

# *City of Warren, Michigan*

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*Fiscal Year Ended  
June 30, 2014*

**Comprehensive  
Annual Financial  
Report**

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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 5, 2014

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

In accordance with City Charter and State Statute, the City of Warren 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, 2014.

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, 2014 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 compliment 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.

## 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 Group LLC 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 Group LLC 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. Wayne State University is opening an Extension Center right across from Macomb's South Campus on 12 mile and it will be named the Advanced Technology Education Center.

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 with the assistance of a Federal Grant the City has hired an additional 18 firefighters through 2015. 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 several 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. Amongst these are weekly garbage collection; street maintenance, including snow and ice removal; building inspections; 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 2015 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 the 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 made considerable investments in their facilities within the City. 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 their plant. Menards is building a major complex on Van Dyke and Walmart is the new anchor to the Tech Plaza shopping Center.

The 2015 budget has committed to continue to invest in the City's infrastructure with almost \$2 million in General Fund Equipment and Capital Improvements. With all 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. The City has refinanced several bonds in the past three years and will continue to look for those opportunities in the future.

### **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 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. There are currently two relief sewer projects occurring on 10 and 12 mile roads.

### **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, 2013. 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

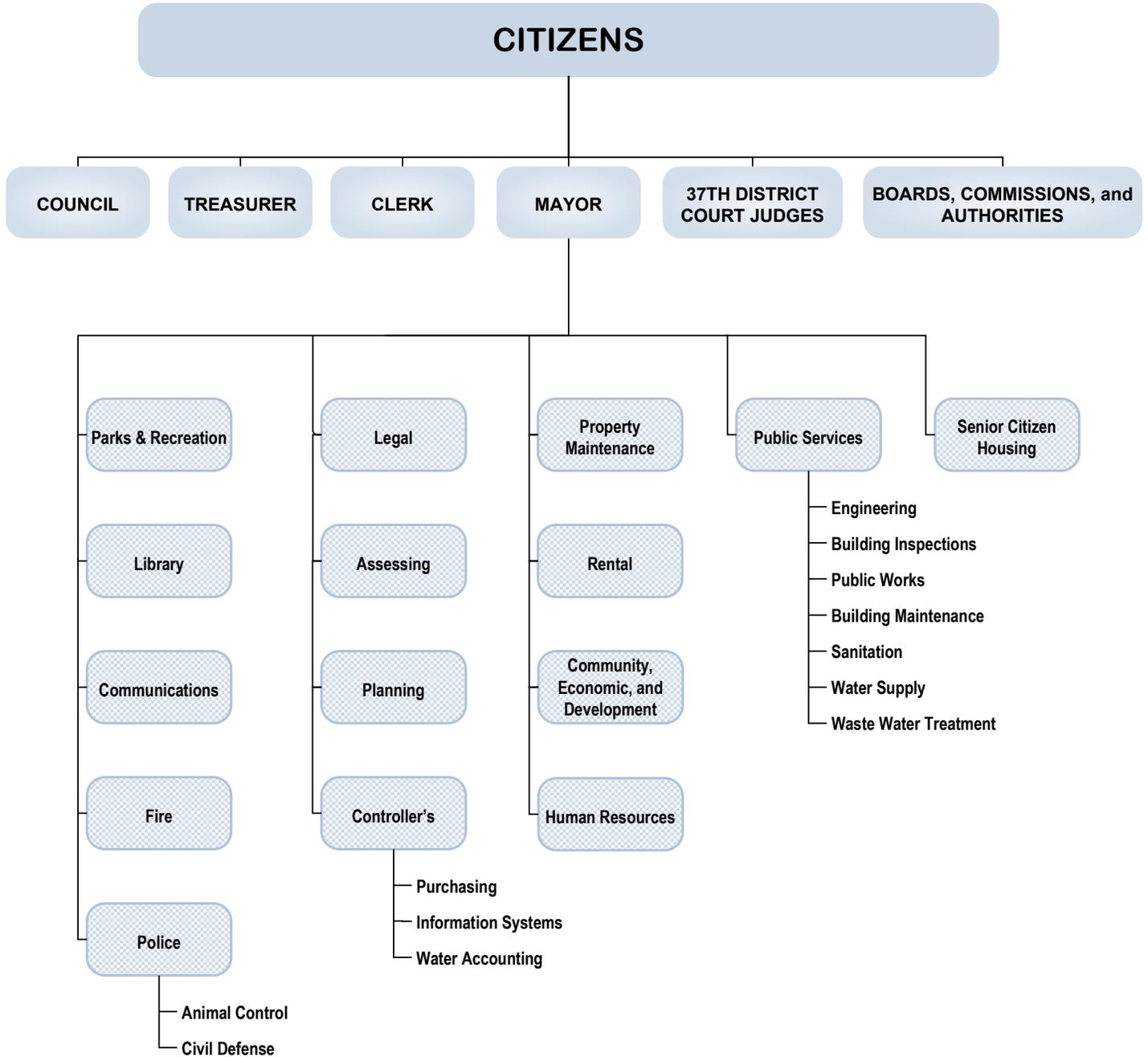
**City of Warren  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

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, 2014, 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 represents 29 percent, 29 percent, and 24 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 reports 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, 2014 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 21 to the basic financial statements, during the City's 2013-2014 fiscal year, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***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, schedules of funding progress of the other postemployment benefits, 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.

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

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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 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 5, 2014

# 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, 2014. 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, 2014:

- As a result of this year's operations, governmental activities net position increased by \$12.9 million or 7.0 percent from 2013. The increase is due primarily to positive operating results in the General Fund. The City's continued cost-cutting resulted in a \$9.8 million favorable budget expenditure variance for the year.
- As a result of this year's operations, business-type activities net position increased by \$3.7 million or 3.9 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 \$12.0 million increase in fund balance from the prior year. This increase is due primarily to a favorable budget expenditure variance for the year.

### 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, 2014 compared to the prior year:

Note: GASB Statement No. 65 was implemented in fiscal year 2014, but bond refunding loss being amortized was not reflected retroactively in the fiscal year 2013 column below.

	Governmental Activities			Percent Change
	2013	2014	Change	
<b>Assets</b>				
Other assets	\$ 103,804,807	\$ 118,617,318	\$ 14,812,511	14%
Capital assets	133,444,491	130,487,945	(2,956,546)	-2%
Total assets	237,249,298	249,105,263	11,855,965	5%
<b>Deferred Outflows of Resources -</b>				
Bond refunding loss being amortized	-	540,651	540,651	
<b>Liabilities</b>				
Current liabilities	7,557,133	8,533,860	976,727	13%
Long-term liabilities	45,850,825	44,326,166	(1,524,659)	-3%
Total liabilities	53,407,958	52,860,026	(547,932)	-1%
<b>Net Position</b>				
Net investment in capital assets	110,679,720	109,841,350	(838,370)	-1%
Restricted	41,217,523	44,730,230	3,512,707	9%
Unrestricted	31,944,097	42,214,308	10,270,211	32%
Total net position	<u>\$ 183,841,340</u>	<u>\$ 196,785,888</u>	<u>\$ 12,944,548</u>	7%

# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

	Governmental Activities			Percent
	2013	2014	Change	Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 14,573,858	\$ 16,511,721	\$ 1,937,863	13%
Operating grants	15,882,698	16,769,695	886,997	6%
Capital grants	700,760	821,463	120,703	17%
General revenue:				
Property taxes	90,992,186	89,157,917	(1,834,269)	-2%
State-shared revenue	12,256,586	12,604,122	347,536	3%
Investment earnings	169,068	151,370	(17,698)	-10%
Other revenue	4,618,312	5,205,795	587,483	13%
<b>Total revenue</b>	<b>139,193,468</b>	<b>141,222,083</b>	<b>2,028,615</b>	<b>1%</b>
<b>Program Expenses</b>				
General government	11,005,229	12,963,834	1,958,605	18%
District court	5,939,804	6,501,550	561,746	9%
Public safety	59,683,364	63,792,208	4,108,844	7%
Public works	24,338,956	27,934,896	3,595,940	15%
Community and economic development	4,254,706	4,331,962	77,256	2%
Recreation and cultural	12,111,420	11,815,426	(295,994)	-2%
Interest on long-term debt	1,085,956	937,659	(148,297)	-14%
<b>Total expenses</b>	<b>118,419,435</b>	<b>128,277,535</b>	<b>9,858,100</b>	<b>8%</b>
<b>Change in Net Position</b>	<b>\$ 20,774,033</b>	<b>\$ 12,944,548</b>	<b>\$ (7,829,485)</b>	<b>-38%</b>

The governmental net position increased 7 percent from a year ago - increasing from \$183.8 million to \$196.8 million.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$10.3 million for the governmental activities. This represents an increase of approximately 32.0 percent from the prior year. The current level of unrestricted net position for our governmental activities stands at \$42.2 million, or about 32.9 percent of expenditures.

The City's total governmental revenues increased by approximately \$2.0 million or 1 percent. This increase was primarily due to the increase in charges for services of \$1.9 million.

Expenses increased by \$9.9 million or 8 percent during the year. The increase was primarily due to the City's continued commitment to public safety (\$4.1 million) and public works (\$3.6 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, 2014 compared to the prior year:

Note: GASB Statement No. 65 was implemented in fiscal year 2014, but bond refunding loss being amortized was not reflected retroactively in the fiscal year 2013 column below.

	Business-type Activities			Percent Change
	2013	2014	Change	
<b>Assets</b>				
Other assets	\$ 59,618,591	\$ 75,515,731	\$ 15,897,140	27%
Capital assets	<u>121,247,893</u>	<u>122,472,273</u>	<u>1,224,380</u>	1%
Total assets	<u>180,866,484</u>	<u>197,988,004</u>	<u>17,121,520</u>	9%
<b>Deferred Outflows of Resources -</b>				
Bond refunding loss being amortized	-	1,322,715	1,322,715	
<b>Liabilities</b>				
Current liabilities	4,023,905	3,436,887	(587,018)	-15%
Long-term liabilities	<u>80,479,736</u>	<u>95,754,718</u>	<u>15,274,982</u>	19%
Total liabilities	<u>84,503,641</u>	<u>99,191,605</u>	<u>14,687,964</u>	17%
<b>Net Position</b>				
Net investment in capital assets	60,698,300	61,917,558	1,219,258	2%
Restricted	10,511,646	11,418,448	906,802	9%
Unrestricted	<u>25,152,897</u>	<u>26,783,108</u>	<u>1,630,211</u>	6%
Total net position	<u>\$ 96,362,843</u>	<u>\$ 100,119,114</u>	<u>\$ 3,756,271</u>	4%

# City of Warren, Michigan

## Management's Discussion and Analysis (Continued)

	Business-type Activities			Percent Change
	2013	2014	Change	
Operating revenue	\$ 42,997,260	\$ 40,760,616	\$ (2,236,644)	-5%
Operating expenses, other than depreciation	29,355,515	29,849,367	493,852	2%
Depreciation and amortization	4,300,975	4,748,403	447,428	10%
<b>Operating Income</b>	<b>9,340,770</b>	<b>6,162,846</b>	<b>(3,177,924)</b>	<b>-34%</b>
Interest income	48,181	65,970	17,789	37%
Interest expense	2,556,963	2,698,248	141,285	6%
Other nonoperating expenses	2,891	-	(2,891)	-100%
Gain on sale of assets	140,108	37,339	(102,769)	-73%
Other nonoperating general revenue	289,164	188,364	(100,800)	-35%
<b>Change in Net Position</b>	<b>\$ 7,258,369</b>	<b>\$ 3,756,271</b>	<b>\$ (3,502,098)</b>	<b>-48%</b>

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 \$3.8 million or 4 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 \$1.6 million. This represents an increase of approximately 6 percent. The current level of unrestricted net position stands at \$26.8 million, or about 72 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 2014 include the General Fund and the Grant Fund.

# City of Warren, Michigan

## **Management's Discussion and Analysis (Continued)**

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 \$59.2 million in 2014. Revenue exceeded expenditures (including transfers) in the General Fund by \$12.0 million. This was primarily due to favorable budget expenditure variances for the year of \$9.8 million. Unassigned fund balance of \$32.7 million is approximately 38 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 adjustments were for federal and state grants and for the settlement of a lawsuit. At year end, General Fund expenditures were \$9.8 million under budget. This was due to careful spending by department leaders. General Fund revenue came in over budget by \$2.7 million primarily due to an increase in fines and forfeitures by \$1.2 million.

### **Capital Asset and Debt Administration**

At the end of fiscal year 2014, the City had \$253 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 \$130.5 million and business-type net capital assets are \$122.5 million (see Note 6 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 2014 when the City refinanced several bond holdings. Please see Note 8 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 long-term financial plan, the City is looking positively toward fiscal 2015 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, 2014

	Primary Government			
	Governmental	Business-type	Total	Component Units
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 82,530,932	\$ 27,455,400	\$ 109,986,332	\$ 11,981,297
Receivables (Note 4)	32,267,106	12,082,220	44,349,326	28,342
Due from component units	365,731	-	365,731	-
Due from primary government	-	-	-	12,433
Internal balances*	1,873,797	(1,821,071)	52,726	-
Inventory	187,866	491,370	679,236	136,296
Prepaid expenses and other assets	49,720	54,369	104,089	1,230
Restricted assets (Note 1)	-	37,253,443	37,253,443	-
Deposits	1,342,166	-	1,342,166	-
Capital assets:				
Assets not subject to depreciation (Note 6)	27,524,628	1,848,001	29,372,629	122,419
Assets subject to depreciation (Note 6)	102,963,317	120,624,272	223,587,589	1,074,221
<b>Total assets</b>	<b>249,105,263</b>	<b>197,988,004</b>	<b>447,093,267</b>	<b>13,356,238</b>
<b>Deferred Outflows of Resources -</b>				
Bond refunding loss being amortized (Notes 1 and 21)	540,651	1,322,715	1,863,366	81,386
<b>Liabilities</b>				
Accounts payable	6,213,515	2,314,397	8,527,912	3,579
Due to other governmental units	40,487	-	40,487	-
Due to component units	12,433	-	12,433	-
Due to primary government	-	-	-	365,731
Other	604,806	280,242	885,048	5,000
Accrued liabilities and other	1,607,195	824,220	2,431,415	678,266
Unearned revenue	55,424	18,028	73,452	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	2,349,399	548,529	2,897,928	-
Provision for property tax refunds	198,076	-	198,076	129,742
Current portion of long-term debt (Note 8)	3,285,162	5,882,146	9,167,308	2,365,736
Due in more than one year:				
Compensated absences	9,397,595	526,004	9,923,599	-
Provision for claims	6,069,644	-	6,069,644	-
Net OPEB obligation - Police and fire	4,914,206	-	4,914,206	-
Long-term debt (Note 8)	18,112,084	88,798,039	106,910,123	60,443,015
<b>Total liabilities</b>	<b>52,860,026</b>	<b>99,191,605</b>	<b>152,051,631</b>	<b>63,991,069</b>
<b>Net Position</b>				
Net investment in capital assets	109,841,350	61,917,558	171,758,908	1,196,640
Restricted for:				
Streets and highways	17,231,131	-	17,231,131	-
Public safety	3,459,764	-	3,459,764	-
Recreation and culture	9,488,578	-	9,488,578	-
Sanitation	2,013,644	-	2,013,644	-
Community development	8,178,710	-	8,178,710	-
Capital projects	4,148,403	-	4,148,403	-
Debt service	210,000	11,418,448	11,628,448	-
Unrestricted	42,214,308	26,783,108	68,997,416	(51,750,085)
<b>Total net position</b>	<b>\$ 196,785,888</b>	<b>\$ 100,119,114</b>	<b>\$ 296,905,002</b>	<b>\$ (50,553,445)</b>

\* 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, 2013.

# City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 12,963,834	\$ 1,752,311	\$ 1,657,400	\$ 821,463
District Court	6,501,550	6,562,060	143,445	-
Public safety	63,792,208	4,898,633	2,116,865	-
Public works	27,934,896	182,940	9,445,535	-
Community and economic development	4,331,962	696,167	2,889,536	-
Recreation and culture	11,815,426	2,419,610	516,914	-
Interest on long-term debt	937,659	-	-	-
Total governmental activities	128,277,535	16,511,721	16,769,695	821,463
Business-type activities:				
Water and Sewer Fund	35,174,833	38,541,038	-	-
Senior housing	2,121,185	2,219,578	-	-
Total business-type activities	37,296,018	40,760,616	-	-
Total primary government	<u>\$ 165,573,553</u>	<u>\$ 57,272,337</u>	<u>\$ 16,769,695</u>	<u>\$ 821,463</u>
Component units:				
Tax Increment Financing Authority	\$ 62,732	\$ -	\$ -	\$ -
Downtown Development Authority	4,092,878	-	-	-
Brownfield Redevelopment	270,442	-	-	-
Total component units	<u>\$ 4,426,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
General revenue				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenues				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year (as restated)</b>				
<b>Net Position - End of year</b>				

## Statement of Activities Year Ended June 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,732,660)	\$ -	\$ (8,732,660)	\$ -
203,955	-	203,955	-
(56,776,710)	-	(56,776,710)	-
(18,306,421)	-	(18,306,421)	-
(746,259)	-	(746,259)	-
(8,878,902)	-	(8,878,902)	-
(937,659)	-	(937,659)	-
(94,174,656)	-	(94,174,656)	-
-	3,366,205	3,366,205	-
-	98,393	98,393	-
-	3,464,598	3,464,598	-
(94,174,656)	3,464,598	(90,710,058)	-
-	-	-	(62,732)
-	-	-	(4,092,878)
-	-	-	(270,442)
-	-	-	(4,426,052)
89,157,917	-	89,157,917	7,112,476
12,604,122	-	12,604,122	-
151,370	65,970	217,340	13,015
2,009,117	-	2,009,117	-
3,177,189	188,364	3,365,553	352,233
19,489	37,339	56,828	-
107,119,204	291,673	107,410,877	7,477,724
12,944,548	3,756,271	16,700,819	3,051,672
183,841,340	96,362,843	280,204,183	(53,605,117)
<b>\$ 196,785,888</b>	<b>\$ 100,119,114</b>	<b>\$ 296,905,002</b>	<b>\$ (50,553,445)</b>

# City of Warren, Michigan

## Governmental Funds Balance Sheet June 30, 2014

	General Fund	Grant Fund	Nonmajor Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 39,764,868	\$ 479,334	\$ 42,286,730	\$ 82,530,932
Receivables (Note 4):				
Property taxes receivable	414,275	-	163,160	577,435
Special assessments receivable	-	-	900,747	900,747
Accrued interest receivable	736	-	283	1,019
Other receivables	383,348	-	569,849	953,197
Due from other governmental units	4,163,458	502,331	1,764,741	6,430,530
Due from pension and VEBA funds	15,550,278	-	1,194	15,551,472
Notes receivable	-	7,852,706	-	7,852,706
Due from component units	349,802	-	15,929	365,731
Due from other funds	2,906,841	-	270	2,907,111
Inventory	151,351	-	36,515	187,866
Prepaid expenses and other assets	33,057	12,605	4,058	49,720
Deposits	907,047	-	435,119	1,342,166
	<u>\$ 64,625,061</u>	<u>\$ 8,846,976</u>	<u>\$ 46,178,595</u>	<u>\$ 119,650,632</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,603,657	\$ 513,680	\$ 1,096,178	\$ 6,213,515
Due to other governmental units	40,073	-	414	40,487
Due to component units	12,433	-	-	12,433
Due to other funds	149	150,045	883,120	1,033,314
Refundable deposits, bonds, etc.	493,358	-	111,448	604,806
Accrued liabilities and other	1,150,721	4,541	288,014	1,443,276
Unearned revenue	55,424	-	-	55,424
Provision for property tax refunds	148,553	-	49,523	198,076
	<u>6,504,368</u>	<u>668,266</u>	<u>2,428,697</u>	<u>9,601,331</u>
<b>Deferred Inflows of Resources -</b>				
Unavailable revenue	1,153,420	8,019,653	1,084,072	10,257,145
<b>Fund Balances</b>				
Nonspendable:				
Inventory/Assets held for resale	151,351	-	36,515	187,866
Prepays	33,057	12,605	4,058	49,720
Restricted:				
Roads	-	-	17,179,773	17,179,773
Grants	-	146,452	-	146,452
Capital projects	-	-	2,334,196	2,334,196
Sanitation	-	-	1,936,212	1,936,212
Recreation	-	-	1,528,526	1,528,526
Library	-	-	4,585,596	4,585,596
Cable franchise fees	-	-	3,307,515	3,307,515
Police enforcement	78,199	-	3,205,597	3,283,796
Special assessments	-	-	1,095,293	1,095,293
Vice crime	-	-	175,968	175,968

