</b>	<b>5,239,090</b>	<b>3,732,122</b>	<b>1,533,815</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,353,691</b>	<b>44,542</b>	<b>935,771</b>	<b>507,903</b>	<b>846,579</b>	<b>432,482</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	57,202	415,757	-	-	-	-
Transfers out	(2,103,635)	-	(32,590)	(626,701)	(137,905)	(220,315)
<b>Total other financing (uses) sources</b>	<b>(2,046,433)</b>	<b>415,757</b>	<b>(32,590)</b>	<b>(626,701)</b>	<b>(137,905)</b>	<b>(220,315)</b>
<b>Net Change in Fund Balances</b>	<b>307,258</b>	<b>460,299</b>	<b>903,181</b>	<b>(118,798)</b>	<b>708,674</b>	<b>212,167</b>
<b>Fund Balances - Beginning of year</b>	<b>3,485,819</b>	<b>2,673,993</b>	<b>1,136,377</b>	<b>2,024,729</b>	<b>3,205,415</b>	<b>2,812,234</b>
<b>Fund Balances - End of year</b>	<b>\$ 3,793,077</b>	<b>\$ 3,134,292</b>	<b>\$ 2,039,558</b>	<b>\$ 1,905,931</b>	<b>\$ 3,914,089</b>	<b>\$ 3,024,401</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2013**

Special Revenue Funds							Total Nonmajor Governmental Funds
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	
\$ -	\$ -	\$ -	\$ -	\$ 6,749,839	\$ 9	\$ -	\$ 22,364,252
-	-	938,942	-	-	-	-	951,477
-	-	-	34,942	-	-	-	9,207,578
16,570	-	-	-	-	-	9,392	2,172,540
569,335	37,803	344,639	-	-	-	652,967	1,713,688
481	87	1,762	78	3,976	48	49,561	67,467
-	-	-	-	-	-	-	136,754
-	-	-	-	-	-	706,457	706,457
-	-	-	-	-	-	-	1,935,470
-	-	-	-	-	-	-	334,556
<u>586,386</u>	<u>37,890</u>	<u>1,285,343</u>	<u>35,020</u>	<u>6,753,815</u>	<u>57</u>	<u>1,418,377</u>	<u>39,590,239</u>
-	-	-	-	-	-	236,628	236,628
-	13,074	230,419	60,527	-	-	-	304,020
-	-	-	-	4,677,697	-	356,008	18,881,061
454,258	-	-	-	-	-	-	454,258
-	-	-	-	-	-	-	10,505,027
-	-	50,557	-	-	3,604,173	388,900	4,043,630
<u>454,258</u>	<u>13,074</u>	<u>280,976</u>	<u>60,527</u>	<u>4,677,697</u>	<u>3,604,173</u>	<u>981,536</u>	<u>34,424,624</u>
132,128	24,816	1,004,367	(25,507)	2,076,118	(3,604,116)	436,841	5,165,615
-	-	-	-	-	3,366,765	-	3,839,724
-	-	-	-	-	-	-	(3,121,146)
-	-	-	-	-	3,366,765	-	718,578
132,128	24,816	1,004,367	(25,507)	2,076,118	(237,351)	436,841	5,884,193
597,930	119,206	1,851,088	124,291	5,191,682	733,382	9,612,137	33,568,283
<u>\$ 730,058</u>	<u>\$ 144,022</u>	<u>\$ 2,855,455</u>	<u>\$ 98,784</u>	<u>\$ 7,267,800</u>	<u>\$ 496,031</u>	<u>\$ 10,048,978</u>	<u>\$ 39,452,476</u>

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2013

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,602,841	\$ 2,805,115	\$ 4,407,956
Receivables	2,867	27,012	29,879
Due from other funds	587,376	-	587,376
Prepays and other assets	-	77	77
Total current assets	2,193,084	2,832,204	5,025,288
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation	449,255	6,693,866	7,143,121
Total assets	2,863,983	9,526,070	12,390,053
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	17,531	12,904	30,435
Due to other funds	130,605	1,571,172	1,701,777
Refundable deposits, bonds, etc.	49,809	147,514	197,323
Accrued liabilities and other	1,306	14,915	16,221
Deferred revenue	2,768	14,290	17,058
Current portion of long-term debt	-	402,507	402,507
Total current liabilities	202,019	2,163,302	2,365,321
Noncurrent liabilities:			
Compensated absences	36,159	-	36,159
Long-term debt	-	3,390,901	3,390,901
Total noncurrent liabilities	36,159	3,390,901	3,427,060
Total liabilities	238,178	5,554,203	5,792,381
<b>Net Position</b>			
Net investment in capital assets	670,899	2,900,458	3,571,357
Unrestricted	1,954,906	1,071,409	3,026,315
Total net position	\$ 2,625,805	\$ 3,971,867	\$ 6,597,672

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2013

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
<b>Operating Revenue</b>			
Rental revenue	\$ 777,652	\$ 952,126	\$ 1,729,778
Other operating revenue	16,804	411,067	427,871
Total operating revenue	794,456	1,363,193	2,157,649
<b>Operating Expenses</b>			
Billing and administrative costs	62,800	376,115	438,915
Wages and fringes	412,981	50,135	463,116
Materials and supplies	16,813	39,515	56,328
Other operating expenses	246,139	389,708	635,847
Depreciation	83,738	176,786	260,524
Total operating expenses	822,471	1,032,259	1,854,730
<b>Operating (Loss) Income</b>	(28,015)	330,934	302,919
<b>Nonoperating Revenue (Expenses)</b>			
Investment income	1,121	3,275	4,396
Interest expense	-	(167,482)	(167,482)
Other nonoperating expenses	-	(2,891)	(2,891)
Total nonoperating revenue (expense)	1,121	(167,098)	(165,977)
<b>Change in Net Position</b>	(26,894)	163,836	136,942
<b>Net Position - Beginning of year</b>	2,652,699	3,808,031	6,460,730
<b>Net Position - End of year</b>	<b>\$ 2,625,805</b>	<b>\$ 3,971,867</b>	<b>\$ 6,597,672</b>

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2013

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 797,619	\$ 1,371,725	\$ 2,169,344
Interfund (payments) receipts	(460,223)	1,018,769	558,546
Payments to suppliers	(325,038)	(876,209)	(1,201,247)
Payments to employees	(407,430)	(71,393)	(478,823)
Other receipts	2,768	14,006	16,774
	<u>(392,304)</u>	<u>1,456,898</u>	<u>1,064,594</u>
Net cash (used in) provided by operating activities			
<b>Cash Flows from Capital and Related Financing Activities</b>			
Issuance of bonds	-	4,032,244	4,032,244
Purchase of capital assets	(32,513)	(46,491)	(79,004)
Principal and interest paid on capital debt	-	(4,861,390)	(4,861,390)
	<u>(32,513)</u>	<u>(875,637)</u>	<u>(908,150)</u>
Net cash used in capital and related financing activities			
<b>Cash Flows from Investing Activities - Interest income</b>	<u>1,189</u>	<u>3,271</u>	<u>4,460</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<u>(423,628)</u>	<u>584,532</u>	<u>160,904</u>
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>2,026,469</u>	<u>2,220,583</u>	<u>4,247,052</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><b>\$ 1,602,841</b></u>	<u><b>\$ 2,805,115</b></u>	<u><b>\$ 4,407,956</b></u>
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>			
Operating (loss) income	\$ (28,015)	\$ 330,934	\$ 302,919
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	83,738	176,786	260,524
Changes in assets and liabilities:			
Receivables	5,931	22,538	28,469
Due from others	(460,223)	1,018,769	558,546
Prepaid and other assets	-	(77)	(77)
Accounts payable	714	(67,903)	(67,189)
Accrued and other liabilities	5,551	(24,149)	(18,598)
	<u>5,551</u>	<u>(24,149)</u>	<u>(18,598)</u>
Net cash (used in) provided by operating activities	<u><b>\$ (392,304)</b></u>	<u><b>\$ 1,456,898</b></u>	<u><b>\$ 1,064,594</b></u>

# City of Warren, Michigan

	Pension and Other Employee Benefits Trust Funds			
	Police and Fire	City Employees'	Police and Fire	City Employees'
	Retirement System*	Retirement System*	VEBA Trust*	VEBA Trust*
<b>Assets</b>				
Cash and cash equivalents	\$ 1,415,947	\$ 22,581	\$ -	\$ -
Investments:				
U.S. government securities	24,981,500	19,081,109	852,852	1,604,630
Agency securities	-	2,419,961	-	688,213
Stocks	160,613,274	44,891,478	17,533,521	15,232,874
Bonds	43,055,804	32,014,842	1,982,300	4,395,579
Real estate	15,942,952	998,504	-	-
Other	15,017,866	13,830,951	1,128,218	7,821,868
Securities lending	10,100,673	3,207,222	-	-
Receivables:				
Accrued interest receivable	1,036,509	507,257	536,501	601,027
Other receivables	-	68,712	-	-
Due from other governmental units	-	-	-	-
Advances to other funds	-	-	-	-
Prepays and other assets	-	2,020	-	-
Total assets	<u>272,164,525</u>	<u>117,044,637</u>	<u>22,033,392</u>	<u>30,344,191</u>
<b>Liabilities</b>				
Accounts payable	409,978	324,924	26,954	11,535
Due to other governmental units	-	-	-	-
Due to primary government	303,911	256,913	4,562,475	4,285,314
Refundable deposits, bonds, etc.	-	-	-	-
Accrued liabilities and other	-	-	476,334	429,915
Obligations under securities lending agreements	10,682,772	3,207,222	-	-
Total liabilities	<u>11,396,661</u>	<u>3,789,059</u>	<u>5,065,763</u>	<u>4,726,764</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 260,767,864</u>	<u>\$ 113,255,578</u>	<u>\$ 16,967,629</u>	<u>\$ 25,617,427</u>

\* Balances reported as of December 31, 2012.

**Other Supplemental Information**  
**Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2013**

Pension and Other Employee Benefits Trust Funds		Agency Funds				
City Employees' Retirement QEBA Trust*	Total Pension Trust Funds - 12/31/12	Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 11,254	\$ 1,449,782	\$ 7,623	\$ 1,221,548	\$ 95,603	\$ 267,869	\$ 1,592,643
-	46,520,091	-	-	-	-	-
-	3,108,174	-	-	-	-	-
-	238,271,147	-	-	-	-	-
-	81,448,525	-	-	-	-	-
-	16,941,456	-	-	-	-	-
-	37,798,903	-	-	-	-	-
-	13,307,895	-	-	-	-	-
-	2,681,294	-	-	-	-	-
-	68,712	-	-	-	-	-
-	-	3,457	-	-	-	3,457
-	-	8,106	-	-	-	8,106
-	2,020	-	-	-	-	-
<u>11,254</u>	<u>441,597,999</u>	<u>\$ 19,186</u>	<u>\$ 1,221,548</u>	<u>\$ 95,603</u>	<u>\$ 267,869</u>	<u>\$ 1,604,206</u>
-	773,391	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	32,006	7	32,013
-	9,408,613	-	-	-	-	-
-	-	-	1,221,548	-	267,862	1,489,410
-	906,249	19,186	-	63,597	-	82,783
-	13,889,994	-	-	-	-	-
<u>-</u>	<u>24,978,247</u>	<u>\$ 19,186</u>	<u>\$ 1,221,548</u>	<u>\$ 95,603</u>	<u>\$ 267,869</u>	<u>\$ 1,604,206</u>
<u>\$ 11,254</u>	<u>\$ 416,619,752</u>					

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2013

	Police and Fire Retirement System*	City Employees' Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*	City Employees' QEBA Trust*	Total - 12/31/12
<b>Additions</b>						
Investment income (loss):						
Interest and dividends	\$ 6,807,251	\$ 3,253,652	\$ 1,275,410	\$ 1,501,494	\$ 1	\$ 12,837,808
Net increase in fair value of investments	25,420,212	6,372,296	953,396	1,303,092	43	34,049,039
Investment-related expenses	(1,451,336)	(529,641)	(17,901)	(51,814)	(520)	(2,051,212)
Net investment income (loss)	30,776,127	9,096,307	2,210,905	2,752,772	(476)	44,835,635
Securities lending income (loss):						
Interest and dividends	240,627	6,811	-	-	-	247,438
Borrower rebates and bank fees	(60,105)	9,923	-	-	-	(50,182)
Net securities lending income	180,522	16,734	-	-	-	197,256
Contributions:						
Employer	8,161,798	6,645,219	6,173,013	7,157,432	50,000	28,187,462
Employee	1,269,209	-	-	-	-	1,269,209
Total contributions	9,431,007	6,645,219	6,173,013	7,157,432	50,000	29,456,671
Other income	-	16,675	-	-	-	16,675
Total additions	40,387,656	15,774,935	8,383,918	9,910,204	49,524	74,506,237
<b>Deductions</b>						
Benefit payments	27,160,470	14,972,775	8,273,976	8,008,844	42,954	58,459,019
Refunds of contributions	664,991	25,684	494,896	-	-	1,185,571
Administrative expenses	345,914	289,578	8,010	55,661	3,103	702,266
Total deductions	28,171,375	15,288,037	8,776,882	8,064,505	46,057	60,346,856
<b>Net Increase (Decrease) in Net Position Held in Trust</b>	12,216,281	486,898	(392,964)	1,845,699	3,467	14,159,381
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	248,551,583	112,768,680	17,360,593	23,771,728	7,787	402,460,371
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ 260,767,864</u>	<u>\$ 113,255,578</u>	<u>\$ 16,967,629</u>	<u>\$ 25,617,427</u>	<u>\$ 11,254</u>	<u>\$ 416,619,752</u>

\* Balances reported as of December 31, 2012.

