



City of Warren, Michigan

Fiscal Year Ended June 30, 2015

Comprehensive Annual Financial Report

City of Warren, Michigan

Comprehensive Annual Financial Report with Supplemental Information June 30, 2015

City of Warren, Michigan

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City of Warren, Michigan

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City of Warren, Michigan

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

November 24, 2015

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, 2015.

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, 2015 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The City's financial statements have received an "unmodified opinion" from the independent auditor. An unmodified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

General Information

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

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 Fiat Chrysler Automobiles (FCA) 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. FCA 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 has opened an Extension Center right across from Macomb's South Campus on 12 Mile Road and is 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.

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.

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 37th 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 FCA 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 FCA have made considerable investments in their facilities within the City. General Motors has announced an expansion at the Technical Center of over \$1 billion to modernize the campus. This expansion will include an additional 3,000 jobs.

The 2016 budget has committed to continue to invest in the City's infrastructure with almost \$2 million in General Fund and Special Revenue 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 expenditures 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 several 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 City will go before the voters to try to get the road millage approved for an additional five years.

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 that should start construction in fiscal 2016/2017.

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, 2014. 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

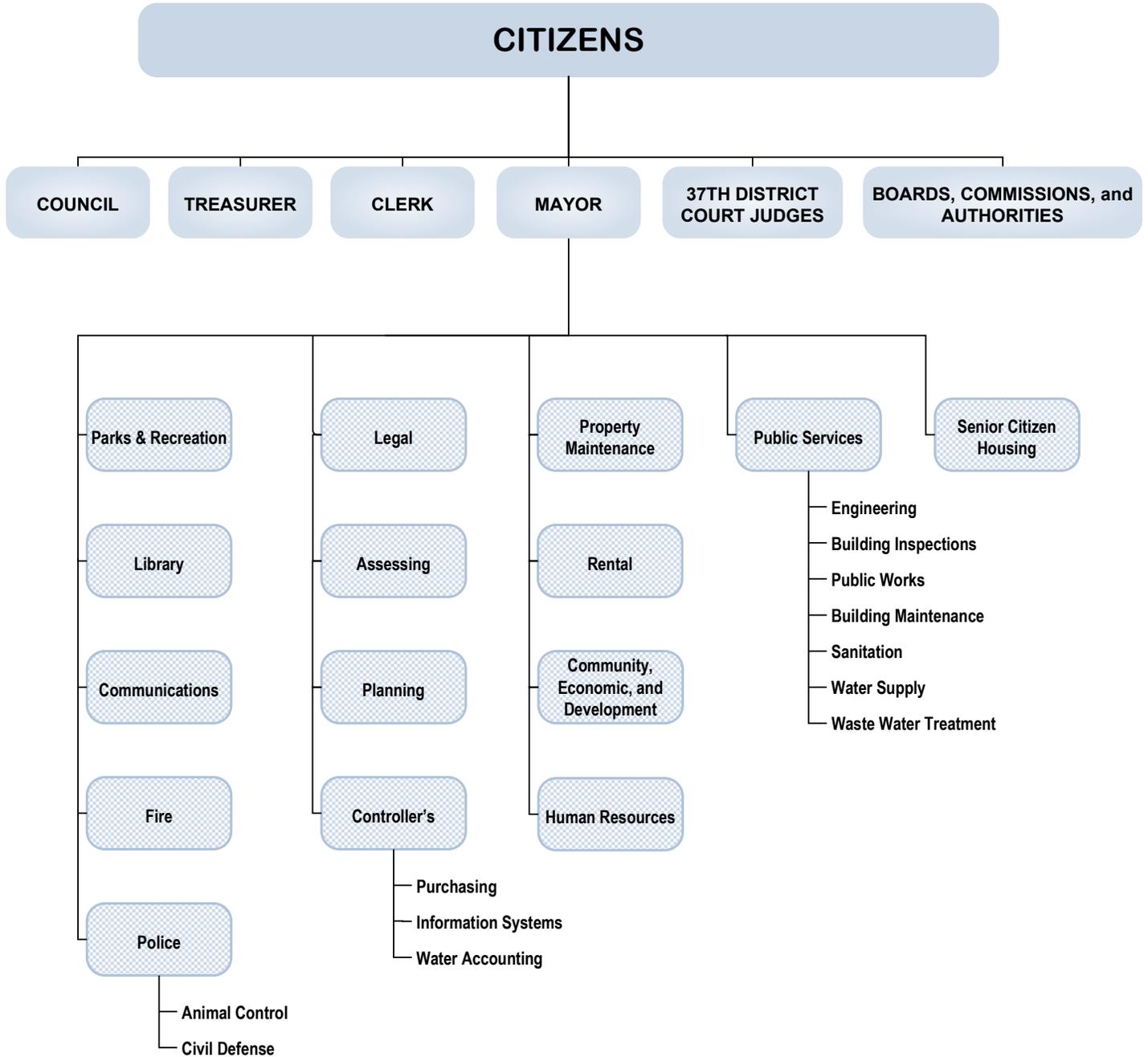
**City of Warren
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2015, 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, 30 percent, and 26 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, 2015 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 year ended June 30, 2015, the City of Warren adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. In accordance with Statement No. 68, the City is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position for the first time. This statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). Our opinion is not modified with respect to this matter.

As discussed in Note 22 to the basic financial statements, during the City's 2014-2015 fiscal year, the City's Water and Sewer Fund utilized an eighteen-month fiscal year in order to bring its year end into agreement with the rest of the City. 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, schedules of changes in the City net pension liability and related ratios, schedule of City contributions, other postemployment benefits schedule of funding progress, and the budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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 November 24, 2015 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

November 24, 2015

City of Warren, Michigan

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, 2015. 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, 2015:

- As a result of this year's operations, governmental activities net position increased by \$3.1 million or 14.3 percent from 2014. The increase is due primarily to positive operating results in the General Fund. Revenues were \$2.8 million favorable to budget.
- As a result of this year's operations, business-type activities net position decreased by \$2.2 million or 2.7 percent from the prior year. The decrease is due primarily to the increase in operating expenses related to activity in the water and sewer system.
- The General Fund reported a \$6.9 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, 2015 compared to the prior year:

Note: GASB Statement No. 68 was implemented in fiscal year 2015, but the deferred inflows and outflows related to pensions were not reflected retroactively in the fiscal year 2014 column below.

	Governmental Activities			Percent Change
	2014	2015	Change	
Assets				
Other assets	\$ 118,617,318	\$ 122,967,346	\$ 4,350,028	4%
Capital assets	<u>130,487,945</u>	<u>133,689,119</u>	<u>3,201,174</u>	2%
Total assets	249,105,263	256,656,465	7,551,202	3%
Deferred Outflows of Resources				
Bond refunding loss being amortized	540,651	542,554	1,903	
Deferred outflows related to pensions	-	<u>9,806,999</u>	<u>9,806,999</u>	
Total deferred outflows	540,651	10,349,553	9,808,902	1814%
Liabilities				
Current liabilities	8,533,860	8,224,850	(309,010)	-4%
Long-term liabilities	<u>44,326,166</u>	<u>232,312,761</u>	<u>187,986,595</u>	424%
Total liabilities	<u>52,860,026</u>	<u>240,537,611</u>	<u>187,677,585</u>	355%
Deferred Inflows of Resources -				
Deferred inflows related to pensions	-	1,791,841	1,791,841	
Net Position				
Net investment in capital assets	109,841,350	115,090,168	5,248,818	5%
Restricted	44,730,230	41,673,841	(3,056,389)	-7%
Unrestricted	<u>42,214,308</u>	<u>(132,087,443)</u>	<u>(174,301,751)</u>	-413%
Total net position	<u>\$ 196,785,888</u>	<u>\$ 24,676,566</u>	<u>\$ (172,109,322)</u>	-87%

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities			Percent Change
	2014	2015	Change	
Revenue				
Program revenue:				
Charges for services	\$ 16,511,721	\$ 16,317,219	\$ (194,502)	-1%
Operating grants	16,769,695	17,431,409	661,714	4%
Capital grants	821,463	504,251	(317,212)	-39%
General revenue:				
Property taxes	89,157,917	89,085,885	(72,032)	0%
State-shared revenue	12,604,122	15,470,027	2,865,905	23%
Investment earnings	151,370	214,871	63,501	42%
Other revenue	5,205,795	10,449,590	5,243,795	101%
Total revenue	141,222,083	149,473,252	8,251,169	6%
Program Expenses				
General government	12,963,834	25,310,012	12,346,178	95%
District court	6,501,550	7,138,274	636,724	10%
Public safety	63,792,208	66,512,308	2,720,100	4%
Public works	27,934,896	31,261,848	3,326,952	12%
Community and economic development	4,331,962	3,750,923	(581,039)	-13%
Recreation and cultural	11,815,426	11,749,078	(66,348)	-1%
Interest on long-term debt	937,659	645,177	(292,482)	-31%
Total expenses	128,277,535	146,367,620	18,090,085	14%
Transfers				
	-	-	-	
Change in Net Position	\$ 12,944,548	\$ 3,105,632	\$ (9,838,916)	-76%
Ending Net Position	\$ 196,785,888	\$ 24,676,566	\$ (172,109,322)	-87%

The governmental net position decreased 87.5 percent from a year ago - decreasing from \$196.8 million to \$24.7 million. This was due primarily to the recognition of the Net Pension Liability as required by GASB 68.

The City's total governmental revenues increased by approximately \$8.2 million or 5.8 percent. This increase was primarily due to the increase in other revenue of \$5.0 million for insurance proceeds from the August, 2014 flood.

Expenses increased by \$18.1 million or 14.1 percent during the year. The increase was primarily in general government, with an additional \$12.3 million. This increase was due to pension expenses and additional expenses from the flood.

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, 2015 compared to the prior year:

Note: GASB Statement No. 68 was implemented in fiscal year 2015, but the deferred inflows and outflows related to pensions were not reflected retroactively in the fiscal year 2014 column below.

	Business-type Activities			Percent Change
	2014	2015	Change	
Assets				
Other assets	\$ 75,515,731	\$ 52,851,104	\$ (22,664,627)	-30%
Capital assets	<u>122,472,273</u>	<u>140,158,471</u>	<u>17,686,198</u>	14%
Total assets	197,988,004	193,009,575	(4,978,429)	-3%
Deferred Outflows of Resources -				
Bond refunding loss being amortized	1,322,715	3,137,083	1,814,368	
Liabilities				
Current liabilities	3,436,887	6,972,449	3,535,562	103%
Long-term liabilities	<u>95,754,718</u>	<u>109,679,262</u>	<u>13,924,544</u>	15%
Total liabilities	<u>99,191,605</u>	<u>116,651,711</u>	<u>17,460,106</u>	18%
Deferred Inflows of Resources -				
Deferred inflows related to pensions	-	89	89	
Net Position				
Net investment in capital assets	61,917,558	66,690,180	4,772,622	8%
Restricted	11,418,448	11,195,095	(223,353)	-2%
Unrestricted	<u>26,783,108</u>	<u>1,609,583</u>	<u>(25,173,525)</u>	-94%
Total net position	<u>\$ 100,119,114</u>	<u>\$ 79,494,858</u>	<u>\$ (20,624,256)</u>	-21%

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Business-type Activities			Percent Change
	2014	2015	Change	
Operating revenue	\$ 40,760,616	\$ 58,028,788	\$ 17,268,172	42%
Operating expenses, other than depreciation	29,849,367	48,406,858	18,557,491	62%
Depreciation and amortization	4,748,403	7,583,288	2,834,885	60%
Operating Income	6,162,846	2,038,642	(4,124,204)	-67%
Interest income	65,970	187,828	121,858	185%
Interest expense	2,509,884	4,383,473	1,873,589	75%
Other nonoperating expenses	-	41,648	41,648	0%
Gain on sale of assets	37,339	14,466	(22,873)	-61%
Other nonoperating general revenue	-	-	-	
Change in Net Position	\$ 3,756,271	\$ (2,184,185)	\$ (5,940,456)	-158%
Ending Net Position	\$ 100,119,114	\$ 79,494,858	\$ (20,624,256)	-21%

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 decreased \$20.6 million or 21 percent from a year ago.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by \$25.1 million. The decrease in unrestricted net position was due primarily to the recognition of the Net Pension Liability, as required by GASB 68, of \$20.3 million.

The City of Warren, Michigan Funds

Our analysis of the City's major funds begins on page 14, 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 2015 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 \$64 million in 2015. Revenue exceeded expenditures (including transfers) in the General Fund by \$6.9 million. This was primarily due to favorable budget expenditure variances for the year of \$6.0 million. Unassigned fund balance of \$19.0 million is approximately 19.5 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 August flooding event. At year end, General Fund expenditures were \$6.0 million under budget. This was due to careful spending by department leaders. General Fund revenue came in over budget by \$2.8 million primarily due to an increase in fines and forfeitures by \$0.9 million.

Capital Asset and Debt Administration

At the end of fiscal year 2015, the City had \$275 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 \$134 million and business-type net capital assets are \$140 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 2015 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 2016 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 86,688,614	\$ 31,289,458	\$ 117,978,072	\$ 16,702,305
Receivables (Note 4)	31,816,370	7,007,323	38,823,693	-
Due from component units	656,913	-	656,913	-
Internal balances	2,109,623	(2,109,623)	-	-
Inventory	297,229	450,823	748,052	136,296
Prepaid expenses and other assets	102,763	96,143	198,906	1,000
Restricted assets (Note 1)	-	16,116,980	16,116,980	-
Deposits	1,295,834	-	1,295,834	-
Capital assets:				
Assets not subject to depreciation (Note 6)	23,409,238	6,914,241	30,323,479	122,419
Assets subject to depreciation (Note 6)	110,279,881	133,244,230	243,524,111	1,046,667
Total assets	256,656,465	193,009,575	449,666,040	18,008,687
Deferred Outflows of Resources				
Bond refunding loss being amortized (Note 5)	542,554	1,107,482	1,650,036	216,933
Deferred outflows related to pensions (Note 5)	9,806,999	2,029,601	11,836,600	-
Total deferred outflows of resources	10,349,553	3,137,083	13,486,636	216,933
Liabilities				
Accounts payable	6,405,564	4,833,945	11,239,509	380,841
Due to other governmental units	245	-	245	699,997
Other	-	-	-	656,913
Refundable deposits, bonds, etc.	725,167	1,250,692	1,975,859	5,000
Accrued liabilities and other	988,900	860,058	1,848,958	516,553
Unearned revenue	104,974	27,754	132,728	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	1,857,256	364,067	2,221,323	-
Provision for property tax refunds	237,953	-	237,953	125,884
Current portion of long-term debt (Note 8)	2,680,980	5,656,501	8,337,481	3,082,267
Due in more than one year:				
Compensated absences	7,429,026	489,269	7,918,295	-
Provision for claims	7,674,487	-	7,674,487	-
Net OPEB obligation	9,626,520	2,501,425	12,127,945	11,323
Net pension liability	186,346,014	20,269,337	206,615,351	-
Long-term debt (Note 8)	16,460,525	80,398,663	96,859,188	57,621,717
Total liabilities	240,537,611	116,651,711	357,189,322	63,100,495
Deferred Inflows of Resources (Note 5)	1,791,841	89	1,791,930	-

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

City of Warren, Michigan

Statement of Net Position (Continued) June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 115,090,168	\$ 66,690,180	\$ 181,780,348	\$ 1,169,086
Restricted for:				
Streets and highways	15,583,086	-	15,583,086	-
Public safety	3,443,509	-	3,443,509	-
Recreation and culture	9,553,574	-	9,553,574	-
Sanitation	1,292,637	-	1,292,637	-
Community development	7,927,912	-	7,927,912	-
Capital projects	3,873,123	-	3,873,123	-
Debt service	-	11,195,095	11,195,095	-
Unrestricted	(132,087,443)	1,609,583	(130,477,860)	(46,043,961)
Total net position	<u>\$ 24,676,566</u>	<u>\$ 79,494,858</u>	<u>\$ 104,171,424</u>	<u>\$ (44,874,875)</u>

City of Warren, Michigan

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 25,310,012	\$ 2,029,960	\$ 2,618,839	\$ 504,251
District Court	7,138,274	6,310,956	51,290	-
Public safety	66,512,308	4,896,675	1,389,386	-
Public works	31,261,848	252,714	9,820,655	-
Community and economic development	3,750,923	597,205	2,095,262	-
Recreation and culture	11,749,078	2,229,709	1,455,977	-
Interest on long-term debt	645,177	-	-	-
Total governmental activities	<u>146,367,620</u>	<u>16,317,219</u>	<u>17,431,409</u>	<u>504,251</u>
Business-type activities:				
Water and Sewer Fund*	58,331,386	55,669,322	-	-
Senior housing	2,083,881	2,359,466	-	-
Total business-type activities	<u>60,415,267</u>	<u>58,028,788</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 206,782,887</u>	<u>\$ 74,346,007</u>	<u>\$ 17,431,409</u>	<u>\$ 504,251</u>
Component units:				
Tax Increment Financing Authority	\$ 162,711	\$ -	\$ -	\$ -
Downtown Development Authority	3,521,407	-	-	-
Brownfield Redevelopment	1,515,564	-	-	-
Total component units	<u>\$ 5,199,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
General revenue				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of capital assets				
Sale of land				
Total general revenue				

Change in Net Position

Net Position - Beginning of year (as restated)

Net Position - End of year

*The Water and Sewer Fund reflects an 18-month year. See Note 22.

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

**Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (20,156,962)	\$ -	\$ (20,156,962)	\$ -
(776,028)	-	(776,028)	-
(60,226,247)	-	(60,226,247)	-
(21,188,479)	-	(21,188,479)	-
(1,058,456)	-	(1,058,456)	-
(8,063,392)	-	(8,063,392)	-
(645,177)	-	(645,177)	-
(112,114,741)	-	(112,114,741)	-
-	(2,662,064)	(2,662,064)	-
-	275,585	275,585	-
-	(2,386,479)	(2,386,479)	-
(112,114,741)	(2,386,479)	(114,501,220)	-
-	-	-	(162,711)
-	-	-	(3,521,407)
-	-	-	(1,515,564)
-	-	-	(5,199,682)
89,085,885	-	89,085,885	8,954,747
15,470,027	-	15,470,027	-
214,871	187,828	402,699	15,813
2,209,191	-	2,209,191	-
8,240,399	-	8,240,399	368,837
-	14,466	14,466	-
-	-	-	1,538,855
115,220,373	202,294	115,422,667	10,878,252
3,105,632	(2,184,185)	921,447	5,678,570
21,570,934	81,679,043	103,249,977	(50,553,445)
\$ 24,676,566	\$ 79,494,858	\$ 104,171,424	\$ (44,874,875)

City of Warren, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Grant Fund	Nonmajor Funds	Total
Assets				
Cash and cash equivalents	\$ 44,944,174	\$ 291,167	\$ 41,453,273	\$ 86,688,614
Receivables (Note 4):				
Property taxes receivable	352,601	-	134,641	487,242
Special assessments receivable	-	-	766,701	766,701
Accrued interest receivable	900	-	365	1,265
Other receivables	748,864	-	1,034,286	1,783,150
Due from other governmental units	4,360,288	214,332	1,840,036	6,414,656
Due from pension and VEBA funds	14,692,802	-	-	14,692,802
Notes receivable	-	7,670,554	-	7,670,554
Due from component units	656,913	-	-	656,913
Due from other funds	3,086,070	-	68,762	3,154,832
Inventory	269,153	-	28,076	297,229
Prepaid expenses and other assets	94,581	-	8,182	102,763
Deposits	1,092,504	-	203,330	1,295,834
	<u>\$ 70,298,850</u>	<u>\$ 8,176,053</u>	<u>\$ 45,537,652</u>	<u>\$ 124,012,555</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 3,757,079	\$ 180,360	\$ 2,468,125	\$ 6,405,564
Due to other governmental units	-	-	245	245
Due to other funds	-	62,892	982,317	1,045,209
Refundable deposits, bonds, etc.	494,996	1,380	228,791	725,167
Accrued liabilities and other	620,863	3,509	218,846	843,218
Unearned revenue	11,634	-	93,340	104,974
Provision for property tax refunds	177,467	-	60,486	237,953
	<u>5,062,039</u>	<u>248,141</u>	<u>4,052,150</u>	<u>9,362,330</u>
Deferred Inflows of Resources -				
Unavailable revenue (Note 5)	1,373,410	7,748,266	891,877	10,013,553
Fund Balances				
Nonspendable:				
Inventory/Assets held for resale	269,153	-	28,076	297,229
Prepays	94,581	-	8,182	102,763
Restricted:				
Roads	-	-	15,546,100	15,546,100
Grants	-	179,646	-	179,646
Capital projects	-	-	1,967,336	1,967,336
Sanitation	-	-	1,227,672	1,227,672
Recreation	-	-	996,920	996,920
Library	-	-	5,319,735	5,319,735
Cable franchise fees	-	-	3,177,436	3,177,436
Police enforcement	-	-	3,193,650	3,193,650
Special assessments	-	-	1,139,086	1,139,086
Vice crime	-	-	249,859	249,859