# City of Warren, Michigan

## Governmental Funds Balance Sheet (Continued) June 30, 2014

	General Fund	Grant Fund	Nonmajor Funds	Total
<b>Fund Balances (Continued)</b>				
Committed:				
Rental ordinance	\$ -	\$ -	\$ 955,231	\$ 955,231
Special assessments	-	-	98,232	98,232
Assigned:				
Subsequent year's budget	2,164,211	-	-	2,164,211
Compensated absences	10,883,371	-	-	10,883,371
Claims and insurance	6,069,644	-	-	6,069,644
37th District Court	-	-	5,957,008	5,957,008
Debt service	-	-	266,106	266,106
Capital equipment	4,927,500	-	-	4,927,500
Unassigned	32,659,940	-	-	32,659,940
	56,967,273	159,057	42,665,826	99,792,156
Total fund balances	56,967,273	159,057	42,665,826	99,792,156
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 64,625,061</b>	<b>\$ 8,846,976</b>	<b>\$ 46,178,595</b>	<b>\$ 119,650,632</b>

# City of Warren, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2014

<b>Fund Balance Reported in Governmental Funds</b>	\$ 99,792,156
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	130,487,945
Unamortized bond premium	64,951
Deferred charges on refunding are deferred inflows and are not reported in the funds	540,651
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	900,742
Grants, property taxes, 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	9,356,403
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(21,462,197)
Accrued interest is not due and payable in the current period and is not reported in the funds	(163,919)
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	(11,746,994)
The police and fire OPEB liability is payable over a number of years in the future, does not present a claim on current financial resources, and is not reported as a fund liability	(4,914,206)
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>(6,069,644)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 196,785,888</u></u></b>

# City of Warren, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	General Fund	Grant Fund	Nonmajor Funds	Total
<b>Revenue</b>				
Property taxes	\$ 67,424,182	\$ -	\$ 21,936,225	\$ 89,360,407
Licenses and permits	2,700,351	-	-	2,700,351
Federal grants	2,127,861	3,371,710	487,212	5,986,783
State-shared revenue and grants	14,384,318	-	10,408,811	24,793,129
Charges for services	3,958,527	-	2,087,552	6,046,079
Fines and forfeitures	5,607,617	-	1,621,409	7,229,026
Investment income	115,008	-	16,805	131,813
Rental income	-	-	141,803	141,803
Other revenue:				
Special assessments	-	-	642,545	642,545
Cable franchise fees	-	-	2,008,354	2,008,354
Other miscellaneous income	1,976,246	-	335,136	2,311,382
Total revenue	98,294,110	3,371,710	39,685,852	141,351,672
<b>Expenditures</b>				
Current:				
General government	11,246,649	-	611,442	11,858,091
District court	6,756,822	-	-	6,756,822
Public safety	59,232,113	-	531,066	59,763,179
Public works	7,493,898	-	20,904,093	28,397,991
Community and economic development	546,058	3,317,316	471,326	4,334,700
Recreation and culture	37,939	-	10,719,202	10,757,141
Debt service	280,886	-	4,041,914	4,322,800
Total expenditures	85,594,365	3,317,316	37,279,043	126,190,724
<b>Excess of Revenue Over Expenditures</b>	12,699,745	54,394	2,406,809	15,160,948
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	-	-	13,790,528	13,790,528
Proceeds from sale of capital assets	-	-	763	763
Transfers in	-	-	3,833,755	3,833,755
Transfers out	(692,676)	-	(3,141,079)	(3,833,755)
Payment to bond refunding escrow agent	-	-	(13,677,426)	(13,677,426)
Total other financing (uses) sources	(692,676)	-	806,541	113,865
<b>Net Change in Fund Balances</b>	12,007,069	54,394	3,213,350	15,274,813
<b>Fund Balances - Beginning of year</b>	44,960,204	104,663	39,452,476	84,517,343
<b>Fund Balances - End of year</b>	<b>\$ 56,967,273</b>	<b>\$ 159,057</b>	<b>\$ 42,665,826</b>	<b>\$ 99,792,156</b>

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

# City of Warren, Michigan

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 15,274,813</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	4,868,928
Depreciation expense	(7,806,408)
Net book value of assets disposed of	(19,066)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(931,308)
Deferred charges on current year refundings are expenditures in the governmental funds, but not in the statement of activities	566,212
Amortization of deferred charges on refunding is expensed in the statement of net position but does not affect financial resources for the governmental funds	(51,259)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	16,459,920
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(13,786,581)
Change in accrued interest payable and other	38,293
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	2,933,591
Change in the provision for claims liability	311,619
Change in accrued police and fire other postemployment benefits	(4,914,206)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 12,944,548</u></b>

# City of Warren, Michigan

## Proprietary Funds Statement of Net Position June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund - 12/31/13	Nonmajor Enterprise	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 23,945,178	\$ 3,510,222	\$ 27,455,400
Receivables:			
Receivables from sales to customers on account	11,101,082	-	11,101,082
Accrued interest receivable	78	-	78
Other receivables	152,786	4,358	157,144
Due from other funds	10,389	307,017	317,406
Inventory	491,370	-	491,370
Prepaid expenses and other assets	54,286	83	54,369
Total current assets	35,755,169	3,821,680	39,576,849
Noncurrent assets:			
Restricted assets (Note 1)	37,253,443	-	37,253,443
Assets with financing entity	823,916	-	823,916
Capital assets:			
Assets not subject to depreciation	1,626,357	221,644	1,848,001
Assets subject to depreciation	113,745,975	6,878,297	120,624,272
Total noncurrent assets	153,449,691	7,099,941	160,549,632
Total assets	189,204,860	10,921,621	200,126,481
<b>Deferred Outflows of Resources -</b>			
Bond refunding loss being amortized	1,182,757	139,958	1,322,715
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,265,860	48,537	2,314,397
Due to other funds	1,670,942	467,535	2,138,477
Refundable deposits, bonds, etc.	70,447	209,795	280,242
Accrued liabilities and other	808,024	16,196	824,220
Unearned revenue	-	18,028	18,028
Compensated absences	548,529	-	548,529
Current portion of long-term debt	5,421,090	461,056	5,882,146
Total current liabilities	10,784,892	1,221,147	12,006,039
Noncurrent liabilities:			
Compensated absences	484,624	41,380	526,004
Long-term debt	85,664,682	3,133,357	88,798,039
Total noncurrent liabilities	86,149,306	3,174,737	89,324,043
Total liabilities	96,934,198	4,395,884	101,330,082
<b>Net Position</b>			
Net investment in capital assets	58,272,072	3,645,486	61,917,558
Restricted - Debt service	11,418,448	-	11,418,448
Unrestricted	23,762,899	3,020,209	26,783,108
Total net position	<b>\$ 93,453,419</b>	<b>\$ 6,665,695</b>	<b>\$ 100,119,114</b>

# City of Warren, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund - 12/31/13	Nonmajor Enterprise	Total
<b>Operating Revenue</b>			
Sale of water	\$ 19,965,782	\$ -	\$ 19,965,782
Sewage disposal charges	16,854,724	-	16,854,724
Other sales to customers	217,539	-	217,539
Interest and penalty charges	1,502,993	-	1,502,993
Rental revenue	-	1,765,937	1,765,937
Other operating revenue	-	453,641	453,641
Total operating revenue	<u>38,541,038</u>	<u>2,219,578</u>	<u>40,760,616</u>
<b>Operating Expenses</b>			
Cost of water	9,423,500	-	9,423,500
Other operation and maintenance	3,900,836	-	3,900,836
Billing and administrative costs	1,966,936	452,617	2,419,553
Wages and fringes	11,184,951	495,220	11,680,171
Materials and supplies	765,488	57,960	823,448
Other operating expenses	-	721,936	721,936
Professional services	879,923	-	879,923
Depreciation	4,483,579	264,824	4,748,403
Total operating expenses	<u>32,605,213</u>	<u>1,992,557</u>	<u>34,597,770</u>
<b>Operating Income</b>	5,935,825	227,021	6,162,846
<b>Nonoperating Revenue (Expenses)</b>			
Investment income	64,219	1,751	65,970
Interest expense	(2,569,620)	(128,628)	(2,698,248)
Gain on sale of assets	37,339	-	37,339
Capital grant	188,364	-	188,364
Total nonoperating expenses	<u>(2,279,698)</u>	<u>(126,877)</u>	<u>(2,406,575)</u>
<b>Change in Net Position</b>	3,656,127	100,144	3,756,271
<b>Net Position - Beginning of year (as restated) (Note 21)</b>	<u>89,797,292</u>	<u>6,565,551</u>	<u>96,362,843</u>
<b>Net Position - End of year</b>	<u><u>\$ 93,453,419</u></u>	<u><u>\$ 6,665,695</u></u>	<u><u>\$ 100,119,114</u></u>

# City of Warren, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	Enterprise Funds		
	Water and Sewer Fund - 12/31/13	Nonmajor Enterprise	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 41,856,285	\$ 2,236,088	\$ 44,092,373
Receipts from interfund services and reimbursements	-	280,359	280,359
Payments to suppliers	(17,096,989)	(1,210,065)	(18,307,054)
Payments to employees	(11,260,165)	(490,024)	(11,750,189)
Receipts from (payments to) other funds	214,873	(1,216,214)	(1,001,341)
Net cash provided by (used in) operating activities	13,714,004	(399,856)	13,314,148
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from issuance of bonds	21,057,103	-	21,057,103
Receipt of capital grants	233,285	-	233,285
Proceeds from sales of capital assets	81,988	-	81,988
Purchase of capital assets	(4,241,382)	-	(4,241,382)
Principal and interest paid on capital debt	(8,987,402)	(499,702)	(9,487,104)
Net cash provided by (used in) capital and related financing activities	8,143,592	(499,702)	7,643,890
<b>Cash Flows from Investing Activities</b> - Interest received on investments	64,376	1,824	66,200
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	21,921,972	(897,734)	21,024,238
<b>Cash and Cash Equivalents</b> - Beginning of year	39,276,649	4,407,956	43,684,605
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 61,198,621</u>	<u>\$ 3,510,222</u>	<u>\$ 64,708,843</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 23,945,178	\$ 3,510,222	\$ 27,455,400
Restricted cash	5,274,604	-	5,274,604
Restricted unspent bond proceeds for capital projects	31,978,839	-	31,978,839
Total cash and cash equivalents	<u>\$ 61,198,621</u>	<u>\$ 3,510,222</u>	<u>\$ 64,708,843</u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 5,935,825	\$ 227,021	\$ 6,162,846
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	4,483,579	264,824	4,748,403
Changes in assets and liabilities:			
Receivables	3,315,247	16,510	3,331,757
Due from others	-	280,359	280,359
Inventories	737,650	-	737,650
Prepaid and other assets	(33,432)	(6)	(33,438)
Accounts payable	(789,611)	22,454	(767,157)
Due to others	214,873	(1,216,214)	(1,001,341)
Accrued and other liabilities	(150,127)	5,196	(144,931)
Net cash provided by (used in) operating activities	<u>\$ 13,714,004</u>	<u>\$ (399,856)</u>	<u>\$ 13,314,148</u>

**Water and Sewer Fund - Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2011, a capital lease transaction was entered into for \$8,021,303. In 2013, \$1,776,050 was used for capital improvements and there was \$823,916 of proceeds remaining that is held with a financing entity.

# City of Warren, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2014

	Pension and Other Employee Benefits - 12/31/13	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 2,059,049	\$ 1,843,945
Investments:		
U.S. government securities	40,656,709	-
Agency securities	2,037,168	-
Stocks	297,425,323	-
Bonds	71,796,002	-
Real estate	19,490,157	-
Other	46,062,737	-
Securities lending	9,458,660	-
Receivables:		
Accrued interest receivable	1,861,372	-
Other receivables	439	-
Prepaid expenses and other assets	4,274	-
Total assets	490,851,890	\$ 1,843,945
<b>Liabilities</b>		
Accounts payable	1,749,652	\$ -
Due to other governmental units	-	23,212
Due to primary government	9,754,729	-
Refundable deposits, bonds, etc.	-	1,752,616
Accrued liabilities and other	784,963	68,117
Obligations under securities lending agreements	10,040,759	-
Total liabilities	22,330,103	\$ 1,843,945
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 468,521,787</b>	

# City of Warren, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Year Ended June 30, 2014

	Pension and Other Employee Benefits - <u>12/31/13</u>
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 11,371,307
Net increase in fair value of investments	72,545,380
Investment-related expenses	<u>(2,153,856)</u>
Net investment income	81,762,831
Securities lending income (loss):	
Interest and dividends	124,819
Securities lending - Investment expense	<u>(17,739)</u>
Net securities lending income	107,080
Contributions:	
Employer	32,922,585
Employee	<u>1,014,441</u>
Total contributions	<u>33,937,026</u>
Total additions	115,806,937
<b>Deductions</b>	
Benefit payments	60,953,345
Refunds of contributions	2,293,639
Administrative expenses	<u>657,918</u>
Total deductions	<u>63,904,902</u>
<b>Net Increase in Net Position Held in Trust</b>	51,902,035
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	<u>416,619,752</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u><b>\$ 468,521,787</b></u>

# City of Warren, Michigan

## Component Units Statement of Net Position June 30, 2014

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,701,959	\$ 9,025,323	\$ 1,254,015	\$ 11,981,297
Receivables - Other	-	-	28,342	28,342
Due from primary government	-	-	12,433	12,433
Inventory	-	136,296	-	136,296
Prepaid expenses and other assets	-	1,230	-	1,230
Capital assets not subject to depreciation (Note 6)	-	122,419	-	122,419
Capital assets subject to depreciation (Note 6)	-	1,074,221	-	1,074,221
Total assets	1,701,959	10,359,489	1,294,790	13,356,238
<b>Deferred Outflows of Resources -</b>				
Bond refunding loss being amortized (Note 1)	-	81,386	-	81,386
<b>Liabilities</b>				
Accounts payable	70	3,509	-	3,579
Due to primary government	3,980	361,751	-	365,731
Refundable deposits, bonds, etc.	-	5,000	-	5,000
Accrued liabilities and other	20,220	658,046	-	678,266
Noncurrent liabilities:				
Due within one year	-	2,495,478	-	2,495,478
Due in more than one year	-	60,443,015	-	60,443,015
Total liabilities	24,270	63,966,799	-	63,991,069
<b>Net Position</b>				
Net investment in capital assets	-	1,196,640	-	1,196,640
Unrestricted	1,677,689	(54,722,564)	1,294,790	(51,750,085)
Total net position	<b>\$ 1,677,689</b>	<b>\$ (53,525,924)</b>	<b>\$ 1,294,790</b>	<b>\$ (50,553,445)</b>

# City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authority	\$ 62,732	\$ -	\$ -	\$ -
Downtown Development Authority:				
General government	307,124	-	-	-
Community and economic development	999,002	-	-	-
Interest expense	<u>2,786,752</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Downtown Development Authority	4,092,878	-	-	-
Brownfield Redevelopment Authority	<u>270,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 4,426,052</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 (as restated) (Note 21)

**Net Position** - End of year

**Component Units  
Statement of Activities  
Year Ended June 30, 2014**

Net (Expense) Revenue and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (62,732)	\$ -	\$ -	\$ (62,732)
-	(307,124)	-	(307,124)
-	(999,002)	-	(999,002)
-	(2,786,752)	-	(2,786,752)
-	(4,092,878)	-	(4,092,878)
-	-	(270,442)	(270,442)
(62,732)	(4,092,878)	(270,442)	(4,426,052)
228,475	6,398,568	485,433	7,112,476
1,858	9,742	1,415	13,015
4,753	347,480	-	352,233
235,086	6,755,790	486,848	7,477,724
172,354	2,662,912	216,406	3,051,672
1,505,335	(56,188,836)	1,078,384	(53,605,117)
<b>\$ 1,677,689</b>	<b>\$ (53,525,924)</b>	<b>\$ 1,294,790</b>	<b>\$ (50,553,445)</b>

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

The City of Warren (the "City"), 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.

#### **Reporting Entity**

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units do not issue their own financial statements. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

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

#### **Discretely Presented Component Units**

**Tax Increment Finance Authority** - 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.

**Downtown Development Authority** - 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.

**Brownfield Redevelopment Authority** - 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. The authority is governed by a board of directors consisting of five members who are appointed by the mayor subject to the approval of the City Council. Additional information can be obtained from the planning department at One City Square, Suite 315, Warren, Michigan 48093-5283.

#### **Accounting and Reporting Principles**

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

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

#### **Fund Accounting**

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

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

- The General Fund, which is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Grant Fund, which is used to account for the proceeds of specific grant revenue that are restricted to expenditures for specified purposes.

**Proprietary funds** include enterprise funds (which provide goods or services to users in exchange for charges or fees). The City reports the following fund as a “major” enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

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

- The Pension and Voluntary Employee Benefit Association (VEBA) trust funds, which 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.
- Payroll Revolving, Cash Bond, Tax Collection, and Fire Insurance Withholding Agency Funds, which 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.

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

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

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

#### **Basis of Accounting**

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

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

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, 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 inflow."

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

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

#### **Report Presentation**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues 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. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

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

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.

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

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

**Cash, Cash Equivalents, 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.

**Restricted Assets** - The Water and Sewer Fund has \$37,253,443 set aside and classified as restricted assets. Of this amount, \$31,978,839 related to unspent bond proceeds to be spent on water main replacements, the meter replacement project, and the pressure reducing station project. In addition, the Water and Sewer Fund's revenue bonds have a covenant that requires the fund to maintain certain reserve levels which amounted to \$5,274,604 at December 31, 2013.

**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.

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

Infrastructure, intangibles, buildings, and equipment are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Lives</u>
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

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

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

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category: the deferred inflows of resources related to unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from many sources: property taxes, circuit court revenue, grants, special assessments, and various other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

#### **Fund Balance Policies**

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

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

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

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

#### **Property Tax Revenue**

Property taxes are levied on each July 1 and December 1 on the taxable valuation 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 2013 tax is levied and collectible on July 1, 2013 and is recognized as revenue in the year ended June 30, 2014 when the proceeds of the levy are budgeted and available for the financing of operations.

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due without penalty during the period from July 1 through August 31 with the final collection date of February 28 before they are added to the county tax rolls.

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

The 2013 taxable valuation of the City totaled \$3.1 billion (a portion of which is abated and a portion of which is captured by the TIFA, DDA, and Brownfield Authorities). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	8.7724	\$ 27,606,000
Emergency medical service	0.2923	919,000
Library charter and operating	1.3373	4,199,000
Rubbish services	2.5550	8,025,000
Police/Fire pension and retiree health care	4.9848	15,704,000
Police operating	0.9746	3,066,000
Fire operating	0.9746	3,066,000
Recreation operating	0.9746	3,066,000
Police and fire operating	4.9000	15,381,000
Road repairs	2.1000	6,581,000
Total	<u>27.8656</u>	<u>\$ 87,613,000</u>

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits.

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)

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

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

### 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 - July 1, 2013	\$ (6,920,224)
Current year permit revenue	1,830,657
Related expenses - Estimated indirect costs	<u>2,485,007</u>
Current year shortfall	<u>(654,350)</u>
Cumulative shortfall - June 30, 2014	<u>\$ (7,574,574)</u>

**Fund Deficits** - At June 30, 2014, the Downtown Development Authority reported a deficit in net position of \$53,525,924. 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)

As permitted by state statutes and under the provisions of a Securities Lending Authorization Agreement, the City Employees' Retirement System and the Police and Fire Retirement System (the "Retirement Systems") lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Retirement Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2014, only United States currency was received as collateral.