# City of Warren, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2013

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<b><u>Payroll Revolving Fund</u></b>				
<b>Assets</b>				
Cash and investments	\$ 483,674	\$ 79,736,903	\$ (80,212,954)	\$ 7,623
Due from other funds	-	3,457	-	3,457
Advances to other funds	8,107	-	(1)	8,106
Total assets	<b>\$ 491,781</b>	<b>\$ 79,740,360</b>	<b>\$ (80,212,955)</b>	<b>\$ 19,186</b>
<b>Liabilities - Accrued liabilities and other</b>	<b>\$ 491,781</b>	<b>\$ 80,048,663</b>	<b>\$ (80,521,258)</b>	<b>\$ 19,186</b>
	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<b><u>Cash Bond Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 1,186,358</b>	<b>\$ 152,490</b>	<b>\$ (117,300)</b>	<b>\$ 1,221,548</b>
<b>Liabilities - Refundable deposits, bonds, etc.</b>	<b>\$ 1,186,358</b>	<b>\$ 229,540</b>	<b>\$ (194,350)</b>	<b>\$ 1,221,548</b>
	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<b><u>Tax Collection Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 1,506,634</b>	<b>\$ 209,155,148</b>	<b>\$ (210,566,179)</b>	<b>\$ 95,603</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 1,450,598	\$ 10,574,754	\$ (11,993,346)	\$ 32,006
Accrued liabilities and other	56,036	1,647,105	(1,639,544)	63,597
Total liabilities	<b>\$ 1,506,634</b>	<b>\$ 12,221,859</b>	<b>\$ (13,632,890)</b>	<b>\$ 95,603</b>
	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<b><u>Fire Insurance Withholding Fund</u></b>				
<b>Assets</b>				
Cash and investments	\$ 195,526	\$ 217,637	\$ (145,294)	\$ 267,869
Receivables	5	-	(5)	-
Total assets	<b>\$ 195,531</b>	<b>\$ 217,637</b>	<b>\$ (145,299)</b>	<b>\$ 267,869</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 19	\$ 83	\$ (95)	\$ 7
Refundable deposits, bonds, etc.	195,512	354,885	(282,535)	267,862
Total liabilities	<b>\$ 195,531</b>	<b>\$ 354,968</b>	<b>\$ (282,630)</b>	<b>\$ 267,869</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 5,900,000	\$ 5,826,620	\$ 6,211,648	\$ 385,028
Investment income	2,100	2,100	2,590	490
Other revenue	41,000	41,000	28,117	(12,883)
Total revenue	5,943,100	5,869,720	6,242,355	372,635
<b>Expenditures - Current - Public works</b>				
Streets	4,186,925	4,199,595	3,850,803	348,792
Stormwater drainage	37,861	37,861	37,861	-
Total expenditures	4,224,786	4,237,456	3,888,664	348,792
<b>Excess of Revenue Over Expenditures</b>	1,718,314	1,632,264	2,353,691	721,427
<b>Other Financing Sources (Uses)</b>				
Transfers in	57,202	57,202	57,202	-
Transfers out	(2,105,597)	(2,105,597)	(2,103,635)	1,962
Total other financing uses	(2,048,395)	(2,048,395)	(2,046,433)	1,962
<b>Net Change in Fund Balance</b>	(330,081)	(416,131)	307,258	723,389
<b>Fund Balance - Beginning of year</b>	3,485,819	3,485,819	3,485,819	-
<b>Fund Balance - End of year</b>	<u>\$ 3,155,738</u>	<u>\$ 3,069,688</u>	<u>\$ 3,793,077</u>	<u>\$ 723,389</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 2,330,000	\$ 2,330,000	\$ 2,472,423	\$ 142,423
Investment income	1,700	1,700	1,898	198
Total revenue	2,331,700	2,331,700	2,474,321	142,621
<b>Expenditures - Current - Public works</b>				
Streets	3,001,849	3,001,849	2,391,919	609,930
Stormwater drainage	37,860	37,860	37,860	-
Total expenditures	3,039,709	3,039,709	2,429,779	609,930
<b>Excess of Revenue (Under) Over Expenditures</b>	(708,009)	(708,009)	44,542	752,551
<b>Other Financing Sources - Transfers in</b>	397,202	397,202	415,757	18,555
<b>Net Change in Fund Balance</b>	(310,807)	(310,807)	460,299	771,106
<b>Fund Balance - Beginning of year</b>	2,673,993	2,673,993	2,673,993	-
<b>Fund Balance - End of year</b>	<u>\$ 2,363,186</u>	<u>\$ 2,363,186</u>	<u>\$ 3,134,292</u>	<u>\$ 771,106</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Sanitation Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,279,478	\$ 8,279,478	\$ 8,199,728	\$ (79,750)
Investment income	1,000	1,000	1,283	283
Other revenue	237,600	279,720	263,673	(16,047)
Total revenue	8,518,078	8,560,198	8,464,684	(95,514)
<b>Expenditures</b> - Current - Public works - Rubbish disposal	8,214,764	8,276,239	7,528,913	747,326
<b>Other Financing Uses</b> - Transfers out	(33,000)	(33,000)	(32,590)	410
<b>Net Change in Fund Balance</b>	270,314	250,959	903,181	652,222
<b>Fund Balance</b> - Beginning of year	1,136,377	1,136,377	1,136,377	-
<b>Fund Balance</b> - End of year	<u>\$ 1,406,691</u>	<u>\$ 1,387,336</u>	<u>\$ 2,039,558</u>	<u>\$ 652,222</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Recreation Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,158,191	\$ 3,518,191	\$ 3,130,938	\$ (387,253)
Federal grants	-	166,098	12,535	(153,563)
State-shared revenue and grants	210,000	210,000	316,380	106,380
Charges for services	2,454,500	2,454,500	2,146,578	(307,922)
Investment income	2,000	2,000	1,523	(477)
Rental income	125,400	125,400	136,754	11,354
Other revenue	-	-	2,285	2,285
Total revenue	5,950,091	6,476,189	5,746,993	(729,196)
<b>Expenditures - Current - Recreation and culture</b>				
Parks and recreation	5,296,507	5,476,161	5,019,196	456,965
Cultural Commission	248,361	248,361	219,894	28,467
Total expenditures	5,544,868	5,724,522	5,239,090	485,432
<b>Other Financing Uses - Transfers out</b>	(628,000)	(628,000)	(626,701)	1,299
<b>Net Change in Fund Balance</b>	(222,777)	123,667	(118,798)	(242,465)
<b>Fund Balance - Beginning of year</b>	2,024,729	2,024,729	2,024,729	-
<b>Fund Balance - End of year</b>	<b>\$ 1,801,952</b>	<b>\$ 2,148,396</b>	<b>\$ 1,905,931</b>	<b>\$ (242,465)</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 4,333,526	\$ 4,333,526	\$ 4,283,738	\$ (49,788)
State-shared revenue and grants	180,000	180,000	172,185	(7,815)
Fines and forfeitures	101,000	101,000	108,944	7,944
Investment income	2,000	2,000	2,446	446
Other revenue	2,000	2,000	11,388	9,388
Total revenue	4,618,526	4,618,526	4,578,701	(39,825)
<b>Expenditures</b> - Current - Recreation and culture - Library	4,381,295	4,440,840	3,732,122	708,718
<b>Other Financing Uses</b> - Transfers out	(138,000)	(138,000)	(137,905)	95
<b>Net Change in Fund Balance</b>	99,231	39,686	708,674	668,988
<b>Fund Balance</b> - Beginning of year	3,205,415	3,205,415	3,205,415	-
<b>Fund Balance</b> - End of year	<u>\$ 3,304,646</u>	<u>\$ 3,245,101</u>	<u>\$ 3,914,089</u>	<u>\$ 668,988</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Communications Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 2,000	\$ 2,000	\$ 1,734	\$ (266)
Other revenue:				
Cable franchise fees	1,650,000	1,650,000	1,935,470	285,470
Other miscellaneous income	20,440	28,738	29,093	355
Total revenue	1,672,440	1,680,738	1,966,297	285,559
<b>Expenditures</b> - Current - Recreation and culture	1,625,436	1,701,171	1,533,815	167,356
<b>Other Financing Uses</b> - Transfers out	(221,000)	(221,000)	(220,315)	685
<b>Net Change in Fund Balance</b>	(173,996)	(241,433)	212,167	453,600
<b>Fund Balance</b> - Beginning of year	2,812,234	2,812,234	2,812,234	-
<b>Fund Balance</b> - End of year	<u>\$ 2,638,238</u>	<u>\$ 2,570,801</u>	<u>\$ 3,024,401</u>	<u>\$ 453,600</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Rental Ordinance Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ 16,570	\$ (23,430)
Fines and forfeitures	425,000	425,000	569,335	144,335
Investment income	300	300	481	181
Total revenue	465,300	465,300	586,386	121,086
<b>Expenditures</b> - Current - Community and economic development	472,669	472,669	454,258	18,411
<b>Net Change in Fund Balance</b>	(7,369)	(7,369)	132,128	139,497
<b>Fund Balance</b> - Beginning of year	597,930	597,930	597,930	-
<b>Fund Balance</b> - End of year	<u>\$ 590,561</u>	<u>\$ 590,561</u>	<u>\$ 730,058</u>	<u>\$ 139,497</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Vice Crime Confiscations Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 37,803	\$ (2,197)
Investment income	200	200	87	(113)
Total revenue	40,200	40,200	37,890	(2,310)
<b>Expenditures - Current - Public safety -     Crime commission</b>				
	100,000	100,000	13,074	86,926
<b>Net Change in Fund Balance</b>	(59,800)	(59,800)	24,816	84,616
<b>Fund Balance - Beginning of year</b>	119,206	119,206	119,206	-
<b>Fund Balance - End of year</b>	<b>\$ 59,406</b>	<b>\$ 59,406</b>	<b>\$ 144,022</b>	<b>\$ 84,616</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ 938,942	\$ 938,942
Fines and forfeitures	325,000	325,000	344,639	19,639
Investment income	1,000	1,000	1,762	762
Total revenue	326,000	326,000	1,285,343	959,343
<b>Expenditures</b>				
Current - Public safety - Crime commission	420,000	420,000	230,419	189,581
Debt service:				
Principal	-	-	49,874	(49,874)
Interest on long-term debt	-	-	683	(683)
Total expenditures	420,000	420,000	280,976	139,024
<b>Net Change in Fund Balance</b>	(94,000)	(94,000)	1,004,367	1,098,367
<b>Fund Balance - Beginning of year</b>	1,851,088	1,851,088	1,851,088	-
<b>Fund Balance - End of year</b>	<u>\$ 1,757,088</u>	<u>\$ 1,757,088</u>	<u>\$ 2,855,455</u>	<u>\$ 1,098,367</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 41,000	\$ 41,000	\$ 34,942	\$ (6,058)
Investment income	100	100	78	(22)
Total revenue	41,100	41,100	35,020	(6,080)
<b>Expenditures - Current - Public safety - Crime commission</b>				
	83,100	83,100	60,527	22,573
<b>Net Change in Fund Balance</b>				
	(42,000)	(42,000)	(25,507)	16,493
<b>Fund Balance - Beginning of year</b>				
	124,291	124,291	124,291	-
<b>Fund Balance - End of year</b>				
	<u>\$ 82,291</u>	<u>\$ 82,291</u>	<u>\$ 98,784</u>	<u>\$ 16,493</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Road Mileage Fund Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,825,000	\$ 6,825,000	\$ 6,749,839	\$ (75,161)
Investment income	-	-	3,976	3,976
Total revenue	6,825,000	6,825,000	6,753,815	(71,185)
<b>Expenditures - Current - Public works - Streets</b>	6,816,520	10,189,574	4,677,697	5,511,877
<b>Net Change in Fund Balance</b>	8,480	(3,364,574)	2,076,118	5,440,692
<b>Fund Balance - Beginning of year</b>	5,191,682	5,191,682	5,191,682	-
<b>Fund Balance - End of year</b>	<u>\$ 5,200,162</u>	<u>\$ 1,827,108</u>	<u>\$ 7,267,800</u>	<u>\$ 5,440,692</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ (4,000)	\$ (4,000)	\$ 9	\$ 4,009
Investment income	70	70	48	(22)
Total revenue	(3,930)	(3,930)	57	3,987
<b>Expenditures - Debt service</b>				
Principal	1,283,789	1,283,789	2,573,788	(1,289,999)
Interest on long-term debt	532,308	532,308	1,030,385	(498,077)
Total expenditures	1,816,097	1,816,097	3,604,173	(1,788,076)
<b>Excess of Expenditures Over Revenue</b>	(1,820,027)	(1,820,027)	(3,604,116)	(1,784,089)
<b>Other Financing Sources - Transfers in</b>	1,805,597	1,805,597	3,366,765	1,561,168
<b>Net Change in Fund Balance</b>	(14,430)	(14,430)	(237,351)	(222,921)
<b>Fund Balance - Beginning of year</b>	733,382	733,382	733,382	-
<b>Fund Balance - End of year</b>	<u>\$ 718,952</u>	<u>\$ 718,952</u>	<u>\$ 496,031</u>	<u>\$ (222,921)</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2013