City of Warren, Michigan

Governmental Funds Balance Sheet (Continued) June 30, 2015

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances (Continued)				
Committed:				
Rental ordinance	\$ -	\$ -	\$ 928,571	\$ 928,571
Special assessments	-	-	357,020	357,020
Assigned:				
Subsequent year's budget	5,118,586	-	-	5,118,586
Compensated absences	8,539,348	-	-	8,539,348
Claims and insurance	7,674,487	-	-	7,674,487
37th District Court	-	-	6,406,557	6,406,557
Debt service	-	-	47,425	47,425
Capital equipment	4,927,500	-	-	4,927,500
Retiree healthcare	18,229,496	-	-	18,229,496
Unassigned	19,010,250	-	-	19,010,250
Total fund balances	<u>63,863,401</u>	<u>179,646</u>	<u>40,593,625</u>	<u>104,636,672</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 70,298,850</u>	<u>\$ 8,176,053</u>	<u>\$ 45,537,652</u>	<u>\$ 124,012,555</u>

City of Warren, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 104,636,672
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	133,689,119
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	9,806,999
Unamortized bond premium	20,855
Deferred charges on refunding are deferred inflows and are not reported in the funds	542,554
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	766,701
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	9,246,852
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(19,162,360)
Accrued interest is not due and payable in the current period and is not reported in the funds	(145,682)
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	(9,286,282)
The net pension liability is not due and payable in the current period and is not reported in the funds	(186,346,014)
The 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	(9,626,520)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(7,674,487)
The differences between projected and actual experience on pension assets are recorded as deferred inflows of resources in the statement of net position, but are reported as gains in the governmental funds	(1,791,841)
Net Position of Governmental Activities	<u>\$ 24,676,566</u>

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

City of Warren, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	General Fund	Grant Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 67,267,583	\$ -	\$ 21,901,259	\$ 89,168,842
Licenses and permits	3,253,426	-	-	3,253,426
Federal grants	2,620,507	2,523,615	467,340	5,611,462
State-shared revenue and grants	14,612,591	-	11,550,451	26,163,042
Charges for services	3,760,632	-	1,892,004	5,652,636
Fines and forfeitures	5,354,938	-	1,554,340	6,909,278
Investment income	136,265	-	40,841	177,106
Rental income	-	-	119,050	119,050
Other revenue:				
Special assessments	-	-	542,016	542,016
Cable franchise fees	-	-	2,209,191	2,209,191
Insurance proceeds	5,010,341	-	-	5,010,341
Other miscellaneous income	1,911,605	46,403	453,957	2,411,965
Total revenue	103,927,888	2,570,018	40,730,449	147,228,355
Expenditures				
Current:				
General government	15,904,676	-	370,364	16,275,040
District Court	7,128,439	-	-	7,128,439
Public safety	63,428,697	-	586,263	64,014,960
Public works	9,612,872	-	27,230,377	36,843,249
Community and economic development	538,053	2,549,429	624,230	3,711,712
Recreation and culture	61,355	-	11,377,763	11,439,118
Debt service	522,983	-	3,664,109	4,187,092
Total expenditures	97,197,075	2,549,429	43,853,106	143,599,610
Excess of Revenue Over (Under)				
Expenditures	6,730,813	20,589	(3,122,657)	3,628,745
Other Financing Sources (Uses)				
Face value of debt issue	1,171,970	-	2,417,602	3,589,572
Debt premium or discount	-	-	11,199	11,199
Transfers in	-	-	4,116,088	4,116,088
Transfers out	(1,006,655)	-	(3,109,433)	(4,116,088)
Payment to bond refunding escrow agent	-	-	(2,385,000)	(2,385,000)
Total other financing sources	165,315	-	1,050,456	1,215,771
Net Change in Fund Balances	6,896,128	20,589	(2,072,201)	4,844,516
Fund Balances - Beginning of year	56,967,273	159,057	42,665,826	99,792,156
Fund Balances - End of year	\$ 63,863,401	\$ 179,646	\$ 40,593,625	\$ 104,636,672

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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 4,844,516
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	17,875,253
Depreciation expense	(8,086,012)
Net book value of assets disposed of	(6,588,066)
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	(243,592)
Deferred charges on current year refundings are expenditures in the governmental funds, but not in the statement of activities	53,161
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)	5,856,512
Bond and lease proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(3,600,771)
Change in accrued interest payable and other	18,237
Pension related expenses do not require the use of current resources, and therefore are not reported in the fund statements	(3,115,902)
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	2,460,712
Change in the provision for claims liability	(1,604,843)
Increase in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(4,712,314)
Change in Net Position of Governmental Activities	<u>\$ 3,105,632</u>

City of Warren, Michigan

Proprietary Funds Statement of Net Position June 30, 2015

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 27,845,194	\$ 3,444,264	\$ 31,289,458
Receivables:			
Receivables from sales to customers on account	6,895,448	-	6,895,448
Accrued interest receivable	366	-	366
Other receivables	109,059	2,450	111,509
Due from other funds	-	316,227	316,227
Inventory	450,823	-	450,823
Prepaid expenses and other assets	96,060	83	96,143
Total current assets	<u>35,396,950</u>	<u>3,763,024</u>	<u>39,159,974</u>
Noncurrent assets:			
Restricted assets (Note 1)	16,116,980	-	16,116,980
Capital assets:			
Assets not subject to depreciation	6,692,597	221,644	6,914,241
Assets subject to depreciation	126,305,207	6,939,023	133,244,230
Total noncurrent assets	<u>149,114,784</u>	<u>7,160,667</u>	<u>156,275,451</u>
Total assets	<u>184,511,734</u>	<u>10,923,691</u>	<u>195,435,425</u>
Deferred Outflows of Resources			
Bond refunding loss being amortized	1,027,506	79,976	1,107,482
Deferred outflows related to pensions	2,029,601	-	2,029,601
Total deferred outflows	<u>3,057,107</u>	<u>79,976</u>	<u>3,137,083</u>
Liabilities			
Current liabilities:			
Accounts payable	4,744,344	89,601	4,833,945
Due to other funds	1,899,466	526,384	2,425,850
Refundable deposits, bonds, etc.	1,041,384	209,308	1,250,692
Accrued liabilities and other	844,530	15,528	860,058
Unearned revenue	-	27,754	27,754
Compensated absences	364,067	-	364,067
Current portion of long-term debt	5,110,445	546,056	5,656,501
Total current liabilities	<u>14,004,236</u>	<u>1,414,631</u>	<u>15,418,867</u>
Noncurrent liabilities:			
Compensated absences	446,843	42,426	489,269
Net pension liability	20,269,337	-	20,269,337
Net OPEB obligation	2,490,102	11,323	2,501,425
Long-term debt	77,811,363	2,587,300	80,398,663
Total noncurrent liabilities	<u>101,017,645</u>	<u>2,641,049</u>	<u>103,658,694</u>
Total liabilities	<u>115,021,881</u>	<u>4,055,680</u>	<u>119,077,561</u>
Deferred Inflows of Resources - Other deferred inflows	<u>89</u>	<u>-</u>	<u>89</u>
Net Position			
Net investment in capital assets	62,582,893	4,107,287	66,690,180
Restricted - Debt service	11,195,095	-	11,195,095
Unrestricted	(1,231,117)	2,840,700	1,609,583
Total net position	<u>\$ 72,546,871</u>	<u>\$ 6,947,987</u>	<u>79,494,858</u>
Net Position of Business-type Activities			<u>\$ 79,494,858</u>

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

City of Warren, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Enterprise Funds		
	Water and Sewer Fund*	Nonmajor Enterprise	Total
Operating Revenue			
Sale of water	\$ 29,490,659	\$ -	\$ 29,490,659
Sewage disposal charges	24,057,515	-	24,057,515
Other sales to customers	454,710	-	454,710
Interest and penalty charges	1,666,438	-	1,666,438
Rental revenue	-	1,489,071	1,489,071
Other operating revenue	-	870,395	870,395
Total operating revenue	<u>55,669,322</u>	<u>2,359,466</u>	<u>58,028,788</u>
Operating Expenses			
Cost of water	13,695,536	-	13,695,536
Other operation and maintenance	8,929,451	-	8,929,451
Billing and administrative costs	2,742,410	466,227	3,208,637
Wages and fringes	18,791,409	525,100	19,316,509
Materials and supplies	1,174,663	58,750	1,233,413
Other operating expenses	-	645,885	645,885
Professional services	1,377,427	-	1,377,427
Depreciation	7,315,097	268,191	7,583,288
Total operating expenses	<u>54,025,993</u>	<u>1,964,153</u>	<u>55,990,146</u>
Operating Income	1,643,329	395,313	2,038,642
Nonoperating Revenue (Expenses)			
Investment income	181,121	6,707	187,828
Interest expense	(4,263,745)	(119,728)	(4,383,473)
Loss on sale of assets	(27,182)	-	(27,182)
Total nonoperating expenses	<u>(4,109,806)</u>	<u>(113,021)</u>	<u>(4,222,827)</u>
Change in Net Position	(2,466,477)	282,292	(2,184,185)
Net Position - Beginning of year (as restated) (Note 21)	<u>75,013,348</u>	<u>6,665,695</u>	<u>81,679,043</u>
Net Position - End of year	<u>\$ 72,546,871</u>	<u>\$ 6,947,987</u>	<u>\$ 79,494,858</u>

*The Water and Sewer Fund reflects an 18-month year. See Note 22.

City of Warren, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Enterprise Funds		
	Water and Sewer Fund*	Nonmajor Enterprise	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 60,742,599	\$ 2,043,637	\$ 62,786,236
Payments for interfund services and reimbursements	-	(92,610)	(92,610)
Payments to suppliers	(21,893,387)	(729,148)	(22,622,535)
Payments to employees	(19,226,386)	(524,722)	(19,751,108)
Receipts from other funds	238,913	68,575	307,488
Claims paid	-	11,323	11,323
Net cash provided by operating activities	<u>19,861,739</u>	<u>777,055</u>	<u>20,638,794</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(24,967,751)	(328,917)	(25,296,668)
Principal and interest paid on capital debt	(12,311,268)	(520,803)	(12,832,071)
Net cash used in capital and related financing activities	<u>(37,279,019)</u>	<u>(849,720)</u>	<u>(38,128,739)</u>
Cash Flows from Investing Activities - Interest received on investments	<u>180,833</u>	<u>6,707</u>	<u>187,540</u>
Net Decrease in Cash and Cash Equivalents	<u>(17,236,447)</u>	<u>(65,958)</u>	<u>(17,302,405)</u>
Cash and Cash Equivalents - Beginning of year	<u>61,198,621</u>	<u>3,510,222</u>	<u>64,708,843</u>
Cash and Cash Equivalents - End of year	<u>\$ 43,962,174</u>	<u>\$ 3,444,264</u>	<u>\$ 47,406,438</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ 27,845,194	\$ 3,444,264	\$ 31,289,458
Restricted cash	16,116,980	-	16,116,980
Total cash and cash equivalents	<u>\$ 43,962,174</u>	<u>\$ 3,444,264</u>	<u>\$ 47,406,438</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 1,643,329	\$ 395,313	\$ 2,038,642
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	7,315,097	268,191	7,583,288
Changes in assets and liabilities:			
Receivables	5,112,087	398	5,112,485
Due from others	-	(9,210)	(9,210)
Inventories	40,547	-	40,547
Prepaid and other assets	(41,774)	-	(41,774)
Accounts payable	3,449,421	42,087	3,491,508
Due to others	238,913	68,575	307,488
Net pension and OPEB liabilities, and related deferrals	2,289,856	11,323	2,301,179
Accrued and other liabilities	(185,737)	378	(185,359)
Net cash provided by operating activities	<u>\$ 19,861,739</u>	<u>\$ 777,055</u>	<u>\$ 20,638,794</u>

*The Water and Sewer Fund reflects an 18-month year. See Note 22.

City of Warren, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2015

	Pension and Other Employee Benefits - 12/31/14	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,143,268	\$ 1,805,270
Investments:		
U.S. government securities	40,871,431	-
Agency securities	1,392,714	-
Stocks	302,417,453	-
Bonds	69,235,044	-
Real estate	24,541,153	-
Other	49,909,919	-
Securities lending	5,829,755	-
Receivables:		
Accrued interest receivable	1,626,205	-
Other receivables	78,179	-
Due from other governmental units	-	219
Prepaid expenses and other assets	13,909	-
	497,059,030	\$ 1,805,489
Liabilities		
Accounts payable	1,282,533	\$ 3,000
Due to other governmental units	-	90
Due to primary government	14,158,864	-
Refundable deposits, bonds, etc.	-	1,779,772
Accrued liabilities and other	671,603	22,627
Obligations under securities lending agreements	6,318,421	-
	22,431,421	\$ 1,805,489
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 474,627,609	

City of Warren, Michigan

Fiduciary Funds

Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Year Ended June 30, 2015

	Pension and Other Employee Benefits - 12/31/14
Additions	
Investment income (loss):	
Interest and dividends	\$ 14,767,576
Net increase in fair value of investments	19,300,003
Investment-related expenses	<u>(2,135,369)</u>
Net investment income	31,932,210
Securities lending income (loss):	
Interest and dividends	181,649
Securities lending - Investment expense	<u>(9,686)</u>
Net securities lending income	171,963
Contributions:	
Employer	37,216,476
Employee	<u>1,089,202</u>
Total contributions	<u>38,305,678</u>
Total additions	70,409,851
Deductions	
Benefit payments	62,564,513
Refunds of contributions	947,070
Administrative expenses	<u>792,446</u>
Total deductions	<u>64,304,029</u>
Net Increase in Net Position Held in Trust	6,105,822
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>468,521,787</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 474,627,609</u></u>

City of Warren, Michigan

Component Units Statement of Net Position June 30, 2015

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	\$ 1,880,328	\$ 13,521,146	\$ 1,300,831	\$ 16,702,305
Inventory	-	136,296	-	136,296
Prepaid expenses and other assets	-	1,000	-	1,000
Capital assets not subject to depreciation (Note 6)	-	122,419	-	122,419
Capital assets subject to depreciation (Note 6)	-	1,046,667	-	1,046,667
Total assets	1,880,328	14,827,528	1,300,831	18,008,687
Deferred Outflows of Resources -				
Bond refunding loss being amortized (Note 1)	-	216,933	-	216,933
Liabilities				
Accounts payable	126,925	74,585	179,331	380,841
Due to other governmental units	-	-	699,997	699,997
Due to primary government	3,058	249,917	403,938	656,913
Refundable deposits, bonds, etc.	-	5,000	-	5,000
Accrued liabilities and other	-	509,477	7,076	516,553
Noncurrent liabilities:				
Due within one year:				
Provision for property tax refunds	768	125,116	-	125,884
Current portion of long-term debt	-	3,082,267	-	3,082,267
Due in more than one year:				
Net OPEB obligation	-	11,323	-	11,323
Long-term debt	-	57,621,717	-	57,621,717
Total liabilities	130,751	61,679,402	1,290,342	63,100,495
Net Position				
Net investment in capital assets	-	1,169,086	-	1,169,086
Unrestricted	1,749,577	(47,804,027)	10,489	(46,043,961)
Total net position	\$ 1,749,577	\$ (46,634,941)	\$ 10,489	\$ (44,874,875)

City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authority	\$ 162,711	\$ -	\$ -	\$ -
Downtown Development Authority:				
General government	116,150	-	-	-
Community and economic development	1,120,602	-	-	-
Interest expense	2,284,655	-	-	-
Total Downtown Development Authority	3,521,407	-	-	-
Brownfield Redevelopment Authority	1,515,564	-	-	-
Total component units	\$ 5,199,682	\$ -	\$ -	\$ -

General revenue:

- Property taxes
- Investment income
- Other miscellaneous income
- Sale of land

Total general revenue

Change in Net Position

Net Position - Beginning of year (Note 21)

Net Position - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (162,711)	\$ -	\$ -	\$ (162,711)
-	(116,150)	-	(116,150)
-	(1,120,602)	-	(1,120,602)
-	(2,284,655)	-	(2,284,655)
-	(3,521,407)	-	(3,521,407)
-	-	(1,515,564)	(1,515,564)
(162,711)	(3,521,407)	(1,515,564)	(5,199,682)
211,413	8,513,852	229,482	8,954,747
2,966	11,066	1,781	15,813
20,220	348,617	-	368,837
-	1,538,855	-	1,538,855
234,599	10,412,390	231,263	10,878,252
71,888	6,890,983	(1,284,301)	5,678,570
1,677,689	(53,525,924)	1,294,790	(50,553,445)
\$ 1,749,577	\$ (46,634,941)	\$ 10,489	\$ (44,874,875)

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. The City has pledged its full faith and credit for payment of principal and interest requirements from issuance of Downtown Development Authority Bonds. 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.

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

Accounting and Reporting Principles

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

Fund Accounting

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

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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 \$16,116,980 set aside and classified as restricted assets. Of this amount, \$11,479,391 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 \$4,637,589 at June 30, 2015.

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

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 City has two items that qualify for reporting in this category. The first is 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 revenue 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. The second is the deferred inflows of resources related to the defined benefit plans. The deferred inflows result from several transactions: the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings; differences between projected and actual experience; and differences in the timing of contributions in to the plan between the measurement date of the liability and the City's year end.

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.

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council 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 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015 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.

