



**CITY OF WARREN, MICHIGAN**  
Fiscal Year Ended June 30, 2018  
Comprehensive Annual Financial Report



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# City of Warren, Michigan

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**Comprehensive Annual Financial Report  
with Supplemental Information  
June 30, 2018**

**Prepared by the Controller's Office**

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November 27, 2018

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, 2018.

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, 2018 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The City's financial statements have received an "unmodified opinion" from the independent auditor. An unmodified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

### **General Information**

The City of Warren was incorporated as a home rule City on January 1, 1957. The City is governed by a seven-member Council, Mayor, Treasurer and City Clerk, all of whom are elected to a maximum of three four-year terms except the Mayor (20 years). 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 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. 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. A brand new branch library is being constructed in the City's south end and will be open in October 2019. 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 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 37<sup>th</sup> District Court Building Renovation to assist management in monitoring operations.

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

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

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

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

## **Economic Outlook**

The auto industry is the lifeblood of the economy of Southeast Michigan. The City of Warren is no exception to this with the presence of the General Motors Technical Center and GM and 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 is in the process of an expansion at the Technical Center of over \$1 billion dollars to modernize the campus. This expansion will include an additional 3,000 jobs.

The 2019 budget has committed to continue to invest in the City's infrastructure with over \$4 million in General Fund and Special Revenue Fund Equipment and Capital Improvements. The Enterprise Funds have capital outlay of almost \$20 million. With all seven labor contracts being in place through June 2019, 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 slow property assessment increases and the uncertainty of personal property reimbursements. 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. Over \$30 million in road projects are planned for next construction season. 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. This millage was renewed for an additional five years in August 2016.

The Water and Sewer System, because of its aging infrastructure, has an unprecedented amount of capital projects occurring. This includes water main and sewer improvements and replacements, capital equipment upgrades, energy efficiency projects at the Waste Water Treatment Plant, and the ongoing plans to construct a detention basin for State mandated environmental requirements.

## 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, 2017. 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**

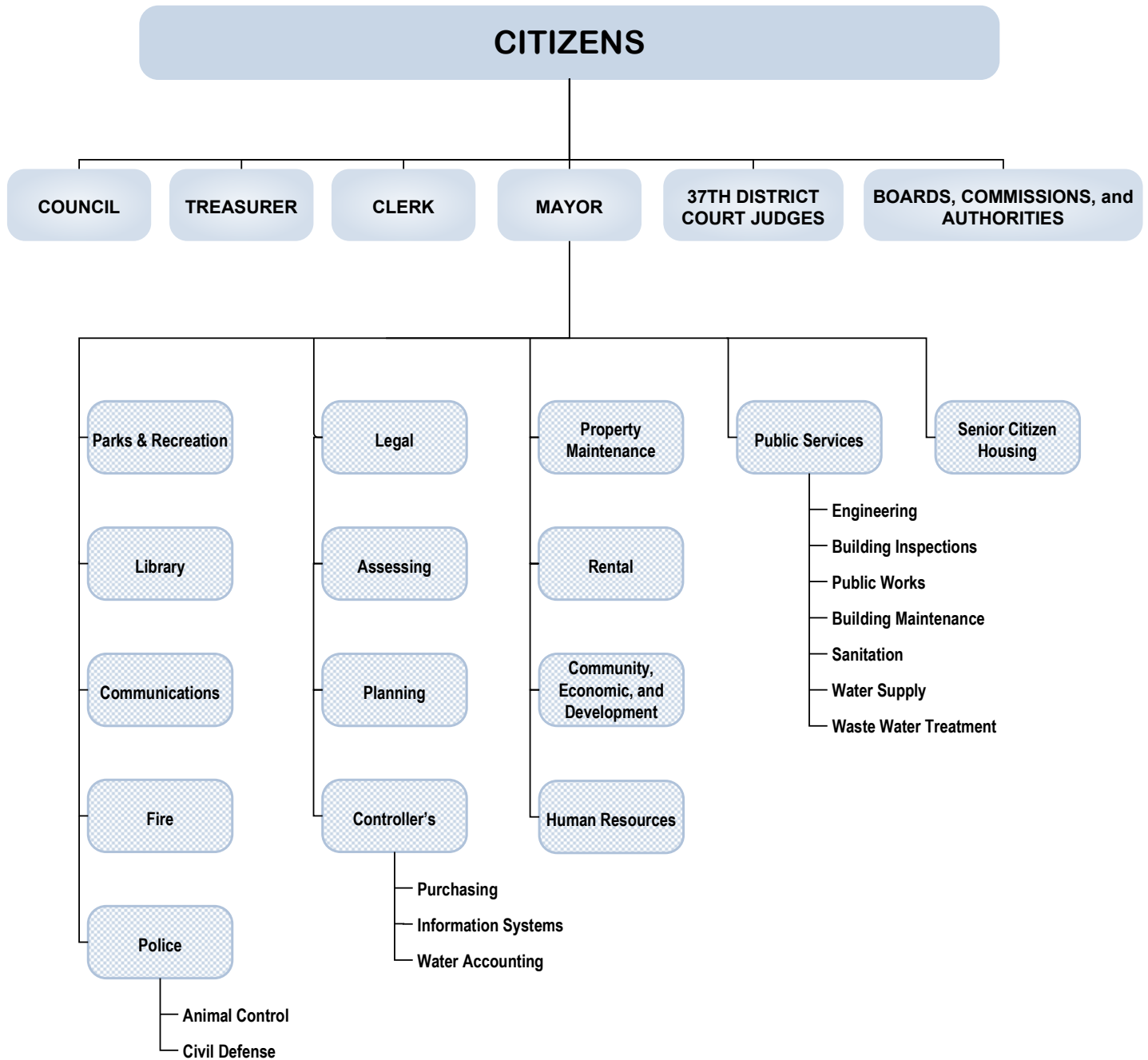
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