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ -	\$ -	\$ 9,392	\$ 9,392
Fines and forfeitures	575,000	575,000	652,967	77,967
Investment income	4,000	4,000	49,561	45,561
Special assessments	-	-	706,457	706,457
Total revenue	579,000	579,000	1,418,377	839,377
<b>Expenditures</b>				
Current:				
General government - Maintenance and administrative	250,000	298,794	236,628	62,166
Public works - Streets	-	-	356,008	(356,008)
Debt service:				
Principal	-	-	343,967	(343,967)
Interest on long-term debt	-	-	44,933	(44,933)
Total expenditures	250,000	298,794	981,536	(682,742)
<b>Net Change in Fund Balance</b>	329,000	280,206	436,841	156,635
<b>Fund Balance - Beginning of year</b>	9,612,137	9,612,137	9,612,137	-
<b>Fund Balance - End of year</b>	<b>\$ 9,941,137</b>	<b>\$ 9,892,343</b>	<b>\$ 10,048,978</b>	<b>\$ 156,635</b>

## **Statistical Section**

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# City of Warren, Michigan

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## Description of Statistical Section

This part of the City of Warren, Michigan's 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** - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- **Revenue Capacity** - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.
- **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.
- **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.
- **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 Warren, Michigan

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 59,951,114	\$ 61,211,667	\$ 62,875,434	\$ 59,140,668
Restricted	45,965,199	33,684,984	32,961,557	33,087,848
Unrestricted	<u>21,492,100</u>	<u>25,044,605</u>	<u>30,107,642</u>	<u>33,618,180</u>
Total governmental activities net position	<b><u>\$ 127,408,413</u></b>	<b><u>\$ 119,941,256</u></b>	<b><u>\$ 125,944,633</u></b>	<b><u>\$ 125,846,696</u></b>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 63,155,395	\$ 58,641,924	\$ 57,819,780	\$ 56,924,642
Restricted	14,525,360	17,557,693	18,181,409	16,915,115
Unrestricted	<u>9,886,743</u>	<u>7,604,682</u>	<u>6,788,707</u>	<u>7,173,338</u>
Total business-type activities net position	<b><u>\$ 87,567,498</u></b>	<b><u>\$ 83,804,299</u></b>	<b><u>\$ 82,789,896</u></b>	<b><u>\$ 81,013,095</u></b>
<b>Primary government:</b>				
Net investment in capital assets	\$ 123,106,509	\$ 119,853,591	\$ 120,695,214	\$ 116,065,310
Restricted	60,490,559	51,242,677	51,142,966	50,002,963
Unrestricted	<u>31,378,843</u>	<u>32,649,287</u>	<u>36,896,349</u>	<u>40,791,518</u>
Total primary government net position	<b><u>\$ 214,975,911</u></b>	<b><u>\$ 203,745,555</u></b>	<b><u>\$ 208,734,529</u></b>	<b><u>\$ 206,859,791</u></b>

(1) Reflects prior period adjustments for compensated absences, debt reclassifications to component units, accrued interest payable, capital assets, property taxes, accruals, and fund balance reclassifications to component units.

**Statistical Section  
Financial Trend Information  
Net Position by Component  
Last Ten Fiscal Years**

		Fiscal Year				
2008	2009	2010	2011 (1)	2012	2013	
\$ 56,796,215	\$ 48,445,832	\$ 44,342,389	\$ 110,629,268	\$ 110,327,564	\$ 110,679,720	
35,970,344	42,844,224	45,175,268	33,189,358	28,243,279	34,730,986	
<u>36,433,515</u>	<u>32,199,699</u>	<u>21,613,238</u>	<u>15,236,928</u>	<u>24,905,176</u>	<u>37,937,466</u>	
<b><u>\$ 129,200,074</u></b>	<b><u>\$ 123,489,755</u></b>	<b><u>\$ 111,130,895</u></b>	<b><u>\$ 159,055,554</u></b>	<b><u>\$ 163,476,019</u></b>	<b><u>\$ 183,348,172</u></b>	
\$ 56,511,038	\$ 57,656,542	\$ 58,586,273	\$ 60,527,790	\$ 59,757,545	\$ 45,717,853	
14,045,192	11,779,391	8,267,105	7,656,513	9,800,098	-	
<u>9,125,661</u>	<u>7,821,612</u>	<u>9,044,146</u>	<u>15,309,884</u>	<u>19,578,952</u>	<u>50,677,111</u>	
<b><u>\$ 79,681,891</u></b>	<b><u>\$ 77,257,545</u></b>	<b><u>\$ 75,897,524</u></b>	<b><u>\$ 83,494,187</u></b>	<b><u>\$ 89,136,595</u></b>	<b><u>\$ 96,394,964</u></b>	
\$ 113,307,253	\$ 106,102,374	\$ 102,928,662	\$ 171,157,058	\$ 170,085,109	\$ 156,397,573	
50,015,536	54,623,615	53,442,373	40,845,871	38,043,377	34,730,986	
<u>45,559,176</u>	<u>40,021,311</u>	<u>30,657,384</u>	<u>30,546,812</u>	<u>44,484,128</u>	<u>88,614,577</u>	
<b><u>\$ 208,881,965</u></b>	<b><u>\$ 200,747,300</u></b>	<b><u>\$ 187,028,419</u></b>	<b><u>\$ 242,549,741</u></b>	<b><u>\$ 252,612,614</u></b>	<b><u>\$ 279,743,136</u></b>	

# City of Warren, Michigan

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses</b>				
Governmental activities:				
General government	\$ 16,615,611	\$ 17,504,006	\$ 20,176,196	\$ 24,554,397
District Court				
Public safety	57,884,081	50,525,480	55,968,750	61,848,485
Public works	28,300,151	25,705,185	25,347,280	28,067,722
Recreation and culture	11,220,933	11,066,379	11,001,914	12,351,491
Community and economic development	3,508,564	4,198,523	11,605,884	2,543,134
Interest on long-term debt	3,165,735	4,163,954	6,254,880	5,082,442
Total governmental activities expenses	<u>120,695,075</u>	<u>113,163,527</u>	<u>130,354,904</u>	<u>134,447,671</u>
Business-type activities:				
Water and Sewer System	30,575,456	31,225,489	32,188,319	32,499,489
Senior citizen housing	2,075,410	1,800,146	1,872,601	1,937,454
Total business-type activities expenses	<u>32,650,866</u>	<u>33,025,635</u>	<u>34,060,920</u>	<u>34,436,943</u>
Total primary government expenses	<b>\$ 153,345,941</b>	<b>\$ 146,189,162</b>	<b>\$ 164,415,824</b>	<b>\$ 168,884,614</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services	\$ 11,620,300	\$ 12,714,891	\$ 14,584,784	\$ 13,702,181
Operating grants and contributions	12,058,948	12,935,941	12,463,692	12,684,642
Capital grants and contributions	2,829,698	4,789,306	5,171,647	3,243,612
Total governmental activities program revenues	<u>26,508,946</u>	<u>30,440,138</u>	<u>32,220,123</u>	<u>29,630,435</u>
Business-type activities:				
Water and Sewer System	26,992,448	26,928,099	30,329,100	29,674,597
Senior citizen housing	1,964,734	2,034,821	2,081,469	2,143,419
Total business-type activities program revenues	<u>28,957,182</u>	<u>28,962,920</u>	<u>32,410,569</u>	<u>31,818,016</u>
Total primary government program revenues	<b>\$ 55,466,128</b>	<b>\$ 59,403,058</b>	<b>\$ 64,630,692</b>	<b>\$ 61,448,451</b>
Net (expense) revenue:				
Governmental activities	\$ (94,186,129)	\$ (82,723,389)	\$ (98,134,781)	\$ (104,817,236)
Business-type activities	(3,693,684)	(4,062,715)	(1,650,351)	(2,618,927)
Total primary government net expense	<b>\$ (97,879,813)</b>	<b>\$ (86,786,104)</b>	<b>\$ (99,785,132)</b>	<b>\$ (107,436,163)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 71,837,273	\$ 74,911,034	\$ 83,352,957	\$ 85,079,549
State-shared revenue	14,867,961	14,705,085	14,540,634	14,105,387
Franchise fees	1,129,307	1,151,761	1,206,596	1,344,444
Investment earnings	890,520	1,602,968	3,075,634	4,289,636
Gain (loss) on sale of capital assets	380,049	84,927	2,099,337	40,283
Other revenue	-	-	-	-
Reduction in long-term debt obligation	-	-	-	-
Settlement agreements	-	-	-	-
Transfers	-	(17,199,543)	(137,000)	(140,000)
Total governmental activities	<u>89,105,110</u>	<u>75,256,232</u>	<u>104,138,158</u>	<u>104,719,299</u>
Business-type activities:				
Investment earnings	317,790	299,516	635,948	842,126
Gain on sale of capital assets	-	-	-	-
Other general revenue	-	-	-	-
Total business-type activities	<u>317,790</u>	<u>299,516</u>	<u>635,948</u>	<u>842,126</u>
Total primary government	<b>\$ 89,422,900</b>	<b>\$ 75,555,748</b>	<b>\$ 104,774,106</b>	<b>\$ 105,561,425</b>
<b>Changes in Net Position</b>				
Governmental activities	\$ (5,081,019)	\$ (7,467,157)	\$ 6,003,377	\$ (97,937)
Business-type activities	(3,375,894)	(3,763,199)	(1,014,403)	(1,776,801)
Total primary government	<b>\$ (8,456,913)</b>	<b>\$ (11,230,356)</b>	<b>\$ 4,988,974</b>	<b>\$ (1,874,738)</b>

(1) Reflects prior period adjustments for compensated absences, debt reclassifications to component units, accrued interest payable, capital assets, property taxes, accruals, and fund balance reclassifications to component units.

**Statistical Section  
Financial Trend Information  
Changes in Governmental Net Position  
Last Ten Fiscal Years**

Fiscal Year					
2008	2009	2010	2011 (1)	2012	2013
\$ 22,183,390	\$ 21,806,236	\$ 20,605,904	\$ 13,406,935	\$ 10,187,753	\$ 11,005,229
62,509,563	63,420,416	62,875,335	62,662,439	56,710,270	59,416,035
26,523,628	26,580,333	25,695,939	25,375,511	24,550,108	24,664,224
12,737,364	12,386,834	13,255,263	12,855,869	12,502,460	12,111,420
5,796,843	6,288,023	7,245,368	6,270,509	4,851,249	4,254,706
4,983,460	4,911,254	4,814,715	1,268,105	1,172,012	1,085,956
<u>134,734,248</u>	<u>135,393,096</u>	<u>134,492,524</u>	<u>128,454,170</u>	<u>116,282,062</u>	<u>118,641,722</u>
34,199,663	33,432,269	33,717,269	32,775,108	33,119,786	34,191,241
2,047,491	1,965,932	1,881,330	1,969,244	2,130,362	2,025,103
<u>36,247,154</u>	<u>35,398,201</u>	<u>35,598,599</u>	<u>34,744,352</u>	<u>35,250,148</u>	<u>36,216,344</u>
<b>\$ 170,981,402</b>	<b>\$ 170,791,297</b>	<b>\$ 170,091,123</b>	<b>\$ 163,198,522</b>	<b>\$ 151,532,210</b>	<b>\$ 154,858,066</b>
\$ 13,541,050	\$ 13,419,382	\$ 15,507,458	\$ 14,493,843	\$ 14,646,243	\$ 14,899,126
12,228,029	11,542,918	13,291,132	16,639,068	15,689,801	15,779,717
4,169,546	1,648,845	845,016	953,777	837,793	700,760
<u>29,938,625</u>	<u>26,611,145</u>	<u>29,643,606</u>	<u>32,086,688</u>	<u>31,173,837</u>	<u>31,379,603</u>
31,957,062	30,465,234	32,068,323	37,288,058	38,427,954	40,839,611
2,187,278	2,184,011	2,141,694	2,174,696	2,168,354	2,157,649
<u>34,144,340</u>	<u>32,649,245</u>	<u>34,210,017</u>	<u>39,462,754</u>	<u>40,596,308</u>	<u>42,997,260</u>
<b>\$ 64,082,965</b>	<b>\$ 59,260,390</b>	<b>\$ 63,853,623</b>	<b>\$ 71,549,442</b>	<b>\$ 71,770,145</b>	<b>\$ 74,376,863</b>
\$ (104,795,623)	\$ (108,781,951)	\$ (104,848,918)	\$ (96,367,482)	\$ (85,108,225)	\$ (87,262,119)
(2,102,814)	(2,748,956)	(1,388,582)	4,718,402	5,346,160	6,780,916
<b>\$ (106,898,437)</b>	<b>\$ (111,530,907)</b>	<b>\$ (106,237,500)</b>	<b>\$ (91,649,080)</b>	<b>\$ (79,762,065)</b>	<b>\$ (80,481,203)</b>
\$ 88,383,524	\$ 87,572,093	\$ 85,171,772	\$ 71,451,397	\$ 72,437,479	\$ 90,992,186
14,105,387	13,559,035	12,051,133	12,125,928	11,895,230	12,256,586
1,471,277	1,582,133	1,630,260	1,778,029	1,841,166	1,935,470
3,378,435	703,476	35,936	153,793	177,108	169,068
(41,222)	(115,498)	(263,175)	208,536	30,051	26,204
-	-	-	3,162,742	3,147,656	2,656,638
-	-	-	-	-	-
1,000,000	23,485	(5,975,000)	-	-	-
(148,400)	(253,092)	(160,868)	-	-	-
<u>108,149,001</u>	<u>103,071,632</u>	<u>92,490,058</u>	<u>88,880,425</u>	<u>89,528,690</u>	<u>108,036,152</u>
771,610	324,610	28,561	35,221	26,887	48,181
-	-	-	-	90,904	140,108
-	-	-	-	178,457	289,164
<u>771,610</u>	<u>324,610</u>	<u>28,561</u>	<u>35,221</u>	<u>296,248</u>	<u>477,453</u>
<b>\$ 108,920,611</b>	<b>\$ 103,396,242</b>	<b>\$ 92,518,619</b>	<b>\$ 88,915,646</b>	<b>\$ 89,824,938</b>	<b>\$ 108,513,605</b>
\$ 3,353,378	\$ (5,710,319)	\$ (12,358,860)	\$ (7,487,057)	\$ 4,420,465	\$ 20,774,033
(1,331,204)	(2,424,346)	(1,360,021)	4,753,623	5,642,408	7,258,369
<b>\$ 2,022,174</b>	<b>\$ (8,134,665)</b>	<b>\$ (13,718,881)</b>	<b>\$ (2,733,434)</b>	<b>\$ 10,062,873</b>	<b>\$ 28,032,402</b>