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

The Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2014 was one day. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2014, the Retirement Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the Retirement Systems as of June 30, 2014 were \$9,458,660 and \$9,799,586, respectively.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the general City accounts had \$67,360,293 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City's component units had \$8,165,539 of bank deposits that were uninsured and uncollateralized. Additionally, the Water and Sewer Fund and fiduciary funds, at their year end of December 31, 2013, had \$61,264,533 and \$1,474,495, 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.

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

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

At December 31, 2013, 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	\$ 21,558,861	\$ 7,814,066	\$ 7,560,979	\$ 6,183,816
U.S. government agency	3,356,988	2,452,471	904,517	-
Mortgage-backed securities	12,043,965	16,646	476,377	11,550,942
Collateralized mortgage obligations	3,209,128	1,368	-	3,207,760
Asset-backed securities	4,812,571	1,019,071	2,474,687	1,318,813
Corporate and convertible bonds	56,890,481	32,329,819	15,576,125	8,984,537
Foreign bonds and notes	3,876,019	2,057,423	1,772,918	45,678
Municipal bonds	323,776	25,483	41,602	256,691
Bond Index Funds	3,013,692	-	3,013,692	-
Total	<u>\$ 109,085,481</u>	<u>\$ 45,716,347</u>	<u>\$ 31,820,897</u>	<u>\$ 31,548,237</u>

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2014

### 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	\$ 100,883	Not rated	N/A
Huntington Bank - Automated Funds Investment	968,571	Not rated	N/A
Comerica - Government Cash Investment Fund	<u>13,181,058</u>	A1/P1/F1	Moody's
Total	<u>\$ 14,250,512</u>		
<b>Fiduciary Funds</b>			
Goldman Sachs FS Prime Obligations Fund	\$ 3,029,372	AAAm	S&P
Repurchase agreement	1,052,375	A1/P1/F1	Moody's
Comerica Short-term Fund Series C	3,828,973	Not rated	N/A
Index funds	3,013,692	AA1-AA2	Moody's
Bank investment pool	699,193	AAA-AA	Moody's
Debt securities	6,041,886	AAA	S&P
Debt securities	12,683,701	AA	S&P
Debt securities	30,956,082	A	S&P
Debt securities	19,139,804	BBB	S&P
Debt securities	157,869	BB	S&P
Debt securities	<u>2,984,283</u>	Not rated	S&P
Total	<u>\$ 83,587,230</u>		
<b>Component Units</b>			
Bank investment pool	\$ 31,124	Aaa	Moody's
Interlocal agreement	<u>748,685</u>	Aaa	Moody's
Total	<u>\$ 779,809</u>		

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2014

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

**Foreign Currency Risk** - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system 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	\$ 3,692,702	Euro
Foreign stocks	3,460,842	Swiss franc
Foreign stocks	2,367,099	UK pound
Foreign stocks	1,491,854	Hong Kong dollar
Foreign stocks	3,569,002	Japanese yen
Foreign stocks	869,753	Canadian dollar

### Note 4 - Receivables

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:

	Governmental Funds		Nonmajor Funds	Total	Water and Sewer Fund	Nonmajor Enterprise	Total	Component Units
	General Fund	Grant Fund						
Receivables:								
Property taxes receivable	\$ 414,275	\$ -	\$ 163,160	\$ 577,435	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	-	900,747	900,747	-	-	-	-
Receivables from sales to customers on account	-	-	-	-	11,101,082	-	11,101,082	-
Accrued interest receivable	736	-	283	1,019	78	-	78	-
Assets with financing entity	-	-	-	-	823,916	-	823,916	-
Other receivables	383,348	-	569,849	953,197	152,786	4,358	157,144	28,342
Due from other governmental units	4,163,458	502,331	1,764,741	6,430,530	-	-	-	-
Due from pension and VEBA funds	15,550,278	-	1,194	15,551,472	-	-	-	-
Notes receivable	-	7,852,706	-	7,852,706	-	-	-	-
<b>Net receivables</b>	<b>\$ 20,512,095</b>	<b>\$ 8,355,037</b>	<b>\$ 3,399,974</b>	<b>\$ 32,267,106</b>	<b>\$ 12,077,862</b>	<b>\$ 4,358</b>	<b>\$ 12,082,220</b>	<b>\$ 28,342</b>

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2014

### Note 5 - Deferred Inflows/Outflows of Resources

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

	<u>Governmental Funds</u>
Delinquent personal property taxes	\$ 531,886
Special assessments - Unavailable	900,742
Grant revenue - Unavailable	8,399,748
Other	<u>424,769</u>
Total deferred inflows	<u>\$ 10,257,145</u>

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

	<u>Government- wide Statements</u>	<u>Component Units</u>
Bond refunding loss being amortized	<u>\$ 1,863,366</u>	<u>\$ 81,386</u>

### Note 6 - Capital Assets

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

	Balance July 1, 2013	Reclassifications	Additions	Disposals	Balance June 30, 2014
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 25,095,767	\$ -	\$ -	\$ -	\$ 25,095,767
Construction in progress	2,858,673	(1,937,778)	1,507,966	-	2,428,861
Subtotal	27,954,440	(1,937,778)	1,507,966	-	27,524,628
Capital assets being depreciated:					
Infrastructure	140,211,667	1,581,601	1,886,355	-	143,679,623
Buildings and improvements	89,257,432	124,312	224,829	-	89,606,573
Machinery and equipment	45,873,582	231,865	1,249,778	(550,746)	46,804,479
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	284,818,396	1,937,778	3,360,962	(550,746)	289,566,390
Accumulated depreciation:					
Infrastructure	106,311,047	-	1,852,197	-	108,163,244
Buildings and improvements	35,474,666	-	2,766,850	-	38,241,516
Machinery and equipment	30,356,592	-	2,859,629	(531,680)	32,684,541
Land improvements	7,186,040	-	327,732	-	7,513,772
Subtotal	179,328,345	-	7,806,408	(531,680)	186,603,073
Net capital assets being depreciated	105,490,051	1,937,778	(4,445,446)	(19,066)	102,963,317
Net capital assets	\$ 133,444,491	\$ -	\$ (2,937,480)	\$ (19,066)	\$ 130,487,945
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 826,863	\$ -	\$ -	\$ -	\$ 826,863
Construction in progress	1,924,253	(1,699,453)	796,338	-	1,021,138
Subtotal	2,751,116	(1,699,453)	796,338	-	1,848,001
Capital assets being depreciated:					
Buildings and improvements	86,268,022	1,664,100	2,512,808	(145,200)	90,299,730
Machinery and equipment	14,612,983	-	199,090	(4,514)	14,807,559
Utility systems	121,756,523	35,353	2,509,196	(294,377)	124,006,695
Subtotal	222,637,528	1,699,453	5,221,094	(444,091)	229,113,984
Accumulated depreciation:					
Buildings and improvements	33,669,351	-	2,364,172	(100,551)	35,932,972
Machinery and equipment	13,370,371	-	199,583	(4,514)	13,565,440
Utility systems	57,101,029	-	2,184,648	(294,377)	58,991,300
Subtotal	104,140,751	-	4,748,403	(399,442)	108,489,712
Net capital assets being depreciated	118,496,777	1,699,453	472,691	(44,649)	120,624,272
Net capital assets	\$ 121,247,893	\$ -	\$ 1,269,029	\$ (44,649)	\$ 122,472,273

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2014

### Note 6 - Capital Assets (Continued)

Component Units	Balance July 1, 2013	Reclassifications	Additions	Disposals	Balance June 30, 2014
Capital assets not being depreciated - Land	\$ 122,419	\$ -	\$ -	\$ -	\$ 122,419
Capital assets being depreciated - Buildings and improvements	1,101,775	-	-	-	1,101,775
Accumulated depreciation - Buildings and improvements	-	-	27,554	-	27,554
Net capital assets being depreciated	1,101,775	-	(27,554)	-	1,074,221
Net capital assets	<u>\$ 1,224,194</u>	<u>\$ -</u>	<u>\$ (27,554)</u>	<u>\$ -</u>	<u>\$ 1,196,640</u>

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

Governmental activities:

General government	\$ 2,462,764
Public safety	1,947,134
City development	10,847
Highway and streets	1,674,266
Recreation and culture	1,298,767
Sanitation	<u>412,630</u>

Total governmental activities \$ 7,806,408

Business-type activities:

Water and sewer	\$ 4,483,579
Senior citizen housing	<u>264,824</u>

Total business-type activities \$ 4,748,403

Component unit activities - Downtown Development Authority \$ 27,554

**Construction Commitments** - The City has active construction projects at year end. The City's significant active construction project related to sanitary relief sewer and water main replacement. This project is funded through the 2013 Water and Sewer Capital Improvement bond issue. At year end, the City's significant commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Sanitary relief sewer and water main replacement	\$ -	<u>\$ 9,999,056</u>

# City of Warren, Michigan

## Notes to Financial Statements June 30, 2014

### Note 7 - 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	\$ -	\$ 150,045	\$ 1,713,279	\$ 160,518	\$ 15,550,278	\$ 882,999	\$ 18,457,119	\$ 349,802
Nonmajor enterprise funds	-	-	-	307,017	-	-	307,017	-
Component units	12,433	-	-	-	-	-	12,433	-
Nonmajor governmental funds	149	-	-	-	1,194	121	1,464	15,929
<b>Total</b>	<b>\$ 12,582</b>	<b>\$ 150,045</b>	<b>\$ 1,713,279</b>	<b>\$ 467,535</b>	<b>\$ 15,551,472</b>	<b>\$ 883,120</b>	<b>\$ 18,778,033</b>	<b>\$ 365,731</b>

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, 2013.

The balances for the Water and Sewer Funds and fiduciary funds are amounts due at June 30, 2014.

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

Transfer In	Transfers Out		Total
	General Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	<u>\$ 692,676</u>	<u>\$ 3,141,079</u>	<u>\$ 3,833,755</u>

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.

### Note 8 - 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.

**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 \$1,565,102 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.75 percent to 6.50 percent.

**Building Authority and General Obligation 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 2014, have aggregate principal maturities ranging from \$625,000 to \$1,200,000 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 bond has an aggregate maturity of \$210,000 due in fiscal year 2015 with an annual interest rate of 4.00 percent.

### Note 8 - Long-term Debt (Continued)

**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 \$855,000 to \$5,941,367 a year and are due serially through fiscal year 2037 with annual interest rates ranging from 1.625 percent to 6.00 percent. The total liability for SRF, Series 5401-01 at December 31, 2013 is \$2,593,918; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated below.

**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 \$5,645,000 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 3.00 percent to 5.00 percent.

**Senior Housing Bonds** - Senior Housing Bonds consist 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 8 - 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>						
Road Construction Bonds:						
MTF, Series 2003						
Maturing through 2018	3.75%-4.10%	\$ 2,481,351	\$ -	\$ 496,207	\$ 1,985,144	\$ 496,207
Capital Improvement, Series 2006						
Maturing through 2027	3.75%	5,011,949	-	5,011,949	-	-
Capital Improvement, Series 2008						
Maturing through 2028	5.00%-6.50%	3,223,815	-	505,988	2,717,827	190,988
MTF, Refunding Series 2010						
Maturing through 2016	2.75%-3.25%	1,469,228	-	503,164	966,064	488,164
Capital Improvement Refunding Series 2013A						
Maturing through 2027	2.70%	-	4,870,528	-	4,870,528	384,326
Building Authority and General Obligation Bonds:						
Series 2005, Multi-purpose						
Maturing through 2015	4.00%	1,217,094	-	606,310	610,784	610,784
Series 2005, WCC refunding						
Maturing through 2027	4.00%- 4.375%	8,831,958	-	8,831,958	-	-
Series 2014, WCC refunding						
Maturing through 2027	2.35%	-	8,916,053	-	8,916,053	594,680
Sidewalk Replacement Bonds:						
Capital Improvement Bonds, Series 2005						
Maturing through 2015	4.00%	410,362	-	200,189	210,173	210,173
Capital leases (Note 9)		1,424,828	-	304,155	1,120,673	309,840
		<u>24,070,585</u>	<u>13,786,581</u>	<u>16,459,920</u>	<u>21,397,246</u>	<u>3,285,162</u>
Total bonds payable						
Accumulated compensated absences and compensatory time		<u>14,680,585</u>	<u>2,936,117</u>	<u>5,869,708</u>	<u>11,746,994</u>	<u>2,349,399</u>
Total governmental activities		<u>\$ 38,751,170</u>	<u>\$ 16,722,698</u>	<u>\$ 22,329,628</u>	<u>\$ 33,144,240</u>	<u>\$ 5,634,561</u>

### Note 8 - 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 2012						
Maturing through 2026	3.00%-4.00%	\$ 17,780,000	\$ -	\$ 870,000	\$ 16,910,000	\$ 900,000
Capital Improvement Bonds:						
Series 2003	3.30%-4.125%	820,000	-	60,000	760,000	65,000
Series 2006	3.75%	1,979,880	-	1,979,880	-	-
Series 2010	2.50%-3.00%	3,945,000	-	1,165,000	2,780,000	1,065,000
Series 2010	2.55%-6.00%	8,990,000	-	300,000	8,690,000	325,000
Series 2012	2.00%-4.10%	15,680,000	-	420,000	15,260,000	430,000
Series 2013A Refunding	2.70%	-	1,909,472	-	1,909,472	150,674
Series 2013	4.00%-4.50%	-	18,775,000	-	18,775,000	700,000
State Revolving Fund:						
SRF, Series 5134-01						
Maturing through 2024	2.50%	3,130,000	-	225,000	2,905,000	230,000
SRF, Series 5134-02						
Maturing through 2026	2.125%	4,805,000	-	300,000	4,505,000	305,000
SRF, Series 5134-03						
Maturing 2024	2.125%	737,091	-	55,000	682,091	55,000
SRF, Series 5134-04						
Maturing 2026	1.625%	6,010,000	-	385,000	5,625,000	390,000
SRF, Series 5401-01						
Maturing through 2030	2.50%	2,597,912	121,006	125,000	2,593,918	125,000
Capital lease (Note 9):						
2010		575,046	-	184,143	390,903	191,582
2011 Installment Purchase (Note 9)		7,753,087	-	303,300	7,449,787	330,438
Senior Housing Bonds:						
Refunding Series 2012						
Maturing 2026	2.00%-2.25%	3,975,000	-	425,000	3,550,000	455,000
Less deferred amounts:						
Issuance discounts		(306,307)	-	(28,553)	(277,754)	(12,937)
Issuance premiums		2,088,097	251,625	167,954	2,171,768	177,389
Total bonds payable	3.75%-4.00%	80,559,806	21,057,103	6,936,724	94,680,185	5,882,146
Accumulated compensated absences and compensatory time	2.00%-3.00%	1,390,513	170,379	486,359	1,074,533	548,529
Total business-type activities		\$ 81,950,319	\$ 21,227,482	\$ 7,423,083	\$ 95,754,718	\$ 6,430,675
<b>Component Unit Activities</b>						
Downtown Development Limited Tax						
Bonds:						
Series 2002	4.40%-5.00%	\$ 16,396,262	\$ -	\$ 16,396,262	\$ -	\$ -
Series 2003	3.50%-4.25%	16,930,316	-	494,741	16,435,575	744,741
Series 2004	4.00%-4.75%	17,377,084	-	491,667	16,885,417	491,667
Series 2005	4.125%-4.50%	13,899,938	-	243,439	13,656,499	243,439
Series 2013 Refunding	3.00%-4.625%	-	15,835,678	4,418	15,831,260	885,889
Total bonds payable		\$ 64,603,600	\$ 15,835,678	\$ 17,630,527	\$ 62,808,751	\$ 2,365,736

### Note 8 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$6,420,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding discounts and premiums, are as follows, excluding capital leases (see Note 9):

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 2,974,326	\$ 637,925	\$ 3,612,251	\$ 5,239,898	\$ 2,616,880	\$ 7,856,778	\$ 2,380,000	\$ 2,611,013	\$ 4,991,013
2016	2,190,102	526,256	2,716,358	5,874,123	2,483,442	8,357,565	2,870,000	2,518,044	5,388,044
2017	1,740,877	455,453	2,196,330	5,354,755	2,318,146	7,672,901	3,355,000	2,404,981	5,759,981
2018	1,795,245	398,358	2,193,603	5,308,980	2,155,073	7,464,053	3,835,000	2,271,194	6,106,194
2019	1,311,020	339,699	1,650,719	5,425,245	1,988,782	7,414,027	4,315,000	2,109,056	6,424,056
2020-2024	6,618,611	1,103,231	7,721,842	24,622,296	7,402,644	32,024,940	26,840,000	7,316,350	34,156,350
2025-2029	3,710,347	231,955	3,942,302	15,130,592	4,089,880	19,220,472	19,420,000	1,680,778	21,100,778
2030-2034	-	-	-	10,438,918	1,595,293	12,034,211	-	-	-
2035-2039	-	-	-	2,810,000	176,300	2,986,300	-	-	-
Total	\$ 20,340,528	\$ 3,692,877	\$ 24,033,405	\$ 80,204,807	\$ 24,826,440	\$ 105,031,247	\$ 63,015,000	\$ 20,911,416	\$ 83,926,416

**Current Refundings** - In August 2013, the City issued Capital Improvement Refunding Bonds, Series 2013A, in the amount of \$6,780,000. The debt refunded amounted to \$6,991,829 of Building Authority Refunding Bonds, Series 2006, maturing in the years 2014 through 2027. The refunding was undertaken to reduce the debt service payment over the next 13 years with net savings of \$511,848 and to obtain an economic (present value) gain for the City of Warren of \$410,466. This bond is split between the City and the Water and Sewer Fund, with the City receiving 71.8367 percent and the Water and Sewer Fund receiving 28.1633 percent.

In April 2014, the City issued Capital Improvement Refunding Bonds, Series 2014, in the amount of \$8,920,000. The debt refunded amounted to \$8,321,958 of Building Authority Refunding Bonds, Series 2005, maturing in the years 2014 through 2027. The refunding was undertaken to reduce the debt service payment over the next 13 years with net savings of \$1,130,547 and to obtain an economic (present value) gain for the City of Warren of \$967,516.

In September 2013, the Downtown Development Authority issued Limited Tax Refunding Bonds, Series 2013, in the amount of \$15,765,000. The debt refunded amounted to \$16,396,262 of Limited Tax Bonds, Series 2002, maturing in the years 2014 through 2026. The refunding was undertaken to reduce the debt service payment over the next 12 years with net savings of \$1,140,502 and to obtain an economic (present value) gain for the City of Warren of \$856,156.

### Note 9 - Leases

**Capital Leases** - In 2012, the City entered into lease agreements as lessees for financing the purchase of fire trucks and motorcycles used in public safety. The total amount of the financing is \$1,685,319 and \$151,672 for the fire trucks and motorcycles, respectively.

### Note 9 - Leases (Continued)

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

Years Ending June 30	Amount
2015	\$ 331,444
2016	280,886
2017	280,886
2018	280,886
Total	1,174,102
Less interest	53,429
Total	<u>\$ 1,120,673</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, 2013, the construction of the assets under capital lease was considered construction in progress totaling \$7,893. As of December 31, 2013, the project is ongoing; however, a portion of the project totaling \$3,460,294 was completed during the fiscal year and was placed into service, along with \$3,729,200 completed in 2012, where these amounts are considered a capital asset subject to depreciation. The remaining \$823,916 is considered as cash with paying agent.

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 9 - 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>
2014	\$ 738,121
2015	757,681
2016	573,664
2017	626,472
2018	649,255
2019-2023	3,629,729
2024-2026	<u>2,521,574</u>
Total minimum lease payments	9,496,496
Less amount representing interest	<u>(1,655,806)</u>
Present value	<u>\$ 7,840,690</u>

**Note 10 - 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 10 - 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, 2012, the date of the most recent valuation, the plan consisted of 240 active participants, 589 retired participants, and 40 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 40 percent of covered payroll for the period from January 1, 2013 through June 30, 2013 and 43.06 percent of covered payroll for the period from July 1, 2013 through December 31, 2013. The actuarial valuation as of December 31, 2010 was not available prior to the adoption of the city budget for the fiscal year beginning July 1, 2012; therefore, the percentage of annual covered payroll was estimated at 40.00 percent. The actuarial valuation came in at 41.53 percent, thus the 43.06 percent was utilized for the period from July 2013 through December 31, 2013. Administrative costs of the plan are financed through investment earnings. Actuarial valuations are performed bi-annually.