# City of Warren, Michigan Organization Chart



James R. Fouts	Mayor
Paul J. Wojno	Clerk
Lorie Barnwell	Treasurer
Cecil St. Pierre	Council President
Steven G. Warner	Council Vice President
Robert Boccomino	Council Secretary
Keith J. Sadowski	Assistant Council Secretary
Kelly Colegio	Mayor Pro Tem
Scott C. Stevens	Councilman
Ron Papandrea	Councilman

## **Independent Auditor's Report**

To 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 City of Warren, Michigan (the "City") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise 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 Health, Life and Disability Benefits Plan and Trust and the City of Warren Employees' Retirement System Defined Benefit Plan Annual Financial Report, which represent 34 percent, 33 percent, and 32 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information of the City of Warren, Michigan. 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 financial statements of the City of Warren, Michigan Police and Fire Retirement System Defined Benefit Pension Plan and Trust, the City of Warren Police and Fire Retirement Health Benefits Plan and Trust, the City of Warren Employees' Retirement System Defined Benefit Plan, and the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and 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.

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



To the City Council  
City of Warren, Michigan

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of June 30, 2018 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 20 to the basic financial statements, in the fiscal year ended June 30, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established accounting and financial reporting standards for defined benefit OPEB plans provided to the employees of governmental employers. Our opinion is not modified with respect to this matter.

### **Other Matter**

#### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplemental information, 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 an opinion on the financial statements that collectively comprise City of Warren, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

To the City Council  
City of Warren, Michigan

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of 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 City of Warren, Michigan's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 27, 2018

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, 2018. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal and the City's financial statements.

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2018:

### **Financial Highlights**

- As a result of this year's operations, governmental activities net position increased by \$23.6 million, or 11.8 percent, from the prior year. The increase is primarily due to \$34.0 million in changes in the assumption of the discount rate for pensions, offset by a decrease in state-shared revenue of \$9.8 million because of less personal property reimbursement.
- As a result of this year's operations, business-type activities net position increased by \$17.2 million, or 25.6 percent, from the prior year. The increase is due primarily to the positive operating activity in the water and sewer system and the net change in pension and OPEB obligations.
- The General Fund reported a 22.2 million decrease in fund balance from the prior year. This decrease is primarily due to additional contributions to legacy costs of \$18.6 million.

### **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 the reader 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)

The following tables show, in a condensed format, the current year's net position and changes in net position as of June 30, 2018 compared to the prior year:

### City's Net Position

	Governmental Activities			
	2017	2018	Change	Percent Change
<b>Assets</b>				
Other assets	\$ 135,121,135	\$ 129,726,402	\$ (5,394,733)	(4.0)
Capital assets	137,043,207	138,503,112	1,459,905	1.1
Total assets	272,164,342	268,229,514	(3,934,828)	(1.4)
<b>Deferred Outflows of Resources</b>	50,112,902	37,963,303	(12,149,599)	(24.2)
<b>Liabilities</b>				
Current liabilities	8,533,620	7,396,294	(1,137,326)	(13.3)
Long-term liabilities:				
Due within one year	4,622,169	4,546,368	(75,801)	(1.6)
Due in more than one year	268,856,760	386,663,701	117,806,941	43.8
Total liabilities	282,012,549	398,606,363	116,593,814	41.3
<b>Deferred Inflows of Resources</b>	23,948,142	84,262,935	60,314,793	251.9
<b>Net Position</b>				
Net investment in capital assets	123,302,796	113,821,101	(9,481,695)	(7.7)
Restricted	45,423,260	62,562,871	17,139,611	37.7
Unrestricted	(152,409,503)	(353,060,453)	(200,650,950)	131.7
Total net position	<b>\$ 16,316,553</b>	<b>\$ (176,676,481)</b>	<b>\$ (192,993,034)</b>	(1,182.8)

	Business-type Activities			
	2017	2018	Change	Percent Change
<b>Assets</b>				
Other assets	\$ 95,185,772	\$ 95,824,065	\$ 638,293	0.7
Capital assets	144,683,316	144,086,883	(596,433)	(0.4)
Total assets	239,869,088	239,910,948	41,860	-
<b>Deferred Outflows of Resources</b>	4,617,506	2,968,145	(1,649,361)	(35.7)
<b>Liabilities</b>				
Current liabilities	5,578,814	6,617,784	1,038,970	18.6
Long-term liabilities:				
Due within one year	8,104,708	8,509,900	405,192	5.0
Due in more than one year	145,779,388	141,493,394	(4,285,994)	(2.9)
Total liabilities	159,462,910	156,621,078	(2,841,832)	(1.8)
<b>Deferred Inflows of Resources</b>	173,150	1,758,761	1,585,611	915.7
<b>Net Position</b>				
Net investment in capital assets	74,111,047	78,416,923	4,305,876	5.8
Restricted	9,907,889	10,604,481	696,592	7.0
Unrestricted	831,598	(4,522,150)	(5,353,748)	(643.8)
Total net position	<b>\$ 84,850,534</b>	<b>\$ 84,499,254</b>	<b>\$ (351,280)</b>	(0.4)