# City of Warren, Michigan

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 2,326,703	\$ 2,507,872	\$ 4,389,944	\$ 2,057,662
Nonspendable				
Restricted				
Assigned				
Unassigned				
Unreserved	<u>55,173,474</u>	<u>44,720,163</u>	<u>48,532,509</u>	<u>53,397,963</u>
Total General Fund	<u>\$ 57,500,177</u>	<u>\$ 47,228,035</u>	<u>\$ 52,922,453</u>	<u>\$ 55,455,625</u>
All other governmental funds:				
Reserved	\$ 9,931,404	\$ 45,883,472	\$ 27,970,850	\$ 8,129,748
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Unreserved, reported in:				
Special revenue funds	23,917,188	22,677,100	20,653,148	28,587,139
Capital projects funds	35,011,030	8,990,773	6,586,018	9,396,449
Debt service funds	<u>4,003,520</u>	<u>3,934,800</u>	<u>2,972,181</u>	<u>2,116,366</u>
Total all other governmental funds	<u>\$ 72,863,142</u>	<u>\$ 81,486,145</u>	<u>\$ 58,182,197</u>	<u>\$ 48,229,702</u>

- (a) In fiscal 2011, the City adopted GASB No. 54 which changed fund balance classifications.
- (l) Reflects prior period adjustments for compensated absences, debt reclassifications to component units, accrued interest payable, capital assets, property taxes, accruals, and fund balance reclassifications to component units.

**Statistical Section  
Financial Trend Information  
Fund Balances  
Governmental Funds  
Last Ten Fiscal Years**

Fiscal Year					
2008	2009	2010	2011 (a) (1)	2012	2013
\$ 2,333,663	\$ 1,377,804	\$ 1,296,151	\$ 192,969	\$ 308,659	\$ 368,087
			78,199	78,199	78,199
			22,283,612	18,810,884	20,165,441
			14,850,205	13,103,677	24,348,477
<u>55,224,126</u>	<u>52,819,604</u>	<u>42,206,177</u>			
<b><u>\$ 57,557,789</u></b>	<b><u>\$ 54,197,408</u></b>	<b><u>\$ 43,502,328</u></b>	<b><u>\$ 37,404,985</u></b>	<b><u>\$ 32,301,419</u></b>	<b><u>\$ 44,960,204</u></b>
\$ 6,291,526	\$ 6,431,502	\$ 4,514,260	\$ 28,278	\$ 24,182	\$ 54,358
			22,241,525	26,570,626	32,306,941
			807,521	970,471	1,038,648
			5,518,448	5,971,715	6,157,192
				(38,029)	
27,592,994	26,577,183	25,648,764			
9,795,442	12,565,096	12,239,796			
<u>1,401,328</u>	<u>1,462,997</u>	<u>1,230,346</u>			
<b><u>\$ 45,081,290</u></b>	<b><u>\$ 47,036,778</u></b>	<b><u>\$ 43,633,166</u></b>	<b><u>\$ 28,595,772</u></b>	<b><u>\$ 33,498,965</u></b>	<b><u>\$ 39,557,139</u></b>

# City of Warren, Michigan

	Fiscal Year			
	2004	2005	2006 (1)	2007
<b>Revenues</b>				
Property taxes	\$ 71,740,065	\$ 74,787,704	\$ 84,328,809	\$ 84,953,504
Special assessments	1,610,111	994,766	982,318	944,084
Licenses and permits	1,655,809	2,167,451	2,420,993	2,329,132
Intergovernmental:				
Federal revenue	2,559,108	4,612,382	3,305,681	1,981,507
State-shared revenue and grants	26,400,781	26,446,572	26,359,247	25,963,338
Charges for services	2,730,910	2,894,923	4,101,728	3,039,087
Fines and fees	6,208,873	6,810,020	7,295,418	7,596,165
Interest	1,445,693	2,599,643	5,404,617	5,760,013
Other	7,151,246	6,173,358	6,358,491	7,025,380
<b>Total revenues</b>	<b>121,502,596</b>	<b>127,486,819</b>	<b>140,557,302</b>	<b>139,592,210</b>
<b>Expenditures</b>				
General government	22,167,103	22,496,853	25,992,081	24,850,290
District court	-	-	-	-
Public safety	56,633,024	52,271,304	59,597,955	62,100,913
Public works	27,807,239	28,021,037	27,602,281	28,528,266
Recreation and culture	10,877,663	10,060,656	9,816,038	10,655,537
Community and economic development	4,571,580	17,284,223	41,555,060	16,747,313
Debt service				
Principal	4,665,522	4,518,380	4,527,668	4,374,916
Interest	3,165,735	4,163,954	6,254,880	5,082,442
<b>Total expenditures</b>	<b>129,887,866</b>	<b>138,816,407</b>	<b>175,345,963</b>	<b>152,339,677</b>
<b>Excess of Expenditures Over Revenues</b>	<b>(8,385,270)</b>	<b>(11,329,588)</b>	<b>(34,788,661)</b>	<b>(12,747,467)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers to fiduciary funds	-	(17,068,543)	-	-
Transfers to Water and Sewer System	-	(131,000)	(137,000)	(140,000)
Proceeds from sale of property	-	-	2,240,087	115,741
Proceeds from issuance of debt	32,114,457	27,015,000	25,835,000	5,409,304
Payment to refunded bond escrow agent	(4,224,218)	-	(10,474,047)	-
Bond premium (discounts)	(164,997)	(135,008)	(284,909)	(56,901)
Settlement agreement	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>27,725,242</b>	<b>9,680,449</b>	<b>17,179,131</b>	<b>5,328,144</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 19,339,972</b>	<b>\$ (1,649,139)</b>	<b>\$ (17,609,530)</b>	<b>\$ (7,419,323)</b>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures (1)</b>	5.97%	6.98%	7.88%	7.05%

(1) Reflects Downtown Development Authority revenues and expenditures for the 19-month period ended June 30, 2006 due to a change in the Authority's fiscal year end.

(2) Reflects prior period adjustments for compensated absences, debt reclassifications to component units, accrued interest payable, capital assets, property taxes, accruals, and fund balance reclassifications to component units.

**Statistical Section  
Financial Trend Information  
Changes in Fund Balance  
Governmental Funds  
Last Ten Fiscal Years**

		Fiscal Year									
		2008	2009	2010	2011 (2)	2012	2013				
\$	88,029,125	\$	87,229,169	\$	84,841,410	\$	71,241,497	\$	71,507,381	\$	90,938,534
	1,072,824		1,055,385		1,061,672		953,569		844,775		706,457
	1,691,127		1,759,663		1,567,892		1,765,856		2,368,083		2,691,555
	2,187,623		2,161,955		4,022,414		6,629,367		5,761,605		5,330,345
	26,817,909		24,005,863		22,503,036		22,627,501		22,263,849		22,714,684
	3,117,357		3,476,265		3,546,149		6,571,928		6,127,204		5,474,068
	8,089,029		7,579,592		7,982,727		6,014,963		5,958,718		6,411,051
	4,277,702		995,060		125,984		154,001		170,130		163,641
	6,916,324		6,959,756		7,752,382		4,269,622		4,214,605		3,983,816
	<u>142,199,020</u>		<u>135,222,708</u>		<u>133,403,666</u>		<u>120,228,304</u>		<u>119,216,350</u>		<u>138,414,151</u>
	25,814,644		25,841,058		25,094,958		12,354,513		11,857,239		10,303,758
	-		-		-		6,614,802		6,308,210		6,104,152
	62,885,562		62,529,660		63,543,704		62,123,437		57,004,462		59,701,143
	30,315,852		28,856,645		25,989,907		23,242,704		23,689,400		26,170,932
	11,217,234		11,009,604		11,240,440		11,122,496		11,236,664		10,563,328
	4,301,744		4,174,763		5,318,074		6,195,074		4,698,321		4,164,219
	4,659,439		4,428,168		5,472,959		3,165,918		3,302,755		3,217,783
	4,983,460		4,911,254		4,814,715		1,309,041		1,201,091		1,106,733
	<u>144,177,935</u>		<u>141,751,152</u>		<u>141,474,757</u>		<u>126,127,985</u>		<u>119,298,142</u>		<u>121,332,048</u>
	(1,978,915)		(6,528,444)		(8,071,091)		(5,899,681)		(81,792)		17,082,103
	-		-		-		4,095,093		3,992,886		3,839,724
	-		-		-		-		-		-
	(148,400)		(253,092)		(160,868)		(3,935,417)		(3,992,886)		(3,929,724)
	81,067		127,733		49,283		247,852		2,859		-
	-		5,305,000		3,040,000		-		-		-
	-		-		(3,000,000)		-		-		-
	-		(79,575)		18,984		-		-		-
	1,000,000		23,485		(5,975,000)		-		-		-
	<u>932,667</u>		<u>5,123,551</u>		<u>(6,027,601)</u>		<u>407,528</u>		<u>2,859</u>		<u>(90,000)</u>
<b>\$</b>	<b>(1,046,248)</b>	<b>\$</b>	<b>(1,404,893)</b>	<b>\$</b>	<b>(14,098,692)</b>	<b>\$</b>	<b>(5,492,153)</b>	<b>\$</b>	<b>(78,933)</b>	<b>\$</b>	<b>16,992,103</b>
	7.00%		6.78%		7.40%		1.04%		1.04%		0.94%

# City of Warren, Michigan

Valuation Date Dec. 31	Fiscal Year Ended June 30	Real Property					
		Commercial		Industrial		Residential	
		State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value
2002	2004	\$ 572,342,170	\$ 456,093,940	\$ 751,245,420	\$ 627,577,820	\$ 3,006,294,040	\$ 2,277,219,880
2003	2005	576,504,460	470,293,930	764,593,450	647,805,090	3,120,583,610	2,384,669,010
2004	2006	604,599,380	490,771,640	769,510,100	664,498,290	3,210,976,430	2,486,422,141
2005	2007	644,444,170	524,682,180	768,670,720	677,550,990	3,320,030,270	2,625,123,610
2006	2008	687,088,570	555,494,750	780,445,550	701,442,190	3,358,841,710	2,749,158,390
2007	2009	656,979,070	561,896,960	747,428,540	687,147,970	3,169,863,186	2,755,732,096
2008	2010	665,388,680	579,884,140	717,066,830	672,174,510	2,724,960,979	2,622,291,859
2009	2011	629,218,480	564,081,510	677,613,220	644,345,220	2,253,489,647	2,241,692,067
2010	2012	591,055,730	553,254,790	523,359,600	509,330,590	2,006,909,739	2,004,558,959
2011	2013	510,962,520	486,206,920	479,895,320	467,227,030	1,761,111,820	1,759,274,870

The State Equalized Value (SEV) is the Actual Value multiplied by the Equalization Factor, currently equal to 50 percent.

The amounts reported are provided annually by the City Assessor's Office and do not reflect any tax-exempt properties. Assessments are valued as of December 31 of each year. The respective taxes were levied on July 1 of the following year for the fiscal year indicated. During the fiscal year, the SEV and taxable values may be amended through judgments of the State Tax Commission (STC), Michigan Tax Tribunal (MTT), or Board of Review (BOR).

On March 15, 1994, Michigan voters passed Proposal A, which places a limit on the value used to compute property taxes. Effective with the July 1, 1995 levy, property taxes are calculated using a Taxable Value. The Taxable Value is the lower of the State Equalized Value or the Capped Value. The State Equalized Value is the Assessed Value (representing 50 percent of the true cash value) multiplied by the Equalization Factor (currently equal to 1.000). The Capped Value is calculated by using the prior year's Taxable Value minus losses times the lower of 1.05 or the prior year's Consumers Price Index for the 12 months ended September 30 plus any additions.