**Funding Progress** - For the year ended December 31, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. 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 10 - General Employees' Other Postemployment Benefits - VEBA (Continued)

For the fiscal year ended December 31, 2013, contributions to the plan totaled \$7,207,330 and postemployment health benefits totaled \$8,722,178. 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:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed	Net OPEB Obligation
12/31/13	12/31/10	\$ 7,207,330	100.0	\$ -
12/31/12	12/31/10	7,157,432	100.0	-
12/31/11	12/31/08	7,296,831	100.0	-

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

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
12/31/12	\$ 25,617,427	\$ 159,271,972	\$ 133,654,545	16.1 %	\$ 16,496,331	810.2 %
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

**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 10 - 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, 2012 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 8.0 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 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, 2012 was 30 years.

### **Note 11 - 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, 2013, membership consisted of 215 current active employees and 538 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 11 - Police and Fire Other Postemployment Benefits - VEBA (Continued)

**Funding Policy** - The City is required by its ordinance to annually fund employer contributions based on the actuarially determined rate. The plan and trust's funding policy provides for monthly employer contributions at the actuarially determined rate for fiscal year 2013 that is intended to accumulate sufficient assets to pay health benefits when due. During 2013, employer contributions were calculated and paid using the actuarially determined rate of 34.63 percent of monthly covered payroll for January through June 2013 as determined by the December 31, 2010 actuarial report. Effective July 1, 2013, required employer contributions are computed by the actuary to be a level dollar amount because the plan is closed to new hires. The annual required employer contribution for the City's fiscal year beginning July 1, 2013 as determined by the December 31, 2011 actuarial report was \$12,835,782. Administrative costs of the plan are financed through investment earnings.

**Funding Progress** - For the year ended June 30, 2014, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. 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 \$7,921,576 in the year ended June 30, 2014. The annual required contribution is \$12,835,782. Prior to this fiscal year, the City has contributed the full ARC and therefore, an OPEB liability has not previously existed. The valuation's computed contribution and actual fundings are summarized as follows:

Annual required contribution (recommended)	\$ 12,835,782
Interest on the prior year's net OPEB obligation	-
Less adjustment to the annual required contribution	-
	<hr/>
Annual OPEB cost	12,835,782
Amounts contributed:	
Amounts contributed toward the ARC	7,921,576
Advance funding	-
	<hr/>
Increase in net OPEB obligation	4,914,206
OPEB obligation - Beginning of year	-
	<hr/>
OPEB obligation - End of year	<u>\$ 4,914,206</u>

### Note 11 - Police and Fire Other Postemployment Benefits - VEBA (Continued)

For the fiscal year ended June 30, 2014, contributions to the plan totaled \$7,921,576. 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
6/30/14	12/31/12	\$ 12,835,782	61.7	\$ 4,914,206
6/30/13	12/31/10	7,086,480	100.0	-
6/30/12	12/31/10	6,444,448	100.0	-

\* Until June 30, 2013, the required contribution was expressed to the City as a percentage of payroll.

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
12/31/12	\$ 16,967,629	\$ 158,461,838	\$ 141,494,209	10.7 %	\$ 19,039,578	743.2 %
12/31/11	17,360,593	153,497,640	136,137,047	11.3	19,755,129	689.1
12/31/10	18,170,142	154,083,759	135,913,617	11.8	24,386,083	557.3
12/31/08	12,805,655	166,135,717	153,330,062	7.7	30,524,963	502.3
12/31/06	16,278,706	173,368,137	157,089,431	9.4	29,425,088	533.9

**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 11 - Police and Fire 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, 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, 2012 was 30 years.

### **Note 12 - 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, 2012, the date of the most recent actuarial valuation, membership consisted of 531 retirees and beneficiaries currently receiving benefits, 24 terminated employees entitled to benefits but not yet receiving them, and 125 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.

**Note 12 - Employees' Retirement System Defined Benefit Pension Plan  
(Continued)**

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.

**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 73.29 percent of covered payroll for the period from January 1, 2013 through June 30, 2013 in accordance with the actuarial valuation dated December 31, 2010 and \$72,500 per active employee (annual basis) for the period from July 1, 2013 through December 31, 2013 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, 2014, the City's annual pension cost of \$7,449,671 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		
	2014	2013	2012
Annual pension cost (APC)	\$ 7,449,671	\$ 5,541,746	\$ 6,040,711
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

### Note 12 - Employees' Retirement System Defined Benefit Pension Plan (Continued)

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

	Actuarial Valuation Date Ended December 31		
	2012	2011	2010
Actuarial value of assets	\$ 115,209	\$ 113,878	\$ 121,368
Actuarial accrued liability (AAL) (entry age)	\$ 185,367	\$ 184,905	\$ 180,371
Unfunded AAL (UAAL)	\$ 70,158	\$ 71,027	\$ 59,003
Funded ratio	62.2 %	61.6 %	67.3 %
Covered payroll	\$ 8,332	\$ 10,328	\$ 10,860
UAAL as a percentage of covered payroll	842.0 %	687.7 %	543.3 %

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2012 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 the expected future working lifetime.

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, 2012 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%

### **Note 12 - Employees' Retirement System Defined Benefit Pension Plan (Continued)**

**Reserves** - As of December 31, 2013, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 96,451
Reserve for employer's contribution	(26,934,487)
Reserve for retirees' benefit payments	148,936,326

### **Note 13 - 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, 2012, the date of the most recent actuarial evaluation, membership consisted of 542 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 306 current active employees.

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 35.91 percent of covered payroll for the period from January 1, 2013 through June 30, 2013 in accordance with the actuarial valuation dated December 31, 2010, and 43.67 percent of covered payroll for the period from July 1, 2013 through December 31, 2013 in accordance with the actuarial valuation dated December 31, 2012.

### Note 13 - Police and Fire Retirement System Defined Benefit Pension Plan (Continued)

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, 2014, the City's annual pension cost of \$12,017,485 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		
	2014	2013	2012
Annual pension cost (APC)	\$ 12,017,485	\$ 9,831,565	\$ 8,446,159
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

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

	Actuarial Valuation Date Ended December 31		
	2012	2011	2010
Actuarial value of assets	\$ 259,570,611	\$ 253,837,495	\$ 280,097,982
Actuarial accrued liability (AAL)			
(entry age)	\$ 370,654,327	\$ 366,331,653	\$ 354,228,101
Unfunded AAL (UAAL)	\$ 111,083,716	\$ 112,494,158	\$ 74,130,119
Funded ratio	70.0 %	69.3 %	79.1 %
Covered payroll	\$ 24,227,908	\$ 24,349,312	\$ 27,491,491
UAAL as a percentage of covered payroll	458.5 %	462.0 %	269.6 %

**Note 13 - Police and Fire 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, 2012, 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 five-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, 2012 are as follows:

Amortization method	Level percentage of payroll
Remaining amortization period	Five years closed for UAAL as of December 31, 2004; 25 years open for remaining UAAL
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%

**Reserves** - As of December 31, 2013, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 16,839,362
Reserve for retired benefit payments	158,067,058

### **Note 14 - 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 267 active participants in the plan as of June 30, 2014. The City contributed approximately \$1.9 million and \$1.8 million for the years ended June 30, 2014 and 2013, respectively.

**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 15 - 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.

### **Note 15 - Other Retirement Plans (Continued)**

**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.

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 16 - 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 16 - Risk Management (Continued)

The government-wide statement of net position reports "accrued insurance claims" in the amount of \$6,069,644 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, 2014 as provided by the City's insurance carrier. The General Fund balance sheet reports "assigned fund balance - insurance claims" in the amount of \$6,069,644. 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:

	2012	Est. Claims Incurred/ Reserved	Payments and Adjustments	2013	Est. Claims Incurred/ Reserved	Payments and Adjustments	2014
Workers' compensation, automobile, and public entity liability	\$ 7,032,758	\$ 2,941,068	\$ (3,592,563)	\$ 6,381,263	\$ 2,236,699	\$ (2,548,318)	\$ 6,069,644
Other insurance related items	500,000	-	(500,000)	-	-	-	-
Estimated liability - End of year	<u>\$ 7,532,758</u>	<u>\$ 2,941,038</u>	<u>\$ (4,092,563)</u>	<u>\$ 6,381,263</u>	<u>\$ 2,236,699</u>	<u>\$ (2,548,318)</u>	<u>\$ 6,069,644</u>

### Note 17 - 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 18 - 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 19 - Subsequent Events**

On August 11, 2014, the City of Warren suffered a significant rainstorm. There was extensive damage to City-owned buildings and residential homes. On October 1, 2014, the Federal Emergency Management Agency (FEMA) declared southeastern Michigan eligible for disaster assistance. The City believes that between insurance coverage and assistance from FEMA, the City will not sustain any material loss from this event.

The Downtown Development Authority refinanced two of its four outstanding debt issuances on August 26, 2014. The Series 2003 and Series 2004 issues were refinanced in the amount of \$31,750,000. The issue has a 2.53 percent interest rate with principal payments starting October 1, 2015. The bonds will mature October 1, 2027.

### **Note 20 - Upcoming Accounting Pronouncements**

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 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 its 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 pension plans' financial statements for the year ending December 31, 2014 and Statement No. 68 is required to be adopted for the City's financial statements for the year ending June 30, 2015.

### Note 21 - Change in Accounting

During the current year, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this Statement, the following liabilities have been reclassified as indicated:

Item	Amount	Prior Reporting Classification/Treatment	New Classification After Adoption of GASB Statement No. 65
Deferred amounts on debt refundings - Governmental activities	\$ 540,651	Adjustment to the bonds payable liability	Deferred outflow of resources
Deferred amounts on debt refundings - Business-type activities	1,322,715	Adjustment to the bonds payable liability	Deferred outflow of resources
Deferred amounts on debt refundings - Component units	81,386	Adjustment to the bonds payable liability	Deferred outflow of resources
Bond issuance costs - Governmental activities	318,712	Adjustment to the bonds payable liability	Outflow of resources (restatement of prior year net position)
Bond issuance costs - Business-type activities	32,121	Adjustment to the bonds payable liability	Outflow of resources (restatement of prior year net position)
Bond issuance costs - Component units	357,604	Adjustment to the bonds payable liability	Outflow of resources (restatement of prior year net position)
Property taxes earned but not collected within 60 days of year end	531,886	Liability	Deferred inflow of resources
Grant resources earned but not received within 60 days of year end	8,399,748	Liability	Deferred inflow of resources
Special assessment revenue earned but not collected within 60 days of year end	900,742	Liability	Deferred inflow of resources
Circuit court revenue earned but not collected within 60 days of year end	136,276	Liability	Deferred inflow of resources
Other revenue earned but not collected within 60 days of year end	288,493	Liability	Deferred inflow of resources

### Note 21 - Change in Accounting (Continued)

#### Restated Net Position

As this statement is applied retroactively, the financial statements for the year ended June 30, 2013 have been restated to apply the changes noted associated with the bond issuance costs. The effect of this change is as follows:

Governmental activities:	
Net position - As of 6/30/13	\$ 184,160,052
Bond issuance costs	<u>(318,712)</u>
Net position - 7/1/13 - As restated	<u>\$ 183,841,340</u>
Business-type activities:	
Net position - As of 6/30/13	\$ 96,394,964
Bond issuance costs	<u>(32,121)</u>
Net position - 7/1/13 - As restated	<u>\$ 96,362,843</u>
Component units:	
Net position - As of 6/30/13	\$ (53,247,513)
Bond issuance costs	<u>(357,604)</u>
Net position - 7/1/13 - As restated	<u>\$ (53,605,117)</u>

## **Required Supplemental Information**

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# City of Warren, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 66,806,980	\$ 66,806,980	\$ 67,424,182	\$ 617,202
Licenses and permits	2,753,000	2,753,000	2,700,351	(52,649)
Federal grants	1,553,876	1,956,376	2,127,861	171,485
State-shared revenue and grants	13,629,896	14,329,188	14,384,318	55,130
Charges for services	3,360,000	3,362,158	3,958,527	596,369
Fines and forfeitures	4,445,000	4,445,000	5,607,617	1,162,617
Investment income	80,000	80,000	115,008	35,008
Other miscellaneous income	6,553,550	6,586,033	6,749,263	163,230
Total revenue	99,182,302	100,318,735	103,067,127	2,748,392
<b>Expenditures - Current</b>				
General government:				
Council	868,071	868,071	764,423	103,648
Mayor	592,475	592,475	418,909	173,566
Controller	1,452,340	1,452,340	1,265,328	187,012
Information technology/data proc.	692,536	738,597	711,452	27,145
Treasurer	1,347,688	1,364,283	1,181,313	182,970
Assessing	1,748,423	1,761,244	1,748,144	13,100
Clerk	1,264,146	1,264,146	855,412	408,734
Building maintenance	1,858,904	1,858,904	1,690,026	168,878
Legal	1,393,385	1,393,385	1,258,912	134,473
Human resources	1,301,579	1,301,579	1,112,035	189,544
Administrative unallocated expense	4,769,200	6,519,200	4,960,356	1,558,844
Other general government	70,920	80,909	53,356	27,553
Total general government	17,359,667	19,195,133	16,019,666	3,175,467
District court	6,234,307	6,966,983	6,756,822	210,161
Public safety:				
Police department	37,953,023	38,099,187	36,307,109	1,792,078
Fire department	21,352,668	21,969,260	20,185,939	1,783,321
Civil defense	214,646	214,646	192,928	21,718
Animal control	365,459	392,228	331,041	61,187
Building inspections	2,447,051	2,509,820	2,485,007	24,813
Crime commission	11,100	11,100	10,975	125
Total public safety	62,343,947	63,196,241	59,512,999	3,683,242

# City of Warren, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures - Current (Continued)</b>				
Public works:				
Property maintenance	\$ 978,371	\$ 989,001	\$ 937,781	\$ 51,220
Engineering and inspections	1,218,365	1,756,657	1,027,292	729,365
Public service director	375,454	375,454	335,803	39,651
Stormwater drainage	70,392	70,392	70,392	-
Highway street lighting	3,193,000	3,447,604	3,092,040	355,564
DPW garage	3,216,135	3,428,289	2,030,590	1,397,699
Total public works	9,051,717	10,067,397	7,493,898	2,573,499
Community and economic development:				
Planning, zoning, and related	489,446	489,446	430,140	59,306
Economic development opportunities	200,215	200,215	115,918	84,297
Total community and economic development	689,661	689,661	546,058	143,603
Recreation and culture:				
Historical commission	14,315	14,315	10,176	4,139
Cultural commission	24,600	24,600	24,501	99
Village historical commission	6,400	6,400	3,262	3,138
Total recreation and culture	45,315	45,315	37,939	7,376
Total expenditures	95,724,614	100,160,730	90,367,382	9,793,348
<b>Excess of Revenue Over Expenditures</b>	3,457,688	158,005	12,699,745	12,541,740
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	1,050,000	1,050,000	-	(1,050,000)
Transfers out	(707,610)	(707,610)	(692,676)	14,934
Total other financing sources (uses)	342,390	342,390	(692,676)	(1,035,066)
<b>Net Change in Fund Balance</b>	3,800,078	500,395	12,007,069	11,506,674
<b>Fund Balance - Beginning of year</b>	44,960,204	44,960,204	44,960,204	-
<b>Fund Balance - End of year</b>	<b>\$ 48,760,282</b>	<b>\$ 45,460,599</b>	<b>\$ 56,967,273</b>	<b>\$ 11,506,674</b>

# City of Warren, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Grant Fund Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue - Federal grants</b>	\$ 1,860,723	\$ 1,860,723	\$ 3,371,710	\$ 1,510,987
<b>Expenditures - Current - Community and economic development</b>	<u>1,860,723</u>	<u>1,860,723</u>	<u>3,317,316</u>	<u>(1,456,593)</u>
<b>Net Change in Fund Balance</b>	-	-	54,394	54,394
<b>Fund Balance - Beginning of year</b>	<u>104,663</u>	<u>104,663</u>	<u>104,663</u>	-
<b>Fund Balance - End of year</b>	<u><u>\$ 104,663</u></u>	<u><u>\$ 104,663</u></u>	<u><u>\$ 159,057</u></u>	<u><u>\$ 54,394</u></u>

# City of Warren, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2014

**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 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.

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund		
Amounts per operating statement	\$ 98,294,110	\$ 85,594,365
Nonreciprocal interfund activity budgeted as revenues	<u>4,773,017</u>	<u>4,773,017</u>
Amounts per budget statement	<u>\$ 103,067,127</u>	<u>\$ 90,367,382</u>

# City of Warren, Michigan

## Note to Required Supplemental Information (Continued) Year Ended June 30, 2014

**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	\$ 1,860,723	\$ 3,317,316	\$ (1,456,593)

# City of Warren, Michigan

## Required Supplemental Information Pension System Schedule - City Employees' Retirement System Year Ended June 30, 2014

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	\$ 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
12/31/12	115,209,000	185,367,000	70,158,000	62.2	8,332,000	842.0

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/07	12/31/05	\$ 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
12/31/13	12/31/11	8,066,327	100.0

\* Until June 30, 2013, the required contribution was 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, 2014

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
12/31/12	259,570,611	370,654,327	111,083,716	70.0	24,227,908	458.5

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
12/31/13	12/31/12	9,829,222	100.0

\* Until June 30, 2013, the required contribution was expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Level percentage of payroll
Amortization period (perpetual)	Five years closed for UAAL as of December 31, 2004; 25 years open for remaining UAAL
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	5.0%-8.0%
*Includes inflation at	5.9%
Cost of living adjustments	None

# City of Warren, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended June 30, 2014

The schedule of funding progress for the General Employees' Other Postemployment Benefits - VEBA 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
12/31/12	\$ 25,617,427	\$159,271,972	\$133,654,545	16.1	\$ 16,496,331	810.2
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

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/13	12/31/10	\$ 7,207,330	100.0
12/31/12	12/31/10	7,157,432	100.0
12/31/11	12/31/08	7,296,831	100.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	30 years
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	5.0%
*Includes inflation at	5.0%
Cost of living adjustments	None

# City of Warren, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended June 30, 2014

The schedule of funding progress for the Police and Fire Other Postemployment Benefits - VEBA 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
12/31/12	\$ 16,967,629	\$158,461,838	\$141,494,209	10.7	\$ 19,039,578	743.2
12/31/11	17,360,593	153,497,640	136,137,047	11.3	19,755,129	689.1
12/31/10	18,170,142	154,083,759	135,913,617	11.8	24,386,083	557.3

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/14	12/31/12	\$ 12,835,782	61.7
6/30/13	12/31/10	7,086,480	100.0
6/30/12	12/31/10	6,444,448	100.0

\* Until June 30, 2013, the required contribution was expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	30 years
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	5.0%
*Includes inflation at	5.0%
Cost of living adjustments	None

## **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	\$ 3,750,188	\$ 3,510,258	\$ 2,210,267	\$ 1,835,321	\$ 4,594,204	\$ 2,815,114
Receivables - Net:						
Property taxes receivable	-	-	58,002	11,785	38,666	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	161	122	-	-	-	-
Other receivables	-	-	32,374	3,799	524	533,002
Due from other governmental units	1,082,985	351,647	5,107	5,588	148,306	763
Due from pension and VEBA funds	746	448	-	-	-	-
Due from component units	-	-	7,545	4,409	3,975	-
Due from other funds	121	-	-	-	-	-
Inventory	-	-	23,505	13,010	-	-
Prepaid expenses and other assets	-	-	-	3,958	100	-
Deposits	39,126	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,873,327</b>	<b>\$ 3,862,475</b>	<b>\$ 2,336,800</b>	<b>\$ 1,877,870</b>	<b>\$ 4,785,775</b>	<b>\$ 3,348,879</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 107,633	\$ 13,780	\$ 216,982	\$ 191,612	\$ 133,451	\$ 27,139
Due to other governmental units	-	-	-	-	414	-
Due to other funds	346,777	536,222	-	-	-	-
Refundable deposits, bonds, etc.	12,782	19,175	-	6,340	-	-
Accrued liabilities and other	23,007	22,562	88,012	115,847	20,174	12,535
Provision for property tax refunds	-	-	18,162	6,928	9,506	-
<b>Total liabilities</b>	<b>490,199</b>	<b>591,739</b>	<b>323,156</b>	<b>320,727</b>	<b>163,545</b>	<b>39,674</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	-	53,927	11,649	36,534	1,690
<b>Fund Balances</b>						
Nonspendable:						
Inventory/Assets held for resale	-	-	23,505	13,010	-	-
Prepaid expenses	-	-	-	3,958	100	-
Restricted:						
Roads construction and maintenance	4,383,128	3,270,736	-	-	-	-
Capital projects	-	-	-	-	-	-
Sanitation	-	-	1,936,212	-	-	-
Recreation	-	-	-	1,528,526	-	-
Library	-	-	-	-	4,585,596	-
Cable franchise fees	-	-	-	-	-	3,307,515
Police enforcement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Assigned:						
37th District Court	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total fund balances</b>	<b>4,383,128</b>	<b>3,270,736</b>	<b>1,959,717</b>	<b>1,545,494</b>	<b>4,585,696</b>	<b>3,307,515</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,873,327</b>	<b>\$ 3,862,475</b>	<b>\$ 2,336,800</b>	<b>\$ 1,877,870</b>	<b>\$ 4,785,775</b>	<b>\$ 3,348,879</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