**City's Changes in Net Position**

	Governmental Activities			
	2017	2018	Change	Percent Change
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 22,409,974	\$ 21,808,137	\$ (601,837)	(2.7)
Operating grants	15,536,736	19,154,256	3,617,520	23.3
Capital grants	2,190,092	326,759	(1,863,333)	(85.1)
General revenue:				
Taxes - Property taxes	87,521,449	88,206,104	684,655	0.8
State-shared revenue	28,184,436	18,394,692	(9,789,744)	(34.7)
Investment earnings	427,405	870,709	443,304	103.7
Other revenue	2,266,273	2,213,801	(52,472)	(2.3)
Total revenue	158,536,365	150,974,458	(7,561,907)	(4.8)
<b>Program Expenses</b>				
General government	11,213,283	16,097,711	4,884,428	43.6
District Court	7,044,306	6,464,165	(580,141)	(8.2)
Public safety	82,752,844	62,391,916	(20,360,928)	(24.6)
Public works	36,116,970	26,695,024	(9,421,946)	(26.1)
Community and economic development	3,588,945	3,966,082	377,137	10.5
Recreation and culture	13,945,510	11,398,091	(2,547,419)	(18.3)
Interest on long-term debt	386,248	359,449	(26,799)	(6.9)
Total program expenses	155,048,106	127,372,438	(27,675,668)	(17.8)
<b>Change in Net Position</b>	3,488,259	23,602,020	20,113,761	576.6
<b>Net Position - Beginning of year, as restated</b>	12,828,294	(200,278,501)	(213,106,795)	(1,661.2)
<b>Net Position - End of year</b>	<b>\$ 16,316,553</b>	<b>\$ (176,676,481)</b>	<b>\$ (192,993,034)</b>	(1,182.8)

	Business-type Activities			
	2017	2018	Change	Percent Change
<b>Revenue</b>				
Water and Sewer Fund	\$ 44,240,520	\$ 47,890,812	\$ 3,650,292	8.3
Senior housing	2,380,731	2,379,554	(1,177)	-
Revenue	46,621,251	50,270,366	3,649,115	7.8
<b>Expenses</b>				
Water and Sewer Fund	39,591,568	31,872,979	(7,718,589)	(19.5)
Senior housing	2,068,539	1,797,443	(271,096)	(13.1)
Total expenses	41,660,107	33,670,422	(7,989,685)	(19.2)
Interest income	101,116	636,200	535,084	529.2
<b>Change in Net Position</b>	5,062,260	17,236,144	12,173,884	240.5
<b>Net Position - Beginning of year, as restated</b>	79,788,274	67,263,110	(12,525,164)	(15.7)
<b>Net Position - End of year</b>	<b>\$ 84,850,534</b>	<b>\$ 84,499,254</b>	<b>\$ (351,280)</b>	(0.4)



The governmental net position increased \$23.6 million from a year ago - increasing from \$(200.3) million to \$(176.7) million. The increase is primarily due to \$34.0 million in changes in the assumption of the discount rate for pensions, offset by a decrease in state-shared revenue of \$9.8 million because of less personal property reimbursement.

The City's total governmental revenue decreased by approximately \$7.6 million, or 4.8 percent. This decrease was primarily due to the decrease in state-shared revenue of \$9.8 million because of less personal property reimbursement.

Expenses decreased by approximately \$27.7 million, or 17.8 percent. The decrease was primarily in general government due to pension and OPEB expense resulting from a change in assumption of the discount rate.

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 Great Lakes Water Authority. We also provide sewage treatment through a city-owned and operated sewage treatment plant. Affordable and safe housing is provided to the City's seniors through operation of a 366-unit complex.

The net position of business-type activities decreased \$0.4 million, or 0.4 percent, from a year ago.

Business-type activities unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by \$5.4 million. The decrease in unrestricted net position was due primarily the negative impact of OPEB offset by the positive operating activities from the Water and Sewer Fund.

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

Our analysis of the City's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2018 include the General Fund, Grant Fund, and Capital Projects Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which includes police and fire. Public safety incurred expenses of approximately 83.0 million in 2018. Revenue was less than expenditures (including transfers) in the General Fund by \$22.2 million. This was primarily due to an increase in expenditures for legacy costs of \$18.6 million. Unassigned fund balance of \$17.5 million is approximately 14 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 the additional contributions for both pension and OPEB and conversion of LED street lighting. At year end, General Fund expenditures were \$8.9 million under budget. This was due to careful spending by department leaders. General Fund revenue came in over budget by \$1.3 million, primarily due to an increase in state-shared revenue of \$1.5 million.

#### **Capital Assets and Debt Administration**

At the end of fiscal year 2018, the City had \$282.6 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 \$138.5 million, and business-type net capital assets are \$144.1 million (see Note 5 of the notes to the basic financial statements for additional information).

The City's general obligation bonds maintained their rating from Standard & Poor's (AA) during the fiscal year. This rating was affirmed in 2018 when the City issued new bonds of \$13.2 million in governmental activities. Please see Note 7 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 year 2019 and beyond. However, as the State continues to attack various revenue sources, such as personal property tax and revenue sharing, the City administration along with the 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.