- (1) I.F.T. = Industrial Facilities Tax
- O.P.R.A. = Obsolete Property Rehabilitation Act

**Statistical Section**  
**Revenue Capacity Information**  
**Taxable Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Personal Property		I.F.T. & O.P.R.A. Tax Rolls (1)		Totals		Total Direct Tax Rate
State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	
\$ 787,465,492	\$ 787,465,492	\$ 338,931,568	\$ 337,459,259	\$ 5,456,278,690	\$ 4,485,816,391	16.1924
774,437,678	773,857,285	357,893,123	356,598,373	5,594,012,321	4,633,223,688	16.1924
733,292,078	733,169,122	412,279,953	411,167,403	5,730,657,941	4,786,028,596	16.9424
758,099,739	757,977,563	459,840,689	456,292,779	5,951,085,588	5,041,627,122	16.9424
741,128,712	741,007,436	497,414,497	495,601,977	6,064,919,039	5,242,704,743	16.9424
704,021,523	703,900,807	530,965,422	530,052,132	5,809,257,741	5,238,729,965	16.9424
709,116,520	708,996,934	526,356,096	526,053,306	5,342,889,105	5,109,400,749	16.9424
621,120,055	621,000,359	380,244,220	380,029,570	4,561,685,622	4,451,148,726	17.7924
633,336,034	633,247,484	326,385,394	326,385,394	4,081,046,497	4,026,777,217	19.8924
609,201,237	609,080,048	269,676,383	269,429,613	3,630,847,280	3,591,218,481	27.8656

# City of Warren, Michigan

Fiscal Year Ended June 30	City-wide Direct Tax Rate										
	General		Emergency		Police			Fire		Local Road	Police
	Operating (1)	Library	Medical Service	Parks & Recreation	& Fire Pensions	Sanitation	Police Protection	Protection	Improvement	& Fire Operating	
2004	8.7724	0.4873	0.2923	0.9746	1.8248	1.8918	0.9746	0.9746	-	-	
2005	8.7724	0.4873	0.2923	0.9746	1.8248	1.8918	0.9746	0.9746	-	-	
2006	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2007	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2008	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2009	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2010	8.7724	0.4873	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-	
2011	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-	
2012	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	2.1000	-	
2013	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000	

(1) The City's general operating tax rate charter limit equals 9.0000 mills.

	School District Overlapping Tax Rate					
	Fitzgerald		Van Dyke		East Detroit	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	13.1000	31.1000	12.7600	30.7600	8.4000	26.3730
Combined City & County Rate	25.7704	25.7704	25.7704	25.7704	25.7704	25.7704
<b>2004 Total Direct &amp; Overlapping Rate</b>	<b>38.8704</b>	<b>56.8704</b>	<b>38.5304</b>	<b>56.5304</b>	<b>34.1704</b>	<b>52.1434</b>
School District Rate	14.1000	32.1000	13.7600	31.7600	9.6000	27.5730
Combined City & County Rate	25.6702	25.6702	25.6702	25.6702	25.6702	25.6702
<b>2005 Total Direct &amp; Overlapping Rate</b>	<b>39.7702</b>	<b>57.7702</b>	<b>39.4302</b>	<b>57.4302</b>	<b>35.2702</b>	<b>53.2432</b>
School District Rate	14.1000	32.1000	13.7600	31.7600	9.6000	27.5730
Combined City & County Rate	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
<b>2006 Total Direct &amp; Overlapping Rate</b>	<b>40.4182</b>	<b>58.4182</b>	<b>40.0782</b>	<b>58.0782</b>	<b>35.9182</b>	<b>53.8912</b>
School District Rate	14.1000	32.1000	11.9906	29.9906	9.6000	27.5190
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2007 Total Direct &amp; Overlapping Rate</b>	<b>40.4167</b>	<b>58.4167</b>	<b>38.3073</b>	<b>56.3073</b>	<b>35.9167</b>	<b>53.8357</b>
School District Rate	14.1000	32.1000	11.9906	29.9906	9.4900	27.3821
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2008 Total Direct &amp; Overlapping Rate</b>	<b>40.4167</b>	<b>58.4167</b>	<b>38.3073</b>	<b>56.3073</b>	<b>35.8067</b>	<b>53.6988</b>
School District Rate	14.1000	32.1000	14.3906	32.3906	9.6000	27.5190
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
<b>2009 Total Direct &amp; Overlapping Rate</b>	<b>40.5567</b>	<b>58.5567</b>	<b>40.8473</b>	<b>58.8473</b>	<b>36.0567</b>	<b>53.9757</b>
School District Rate	14.1000	32.1000	14.8406	32.8406	11.5000	29.5000
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
<b>2010 Total Direct &amp; Overlapping Rate</b>	<b>40.9247</b>	<b>58.9247</b>	<b>41.6653</b>	<b>59.6653</b>	<b>38.3247</b>	<b>56.3247</b>
School District Rate	14.1000	32.1000	14.9906	32.9906	12.0000	30.0000
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
<b>2011 Total Direct &amp; Overlapping Rate</b>	<b>41.7747</b>	<b>59.7747</b>	<b>42.6653</b>	<b>60.6653</b>	<b>39.6747</b>	<b>57.6747</b>
School District Rate	14.1000	32.1000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	29.9247	29.9247	29.9247	29.9247	29.9247	29.9247
<b>2012 Total Direct &amp; Overlapping Rate</b>	<b>44.0247</b>	<b>62.0247</b>	<b>42.9247</b>	<b>60.9247</b>	<b>42.9247</b>	<b>60.9247</b>
School District Rate	15.6000	33.6000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
<b>2013 Total Direct &amp; Overlapping Rate</b>	<b>53.6979</b>	<b>71.6979</b>	<b>51.0979</b>	<b>69.0979</b>	<b>51.0979</b>	<b>69.0979</b>

## Statistical Section Revenue Capacity Information Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Total City-wide Direct Tax Rate	County-wide Overlapping Tax Rate							Total County-wide Overlapping Tax Rate
	Art Institute	Macomb I.S.D.	Macomb Community College	H.C.M.A., Zoo Authority, & Veterans	S.M.A.R.T.	Macomb County		
						Operating	Drain Debt	
16.1924	-	2.9729	1.5859	0.2161	0.5973	4.2000	0.0058	9.5780
16.1924	-	2.9615	1.5002	0.2154	0.5949	4.2000	0.0058	9.4778
16.9424	-	2.9430	1.4212	0.2146	0.5912	4.2000	0.0058	9.3758
16.9424	-	2.9430	1.4212	0.2146	0.5900	4.2000	0.0055	9.3743
16.9424	-	2.9430	1.4212	0.2146	0.5900	4.2000	0.0055	9.3743
16.9424	-	2.9430	1.4212	0.3546	0.5900	4.2000	0.0055	9.5143
16.9424	-	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
17.7924	-	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
19.8924	-	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.0323
27.8656	0.2000	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.2323

	School District Overlapping Tax Rate					
	Center Line		Warren Woods		Warren Consolidated	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	23.8646	25.0000	11.6000	29.6000	15.6806	26.3464
Combined City & County Rate	25.7704	25.7704	25.7704	25.7704	25.7704	25.7704
<b>2004 Total Direct &amp; Overlapping Rate</b>	<b>49.6350</b>	<b>50.7704</b>	<b>37.3704</b>	<b>55.3704</b>	<b>41.4510</b>	<b>52.1168</b>
School District Rate	24.5354	26.0000	12.6000	30.6000	16.0426	27.2764
Combined City & County Rate	25.6702	25.6702	25.6702	25.6702	25.6702	25.6702
<b>2005 Total Direct &amp; Overlapping Rate</b>	<b>50.2056</b>	<b>51.6702</b>	<b>38.2702</b>	<b>56.2702</b>	<b>41.7128</b>	<b>52.9466</b>
School District Rate	23.5778	26.0000	12.6000	30.6000	15.9930	27.2764
Combined City & County Rate	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
<b>2006 Total Direct &amp; Overlapping Rate</b>	<b>49.8960</b>	<b>52.3182</b>	<b>38.9182</b>	<b>56.9182</b>	<b>42.3112</b>	<b>53.5946</b>
School District Rate	22.1022	26.0000	12.6000	30.6000	15.8294	27.2764
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2007 Total Direct &amp; Overlapping Rate</b>	<b>48.4189</b>	<b>52.3167</b>	<b>38.9167</b>	<b>56.9167</b>	<b>42.1461</b>	<b>53.5931</b>
School District Rate	21.8022	25.7000	11.1000	29.1000	15.2358	27.2764
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2008 Total Direct &amp; Overlapping Rate</b>	<b>48.1189</b>	<b>52.0167</b>	<b>37.4167</b>	<b>55.4167</b>	<b>41.5525</b>	<b>53.5931</b>
School District Rate	16.6028	25.6000	11.1000	29.1000	14.4152	27.1464
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
<b>2009 Total Direct &amp; Overlapping Rate</b>	<b>43.0595</b>	<b>52.0567</b>	<b>37.5567</b>	<b>55.5567</b>	<b>40.8719</b>	<b>53.6031</b>
School District Rate	17.9406	25.6000	11.5000	29.5000	14.9278	27.1464
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
<b>2010 Total Direct &amp; Overlapping Rate</b>	<b>44.7653</b>	<b>52.4247</b>	<b>38.3247</b>	<b>56.3247</b>	<b>41.7525</b>	<b>53.9711</b>
School District Rate	20.4645	25.8000	12.4600	30.4600	16.2590	27.4364
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
<b>2011 Total Direct &amp; Overlapping Rate</b>	<b>48.1392</b>	<b>53.4747</b>	<b>40.1347</b>	<b>58.1347</b>	<b>43.9337</b>	<b>55.1111</b>
School District Rate	20.7758	25.9000	12.9000	30.9000	16.8421	27.4364
Combined City & County Rate	29.9247	29.9247	29.9247	29.9247	29.9247	29.9247
<b>2012 Total Direct &amp; Overlapping Rate</b>	<b>50.7005</b>	<b>55.8247</b>	<b>42.8247</b>	<b>60.8247</b>	<b>46.7668</b>	<b>57.3611</b>
School District Rate	25.3354	26.8000	13.6000	31.6000	17.3624	27.8600
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
<b>2013 Total Direct &amp; Overlapping Rate</b>	<b>63.4333</b>	<b>64.8979</b>	<b>51.6979</b>	<b>69.6979</b>	<b>55.4603</b>	<b>65.9579</b>

# City of Warren, Michigan

## Statistical Section Revenue Capacity Information Principal Property Taxpayers Current Year and Ten Years Ago

	Fiscal Year Ended June 30, 2013			Fiscal Year Ended June 30, 2003		
	Taxable Value (including I.F.T. and O.P.R.A)	Rank	Percent of Total Taxable Value	Taxable Value (including I.F.T.)	Rank	Percent of Total Taxable Value
General Motors	\$ 438,392,440	1	12.21%	\$ 492,884,992	1	9.37%
Chrysler	155,302,692	2	4.32%	391,374,078	2	7.43%
Detroit Edison	38,591,007	3	1.07%	59,098,481	3	1.12%
International Transmission	25,417,520	4	0.71%			
US Manufacturing Corp	24,013,807	5	0.67%			
Flex-N-Gate	20,424,799	6	0.57%			
Art Van Furniture	17,978,153	7	0.50%	28,585,702	4	0.54%
Consumers Energy	13,680,418	8	0.38%	14,965,290	5	0.28%
Iroquois Industries	12,924,627	9	0.36%			
Noble 12B	12,235,490	10	0.34%			
Carboloy				12,502,751	6	0.24%
E.D.S. Corporation				11,865,235	7	0.23%
Paslin Company				11,668,841	8	0.22%
Target				11,598,428	9	0.22%
Ti Group (Bundy)				10,958,441	10	0.21%
Ten largest taxpayers	758,960,953		21.13%	1,045,502,239		19.86%
Other taxpayers	2,832,257,528		78.87%	4,218,818,362		80.14%
Total taxable value	<b>\$ 3,591,218,481</b>		<b>100.00%</b>	<b>\$ 5,264,320,601</b>		<b>100.00%</b>

Source: Audited Financial Statements of the City of Warren and/or City Records

# City of Warren, Michigan

Tax Year	Fiscal Year	Total Tax Levy	Returned Delinquent		Collected by March 1	Percent Collected by March 1	Delq. Real Property Taxes Reimbursed by Macomb County
			Real Property	Personal Property			
2002	2003	\$ 68,063,602	\$ (1,921,053)	\$ (899,682)	\$ 65,242,867	95.86%	\$ 1,921,053
2003	2004	69,103,197	(2,093,752)	(808,009)	66,201,436	95.80%	2,093,752
2004	2005	71,479,514	(2,012,871)	(953,863)	68,512,780	95.85%	2,012,871
2005	2006	76,728,050	(2,710,021)	(467,085)	73,550,944	95.86%	2,710,021
2006	2007	80,607,081	(3,320,658)	(487,287)	76,799,136	95.28%	3,320,658
2007	2008	83,566,413	(4,000,947)	(374,173)	79,191,293	94.76%	4,000,947
2008	2009	82,920,849	(4,162,750)	(494,316)	78,263,783	94.38%	4,162,750
2009	2010	80,341,909	(4,344,441)	(632,798)	75,364,670	93.80%	4,344,441
2010	2011	74,503,574	(4,172,945)	(436,652)	69,893,977	93.81%	4,172,945
2011	2012	75,164,889	(4,112,215)	(456,910)	70,595,765	93.92%	4,112,215
2012	2013	95,336,444	(4,949,315)	(669,839)	89,717,290	94.11%	4,949,315

Note: The schedule above does not include any levies or delinquencies relative to the 1.0% administrative fee assessed on county and school taxes collected by the City.

On November 9, 2005, the Warren City Council approved a settlement agreement with DTE Energy in regard to utility assessments. Under the terms of the agreement, provided the City uses approved State Tax Commission (STC) multiplier tables for the tax years 2006, 2007, and 2008, DTE Energy will pay personal property taxes for the 1997, 1998, 1999, and 2005 tax years as previously assessed. In addition, effective October 2007 and for the four years thereafter, the STC will issue an order to strike outstanding personal property taxes for the 2000, 2001, 2002, 2003, and 2004 tax years. Ultimately, outstanding delinquent personal property taxes totaling approximately \$1.1 million were stricken.