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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

The 2014 taxable valuation of the City totaled \$3.2 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	\$ 27,621,000
Emergency medical service	0.2923	920,000
Library charter and operating	1.3373	4,204,000
Rubbish services	2.5550	8,036,000
Police/Fire pension and retiree health care	4.9848	15,683,000
Police operating	0.9746	3,068,000
Fire operating	0.9746	3,068,000
Recreation operating	0.9746	3,068,000
Police and fire operating	4.9000	15,374,000
Road repairs	2.1000	6,592,000
Total	27.8656	\$ 87,634,000

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

Other Postemployment Benefit Costs - The City offers retiree healthcare benefits to retirees through the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and Trust and the City of Warren Police and Fire Retirement Health Benefits Plan and Trust. For each plan, the City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, other postemployment benefit (OPEB) costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

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.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

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, 2014	\$ (7,574,574)
Current year permit revenue	2,367,474
Related expenses - Estimated indirect costs	<u>2,782,710</u>
Current year shortfall	<u>(415,236)</u>
Cumulative shortfall - June 30, 2015	<u>\$ (7,989,810)</u>

Fund Deficits - At June 30, 2015, the Downtown Development Authority reported a deficit in net position of \$46,623,438. 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, 2015, 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, 2015 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, 2015, 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, 2015 were \$5,829,755 and \$6,052,318, 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 and the Water and Sewer Fund had \$63,549,477 and \$48,998,798, respectively, of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City's component units had \$12,867,923 of bank deposits that were uninsured and uncollateralized. Additionally, the fiduciary funds, at their year end of December 31, 2014, had \$824,049 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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, 2014, 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	\$ 21,645,397	\$ 6,441,608	\$ 11,758,012	\$ 3,445,777
U.S. government agency	3,796,774	2,794,909	1,001,865	-
Mortgage-backed securities	10,490,468	10,776	496,486	9,983,206
Collateralized mortgage obligations	2,932,881	-	-	2,932,881
Asset-backed securities	5,403,493	1,583,987	2,368,316	1,451,190
Corporate and convertible bonds	50,655,386	30,889,304	14,091,837	5,674,245
Foreign bonds and notes	4,392,275	2,365,945	1,949,274	77,056
Municipal bonds	446,835	19,988	45,541	381,306
Bond Index Funds	3,183,399	-	3,183,399	-
Total	<u>\$ 102,946,908</u>	<u>\$ 44,106,517</u>	<u>\$ 34,894,730</u>	<u>\$ 23,945,661</u>

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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
Primary Government			
Bank of America - Fidelity Treas. Only - Class I	\$ 100,893	Not rated	N/A
Huntington Bank - Automated Funds Investment	5,798,368	AAAm	S&P
Comerica - Government Cash Investment Fund	<u>12,279,404</u>	A1/PI/FI	Moody's
Total	<u>\$ 18,178,665</u>		
Fiduciary Funds			
Goldman Sachs FS Prime Obligations Fund	\$ 1,908,060	AAAm	S&P
Repurchase agreement	1,035,043	A1/PI/FI	Moody's
Comerica Short-term Fund Series C	4,334,098	Not rated	N/A
Index funds	3,183,399	AA1-AA2	Moody's
Bank investment pool	5,094,198	AAA-AA	Moody's
Debt securities	4,122,378	AAA	S&P
Debt securities	9,411,734	AA	S&P
Debt securities	27,380,752	A	S&P
Debt securities	20,012,314	BBB	S&P
Debt securities	239,938	BB	S&P
Debt securities	37,800	CCC and below	S&P
Debt securities	<u>4,018,670</u>	Not rated	S&P
Total	<u>\$ 65,223,586</u>		
Component Units - Interlocal agreement	<u>\$ 748,760</u>	Aaa	Moody's

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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 bonds	\$ 2,109,410	Euro
Foreign bonds	1,871,507	Swiss franc
Foreign bonds	931,573	UK pound
Foreign bonds	1,991,603	Hong Kong dollar
Foreign bonds	3,824,536	Japanese yen
Foreign bonds	69,999	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				Water and Sewer Fund	Nonmajor Enterprise	Total
	General Fund	Grant Fund	Nonmajor Funds	Total			
Receivables:							
Property taxes receivable	\$ 352,601	\$ -	\$ 134,641	\$ 487,242	\$ -	\$ -	\$ -
Special assessments receivable	-	-	766,701	766,701	-	-	-
Receivables from sales to customers on account	-	-	-	-	6,895,448	-	6,895,448
Accrued interest receivable	900	-	365	1,265	366	-	366
Other receivables	748,864	-	1,034,286	1,783,150	109,059	2,450	111,509
Due from other governmental units	4,360,288	214,332	1,840,036	6,414,656	-	-	-
Due from pension and VEBA funds	14,692,802	-	-	14,692,802	-	-	-
Notes receivable	-	7,670,554	-	7,670,554	-	-	-
Net receivables	<u>\$ 20,155,455</u>	<u>\$ 7,884,886</u>	<u>\$ 3,776,029</u>	<u>\$ 31,816,370</u>	<u>\$ 7,004,873</u>	<u>\$ 2,450</u>	<u>\$ 7,007,323</u>

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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>	<u>Governmental Activities</u>
Delinquent personal property taxes	\$ 448,929	\$ -
Special assessments - Unavailable	766,701	-
Grant revenue - Unavailable	8,289,146	-
Other	508,777	-
Deferred inflows related to pensions	-	1,791,841
	<u> </u>	<u> </u>
Total deferred inflows	<u>\$ 10,013,553</u>	<u>\$ 1,791,841</u>

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

	<u>Primary Government</u>	<u>Component Units</u>
Bond refunding loss being amortized	\$ 1,650,036	\$ 216,933
Deferred outflows related to pensions	11,836,600	-
	<u> </u>	<u> </u>
Total deferred outflows	<u>\$ 13,486,636</u>	<u>\$ 216,933</u>

Note 6 - Capital Assets

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

	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 25,095,767	\$ -	\$ 50,000	\$ (6,569,021)	\$ 18,576,746
Construction in progress	2,428,861	(1,956,234)	4,359,865	-	4,832,492
Subtotal	27,524,628	(1,956,234)	4,409,865	(6,569,021)	23,409,238
Capital assets being depreciated:					
Infrastructure	143,679,623	1,872,679	6,031,843	-	151,584,145
Buildings and improvements	89,606,573	83,555	330,369	-	90,020,497
Machinery and equipment	46,804,479	-	7,103,176	(128,148)	53,779,507
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	289,566,390	1,956,234	13,465,388	(128,148)	304,859,864
Accumulated depreciation:					
Infrastructure	108,163,244	-	1,920,228	-	110,083,472
Buildings and improvements	38,241,516	-	2,765,977	-	41,007,493
Machinery and equipment	32,684,541	-	3,079,888	(109,102)	35,655,327
Land improvements	7,513,772	-	319,919	-	7,833,691
Subtotal	186,603,073	-	8,086,012	(109,102)	194,579,983
Net capital assets being depreciated	102,963,317	1,956,234	5,379,376	(19,046)	110,279,881
Net capital assets	\$ 130,487,945	\$ -	\$ 9,789,241	\$ (6,588,067)	\$ 133,689,119
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 826,863	\$ -	\$ -	\$ -	\$ 826,863
Construction in progress	1,021,138	(247,403)	5,313,643	-	6,087,378
Subtotal	1,848,001	(247,403)	5,313,643	-	6,914,241
Capital assets being depreciated:					
Buildings and improvements	90,299,730	245,939	1,907,980	(95,305)	92,358,344
Machinery and equipment	14,807,559	-	393,530	-	15,201,089
Utility systems	124,006,695	1,464	17,681,517	(892,834)	140,796,842
Subtotal	229,113,984	247,403	19,983,027	(988,139)	248,356,275
Accumulated depreciation:					
Buildings and improvements	35,932,972	-	3,664,522	(68,122)	39,529,372
Machinery and equipment	13,565,440	-	315,627	-	13,881,067
Utility systems	58,991,300	-	3,603,141	(892,835)	61,701,606
Subtotal	108,489,712	-	7,583,290	(960,957)	115,112,045
Net capital assets being depreciated	120,624,272	247,403	12,399,737	(27,182)	133,244,230
Net capital assets	\$ 122,472,273	\$ -	\$ 17,713,380	\$ (27,182)	\$ 140,158,471

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Capital Assets (Continued)

Component Units	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
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	-	55,108
Net capital assets being depreciated	1,074,221	-	(27,554)	-	1,046,667
Net capital assets	<u>\$ 1,196,640</u>	<u>\$ -</u>	<u>\$ (27,554)</u>	<u>\$ -</u>	<u>\$ 1,169,086</u>

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

Governmental activities:

General government	\$ 2,604,978
Public safety	1,966,800
City development	14,911
Highway and streets	1,745,504
Recreation and culture	1,291,509
Sanitation	<u>462,310</u>
Total governmental activities	<u>\$ 8,086,012</u>

Business-type activities:

Water and sewer	\$ 7,315,099
Senior citizen housing	<u>268,191</u>
Total business-type activities	<u>\$ 7,583,290</u>

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 projects related to various road and sanitary relief sewer and water main replacement. At year end, the City's significant commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
City projects	\$ 14,426,291	\$ 5,634,755
Water and sewer projects	32,221,166	11,032,190

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From					Total	Component Units
	Grant Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Nonmajor Governmental Funds		
General Fund	\$ 62,892	\$ 1,899,466	\$ 207,935	\$ 14,692,802	\$ 915,777	\$ 17,778,872	\$ 656,913
Nonmajor enterprise funds	-	-	316,227	-	-	316,227	-
Nonmajor governmental funds	-	-	2,222	-	66,540	68,762	-
Total	\$ 62,892	\$ 1,899,466	\$ 526,384	\$ 14,692,802	\$ 982,317	\$ 18,163,861	\$ 656,913

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

The balances for the fiduciary funds are amounts due at June 30, 2015.

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	\$ 1,006,655	\$ 3,109,433	\$ 4,116,088

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 \$130,000 to \$1,565,102 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 percent to 5.15 percent.

Building Authority and General Obligation Bonds - Building Authority Bonds are comprised of bonds issued to finance various construction projects and equipment acquisitions. The Warren Community Center Refunding Bonds, Series 2014, have principal maturities ranging from \$505,000 to \$800,000 a year and are due serially through fiscal year ending June 30, 2027 with an annual interest rate of 2.35 percent.

Water and Sewer Bonds - Water and Sewer Bonds, including the Capital Improvement Bonds and the State Revolving Fund bonds, are comprised of bonds issued to fund major infrastructure replacement projects and are payable solely from the net revenue of the Water and Sewer System. The bond issues have principal maturities ranging from \$895,000 to \$5,782,143 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 June 30, 2015 is \$2,675,000; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated below.

Note 8 - Long-term Debt (Continued)

Downtown Development Authority Bonds - DDA Bonds are comprised of bonds issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in anticipation of the collection of certain tax increment revenue payments for the purpose of paying costs of development and redevelopment of all or a portion of the downtown district as specified in the authority's development and tax increment financing plan. In addition, the City has pledged its full faith and credit as additional security for payment of the principal and interest when due. In order to achieve the desired development and redevelopment objectives as described in the plan, the City has authorized the issuance of Downtown Development Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$1,250,000 to \$5,530,000 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 percent to 4.625 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 an annual interest rate of 2.00 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
Governmental Activities						
Road Construction Bonds:						
MTF, Series 2003						
Maturing through 2018	3.90%-4.10%	\$ 1,985,144	\$ -	\$ 496,207	\$ 1,488,937	\$ 496,207
Capital Improvement, Series 2008						
Maturing through 2028	5.15%	2,717,827	-	2,522,827	195,000	194,080
MTF, Refunding Series 2010 Maturing through 2016						
	3.25%	966,064	-	488,164	477,900	477,900
Capital Improvement Refunding Series 2013A						
Maturing through 2027	2.70%	4,870,528	-	384,326	4,486,202	395,102
Capital Improvement Refunding Series 2015						
Maturing through 2029	2.00%-3.25%	-	2,428,801	-	2,428,801	-
Building Authority and General Obligation Bonds:						
Series 2005, Multi-purpose						
Maturing through 2015	4.00%	610,784	-	610,784	-	-
Series 2014, WCC refunding						
Maturing through 2027	2.35%	8,916,053	-	594,680	8,321,373	624,680
Sidewalk Replacement Bonds:						
Capital Improvement Bonds, Series 2005						
Maturing through 2015	4.00%	210,173	-	210,173	-	-
Capital leases (Note 9)		1,120,673	1,171,970	549,351	1,743,292	493,011
		<u>21,397,246</u>	<u>3,600,771</u>	<u>5,856,512</u>	<u>19,141,505</u>	<u>2,680,980</u>
Accumulated compensated absences and compensatory time						
		<u>11,746,994</u>	<u>2,179,444</u>	<u>4,640,156</u>	<u>9,286,282</u>	<u>1,857,256</u>
		<u>\$ 33,144,240</u>	<u>\$ 5,780,215</u>	<u>\$ 10,496,668</u>	<u>\$ 28,427,787</u>	<u>\$ 4,538,236</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
Business-type Activities						
Water and Sewer Bonds:						
Refunding Series 2012						
Maturing through 2026	3.00%-4.00%	\$ 16,910,000	\$ -	\$ 900,000	\$ 16,010,000	\$ 940,000
Capital Improvement Bonds:						
Series 2003	3.50%-4.125%	760,000	-	130,000	630,000	70,000
Series 2010	3.00%	2,780,000	-	2,090,000	690,000	690,000
Series 2010	2.90%-6.00%	8,690,000	-	650,000	8,040,000	350,000
Series 2012	2.00%-4.10%	15,260,000	-	870,000	14,390,000	445,000
Series 2013A Refunding	2.70%	1,909,472	-	150,674	1,758,798	154,898
Series 2013	2.00%-4.50%	18,775,000	-	700,000	18,075,000	700,000
State Revolving Fund:						
SRF, Series 5134-01						
Maturing through 2024	2.50%	2,905,000	-	230,000	2,675,000	240,000
SRF, Series 5134-02						
Maturing through 2026	2.125%	4,505,000	-	615,000	3,890,000	315,000
SRF, Series 5134-03						
Maturing 2024	2.125%	682,091	-	55,000	627,091	55,000
SRF, Series 5134-04						
Maturing 2026	1.625%	5,625,000	-	790,000	4,835,000	405,000
SRF, Series 5401-01						
Maturing through 2030	2.50%	2,593,918	-	125,000	2,468,918	130,000
Capital leases (Note 9):						
Waste-to-heat energy improvements		390,903	-	290,256	100,647	100,647
Energy performance improvements		7,449,787	-	330,438	7,119,349	359,019
Senior Housing Bonds:						
Refunding Series 2012						
Maturing 2023	2.00%	3,550,000	-	455,000	3,095,000	540,000
Less deferred amounts:						
Issuance discounts		(277,754)	-	(19,403)	(258,351)	(12,937)
Issuance premiums		2,171,768	-	263,056	1,908,712	174,874
Total bonds payable		94,680,185	-	8,625,021	86,055,164	5,656,501
Accumulated compensated absences and compensatory time		1,074,533	327,332	548,529	853,336	364,067
Total business-type activities		\$ 95,754,718	\$ 327,332	\$ 9,173,550	\$ 86,908,500	\$ 6,020,568
Component Unit Activities						
Downtown Development Limited Tax Bonds:						
Series 2003	3.50%-4.25%	\$ 16,435,575	\$ -	\$ 16,435,575	\$ -	\$ -
Series 2004	4.00%-4.75%	16,885,417	-	16,885,417	-	-
Series 2005	4.125%-4.50%	13,656,499	-	243,439	13,413,060	493,439
Series 2013 Refunding	3.00%-4.625%	15,831,260	-	885,889	14,945,371	875,890
Series 2014 Refunding	2.00%-3.00%	-	32,385,256	39,703	32,345,553	1,712,938
Total bonds payable		\$ 62,808,751	\$ 32,385,256	\$ 34,490,023	\$ 60,703,984	\$ 3,082,267

Note 8 - Long-term Debt (Continued)

During fiscal year 2010, the City issued 2010 Capital Improvement Bonds, which are Recovery Zone Economic Development Bonds. In accordance with this program, the City will be reimbursed a portion of interest expense incurred. The interest expense associated with these bonds in fiscal year 2015 was \$426,925, and the subsidy received was \$268,924, bringing the interest, net of subsidy, to \$158,001.

Total interest expense for the year, net of subsidy, was approximately \$7,311,000. 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 - Net of Subsidy	Total	Principal	Interest	Total
2016	\$ 2,190,102	\$ 568,936	\$ 2,759,038	\$ 5,034,898	\$ 2,371,995	\$ 7,406,893	\$ 3,030,000	\$ 1,985,994	\$ 5,015,994
2017	1,785,877	373,417	2,159,294	5,169,123	2,222,771	7,391,894	3,500,000	1,898,944	5,398,944
2018	1,835,245	322,004	2,157,249	5,274,755	2,070,276	7,345,031	3,945,000	1,800,419	5,745,419
2019	1,341,020	269,373	1,610,393	5,348,980	1,911,532	7,260,512	4,390,000	1,686,431	6,076,431
2020	1,374,755	236,683	1,611,438	5,485,245	1,749,592	7,234,837	5,075,000	1,545,181	6,620,181
2021-2025	6,514,795	692,251	7,207,046	24,457,296	6,390,555	30,847,851	27,005,000	4,936,563	31,941,563
2026-2030	2,379,407	74,310	2,453,717	14,580,592	3,519,519	18,100,111	13,190,000	744,784	13,934,784
2031-2035	-	-	-	9,918,918	1,367,139	11,286,057	-	-	-
2036-2040	-	-	-	1,915,000	118,695	2,033,695	-	-	-
Total	\$ 17,421,201	\$ 2,536,974	\$ 19,958,175	\$ 77,184,807	\$ 21,722,074	\$ 98,906,881	\$ 60,135,000	\$ 14,598,316	\$ 74,733,316

Current Refundings - In September 2014, the City issued Downtown Development Limited Tax Refunding Bonds, Series 2014 in the amount of \$31,750,000. The debt refunded amounted to \$33,320,992 of Downtown Development Authority Limited Tax Bonds, Series 2003, maturing in the years 2014 through 2026 and City of Warren Downtown Development Limited Tax Bonds, Series 2004, 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 \$4,426,803 and to obtain an economic (present value) gain for the City of Warren of \$3,798,445.

In May 2015, the City issued Capital Improvement Refunding Bonds, Series 2015, in the amount of \$2,440,000. The debt refunded amounted to \$2,522,827 of Capital Improvement Bonds, Series 2008, maturing in the years 2015 through 2028. The refunding was undertaken to reduce the debt service payment over the next 13 years with net savings of \$537,627 and to obtain an economic (present value) gain for the City of Warren of \$455,420.

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 \$1,576,024 and \$148,832 for the fire trucks and motorcycles, respectively.

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Leases (Continued)

In fiscal year 2015, the City entered into a lease agreement as a lessee for financing the purchase of salt trucks used in public works. The total amount of the financing is \$1,171,970.

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

Years Ending June 30	Amount
2016	\$ 522,806
2017	522,806
2018	522,806
2019	241,919
Total	1,810,337
Less interest	67,045
Total	<u>\$ 1,743,292</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. As of June 30, 2015, the project is complete.

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:

Years Ending June 30	Amount
2016	\$ 655,529
2017	573,664
2018	626,472
2019	649,255
2020-2024	3,629,729
2025-2027	<u>2,521,575</u>
Total minimum lease payments	8,656,224
Less amount representing interest	<u>(1,436,228)</u>
Present value	<u>\$ 7,219,996</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 a level dollar amount, are designed to accumulate sufficient assets to pay benefits when due. Administrative costs of the plan are financed through investment earnings. Actuarial valuations are performed bi-annually.

Note 10 - General Employees' Other Postemployment Benefits - VEBA (Continued)

Funding Progress - For the year ended June 30, 2015, 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. 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)	\$ 13,897,390
Interest on the prior year's net OPEB obligation	-
Less adjustment to the annual required contribution	-
	<hr/>
Annual OPEB cost	13,897,390
Amounts contributed:	
Payments of current premiums	-
Advance funding	9,210,710
	<hr/>
Increase in net OPEB obligation	4,686,680
OPEB obligation - Beginning of year	-
	<hr/>
OPEB obligation - End of year	<u>\$ 4,686,680</u>

For the fiscal year ended June 30, 2015, contributions to the plan totaled \$9,069,777. 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
6/30/15	12/31/12	\$ 13,897,390	66.3	\$ 4,686,680
6/30/14	12/31/12	6,623,275	100.0	-
6/30/13	12/31/10	6,304,134	100.0	-

* The fiscal year ended June 30, 2015 includes 18 months of Water and Sewer Fund activity. The years ended June 30, 2014 and June 30, 2013 include Water and Sewer Fund annual activity with a year end of December 31, 2013 and December 31, 2012, respectively.

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

Note 10 - General Employees' Other Postemployment Benefits - VEBA (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/12	\$ 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.

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, 2014, membership consisted of 206 current active employees, 542 retirees and beneficiaries currently receiving benefits, and three 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.

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 2014 that is intended to accumulate sufficient assets to pay health benefits when due. 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, 2014 as determined by the December 31, 2012 actuarial report was \$13,184,908. Administrative costs of the plan are financed through investment earnings.

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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

Funding Progress - For the year ended June 30, 2015, 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 \$10,410,402 in the year ended June 30, 2015. The annual required contribution is \$13,184,908. The valuation's computed contribution and actual fundings are summarized as follows:

Annual required contribution (recommended)	\$ 13,184,908
Interest on the prior year's net OPEB obligation	368,566
Less adjustment to the annual required contribution	<u>(416,092)</u>
Annual OPEB cost	13,137,382
Amounts contributed:	
Amounts contributed toward the ARC	10,599,000
Advance funding	<u>-</u>
Increase in net OPEB obligation	2,538,382
OPEB obligation - Beginning of year	<u>4,914,206</u>
OPEB obligation - End of year	<u>\$ 7,452,588</u>

For the fiscal year ended June 30, 2015, contributions to the plan totaled \$10,410,402. For the current year and the preceding three years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	12/31/12	\$ 13,184,908	80.4	\$ 7,452,588
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.

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/12	\$ 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.

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 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

Pension Plan Description

Plan Description - The City of Warren Employees' Retirement System Defined Benefit Plan is the administrator of a single-employer public employees' retirement system that covered all full-time employees, except police and fire personnel, hired prior to the close of the plan. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Effective upon the ratification of collective bargaining agreements in February 2000, the plan was closed to new members. Current members at that time were given the option of remaining in the plan or transferring to the Defined Contribution Plan.

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.

Management of the Plan is vested in the Pension Board, which consists of six total members - two elected by plan members, the City mayor, one appointed by the City mayor, the City Treasurer by default, and an ex-officio City council member. All members except the ex-officio member have voting privileges.