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 98,430,096	\$ 34,151,706	\$ 132,581,802	\$ 25,889,740
Receivables (Note 4)	26,070,961	7,803,933	33,874,894	548
Due from component units	348,184	-	348,184	-
Internal balances	2,396,565	(2,396,565)	-	-
Inventory	144,673	346,427	491,100	136,296
Prepaid expenses and other assets	924,592	125,073	1,049,665	13,402
Deposits	1,411,331	-	1,411,331	-
Restricted assets (Note 1)	-	55,793,491	55,793,491	-
Capital assets:				
Assets not subject to depreciation (Note 5)	16,941,556	4,422,167	21,363,723	-
Assets subject to depreciation - Net (Note 5)	121,561,556	139,664,716	261,226,272	-
<b>Total assets</b>	<b>268,229,514</b>	<b>239,910,948</b>	<b>508,140,462</b>	<b>26,039,986</b>
<b>Deferred Outflows of Resources</b>				
Bond refunding loss being amortized	391,167	746,988	1,138,155	224,409
Deferred outflows related to pensions	25,740,195	1,359,875	27,100,070	-
Deferred outflows related to OPEB	11,831,941	861,282	12,693,223	17,579
<b>Total deferred outflows of resources</b>	<b>37,963,303</b>	<b>2,968,145</b>	<b>40,931,448</b>	<b>241,988</b>
<b>Liabilities</b>				
Accounts payable	5,042,302	4,907,088	9,949,390	221,345
Due to other governmental units	251	-	251	61,781
Due to primary government	-	-	-	348,184
Refundable deposits, bonds, etc.	693,744	528,241	1,221,985	-
Accrued liabilities and other	1,626,947	1,159,071	2,786,018	380,857
Unearned revenue	33,050	23,384	56,434	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	2,083,379	358,903	2,442,282	-
Provision for property tax refunds	155,750	-	155,750	408,436
Current portion of long-term debt (Note 7)	2,307,239	8,150,997	10,458,236	4,543,828
Due in more than one year:				
Compensated absences	8,333,516	441,435	8,774,951	-
Provision for claims (Note 15)	6,554,562	-	6,554,562	-
Net pension liability (Note 11)	132,792,052	14,924,070	147,716,122	-
Net OPEB liability (Note 9)	213,835,572	13,551,524	227,387,096	276,583
Long-term debt (Note 7)	22,765,939	112,576,365	135,342,304	45,490,612
Landfill postclosure liability (Note 18)	2,382,060	-	2,382,060	-
<b>Total liabilities</b>	<b>398,606,363</b>	<b>156,621,078</b>	<b>555,227,441</b>	<b>51,731,626</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	74,826,387	1,080,988	75,907,375	-
Deferred inflows related to OPEB	9,436,548	677,773	10,114,321	13,833
<b>Total deferred inflows of resources</b>	<b>84,262,935</b>	<b>1,758,761</b>	<b>86,021,696</b>	<b>13,833</b>
<b>Net Position</b>				
Net investment in capital assets	113,821,101	78,416,923	192,238,024	-
Restricted:				
Streets and highways	34,174,874	-	34,174,874	-
Public safety	3,639,328	-	3,639,328	-
Recreation and culture	9,594,446	-	9,594,446	-
Sanitation	3,162,408	-	3,162,408	-
Community development	9,247,030	-	9,247,030	-
Capital projects	2,744,785	-	2,744,785	-
Debt service	-	10,604,481	10,604,481	-
Unrestricted	(353,060,453)	(4,522,150)	(357,582,603)	(25,463,485)
<b>Total net position</b>	<b>\$ (176,676,481)</b>	<b>\$ 84,499,254</b>	<b>\$ (92,177,227)</b>	<b>\$ (25,463,485)</b>

# City of Warren, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 16,097,711	\$ 6,908,710	\$ 806,173	\$ 326,759
District court	6,464,165	5,944,205	121,561	-
Public safety	62,391,916	5,821,265	1,465,856	-
Public works	26,695,024	181,852	14,025,187	-
Community and economic development	3,966,082	741,715	2,368,710	-
Recreation and culture	11,398,091	2,210,390	366,769	-
Interest on long-term debt	359,449	-	-	-
Total governmental activities	127,372,438	21,808,137	19,154,256	326,759
Business-type activities:				
Water and Sewer Fund	31,872,979	47,670,569	207,388	12,855
Senior Housing	1,797,443	2,379,554	-	-
Total business-type activities	33,670,422	50,050,123	207,388	12,855
Total primary government	<b>\$ 161,042,860</b>	<b>\$ 71,858,260</b>	<b>\$ 19,361,644</b>	<b>\$ 339,614</b>
Component units:				
Tax Increment Finance Authority	\$ 180,193	\$ -	\$ -	\$ -
Downtown Development Authority	2,634,310	53,823	-	-
Brownfield Redevelopment Authority	505,647	126,670	-	-
Total component units	<b>\$ 3,320,150</b>	<b>\$ 180,493</b>	<b>\$ -</b>	<b>\$ -</b>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year, as restated (Note 20)</b>				
<b>Net Position - End of year</b>				

# Statement of Activities

**Year Ended June 30, 2018**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,056,069)	\$ -	\$ (8,056,069)	\$ -
(398,399)	-	(398,399)	-
(55,104,795)	-	(55,104,795)	-
(12,487,985)	-	(12,487,985)	-
(855,657)	-	(855,657)	-
(8,820,932)	-	(8,820,932)	-
(359,449)	-	(359,449)	-
(86,083,286)	-	(86,083,286)	-
-	16,017,833	16,017,833	-
-	582,111	582,111	-
-	16,599,944	16,599,944	-
(86,083,286)	16,599,944	(69,483,342)	-
-	-	-	(180,193)
-	-	-	(2,580,487)
-	-	-	(378,977)
-	-	-	(3,139,657)
88,206,104	-	88,206,104	5,871,996
18,394,692	-	18,394,692	3,715,062
870,709	636,200	1,506,909	117,569
2,175,819	-	2,175,819	-
37,982	-	37,982	-
109,685,306	636,200	110,321,506	9,704,627
23,602,020	17,236,144	40,838,164	6,564,970
(200,278,501)	67,263,110	(133,015,391)	(32,028,455)
<b>\$ (176,676,481)</b>	<b>\$ 84,499,254</b>	<b>\$ (92,177,227)</b>	<b>\$ (25,463,485)</b>