**Statistical Section  
Revenue Capacity Information  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Personal Property Taxes Collected March 1 - June 30	Collected Within Fiscal Year of Levy	Percent Collected in Fiscal Year	Subsequent to Tax Year			Receivable as of June 30, 2013	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off				
\$ 41,387	\$ 67,205,307	98.74%	\$ 9,085	\$ (355,991)	\$ -	\$ 67,716,696	99.48%	
72,446	68,367,634	98.94%	169,295	(315,044)	-	68,957,448	99.55%	
149,937	70,675,588	98.88%	(288,621)	(83,677)	-	71,107,216	99.88%	
133,554	76,394,519	99.57%	284,438	(72,959)	-	76,939,529	99.91%	
220,410	80,340,204	99.67%	131,852	(99,821)	-	80,639,112	99.88%	
11,525	83,203,765	99.57%	91,267	(105,433)	-	83,552,247	99.87%	
25,928	82,452,461	99.44%	71,769	-	101,369	82,891,249	99.88%	
37,409	79,746,520	99.26%	10,581	(29)	119,459	80,233,002	99.85%	
14,508	74,081,430	99.43%	11,080	-	127,313	74,387,341	99.83%	
20,823	74,728,803	99.42%	4,779	-	190,057	74,979,611	99.75%	
24,508	94,691,113	99.32%	-	-	503,068	94,833,376	99.47%	

# City of Warren, Michigan

Governmental Activities - General Bonded Debt								
	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	South Macomb Disposal Authority	Building Authority Bonds	Tax Increment Finance Authority Bonds	Downtown Development Authority Bonds	
2004	\$ 473,636	\$ 727,538	\$ -	\$ -	\$ 15,476,137	\$ 1,310,000	\$ 40,000,000	
2005	227,834	659,671	-	-	19,384,018	1,150,000	60,000,000	
2006	78,209	587,670	-	-	19,020,232	990,000	75,000,000	
2007	-	511,285	-	-	17,748,576	820,000	74,500,000	
2008	-	430,248	-	-	16,451,921	640,000	73,500,000	
2009	-	344,275	-	-	15,082,395	480,000	72,000,000	
2010	-	253,067	-	-	13,685,000	250,000	70,250,000	
2011	-	156,304	-	-	12,695,000	-	68,500,000	
2012	-	53,649	-	-	11,655,000	-	66,750,000	
2013	-	-	-	-	10,565,000	-	65,000,000	

	Other Governmental Activities Debt			Total Net Governmental Activities Debt	Business-type Activities Building Authority Bonds		
	Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds		Installment Purchase Agreements	Senior Citizen Housing	Water and Sewer System
2004	\$ 16,305,000	\$ 2,773,969	\$ (2,437,207)	\$ 74,463,936	\$ -	\$ 8,850,000	\$ 1,158,863
2005	14,760,000	3,924,409	(2,941,068)	97,042,841	-	8,825,000	195,982
2006	13,230,000	3,076,239	(2,672,923)	109,309,427	-	8,260,000	159,768
2007	17,239,304	2,214,460	(2,033,414)	111,000,211	-	7,715,000	121,424
2008	15,798,385	1,360,000	(1,304,363)	106,876,191	-	7,175,000	83,079
2009	17,743,666	3,248,801	(1,361,600)	107,537,537	-	6,555,000	42,605
2010	16,241,714	2,729,834	(1,128,750)	102,280,865	-	5,930,000	-
2011	14,609,763	2,185,867	(890,625)	97,256,309	-	5,310,000	-
2012	12,890,975	1,641,900	(659,500)	92,332,024	-	4,700,000	-
2013	11,607,186	1,097,933	(435,375)	87,834,744	8,021,303	3,975,000	-

## Comments:

The ratios presented are required by Governmental Accounting Standards Board (GASB) Statement No. 44. While the ratios are an indication of the burden of debt on the City of Warren's citizenry and business community as a whole, in many cases the repayment of the debt will be financed by select taxpayers, users, or other sources of revenue. In other cases, the debt burden is shared by not only the citizenry but also by the business community, further distorting per capita ratios. The narrative that follows focuses on debt to be repaid by sources other than property taxes levied on the citywide tax base. Excluding these items from the tables presented above would dramatically affect the ratios presented.

- Debt service requirements for the Tax Increment Finance Authority Bonds and Downtown Development Authority Bonds are derived from the capture of incremental tax revenues on properties within the respective authority's defined geographic boundaries.
- Debt service requirements for the Michigan Transportation Bonds are derived from the receipt of state-shared gas and weight taxes.
- Debt service requirements for the Special Assessment Bonds are derived from the receipt of installment payments from taxpayers whose property directly benefited from either the City's sidewalk replacement or tree removal program.
- Debt service requirements for the Building Authority Senior Housing Bonds are derived from the receipt of rental payments from residents of the Joseph Coach Manor senior housing complex.
- Debt service requirements for the Water and Sewer Bonds are received from residential as well as commercial and industrial users of the system.

## Sources:

- Southeast Michigan Council of Governments - Estimated Population - FY 2003 - 2012
- 2000 and 2010 U.S. Census Bureau

(unaudited)

## Statistical Section Debt Capacity Information Ratios of Outstanding Debt Last Ten Fiscal Years

### Governmental Activities - General Bonded Debt

County Drain Bonds	Amounts Available in Debt Service Funds	Total Net General Bonded Debt	Taxable Value of Property	Percentage of Taxable Value of Property	Estimated Population (1)	Per Capita
\$ 1,440,000	\$ (1,605,137)	\$ 57,822,174	\$ 4,485,816,391	1.29%	135,971	\$ 425.25
880,000	(1,002,023)	81,299,500	4,633,223,688	1.75%	135,572	599.68
220,000	(220,000)	95,676,111	4,786,028,596	2.00%	135,375	706.75
-	-	93,579,861	5,041,627,122	1.86%	136,824	683.94
-	-	91,022,169	5,242,704,743	1.74%	135,102	673.73
-	-	87,906,670	5,238,729,965	1.68%	134,402	654.06
-	-	84,438,067	5,109,400,749	1.65%	132,079	639.30
-	-	81,351,304	4,451,148,726	1.83%	134,056	606.85
-	-	78,458,649	4,026,777,217	1.95%	133,764	586.55
-	-	75,565,000	3,591,218,481	2.10%	133,466	566.17

### Business-type Activities

### Total Primary Government

Water and Sewer Revenue Bonds	Total Business-type Activities Debt	Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
\$ 37,793,016	\$ 47,801,879	\$ 122,265,815	\$ 21,407	4.20%	\$ 899.21
44,789,812	53,810,794	150,853,635	21,407	5.20%	1,112.72
52,670,356	61,090,124	170,399,551	21,407	5.88%	1,258.72
57,361,548	65,197,972	176,198,183	21,407	6.02%	1,287.77
54,924,245	62,182,324	169,058,515	21,407	5.85%	1,251.34
52,394,624	58,992,229	166,529,766	21,407	5.79%	1,239.04
50,172,529	56,102,529	158,383,394	21,407	5.60%	1,199.16
58,000,605	63,310,605	160,566,914	19,376	6.18%	1,197.76
63,634,006	68,334,006	160,666,030	19,376	6.20%	1,201.12
66,721,971	78,718,274	166,553,018	19,376	6.44%	1,247.91

# City of Warren, Michigan

## Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2013

### Net Direct Debt

Building Authority Bonds:			
Series 2005	Capital equipment	\$ 1,205,000	
Refunding Series 2005	Warren Community Center	<u>9,360,000</u>	\$ 10,565,000
Downtown Development Authority:			
Series 2002	City Center development	16,500,000	
Series 2003	City Center development	17,000,000	
Series 2004	City Center development	17,500,000	
Series 2005	City Center development	<u>14,000,000</u>	65,000,000
Road Construction Bonds:			
Series 2003 Michigan Transportation Bonds	Road improvements	2,500,000	
Series 2006 Capital Improvement Bonds	Road improvements	5,050,120	
Series 2008 Capital Improvement Bonds	Road improvements	2,597,066	
Series 2010 MTF Refunding Bonds	Road improvements	<u>1,460,000</u>	11,607,186
Special Assessment Bonds:			
Series 2005	Sidewalk replacement program	410,000	
Series 2008	Sidewalk replacement program	687,933	
Less amounts available in debt service funds		<u>(435,375)</u>	<u>662,558</u>
			87,834,744
Less:			
Road Construction Bonds		(11,607,186)	
Special Assessment Bonds		<u>(662,558)</u>	<u>(12,269,744)</u>
<b>Net direct debt to be repaid with property taxes</b>			<b>75,565,000</b>

### Overlapping Debt

Macomb County:			
County at large	13.01%	51,943,932	6,757,906
Macomb Community College	13.01%	8,895,000	1,157,240
Local School Districts:			
Center Line	63.04%	15,755,000	9,931,952
East Detroit	22.48%	31,265,000	7,028,372
Fitzgerald	100.00%	29,977,000	29,977,000
Van Dyke	97.92%	63,472,306	62,152,082
Warren Consolidated	45.90%	152,060,000	69,795,540
Warren Woods	100.00%	41,625,000	<u>41,625,000</u>
<b>Total Overlapping Debt</b>			<b><u>228,425,091</u></b>

**Net direct debt outstanding and overlapping debt** **\$ 303,990,091**

# City of Warren, Michigan

## Statistical Section Debt Capacity Information Legal Debt Margin Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Assessed value	<u>\$ 5,456,278,690</u>	<u>\$ 5,594,012,321</u>	<u>\$ 5,730,657,941</u>	<u>\$ 5,951,085,588</u>	<u>\$ 6,064,919,039</u>
Debt limit (10% of assessed value)	\$ 545,627,869	\$ 559,401,232	\$ 573,065,794	\$ 595,108,559	\$ 606,491,904
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 545,627,869</u>	<u>\$ 559,401,232</u>	<u>\$ 573,065,794</u>	<u>\$ 595,108,559</u>	<u>\$ 606,491,904</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2009	2010	2011	2012	2013
Assessed value	<u>\$ 5,809,257,741</u>	<u>\$ 5,342,889,105</u>	<u>\$ 4,561,685,622</u>	<u>\$ 4,081,046,497</u>	<u>\$ 3,630,847,280</u>
Debt limit (10% of assessed value)	\$ 580,925,774	\$ 534,288,911	\$ 456,168,562	\$ 408,104,650	\$ 363,084,728
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 580,925,774</u>	<u>\$ 534,288,911</u>	<u>\$ 456,168,562</u>	<u>\$ 408,104,650</u>	<u>\$ 363,084,728</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Section 8.11 of the Warren City Charter limits the net bonded indebtedness incurred for all public purposes to 10 percent of the assessed value of all real and personal property in the city. Net bonded indebtedness applicable to the legal debt margin is defined as general obligation bonds, the principal and interest of which are payable from taxes levied upon taxable real and personal property in the city and for payment of which the full faith and credit of the city are pledged, when authorized by a three-fifths vote of the electors voting thereon at any general or special election.

# City of Warren, Michigan

## Building Authority - Senior Housing Bonds (1)

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2004	\$ 1,304,157	\$ 419,674	\$ 884,483	\$ 105,000	\$ 481,033	\$ 586,033	1.51
2005	1,333,913	502,418	831,495	200,000	258,763	458,763	1.81
2006	1,360,742	469,765	890,977	565,000	333,850	898,850	0.99
2007	1,371,914	529,296	842,618	545,000	319,975	864,975	0.97
2008	1,386,944	584,845	802,099	540,000	305,738	845,738	0.95
2009	1,365,997	579,903	786,094	620,000	288,238	908,238	0.87
2010	1,352,660	543,019	809,641	625,000	267,616	892,616	0.91
2011	1,367,727	607,955	759,772	620,000	246,219	866,219	0.88
2012	1,375,872	748,311	627,561	610,000	223,931	833,931	0.75
2013	1,366,469	819,484	546,985	705,000	146,298	851,298	0.64

(1) Building Authority Bonds were issued for the purpose of constructing the 244-unit senior citizen housing complex known as Jos. Coach Manor. Pursuant to certain lease contracts between the Building Authority and the City, the bonds were issued in anticipation of cash rentals from the City in amounts sufficient to pay the principal and interest on the bonds when due. The cash rentals constitute a full faith and credit general obligation of the City and the City is required to provide sufficient monies in its annual budget for the payment thereof and if necessary, to levy ad valorem taxes on all taxable property within its boundaries. The City's intent, then as it is now, is that rental revenues generated from Jos. Coach Manor would be sufficient to pay the principal and interest on the bonds when due. The rental revenue stream has been sufficient to meet the debt service requirements due to steady occupancy rates and debt refinancing and the City has not, nor does it anticipate the need to appropriate any General Fund monies.

## Road Construction Bonds

Fiscal Year	Prior Fiscal Year Gas & Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
2004	\$ 8,227,899	\$ 4,113,950	\$ 1,560,000	\$ 556,380	\$ 2,116,380	1.94	\$ -
2005	8,873,331	4,436,666	1,545,000	628,533	2,173,533	2.04	-
2006	8,579,546	4,289,773	1,530,000	587,152	2,117,152	2.03	-
2007	8,472,484	4,236,242	1,400,000	597,288	1,997,288	2.12	52,025
2008	8,375,886	4,187,943	1,440,918	702,531	2,143,449	1.95	243,346
2009	8,240,310	4,120,155	1,260,000	442,325	1,702,325	2.42	287,743
2010	7,937,777	3,968,889	1,345,000	392,925	1,737,925	2.28	580,632
2011	7,798,658	3,899,329	1,435,000	263,232	1,698,232	2.30	571,233
2012	7,913,099	3,956,550	1,450,000	215,383	1,665,383	2.38	632,325
2013	8,197,069	4,098,535	1,015,000	167,363	1,182,363	3.47	620,232

(2) Debt service on the Michigan Transportation Fund Bonds is pledged from the receipt of State gas & weight taxes received in the previous year. Debt service on the road improvement portion of the Capital Improvement Bonds, Series 2006 and Series 2008 is likewise paid from gas & weight taxes but is secured by the levy of sufficient City taxes rather than the pledge of gas & weight taxes. A total of \$632,325 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2013 and is reflected in the schedule above.