Employees Covered by Benefit Terms - At December 31, 2013, the following employees were covered by the benefit terms:

Retirees and beneficiaries	534
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	<u>111</u>
Total employees covered by the plan	<u>667</u>

Benefits Provided - The Pension Plan provides retirement, disability, and death benefits. Regular retirement benefits are payable upon retirement at any age with 30 years of service, attainment of age 50 with 25 years of service, or age 60 with eight years of service. Before reaching the age of 62, benefits are computed as credited years of service times 2.50 percent of Final Average Compensation (FAC). FAC is computed as the average of the highest two years of service. At age 62, benefits are computed as credited years of service times the sum of (a) 1.1 percent of the first \$4,200 of PAC, plus (b) 2.50 percent of FAC in excess of \$4,200.

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

Deferred retirement benefits vest after eight years of credited service. For members of UAW Local 412 - Unit 59, AFSCME Local 1917, AFSCME Local 1250, 37th Judicial District Court employees, and AFSCME Local 1250 37th Judicial District Court employees, and non-union employees, deferred retirement benefits are payable beginning at age 55. For members of UAW Local 412 - Unit 35, deferred retirement benefits are payable at age 45. Benefits are based on years of credited service and FAC at time employment is terminated.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. The normal cost and actuarial accrued liability were determined using an aggregate actuarial funding method. For the year ended December 31, 2014, employer contributions were \$9,587,638 in accordance with the actuarial valuation dated December 31, 2011. Employees are not required to contribute to the System. Any amounts shown as employee contributions represent purchase of prior service credit. Administrative costs are financed through investment earnings.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Pension Board's adopted asset allocation policy as of December 31, 2014:

Asset Class	Target Allocation
Domestic equity	46 %
U.S. government or agency fixed income	40 %

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

Rate of Return - For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.29 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

In accordance with state law, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments. The reserve is funded by actuarially determined transfers from the employer. This account is credited annually with interest from the Reserve for Undistributed Income.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them, but not in excess of 2.0 percent per annum; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is composed of accumulated City contributions, net of amounts transferred for the payment of pensions to the Reserve for Retirees' Benefit Payments plus interest thereon.

The undistributed income reserve is composed of net investment income less expenditures for other services and charges, and interest transferred to the employee reserve, employer's reserve, and retirees' benefit payments reserve.

The retirees' benefit payments reserve is actuarially determined to provide sufficient resources for annuity payments. Upon retirement of an employee, expected future benefit payments are computed and transfers are then made into this reserve from the employee reserve and employer's reserve. This account is credited annually with interest from the undistributed income reserve.

The balances of the reserve accounts at December 31, 2014 are as follows:

	<u>Required Reserve</u>
Retiree reserve	\$ 148,661,524
Employee reserve	64,974

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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

Net Pension Liability

The components of the net pension liability of the City at December 31, 2014 were as follows:

Total pension liability	\$ 188,063,295
Plan fiduciary net position	<u>122,805,948</u>
City's net pension liability	<u>\$ 65,257,347</u>

Plan fiduciary net position as a percentage of the total pension liability 65.3 %

The City has chosen to use December 31, 2014 as its measurement date for the net pension liability. The December 31, 2014 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of December 31, 2013, which used updated procedures to roll forward the estimated liability to December 31, 2014.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 186,251,327	\$ 122,098,290	\$ 64,153,037
Service cost	1,227,820	-	1,227,820
Interest	13,329,959	-	13,329,959
Differences between expected and actual experience	(963)	-	(963)
Changes in assumptions	3,134,370	-	3,134,370
Contributions - Employer	-	9,587,638	(9,587,638)
Net investment income	-	7,307,119	(7,307,119)
Benefit payments, including refunds	(15,879,218)	(15,879,218)	-
Administrative expenses	-	(307,881)	307,881
Net changes	<u>1,811,968</u>	<u>707,658</u>	<u>1,104,310</u>
Balance at December 31, 2014	<u>\$ 188,063,295</u>	<u>\$ 122,805,948</u>	<u>\$ 65,257,347</u>

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

Assumption Changes - The actuarial valuation used to calculate the net pension liability as of December 31, 2014 used a discount rate of 7.25 percent, which is lower than the discount rate used in the actuarial report to measure the net pension liability as of December 31, 2013 (7.50 percent). This change in actuarial assumption resulted in an increase in the total pension liability of \$3,134,370 and more accurately reflects future expected rates of return.

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

For the year ended June 30, 2015, the City recognized pension expense of \$8,720,545. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,044,621	\$ -
Changes in assumptions	927,067	-
Net difference between projected and actual earnings on pension plan investments	-	285
Employer contributions to the plan subsequent to the measurement date	4,562,634	-
Total	<u>\$ 6,534,322</u>	<u>\$ 285</u>

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

Years Ending June 30	Amount
2016	\$ 1,187,938
2017	261,155
2018	261,155
2019	261,155

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

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %	
Salary increases	4.8-7.8 %	Including inflation
Investment rate of return	7.5 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table.

Discount Rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.0 %
International equity	8.1 %
Fixed income	3.3 %
Cash or cash equivalents	1.0 %

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability of the City	\$ 82,374,856	\$ 65,257,347	\$ 50,437,872

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

Note 13 - Police and Fire Retirement System Defined Benefit Pension Plan

Pension Plan Description

Plan Description - The System's pension board administers the City of Warren, Michigan Police and Fire Retirement System Defined Benefit Pension Plan (the "Plan") - a single-employer defined benefit pension plan that provides pensions for substantially all permanent full-time police and fire employees of the City. Benefit terms have been established based on Fire Fighters and Police Officers Retirement Act 345 of 1937 and subsequent amendments, by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

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.

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

Management of the Plan is vested in the Pension Board, which consists of six total members - two elected by plan members, two appointed by the City mayor, the City Treasurer by default, and an ex-officio City council member. All members except ex-officio member have voting privileges.

Employees Covered by Benefit Terms - At the December 31, 2013, the following employees were covered by the benefit terms:

Retirees and beneficiaries	553
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>324</u>
Total employees covered by the Plan	<u><u>881</u></u>

Benefits Provided - The System provides retirement, disability, and death benefits. Employees may receive cost of living adjustments as a percentage of their base amounts, pursuant to the collective bargaining agreement or employment agreement in effect at their date of retirement.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended December 31, 2014, employer contributions were \$10,830,419 in accordance with the actuarial valuation dated December 31, 2011, and the average active member contribution rate was 3.0 to 5.0 percent of annual pay determined by date of hire. The City is required to contribute at an actuarially determined rate.

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

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of December 31, 2014:

Asset Class	Target Allocation
Domestic equity	51.0 %
International equity	12.0 %
Fixed income	23.0 %
Alternative investments	12.0 %
Real estate	2.0 %

Pension Plan Reserves

In accordance with State law, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments. The reserve is funded by actuarially determined transfers from the employer.

The employee reserve is credited as employee contributions are received throughout the year; the System maintains a record of the amount contributed by each employee and credits interest annually at a rate of 2.0 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them, but not in excess of 2.0 percent per annum, with interest; for those who stay until retirement, the balance is transferred into the retiree reserve.

City of Warren, Michigan

Notes to Financial Statements June 30, 2015

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

The balances of the reserve accounts at December 31, 2014 are as follows:

	<u>Required Reserve</u>
Retiree reserve	\$ 260,771,663
Employee reserve	17,623,994

Net Pension Liability

The components of the net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	\$ 437,987,093
Plan fiduciary net position	<u>269,629,089</u>
City's net pension liability	<u>\$ 141,358,004</u>

Plan fiduciary net position as a percentage of the total pension liability 61.6 %

The City has chosen to use December 31, 2014 as its measurement date for the net pension liability. The December 31, 2014 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of December 31, 2013, which used updated procedures to roll forward the estimated liability to December 31, 2014.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 435,833,832	\$ 296,018,699	\$ 139,815,133
Service cost	7,157,955		7,157,955
Interest	25,735,103		25,735,103
Differences between expected and actual experience	(1,257,514)		(1,257,514)
Contributions - Employer		10,830,419	(10,830,419)
Contributions - Employee		1,089,202	(1,089,202)
Net investment income		18,413,945	(18,413,945)
Benefit payments, including refunds	(29,482,283)	(29,482,283)	-
Administrative expenses	-	(240,893)	240,893
Net changes	<u>2,153,261</u>	<u>610,390</u>	<u>1,542,871</u>
Balance at December 31, 2014	<u>\$ 437,987,093</u>	<u>\$ 296,629,089</u>	<u>\$ 141,358,004</u>

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

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

For the year ended June 30, 2015, the City recognized pension expense of \$14,164,935. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 979,917
Net difference between projected and actual earnings on pension plan investments	-	811,728
Employer contributions to the plan subsequent to the measurement date	<u>5,302,278</u>	<u>-</u>
Total	<u>\$ 5,302,278</u>	<u>\$ 1,791,645</u>

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

<u>Years Ending June 30</u>	<u>Amount</u>
2016	\$ 480,529
2017	480,529
2018	480,529
2019	350,058

Actuarial Assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	5.0 %
Salary increases	5.0-8.0 % Average, including inflation
Investment rate of return	7.5 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table.

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

Discount Rate - The discount rate used to measure the total pension liability was 6.06 percent. This varied from the original discount rate used for funding valuation of 7.5 percent due to the open amortization period being used. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates equal to the actuarially determined contribution and the employee rate.

Projected Cash Flows

Based on those assumptions, and the valuation interest rate of 7.5 percent, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees prior to 2055. After that time, fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the S&P Municipal Bond 20-year High Grade Index Rate as of December 31, 2014 of 3.34 percent was applied to all periods of subsequent projected benefit payments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.5 %
International equity	7.6 %
Fixed income	2.1 %
Real estate	2.5 %

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.06 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.06 percent) or 1 percentage point higher (7.06 percent) than the current rate:

	1% Decrease (5.06%)	Current Discount Rate (6.06%)	1% Increase (7.06%)
Net pension liability of the City	\$ 190,790,995	\$ 141,358,004	\$ 99,766,350

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

Note 14 - Defined Contribution 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 277 active participants in the plan as of June 30, 2015. The City contributed approximately \$2.2 million for the year ended June 30, 2015.

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.

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

Deferred Compensation Plan

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

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

Note 15 - Other Retirement Plans (Continued)

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

Note 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 \$250,000 per employee contract. The City has purchased a specific stop-loss insurance policy of \$250,000.

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.

The government-wide statement of net position reports "accrued insurance claims" in the amount of \$7,674,487 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, 2015 as provided by the City's insurance carrier. The General Fund balance sheet reports "assigned fund balance - insurance claims" in the amount of \$7,674,487.

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:

	2013	Est. Claims Incurred/ Reserved	Payments and Adjustments	2014	Est. Claims Incurred/ Reserved	Payments and Adjustments	2015
Workers' compensation, automobile, and public entity liability	\$ 6,381,263	\$ 2,236,699	\$ (2,548,318)	\$ 6,069,644	\$ 4,579,418	\$ (2,974,575)	\$ 7,674,487
Other insurance related items	-	-	-	-	-	-	-
Estimated liability - End of year	<u>\$ 6,381,263</u>	<u>\$ 2,236,699</u>	<u>\$ (2,548,318)</u>	<u>\$ 6,069,644</u>	<u>\$ 4,579,418</u>	<u>\$ (2,974,575)</u>	<u>\$ 7,674,487</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

The Downtown Development Authority refinanced one of its three outstanding debt issuances on August 27, 2015. The Series 2005 issue was refinanced in the amount of \$13,115,000. The issue has a 2.74 percent interest rate with principal payments starting October 1, 2016. The bonds will mature October 1, 2028.

Note 20 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2015-2016 fiscal year.

Note 20 - Upcoming Accounting Pronouncements (Continued)

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 30, 2017, whereas GASB 75 is effective one year later.

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

Note 21 - Change in Accounting

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnote for further details. This change does not impact the General Fund or any other governmental fund.

Note 21 - Change in Accounting (Continued)

Restated Net Position

As this statement is applied retroactively, the financial statements for the year ended June 30, 2014 have been restated to apply the changes noted associated with the implementation of GASB 68 to adjust the net pension liability. The effect of this change is as follows:

Governmental activities:

Net position - As of 6/30/14	\$ 196,785,888
Adjustment for implementation of GASB 68	<u>(175,214,954)</u>
Net position - 7/1/14 - As restated	<u>\$ 21,570,934</u>

Business-type activities:

Net position - As of 6/30/14	\$ 100,119,114
Adjustment for implementation of GASB 68	<u>(18,440,071)</u>
Net position - 7/1/14 - As restated	<u>\$ 81,679,043</u>

Note 22 - Change in Fiscal Year End

Prior to this year, the Water and Sewer Fund had a fiscal year end of December 31. In the current year, the Water and Sewer Fund had an eighteen-month fiscal year in order to change its year end to June 30. The Water and Sewer Fund has reported the activity from January 1, 2014 through June 30, 2015 in the statement of revenue, expenses, and changes in net position.

Required Supplemental Information

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 66,927,884	\$ 66,927,884	\$ 67,267,583	\$ 339,699
Licenses and permits	3,140,000	3,140,000	3,253,426	113,426
Federal grants	1,273,670	1,885,662	2,620,507	734,845
State-shared revenue and grants	14,311,400	14,436,400	14,612,591	176,191
Charges for services	3,441,000	3,441,000	3,760,632	319,632
Fines and forfeitures	4,472,000	4,472,000	5,354,938	882,938
Investment income	80,000	80,000	136,265	56,265
Insurance proceeds	-	5,000,000	5,010,341	10,341
Other miscellaneous income	6,333,950	6,353,624	6,511,513	157,889
Total revenue	99,979,904	105,736,570	108,527,796	2,791,226
Expenditures - Current				
General government:				
Council	1,180,408	1,180,408	910,814	269,594
Mayor	611,789	611,789	382,230	229,559
Controller	1,449,279	1,449,279	1,308,643	140,636
Information technology/data proc.	752,547	752,547	716,287	36,260
Treasurer	1,274,391	1,288,029	1,222,859	65,170
Assessing	1,890,842	1,898,708	1,829,799	68,909
Clerk	1,357,912	1,357,912	1,170,672	187,240
Building maintenance	2,131,652	2,131,652	1,901,715	229,937
Legal	1,430,156	1,430,156	1,360,759	69,397
Human resources	1,379,487	1,462,072	1,226,311	235,761
Administration unallocated expense	4,004,600	9,004,600	8,392,554	612,046
Other commissions	106,497	106,497	81,941	24,556
Total general government	17,569,560	22,673,649	20,504,584	2,169,065
District court	6,802,039	7,348,653	7,128,439	220,214
Public safety:				
Police department	39,386,035	39,646,636	38,563,102	1,083,534
Fire department	22,008,120	22,503,608	22,008,046	495,562
Civil defense	214,158	214,158	173,769	40,389
Animal control	399,283	431,552	414,086	17,466
Building inspections	2,896,904	2,923,191	2,782,710	140,481
Crime commission	11,100	11,100	9,967	1,133
Total public safety	64,915,600	65,730,245	63,951,680	1,778,565

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Current (Continued)				
Public works:				
Property maintenance	\$ 1,098,008	\$ 1,116,921	\$ 1,144,068	\$ (27,147)
Engineering and inspections	1,248,330	1,786,622	1,142,531	644,091
Public service director	407,194	410,109	408,575	1,534
Stormwater drainage	83,660	83,660	83,660	-
Highway street lighting	3,347,080	3,347,080	3,031,991	315,089
DPW garage	<u>3,412,660</u>	<u>4,462,660</u>	<u>3,802,047</u>	<u>660,613</u>
Total public works	9,596,932	11,207,052	9,612,872	1,594,180
Community and economic development:				
Planning, zoning, and related	540,779	540,779	421,170	119,609
Economic development opportunities	<u>209,195</u>	<u>209,195</u>	<u>116,883</u>	<u>92,312</u>
Total community and economic development	749,974	749,974	538,053	211,921
Recreation and culture:				
Historical commission	18,345	18,345	14,824	3,521
Cultural commission	29,600	38,100	38,100	-
Village historical commission	<u>14,830</u>	<u>14,830</u>	<u>8,431</u>	<u>6,399</u>
Total recreation and culture	<u>62,775</u>	<u>71,275</u>	<u>61,355</u>	<u>9,920</u>
Total expenditures	<u>99,696,880</u>	<u>107,780,848</u>	<u>101,796,983</u>	<u>5,983,865</u>
Excess of Revenue Over (Under)				
Expenditures	283,024	(2,044,278)	6,730,813	8,775,091
Other Financing Sources (Uses)				
Face value of debt issue	-	-	1,171,970	1,171,970
Transfers out	<u>(692,500)</u>	<u>(1,042,500)</u>	<u>(1,006,655)</u>	<u>35,845</u>
Total other financing (uses) sources	<u>(692,500)</u>	<u>(1,042,500)</u>	<u>165,315</u>	<u>1,207,815</u>
Net Change in Fund Balance	(409,476)	(3,086,778)	6,896,128	9,982,906
Fund Balance - Beginning of year	<u>56,967,273</u>	<u>56,967,273</u>	<u>56,967,273</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 56,557,797</u>	<u>\$ 53,880,495</u>	<u>\$ 63,863,401</u>	<u>\$ 9,982,906</u>

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Grant Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 1,861,946	\$ 1,861,946	\$ 2,523,615	\$ 661,669
Other	-	-	46,403	46,403
Total revenue	1,861,946	1,861,946	2,570,018	708,072
Expenditures - Current -				
Community and economic development	1,861,946	1,861,946	2,549,429	(687,483)
Net Change in Fund Balance	-	-	20,589	20,589
Fund Balance - Beginning of year	159,057	159,057	159,057	-
Fund Balance - End of year	\$ 159,057	\$ 159,057	\$ 179,646	\$ 20,589

City of Warren, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

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 revenue 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	\$ 103,927,888	\$ 97,197,075
Nonreciprocal interfund activity budgeted as revenue	<u>4,599,908</u>	<u>4,599,908</u>
Amounts per budget statement	<u>\$ 108,527,796</u>	<u>\$ 101,796,983</u>

City of Warren, Michigan

Note to Required Supplemental Information (Continued) Year Ended June 30, 2015

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Property maintenance	\$ 1,116,921	\$ 1,144,068	\$ (27,147)
Grant Fund - Community and economic development	1,861,946	2,549,429	(687,483)

City of Warren, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2015

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
6/30/15	12/31/12	\$ 13,897,390	65.3
6/30/14	12/31/12	6,623,275	100.0
6/30/13	12/31/10	6,304,134	100.0

* The fiscal year ended June 30, 2015 includes 18 months of Water and Sewer Fund activity. The years ended June 30, 2014 and June 30, 2013 include water and sewer annual activity with a year end of December 31, 2013 and December 31, 2012, respectively.