Governmental Funds  
Balance Sheet

June 30, 2018

	General Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 37,096,797	\$ 655,304	\$ 23,457,115	\$ 37,220,880	\$ 98,430,096
Receivables (Note 4)	13,258,609	9,058,242	648,960	3,105,150	26,070,961
Due from component units	344,538	-	-	3,646	348,184
Due from other funds	3,467,186	5,566	-	1,160,920	4,633,672
Inventory	117,777	-	-	26,896	144,673
Prepaid expenses and other assets	900,431	16,931	-	7,230	924,592
Deposits	1,110,789	-	994	299,548	1,411,331
<b>Total assets</b>	<b>\$ 56,296,127</b>	<b>\$ 9,736,043</b>	<b>\$ 24,107,069</b>	<b>\$ 41,824,270</b>	<b>\$ 131,963,509</b>
<b>Liabilities</b>					
Accounts payable	\$ 3,089,452	\$ 230,203	\$ 73,038	\$ 1,649,609	\$ 5,042,302
Due to other governmental units	-	-	-	251	251
Due to other funds	1,020,347	248,370	140,573	827,817	2,237,107
Refundable deposits, bonds, etc.	515,312	3,750	16,160	158,522	693,744
Accrued liabilities and other	1,186,800	6,690	-	329,634	1,523,124
Unearned revenue	33,050	-	-	-	33,050
Provision for property tax refunds	116,972	-	-	38,778	155,750
<b>Total liabilities</b>	<b>5,961,933</b>	<b>489,013</b>	<b>229,771</b>	<b>3,004,611</b>	<b>9,685,328</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>1,117,780</b>	<b>8,740,997</b>	<b>584,957</b>	<b>148,380</b>	<b>10,592,114</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory/Assets held for resale	117,777	-	-	26,896	144,673
Prepays	900,431	16,931	-	7,230	924,592
Restricted:					
Roads	-	-	12,981,512	21,144,790	34,126,302
Grants	-	489,102	-	-	489,102
Capital projects	-	-	1,494,193	-	1,494,193
Sanitation	-	-	-	3,092,777	3,092,777
Recreation	-	-	-	741,501	741,501
Library	-	-	-	5,274,644	5,274,644
Cable franchise fees	-	-	-	3,513,998	3,513,998
Police enforcement	-	-	-	3,303,687	3,303,687
Special assessments	-	-	665,635	-	665,635
Vice crime	-	-	-	335,641	335,641
Committed:					
Rental ordinance	-	-	-	1,082,011	1,082,011
Committed for community service	-	-	-	85,121	85,121
Special assessments	-	-	159,667	-	159,667
Assigned:					
Subsequent year's budget	5,762,766	-	-	-	5,762,766
Compensated absences	9,569,400	-	-	-	9,569,400
Claims and insurance	6,554,562	-	-	-	6,554,562
37th District Court	-	-	7,991,334	-	7,991,334
Debt service	-	-	-	62,983	62,983
Capital equipment	2,577,500	-	-	-	2,577,500
Retiree health care	6,229,496	-	-	-	6,229,496
Roads	321	-	-	-	321
Unassigned	17,504,161	-	-	-	17,504,161
<b>Total fund balances</b>	<b>49,216,414</b>	<b>506,033</b>	<b>23,292,341</b>	<b>38,671,279</b>	<b>111,686,067</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 56,296,127</b>	<b>\$ 9,736,043</b>	<b>\$ 24,107,069</b>	<b>\$ 41,824,270</b>	<b>\$ 131,963,509</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2018**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 111,686,067</b>
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	138,503,112
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	10,592,114
Deferred charges on refunding are deferred inflows and are not reported in the funds	391,167
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(25,073,178)
Accrued interest is not due and payable in the current period and is not reported in the funds	(103,823)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(10,416,895)
Pension benefits	(181,878,244)
Retiree healthcare benefits	(211,440,179)
Other long-term liabilities, such as claims, judgments, and landfill postclosure costs, do not present a claim on current financial resources and are not reported in the funds	<u>(8,936,622)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (176,676,481)</u></u></b>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 66,504,630	\$ -	\$ -	\$ 21,701,474	\$ 88,206,104
Special assessments	-	-	337,461	-	337,461
Intergovernmental:					
Federal grants	551,832	2,626,277	-	399,849	3,577,958
State sources	19,163,388	-	-	15,757,659	34,921,047
Charges for services	4,897,909	-	-	1,909,408	6,807,317
Fines and forfeitures	4,909,378	-	848,898	948,341	6,706,617
Licenses and permits:					
Cable franchise fees	-	-	-	2,175,819	2,175,819
Other licenses and permits	3,841,077	-	-	-	3,841,077
Interest and rentals	313,486	-	106,183	536,935	956,604
Other revenue	2,697,116	38,360	-	556,412	3,291,888
Total revenue	102,878,816	2,664,637	1,292,542	43,985,897	150,821,892
<b>Expenditures</b>					
Current:					
General government	24,090,201	-	537,332	-	24,627,533
District Court	7,802,982	-	-	-	7,802,982
Public safety	83,014,767	-	-	1,096,195	84,110,962
Public works	8,712,893	-	806,332	23,826,168	33,345,393
Community and economic development	770,187	2,578,415	-	671,157	4,019,759
Recreation and culture	38,471	-	-	11,461,727	11,500,198
Debt service	522,805	-	40,121	2,118,178	2,681,104
Total expenditures	124,952,306	2,578,415	1,383,785	39,173,425	168,087,931
<b>Excess of Revenue (Under) Over Expenditures</b>	(22,073,490)	86,222	(91,243)	4,812,472	(17,266,039)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	40,121	2,542,006	2,582,127
Transfers out	(123,820)	-	(302,695)	(2,155,612)	(2,582,127)
New debt issued	-	-	13,236,720	-	13,236,720
Total other financing (uses) sources	(123,820)	-	12,974,146	386,394	13,236,720
<b>Net Change in Fund Balances</b>	(22,197,310)	86,222	12,882,903	5,198,866	(4,029,319)
<b>Fund Balances - Beginning of year</b>	71,413,724	419,811	10,409,438	33,472,413	115,715,386
<b>Fund Balances - End of year</b>	<u>\$ 49,216,414</u>	<u>\$ 506,033</u>	<u>\$ 23,292,341</u>	<u>\$ 38,671,279</u>	<u>\$ 111,686,067</u>