## Statistical Section Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds (3)							Coverage
	S/A		Transferred to	Debt Service				
	Collections (4)	Interest (5)	Debt Funds	Principal	Interest	Total		
2003	\$ 1,433,178	\$ -	\$ 1,433,178	\$ -	\$ 16,683	\$ 16,683	85.91	
2004	1,528,997	234,592	1,763,589	675,488	70,154	745,642	2.37	
2005	851,422	392,063	1,243,485	684,561	59,876	744,437	1.67	
2006	690,910	-	690,910	848,170	110,224	958,394	0.72	
2007	309,102	-	309,102	861,779	89,640	951,419	0.32	
2008	199,286	-	199,286	854,460	68,838	923,298	0.22	
2009	294,984	-	294,984	175,000	75,971	250,971	1.18	
2010	435,535	-	435,535	518,967	140,456	659,423	0.66	
2011	423,297	-	423,297	543,967	117,133	661,100	0.64	
2012	837,793	-	837,793	543,967	92,934	636,901	1.32	
2013	753,863	-	753,863	543,967	68,736	612,703	1.23	

(3) The Special Assessment Bonds Series 2002 were issued in anticipation of the collection of certain outstanding special assessments for sidewalk replacements which became due on or after July 1, 2003. The Capital Improvement Bonds Series 2003, Series 2005, and Series 2008 were likewise issued to finance citywide sidewalk improvements. Even though the City has pledged the levy of taxes for the repayment of principal and interest on the Capital Improvement Bonds, the City has designated the collections from certain special assessment districts to meet the debt service requirements.

(4) Property owners commonly elect to make special assessment payments in full rather than in installments. This creates uneven revenue streams in relation to the respective debt service.

(5) The entire amount of interest required for debt service on the Special Assessment Bonds Series 2002 and Capital Improvement Bonds Series 2003 and Series 2005 has been transferred to its respective debt service fund. Funds previously transferred from the Tank Plant Redevelopment Fund to the Sidewalk and Tree Revolving Fund were utilized to satisfy the interest requirements.

Fiscal Year	Water and Sewer System (6)							Coverage
	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service				
				Principal	Interest	Total		
2002	\$ 28,156,665	\$ 23,609,474	\$ 4,547,191	\$ 520,000	\$ 1,906,551	\$ 2,426,551	1.87	
2003	26,992,448	24,891,280	2,101,168	1,405,000	1,844,467	3,249,467	0.65	
2004	26,928,099	25,483,252	1,444,847	1,534,512	1,871,595	3,406,107	0.42	
2005	30,329,100	26,442,209	3,886,891	1,745,439	1,710,971	3,456,410	1.12	
2006	29,674,597	26,108,818	3,565,779	1,775,174	1,869,651	3,644,825	0.98	
2007	31,957,062	27,531,113	4,425,949	2,475,647	1,928,034	4,403,681	1.01	
2008	30,465,234	27,094,950	3,370,284	2,570,095	1,890,960	4,461,055	0.76	
2009	32,062,895	27,557,790	4,505,105	2,686,687	1,798,228	4,484,915	1.00	
2010	37,288,056	26,323,229	10,964,827	2,739,082	1,702,109	4,441,191	2.47	
2011	38,427,954	26,764,665	11,663,289	3,221,792	1,988,269	5,210,061	2.24	
2012	40,839,605	27,563,827	13,275,778	3,912,454	2,389,481	6,301,935	2.11	

(6) Fiscal year end of December 31

# City of Warren, Michigan

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

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of Warren	Macomb County	State of Michigan
2004	135,971	56,045	\$ 21,407	\$ 2,910,731,197	8.20%	7.00%	7.30%
2005	135,572	56,188	21,407	2,902,189,804	8.30%	7.10%	6.90%
2006	135,335	56,472	21,407	2,897,116,345	8.40%	7.20%	6.90%
2007	136,824	57,523	21,407	2,928,991,368	9.20%	7.90%	7.40%
2008	135,102	57,134	21,407	2,892,128,514	11.30%	9.70%	8.70%
2009	134,402	56,433	21,407	2,877,143,614	21.10%	18.40%	15.40%
2010	132,079	52,460	21,407	2,827,415,153	16.60%	14.40%	13.10%
2011	134,056	53,442	19,376	2,597,469,056	13.60%	11.70%	11.30%
2012	133,764	53,228	19,376	2,591,811,264	10.20%	10.10%	9.20%
2013	133,466	53,066	19,376	2,586,037,216	11.60%	9.90%	9.40%

Sources:

- (1) Southeast Michigan Council of Governments FY 2002 - 2011
- (2) 2000 and 2010 U.S. Census Bureau
- (3) Michigan Department of Labor and Economic Growth  
- Not Seasonally Adjusted

# City of Warren, Michigan

## Statistical Section Demographic and Economic Information Principal Employers Current Year and Seven Years Ago

		Year Ended June 30, 2013			Year Ended June 30, 2006		
		Employees	Percentage		Employees	Percentage	
			of Total	Rank		of Total	Rank
General Motors Corporation	Automotive	21,000	(1)	1	23,000	(1)	1
Government of The United States	Government	7,975	(1)	2	4,436	(1)	3
FIAT - Chrysler Corp.	Automotive	5,390	(1)	3	6,137	(1)	2
Ascension Health	Health care	3,234	(1)	4	2,232	(1)	4
Asset Acceptance Financial	Financial services	1,125	(1)	5			
Campbell-Ewald Company	Advertising				1,140	(1)	5
Total		<u><b>38,724</b></u>			<u><b>36,945</b></u>		

Source: Dun & Bradstreet and City of Warren Mayor's Office

# City of Warren, Michigan

## Statistical Section Operating Information Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)
<b>General government:</b>										
<u>37th District Court</u>										
Small claims	1,328	1,226	1,047	970	725	995	587	635	566	800
Landlord & tenant	3,873	3,998	4,144	4,327	4,890	4,596	4,554	4,921	4,910	5,000
Parking tickets	2,189	1,622	1,448	1,521	1,518	1,083	1,019	1,116	1,272	1,300
Traffic misdemeanor & civil	59,961	58,565	55,744	57,163	55,606	46,623	36,879	35,250	37,454	35,000
Non-traffic felony	2,184	2,097	2,261	2,070	2,717	2,544	2,284	1,869	2,069	2,800
Non-traffic misdemeanor	2,330	2,149	2,194	2,393	2,449	2,355	2,126	1,653	1,779	2,000
Traffic OUIL/OWI	734	691	794	571	656	656	367	202	284	600
General civil	4,502	4,524	4,888	5,500	6,098	6,098	5,345	5,151	5,633	6,000
Probation - Active cases	1,441	1,168	1,220	1,212	1,118	1,078	1,078	876	752	1,200
Pre-sentence investigations	523	460	386	395	368	803	803	460	460	500
<u>City Clerk</u>										
Business licenses	1,207	989	920	941	894	853	837	837	765	1,500
Public hearings	76	53	62	69	101	99	47	70	53	100
Changes in voter registrations	29,499	23,391	38,399	42,844	54,004	62,213	60,433	44,367	56,137	60,000
Dog licenses issued	6,833	4,794	5,233	4,967	5,427	5,502	5,409	4,983	4,662	6,000
Garage sale permits	2,177	2,167	2,365	2,541	1,952	2,707	4,756	1,499	1,466	4,000
Death certificates	1,870	1,951	1,889	1,902	1,800	1,880	1,864	1,935	1,856	2,500
Birth certificates	1,368	1,162	1,273	1,388	1,350	1,344	1,254	1,201	1,188	2,500
Lawsuits issued	34	36	33	34	31	19	33	38	30	100
Contracts signed, catalogued	63	52	79	45	68	61	54	51	68	100
Internet requests processed	1,252	1,366	1,547	1,900	5,200	2,670	5,200	4,600	4,972	5,000
<u>Treasurer</u>										
Tax bills processed:										
Manually	135,000	135,000	136,000	148,721	148,720	146,916	120,351	88,321	85,454	87,000
CD-ROM	83,000	83,000	82,000	76,000	76,000	59,118	55,934	56,141	54,865	55,000
Checks processed	29,900	41,400	41,400	46,680	49,005	51,669	52,009	51,761	46,736	52,000
Water bills processed	518,000	518,000	518,000	528,000	528,000	522,862	501,584	424,085	372,981	424,300
Status changes	15,000	14,000	12,000	1,813	950	744	720	600	481	650
Personal property	4,000	4,000	4,000	4,101	4,101	4,140	3,929	4,586	4,183	4,500
Delinquent tax accounts	125	125	210	1,426	1,426	1,533	1,318	2,057	2,561	2,100
<u>Assessing</u>										
Personal property audits	116	316	320	140	152	70	70	70	86	100
Small claim MTT appeals	19	25	42	65	141	150	150	756	789	900
Full tax tribunal appeals	21	25	33	53	44	120	120	528	596	700
Board of Review appeals	801	834	864	999	1,400	2,000	2,000	1,500	1,200	1,500
Processing of										
principal residence exemptions	5,500	5,500	5,500	5,500	5,000	5,500	5,500	1,802	3,923	2,500
Process deeds and										
transfer affidavits	6,700	6,700	6,700	6,700	5,600	6,700	6,700	9,038	11,255	8,500
Prepare special										
assessment rolls	30	30	30	30	30	30	30	30	30	30
Review / appraise										
taxable properties	54,000	54,000	54,000	54,000	59,470	59,500	59,500	60,768	60,300	61,000
Verify sales & transfers										
of sold properties	3,600	3,600	3,500	2,450	7,238	5,800	5,800	3,500	3,500	4,000
Inspect and appraise										
building permit activity	2,646	2,220	2,450	2,450	2,800	2,450	11,400	11,243	11,000	12,000

N/A = information was either not applicable to or not reported in the fiscal year

(1) Fiscal year 2013 estimates

(2) Fiscal year ended December 31

Source: Fiscal year adopted budget

# City of Warren, Michigan

## Statistical Section Operating Information Operating Indicators by Function (Continued) Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)
<b>Public Safety:</b>										
<u>Fire Department</u>										
Incident responses	10,605	11,385	11,779	12,416	12,971	12,894	13,440	14,717	14,974	16,000
Equipment responses	18,767	16,594	17,182	18,111	18,306	17,531	29,545	34,041	29,674	21,500
Fire training (hours)	5,177	6,144	4,173	4,316	48,976	56,403	16,426	4,400	3,139	6,000
Medical training (hours)	1,912	1,725	1,171	1,210	1,931	2,291	3,100	1,983	808	2,000
<u>Police Department</u>										
Calls for police service	90,200	90,900	88,000	89,600	81,132	78,255	75,781	90,125	88,184	90,000
Part I crimes	4,785	5,223	5,853	5,982	4,575	4,397	4,245	4,322	4,065	4,500
Burglary incidents	669	829	704	737	851	881	985	1,096	1,015	950
Auto theft incidents	1,092	1,302	1,363	906	1,211	958	726	805	728	750
Part II crimes	4,773	7,470	6,632	6,438	12,207	11,600	6,601	5,435	6,386	7,000
Narcotic and drug incidents	1,229	1,242	1,430	2,009	2,947	2,478	1,660	955	1,093	1,800
Traffic citations	49,429	48,280	45,154	46,506	30,154	25,146	18,283	17,872	18,419	20,000
OUIL charges	478	475	402	432	578	490	400	305	294	500
Traffic accidents	4,153	1,192	3,713	5,500	3,354	3,389	3,551	3,647	3,295	4,000
Juveniles charged	437	431	250	509	579	169	161	221	346	500
Total arrests	7,057	6,948	7,018	7,638	10,153	6,496	6,081	5,055	5,708	7,000
Abandoned autos processed	1,650	1,683	1,560	1,380	2,016	5,200	967	1,020	1,061	1,200
Guns registered	2,058	3,250	2,090	3,300	1,500	2,373	2,296	2,705	7,329	2,400
<u>Animal Control</u>										
Calls for service	2,587	2,332	2,610	2,832	2,916	2,916	3,000	3,000	3,000	3,500
Stray animals picked up	1,449	1,063	1,335	1,450	1,386	1,386	1,270	1,340	1,600	1,400
Wild animals secured	448	308	430	486	472	472	400	435	60	500
Dead animals handled	115	303	332	310	346	346	900	900	1,000	900
Animals given up by owners	781	992	850	832	798	798	325	325	325	350
<u>Civil Defense</u>										
Responses to disaster or emergency incidents	20	13	9	9	10	10	6	9	7	10
Functional / full-scale exercise	1	2	3	1	-	-	1	1	2	2
<b>City Development:</b>										
<u>Engineering</u>										
Service requests processed	618	422	674	448	516	768	538	811	695	800
Planning reviews	114	141	141	100	94	55	77	79	79	75
Site plan reviews	206	226	245	356	222	113	83	119	129	95
Projects inspected	106	97	128	125	97	71	81	72	61	85
Sidewalk inspections / repairs	5,141	2,542	2,739	3,100	2,709	3,185	1,517	1,553	933	900
<u>Property Maintenance Inspection</u>										
Weed enforcement	1,075	1,000	850	2,200	2,323	2,485	4,436	4,568	3,810	8,500
Complaints investigated	13,279	14,000	13,500	7,244	4,862	6,422	5,928	6,068	4,285	7,500
Complaints entered into tracking system	N/A	N/A	N/A	N/A	N/A	21,220	21,200	23,526	21,500	26,000
Vacant and foreclosed property clean-ups	N/A	N/A	N/A	N/A	N/A	650	598	619	632	550
<u>Building Inspections</u>										
Certificates of Occupancy	364	326	339	584	279	283	288	266	470	300
Building permits	2,666	2,976	3,528	2,403	2,854	2,162	2,412	1,880	1,804	2,350
Plumbing permits	1,038	961	1,066	940	978	1,103	1,248	1,348	1,351	1,350
Electrical permits	1,431	1,573	1,844	1,909	2,277	2,862	3,179	3,133	3,626	3,150
Mechanical permits	1,159	1,218	1,929	1,463	1,343	1,447	1,828	1,797	2,240	1,800
Miscellaneous permits	1,124	1,504	1,884	1,584	407	701	701	840	786	850
Building inspections	8,472	7,404	10,103	8,895	13,216	12,511	13,119	15,004	13,666	13,500
Plumbing inspections	2,809	2,764	2,981	3,243	5,440	7,262	8,104	7,777	9,136	7,500
Electrical inspections	5,261	4,523	4,584	4,595	7,353	12,636	12,269	11,869	12,676	12,500
Mechanical inspections	4,471	4,422	5,644	5,263	6,784	7,774	8,126	8,391	9,861	8,400
Zoning inspections	5,889	5,681	4,940	4,813	15,657	8,679	8,453	6,236	5,575	6,800
Plan reviews	2,586	2,976	3,528	2,987	2,352	2,160	2,467	2,319	2,304	2,350