** Prior to 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

City of Warren, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2015

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
6/30/15	12/31/12	\$ 13,184,908	80.4
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

City of Warren, Michigan

Required Supplemental Information Schedule of Investment Returns Employees' Retirement System Defined Benefit Pension Plan Last Fiscal Year

	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	6.3 %

City of Warren, Michigan

Notes to Pension Required Supplemental Information Schedules Employees' Retirement System Defined Benefit Pension Plan Year Ended June 30, 2015

Benefit Changes - None

Changes in Assumptions - None

Changes in Size or Composition of the Covered Population - None

City of Warren, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Employees' Retirement System Defined Benefit Pension Plan Last Fiscal Year

	2015
Total Pension Liability	
Service cost	\$ 1,227,820
Interest	13,329,959
Changes in benefit terms	-
Differences between expected and actual experience	(963)
Changes in assumptions	3,134,370
Benefit payments, including refunds	(15,879,218)
Net Change in Total Pension Liability	1,811,968
Total Pension Liability - Beginning of year	186,251,327
Total Pension Liability - End of year	\$ 188,063,295
Plan Fiduciary Net Position	
Contributions - Employer	\$ 9,587,638
Contributions - Member	-
Net investment income	7,307,119
Administrative expenses	(307,881)
Benefit payments, including refunds	(15,879,218)
Other	-
Net Change in Plan Fiduciary Net Position	707,658
Plan Fiduciary Net Position - Beginning of year	122,098,290
Plan Fiduciary Net Position - End of year	\$ 122,805,948
City's Net Pension Liability - Ending	\$ 65,257,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.30 %
Covered Employee Payroll	\$ 7,302,759
City's Net Pension Liability as a Percentage of Covered Employee Payroll	893.6 %

City of Warren, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

Police and Fire Retirement System Defined Benefit Pension Plan Last Fiscal Year

	2015
Total Pension Liability	
Service cost	\$ 7,157,955
Interest	25,735,103
Changes in benefit terms	-
Differences between expected and actual experience	(1,257,514)
Changes in assumptions	-
Benefit payments, including refunds	29,482,283
Net Change in Total Pension Liability	2,153,261
Total Pension Liability - Beginning of year	435,833,832
Total Pension Liability - End of year	\$ 437,987,093
Plan Fiduciary Net Position	
Contributions - Employer	\$ 10,830,419
Contributions - Member	1,089,202
Net investment income	18,413,945
Administrative expenses	(397,298)
Benefit payments, including refunds	29,482,283
Other	156,405
Net Change in Plan Fiduciary Net Position	610,390
Plan Fiduciary Net Position - Beginning of year	296,018,699
Plan Fiduciary Net Position - End of year	\$ 296,629,089
City's Net Pension Liability - Ending	\$ 141,358,004
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.73 %
Covered Employee Payroll	\$ 25,839,293
City's Net Pension Liability as a Percentage of Covered Employee Payroll	547.1 %

Other Supplemental Information

City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Assets						
Cash and investments	\$ 4,544,508	\$ 3,299,040	\$ 1,620,888	\$ 1,193,582	\$ 5,286,216	\$ 2,661,896
Receivables - Net:						
Property taxes receivable	-	-	49,208	19,289	26,306	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	184	181	-	-	-	-
Other receivables	1,610	339,297	28,343	88,573	-	576,103
Due from other governmental units	1,071,266	540,559	-	-	166,688	-
Due from other funds	-	-	-	-	-	-
Inventory	-	-	19,228	8,848	-	-
Prepaid expenses and other assets	-	-	-	8,182	-	-
Deposits	8,412	-	-	-	-	-
Total assets	\$ 5,625,980	\$ 4,179,077	\$ 1,717,667	\$ 1,318,474	\$ 5,479,210	\$ 3,237,999
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 580,932	\$ 16,754	\$ 237,435	\$ 200,922	\$ 99,817	\$ 48,506
Due to other governmental units	-	-	-	-	245	-
Due to other funds	574,735	407,582	-	-	-	-
Refundable deposits, bonds, etc.	49,621	14,377	-	10,016	-	-
Accrued liabilities and other	18,412	18,734	72,017	67,270	23,457	12,057
Unearned revenue	-	-	93,340	-	-	-
Provision for property tax refunds	-	-	22,238	8,352	11,467	-
Total liabilities	1,223,700	457,447	425,030	286,560	134,986	60,563
Deferred Inflows of Resources -						
Unavailable revenue	-	-	45,737	17,964	24,489	-
Fund Balances						
Nonspendable:						
Inventory/Assets held for resale	-	-	19,228	8,848	-	-
Prepaid expenses	-	-	-	8,182	-	-
Restricted:						
Roads construction and maintenance	4,402,280	3,721,630	-	-	-	-
Capital projects	-	-	-	-	-	-
Sanitation	-	-	1,227,672	-	-	-
Recreation	-	-	-	996,920	-	-
Library	-	-	-	-	5,319,735	-
Cable franchise fees	-	-	-	-	-	3,177,436
Police enforcement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Assigned:						
37th District Court	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balances	4,402,280	3,721,630	1,246,900	1,013,950	5,319,735	3,177,436
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,625,980	\$ 4,179,077	\$ 1,717,667	\$ 1,318,474	\$ 5,479,210	\$ 3,237,999

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

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	
\$ 936,168	\$ 250,698	\$ 3,214,928	\$ 61,884	\$ 8,251,246	\$ 47,575	\$ 10,084,644	\$ 41,453,273
-	-	-	-	39,838	-	-	134,641
-	-	-	-	-	-	766,701	766,701
-	-	-	-	-	-	-	365
-	-	-	-	-	150	210	1,034,286
-	-	-	-	-	-	61,523	1,840,036
-	-	-	-	66,540	-	2,222	68,762
-	-	-	-	-	-	-	28,076
-	-	-	-	-	-	-	8,182
-	-	-	-	-	-	194,918	203,330
\$ 936,168	\$ 250,698	\$ 3,214,928	\$ 61,884	\$ 8,357,624	\$ 47,725	\$ 11,110,218	\$ 45,537,652
\$ 698	\$ 839	\$ 68,512	\$ 14,650	\$ 1,099,361	\$ 300	\$ 99,399	\$ 2,468,125
-	-	-	-	-	-	-	245
-	-	-	-	-	-	-	982,317
-	-	-	-	154,777	-	-	228,791
6,899	-	-	-	-	-	-	218,846
-	-	-	-	-	-	-	93,340
-	-	-	-	18,429	-	-	60,486
7,597	839	68,512	14,650	1,272,567	300	99,399	4,052,150
-	-	-	-	36,986	-	766,701	891,877
-	-	-	-	-	-	-	28,076
-	-	-	-	-	-	-	8,182
-	-	-	-	7,048,071	-	374,119	15,546,100
-	-	-	-	-	-	1,967,336	1,967,336
-	-	-	-	-	-	-	1,227,672
-	-	-	-	-	-	-	996,920
-	-	-	-	-	-	-	5,319,735
-	-	-	-	-	-	-	3,177,436
-	-	3,146,416	47,234	-	-	-	3,193,650
-	-	-	-	-	-	1,139,086	1,139,086
-	249,859	-	-	-	-	-	249,859
928,571	-	-	-	-	-	-	928,571
-	-	-	-	-	-	357,020	357,020
-	-	-	-	-	-	6,406,557	6,406,557
-	-	-	-	-	47,425	-	47,425
928,571	249,859	3,146,416	47,234	7,048,071	47,425	10,244,118	40,593,625
\$ 936,168	\$ 250,698	\$ 3,214,928	\$ 61,884	\$ 8,357,624	\$ 47,725	\$ 11,110,218	\$ 45,537,652

City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Revenue						
Property taxes	\$ -	\$ -	\$ 8,036,617	\$ 3,068,722	\$ 4,203,840	\$ -
Federal grants	-	-	-	-	-	-
State-shared revenue and grants	7,417,248	3,284,098	-	453,391	247,128	-
Charges for services	-	-	-	1,881,379	-	-
Fines and forfeitures	-	-	-	-	102,438	-
Investment income	1,776	1,274	594	464	1,900	1,067
Rental income	-	-	-	119,050	-	-
Other revenue:						
Special assessments	-	-	-	-	-	-
Cable franchise fees	-	-	-	-	-	2,209,191
Other miscellaneous income	48,532	-	367,001	72	12,993	23,516
Total revenue	7,467,556	3,285,372	8,404,212	5,523,078	4,568,299	2,233,774
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	5,305,732	3,198,386	9,085,240	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	5,498,703	3,712,782	2,166,278
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	5,305,732	3,198,386	9,085,240	5,498,703	3,712,782	2,166,278
Excess of Revenue Over (Under) Expenditures	2,161,824	86,986	(681,028)	24,375	855,517	67,496
Other Financing Sources (Uses)						
Face value of debt issue	-	-	-	-	-	-
Debt premium or discount	-	-	-	-	-	-
Transfers in	60,000	363,908	-	-	-	-
Transfers out	(2,202,672)	-	(31,789)	(555,919)	(121,478)	(197,575)
Payment to bond refunding escrow agent	-	-	-	-	-	-
Total other financing (uses) sources	(2,142,672)	363,908	(31,789)	(555,919)	(121,478)	(197,575)
Net Change in Fund Balances	19,152	450,894	(712,817)	(531,544)	734,039	(130,079)
Fund Balances - Beginning of year	4,383,128	3,270,736	1,959,717	1,545,494	4,585,696	3,307,515
Fund Balances - End of year	\$ 4,402,280	\$ 3,721,630	\$ 1,246,900	\$ 1,013,950	\$ 5,319,735	\$ 3,177,436

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

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
\$ -	\$ -	\$ -	\$ -	\$ 6,592,080	\$ -	\$ -	\$ 21,901,259
-	-	467,340	-	-	-	-	467,340
-	-	93,116	55,470	-	-	-	11,550,451
-	-	-	-	-	-	10,625	1,892,004
597,205	81,575	-	-	-	-	773,122	1,554,340
365	73	1,164	26	3,082	18	29,038	40,841
-	-	-	-	-	-	-	119,050
-	-	-	-	-	-	542,016	542,016
-	-	-	-	-	-	-	2,209,191
-	-	-	-	-	-	1,843	453,957
<u>597,570</u>	<u>81,648</u>	<u>561,620</u>	<u>55,496</u>	<u>6,595,162</u>	<u>18</u>	<u>1,356,644</u>	<u>40,730,449</u>
-	-	-	-	-	38,747	331,617	370,364
-	7,757	492,481	86,025	-	-	-	586,263
-	-	-	-	8,698,669	-	942,350	27,230,377
624,230	-	-	-	-	-	-	624,230
-	-	-	-	-	-	-	11,377,763
-	-	49,835	-	-	2,939,929	34,397	3,024,161
-	-	722	-	-	620,950	18,276	639,948
<u>624,230</u>	<u>7,757</u>	<u>543,038</u>	<u>86,025</u>	<u>8,698,669</u>	<u>3,599,626</u>	<u>1,326,640</u>	<u>43,853,106</u>
(26,660)	73,891	18,582	(30,529)	(2,103,507)	(3,599,608)	30,004	(3,122,657)
-	-	-	-	-	2,138,668	278,934	2,417,602
-	-	-	-	-	9,906	1,293	11,199
-	-	-	-	-	3,342,180	350,000	4,116,088
-	-	-	-	-	-	-	(3,109,433)
-	-	-	-	-	(2,109,827)	(275,173)	(2,385,000)
-	-	-	-	-	3,380,927	355,054	1,050,456
(26,660)	73,891	18,582	(30,529)	(2,103,507)	(218,681)	385,058	(2,072,201)
<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>
<u>\$ 928,571</u>	<u>\$ 249,859</u>	<u>\$ 3,146,416</u>	<u>\$ 47,234</u>	<u>\$ 7,048,071</u>	<u>\$ 47,425</u>	<u>\$ 10,244,118</u>	<u>\$ 40,593,625</u>

City of Warren, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2015

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,748,797	\$ 1,695,467	\$ 3,444,264
Receivables	1,378	1,072	2,450
Due from other funds	316,227	-	316,227
Prepaid expenses and other assets	-	83	83
Total current assets	2,066,402	1,696,622	3,763,024
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation	603,962	6,335,061	6,939,023
Total assets	2,892,008	8,031,683	10,923,691
Deferred Outflows of Resources -			
Bond refunding loss being amortized	-	79,976	79,976
Liabilities			
Current liabilities:			
Accounts payable	52,165	37,436	89,601
Due to other funds	153,687	372,697	526,384
Refundable deposits, bonds, etc.	55,184	154,124	209,308
Accrued liabilities and other	3,449	12,079	15,528
Unearned revenue	6,334	21,420	27,754
Current portion of long-term debt	-	546,056	546,056
Total current liabilities	270,819	1,143,812	1,414,631
Noncurrent liabilities:			
Compensated absences	42,426	-	42,426
Net OPEB obligation	11,323	-	11,323
Long-term debt	-	2,587,300	2,587,300
Total noncurrent liabilities	53,749	2,587,300	2,641,049
Total liabilities	324,568	3,731,112	4,055,680
Net Position			
Net investment in capital assets	825,606	3,281,681	4,107,287
Unrestricted	1,741,834	1,098,866	2,840,700
Total net position	\$ 2,567,440	\$ 4,380,547	\$ 6,947,987

City of Warren, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2015

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Operating Revenue			
Rental revenue	\$ 510,007	\$ 979,064	\$ 1,489,071
Other operating revenue	391,754	478,641	870,395
Total operating revenue	901,761	1,457,705	2,359,466
Operating Expenses			
Billing and administrative costs	66,600	399,627	466,227
Wages and fringes	479,823	45,277	525,100
Materials and supplies	17,186	41,564	58,750
Other operating expenses	241,700	404,185	645,885
Depreciation	88,789	179,402	268,191
Total operating expenses	894,098	1,070,055	1,964,153
Operating Income	7,663	387,650	395,313
Nonoperating Revenue (Expense)			
Investment income	3,682	3,025	6,707
Interest expense	-	(119,728)	(119,728)
Total nonoperating revenue (expense)	3,682	(116,703)	(113,021)
Change in Net Position	11,345	270,947	282,292
Net Position - Beginning of year (as restated)	2,556,095	4,109,600	6,665,695
Net Position - End of year	\$ 2,567,440	\$ 4,380,547	\$ 6,947,987

City of Warren, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2015

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 584,156	\$ 1,459,481	\$ 2,043,637
Receipts from (payments for) interfund services and reimbursements	352,423	(376,458)	(24,035)
Payments to suppliers	(294,134)	(435,014)	(729,148)
Payments to employees	(478,945)	(45,777)	(524,722)
Claims paid	11,323	-	11,323
	<u>174,823</u>	<u>602,232</u>	<u>777,055</u>
Net cash provided by operating activities			
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(328,918)	-	(328,918)
Principal and interest paid on capital debt	-	(520,802)	(520,802)
	<u>(328,918)</u>	<u>(520,802)</u>	<u>(849,720)</u>
Net cash used in capital and related financing activities			
Cash Flows from Investing Activities - Interest income	3,682	3,025	6,707
Net (Decrease) Increase in Cash and Cash Equivalents	(150,413)	84,455	(65,958)
Cash and Cash Equivalents - Beginning of year	1,899,210	1,611,012	3,510,222
Cash and Cash Equivalents - End of year	<u>\$ 1,748,797</u>	<u>\$ 1,695,467</u>	<u>\$ 3,444,264</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 7,663	\$ 387,650	\$ 395,313
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	88,789	179,402	268,191
Changes in assets and liabilities:			
Receivables	(1,378)	1,776	398
Due from others	36,196	-	36,196
Accounts payable	31,352	10,735	42,087
Due to others	-	23,169	23,169
Net OPEB liability	11,323	-	11,323
Accrued and other liabilities	878	(500)	378
	<u>174,823</u>	<u>602,232</u>	<u>777,055</u>
Net cash provided by operating activities			

City of Warren, Michigan

	Pension and Other Employee Benefits Trust Funds			
	Police and Fire	City Employees'	Police and Fire	City Employees'
	Retirement System*	Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*
Assets				
Cash and cash equivalents	\$ 1,074,049	\$ 23,697	\$ 43,386	\$ -
Investments:				
U.S. government securities	22,346,484	16,450,069	-	2,074,878
Agency securities	-	779,334	-	613,380
Stocks	190,456,741	67,032,436	25,031,752	19,896,524
Bonds	39,918,135	23,165,521	1,807,875	4,343,513
Real estate	21,400,869	3,140,284	-	-
Other	22,043,818	12,481,561	5,094,198	10,290,342
Securities lending	3,191,427	2,638,328	-	-
Receivables:				
Accrued interest receivable	753,427	290,318	271,031	311,429
Other receivables	-	78,179	-	-
Due from other governmental units	-	-	-	-
Prepaid expenses and other assets	-	2,184	-	11,725
Total assets	301,184,950	126,081,911	32,248,242	37,541,791
Liabilities				
Accounts payable	692,721	522,433	49,502	17,877
Due to other governmental units	-	-	-	-
Due to primary government	183,047	115,202	9,400,681	4,459,934
Refundable deposits, bonds, etc.	-	-	-	-
Accrued liabilities and other	-	-	358,981	312,622
Obligations under securities lending agreements	3,680,093	2,638,328	-	-
Total liabilities	4,555,861	3,275,963	9,809,164	4,790,433
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 296,629,089	\$ 122,805,948	\$ 22,439,078	\$ 32,751,358

* Balances reported as of December 31, 2014.

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2015

Pension and Other Employee Benefits Trust Funds		Agency Funds				
City Employees' Retirement QEBA Trust*	Total Pension Trust Funds - 12/31/14	Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 2,136	\$ 1,143,268	\$ 19,890	\$ 1,465,522	\$ 2,558	\$ 317,300	\$ 1,805,270
-	40,871,431	-	-	-	-	-
-	1,392,714	-	-	-	-	-
-	302,417,453	-	-	-	-	-
-	69,235,044	-	-	-	-	-
-	24,541,153	-	-	-	-	-
-	49,909,919	-	-	-	-	-
-	5,829,755	-	-	-	-	-
-	1,626,205	-	-	-	-	-
-	78,179	-	-	-	-	-
-	-	219	-	-	-	219
-	13,909	-	-	-	-	-
<u>2,136</u>	<u>497,059,030</u>	<u>\$ 20,109</u>	<u>\$ 1,465,522</u>	<u>\$ 2,558</u>	<u>\$ 317,300</u>	<u>\$ 1,805,489</u>
-	1,282,533	\$ -	\$ 3,000	\$ -	\$ -	\$ 3,000
-	-	-	-	40	50	90
-	14,158,864	-	-	-	-	-
-	-	-	1,462,522	-	317,250	1,779,772
-	671,603	20,109	-	2,518	-	22,627
-	6,318,421	-	-	-	-	-
<u>-</u>	<u>22,431,421</u>	<u>\$ 20,109</u>	<u>\$ 1,465,522</u>	<u>\$ 2,558</u>	<u>\$ 317,300</u>	<u>\$ 1,805,489</u>
<u>\$ 2,136</u>	<u>\$ 474,627,609</u>					

City of Warren, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2015

	Police and Fire Retirement System*	City Employees' Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*	City Employees' QEBA Trust*	Total - 12/31/14
Additions						
Investment income (loss):						
Interest and dividends	\$ 6,358,360	\$ 3,182,205	\$ 2,652,056	\$ 2,574,954	\$ 1	\$ 14,767,576
Net increase in fair value of investments	13,498,070	4,714,049	226,279	861,605	-	19,300,003
Investment-related expenses	(1,442,485)	(604,641)	(22,950)	(64,780)	(513)	(2,135,369)
Net investment income (loss)	18,413,945	7,291,613	2,855,385	3,371,779	(512)	31,932,210
Securities lending income (loss):						
Interest and dividends	177,882	3,767	-	-	-	181,649
Borrower rebates and bank fees	(21,425)	11,739	-	-	-	(9,686)
Net securities lending income	156,457	15,506	-	-	-	171,963
Contributions:						
Employer	10,830,419	9,587,638	8,393,447	8,394,972	10,000	37,216,476
Employee	1,089,202	-	-	-	-	1,089,202
Total contributions	11,919,621	9,587,638	8,393,447	8,394,972	10,000	38,305,678
Total additions	30,490,023	16,894,757	11,248,832	11,766,751	9,488	70,409,851
Deductions						
Benefit payments	28,558,314	15,856,117	9,371,401	8,764,121	14,560	62,564,513
Refunds of contributions	923,969	23,101	-	-	-	947,070
Administrative expenses	397,350	307,881	13,449	71,154	2,612	792,446
Total deductions	29,879,633	16,187,099	9,384,850	8,835,275	17,172	64,304,029
Net Increase (Decrease) in Net Position Held in Trust	610,390	707,658	1,863,982	2,931,476	(7,684)	6,105,822
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	296,018,699	122,098,290	20,575,096	29,819,882	9,820	468,521,787
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 296,629,089	\$ 122,805,948	\$ 22,439,078	\$ 32,751,358	\$ 2,136	\$ 474,627,609

* Balances reported as of December 31, 2014.