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	
\$ 962,266	\$ 175,968	\$ 3,128,491	\$ 86,488	\$ 9,605,319	\$ 266,256	\$ 9,346,590	\$ 42,286,730
-	-	-	-	54,707	-	-	163,160
-	-	-	-	-	-	900,747	900,747
-	-	-	-	-	-	-	283
-	-	-	-	-	-	150	569,849
-	-	-	3,500	261	-	166,584	1,764,741
-	-	-	-	-	-	-	1,194
-	-	-	-	-	-	-	15,929
-	-	-	-	-	-	149	270
-	-	-	-	-	-	-	36,515
-	-	-	-	-	-	-	4,058
-	-	-	-	-	-	395,993	435,119
<b>\$ 962,266</b>	<b>\$ 175,968</b>	<b>\$ 3,128,491</b>	<b>\$ 89,988</b>	<b>\$ 9,660,287</b>	<b>\$ 266,256</b>	<b>\$ 10,810,213</b>	<b>\$ 46,178,595</b>
\$ 1,158	\$ -	\$ 657	\$ 12,225	\$ 369,273	\$ 150	\$ 22,118	\$ 1,096,178
-	-	-	-	-	-	-	414
-	-	-	-	-	-	121	883,120
-	-	-	-	73,151	-	-	111,448
5,877	-	-	-	-	-	-	288,014
-	-	-	-	14,927	-	-	49,523
7,035	-	657	12,225	457,351	150	22,239	2,428,697
-	-	-	-	51,358	-	928,914	1,084,072
-	-	-	-	-	-	-	36,515
-	-	-	-	-	-	-	4,058
-	-	-	-	9,151,578	-	374,331	17,179,773
-	-	-	-	-	-	2,334,196	2,334,196
-	-	-	-	-	-	-	1,936,212
-	-	-	-	-	-	-	1,528,526
-	-	-	-	-	-	-	4,585,596
-	-	-	-	-	-	-	3,307,515
-	-	3,127,834	77,763	-	-	-	3,205,597
-	-	-	-	-	-	1,095,293	1,095,293
-	175,968	-	-	-	-	-	175,968
955,231	-	-	-	-	-	-	955,231
-	-	-	-	-	-	98,232	98,232
-	-	-	-	-	-	5,957,008	5,957,008
-	-	-	-	-	266,106	-	266,106
955,231	175,968	3,127,834	77,763	9,151,578	266,106	9,859,060	42,665,826
<b>\$ 962,266</b>	<b>\$ 175,968</b>	<b>\$ 3,128,491</b>	<b>\$ 89,988</b>	<b>\$ 9,660,287</b>	<b>\$ 266,256</b>	<b>\$ 10,810,213</b>	<b>\$ 46,178,595</b>

# City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 8,046,776	\$ 3,073,758	\$ 4,209,363	\$ -
Federal grants	-	-	-	155,277	-	-
State-shared revenue and grants	6,646,718	2,795,967	-	282,626	187,265	-
Charges for services	-	-	-	2,071,140	-	-
Fines and forfeitures	-	-	-	-	98,413	-
Investment income	1,483	1,282	800	678	1,628	1,039
Rental income	-	-	-	141,803	-	-
Other revenue:						
Special assessments	-	-	-	-	-	-
Cable franchise fees	-	-	-	-	-	2,008,354
Other miscellaneous income	35,891	-	255,524	5,437	12,582	23,061
<b>Total revenue</b>	<b>6,684,092</b>	<b>2,797,249</b>	<b>8,303,100</b>	<b>5,730,719</b>	<b>4,509,251</b>	<b>2,032,454</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	4,004,205	3,046,046	8,350,204	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	5,480,545	3,703,736	1,534,921
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,004,205</b>	<b>3,046,046</b>	<b>8,350,204</b>	<b>5,480,545</b>	<b>3,703,736</b>	<b>1,534,921</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,679,887</b>	<b>(248,797)</b>	<b>(47,104)</b>	<b>250,174</b>	<b>805,515</b>	<b>497,533</b>
<b>Other Financing Sources (Uses)</b>						
Face value of debt issue	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	763
Transfers in	58,805	385,241	-	-	-	-
Transfers out	(2,148,641)	-	(32,737)	(610,611)	(133,908)	(215,182)
Payment to bond refunding escrow agent	-	-	-	-	-	-
<b>Total other financing (uses) sources</b>	<b>(2,089,836)</b>	<b>385,241</b>	<b>(32,737)</b>	<b>(610,611)</b>	<b>(133,908)</b>	<b>(214,419)</b>
<b>Net Change in Fund Balances</b>	<b>590,051</b>	<b>136,444</b>	<b>(79,841)</b>	<b>(360,437)</b>	<b>671,607</b>	<b>283,114</b>
<b>Fund Balances - Beginning 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>
<b>Fund Balances - End of year</b>	<b>\$ 4,383,128</b>	<b>\$ 3,270,736</b>	<b>\$ 1,959,717</b>	<b>\$ 1,545,494</b>	<b>\$ 4,585,696</b>	<b>\$ 3,307,515</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2014**

Special Revenue Funds							Total Nonmajor
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 6,606,328	\$ -	\$ -	\$ 21,936,225
-	-	331,935	-	-	-	-	487,212
-	-	456,268	39,967	-	-	-	10,408,811
-	-	-	-	-	-	16,412	2,087,552
696,167	35,537	-	-	-	-	791,292	1,621,409
332	60	1,125	35	3,049	21	5,273	16,805
-	-	-	-	-	-	-	141,803
-	-	-	-	-	-	642,545	642,545
-	-	-	-	-	-	-	2,008,354
-	-	-	-	-	-	2,641	335,136
<u>696,499</u>	<u>35,597</u>	<u>789,328</u>	<u>40,002</u>	<u>6,609,377</u>	<u>21</u>	<u>1,458,163</u>	<u>39,685,852</u>
-	-	-	-	-	113,102	498,340	611,442
-	3,651	466,392	61,023	-	-	-	531,066
-	-	-	-	4,725,599	-	778,039	20,904,093
471,326	-	-	-	-	-	-	471,326
-	-	-	-	-	-	-	10,719,202
-	-	49,122	-	-	2,698,727	343,967	3,091,816
-	-	1,435	-	-	920,928	27,735	950,098
<u>471,326</u>	<u>3,651</u>	<u>516,949</u>	<u>61,023</u>	<u>4,725,599</u>	<u>3,732,757</u>	<u>1,648,081</u>	<u>37,279,043</u>
225,173	31,946	272,379	(21,021)	1,883,778	(3,732,736)	(189,918)	2,406,809
-	-	-	-	-	13,790,528	-	13,790,528
-	-	-	-	-	-	-	763
-	-	-	-	-	3,389,709	-	3,833,755
-	-	-	-	-	-	-	(3,141,079)
-	-	-	-	-	(13,677,426)	-	(13,677,426)
-	-	-	-	-	3,502,811	-	806,541
<u>225,173</u>	<u>31,946</u>	<u>272,379</u>	<u>(21,021)</u>	<u>1,883,778</u>	<u>(229,925)</u>	<u>(189,918)</u>	<u>3,213,350</u>
<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>
<u>\$ 955,231</u>	<u>\$ 175,968</u>	<u>\$ 3,127,834</u>	<u>\$ 77,763</u>	<u>\$ 9,151,578</u>	<u>\$ 266,106</u>	<u>\$ 9,859,060</u>	<u>\$ 42,665,826</u>

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2014

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,899,210	\$ 1,611,012	\$ 3,510,222
Receivables	-	4,358	4,358
Due from other funds	307,017	-	307,017
Prepaid expenses and other assets	-	83	83
Total current assets	2,206,227	1,615,453	3,821,680
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation	363,833	6,514,464	6,878,297
Total assets	2,791,704	8,129,917	10,921,621
<b>Deferred Outflows of Resources -</b>			
Bond refunding loss being amortized	-	139,958	139,958
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	21,836	26,701	48,537
Due to other funds	110,402	357,133	467,535
Refundable deposits, bonds, etc.	54,161	155,634	209,795
Accrued liabilities and other	3,617	12,579	16,196
Unearned revenue	4,213	13,815	18,028
Current portion of long-term debt	-	461,056	461,056
Total current liabilities	194,229	1,026,918	1,221,147
Noncurrent liabilities:			
Compensated absences	41,380	-	41,380
Long-term debt	-	3,133,357	3,133,357
Total noncurrent liabilities	41,380	3,133,357	3,174,737
Total liabilities	235,609	4,160,275	4,395,884
<b>Net Position</b>			
Net investment in capital assets	585,477	3,060,009	3,645,486
Unrestricted	1,970,618	1,049,591	3,020,209
Total net position	\$ 2,556,095	\$ 4,109,600	\$ 6,665,695

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2014

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
<b>Operating Revenue</b>			
Rental revenue	\$ 804,610	\$ 961,327	\$ 1,765,937
Other operating revenue	16,382	437,259	453,641
Total operating revenue	820,992	1,398,586	2,219,578
<b>Operating Expenses</b>			
Billing and administrative costs	64,700	387,917	452,617
Wages and fringes	447,778	47,442	495,220
Materials and supplies	16,818	41,142	57,960
Other operating expenses	276,860	445,076	721,936
Depreciation	85,422	179,402	264,824
Total operating expenses	891,578	1,100,979	1,992,557
<b>Operating (Loss) Income</b>	(70,586)	297,607	227,021
<b>Nonoperating Revenue (Expense)</b>			
Investment income	876	875	1,751
Interest expense	-	(128,628)	(128,628)
Total nonoperating revenue (expense)	876	(127,753)	(126,877)
<b>Change in Net Position</b>	(69,710)	169,854	100,144
<b>Net Position - Beginning of year (as restated)</b>	2,625,805	3,939,746	6,565,551
<b>Net Position - End of year</b>	<b>\$ 2,556,095</b>	<b>\$ 4,109,600</b>	<b>\$ 6,665,695</b>

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2014

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 821,022	\$ 1,415,066	\$ 2,236,088
Interfund receipts (payments)	264,369	(1,200,224)	(935,855)
Payments to suppliers	(349,721)	(860,344)	(1,210,065)
Payments to employees	(440,246)	(49,778)	(490,024)
Net cash provided by (used in) operating activities	295,424	(695,280)	(399,856)
<b>Cash Flows from Capital and Related Financing Activities -</b>			
Principal and interest paid on capital debt	-	(499,702)	(499,702)
<b>Cash Flows from Investing Activities - Interest income</b>	945	879	1,824
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	296,369	(1,194,103)	(897,734)
<b>Cash and Cash Equivalents - Beginning of year</b>	1,602,841	2,805,115	4,407,956
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,899,210</b>	<b>\$ 1,611,012</b>	<b>\$ 3,510,222</b>
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>			
Operating (loss) income	\$ (70,586)	\$ 297,607	\$ 227,021
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	85,422	179,402	264,824
Changes in assets and liabilities:			
Receivables	30	16,480	16,510
Due from others	264,369	-	264,369
Prepaid and other assets	-	(6)	(6)
Accounts payable	8,657	13,797	22,454
Due to others	-	(1,200,224)	(1,200,224)
Accrued and other liabilities	7,532	(2,336)	5,196
Net cash provided by (used in) operating activities	<b>\$ 295,424</b>	<b>\$ (695,280)</b>	<b>\$ (399,856)</b>

# City of Warren, Michigan

	Pension and Other Employee Benefits Trust Funds			
	Police and Fire Retirement System*	City Employees' Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*
<b>Assets</b>				
Cash and cash equivalents	\$ 1,724,495	\$ 24,734	\$ 300,000	\$ -
Investments:				
U.S. government securities	22,429,934	16,417,760	-	1,809,015
Agency securities	-	1,424,683	-	612,485
Stocks	192,716,067	64,707,552	22,372,385	17,629,319
Bonds	42,094,313	23,220,304	2,324,300	4,157,085
Real estate	17,418,055	2,072,102	-	-
Other	20,314,201	14,459,566	699,193	10,589,777
Securities lending	6,685,745	2,772,915	-	-
Receivables:				
Accrued interest receivable	951,644	392,153	256,325	261,250
Other receivables	-	439	-	-
Prepaid expenses and other assets	-	2,025	-	2,249
<b>Total assets</b>	<b>304,334,454</b>	<b>125,494,233</b>	<b>25,952,203</b>	<b>35,061,180</b>
<b>Liabilities</b>				
Accounts payable	892,721	504,687	335,368	16,876
Due to other governmental units	-	-	-	-
Due to primary government	155,190	118,341	4,653,227	4,827,971
Refundable deposits, bonds, etc.	-	-	-	-
Accrued liabilities and other	-	-	388,512	396,451
Obligations under securities lending agreements	7,267,844	2,772,915	-	-
<b>Total liabilities</b>	<b>8,315,755</b>	<b>3,395,943</b>	<b>5,377,107</b>	<b>5,241,298</b>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 296,018,699</b>	<b>\$ 122,098,290</b>	<b>\$ 20,575,096</b>	<b>\$ 29,819,882</b>

\* Balances reported as of December 31, 2013.

**Other Supplemental Information  
Statement of Assets and Liabilities  
Fiduciary Funds  
June 30, 2014**

Pension and Other Employee Benefits Trust Funds		Agency Funds				
City Employees' Retirement QEBA Trust*	Total Pension Trust Funds - 12/31/13	Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 9,820	\$ 2,059,049	\$ 29,567	\$ 1,375,067	\$ 61,675	\$ 377,636	\$ 1,843,945
-	40,656,709	-	-	-	-	-
-	2,037,168	-	-	-	-	-
-	297,425,323	-	-	-	-	-
-	71,796,002	-	-	-	-	-
-	19,490,157	-	-	-	-	-
-	46,062,737	-	-	-	-	-
-	9,458,660	-	-	-	-	-
-	1,861,372	-	-	-	-	-
-	439	-	-	-	-	-
-	4,274	-	-	-	-	-
<u>9,820</u>	<u>490,851,890</u>	<u>\$ 29,567</u>	<u>\$ 1,375,067</u>	<u>\$ 61,675</u>	<u>\$ 377,636</u>	<u>\$ 1,843,945</u>
-	1,749,652	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	23,125	87	23,212
-	9,754,729	-	-	-	-	-
-	-	-	1,375,067	-	377,549	1,752,616
-	784,963	29,567	-	38,550	-	68,117
-	10,040,759	-	-	-	-	-
<u>-</u>	<u>22,330,103</u>	<u>\$ 29,567</u>	<u>\$ 1,375,067</u>	<u>\$ 61,675</u>	<u>\$ 377,636</u>	<u>\$ 1,843,945</u>
<u>\$ 9,820</u>	<u>\$ 468,521,787</u>					

# City of Warren, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2014

	Police and Fire Retirement System*	City Employees' Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*	City Employees' QEBA Trust*	Total - 12/31/13
<b>Additions</b>						
Investment income (loss):						
Interest and dividends	\$ 5,575,632	\$ 2,908,999	\$ 1,393,366	\$ 1,493,309	\$ 1	\$ 11,371,307
Net increase in fair value of investments	50,345,313	14,268,988	3,594,447	4,336,632	-	72,545,380
Investment-related expenses	(1,501,870)	(572,204)	(19,955)	(59,307)	(520)	(2,153,856)
Net investment income (loss)	54,419,075	16,605,783	4,967,858	5,770,634	(519)	81,762,831
Securities lending income (loss):						
Interest and dividends	103,129	21,690	-	-	-	124,819
Borrower rebates and bank fees	(25,779)	8,040	-	-	-	(17,739)
Net securities lending income	77,350	29,730	-	-	-	107,080
Contributions:						
Employer	10,312,756	8,066,327	7,311,172	7,207,330	25,000	32,922,585
Employee	1,014,441	-	-	-	-	1,014,441
Total contributions	11,327,197	8,066,327	7,311,172	7,207,330	25,000	33,937,026
Total additions	65,823,622	24,701,840	12,279,030	12,977,964	24,481	115,806,937
<b>Deductions</b>						
Benefit payments	27,975,783	15,571,328	8,658,388	8,722,178	25,668	60,953,345
Refunds of contributions	2,278,442	15,197	-	-	-	2,293,639
Administrative expenses	318,562	272,603	13,175	53,331	247	657,918
Total deductions	30,572,787	15,859,128	8,671,563	8,775,509	25,915	63,904,902
<b>Net Increase (Decrease) in Net Position Held in Trust</b>	35,250,835	8,842,712	3,607,467	4,202,455	(1,434)	51,902,035
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	260,767,864	113,255,578	16,967,629	25,617,427	11,254	416,619,752
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<b>\$ 296,018,699</b>	<b>\$ 122,098,290</b>	<b>\$ 20,575,096</b>	<b>\$ 29,819,882</b>	<b>\$ 9,820</b>	<b>\$ 468,521,787</b>

\* Balances reported as of December 31, 2013.