N/A = information was either not applicable to or not reported in the fiscal year

(1) Fiscal year 2013 estimates

(2) Fiscal year ended December 31

Source: Fiscal year adopted budget

# City of Warren, Michigan

## Statistical Section Operating Information Operating Indicators by Function (Continued) Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)
<b>Recreation and Culture:</b>										
<u>Library</u>										
Annual attendance	402,380	371,361	389,200	284,398	336,414	371,751	337,207	326,386	342,297	410,100
Circulation:										
Annual Total	567,201	544,590	539,164	603,725	599,451	594,626	567,845	1,102,600	855,235	630,000
Children's Material	121,491	117,958	121,788	182,579	237,568	264,351	248,118	257,402	279,921	290,000
Reference requests	67,868	71,121	73,025	62,726	72,761	78,049	70,664	47,290	47,285	65,000
Registered borrowers	46,072	37,386	41,997	48,265	54,834	61,284	51,507	57,145	53,754	74,500
Materials:										
Loaned to other libraries	69,905	57,635	62,714	53,476	72,662	74,957	76,629	64,433	74,359	73,000
Received from other libraries	56,119	41,340	45,426	39,239	57,642	59,173	86,258	40,381	52,593	80,000
Added to collection	26,951	24,520	16,292	26,397	25,327	25,741	24,616	35,868	56,914	50,000
Deleted from collection	19,600	19,331	27,215	38,081	21,004	16,389	14,976	13,324	23,165	17,000
Home Page hits	192,889	201,309	222,454	231,573	287,079	302,691	301,945	260,661	331,023	230,000
<u>Recreation</u>										
Pavilion rentals	475	475	438	460	418	418	482	460	460	450
Bus transportation	52,000	28,300	28,500	28,550	28,972	25,390	27,750	23,613	18,510	24,200
Adult & youth sports:										
Registrants	6,510	5,800	6,500	6,400	7,000	6,700	7,200	7,000	7,000	7,500
Participants	106,200	102,575	101,204	105,500	106,000	106,000	106,500	106,500	106,500	107,500
Senior programs	36,500	51,204	52,000	52,450	90,247	85,000	90,000	85,000	85,000	85,000
Senior sports programs	25,000	22,000	23,000	22,400	23,000	22,400	22,400	23,000	23,000	23,500
Trees removed	950	1,076	800	1,000	1,131	500	325	345	345	275
Trees trimmed	4,000	4,000	4,000	3,000	7,788	1,000	800	1,000	1,000	2,000
Pool attendance	239,704	301,505	300,000	301,000	325,000	302,000	350,000	380,000	380,000	380,000
Yearly pass registrations	3,700	3,923	4,200	4,800	5,200	4,500	4,500	4,100	3,975	5,000
<u>Sanitation:</u>										
Collections points (per week)	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Curbside collection (tons):										
Refuse land filled	51,537	47,626	51,780	48,695	48,695	45,082	43,541	44,104	45,391	50,000
Curbside recycling	5,726	4,977	3,633	4,236	4,236	4,646	4,562	5,716	5,169	6,000
Curbside compost	16,613	14,891	16,123	14,559	14,559	15,228	15,252	13,123	13,245	14,000
Drop-off center:										
Car batteries (each)	1,219	935	935	583	583	459	585	142	256	200
Non-ferrous metal (tons)	7	133	128	1	1	2	7	9	3	10
Concrete (tons)	559	398	385	242	242	245	377	247	283	250
Motor oil (gallons)	13,325	11,075	11,950	9,250	9,250	10,000	10,800	9,300	8,950	9,500
Collected / dropped off (tons):										
Cardboard	138	124	147	129	129	98	85	68	80	70
White goods / scrap metal	542	370	284	232	232	177	167	140	101	150
<u>Senior Citizens Housing:</u>										
<u>Stilwell Manor</u>										
Carpet replacements	7	9	6	9	15	19	12	23	15	25
Linoleum replacements	7	14	9	7	10	10	9	14	7	12
Stove replacements	N/A	4	25	9	9	15	8	12	15	25
Apartments painted	18	28	9	18	12	25	18	26	20	25
Air conditioner replacements	18	18	10	6	8	10	8	12	10	12
Maintenance work orders	789	532	682	545	520	530	545	642	575	650
<u>Jos. Coach Manor</u>										
Carpet replacements	6	15	12	13	42	36	25	40	27	37
Linoleum replacements	8	18	13	17	32	13	25	20	14	17
Hot water tank replacements	N/A	2	-	-	2	6	6	10	53	50
Apartments painted	36	48	27	32	28	42	31	65	34	46
Countertop replacements	1	8	8	9	7	18	17	20	18	15
Maintenance work orders	1,271	1,223	1,203	1,247	1,182	1,300	1,295	1,188	955	1,200

N/A = information was either not applicable to or not reported in the fiscal year

(1) Fiscal year 2013 estimates

(2) Fiscal year ended December 31

Source: Fiscal year adopted budget

# City of Warren, Michigan

## Statistical Section Operating Information Operating Indicators by Function (Continued) Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Water and Sewer System (2)</b>										
<u>Water Department:</u>										
Water utility accounts	49,546	49,768	49,948	50,122	50,248	50,205	50,226	50,137	50,025	49,171
Sewer utility accounts	49,198	49,269	49,319	49,370	49,614	49,110	49,089	49,068	49,269	48,650
Second meter accounts	63	173	256	384	457	506	555	585	628	680
Water sold (thousand cu. ft.)	950,539	844,666	930,433	839,755	883,463	759,993	713,369	734,852	692,951	699,581
Water purchased	1,081,053	941,846	1,035,761	932,468	1,014,748	851,937	794,608	805,598	769,815	784,929
Broken water main repairs	393	267	311	238	344	186	214	202	212	184
Sewer jetting (in footage)	148,660	276,869	197,240	257,313	129,050	14,167	232,072	117,473	249,000	273,816
<u>Waste Water Treatment Plant:</u>										
Sewage treated	7.9	8.4	8.0	9.0	7.6	8.4	8.3	6.8	10.8	7.4
Sludge solids removed	30.8	31.2	32.1	31.4	33.3	29.8	29.7	26.7	28.4	31.1
Power consumption	13.4	14.6	16.5	23.4	23.9	26.8	14.9	13.4	15.8	14.1
Natural gas for incinerator	80	31	78	82	89	82	88	81	90	102
Laboratory samples taken	6,773	6,788	6,743	6,556	6,634	6,308	6,499	5,609	5,694	6,694
Analytical lab tests run	45,685	45,751	44,608	45,863	45,847	45,680	38,140	35,977	33,718	38,044
Dye tests performed to locate	50	50	20	200	50	50	20	20	25	13
Storm water samples collected	804	386	457	275	20	50	315	350	240	396
Illicit discharges identified	10	7	17	24	15	46	3	4	5	4
Illicit discharges removed	14	9	50	14	20	7	4	5	9	2

N/A = information was either not applicable to or not reported in the fiscal year

(1) Fiscal year 2013 estimates

(2) Fiscal year ended December 31

Source: Fiscal year adopted budget

# City of Warren, Michigan

## Statistical Section Operating Information Value of New Construction Last Ten Fiscal Years

Fiscal Year	Residential One-Family	Residential Multiple Family	Commercial Development	Industrial Development	Total (1)
2004	\$ 4,737,401	\$ 3,116,008	\$ 25,704,900	\$ 7,100,000	\$ 40,658,309
2005	2,733,500	1,979,995	34,361,001	980,000	40,054,496
2006	8,251,000	21,128,530	28,978,077	19,379,285	77,736,892
2007	6,670,204	6,950,103	12,992,814	500,000	27,113,121
2008	2,864,523	1,608,000	3,685,000	-	8,157,523
2009	812,000	75,400	13,260,000	3,000,000	17,147,400
2010	1,245,000	-	4,015,000	-	5,260,000
2011	1,135,000	-	1,223,000	-	2,358,000
2012	10,933,601	1,728,930	76,617,376	1,197,300	90,477,207
2013	2,425,000	2,412,000	580,000	-	5,417,000

(1) Estimated cost of construction  
Source: City of Warren Building Department

# City of Warren, Michigan

## Statistical Section Operating Information Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>General government:</u>										
Council	14	13	13	13	13	13	13	12	10	10
37th District Court	50	50	50	50	49	49	49	49	46	46
Mayor	7	7	7	7	7	7	7	6	6	6
Clerk	11	10	8	9	9	9	9	9	8	7
Treasurer	15	13	12	12	12	12	11	10	10	9
Controller	20	19	19	19	19	19	18	14	13	12
Information Systems	4	4	3	3	3	3	3	3	3	4
Legal	11	11	11	11	11	11	11	11	10	10
Assessing	13	12	12	12	12	12	12	11	11	11
Labor Relations	3	1	1	1	1	2	2	-	-	-
Personnel	6	6	6	6	6	6	6	-	-	-
Human Resources	-	-	-	-	-	-	-	9	9	9
D.P.W. Garage	10	8	8	8	8	8	7	7	7	7
Building Maintenance	18	16	15	15	15	15	9	9	8	8
Police & Fire Civil Service	1	1	1	1	1	1	1	-	-	-
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
Beautification Commission	1	-	-	-	-	-	-	-	-	-
	<u>186</u>	<u>173</u>	<u>168</u>	<u>169</u>	<u>168</u>	<u>169</u>	<u>160</u>	<u>152</u>	<u>143</u>	<u>141</u>
<u>Public safety:</u>										
Fire Department	179	139	148	148	148	147	121	126	120	114
Police Department	290	281	278	274	276	275	270	256	239	233
Animal Control	2	2	2	2	2	2	2	2	2	2
Civil Defense	1	1	1	1	1	1	1	1	1	1
	<u>472</u>	<u>423</u>	<u>429</u>	<u>425</u>	<u>427</u>	<u>425</u>	<u>394</u>	<u>385</u>	<u>362</u>	<u>350</u>
<u>City Development:</u>										
Public Service Director	4	4	4	4	4	3	3	3	3	3
Engineering	17	9	8	8	8	8	7	7	5	5
Property Maintenance	6	3	3	3	3	4	1	1	-	-
Building Inspections	20	18	17	17	17	17	18	16	15	15
Planning	7	5	4	5	5	5	5	3	3	3
Rental Ordinance	2	2	2	2	2	3	3	3	3	3
	<u>56</u>	<u>41</u>	<u>38</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>37</u>	<u>33</u>	<u>29</u>	<u>29</u>
<u>Highways and Streets</u>										
	<u>41</u>	<u>41</u>	<u>41</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>30</u>	<u>28</u>	<u>24</u>	<u>24</u>
<u>Recreation and Culture:</u>										
Library	22	16	16	16	16	16	16	12	22	22
Recreation	20	20	20	20	20	20	20	18	16	13
Communications	7	6	6	6	6	6	5	5	5	5
	<u>49</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>41</u>	<u>35</u>	<u>43</u>	<u>40</u>
<u>Sanitation</u>										
	<u>45</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>29</u>	<u>28</u>	<u>26</u>	<u>26</u>
<u>Economic Development:</u>										
Community & Economic	-	-	-	-	-	-	-	2	2	2
D.D.A.	1	1	1	1	1	1	1	1	1	1
	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>						
<u>Community Development:</u>										
C.D.B.G.	4	4	4	4	4	3	3	3	3	3
<u>Senior Housing</u>										
	<u>5</u>									
<u>Water and Sewer System</u>										
	<u>107</u>	<u>107</u>	<u>106</u>	<u>97</u>	<u>95</u>	<u>95</u>	<u>87</u>	<u>86</u>	<u>84</u>	<u>88</u>
Total full-time city employees	<u>966</u>	<u>879</u>	<u>876</u>	<u>859</u>	<u>858</u>	<u>857</u>	<u>787</u>	<u>758</u>	<u>722</u>	<u>709</u>

Source: Adopted fiscal year budget