City of Warren, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2015

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
<u>Payroll Revolving Fund</u>				
Assets				
Cash and investments	\$ 29,567	\$ 56,848,889	\$ (56,858,566)	\$ 19,890
Receivables	-	219	-	219
Total assets	<u>\$ 29,567</u>	<u>\$ 56,849,108</u>	<u>\$ (56,858,566)</u>	<u>\$ 20,109</u>
Liabilities - Accrued liabilities and other	<u>\$ 29,567</u>	<u>\$ 57,140,529</u>	<u>\$ (57,149,987)</u>	<u>\$ 20,109</u>
	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
<u>Cash Bond Fund</u>				
Assets - Cash and investments	<u>\$ 1,375,067</u>	<u>\$ 212,530</u>	<u>\$ (122,075)</u>	<u>\$ 1,465,522</u>
Liabilities - Refundable deposits, bonds, etc.	<u>\$ 1,375,067</u>	<u>\$ 336,605</u>	<u>\$ (246,150)</u>	<u>\$ 1,465,522</u>
	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
<u>Tax Collection Fund</u>				
Assets - Cash and investments	<u>\$ 61,675</u>	<u>\$ 202,750,915</u>	<u>\$ (202,810,032)</u>	<u>\$ 2,558</u>
Liabilities				
Due to other governmental units	\$ 23,125	\$ 12,628,389	\$ (12,651,474)	\$ 40
Accrued liabilities and other	38,550	3,539	(39,571)	2,518
Total liabilities	<u>\$ 61,675</u>	<u>\$ 12,631,928</u>	<u>\$ (12,691,045)</u>	<u>\$ 2,558</u>
	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
<u>Fire Insurance Withholding Fund</u>				
Assets - Cash and investments	<u>\$ 377,635</u>	<u>\$ 138,329</u>	<u>\$ (198,664)</u>	<u>\$ 317,300</u>
Liabilities				
Due to other governmental units	\$ 87	\$ 638	\$ (674)	\$ 50
Refundable deposits, bonds, etc.	377,548	335,682	(395,981)	317,250
Total liabilities	<u>\$ 377,635</u>	<u>\$ 336,320</u>	<u>\$ (396,655)</u>	<u>\$ 317,300</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 6,000,000	\$ 6,882,300	\$ 7,417,248	\$ 534,948
Investment income	2,500	2,500	1,776	(724)
Other revenue	27,500	27,500	48,532	21,032
Total revenue	6,030,000	6,912,300	7,467,556	555,256
Expenditures - Current - Public works				
Streets	4,429,318	5,734,177	5,261,781	472,396
Stormwater drainage	43,951	43,951	43,951	-
Total expenditures	4,473,269	5,778,128	5,305,732	472,396
Excess of Revenue Over Expenditures	1,556,731	1,134,172	2,161,824	1,027,652
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	60,000	-
Transfers out	(2,205,219)	(2,205,219)	(2,202,672)	2,547
Total other financing uses	(2,145,219)	(2,145,219)	(2,142,672)	2,547
Net Change in Fund Balance	(588,488)	(1,011,047)	19,152	1,030,199
Fund Balance - Beginning of year	4,383,128	4,383,128	4,383,128	-
Fund Balance - End of year	<u>\$ 3,794,640</u>	<u>\$ 3,372,081</u>	<u>\$ 4,402,280</u>	<u>\$ 1,030,199</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 2,390,000	\$ 2,963,094	\$ 3,284,098	\$ 321,004
Investment income	2,000	2,000	1,274	(726)
Total revenue	2,392,000	2,965,094	3,285,372	320,278
Expenditures - Current - Public works				
Streets	3,271,039	3,313,266	3,154,435	158,831
Stormwater drainage	43,951	43,951	43,951	-
Total expenditures	3,314,990	3,357,217	3,198,386	158,831
Excess of Revenue (Under) Over Expenditures	(922,990)	(392,123)	86,986	479,109
Other Financing Sources - Transfers in	400,000	400,000	363,908	(36,092)
Net Change in Fund Balance	(522,990)	7,877	450,894	443,017
Fund Balance - Beginning of year	3,270,736	3,270,736	3,270,736	-
Fund Balance - End of year	<u>\$ 2,747,746</u>	<u>\$ 3,278,613</u>	<u>\$ 3,721,630</u>	<u>\$ 443,017</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Sanitation Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,019,762	\$ 8,019,762	\$ 8,036,617	\$ 16,855
Investment income	1,000	1,000	594	(406)
Other revenue	250,000	250,000	367,001	117,001
Total revenue	8,270,762	8,270,762	8,404,212	133,450
Expenditures - Current - Public works - Rubbish disposal	8,634,105	9,737,662	9,085,240	652,422
Other Financing Uses - Transfers out	(32,000)	(32,000)	(31,789)	211
Net Change in Fund Balance	(395,343)	(1,498,900)	(712,817)	786,083
Fund Balance - Beginning of year	1,959,717	1,959,717	1,959,717	-
Fund Balance - End of year	<u>\$ 1,564,374</u>	<u>\$ 460,817</u>	<u>\$ 1,246,900</u>	<u>\$ 786,083</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Recreation Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,059,123	\$ 3,059,123	\$ 3,068,722	\$ 9,599
State-shared revenue and grants	210,000	210,000	453,391	243,391
Charges for services	2,417,000	2,417,000	1,881,379	(535,621)
Investment income	1,500	1,500	464	(1,036)
Rental income	141,040	141,040	119,050	(21,990)
Other revenue	-	-	72	72
Total revenue	5,828,663	5,828,663	5,523,078	(305,585)
Expenditures - Current - Recreation and culture - Parks and recreation	5,473,662	5,503,296	5,498,703	4,593
Other Financing Uses - Transfers out	(613,100)	(613,100)	(555,919)	57,181
Net Change in Fund Balance	(258,099)	(287,733)	(531,544)	(243,811)
Fund Balance - Beginning of year	1,545,494	1,545,494	1,545,494	-
Fund Balance - End of year	<u>\$ 1,287,395</u>	<u>\$ 1,257,761</u>	<u>\$ 1,013,950</u>	<u>\$ (243,811)</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,197,585	\$ 4,197,585	\$ 4,203,840	\$ 6,255
State-shared revenue and grants	135,000	135,000	247,128	112,128
Fines and forfeitures	90,000	90,000	102,438	12,438
Investment income	2,200	2,200	1,900	(300)
Other revenue	10,000	10,000	12,993	2,993
Total revenue	4,434,785	4,434,785	4,568,299	133,514
Expenditures - Current - Recreation and culture - Library	6,201,334	6,251,334	3,712,782	2,538,552
Other Financing Uses - Transfers out	(134,500)	(134,500)	(121,478)	13,022
Net Change in Fund Balance	(1,901,049)	(1,951,049)	734,039	2,685,088
Fund Balance - Beginning of year	4,585,696	4,585,696	4,585,696	-
Fund Balance - End of year	<u>\$ 2,684,647</u>	<u>\$ 2,634,647</u>	<u>\$ 5,319,735</u>	<u>\$ 2,685,088</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Communications Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 1,800	\$ 1,800	\$ 1,067	\$ (733)
Other revenue:				
Cable franchise fees	1,935,000	1,935,000	2,209,191	274,191
Other miscellaneous income	20,440	20,440	23,516	3,076
Total revenue	1,957,240	1,957,240	2,233,774	276,534
Expenditures - Current - Recreation and culture	2,372,887	2,372,887	2,166,278	206,609
Other Financing Uses - Transfers out	(216,000)	(216,000)	(197,575)	18,425
Net Change in Fund Balance	(631,647)	(631,647)	(130,079)	501,568
Fund Balance - Beginning of year	3,307,515	3,307,515	3,307,515	-
Fund Balance - End of year	<u>\$ 2,675,868</u>	<u>\$ 2,675,868</u>	<u>\$ 3,177,436</u>	<u>\$ 501,568</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Rental Ordinance Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 520,000	\$ 520,000	\$ 597,205	\$ 77,205
Investment income	500	500	365	(135)
Total revenue	520,500	520,500	597,570	77,070
Expenditures - Current - Community and economic development	720,929	729,359	624,230	105,129
Net Change in Fund Balance	(200,429)	(208,859)	(26,660)	182,199
Fund Balance - Beginning of year	955,231	955,231	955,231	-
Fund Balance - End of year	<u>\$ 754,802</u>	<u>\$ 746,372</u>	<u>\$ 928,571</u>	<u>\$ 182,199</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Vice Crime Confiscations Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 81,575	\$ (18,425)
Investment income	100	100	73	(27)
Total revenue	100,100	100,100	81,648	(18,452)
Expenditures - Current - Public safety - Crime commission	100,000	100,000	7,757	92,243
Net Change in Fund Balance	100	100	73,891	73,791
Fund Balance - Beginning of year	175,968	175,968	175,968	-
Fund Balance - End of year	<u>\$ 176,068</u>	<u>\$ 176,068</u>	<u>\$ 249,859</u>	<u>\$ 73,791</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ -	\$ 467,340	\$ 467,340
State-shared revenue and grants	400,000	400,000	93,116	(306,884)
Investment income	1,800	1,800	1,164	(636)
Total revenue	401,800	401,800	561,620	159,820
Expenditures				
Current - Public safety - Crime commission	550,000	550,000	492,481	57,519
Debt service:				
Principal	-	-	49,835	(49,835)
Interest on long-term debt	-	-	722	(722)
Total expenditures	550,000	550,000	543,038	6,962
Net Change in Fund Balance	(148,200)	(148,200)	18,582	166,782
Fund Balance - Beginning of year	3,127,834	3,127,834	3,127,834	-
Fund Balance - End of year	\$ 2,979,634	\$ 2,979,634	\$ 3,146,416	\$ 166,782

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 36,000	\$ 36,000	\$ 55,470	\$ 19,470
Investment income	100	100	26	(74)
Total revenue	36,100	36,100	55,496	19,396
Expenditures - Current - Public safety - Crime commission	84,800	84,800	86,025	(1,225)
Net Change in Fund Balance	(48,700)	(48,700)	(30,529)	18,171
Fund Balance - Beginning of year	77,763	77,763	77,763	-
Fund Balance - End of year	<u>\$ 29,063</u>	<u>\$ 29,063</u>	<u>\$ 47,234</u>	<u>\$ 18,171</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Road Mileage Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,591,585	\$ 6,591,585	\$ 6,592,080	\$ 495
Investment income	2,500	2,500	3,082	582
Total revenue	6,594,085	6,594,085	6,595,162	1,077
Expenditures - Current - Public works - Streets	7,109,621	12,925,948	8,698,669	4,227,279
Net Change in Fund Balance	(515,536)	(6,331,863)	(2,103,507)	4,228,356
Fund Balance - Beginning of year	9,151,578	9,151,578	9,151,578	-
Fund Balance - End of year	<u>\$ 8,636,042</u>	<u>\$ 2,819,715</u>	<u>\$ 7,048,071</u>	<u>\$ 4,228,356</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 50	\$ 50	\$ 18	\$ (32)
Expenditures - Debt service				
General government	-	-	38,747	(38,747)
Principal	1,529,929	1,529,929	2,939,929	(1,410,000)
Interest on long-term debt	389,290	389,290	620,950	(231,660)
Total expenditures	<u>1,919,219</u>	<u>1,919,219</u>	<u>3,599,626</u>	<u>(1,680,407)</u>
Excess of Expenditures Over Revenue	(1,919,169)	(1,919,169)	(3,599,608)	(1,680,439)
Other Financing Sources (Uses)				
Face value of debt issue	-	-	2,138,668	(2,138,668)
Transfers in	1,905,219	1,905,219	3,342,180	(1,436,961)
Debt premium or discount	-	-	9,906	9,906
Payment to bond refunding escrow agent	-	-	(2,109,827)	2,109,827
Total other financing sources	<u>1,905,219</u>	<u>1,905,219</u>	<u>3,380,927</u>	<u>(1,475,708)</u>
Net Change in Fund Balance	(13,950)	(13,950)	(218,681)	(3,156,147)
Fund Balance - Beginning of year	<u>266,106</u>	<u>266,106</u>	<u>266,106</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 252,156</u>	<u>\$ 252,156</u>	<u>\$ 47,425</u>	<u>\$ (204,731)</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ -	\$ -	\$ 10,625	\$ 10,625
Fines and forfeitures	650,000	650,000	773,122	123,122
Investment income	4,000	4,000	29,038	25,038
Special assessments	-	-	543,859	543,859
Total revenue	654,000	654,000	1,356,644	702,644
Expenditures				
Current:				
General government - Maintenance and administrative	50,000	50,000	331,617	(281,617)
Public works - Streets	-	-	942,350	(942,350)
Debt service:				
Principal	-	-	34,397	(34,397)
Interest on long-term debt	-	-	18,276	(18,276)
Total expenditures	50,000	50,000	1,326,640	(1,276,640)
Excess of Revenue Over Expenditures	604,000	604,000	30,004	(573,996)
Other Financing Sources (Uses)				
Face value of debt issue	-	-	278,934	278,934
Debt premium or discount	-	-	1,293	1,293
Transfers in	-	-	350,000	350,000
Payment to bond refunding escrow agent	-	-	(275,173)	(275,173)
Total other financing sources	-	-	355,054	355,054
Net Change in Fund Balance	604,000	604,000	385,058	(218,942)
Fund Balance - Beginning of year	9,859,060	9,859,060	9,859,060	-
Fund Balance - End of year	\$ 10,463,060	\$ 10,463,060	\$ 10,244,118	\$ (218,942)

Statistical Section

City of Warren, Michigan

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 62,875,434	\$ 59,140,668	\$ 56,796,215	\$ 48,445,832
Restricted	32,961,557	33,087,848	35,970,344	42,844,224
Unrestricted	<u>30,107,642</u>	<u>33,618,180</u>	<u>36,433,515</u>	<u>32,199,699</u>
Total governmental activities net position	<u>\$ 125,944,633</u>	<u>\$ 125,846,696</u>	<u>\$ 129,200,074</u>	<u>\$ 123,489,755</u>
Business-type activities:				
Net investment in capital assets	\$ 57,819,780	\$ 56,924,642	\$ 56,511,038	\$ 57,656,542
Restricted	18,181,409	16,915,115	14,045,192	11,779,391
Unrestricted	<u>6,788,707</u>	<u>7,173,338</u>	<u>9,125,661</u>	<u>7,821,612</u>
Total business-type activities net position	<u>\$ 82,789,896</u>	<u>\$ 81,013,095</u>	<u>\$ 79,681,891</u>	<u>\$ 77,257,545</u>
Primary government:				
Net investment in capital assets	\$ 120,695,214	\$ 116,065,310	\$ 113,307,253	\$ 106,102,374
Restricted	51,142,966	50,002,963	50,015,536	54,623,615
Unrestricted	<u>36,896,349</u>	<u>40,791,518</u>	<u>45,559,176</u>	<u>40,021,311</u>
Total primary government net position	<u>\$ 208,734,529</u>	<u>\$ 206,859,791</u>	<u>\$ 208,881,965</u>	<u>\$ 200,747,300</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.
- (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.
- (3) Reflects retroactive implementation of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*

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

Fiscal Year					
2010	2011 (1)	2012	2013 (2)	2014	2015 (3)
\$ 44,342,389	\$ 110,629,268	\$ 110,327,564	\$ 110,679,720	\$ 109,841,350	\$ 115,090,168
45,175,268	33,189,358	28,243,279	41,217,523	44,730,230	41,673,841
<u>21,613,238</u>	<u>15,236,928</u>	<u>24,905,176</u>	<u>31,944,097</u>	<u>42,214,308</u>	<u>(132,087,443)</u>
<u>\$ 111,130,895</u>	<u>\$ 159,055,554</u>	<u>\$ 163,476,019</u>	<u>\$ 183,841,340</u>	<u>\$ 196,785,888</u>	<u>\$ 24,676,566</u>
\$ 58,586,273	\$ 60,527,790	\$ 59,757,545	\$ 60,666,179	\$ 61,917,558	\$ 66,690,180
8,267,105	7,656,513	9,800,098	10,511,646	11,418,448	11,195,095
<u>9,044,146</u>	<u>15,309,884</u>	<u>19,578,952</u>	<u>25,185,018</u>	<u>26,783,108</u>	<u>1,609,583</u>
<u>\$ 75,897,524</u>	<u>\$ 83,494,187</u>	<u>\$ 89,136,595</u>	<u>\$ 96,362,843</u>	<u>\$ 100,119,114</u>	<u>\$ 79,494,858</u>
\$ 102,928,662	\$ 171,157,058	\$ 170,085,109	\$ 171,345,899	\$ 171,758,908	\$ 181,780,348
53,442,373	40,845,871	38,043,377	51,729,169	56,148,678	52,868,936
<u>30,657,384</u>	<u>30,546,812</u>	<u>44,484,128</u>	<u>57,129,115</u>	<u>68,997,416</u>	<u>(130,477,860)</u>
<u>\$ 187,028,419</u>	<u>\$ 242,549,741</u>	<u>\$ 252,612,614</u>	<u>\$ 280,204,183</u>	<u>\$ 296,905,002</u>	<u>\$ 104,171,424</u>

City of Warren, Michigan

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 20,176,196	\$ 24,554,397	\$ 22,183,390	\$ 21,806,236
District Court				
Public safety	55,968,750	61,848,485	62,509,563	63,420,416
Public works	25,347,280	28,067,722	26,523,628	26,580,333
Recreation and culture	11,001,914	12,351,491	12,737,364	12,386,834
Community and economic development	11,605,884	2,543,134	5,796,843	6,288,023
Interest on long-term debt	6,254,880	5,082,442	4,983,460	4,911,254
Total governmental activities expenses	<u>130,354,904</u>	<u>134,447,671</u>	<u>134,734,248</u>	<u>135,393,096</u>
Business-type activities:				
Water and Sewer System	32,188,319	32,499,489	34,199,663	33,432,269
Senior citizen housing	1,872,601	1,937,454	2,047,491	1,965,932
Total business-type activities expenses	<u>34,060,920</u>	<u>34,436,943</u>	<u>36,247,154</u>	<u>35,398,201</u>
Total primary government expenses	<u>\$ 164,415,824</u>	<u>\$ 168,884,614</u>	<u>\$ 170,981,402</u>	<u>\$ 170,791,297</u>
Program Revenue				
Governmental activities:				
Charges for services	\$ 14,584,784	\$ 13,702,181	\$ 13,541,050	\$ 13,419,382
Operating grants and contributions	12,463,692	12,684,642	12,228,029	11,542,918
Capital grants and contributions	5,171,647	3,243,612	4,169,546	1,648,845
Total governmental activities program revenue	<u>32,220,123</u>	<u>29,630,435</u>	<u>29,938,625</u>	<u>26,611,145</u>
Business-type activities:				
Water and Sewer System	30,329,100	29,674,597	31,957,062	30,465,234
Senior citizen housing	2,081,469	2,143,419	2,187,278	2,184,011
Total business-type activities program revenue	<u>32,410,569</u>	<u>31,818,016</u>	<u>34,144,340</u>	<u>32,649,245</u>
Total primary government program revenue	<u>\$ 64,630,692</u>	<u>\$ 61,448,451</u>	<u>\$ 64,082,965</u>	<u>\$ 59,260,390</u>
Net (expense) revenue:				
Governmental activities	\$ (98,134,781)	\$ (104,817,236)	\$ (104,795,623)	\$ (108,781,951)
Business-type activities	(1,650,351)	(2,618,927)	(2,102,814)	(2,748,956)
Total primary government net expense	<u>\$ (99,785,132)</u>	<u>\$ (107,436,163)</u>	<u>\$ (106,898,437)</u>	<u>\$ (111,530,907)</u>
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 83,352,957	\$ 85,079,549	\$ 88,383,524	\$ 87,572,093
State-shared revenue	14,540,634	14,105,387	14,105,387	13,559,035
Franchise fees	1,206,596	1,344,444	1,471,277	1,582,133
Investment earnings	3,075,634	4,289,636	3,378,435	703,476
Gain (loss) on sale of capital assets	2,099,337	40,283	(41,222)	(115,498)
Other revenue	-	-	-	-
Reduction in long-term debt obligation	-	-	-	-
Settlement agreements	-	-	1,000,000	23,485
Transfers	(137,000)	(140,000)	(148,400)	(253,092)
Total governmental activities	<u>104,138,158</u>	<u>104,719,299</u>	<u>108,149,001</u>	<u>103,071,632</u>
Business-type activities:				
Investment earnings	635,948	842,126	771,610	324,610
Gain on sale of capital assets	-	-	-	-
Other general revenue	-	-	-	-
Total business-type activities	<u>635,948</u>	<u>842,126</u>	<u>771,610</u>	<u>324,610</u>
Total primary government	<u>\$ 104,774,106</u>	<u>\$ 105,561,425</u>	<u>\$ 108,920,611</u>	<u>\$ 103,396,242</u>
Changes in Net Position				
Governmental activities	\$ 6,003,377	\$ (97,937)	\$ 3,353,378	\$ (5,710,319)
Business-type activities	(1,014,403)	(1,776,801)	(1,331,204)	(2,424,346)
Total primary government	<u>\$ 4,988,974</u>	<u>\$ (1,874,738)</u>	<u>\$ 2,022,174</u>	<u>\$ (8,134,665)</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.
- (2) Reflects Water and Sewer Fund revenue and expenses for the 18-month period ended June 30, 2015 due to a change in the Fund's fiscal year end.