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities

Year Ended June 30, 2018

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ (4,029,319)
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	11,039,603
Depreciation expense	(9,507,344)
Net book value of assets disposed of	(72,354)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(193,561)
Expenses and expense recoveries related to the landfill postclosure liability are not reported in the funds	2,310,285
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(13,236,720)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,341,625
Interest expense is recognized in the government-wide statements as it accrues	(23,927)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	35,020,237
Amortization of deferred charges on refunding is expensed in the statement of net position, but does not affect financial resources for the governmental funds	(46,505)
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 23,602,020</u></u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2018

	Enterprise Funds		Total
	Water and Sewer Fund	Nonmajor Enterprise Funds	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 31,298,518	\$ 2,853,188	\$ 34,151,706
Receivables	7,797,315	6,618	7,803,933
Inventory	346,427	-	346,427
Prepaid expenses and other assets	125,052	21	125,073
Total current assets	39,567,312	2,859,827	42,427,139
Noncurrent assets:			
Restricted assets (Note 1)	55,793,491	-	55,793,491
Capital assets:			
Assets not subject to depreciation (Note 5)	4,200,523	221,644	4,422,167
Assets subject to depreciation - Net (Note 5)	132,311,838	7,352,878	139,664,716
Total noncurrent assets	192,305,852	7,574,522	199,880,374
Total assets	231,873,164	10,434,349	242,307,513
<b>Deferred Outflows of Resources</b>			
Bond refunding loss being amortized	746,988	-	746,988
Deferred outflows related to pensions	1,359,875	-	1,359,875
Deferred outflows related to OPEB	843,703	17,579	861,282
Total deferred outflows of resources	2,950,566	17,579	2,968,145
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,694,724	212,364	4,907,088
Due to other funds	2,185,232	211,333	2,396,565
Refundable deposits, bonds, etc.	293,458	234,783	528,241
Accrued liabilities and other	1,143,578	15,493	1,159,071
Unearned revenue	-	23,384	23,384
Compensated absences	358,903	-	358,903
Current portion of long-term debt (Note 7)	7,769,941	381,056	8,150,997
Total current liabilities	16,445,836	1,078,413	17,524,249
Noncurrent liabilities:			
Compensated absences	411,908	29,527	441,435
Net pension liability (Note 11)	14,924,070	-	14,924,070
Net OPEB liability (Note 9)	13,274,941	276,583	13,551,524
Long-term debt (Note 7)	111,247,233	1,329,132	112,576,365
Total noncurrent liabilities	139,858,152	1,635,242	141,493,394
Total liabilities	156,303,988	2,713,655	159,017,643
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	1,080,988	-	1,080,988
Deferred inflows related to OPEB	663,940	13,833	677,773
Total deferred inflows of resources	1,744,928	13,833	1,758,761
<b>Net Position</b>			
Net investment in capital assets	72,552,589	5,864,334	78,416,923
Restricted - Debt service	10,604,481	-	10,604,481
Unrestricted	(6,382,256)	1,860,106	(4,522,150)
Total net position	\$ 76,774,814	\$ 7,724,440	\$ 84,499,254



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

Year Ended June 30, 2018

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Operating Revenue</b>			
Sale of water	\$ 23,589,688	\$ -	\$ 23,589,688
Sewage disposal charges	22,681,944	-	22,681,944
Other sales to customers	600,440	-	600,440
Interest and penalty charges	798,497	-	798,497
Rental revenue	-	1,500,550	1,500,550
Other operating revenue	-	879,004	879,004
Total operating revenue	47,670,569	2,379,554	50,050,123
<b>Operating Expenses</b>			
Cost of water	10,054,383	-	10,054,383
Operating and maintenance costs	4,870,554	-	4,870,554
Billing and administrative costs	2,184,147	508,205	2,692,352
Wages and fringes	4,223,911	393,031	4,616,942
Materials and supplies	777,328	64,981	842,309
Other operating expenses	-	522,846	522,846
Professional services	692,477	-	692,477
Depreciation	5,506,203	277,334	5,783,537
Total operating expenses	28,309,003	1,766,397	30,075,400
<b>Operating Income</b>	19,361,566	613,157	19,974,723
<b>Nonoperating Revenue (Expense)</b>			
Investment income	630,833	5,367	636,200
Interest expense	(3,725,067)	(31,046)	(3,756,113)
Gain on sale of assets	161,091	-	161,091
Operating grants	207,388	-	207,388
Total nonoperating expense	(2,725,755)	(25,679)	(2,751,434)
<b>Income - Before capital contributions</b>	16,635,811	587,478	17,223,289
<b>Capital Contributions - Other</b>	12,855	-	12,855
<b>Change in Net Position</b>	16,648,666	587,478	17,236,144
<b>Net Position - Beginning of year, as restated (Note 20)</b>	60,126,148	7,136,962	67,263,110
<b>Net Position - End of year</b>	<b>\$ 76,774,814</b>	<b>\$ 7,724,440</b>	<b>\$ 84,499,254</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2018