# City of Warren, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2014

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<b><u>Payroll Revolving Fund</u></b>				
<b>Assets</b>				
Cash and investments	\$ 7,623	\$ 83,977,338	\$ (83,955,394)	\$ 29,567
Receivables	3,457	-	(3,457)	-
Advances to other funds	8,106	-	(8,106)	-
Total assets	<b>\$ 19,186</b>	<b>\$ 83,977,338</b>	<b>\$ (83,966,957)</b>	<b>\$ 29,567</b>
<b>Liabilities - Accrued liabilities and other</b>	<b>\$ 19,186</b>	<b>\$ 84,200,915</b>	<b>\$ (84,190,534)</b>	<b>\$ 29,567</b>
	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<b><u>Cash Bond Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 1,221,548</b>	<b>\$ 211,839</b>	<b>\$ (58,320)</b>	<b>\$ 1,375,067</b>
<b>Liabilities - Refundable deposits, bonds, etc.</b>	<b>\$ 1,221,548</b>	<b>\$ 269,409</b>	<b>\$ (115,890)</b>	<b>\$ 1,375,067</b>
	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<b><u>Tax Collection Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 95,603</b>	<b>\$ 207,085,909</b>	<b>\$ (207,119,837)</b>	<b>\$ 61,675</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 32,006	\$ 9,467,574	\$ (9,476,455)	\$ 23,125
Accrued liabilities and other	63,597	1,499,088	(1,524,135)	38,550
Total liabilities	<b>\$ 95,603</b>	<b>\$ 10,966,662</b>	<b>\$ (11,000,590)</b>	<b>\$ 61,675</b>
	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<b><u>Fire Insurance Withholding Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 267,869</b>	<b>\$ 163,324</b>	<b>\$ (53,558)</b>	<b>\$ 377,635</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 7	\$ 122	\$ (42)	\$ 87
Refundable deposits, bonds, etc.	267,862	216,718	(107,032)	377,548
Total liabilities	<b>\$ 267,869</b>	<b>\$ 216,840</b>	<b>\$ (107,074)</b>	<b>\$ 377,635</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 6,000,000	\$ 6,244,801	\$ 6,646,718	\$ 401,917
Investment income	3,000	3,000	1,483	(1,517)
Other revenue	29,000	29,000	35,891	6,891
Total revenue	6,032,000	6,276,801	6,684,092	407,291
<b>Expenditures - Current - Public works</b>				
Streets	3,912,550	4,501,278	3,969,009	532,269
Stormwater drainage	35,196	35,196	35,196	-
Total expenditures	3,947,746	4,536,474	4,004,205	532,269
<b>Excess of Revenue Over Expenditures</b>	2,084,254	1,740,327	2,679,887	939,560
<b>Other Financing Sources (Uses)</b>				
Transfers in	58,805	58,805	58,805	-
Transfers out	(2,167,076)	(2,167,076)	(2,148,641)	18,435
Total other financing uses	(2,108,271)	(2,108,271)	(2,089,836)	18,435
<b>Net Change in Fund Balance</b>	(24,017)	(367,944)	590,051	957,995
<b>Fund Balance - Beginning of year</b>	3,793,077	3,793,077	3,793,077	-
<b>Fund Balance - End of year</b>	<b>\$ 3,769,060</b>	<b>\$ 3,425,133</b>	<b>\$ 4,383,128</b>	<b>\$ 957,995</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 2,370,000	\$ 2,649,660	\$ 2,795,967	\$ 146,307
Investment income	2,400	2,400	1,282	(1,118)
Total revenue	2,372,400	2,652,060	2,797,249	145,189
<b>Expenditures - Current - Public works</b>				
Streets	2,858,038	3,141,296	3,010,850	130,446
Stormwater drainage	35,196	35,196	35,196	-
Total expenditures	2,893,234	3,176,492	3,046,046	130,446
<b>Excess of Expenditures Over Revenue</b>	(520,834)	(524,432)	(248,797)	275,635
<b>Other Financing Sources - Transfers in</b>	398,805	398,805	385,241	(13,564)
<b>Net Change in Fund Balance</b>	(122,029)	(125,627)	136,444	262,071
<b>Fund Balance - Beginning of year</b>	3,134,292	3,134,292	3,134,292	-
<b>Fund Balance - End of year</b>	<u>\$ 3,012,263</u>	<u>\$ 3,008,665</u>	<u>\$ 3,270,736</u>	<u>\$ 262,071</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Sanitation Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,008,647	\$ 8,008,647	\$ 8,046,776	\$ 38,129
Investment income	1,000	1,000	800	(200)
Other revenue	279,600	279,600	255,524	(24,076)
Total revenue	8,289,247	8,289,247	8,303,100	13,853
<b>Expenditures</b> - Current - Public works - Rubbish disposal	9,294,510	9,313,865	8,350,204	963,661
<b>Other Financing Uses</b> - Transfers out	(33,000)	(33,000)	(32,737)	263
<b>Net Change in Fund Balance</b>	(1,038,263)	(1,057,618)	(79,841)	977,777
<b>Fund Balance</b> - Beginning of year	2,039,558	2,039,558	2,039,558	-
<b>Fund Balance</b> - End of year	<u>\$ 1,001,295</u>	<u>\$ 981,940</u>	<u>\$ 1,959,717</u>	<u>\$ 977,777</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Recreation Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 3,054,884	\$ 3,054,884	\$ 3,073,758	\$ 18,874
Federal grants	-	-	155,277	155,277
State-shared revenue and grants	210,000	210,000	282,626	72,626
Charges for services	2,439,500	2,439,500	2,071,140	(368,360)
Investment income	1,500	1,500	678	(822)
Rental income	125,400	125,400	141,803	16,403
Other revenue	-	-	5,437	5,437
Total revenue	5,831,284	5,831,284	5,730,719	(100,565)
<b>Expenditures</b> - Current - Recreation and culture - Parks and recreation	5,447,973	5,618,919	5,480,545	138,374
<b>Other Financing Uses</b> - Transfers out	(612,000)	(612,000)	(610,611)	1,389
<b>Net Change in Fund Balance</b>	(228,689)	(399,635)	(360,437)	39,198
<b>Fund Balance</b> - Beginning of year	1,905,931	1,905,931	1,905,931	-
<b>Fund Balance</b> - End of year	<u>\$ 1,677,242</u>	<u>\$ 1,506,296</u>	<u>\$ 1,545,494</u>	<u>\$ 39,198</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 4,191,771	\$ 4,191,771	\$ 4,209,363	\$ 17,592
State-shared revenue and grants	135,000	135,000	187,265	52,265
Fines and forfeitures	102,000	102,000	98,413	(3,587)
Investment income	2,200	2,200	1,628	(572)
Other revenue	2,000	2,000	12,582	10,582
Total revenue	4,432,971	4,432,971	4,509,251	76,280
<b>Expenditures</b> - Current - Recreation and culture - Library	4,381,295	4,440,840	3,703,736	737,104
<b>Other Financing Uses</b> - Transfers out	(134,000)	(134,000)	(133,908)	92
<b>Net Change in Fund Balance</b>	(82,324)	(141,869)	671,607	813,476
<b>Fund Balance</b> - Beginning of year	3,914,089	3,914,089	3,914,089	-
<b>Fund Balance</b> - End of year	<u>\$ 3,831,765</u>	<u>\$ 3,772,220</u>	<u>\$ 4,585,696</u>	<u>\$ 813,476</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Communications Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 1,800	\$ 1,800	\$ 1,039	\$ (761)
Other revenue:				
Cable franchise fees	1,850,000	1,850,000	2,008,354	158,354
Other miscellaneous income	20,440	20,440	23,061	2,621
Total revenue	1,872,240	1,872,240	2,032,454	160,214
<b>Expenditures - Current - Recreation and culture</b>	1,628,729	1,655,934	1,534,921	121,013
<b>Excess of Revenue Over Expenditures</b>	243,511	216,306	497,533	281,227
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	763	763
Transfers out	(216,000)	(216,000)	(215,182)	818
<b>Net Change in Fund Balance</b>	27,511	306	283,114	282,808
<b>Fund Balance - Beginning of year</b>	3,024,401	3,024,401	3,024,401	-
<b>Fund Balance - End of year</b>	<b>\$ 3,051,912</b>	<b>\$ 3,024,707</b>	<b>\$ 3,307,515</b>	<b>\$ 282,808</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Rental Ordinance Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Fines and forfeitures	\$ 475,000	\$ 475,000	\$ 696,167	\$ 221,167
Investment income	450	450	332	(118)
Total revenue	475,450	475,450	696,499	221,049
<b>Expenditures - Current - Community and economic development</b>	472,669	472,669	471,326	1,343
<b>Net Change in Fund Balance</b>	2,781	2,781	225,173	222,392
<b>Fund Balance - Beginning of year</b>	730,058	730,058	730,058	-
<b>Fund Balance - End of year</b>	<u>\$ 732,839</u>	<u>\$ 732,839</u>	<u>\$ 955,231</u>	<u>\$ 222,392</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Vice Crime Confiscations Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 35,537	\$ 15,537
Investment income	80	80	60	(20)
Total revenue	20,080	20,080	35,597	15,517
<b>Expenditures - Current - Public safety -     Crime commission</b>				
	100,000	100,000	3,651	96,349
<b>Net Change in Fund Balance</b>	(79,920)	(79,920)	31,946	111,866
<b>Fund Balance - Beginning of year</b>	144,022	144,022	144,022	-
<b>Fund Balance - End of year</b>	<b>\$ 64,102</b>	<b>\$ 64,102</b>	<b>\$ 175,968</b>	<b>\$ 111,866</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ 331,935	\$ 331,935
State-shared revenue and grants	325,000	325,000	456,268	131,268
Investment income	1,600	1,600	1,125	(475)
Total revenue	326,600	326,600	789,328	462,728
<b>Expenditures</b>				
Current - Public safety - Crime commission	452,000	500,000	466,392	33,608
Debt service:				
Principal	-	-	49,122	(49,122)
Interest on long-term debt	-	-	1,435	(1,435)
Total expenditures	452,000	500,000	516,949	(16,949)
<b>Net Change in Fund Balance</b>	(125,400)	(173,400)	272,379	445,779
<b>Fund Balance - Beginning of year</b>	2,855,455	2,855,455	2,855,455	-
<b>Fund Balance - End of year</b>	<b>\$ 2,730,055</b>	<b>\$ 2,682,055</b>	<b>\$ 3,127,834</b>	<b>\$ 445,779</b>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 36,000	\$ 64,800	\$ 39,967	\$ (24,833)
Investment income	100	100	35	(65)
Total revenue	36,100	64,900	40,002	(24,898)
<b>Expenditures - Current - Public safety - Crime commission</b>				
	94,800	123,600	61,023	62,577
<b>Net Change in Fund Balance</b>	(58,700)	(58,700)	(21,021)	37,679
<b>Fund Balance - Beginning of year</b>	98,784	98,784	98,784	-
<b>Fund Balance - End of year</b>	<u>\$ 40,084</u>	<u>\$ 40,084</u>	<u>\$ 77,763</u>	<u>\$ 37,679</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Local Road Mileage Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,582,400	\$ 6,582,400	\$ 6,606,328	\$ 23,928
Investment income	2,000	2,000	3,049	1,049
Total revenue	6,584,400	6,584,400	6,609,377	24,977
<b>Expenditures - Current - Public works - Streets</b>	6,580,000	10,052,568	4,725,599	5,326,969
<b>Net Change in Fund Balance</b>	4,400	(3,468,168)	1,883,778	5,351,946
<b>Fund Balance - Beginning of year</b>	7,267,800	7,267,800	7,267,800	-
<b>Fund Balance - End of year</b>	<u>\$ 7,272,200</u>	<u>\$ 3,799,632</u>	<u>\$ 9,151,578</u>	<u>\$ 5,351,946</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 50	\$ 50	\$ 21	\$ (29)
<b>Expenditures</b> - Debt service				
General government	-	-	113,102	(113,102)
Principal	1,388,728	1,388,728	2,698,727	(1,309,999)
Interest on long-term debt	492,448	492,448	920,928	(428,480)
Total expenditures	<u>1,881,176</u>	<u>1,881,176</u>	<u>3,732,757</u>	<u>(1,851,581)</u>
<b>Excess of Expenditures Over Revenue</b>	(1,881,126)	(1,881,126)	(3,732,736)	(1,851,610)
<b>Other Financing Sources (Uses)</b>				
Face value of debt issue	-	-	13,790,528	(13,790,528)
Transfers in	1,867,076	1,867,076	3,389,709	(1,522,633)
Payment to bond refunding escrow agent	-	-	(13,677,426)	13,677,426
Total other financing sources	<u>1,867,076</u>	<u>1,867,076</u>	<u>3,502,811</u>	<u>(1,635,735)</u>
<b>Net Change in Fund Balance</b>	(14,050)	(14,050)	(229,925)	(215,875)
<b>Fund Balance</b> - Beginning of year	<u>496,031</u>	<u>496,031</u>	<u>496,031</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u>\$ 481,981</u>	<u>\$ 481,981</u>	<u>\$ 266,106</u>	<u>\$ (215,875)</u>

# City of Warren, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2014

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Charges for services	\$ -	\$ -	\$ 16,412	\$ 16,412
Fines and forfeitures	700,000	700,000	791,292	91,292
Investment income	4,000	4,000	5,273	1,273
Special assessments	-	-	645,186	645,186
Total revenue	704,000	704,000	1,458,163	754,163
<b>Expenditures</b>				
Current:				
General government - Maintenance and administrative	150,000	150,000	498,340	(348,340)
Public works - Streets	-	-	778,039	(778,039)
Debt service:				
Principal	-	-	343,967	(343,967)
Interest on long-term debt	-	-	27,735	(27,735)
Total expenditures	150,000	150,000	1,648,081	(1,498,081)
<b>Net Change in Fund Balance</b>	554,000	554,000	(189,918)	(743,918)
<b>Fund Balance - Beginning of year</b>	10,048,978	10,048,978	10,048,978	-
<b>Fund Balance - End of year</b>	<b>\$ 10,602,978</b>	<b>\$ 10,602,978</b>	<b>\$ 9,859,060</b>	<b>\$ (743,918)</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			
	2005	2006	2007	2008
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 61,211,667	\$ 62,875,434	\$ 59,140,668	\$ 56,796,215
Restricted	33,684,984	32,961,557	33,087,848	35,970,344
Unrestricted	<u>25,044,605</u>	<u>30,107,642</u>	<u>33,618,180</u>	<u>36,433,515</u>
Total governmental activities net position	<b><u>\$ 119,941,256</u></b>	<b><u>\$ 125,944,633</u></b>	<b><u>\$ 125,846,696</u></b>	<b><u>\$ 129,200,074</u></b>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 58,641,924	\$ 57,819,780	\$ 56,924,642	\$ 56,511,038
Restricted	17,557,693	18,181,409	16,915,115	14,045,192
Unrestricted	<u>7,604,682</u>	<u>6,788,707</u>	<u>7,173,338</u>	<u>9,125,661</u>
Total business-type activities net position	<b><u>\$ 83,804,299</u></b>	<b><u>\$ 82,789,896</u></b>	<b><u>\$ 81,013,095</u></b>	<b><u>\$ 79,681,891</u></b>
<b>Primary government:</b>				
Net investment in capital assets	\$ 119,853,591	\$ 120,695,214	\$ 116,065,310	\$ 113,307,253
Restricted	51,242,677	51,142,966	50,002,963	50,015,536
Unrestricted	<u>32,649,287</u>	<u>36,896,349</u>	<u>40,791,518</u>	<u>45,559,176</u>
Total primary government net position	<b><u>\$ 203,745,555</u></b>	<b><u>\$ 208,734,529</u></b>	<b><u>\$ 206,859,791</u></b>	<b><u>\$ 208,881,965</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.
- (2) Reflects prior period adjustments for bond issuance costs reclassified as outflow of resources, and for a reclassification between restricted net position and unrestricted net position related to community development.

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

		Fiscal Year					
		2009	2010	2011 (1)	2012	2013 (2)	2014
\$	48,445,832	\$ 44,342,389	\$ 110,629,268	\$ 110,327,564	\$ 110,679,720	\$ 109,841,350	
	42,844,224	45,175,268	33,189,358	28,243,279	41,217,523	44,730,230	
	32,199,699	21,613,238	15,236,928	24,905,176	31,944,097	42,214,308	
<b>\$</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>183,841,340</u></b>	<b><u>196,785,888</u></b>	
\$	57,656,542	\$ 58,586,273	\$ 60,527,790	\$ 59,757,545	\$ 60,666,179	\$ 61,917,558	
	11,779,391	8,267,105	7,656,513	9,800,098	10,511,646	11,418,448	
	7,821,612	9,044,146	15,309,884	19,578,952	25,185,018	26,783,108	
<b>\$</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>96,362,843</u></b>	<b><u>100,119,114</u></b>	
\$	106,102,374	\$ 102,928,662	\$ 171,157,058	\$ 170,085,109	\$ 171,345,899	\$ 171,758,908	
	54,623,615	53,442,373	40,845,871	38,043,377	51,729,169	56,148,678	
	40,021,311	30,657,384	30,546,812	44,484,128	57,129,115	68,997,416	
<b>\$</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>280,204,183</u></b>	<b><u>296,905,002</u></b>	

# City of Warren, Michigan

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 17,504,006	\$ 20,176,196	\$ 24,554,397	\$ 22,183,390
District Court				
Public safety	50,525,480	55,968,750	61,848,485	62,509,563
Public works	25,705,185	25,347,280	28,067,722	26,523,628
Recreation and culture	11,066,379	11,001,914	12,351,491	12,737,364
Community and economic development	4,198,523	11,605,884	2,543,134	5,796,843
Interest on long-term debt	4,163,954	6,254,880	5,082,442	4,983,460
Total governmental activities expenses	<u>113,163,527</u>	<u>130,354,904</u>	<u>134,447,671</u>	<u>134,734,248</u>
Business-type activities:				
Water and Sewer System	31,225,489	32,188,319	32,499,489	34,199,663
Senior citizen housing	1,800,146	1,872,601	1,937,454	2,047,491
Total business-type activities expenses	<u>33,025,635</u>	<u>34,060,920</u>	<u>34,436,943</u>	<u>36,247,154</u>
Total primary government expenses	<u>\$ 146,189,162</u>	<u>\$ 164,415,824</u>	<u>\$ 168,884,614</u>	<u>\$ 170,981,402</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services	\$ 12,714,891	\$ 14,584,784	\$ 13,702,181	\$ 13,541,050
Operating grants and contributions	12,935,941	12,463,692	12,684,642	12,228,029
Capital grants and contributions	4,789,306	5,171,647	3,243,612	4,169,546
Total governmental activities program revenues	<u>30,440,138</u>	<u>32,220,123</u>	<u>29,630,435</u>	<u>29,938,625</u>
Business-type activities:				
Water and Sewer System	26,928,099	30,329,100	29,674,597	31,957,062
Senior citizen housing	2,034,821	2,081,469	2,143,419	2,187,278
Total business-type activities program revenues	<u>28,962,920</u>	<u>32,410,569</u>	<u>31,818,016</u>	<u>34,144,340</u>
Total primary government program revenues	<u>\$ 59,403,058</u>	<u>\$ 64,630,692</u>	<u>\$ 61,448,451</u>	<u>\$ 64,082,965</u>
Net (expense) revenue:				
Governmental activities	\$ (82,723,389)	\$ (98,134,781)	\$ (104,817,236)	\$ (104,795,623)
Business-type activities	(4,062,715)	(1,650,351)	(2,618,927)	(2,102,814)
Total primary government net expense	<u>\$ (86,786,104)</u>	<u>\$ (99,785,132)</u>	<u>\$ (107,436,163)</u>	<u>\$ (106,898,437)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 74,911,034	\$ 83,352,957	\$ 85,079,549	\$ 88,383,524
State-shared revenue	14,705,085	14,540,634	14,105,387	14,105,387
Franchise fees	1,151,761	1,206,596	1,344,444	1,471,277
Investment earnings	1,602,968	3,075,634	4,289,636	3,378,435
Gain (loss) on sale of capital assets	84,927	2,099,337	40,283	(41,222)
Other revenue	-	-	-	-
Reduction in long-term debt obligation	-	-	-	-
Settlement agreements	-	-	-	1,000,000
Transfers	(17,199,543)	(137,000)	(140,000)	(148,400)
Total governmental activities	<u>75,256,232</u>	<u>104,138,158</u>	<u>104,719,299</u>	<u>108,149,001</u>
Business-type activities:				
Investment earnings	299,516	635,948	842,126	771,610
Gain on sale of capital assets	-	-	-	-
Other general revenue	-	-	-	-
Total business-type activities	<u>299,516</u>	<u>635,948</u>	<u>842,126</u>	<u>771,610</u>
Total primary government	<u>\$ 75,555,748</u>	<u>\$ 104,774,106</u>	<u>\$ 105,561,425</u>	<u>\$ 108,920,611</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ (7,467,157)	\$ 6,003,377	\$ (97,937)	\$ 3,353,378
Business-type activities	(3,763,199)	(1,014,403)	(1,776,801)	(1,331,204)
Total primary government	<u>\$ (11,230,356)</u>	<u>\$ 4,988,974</u>	<u>\$ (1,874,738)</u>	<u>\$ 2,022,174</u>