City of Warren, Michigan

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

Fiscal Year					
2010	2011 (1)	2012	2013	2014	2015 (2)
\$ 20,605,904	\$ 13,406,935	\$ 10,187,753	\$ 11,005,229	\$ 12,963,834	\$ 25,310,012
	6,614,802	6,308,210	5,939,804	6,501,550	7,138,274
62,875,335	62,662,439	56,710,270	59,683,364	63,792,208	66,512,308
25,695,939	25,375,511	24,550,108	24,338,956	27,934,896	31,261,848
13,255,263	12,855,869	12,502,460	12,111,420	11,815,426	11,749,078
7,245,368	6,270,509	4,851,249	4,254,706	4,331,962	3,750,923
4,814,715	1,268,105	1,172,012	1,085,956	937,659	645,177
<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>	<u>146,367,620</u>
33,717,269	32,775,108	33,119,786	34,191,241	34,986,469	58,331,386
1,881,330	1,969,244	2,130,362	2,025,103	2,121,185	2,083,881
35,598,599	34,744,352	35,250,148	36,216,344	37,107,654	60,415,267
<u>\$ 170,091,123</u>	<u>\$ 163,198,522</u>	<u>\$ 151,532,210</u>	<u>\$ 154,635,779</u>	<u>\$ 165,385,189</u>	<u>\$ 206,782,887</u>
\$ 15,507,458	\$ 14,493,843	\$ 14,646,243	\$ 14,573,858	\$ 16,511,721	\$ 16,317,219
13,291,132	16,639,068	15,689,801	15,882,698	16,769,695	17,431,409
845,016	953,777	837,793	700,760	821,463	504,251
<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>	<u>34,252,879</u>
32,068,323	37,288,058	38,427,954	40,839,611	38,541,038	55,669,322
2,141,694	2,174,696	2,168,354	2,157,649	2,219,578	2,359,466
34,210,017	39,462,754	40,596,308	42,997,260	40,760,616	58,028,788
<u>\$ 63,853,623</u>	<u>\$ 71,549,442</u>	<u>\$ 71,770,145</u>	<u>\$ 74,154,576</u>	<u>\$ 74,863,495</u>	<u>\$ 92,281,667</u>
\$ (104,848,918)	\$ (96,367,482)	\$ (85,108,225)	\$ (87,262,119)	\$ (94,174,656)	\$ (112,114,741)
(1,388,582)	4,718,402	5,346,160	6,780,916	3,652,962	(2,386,479)
<u>\$ (106,237,500)</u>	<u>\$ (91,649,080)</u>	<u>\$ (79,762,065)</u>	<u>\$ (80,481,203)</u>	<u>\$ (90,521,694)</u>	<u>\$ (114,501,220)</u>
\$ 85,171,772	\$ 71,451,397	\$ 72,437,479	\$ 90,992,186	\$ 89,157,917	\$ 89,085,885
12,051,133	12,125,928	11,895,230	12,256,586	12,604,122	15,470,027
1,630,260	1,778,029	1,841,166	1,935,470	2,009,117	2,209,191
35,936	153,793	177,108	169,068	151,370	214,871
(263,175)	208,536	30,051	26,204	19,489	-
-	3,162,742	3,147,656	2,656,638	3,177,189	8,240,399
-	-	-	-	-	-
(5,975,000)	-	-	-	-	-
(160,868)	-	-	(90,000)	-	-
<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>	<u>115,220,373</u>
28,561	35,221	26,887	48,181	65,970	187,828
-	-	90,904	140,108	37,339	14,466
-	-	178,457	289,164	-	-
28,561	35,221	296,248	477,453	103,309	202,294
<u>\$ 92,518,619</u>	<u>\$ 88,915,646</u>	<u>\$ 89,824,938</u>	<u>\$ 108,423,605</u>	<u>\$ 107,222,513</u>	<u>\$ 115,422,667</u>
\$ (12,358,860)	\$ (7,487,057)	\$ 4,420,465	\$ 20,684,033	\$ 12,944,548	\$ 3,105,632
(1,360,021)	4,753,623	5,642,408	7,258,369	3,756,271	(2,184,185)
<u>\$ (13,718,881)</u>	<u>\$ (2,733,434)</u>	<u>\$ 10,062,873</u>	<u>\$ 27,942,402</u>	<u>\$ 16,700,819</u>	<u>\$ 921,447</u>

City of Warren, Michigan

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved	\$ 4,389,944	\$ 2,057,662	\$ 2,333,663	\$ 1,377,804
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	48,532,509	53,397,963	55,224,126	52,819,604
Total General Fund	<u>\$ 52,922,453</u>	<u>\$ 55,455,625</u>	<u>\$ 57,557,789</u>	<u>\$ 54,197,408</u>
All other governmental funds:				
Reserved	\$ 27,970,850	\$ 8,129,748	\$ 6,291,526	\$ 6,431,502
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Special revenue funds	20,653,148	28,587,139	27,592,994	26,577,183
Capital projects funds	6,586,018	9,396,449	9,795,442	12,565,096
Debt service funds	2,972,181	2,116,366	1,401,328	1,462,997
Total all other governmental funds	<u>\$ 58,182,197</u>	<u>\$ 48,229,702</u>	<u>\$ 45,081,290</u>	<u>\$ 47,036,778</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					
		2010	2011 (a) (1)	2012	2013	2014	2015
\$	1,296,151	\$	-	\$	-	\$	-
	-		192,969		308,659		363,734
	-		78,199		78,199		-
	-		22,283,612		18,810,884		44,489,417
	-		14,850,205		13,103,677		19,010,250
	42,206,177		-		-		-
\$	43,502,328	\$	37,404,985	\$	32,301,419	\$	44,960,204
			56,967,273		63,863,401		
\$	4,514,260	\$	-	\$	-	\$	-
	-		28,278		24,182		36,258
	-		22,241,525		26,570,626		32,997,440
	-		807,521		970,471		1,285,591
	-		5,518,448		5,971,715		6,453,982
	-		-		(38,029)		-
	25,648,764		-		-		-
	12,239,796		-		-		-
	1,230,346		-		-		-
\$	43,633,166	\$	28,595,772	\$	33,498,965	\$	39,557,139
			42,824,883		40,773,271		

City of Warren, Michigan

	Fiscal Year			
	2006 (1)	2007	2008	2009
Revenue				
Property taxes	\$ 84,328,809	\$ 84,953,504	\$ 88,029,125	\$ 87,229,169
Special assessments	982,318	944,084	1,072,824	1,055,385
Licenses and permits	2,420,993	2,329,132	1,691,127	1,759,663
Intergovernmental:				
Federal revenue	3,305,681	1,981,507	2,187,623	2,161,955
State-shared revenue and grants	26,359,247	25,963,338	26,817,909	24,005,863
Charges for services	4,101,728	3,039,087	3,117,357	3,476,265
Fines and fees	7,295,418	7,596,165	8,089,029	7,579,592
Interest	5,404,617	5,760,013	4,277,702	995,060
Other	6,358,491	7,025,380	6,916,324	6,959,756
Total revenue	140,557,302	139,592,210	142,199,020	135,222,708
Expenditures				
General government	25,992,081	24,850,290	25,814,644	25,841,058
District court	-	-	-	-
Public safety	59,597,955	62,100,913	62,885,562	62,529,660
Public works	27,602,281	28,528,266	30,315,852	28,856,645
Recreation and culture	9,816,038	10,655,537	11,217,234	11,009,604
Community and economic development	41,555,060	16,747,313	4,301,744	4,174,763
Debt service:				
Principal	4,527,668	4,374,916	4,659,439	4,428,168
Interest	6,254,880	5,082,442	4,983,460	4,911,254
Total expenditures	175,345,963	152,339,677	144,177,935	141,751,152
Excess of Revenue (Under) Over Expenditures	(34,788,661)	(12,747,467)	(1,978,915)	(6,528,444)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers to fiduciary funds	-	-	-	-
Transfers to Water and Sewer System	(137,000)	(140,000)	(148,400)	(253,092)
Proceeds from sale of property	2,240,087	115,741	81,067	127,733
Proceeds from issuance of debt	25,835,000	5,409,304	-	5,305,000
Payment to refunded bond escrow agent	(10,474,047)	-	-	-
Bond premium (discounts)	(284,909)	(56,901)	-	(79,575)
Settlement agreement	-	-	1,000,000	23,485
Total other financing sources (uses)	17,179,131	5,328,144	932,667	5,123,551
Net Changes in Fund Balances	\$ (17,609,530)	\$ (7,419,323)	\$ (1,046,248)	\$ (1,404,893)
Debt Service as a Percentage of Noncapital Expenditures (1)	7.88%	7.05%	7.00%	6.78%

(1) Reflects Downtown Development Authority revenue 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									
		2010	2011 (2)	2012	2013	2014	2015				
\$	84,841,410	\$	71,241,497	\$	71,507,381	\$	90,938,534	\$	89,360,407	\$	89,168,842
	1,061,672		953,569		844,775		706,457		642,545		542,016
	1,567,892		1,765,856		2,368,083		2,691,555		2,700,351		3,253,426
	4,022,414		6,629,367		5,761,605		5,372,783		5,986,783		5,611,462
	22,503,036		22,627,501		22,507,426		23,016,885		24,793,129		26,163,042
	3,546,149		6,571,928		6,127,204		5,474,068		6,046,079		5,652,636
	7,982,727		6,014,963		5,715,141		6,066,412		7,229,026		6,909,278
	125,984		154,001		170,130		163,641		131,813		177,106
	7,752,382		4,269,622		4,214,605		3,983,816		4,461,539		9,750,547
	<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>		<u>147,228,355</u>
	25,094,958		12,354,513		11,855,175		10,300,278		11,858,091		16,275,040
	-		6,614,802		6,308,210		6,104,152		6,756,822		7,128,439
	63,543,704		62,123,437		57,004,462		59,701,143		59,763,179		64,014,960
	25,989,907		23,242,704		23,689,400		26,170,932		28,397,991		36,843,249
	11,240,440		11,122,496		11,227,817		10,539,284		10,757,141		11,439,118
	5,318,074		6,195,074		4,709,232		4,191,743		4,334,700		3,711,712
	5,472,959		3,165,918		3,302,755		3,217,783		3,346,848		3,523,678
	4,814,715		1,309,041		1,201,091		1,106,733		975,952		663,414
	<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>		<u>143,599,610</u>
	(8,071,091)		(5,899,681)		(81,792)		17,082,103		15,160,948		3,628,745
	-		4,095,093		3,992,886		3,839,724		3,833,755		4,116,088
	-		-		-		-		-		-
	(160,868)		(3,935,417)		(3,992,886)		(3,929,724)		(3,833,755)		(4,116,088)
	49,283		247,852		2,859		-		763		-
	3,040,000		-		-		1,724,856		13,790,528		3,589,572
	(3,000,000)		-		-		-		(13,677,426)		(2,385,000)
	18,984		-		-		-		-		11,199
	(5,975,000)		-		-		-		-		-
	<u>(6,027,601)</u>		<u>407,528</u>		<u>2,859</u>		<u>1,634,856</u>		<u>113,865</u>		<u>1,215,771</u>
\$	(14,098,692)	\$	(5,492,153)	\$	(78,933)	\$	18,716,959	\$	15,274,813	\$	4,844,516
	7.40%		1.04%		3.89%		3.78%		3.56%		3.33%

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
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
2013	2015	516,746,530	462,659,000	448,512,670	441,815,910	1,765,565,520	1,685,392,040

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.

- (I) 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	
\$ 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
678,749,788	678,172,094	279,897,629	278,817,689	3,689,472,137	3,546,856,733	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	Protection	Fire Protection			
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	
2015	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	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
2006 Total Direct & Overlapping Rate	40.4182	58.4182	40.0782	58.0782	35.9182	53.8912
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
2007 Total Direct & Overlapping Rate	40.4167	58.4167	38.3073	56.3073	35.9167	53.8357
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
2008 Total Direct & Overlapping Rate	40.4167	58.4167	38.3073	56.3073	35.8067	53.6988
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
2009 Total Direct & Overlapping Rate	40.5567	58.5567	40.8473	58.8473	36.0567	53.9757
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
2010 Total Direct & Overlapping Rate	40.9247	58.9247	41.6653	59.6653	38.3247	56.3247
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
2011 Total Direct & Overlapping Rate	41.7747	59.7747	42.6653	60.6653	39.6747	57.6747
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
2012 Total Direct & Overlapping Rate	44.0247	62.0247	42.9247	60.9247	42.9247	60.9247
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
2013 Total Direct & Overlapping Rate	53.6979	71.6979	51.0979	69.0979	51.0979	69.0979
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
2014 Total Direct & Overlapping Rate	54.5179	72.5179	51.0579	69.0579	51.0579	69.0579
School District Rate	16.5700	34.5700	15.2300	33.2300	13.0000	31.0000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
2015 Total Direct & Overlapping Rate	55.0329	73.0329	53.6929	71.6929	51.4629	69.4629

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	
16.9424	-	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
27.8656	0.2000	2.9430	1.5262	0.3546	1.0000	4.5685	0.0050	10.5973

	School District Overlapping Tax Rate					
	Center Line		Warren Woods		Warren Consolidated	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	23.5778	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
2006 Total Direct & Overlapping Rate	49.8960	52.3182	38.9182	56.9182	42.3112	53.5946
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
2007 Total Direct & Overlapping Rate	48.4189	52.3167	38.9167	56.9167	42.1461	53.5931
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
2008 Total Direct & Overlapping Rate	48.1189	52.0167	37.4167	55.4167	41.5525	53.5931
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
2009 Total Direct & Overlapping Rate	43.0595	52.0567	37.5567	55.5567	40.8719	53.6031
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
2010 Total Direct & Overlapping Rate	44.7653	52.4247	38.3247	56.3247	41.7525	53.9711
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
2011 Total Direct & Overlapping Rate	48.1392	53.4747	40.1347	58.1347	43.9337	55.1111
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
2012 Total Direct & Overlapping Rate	50.7005	55.8247	42.8247	60.8247	46.7668	57.3611
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
2013 Total Direct & Overlapping Rate	63.4333	64.8979	51.6979	69.6979	55.4603	65.9579
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
2014 Total Direct & Overlapping Rate	63.6433	65.1079	52.0179	70.0179	55.4408	65.9779
School District Rate	25.5854	27.0500	13.3200	31.3200	16.7603	27.6000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
2015 Total Direct & Overlapping Rate	64.0483	65.5129	51.7829	69.7829	55.2232	66.0629

City of Warren, Michigan

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

	Fiscal Year Ended June 30, 2015			Fiscal Year Ended June 30, 2005		
	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	\$ 480,127,968	1	13.54%	\$ 544,787,040	1	12.95%
Chrysler	144,892,247	2	4.09%	304,098,063	2	7.23%
Detroit Edison	38,565,732	3	1.09%	59,055,646	3	1.40%
International Transmission	19,763,353	4	0.56%	23,459,139	5	0.56%
Art Van Furniture	18,421,142	5	0.52%	26,951,097	4	0.64%
US Manufacturing Corp	26,491,684	6	0.75%			
Consumers Energy	14,568,724	7	0.41%	17,254,070	7	0.41%
IBM Credit LLC	13,674,036	8	0.39%			
Noble 12B	12,291,690	9	0.35%			
WICO Metal Products Co	17,048,228	10	0.48%			
E.D.S. Corporation				21,240,552	6	0.50%
Carboloy				9,385,954		0.22%
Parkview Village				7,596,690		0.18%
Universal Mall Properties				7,405,840		0.18%
Ten largest taxpayers	785,844,804		22.16%	1,021,234,091		24.28%
Other taxpayers	2,761,011,929		77.84%	3,184,873,649		75.72%
Total taxable value	\$ 3,546,856,733		100.00%	\$ 4,206,107,740		100.00%

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			
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
2014	2015	94,956,495	(3,949,595)	(409,461)	90,597,439	95.41%	3,949,595

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, 2015	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off				
\$ 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	-	96,638	82,895,980	99.88%	
37,409	79,746,520	99.26%	10,581	(29)	95,834	80,256,627	99.88%	
14,508	74,081,430	99.43%	11,648	-	93,254	74,421,968	99.87%	
20,823	74,728,803	99.42%	(49)	-	131,916	75,032,924	99.82%	
24,508	94,691,113	99.32%	(7,562)	-	155,045	95,173,837	99.84%	
-	92,291,762	99.44%	-	-	259,296	92,550,459	99.72%	
-	94,547,034	99.57%	-	-	409,461	94,547,034	99.57%	

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
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	1,576,024	53,649	-	-	11,655,000	-	66,750,000
2013	1,325,870	-	-	-	10,565,000	-	65,000,000
2014	2,242,808	-	-	8,920,000	605,000	-	63,015,000
2015	1,743,291	-	-	8,325,000	-	-	60,135,000

Other Governmental Activities Debt				Total Net	Business-type Activities		
Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds	Governmental Activities Debt	Installment Purchase Agreements	Senior Citizen Housing	Water and Sewer System	
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)	93,908,048	-	4,700,000	-
2013	11,607,186	1,097,933	(435,375)	89,160,614	8,021,303	3,975,000	-
2014	10,261,561	553,966	(218,713)	85,379,622	7,449,787	3,550,000	-
2015	8,780,285	315,917	(13)	79,299,480	7,219,997	3,095,000	-

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.

- (a) Debt service requirements for the Tax Increment Finance Authority Bonds and Downtown Development Authority Bonds are derived from the capture of incremental tax revenue on properties within the respective authority's defined geographic boundaries.
- (b) Debt service requirements for the Michigan Transportation Bonds are derived from the receipt of state-shared gas and weight taxes.
- (c) 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.
- (d) 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.
- (e) Debt service requirements for the Water and Sewer Bonds are received from residential as well as commercial and industrial users of the system.

Sources:

- (1) Southeast Michigan Council of Governments - Estimated Population - FY 2003 - 2012
- (2) 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
\$ 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
-	-	80,034,673	4,026,777,217	1.99%	133,764	598.33
-	-	76,890,870	3,591,218,481	2.14%	133,466	576.11
-	-	74,782,808	3,506,010,944	2.13%	134,424	556.32
-	-	70,203,291	3,546,856,733	1.98%	134,805	520.78

Business-type Activities

Water and Sewer Revenue Bonds	Total Business-type Activities Debt
\$ 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
74,089,807	84,404,804

Total Primary Government

Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
\$ 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
162,242,054	19,376	6.26%	1,212.90
167,878,888	19,376	6.49%	1,257.84
178,165,793	19,376	6.84%	1,325.40
163,704,284	19,376	6.27%	1,214.38

City of Warren, Michigan

Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2015

Net Direct Debt

Capital Improvement Bonds				
Refunding Series 2014	Warren Community Center	\$	8,325,000	\$ 8,325,000
Downtown Development Authority:				
Series 2013	City Center development		14,885,000	
Series 2014	City Center development		31,750,000	
Series 2005	City Center development		<u>13,500,000</u>	60,135,000
Road Construction Bonds:				
Series 2003 Michigan Transportation Bonds	Road improvements		1,500,000	
Series 2013A Capital Improvement Bonds	Road improvements		4,486,202	
Series 2015 Capital Improvement Bonds	Road improvements		2,319,083	
Series 2010 MTF Refunding Bonds	Road improvements		<u>475,000</u>	8,780,285
Special Assessment Bonds:				
Series 2015	Sidewalk replacement program		315,917	
Less amounts available in debt service funds			<u>(13)</u>	315,904
				77,556,189
Less:				
Road Construction Bonds			(8,780,285)	
Special Assessment Bonds			<u>(315,904)</u>	(9,096,189)
Net direct debt to be repaid with property taxes				68,460,000

Overlapping Debt

Macomb County:				
County at large	13.48%	352,643,540		47,536,349
Macomb Community College	13.48%	12,650,000		1,705,220
Local School Districts:				
Center Line	67.49%	12,965,000		8,750,079
East Detroit	22.03%	26,323,511		5,799,069
Fitzgerald	100.00%	23,819,000		23,819,000
Van Dyke	97.87%	63,039,544		61,696,802
Warren Consolidated	48.52%	137,870,000		66,894,524
Warren Woods	100.00%	34,050,000		<u>34,050,000</u>
Total Overlapping Debt				250,251,045

Net direct debt outstanding and overlapping debt **\$ 318,711,045**

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				
	2006	2007	2008	2009	2010
Assessed value	<u>\$ 5,730,657,941</u>	<u>\$ 5,951,085,588</u>	<u>\$ 6,064,919,039</u>	<u>\$ 5,809,257,741</u>	<u>\$ 5,342,889,105</u>
Debt limit (10% of assessed value)	\$ 573,065,794	\$ 595,108,559	\$ 606,491,904	\$ 580,925,774	\$ 534,288,911
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 573,065,794</u>	<u>\$ 595,108,559</u>	<u>\$ 606,491,904</u>	<u>\$ 580,925,774</u>	<u>\$ 534,288,911</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2011	2012	2013	2014	2015
Assessed value	<u>\$ 4,561,685,622</u>	<u>\$ 4,081,046,497</u>	<u>\$ 3,630,847,280</u>	<u>\$ 3,537,933,048</u>	<u>\$ 3,689,472,137</u>
Debt limit (10% of assessed value)	\$ 456,168,562	\$ 408,104,650	\$ 363,084,728	\$ 353,793,305	\$ 368,947,214
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 456,168,562</u>	<u>\$ 408,104,650</u>	<u>\$ 363,084,728</u>	<u>\$ 353,793,305</u>	<u>\$ 368,947,214</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

City of Warren, Michigan

Building Authority - Senior Housing Bonds (1)

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
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	748,772	627,100	610,000	223,931	833,931	0.75
2013	1,363,193	855,473	507,720	705,000	146,298	851,298	0.60
2014	1,398,586	921,577	477,009	425,000	76,119	501,119	0.95
2015	1,457,703	890,651	567,052	455,000	67,319	522,319	1.09

(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 revenue 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		
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	216,383	1,666,383	2.37	632,325
2013	8,197,069	4,098,535	1,015,000	167,363	1,182,363	3.47	620,232
2014	8,281,690	4,140,845	1,000,000	138,275	1,138,275	3.64	709,369
2015	8,537,451	4,268,726	985,000	107,525	1,092,525	3.91	809,695

(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 \$809,695 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2015 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		
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	406,098	-	406,098	543,967	92,934	636,901	0.64	
2013	388,900	-	388,900	543,967	68,736	612,703	0.63	
2014	371,702	-	371,702	543,967	44,038	588,005	0.63	
2015	52,673	-	52,673	244,397	26,579	270,976	0.19	

(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	
2014-2015	55,669,321	44,286,286	11,383,035	7,926,367	4,476,405	12,402,772	0.92	

(6) Fiscal years 2004 through 2013 end December 31. Fiscal year 2015 year ends June 30 and is for 18 months.