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 47,265,146	\$ 2,379,554	\$ 49,644,700
Payments for interfund services and reimbursements	(10,030)	(10,754)	(20,784)
Payments to suppliers	(17,324,436)	(958,001)	(18,282,437)
Payments to employees and fringes	(14,752,773)	(560,752)	(15,313,525)
Net cash and cash equivalents provided by operating activities	15,177,907	850,047	16,027,954
<b>Cash Flows Provided by Noncapital Financing Activities</b> - Operating grants and subsidies	207,388	-	207,388
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from sale of capital assets	164,838	-	164,838
Purchase of capital assets	(4,801,871)	(376,125)	(5,177,996)
Principal and interest paid on capital debt	(11,113,086)	(402,102)	(11,515,188)
Net cash and cash equivalents used in capital and related financing activities	(15,750,119)	(778,227)	(16,528,346)
<b>Cash Flows Provided by Investing Activities</b> - Interest received on investments	625,252	5,367	630,619
<b>Net Increase in Cash and Cash Equivalents</b>	260,428	77,187	337,615
<b>Cash and Cash Equivalents</b> - Beginning of year	86,831,581	2,776,001	89,607,582
<b>Cash and Cash Equivalents</b> - End of year	<b>\$ 87,092,009</b>	<b>\$ 2,853,188</b>	<b>\$ 89,945,197</b>
<b>Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 31,298,518	\$ 2,853,188	\$ 34,151,706
Restricted cash	55,793,491	-	55,793,491
Total cash and cash equivalents	<b>\$ 87,092,009</b>	<b>\$ 2,853,188</b>	<b>\$ 89,945,197</b>

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2018

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 19,361,566	\$ 613,157	\$ 19,974,723
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	5,506,203	277,334	5,783,537
Changes in assets and liabilities:			
Receivables	(297,275)	4,741	(292,534)
Due to and from other funds	(10,030)	(10,754)	(20,784)
Inventories	25,396	-	25,396
Prepaid and other assets	(4,781)	497	(4,284)
Net pension or OPEB liability	(10,342,500)	(166,229)	(10,508,729)
Accounts payable	849,666	131,301	980,967
Deferred refunding charges	89,662	-	89,662
Total adjustments	<u>(4,183,659)</u>	<u>236,890</u>	<u>(3,946,769)</u>
Net cash and cash equivalents provided by operating activities	<u><u>\$ 15,177,907</u></u>	<u><u>\$ 850,047</u></u>	<u><u>\$ 16,027,954</u></u>

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2018

	Pension and Other Employee Benefits - December 31, 2017	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 694,956	\$ 2,097,302
Investments:		
U.S. government securities	49,443,007	-
Stocks	317,402,219	-
Bonds	61,310,807	-
Real estate	24,594,223	-
Other	99,523,590	-
Securities lending	11,708,643	-
Receivables:		
Accrued interest receivable	3,256,159	-
Other receivables	391,973	-
Due from primary government	1,287,300	-
Prepaid expenses and other assets	268,015	-
	569,880,892	\$ 2,097,302
<b>Liabilities</b>		
Accounts payable	6,368,319	\$ 500
Due to other governmental units	2,499,902	41
Due to primary government	9,105,933	-
Refundable deposits, bonds, etc.	-	2,096,633
Accrued liabilities and other	447,585	128
Obligations under securities lending agreements	12,197,309	-
	30,619,048	\$ 2,097,302
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<b>\$ 539,261,844</b>	

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Pension and Other Employee Benefits - December 31, 2017
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 16,318,303
Net increase in fair value of investments	54,393,006
Investment-related expenses	<u>(1,914,494)</u>
Net investment income	68,796,815
Securities lending income:	
Interest and dividends	169,070
Securities lending - Investment expense	<u>(53,293)</u>
Total securities lending income	115,777
Contributions:	
Employer contributions	65,007,539
Employee contributions	<u>1,192,568</u>
Total contributions	<u>66,200,107</u>
Total additions	135,112,699
<b>Deductions</b>	
Benefit payments	62,614,110
Refunds of contributions	1,190,961
Administrative expenses	<u>781,842</u>
Total deductions	<u>64,586,913</u>
<b>Net Increase in Net Position Held in Trust</b>	70,525,786
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<u>468,736,058</u>
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 539,261,844</u></u>