(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									
		2009	2010	2011 (1)	2012	2013	2014				
\$	21,806,236	\$	20,605,904	\$	13,406,935	\$	10,187,753	\$	11,005,229	\$	12,963,834
					6,614,802		6,308,210		5,939,804		6,501,550
	63,420,416		62,875,335		62,662,439		56,710,270		59,683,364		63,792,208
	26,580,333		25,695,939		25,375,511		24,550,108		24,338,956		27,934,896
	12,386,834		13,255,263		12,855,869		12,502,460		12,111,420		11,815,426
	6,288,023		7,245,368		6,270,509		4,851,249		4,254,706		4,331,962
	4,911,254		4,814,715		1,268,105		1,172,012		1,085,956		937,659
	<u>135,393,096</u>		<u>134,492,524</u>		<u>128,454,170</u>		<u>116,282,062</u>		<u>118,419,435</u>		<u>128,277,535</u>
	33,432,269		33,717,269		32,775,108		33,119,786		34,191,241		35,174,833
	<u>1,965,932</u>		<u>1,881,330</u>		<u>1,969,244</u>		<u>2,130,362</u>		<u>2,025,103</u>		<u>2,121,185</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>		<u>37,296,018</u>
<b>\$</b>	<b><u>170,791,297</u></b>	<b>\$</b>	<b><u>170,091,123</u></b>	<b>\$</b>	<b><u>163,198,522</u></b>	<b>\$</b>	<b><u>151,532,210</u></b>	<b>\$</b>	<b><u>154,635,779</u></b>	<b>\$</b>	<b><u>165,573,553</u></b>
\$	13,419,382	\$	15,507,458	\$	14,493,843	\$	14,646,243	\$	14,573,858	\$	16,511,721
	11,542,918		13,291,132		16,639,068		15,689,801		15,882,698		16,769,695
	<u>1,648,845</u>		<u>845,016</u>		<u>953,777</u>		<u>837,793</u>		<u>700,760</u>		<u>821,463</u>
	<u>26,611,145</u>		<u>29,643,606</u>		<u>32,086,688</u>		<u>31,173,837</u>		<u>31,157,316</u>		<u>34,102,879</u>
	30,465,234		32,068,323		37,288,058		38,427,954		40,839,611		38,541,038
	<u>2,184,011</u>		<u>2,141,694</u>		<u>2,174,696</u>		<u>2,168,354</u>		<u>2,157,649</u>		<u>2,219,578</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>		<u>40,760,616</u>
<b>\$</b>	<b><u>59,260,390</u></b>	<b>\$</b>	<b><u>63,853,623</u></b>	<b>\$</b>	<b><u>71,549,442</u></b>	<b>\$</b>	<b><u>71,770,145</u></b>	<b>\$</b>	<b><u>74,154,576</u></b>	<b>\$</b>	<b><u>74,863,495</u></b>
\$	(108,781,951)	\$	(104,848,918)	\$	(96,367,482)	\$	(85,108,225)	\$	(87,262,119)	\$	(94,174,656)
	<u>(2,748,956)</u>		<u>(1,388,582)</u>		<u>4,718,402</u>		<u>5,346,160</u>		<u>6,780,916</u>		<u>3,464,598</u>
<b>\$</b>	<b><u>(111,530,907)</u></b>	<b>\$</b>	<b><u>(106,237,500)</u></b>	<b>\$</b>	<b><u>(91,649,080)</u></b>	<b>\$</b>	<b><u>(79,762,065)</u></b>	<b>\$</b>	<b><u>(80,481,203)</u></b>	<b>\$</b>	<b><u>(90,710,058)</u></b>
\$	87,572,093	\$	85,171,772	\$	71,451,397	\$	72,437,479	\$	90,992,186	\$	89,157,917
	13,559,035		12,051,133		12,125,928		11,895,230		12,256,586		12,604,122
	1,582,133		1,630,260		1,778,029		1,841,166		1,935,470		2,009,117
	703,476		35,936		153,793		177,108		169,068		151,370
	(115,498)		(263,175)		208,536		30,051		26,204		19,489
	-		-		3,162,742		3,147,656		2,656,638		3,177,189
	-		-		-		-		-		-
	23,485		(5,975,000)		-		-		-		-
	<u>(253,092)</u>		<u>(160,868)</u>		<u>-</u>		<u>-</u>		<u>(90,000)</u>		<u>-</u>
	<u>103,071,632</u>		<u>92,490,058</u>		<u>88,880,425</u>		<u>89,528,690</u>		<u>107,946,152</u>		<u>107,119,204</u>
	324,610		28,561		35,221		26,887		48,181		65,970
	-		-		-		90,904		140,108		37,339
	-		-		-		178,457		289,164		188,364
	<u>324,610</u>		<u>28,561</u>		<u>35,221</u>		<u>296,248</u>		<u>477,453</u>		<u>291,673</u>
<b>\$</b>	<b><u>103,396,242</u></b>	<b>\$</b>	<b><u>92,518,619</u></b>	<b>\$</b>	<b><u>88,915,646</u></b>	<b>\$</b>	<b><u>89,824,938</u></b>	<b>\$</b>	<b><u>108,423,605</u></b>	<b>\$</b>	<b><u>107,410,877</u></b>
\$	(5,710,319)	\$	(12,358,860)	\$	(7,487,057)	\$	4,420,465	\$	20,684,033	\$	12,944,548
	<u>(2,424,346)</u>		<u>(1,360,021)</u>		<u>4,753,623</u>		<u>5,642,408</u>		<u>7,258,369</u>		<u>3,756,271</u>
<b>\$</b>	<b><u>(8,134,665)</u></b>	<b>\$</b>	<b><u>(13,718,881)</u></b>	<b>\$</b>	<b><u>(2,733,434)</u></b>	<b>\$</b>	<b><u>10,062,873</u></b>	<b>\$</b>	<b><u>27,942,402</u></b>	<b>\$</b>	<b><u>16,700,819</u></b>

# City of Warren, Michigan

	Fiscal Year			
	2005	2006	2007	2008
General Fund:				
Reserved	\$ 2,507,872	\$ 4,389,944	\$ 2,057,662	\$ 2,333,663
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	<u>44,720,163</u>	<u>48,532,509</u>	<u>53,397,963</u>	<u>55,224,126</u>
Total General Fund	<u>\$ 47,228,035</u>	<u>\$ 52,922,453</u>	<u>\$ 55,455,625</u>	<u>\$ 57,557,789</u>
All other governmental funds:				
Reserved	\$ 45,883,472	\$ 27,970,850	\$ 8,129,748	\$ 6,291,526
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Special revenue funds	22,677,100	20,653,148	28,587,139	27,592,994
Capital projects funds	8,990,773	6,586,018	9,396,449	9,795,442
Debt service funds	<u>3,934,800</u>	<u>2,972,181</u>	<u>2,116,366</u>	<u>1,401,328</u>
Total all other governmental funds	<u>\$ 81,486,145</u>	<u>\$ 58,182,197</u>	<u>\$ 48,229,702</u>	<u>\$ 45,081,290</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						
2009	2010	2011 (a) (1)	2012	2013	2014	
\$ 1,377,804	\$ 1,296,151	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	192,969	308,659	368,087	184,408	-
-	-	78,199	78,199	78,199	78,199	-
-	-	22,283,612	18,810,884	20,165,441	24,044,726	-
-	-	14,850,205	13,103,677	24,348,477	32,659,940	-
52,819,604	42,206,177	-	-	-	-	-
<b>\$ 54,197,408</b>	<b>\$ 43,502,328</b>	<b>\$ 37,404,985</b>	<b>\$ 32,301,419</b>	<b>\$ 44,960,204</b>	<b>\$ 56,967,273</b>	
\$ 6,431,502	\$ 4,514,260	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	28,278	24,182	54,358	53,178	-
-	-	22,241,525	26,570,626	32,306,941	35,495,128	-
-	-	807,521	970,471	1,038,648	1,053,463	-
-	-	5,518,448	5,971,715	6,157,192	6,223,114	-
-	-	-	(38,029)	-	-	-
26,577,183	25,648,764	-	-	-	-	-
12,565,096	12,239,796	-	-	-	-	-
1,462,997	1,230,346	-	-	-	-	-
<b>\$ 47,036,778</b>	<b>\$ 43,633,166</b>	<b>\$ 28,595,772</b>	<b>\$ 33,498,965</b>	<b>\$ 39,557,139</b>	<b>\$ 42,824,883</b>	

# City of Warren, Michigan

	Fiscal Year			
	2005	2006 (1)	2007	2008
<b>Revenues</b>				
Property taxes	\$ 74,787,704	\$ 84,328,809	\$ 84,953,504	\$ 88,029,125
Special assessments	994,766	982,318	944,084	1,072,824
Licenses and permits	2,167,451	2,420,993	2,329,132	1,691,127
Intergovernmental:				
Federal revenue	4,612,382	3,305,681	1,981,507	2,187,623
State-shared revenue and grants	26,446,572	26,359,247	25,963,338	26,817,909
Charges for services	2,894,923	4,101,728	3,039,087	3,117,357
Fines and fees	6,810,020	7,295,418	7,596,165	8,089,029
Interest	2,599,643	5,404,617	5,760,013	4,277,702
Other	6,173,358	6,358,491	7,025,380	6,916,324
<b>Total revenues</b>	<b>127,486,819</b>	<b>140,557,302</b>	<b>139,592,210</b>	<b>142,199,020</b>
<b>Expenditures</b>				
General government	22,496,853	25,992,081	24,850,290	25,814,644
District court	-	-	-	-
Public safety	52,271,304	59,597,955	62,100,913	62,885,562
Public works	28,021,037	27,602,281	28,528,266	30,315,852
Recreation and culture	10,060,656	9,816,038	10,655,537	11,217,234
Community and economic development	17,284,223	41,555,060	16,747,313	4,301,744
Debt service:				
Principal	4,518,380	4,527,668	4,374,916	4,659,439
Interest	4,163,954	6,254,880	5,082,442	4,983,460
<b>Total expenditures</b>	<b>138,816,407</b>	<b>175,345,963</b>	<b>152,339,677</b>	<b>144,177,935</b>
<b>Excess of Revenues (Under) Over Expenditures</b>	<b>(11,329,588)</b>	<b>(34,788,661)</b>	<b>(12,747,467)</b>	<b>(1,978,915)</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)	(148,400)
Proceeds from sale of property	-	2,240,087	115,741	81,067
Proceeds from issuance of debt	27,015,000	25,835,000	5,409,304	-
Payment to refunded bond escrow agent	-	(10,474,047)	-	-
Bond premium (discounts)	(135,008)	(284,909)	(56,901)	-
Settlement agreement	-	-	-	1,000,000
<b>Total other financing sources (uses)</b>	<b>9,680,449</b>	<b>17,179,131</b>	<b>5,328,144</b>	<b>932,667</b>
<b>Net Changes in Fund Balances</b>	<b>\$ (1,649,139)</b>	<b>\$ (17,609,530)</b>	<b>\$ (7,419,323)</b>	<b>\$ (1,046,248)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures (1)</b>	6.98%	7.88%	7.05%	7.00%

(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									
		2009	2010	2011 (2)	2012	2013	2014				
\$	87,229,169	\$	84,841,410	\$	71,241,497	\$	71,507,381	\$	90,938,534	\$	89,360,407
	1,055,385		1,061,672		953,569		844,775		706,457		642,545
	1,759,663		1,567,892		1,765,856		2,368,083		2,691,555		2,700,351
	2,161,955		4,022,414		6,629,367		5,761,605		5,372,783		5,986,783
	24,005,863		22,503,036		22,627,501		22,507,426		23,016,885		24,793,129
	3,476,265		3,546,149		6,571,928		6,127,204		5,474,068		6,046,079
	7,579,592		7,982,727		6,014,963		5,715,141		6,066,412		7,229,026
	995,060		125,984		154,001		170,130		163,641		131,813
	6,959,756		7,752,382		4,269,622		4,214,605		3,983,816		4,461,539
	<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>		<u>141,351,672</u>
	25,841,058		25,094,958		12,354,513		11,855,175		10,300,278		11,858,091
	-		-		6,614,802		6,308,210		6,104,152		6,756,822
	62,529,660		63,543,704		62,123,437		57,004,462		59,701,143		59,763,179
	28,856,645		25,989,907		23,242,704		23,689,400		26,170,932		28,397,991
	11,009,604		11,240,440		11,122,496		11,227,817		10,539,284		10,757,141
	4,174,763		5,318,074		6,195,074		4,709,232		4,191,743		4,334,700
	4,428,168		5,472,959		3,165,918		3,302,755		3,217,783		3,346,848
	4,911,254		4,814,715		1,309,041		1,201,091		1,106,733		975,952
	<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>		<u>126,190,724</u>
	(6,528,444)		(8,071,091)		(5,899,681)		(81,792)		17,082,103		15,160,948
	-		-		4,095,093		3,992,886		3,839,724		3,833,755
	-		-		-		-		-		-
	(253,092)		(160,868)		(3,935,417)		(3,992,886)		(3,929,724)		(3,833,755)
	127,733		49,283		247,852		2,859		-		763
	5,305,000		3,040,000		-		-		1,724,856		13,790,528
	-		(3,000,000)		-		-		-		(13,677,426)
	(79,575)		18,984		-		-		-		-
	23,485		(5,975,000)		-		-		-		-
	<u>5,123,551</u>		<u>(6,027,601)</u>		<u>407,528</u>		<u>2,859</u>		<u>1,634,856</u>		<u>113,865</u>
<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>18,716,959</b>	<b>\$</b>	<b>15,274,813</b>
	6.78%		7.40%		1.04%		3.89%		3.78%		3.56%

# 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
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
2012	2014	482,333,454	458,808,554	453,959,170	448,374,390	1,686,089,234	1,683,397,269

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	
\$ 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
634,554,529	634,434,070	280,996,661	280,996,661	3,537,933,048	3,506,010,944	27.8656

# City of Warren, Michigan

Fiscal Year Ended June 30	City-wide Direct Tax Rate										
	General		Emergency		Police			Police		Local Road Improvement	Police & Fire Operating
	Operating (1)	Library	Medical Service	Parks & Recreation	& Fire Pensions	Sanitation	Police Protection	Fire Protection			
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	
2014	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	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>
School District Rate	16.4600	34.4600	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
<b>2014 Total Direct &amp; Overlapping Rate</b>	<b>54.5179</b>	<b>72.5179</b>	<b>51.0579</b>	<b>69.0579</b>	<b>51.0579</b>	<b>69.0579</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	-	2.9615	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
27.8656	0.2000	2.9430	1.5312	0.3546	0.5900	4.5685	0.0050	10.1923

	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	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>
School District Rate	25.5854	27.0500	13.9600	31.9600	17.3829	27.9200
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
<b>2014 Total Direct &amp; Overlapping Rate</b>	<b>63.6433</b>	<b>65.1079</b>	<b>52.0179</b>	<b>70.0179</b>	<b>55.4408</b>	<b>65.9779</b>

# City of Warren, Michigan

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

	Fiscal Year Ended June 30, 2014			Fiscal Year Ended June 30, 2004		
	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	12.50%	\$ 534,730,508	1	11.54%
Chrysler	150,979,923	2	4.31%	322,229,579	2	6.95%
Detroit Edison	38,591,007	3	1.10%	61,060,246	3	1.32%
US Manufacturing Corp	24,013,843	4	0.68%			
International Transmission	19,515,240	5	0.56%			
Art Van Furniture	17,978,153	6	0.51%	28,135,186	4	0.61%
Consumers Energy	13,517,018	7	0.39%	16,319,571	6	0.35%
Noble 12B	12,235,490	8	0.35%			
WICO Metal Products Co	11,690,330	9	0.33%			
Universal Mall Properties LLC	7,571,430	10	0.22%			
E.D.S. Corporation				23,939,934	5	0.52%
Carboloy				12,502,751	7	0.27%
Flex-N-Gate				11,997,991	8	0.26%
Paslin Company				11,647,235	9	0.25%
Target				11,433,855	10	0.25%
Ten largest taxpayers	734,484,874		20.95%	1,033,996,856		22.32%
Other taxpayers	2,771,526,070		79.05%	3,599,226,832		77.68%
Total taxable value	<b>\$ 3,506,010,944</b>		<b>100.00%</b>	<b>\$ 4,633,223,688</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			
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)	70,595,764	93.92%	4,112,215
2012	2013	95,336,444	(4,949,315)	(669,839)	89,717,290	94.11%	4,949,315
2013	2014	92,809,755	(4,168,155)	(517,993)	88,123,607	94.95%	4,168,155

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, 2014	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off				
\$ 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	-	105,652	82,886,966	99.87%	
37,409	79,746,520	99.26%	10,581	(29)	107,401	80,245,060	99.87%	
14,508	74,081,430	99.43%	11,648	-	119,871	74,395,351	99.84%	
20,823	74,728,803	99.42%	(49)	-	168,614	74,996,226	99.78%	
24,508	94,691,113	99.32%	(7,562)	-	262,433	95,066,449	99.72%	
-	92,291,762	99.44%	-	-	517,993	92,291,762	99.44%	

# City of Warren, Michigan

Governmental Activities - General Bonded Debt							
	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	Capital Improvement Bonds	Building Authority Bonds	Tax Increment Finance Authority Bonds	Downtown Development Authority Bonds
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
2014	-	-	-	8,920,000	605,000	-	63,015,000

	Other Governmental Activities Debt			Total Net Governmental Activities Debt	Business-type Activities		
	Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds		Installment Purchase Agreements	Senior Citizen Housing	Water and Sewer System
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	-
2014	10,261,561	553,966	(218,713)	83,136,814	7,449,787	3,550,000	-

## 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

**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
\$ 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
-	-	72,540,000	3,506,010,944	2.07%	134,424	539.64

Business-type Activities

Water and Sewer Revenue Bonds	Total Business-type Activities Debt
\$ 44,789,812	\$ 53,810,794
52,670,356	61,090,124
57,361,548	65,197,972
54,924,245	62,182,324
52,394,624	58,992,229
50,172,529	56,102,529
58,000,605	63,310,605
63,634,006	68,334,006
66,721,971	78,718,274
81,786,384	92,786,171

Total Primary Government

Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
\$ 150,853,635	\$ 21,407	5.20%	\$ 1,112.72
170,399,551	21,407	5.88%	1,258.72
176,198,183	21,407	6.02%	1,287.77
169,058,515	21,407	5.85%	1,251.34
166,529,766	21,407	5.79%	1,239.04
158,383,394	21,407	5.60%	1,199.16
160,566,914	19,376	6.18%	1,197.76
160,666,030	19,376	6.20%	1,201.12
166,553,018	19,376	6.44%	1,247.91
175,922,985	19,376	6.75%	1,308.72

# City of Warren, Michigan

## Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2014

### Net Direct Debt

Building Authority Bonds:			
Series 2005	Capital equipment	\$ 605,000	\$ 605,000
Capital Improvement Bonds			
Refunding Series 2005	Warren Community Center	8,920,000	8,920,000
Downtown Development Authority:			
Series 2013	City Center development	15,765,000	
Series 2003	City Center development	16,500,000	
Series 2004	City Center development	17,000,000	
Series 2005	City Center development	<u>13,750,000</u>	63,015,000
Road Construction Bonds:			
Series 2003 Michigan Transportation Bonds	Road improvements	2,000,000	
Series 2013A Capital Improvement Bonds	Road improvements	4,870,528	
Series 2008 Capital Improvement Bonds	Road improvements	2,431,033	
Series 2010 MTF Refunding Bonds	Road improvements	<u>960,000</u>	10,261,561
Special Assessment Bonds:			
Series 2005	Sidewalk replacement program	210,000	
Series 2008	Sidewalk replacement program	343,966	
Less amounts available in debt service funds		<u>(218,713)</u>	<u>335,253</u>
			83,136,814
Less:			
Road Construction Bonds		(10,261,561)	
Special Assessment Bonds		<u>(335,253)</u>	<u>(10,596,814)</u>
<b>Net direct debt to be repaid with property taxes</b>			<b>72,540,000</b>

### Overlapping Debt

Macomb County:			
County at large	13.23%	48,459,771	6,411,228
Macomb Community College	13.23%	15,625,000	2,067,188
Local School Districts:			
Center Line	65.06%	14,655,000	9,534,543
East Detroit	22.16%	29,035,540	6,434,276
Fitzgerald	100.00%	26,918,000	26,918,000
Van Dyke	97.85%	63,622,901	62,255,009
Warren Consolidated	47.41%	144,730,000	68,616,493
Warren Woods	100.00%	39,020,000	<u>39,020,000</u>
<b>Total Overlapping Debt</b>			<b><u>221,256,737</u></b>

**Net direct debt outstanding and overlapping debt** **\$ 293,796,737**

Direct debt is the outstanding long-term debt of the City.

Overlapping debt figures supplied by Municipal Advisory Council of Michigan.

The percentage of overlapping bonded debt applicable to each governmental unit is estimated using the taxable valuation of assessed property. Applicable percentages were estimated by determining the portion of each governmental unit's taxable property located within the boundaries of the City and dividing it by that governmental unit's total taxable value.