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	Macomb	State of
					Warren	County	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%
2015	134,805	53,539	19,376	2,611,981,680	7.50%	6.30%	5.80%

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 Six Years Ago

		Year Ended June 30, 2015			Year Ended June 30, 2009		
		Percentage			Percentage		
		Employees	of Total	Rank	Employees	of Total	Rank
General Motors Corporation	Automotive	20,000	(I)	1	18,535	(I)	1
Government of The United States	Government	7,800	(I)	2	9,621	(I)	2
FIAT - Chrysler Corp.	Automotive	6,000	(I)	3	5,950	(I)	3
Ascension Health	Health care	3,180	(I)	4	2,771	(I)	4
Total		36,980			36,877		
(I) 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
General government:										
<u>37th District Court</u>										
Small claims	1,047	970	725	995	587	635	566	657	597	700
Landlord & tenant	4,144	4,327	4,890	4,596	4,554	4,921	4,910	5,333	4,136	5,000
Parking tickets	1,448	1,521	1,518	1,083	1,019	1,116	1,272	1,496	1,868	1,500
Traffic misdemeanor & civil	55,744	57,163	55,606	46,623	36,879	35,250	37,454	49,446	46,529	5,000
Non-traffic felony	2,261	2,070	2,717	2,544	2,284	1,869	2,069	2,358	2,252	2,400
Non-traffic misdemeanor	2,194	2,393	2,449	2,355	2,126	1,653	1,779	1,886	1,772	1,900
Traffic OUIL/OWI	794	571	656	656	367	202	284	354	298	400
General civil	4,888	5,500	6,098	6,098	5,345	5,151	5,633	4,812	4,164	5,000
Probation - Active cases	1,220	1,212	1,118	1,078	1,078	876	752	892	892	900
Pre-sentence investigations	386	395	368	803	803	460	460	429	429	400
<u>City Clerk</u>										
Business licenses	920	941	894	853	837	837	765	771	660	1,000
Public hearings	62	69	101	99	47	70	53	75	49	150
Changes in voter registrations	38,399	42,844	54,004	62,213	60,433	44,367	56,137	41,389	40,559	60,000
Dog licenses issued	5,233	4,967	5,427	5,502	5,409	4,983	4,662	4,945	4,831	6,000
Garage sale permits	2,365	2,541	1,952	2,707	4,756	1,499	1,466	1,429	1,285	3,000
Death certificates	1,889	1,902	1,800	1,880	1,864	1,935	1,856	1,806	1,523	2,500
Birth certificates	1,273	1,388	1,350	1,344	1,254	1,201	1,188	1,183	902	2,300
Lawsuits issued	33	34	31	19	33	38	30	35	27	100
Contracts signed, catalogued	79	45	68	61	54	51	68	83	100	150
Internet requests processed	1,547	1,900	5,200	2,670	5,200	4,600	4,972	4,232	6,750	7,050
<u>Treasurer</u>										
Tax bills processed:										
Manually	136,000	148,721	148,720	146,916	120,351	88,321	85,454	94,499	96,021	96,800
CD-ROM	82,000	76,000	76,000	59,118	55,934	56,141	54,865	45,056	48,550	49,000
Checks processed	41,400	46,680	49,005	51,669	52,009	51,761	46,736	40,082	42,457	42,000
Water bills processed	518,000	528,000	528,000	522,862	501,584	424,085	372,981	351,898	427,242	425,700
Status changes	12,000	1,813	950	744	720	600	481	720	708	700
Personal property	4,000	4,101	4,101	4,140	3,929	4,586	4,183	4,242	3,950	3,950
Delinquent tax accounts	210	1,426	1,426	1,533	1,318	2,057	2,561	40	40	40
<u>Assessing</u>										
Personal property audits	320	140	152	70	70	70	86	45	55	80
Small claim MTT appeals	42	65	141	150	150	756	789	59	54	12
Full tax tribunal appeals	33	53	44	120	120	528	596	227	155	70
Board of Review appeals	864	999	1,400	2,000	2,000	1,500	1,200	735	920	1,200
Processing of										
principal residence exemptions	5,500	5,500	5,000	5,500	5,500	1,802	3,923	5,774	6,950	7,000
Process deeds and										
transfer affidavits	6,700	6,700	5,600	6,700	6,700	9,038	11,255	9,817	11,066	11,500
Prepare special										
assessment rolls	30	30	30	30	30	30	30	30	30	30
Review / appraisal										
taxable properties	54,000	54,000	59,470	59,500	59,500	60,768	60,300	63,104	63,559	63,600
Verify sales & transfers										
of sold properties	3,500	2,450	7,238	5,800	5,800	3,500	3,500	1,403	1,633	3,000
Inspect and appraisal										
building permit activity	2,450	2,450	2,800	2,450	11,400	11,243	11,000	13,210	13,198	14,000

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
Public Safety:										
<u>Fire Department</u>										
Incident responses	11,779	12,416	12,971	12,894	13,440	14,717	14,974	15,500	16,547	17,000
Equipment responses	17,182	18,111	18,306	17,531	29,545	34,041	29,674	29,276	30,530	30,000
Fire training (hours)	4,173	4,316	48,976	56,403	16,426	4,400	3,139	6,480	3,062	3,200
Medical training (hours)	1,171	1,210	1,931	2,291	3,100	1,983	808	6,480	4,401	4,500
<u>Police Department</u>										
Calls for police service	88,000	89,600	81,132	78,255	75,781	90,125	88,184	95,000	95,000	95,000
Part I crimes	5,853	5,982	4,575	4,397	4,245	4,322	4,065	3,764	3,550	4,500
Burglary incidents	704	737	851	881	985	1,096	1,015	887	750	1,000
Auto theft incidents	1,363	906	1,211	958	726	805	728	582	590	750
Part II crimes	6,632	6,438	12,207	11,600	6,601	5,435	6,386	6,455	6,200	7,000
Narcotic and drug incidents	1,430	2,009	2,947	2,478	1,660	955	1,093	1,455	1,575	1,800
Traffic citations	45,154	46,506	30,154	25,146	18,283	17,872	18,419	20,678	20,500	20,500
OUIL charges	402	432	578	490	400	305	294	300	355	500
Traffic accidents	3,713	5,500	3,354	3,389	3,551	3,647	3,295	3,820	4,320	4,500
Juveniles charged	250	509	579	169	161	221	346	244	205	500
Total arrests	7,018	7,638	10,153	6,496	6,081	5,055	5,708	6,556	6,200	7,000
Abandoned autos processed	1,560	1,380	2,016	5,200	967	1,020	1,061	1,100	1,100	1,200
Guns registered	2,090	3,300	1,500	2,373	2,296	2,705	7,329	6,922	6,300	7,500
<u>Animal Control</u>										
Calls for service	2,610	2,832	2,916	2,916	3,000	3,000	3,000	2,850	3,500	3,500
Stray animals picked up	1,335	1,450	1,386	1,386	1,270	1,340	1,600	1,450	-	-
Wild animals secured	430	486	472	472	400	435	60	75	-	-
Dead animals handled	332	310	346	346	900	900	1,000	1,000	-	-
Animals given up by owners	850	832	798	798	325	325	325	377	-	-
<u>Civil Defense</u>										
Responses to disaster or emergency incidents	9	9	10	10	6	9	7	5	6	10
Functional / full-scale exercise	3	1	-	-	1	1	2	3	3	3
City Development:										
<u>Engineering</u>										
Service requests processed	674	448	516	768	538	811	695	838	877	900
Planning reviews	141	100	94	55	77	79	79	79	66	80
Site plan reviews	245	356	222	113	83	119	129	258	426	390
Projects inspected	128	125	97	71	81	72	61	225	258	230
Sidewalk inspections / repairs	2,739	3,100	2,709	3,185	1,517	1,553	933	806	501	600
<u>Property Maintenance Inspection</u>										
Weed enforcement	850	2,200	2,323	2,485	4,436	4,568	3,810	4,012	4,045	8,500
Complaints investigated	13,500	7,244	4,862	6,422	5,928	6,068	4,285	4,387	4,022	5,800
Complaints entered into tracking system	N/A	N/A	N/A	21,220	21,200	23,526	21,500	18,300	21,016	25,000
Vacant and foreclosed property clean-ups	N/A	N/A	N/A	650	598	619	632	676	524	900
<u>Building Inspections</u>										
Certificates of Occupancy	339	584	279	283	288	266	470	767	420	500
Building permits	3,528	2,403	2,854	2,162	2,412	1,880	1,804	1,918	2,053	2,100
Plumbing permits	1,066	940	978	1,103	1,248	1,348	1,351	1,351	1,152	1,400
Electrical permits	1,844	1,909	2,277	2,862	3,179	3,133	3,626	3,798	3,402	3,400
Mechanical permits	1,929	1,463	1,343	1,447	1,828	1,797	2,240	3,127	2,095	2,300
Miscellaneous permits	1,884	1,584	407	701	701	840	786	830	944	850
Building inspections	10,103	8,895	13,216	12,511	13,119	15,004	13,666	14,427	15,296	14,500
Plumbing inspections	2,981	3,243	5,440	7,262	8,104	7,777	9,136	10,421	10,529	9,000
Electrical inspections	4,584	4,595	7,353	12,636	12,269	11,869	12,676	14,206	14,276	13,500
Mechanical inspections	5,644	5,263	6,784	7,774	8,126	8,391	9,861	10,879	10,004	9,800
Zoning inspections	4,940	4,813	15,657	8,679	8,453	6,236	5,575	6,511	6,320	6,700
Plan reviews	3,528	2,987	2,352	2,160	2,467	2,319	2,304	2,048	2,165	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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
Recreation and Culture:										
<u>Library</u>										
Annual attendance	389,200	284,398	336,414	371,751	337,207	326,386	342,297	366,929	347,214	356,000
Circulation:										
Annual total	539,164	603,725	599,451	594,626	567,845	1,102,600	855,235	577,403	568,805	572,000
Children's material	121,788	182,579	237,568	264,351	248,118	257,402	279,921	253,018	239,449	269,300
Reference requests	73,025	62,726	72,761	78,049	70,664	47,290	47,285	49,875	53,776	59,000
Registered borrowers	41,997	48,265	54,834	61,284	51,507	57,145	53,754	59,909	62,475	69,270
Materials:										
Loaned to other libraries	62,714	53,476	72,662	74,957	76,629	64,433	74,359	74,391	70,602	69,170
Received from other libraries	45,426	39,239	57,642	59,173	86,258	40,381	52,593	52,630	49,408	42,900
Added to collection	16,292	26,397	25,327	25,741	24,616	35,868	56,914	37,576	46,225	42,000
Deleted from collection	27,215	38,081	21,004	16,389	14,976	13,324	23,165	10,984	18,741	19,000
Home Page hits	222,454	231,573	287,079	302,691	301,945	260,661	331,023	361,112	357,531	345,000
<u>Recreation</u>										
Pavilion rentals	438	460	418	418	482	460	460	484	424	450
Bus transportation	28,500	28,550	28,972	25,390	27,750	23,613	18,510	14,227	15,309	15,500
Adult & youth sports:										
Registrants	6,500	6,400	7,000	6,700	7,200	7,000	7,000	7,000	4,436	4,645
Participants	101,204	105,500	106,000	106,000	106,500	106,500	106,500	106,500	107,000	107,250
Senior programs	52,000	52,450	90,247	85,000	90,000	85,000	85,000	85,000	86,000	87,000
Senior sports programs	23,000	22,400	23,000	22,400	22,400	23,000	23,000	23,000	23,000	23,250
Trees removed	800	1,000	1,131	500	325	345	345	250	-	-
Trees trimmed	4,000	3,000	7,788	1,000	800	1,000	1,000	2,000	-	-
Pool attendance	300,000	301,000	325,000	302,000	350,000	380,000	380,000	380,000	350,000	380,000
Yearly pass registrations	4,200	4,800	5,200	4,500	4,500	4,100	3,975	3,463	4,142	4,400
<u>Sanitation:</u>										
Collections points (per week)	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Curbside collection (tons):										
Refuse land filled	51,780	48,695	48,695	45,082	43,541	44,104	45,391	47,315	45,207	46,000
Curbside recycling	3,633	4,236	4,236	4,646	4,562	5,716	5,169	5,847	4,816	5,000
Curbside compost	16,123	14,559	14,559	15,228	15,252	13,123	13,245	9,029	12,684	13,000
Drop-off center:										
Car batteries (each)	935	583	583	459	585	142	256	162	138	150
Non-ferrous metal (tons)	128	1	1	2	7	9	3	3	1	1
Concrete (tons)	385	242	242	245	377	247	283	195	208	210
Motor oil (gallons)	11,950	9,250	9,250	10,000	10,800	9,300	8,950	8,460	6,145	6,200
Collected / dropped off (tons):										
Cardboard	147	129	129	98	85	68	80	67	58	60
White goods / scrap metal	284	232	232	177	167	140	101	80	82	86
<u>Senior Citizens Housing:</u>										
<u>Stilwell Manor</u>										
Carpet replacements	6	9	15	19	12	23	15	15	22	25
Linoleum replacements	9	7	10	10	9	14	7	7	10	12
Stove replacements	25	9	9	15	8	12	15	15	6	6
Apartments painted	9	18	12	25	18	26	20	20	23	25
Air conditioner replacements	10	6	8	10	8	12	10	10	10	12
Maintenance work orders	682	545	520	530	545	642	575	575	450	600
<u>Jos. Coach Manor</u>										
Carpet replacements	12	13	42	36	25	40	27	27	35	65
Linoleum replacements	13	17	32	13	25	20	14	14	17	25
Hot water tank replacements	-	-	2	6	6	10	53	53	70	50
Apartments painted	27	32	28	42	31	65	34	34	63	65
Countertop replacements	8	9	7	18	17	20	18	18	16	20
Maintenance work orders	1,203	1,247	1,182	1,300	1,295	1,188	955	955	760	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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (2)
Water and Sewer System (2)										
<u>Water Department:</u>										
Water utility accounts	49,948	50,122	50,248	50,205	50,226	50,137	50,025	49,171	49,137	49,639
Sewer utility accounts	49,319	49,370	49,614	49,110	49,089	49,068	49,269	48,650	48,588	49,089
Second meter accounts	256	384	457	506	555	585	628	680	684	712
Water sold (thousand cu. ft.)	930,433	839,755	883,463	759,993	713,369	734,852	692,951	699,581	656,511	914,804
Water purchased	1,035,761	932,468	1,014,748	851,937	794,608	805,598	769,815	784,929	744,182	1,081,125
Broken water main repairs	311	238	344	186	214	202	212	184	271	393
Sewer jetting (in footage)	197,240	257,313	129,050	14,167	232,072	117,473	249,000	273,816	343,647	454,716
<u>Waste Water Treatment Plant:</u>										
Sewage treated	8.0	9.0	7.6	8.4	8.3	6.8	10.8	7.4	8.2	11.7
Sludge solids removed	32.1	31.4	33.3	29.8	29.7	26.7	28.4	31.1	29.9	42.3
Power consumption	16.5	23.4	23.9	26.8	14.9	13.4	15.8	14.1	12.7	19.1
Natural gas for incinerator	78	82	89	82	88	81	90	102	94	130
Laboratory samples taken	6,743	6,556	6,634	6,308	6,499	5,609	5,694	6,694	5,963	8,886
Analytical lab tests run	44,608	45,863	45,847	45,680	38,140	35,977	33,718	38,044	35,577	54,944
Dye tests performed to locate	20	200	50	50	20	20	25	13	12	8
Storm water samples collected	457	275	20	50	315	350	240	396	296	245
Illicit discharges identified	17	24	15	46	3	4	5	4	6	3
Illicit discharges removed	50	14	20	7	4	5	9	2	6	3

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

(1) Fiscal year 2015 estimates

(2) Fiscal years 2006 through 2014 ended December 31 of the preceding year. Fiscal year 2015 ended June 30, 2015 and is for 18 months.

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)
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
2015	3,640,000	975,000	5,194,000	-	9,809,000

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

City of Warren, Michigan

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>General Government:</u>										
Council	13	13	13	13	13	12	10	10	10	11
37th District Court	50	50	49	49	49	49	46	46	46	46
Mayor	7	7	7	7	7	6	6	6	6	6
Clerk	8	9	9	9	9	9	8	7	7	8
Treasurer	12	12	12	12	11	10	10	9	9	9
Controller	19	19	19	19	18	14	13	12	10	10
Information Systems	3	3	3	3	3	3	3	4	4	4
Legal	11	11	11	11	11	11	10	10	10	10
Assessing	12	12	12	12	12	11	11	11	11	11
Labor Relations	1	1	1	2	2	-	-	-	-	-
Personnel	6	6	6	6	6	-	-	-	-	-
Human Resources	-	-	-	-	-	9	9	9	9	9
D.P.W. Garage	8	8	8	8	7	7	7	7	8	8
Building Maintenance	15	15	15	15	9	9	8	8	8	8
Police & Fire Civil Service	1	1	1	1	1	-	-	-	-	-
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
City Retirement	-	-	-	-	-	-	-	-	2	2
	<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>144</u>
<u>Public Safety:</u>										
Fire Department	148	148	148	147	121	126	120	114	132	132
Police Department	278	274	276	275	270	256	239	233	233	235
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>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>370</u>
<u>City Development:</u>										
Public Service Director	4	4	4	3	3	3	3	3	3	3
Engineering	8	8	8	8	7	7	5	5	5	5
Property Maintenance	3	3	3	4	1	1	-	-	-	-
Building Inspections	17	17	17	17	18	16	15	15	14	16
Planning	4	5	5	5	5	3	3	3	4	4
Rental Ordinance	2	2	2	3	3	3	3	3	4	4
	<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>32</u>
<u>Highways and Streets</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>24</u>
<u>Recreation and Culture:</u>										
Library	16	16	16	16	16	12	22	22	22	22
Recreation	20	20	20	20	20	18	16	13	12	12
Communications	6	6	6	6	5	5	5	5	5	5
	<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>39</u>
<u>Sanitation</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>26</u>
<u>Economic Development:</u>										
Community & Economic	-	-	-	-	-	2	2	2	2	2
D.D.A.	1	1	1	1	1	1	1	1	1	2
	<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>4</u>
<u>Community Development:</u>										
C.D.B.G.	4	4	4	3	3	3	3	3	3	2
<u>Senior Housing</u>	<u>5</u>									
<u>Water and Sewer System</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>	<u>93</u>
Total full-time city employees	<u>876</u>	<u>859</u>	<u>858</u>	<u>857</u>	<u>787</u>	<u>758</u>	<u>722</u>	<u>709</u>	<u>731</u>	<u>739</u>

Source: Adopted fiscal year budget