# City of Warren, Michigan

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Assessed value	<b>\$ 5,594,012,321</b>	<b>\$ 5,730,657,941</b>	<b>\$ 5,951,085,588</b>	<b>\$ 6,064,919,039</b>	<b>\$ 5,809,257,741</b>
Debt limit (10% of assessed value)	\$ 559,401,232	\$ 573,065,794	\$ 595,108,559	\$ 606,491,904	\$ 580,925,774
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<b>\$ 559,401,232</b>	<b>\$ 573,065,794</b>	<b>\$ 595,108,559</b>	<b>\$ 606,491,904</b>	<b>\$ 580,925,774</b>
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				
	2010	2011	2012	2013	2014
Assessed value	<b>\$ 5,342,889,105</b>	<b>\$ 4,561,685,622</b>	<b>\$ 4,081,046,497</b>	<b>\$ 3,630,847,280</b>	<b>\$ 3,537,933,048</b>
Debt limit (10% of assessed value)	\$ 534,288,911	\$ 456,168,562	\$ 408,104,650	\$ 363,084,728	\$ 353,793,305
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<b>\$ 534,288,911</b>	<b>\$ 456,168,562</b>	<b>\$ 408,104,650</b>	<b>\$ 363,084,728</b>	<b>\$ 353,793,305</b>
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	
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
2014	1,399,458	953,697	445,761	425,000	76,119	501,119	0.89

(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 and Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
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
2014	8,684,071	4,342,036	1,000,000	138,275	1,138,275	3.81	725,849

(2) Debt service on the Michigan Transportation Fund Bonds is pledged from the receipt of State gas and 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 and weight taxes but is secured by the levy of sufficient City taxes rather than the pledge of gas and weight taxes. A total of \$725,849 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2014 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 Funds	Debt Service				
	Collections (4)	Interest (5)		Principal	Interest	Total		
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	
2014	640,223	-	640,223	543,967	44,038	588,005	1.09	

(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		
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	
2013	38,541,046	27,981,654	10,559,392	4,522,090	2,569,620	7,091,710	1.49	

(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
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%
2014	134,424	53,408	19,376	2,604,599,424	9.60%	9.10%	7.90%

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 Eight Years Ago

		Year Ended June 30, 2014			Year Ended June 30, 2006		
		Percentage			Percentage		
		Employees	of Total	Rank	Employees	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	3,843	(1)	3	6,137	(1)	2
Ascension Health	Health care	3,180	(1)	4	2,232	(1)	4
Asset Acceptance Financial	Financial services	365	(1)	5			
Campbell-Ewald Company	Advertising				1,140	(1)	5
Total		<b><u>36,363</u></b>			<b><u>36,945</u></b>		

(1) Unavailable

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)
<b>General government:</b>										
<u>37th District Court</u>										
Small claims	1,226	1,047	970	725	995	587	635	566	657	800
Landlord & tenant	3,998	4,144	4,327	4,890	4,596	4,554	4,921	4,910	5,333	5,000
Parking tickets	1,622	1,448	1,521	1,518	1,083	1,019	1,116	1,272	1,496	1,300
Traffic misdemeanor & civil	58,565	55,744	57,163	55,606	46,623	36,879	35,250	37,454	49,446	36,000
Non-traffic felony	2,097	2,261	2,070	2,717	2,544	2,284	1,869	2,069	2,358	2,800
Non-traffic misdemeanor	2,149	2,194	2,393	2,449	2,355	2,126	1,653	1,779	1,886	2,000
Traffic OUI/L/OWI	691	794	571	656	656	367	202	284	354	600
General civil	4,524	4,888	5,500	6,098	6,098	5,345	5,151	5,633	4,812	6,000
Probation - Active cases	1,168	1,220	1,212	1,118	1,078	1,078	876	752	892	900
Pre-sentence investigations	460	386	395	368	803	803	460	460	429	500
<u>City Clerk</u>										
Business licenses	989	920	941	894	853	837	837	765	771	1,500
Public hearings	53	62	69	101	99	47	70	53	75	100
Changes in voter registrations	23,391	38,399	42,844	54,004	62,213	60,433	44,367	56,137	41,389	60,000
Dog licenses issued	4,794	5,233	4,967	5,427	5,502	5,409	4,983	4,662	4,945	6,000
Garage sale permits	2,167	2,365	2,541	1,952	2,707	4,756	1,499	1,466	1,429	3,500
Death certificates	1,951	1,889	1,902	1,800	1,880	1,864	1,935	1,856	1,806	2,500
Birth certificates	1,162	1,273	1,388	1,350	1,344	1,254	1,201	1,188	1,183	2,500
Lawsuits issued	36	33	34	31	19	33	38	30	35	100
Contracts signed, catalogued	52	79	45	68	61	54	51	68	83	100
Internet requests processed	1,366	1,547	1,900	5,200	2,670	5,200	4,600	4,972	4,232	5,500
<u>Treasurer</u>										
Tax bills processed:										
Manually	135,000	136,000	148,721	148,720	146,916	120,351	88,321	85,454	94,499	87,000
CD-ROM	83,000	82,000	76,000	76,000	59,118	55,934	56,141	54,865	45,056	55,000
Checks processed	41,400	41,400	46,680	49,005	51,669	52,009	51,761	46,736	40,082	40,000
Water bills processed	518,000	518,000	528,000	528,000	522,862	501,584	424,085	372,981	351,898	365,000
Status changes	14,000	12,000	1,813	950	744	720	600	481	720	500
Personal property	4,000	4,000	4,101	4,101	4,140	3,929	4,586	4,183	4,242	4,242
Delinquent tax accounts	125	210	1,426	1,426	1,533	1,318	2,057	2,561	40	40
<u>Assessing</u>										
Personal property audits	316	320	140	152	70	70	70	86	45	100
Small claim MTT appeals	25	42	65	141	150	150	756	789	59	500
Full tax tribunal appeals	25	33	53	44	120	120	528	596	227	300
Board of Review appeals	834	864	999	1,400	2,000	2,000	1,500	1,200	735	1,500
Processing of										
principal residence exemptions	5,500	5,500	5,500	5,000	5,500	5,500	1,802	3,923	5,774	4,000
Process deeds and										
transfer affidavits	6,700	6,700	6,700	5,600	6,700	6,700	9,038	11,255	9,817	11,000
Prepare special										
assessment rolls	30	30	30	30	30	30	30	30	30	30
Review / appraise										
taxable properties	54,000	54,000	54,000	59,470	59,500	59,500	60,768	60,300	63,104	61,000
Verify sales & transfers										
of sold properties	3,600	3,500	2,450	7,238	5,800	5,800	3,500	3,500	1,403	4,000
Inspect and appraise										
building permit activity	2,220	2,450	2,450	2,800	2,450	11,400	11,243	11,000	13,210	12,000

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

(1) Fiscal year 2014 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)
<b>Public Safety:</b>										
<u>Fire Department</u>										
Incident responses	11,385	11,779	12,416	12,971	12,894	13,440	14,717	14,974	15,500	16,000
Equipment responses	16,594	17,182	18,111	18,306	17,531	29,545	34,041	29,674	29,276	25,000
Fire training (hours)	6,144	4,173	4,316	48,976	56,403	16,426	4,400	3,139	6,480	6,500
Medical training (hours)	1,725	1,171	1,210	1,931	2,291	3,100	1,983	808	6,480	6,480
<u>Police Department</u>										
Calls for police service	90,900	88,000	89,600	81,132	78,255	75,781	90,125	88,184	95,000	90,000
Part I crimes	5,223	5,853	5,982	4,575	4,397	4,245	4,322	4,065	3,764	4,500
Burglary incidents	829	704	737	851	881	985	1,096	1,015	887	1,000
Auto theft incidents	1,302	1,363	906	1,211	958	726	805	728	582	750
Part II crimes	7,470	6,632	6,438	12,207	11,600	6,601	5,435	6,386	6,455	7,000
Narcotic and drug incidents	1,242	1,430	2,009	2,947	2,478	1,660	955	1,093	1,455	1,800
Traffic citations	48,280	45,154	46,506	30,154	25,146	18,283	17,872	18,419	20,678	20,000
OUIL charges	475	402	432	578	490	400	305	294	300	500
Traffic accidents	1,192	3,713	5,500	3,354	3,389	3,551	3,647	3,295	3,820	4,000
Juveniles charged	431	250	509	579	169	161	221	346	244	500
Total arrests	6,948	7,018	7,638	10,153	6,496	6,081	5,055	5,708	6,556	7,000
Abandoned autos processed	1,683	1,560	1,380	2,016	5,200	967	1,020	1,061	1,100	1,200
Guns registered	3,250	2,090	3,300	1,500	2,373	2,296	2,705	7,329	6,922	2,400
<u>Animal Control</u>										
Calls for service	2,332	2,610	2,832	2,916	2,916	3,000	3,000	3,000	2,850	3,500
Stray animals picked up	1,063	1,335	1,450	1,386	1,386	1,270	1,340	1,600	1,450	1,400
Wild animals secured	308	430	486	472	472	400	435	60	75	500
Dead animals handled	303	332	310	346	346	900	900	1,000	1,000	1,000
Animals given up by owners	992	850	832	798	798	325	325	325	377	350
<u>Civil Defense</u>										
Responses to disaster or emergency incidents	13	9	9	10	10	6	9	7	5	10
Functional / full-scale exercise	2	3	1	-	-	1	1	2	3	2
<b>City Development:</b>										
<u>Engineering</u>										
Service requests processed	422	674	448	516	768	538	811	695	838	800
Planning reviews	141	141	100	94	55	77	79	79	79	70
Site plan reviews	226	245	356	222	113	83	119	129	258	130
Projects inspected	97	128	125	97	71	81	72	61	225	85
Sidewalk inspections / repairs	2,542	2,739	3,100	2,709	3,185	1,517	1,553	933	806	900
<u>Property Maintenance Inspection</u>										
Weed enforcement	1,000	850	2,200	2,323	2,485	4,436	4,568	3,810	4,012	7,000
Complaints investigated	14,000	13,500	7,244	4,862	6,422	5,928	6,068	4,285	4,387	6,000
Complaints entered into tracking system	N/A	N/A	N/A	N/A	21,220	21,200	23,526	21,500	18,300	20,000
Vacant and foreclosed property clean-ups	N/A	N/A	N/A	N/A	650	598	619	632	676	1,000
<u>Building Inspections</u>										
Certificates of Occupancy	326	339	584	279	283	288	266	470	767	400
Building permits	2,976	3,528	2,403	2,854	2,162	2,412	1,880	1,804	1,918	2,300
Plumbing permits	961	1,066	940	978	1,103	1,248	1,348	1,351	1,351	1,380
Electrical permits	1,573	1,844	1,909	2,277	2,862	3,179	3,133	3,626	3,798	3,250
Mechanical permits	1,218	1,929	1,463	1,343	1,447	1,828	1,797	2,240	3,127	1,900
Miscellaneous permits	1,504	1,884	1,584	407	701	701	840	786	830	850
Building inspections	7,404	10,103	8,895	13,216	12,511	13,119	15,004	13,666	14,427	14,000
Plumbing inspections	2,764	2,981	3,243	5,440	7,262	8,104	7,777	9,136	10,421	8,000
Electrical inspections	4,523	4,584	4,595	7,353	12,636	12,269	11,869	12,676	14,206	12,500
Mechanical inspections	4,422	5,644	5,263	6,784	7,774	8,126	8,391	9,861	10,879	9,000
Zoning inspections	5,681	4,940	4,813	15,657	8,679	8,453	6,236	5,575	6,511	6,800
Plan reviews	2,976	3,528	2,987	2,352	2,160	2,467	2,319	2,304	2,048	2,300

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

(1) Fiscal year 2014 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)
<b>Recreation and Culture:</b>										
<u>Library</u>										
Annual attendance	371,361	389,200	284,398	336,414	371,751	337,207	326,386	342,297	366,929	400,000
Circulation:										
Annual total	544,590	539,164	603,725	599,451	594,626	567,845	1,102,600	855,235	577,403	825,000
Children's material	117,958	121,788	182,579	237,568	264,351	248,118	257,402	279,921	253,018	300,000
Reference requests	71,121	73,025	62,726	72,761	78,049	70,664	47,290	47,285	49,875	65,000
Registered borrowers	37,386	41,997	48,265	54,834	61,284	51,507	57,145	53,754	59,909	75,000
Materials:										
Loaned to other libraries	57,635	62,714	53,476	72,662	74,957	76,629	64,433	74,359	74,391	75,000
Received from other libraries	41,340	45,426	39,239	57,642	59,173	86,258	40,381	52,593	52,630	65,000
Added to collection	24,520	16,292	26,397	25,327	25,741	24,616	35,868	56,914	37,576	55,000
Deleted from collection	19,331	27,215	38,081	21,004	16,389	14,976	13,324	23,165	10,984	15,000
Home Page hits	201,309	222,454	231,573	287,079	302,691	301,945	260,661	331,023	361,112	300,000
<u>Recreation</u>										
Pavilion rentals	475	438	460	418	418	482	460	460	484	425
Bus transportation	28,300	28,500	28,550	28,972	25,390	27,750	23,613	18,510	14,227	19,200
Adult & youth sports:										
Registrants	5,800	6,500	6,400	7,000	6,700	7,200	7,000	7,000	7,000	7,500
Participants	102,575	101,204	105,500	106,000	106,000	106,500	106,500	106,500	106,500	107,250
Senior programs	51,204	52,000	52,450	90,247	85,000	90,000	85,000	85,000	85,000	80,000
Senior sports programs	22,000	23,000	22,400	23,000	22,400	22,400	23,000	23,000	23,000	23,250
Trees removed	1,076	800	1,000	1,131	500	325	345	345	250	275
Trees trimmed	4,000	4,000	3,000	7,788	1,000	800	1,000	1,000	2,000	2,000
Pool attendance	301,505	300,000	301,000	325,000	302,000	350,000	380,000	380,000	380,000	380,000
Yearly pass registrations	3,923	4,200	4,800	5,200	4,500	4,500	4,100	3,975	3,463	5,000
<b>Sanitation:</b>										
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	47,626	51,780	48,695	48,695	45,082	43,541	44,104	45,391	47,315	50,000
Curbside recycling	4,977	3,633	4,236	4,236	4,646	4,562	5,716	5,169	5,847	6,000
Curbside compost	14,891	16,123	14,559	14,559	15,228	15,252	13,123	13,245	9,029	14,000
Drop-off center:										
Car batteries (each)	935	935	583	583	459	585	142	256	162	200
Non-ferrous metal (tons)	133	128	1	1	2	7	9	3	3	4
Concrete (tons)	398	385	242	242	245	377	247	283	195	250
Motor oil (gallons)	11,075	11,950	9,250	9,250	10,000	10,800	9,300	8,950	8,460	9,500
Collected / dropped off (tons):										
Cardboard	124	147	129	129	98	85	68	80	67	80
White goods / scrap metal	370	284	232	232	177	167	140	101	80	100
<b>Senior Citizens Housing:</b>										
<u>Stilwell Manor</u>										
Carpet replacements	9	6	9	15	19	12	23	15	15	34
Linoleum replacements	14	9	7	10	10	9	14	7	7	12
Stove replacements	4	25	9	9	15	8	12	15	15	10
Apartments painted	28	9	18	12	25	18	26	20	20	16
Air conditioner replacements	18	10	6	8	10	8	12	10	10	12
Maintenance work orders	532	682	545	520	530	545	642	575	575	650
<u>Jos. Coach Manor</u>										
Carpet replacements	15	12	13	42	36	25	40	27	27	37
Linoleum replacements	18	13	17	32	13	25	20	14	14	17
Hot water tank replacements	2	-	-	2	6	6	10	53	53	50
Apartments painted	48	27	32	28	42	31	65	34	34	46
Countertop replacements	8	8	9	7	18	17	20	18	18	15
Maintenance work orders	1,223	1,203	1,247	1,182	1,300	1,295	1,188	955	955	1,200

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

(1) Fiscal year 2014 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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Water and Sewer System (2)</b>										
<u>Water Department:</u>										
Water utility accounts	49,768	49,948	50,122	50,248	50,205	50,226	50,137	50,025	49,171	49,137
Sewer utility accounts	49,269	49,319	49,370	49,614	49,110	49,089	49,068	49,269	48,650	48,588
Second meter accounts	173	256	384	457	506	555	585	628	680	684
Water sold (thousand cu. ft.)	844,666	930,433	839,755	883,463	759,993	713,369	734,852	692,951	699,581	656,511
Water purchased	941,846	1,035,761	932,468	1,014,748	851,937	794,608	805,598	769,815	784,929	744,182
Broken water main repairs	267	311	238	344	186	214	202	212	184	271
Sewer jetting (in footage)	276,869	197,240	257,313	129,050	14,167	232,072	117,473	249,000	273,816	343,647
<u>Waste Water Treatment Plant:</u>										
Sewage treated	8.4	8.0	9.0	7.6	8.4	8.3	6.8	10.8	7.4	8.2
Sludge solids removed	31.2	32.1	31.4	33.3	29.8	29.7	26.7	28.4	31.1	29.9
Power consumption	14.6	16.5	23.4	23.9	26.8	14.9	13.4	15.8	14.1	12.7
Natural gas for incinerator	31	78	82	89	82	88	81	90	102	94
Laboratory samples taken	6,788	6,743	6,556	6,634	6,308	6,499	5,609	5,694	6,694	5,963
Analytical lab tests run	45,751	44,608	45,863	45,847	45,680	38,140	35,977	33,718	38,044	35,577
Dye tests performed to locate	50	20	200	50	50	20	20	25	13	12
Storm water samples collected	386	457	275	20	50	315	350	240	396	296
Illicit discharges identified	7	17	24	15	46	3	4	5	4	6
Illicit discharges removed	9	50	14	20	7	4	5	9	2	6

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)
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
2014	12,213,524	2,354,600	40,713,090	1,267,277	56,548,491

(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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>General Government:</u>										
Council	13	13	13	13	13	13	12	10	10	10
37th District Court	50	50	50	49	49	49	49	46	46	46
Mayor	7	7	7	7	7	7	6	6	6	6
Clerk	10	8	9	9	9	9	9	8	7	7
Treasurer	13	12	12	12	12	11	10	10	9	9
Controller	19	19	19	19	19	18	14	13	12	10
Information Systems	4	3	3	3	3	3	3	3	4	4
Legal	11	11	11	11	11	11	11	10	10	10
Assessing	12	12	12	12	12	12	11	11	11	11
Labor Relations	1	1	1	1	2	2	-	-	-	-
Personnel	6	6	6	6	6	6	-	-	-	-
Human Resources	-	-	-	-	-	-	9	9	9	9
D.P.W. Garage	8	8	8	8	8	7	7	7	7	8
Building Maintenance	16	15	15	15	15	9	9	8	8	8
Police & Fire Civil Service	1	1	1	1	1	1	-	-	-	-
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
City Retirement	-	-	-	-	-	-	-	-	-	2
	<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>142</u>
<u>Public Safety:</u>										
Fire Department	139	148	148	148	147	121	126	120	114	132
Police Department	281	278	274	276	275	270	256	239	233	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>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>368</u>
<u>City Development:</u>										
Public Service Director	4	4	4	4	3	3	3	3	3	3
Engineering	9	8	8	8	8	7	7	5	5	5
Property Maintenance	3	3	3	3	4	1	1	-	-	-
Building Inspections	18	17	17	17	17	18	16	15	15	14
Planning	5	4	5	5	5	5	3	3	3	4
Rental Ordinance	2	2	2	2	3	3	3	3	3	4
	<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>30</u>
<u>Highways and Streets</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>24</u>
<u>Recreation and Culture:</u>										
Library	16	16	16	16	16	16	12	22	22	22
Recreation	20	20	20	20	20	20	18	16	13	12
Communications	6	6	6	6	6	5	5	5	5	5
	<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>39</u>
<u>Sanitation</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>26</u>
<u>Economic Development:</u>										
Community & Economic	-	-	-	-	-	-	2	2	2	2
D.D.A.	1	1	1	1	1	1	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>Community Development:</u>										
C.D.B.G.	4	4	4	4	3	3	3	3	3	3
<u>Senior Housing</u>										
	<u>5</u>									
<u>Water and Sewer System</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>	<u>91</u>
Total full-time city employees	<b><u>879</u></b>	<b><u>876</u></b>	<b><u>859</u></b>	<b><u>858</u></b>	<b><u>857</u></b>	<b><u>787</u></b>	<b><u>758</u></b>	<b><u>722</u></b>	<b><u>709</u></b>	<b><u>731</u></b>

Source: Adopted fiscal year budget