Component Units  
Statement of Net Position

June 30, 2018

	Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,386,476	\$ 22,209,952	\$ 1,293,312	\$ 25,889,740
Receivables - Other	-	-	548	548
Inventory	-	136,296	-	136,296
Prepaid expenses and other assets	-	13,402	-	13,402
Total assets	2,386,476	22,359,650	1,293,860	26,039,986
<b>Deferred Outflows of Resources</b>				
Bond refunding loss being amortized (Note 1)	-	224,409	-	224,409
Deferred outflows related to OPEB	-	17,579	-	17,579
<b>Liabilities</b>				
Accounts payable	12,143	177,767	31,435	221,345
Due to other governmental units	-	-	61,781	61,781
Due to primary government	1,151	313,263	33,770	348,184
Accrued liabilities and other	-	380,857	-	380,857
Noncurrent liabilities:				
Due within one year:				
Provision for property tax refunds	10,523	397,913	-	408,436
Current portion of long-term debt	-	4,543,828	-	4,543,828
Due in more than one year:				
Net OPEB liability	-	276,583	-	276,583
Long-term debt	-	45,490,612	-	45,490,612
Total liabilities	23,817	51,580,823	126,986	51,731,626
<b>Deferred Inflows of Resources - Deferred inflows related to OPEB</b>	-	13,833	-	13,833
<b>Net Position</b>	<b>\$ 2,362,659</b>	<b>\$ (28,993,018)</b>	<b>\$ 1,166,874</b>	<b>\$ (25,463,485)</b>

# City of Warren, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Tax Increment Finance Authority - Community and economic development	\$ 180,193	\$ -	\$ -	\$ -
Downtown Development Authority:				
Community and economic development	1,122,281	53,823	-	-
Interest on long-term debt	1,512,029	-	-	-
Total Downtown Development Authority	2,634,310	53,823	-	-
Brownfield Redevelopment Authority - Community and economic development	505,647	126,670	-	-
Total component units	<u>\$ 3,320,150</u>	<u>\$ 180,493</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:  
Property taxes  
State-shared revenue  
Investment income  
Total general revenue

### Change in Net Position

**Net Position** - Beginning of year, as restated (Note 20)

**Net Position** - End of year



Component Units  
Statement of Activities

Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (180,193)	\$ -	\$ -	\$ (180,193)
-	(1,068,458)	-	(1,068,458)
-	(1,512,029)	-	(1,512,029)
-	(2,580,487)	-	(2,580,487)
-	-	(378,977)	(378,977)
(180,193)	(2,580,487)	(378,977)	(3,139,657)
236,390	5,231,023	404,583	5,871,996
18,749	3,680,073	16,240	3,715,062
12,418	102,806	2,345	117,569
267,557	9,013,902	423,168	9,704,627
87,364	6,433,415	44,191	6,564,970
2,275,295	(35,426,433)	1,122,683	(32,028,455)
<b>\$ 2,362,659</b>	<b>\$ (28,993,018)</b>	<b>\$ 1,166,874</b>	<b>\$ (25,463,485)</b>

**Note 1 - Nature of Business and Significant Accounting Policies**

The City of Warren, Michigan (the "City"), formerly Warren Township, was incorporated on 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 legally separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the 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 some 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.

**Discretely Presented Component Units**

*Tax Increment Finance Authority*

The Tax Increment Finance Authority (TIFA) of the City of Warren, Michigan 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, Michigan. 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, Michigan 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.

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

*Brownfield Redevelopment Authority*

The Brownfield Redevelopment Authority (the "Brownfield 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, and 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. The City is also responsible for any cost overruns. Additional information can be obtained from the planning department at One City Square, Suite 315, Warren, Michigan 48093-5283.

**Accounting and Reporting Principles**

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

**Fund Accounting**

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

**Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide 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 is restricted to expenditures for specified purposes.
- The Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new buildings, equipment, technology upgrades, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

**Proprietary Funds**

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.

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

**Fiduciary Funds**

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

- 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.

**Interfund Activity**

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

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

**Basis of Accounting**

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

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree 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.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, 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 1 - 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, as applicable. 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, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. 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, if any, 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.

***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.

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories 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 \$55,793,491 set aside and classified as restricted assets. Of this amount, \$54,310,414 related to unspent bond proceeds to be spent on water main replacements and the detention basin. 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 \$1,483,077 at June 30, 2018.

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

**Capital Assets**

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

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

Capital Asset Class	Depreciable Life - Years
Buildings	40 to 60
Water and sewer mains	50
Machinery and equipment	5 to 25
Land improvements	20
Road system	12 to 50

**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 and premiums as an "other financing source" and bond discounts as "other financing uses." The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and 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 VEBA and defined benefit pension plans, as indicated in Notes 9 and 11, respectively.

In addition to liabilities, the statement of net position 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 future periods and 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 outflows of resources related to the VEBA and defined benefit pension plans, as indicated in Notes 9 and 11, respectively.



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

**Net Position Flow Assumption**

The City will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City 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 2017 tax is levied and collectible on July 1, 2017 and is recognized as revenue in the year ended June 30, 2018 when the proceeds of the levy are budgeted and available for the financing of operations.

Property taxes 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.

June 30, 2018

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

The 2017 taxable valuation of the City totaled \$3.21 million (a portion of which is abated and a portion of which is captured by the TIFA, DDA, and Brownfield Authority). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	8.7101	\$ 27,216,000
Emergency medical service	0.2901	941,000
Library charter and operating	1.3276	4,142,000
Rubbish services	2.5550	7,979,000
Police/Fire pension and retiree health care	4.9848	15,564,000
Police operating	0.9676	3,023,000
Fire operating	0.9676	3,023,000
Recreation operating	0.9676	3,023,000
Police and fire operating	4.9000	15,276,000
Road repairs	2.0955	6,549,000
Total		<u>\$ 86,736,000</u>

**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 the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

**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 80 hours. Compensated absences and compensatory time, inclusive of associated payroll taxes and benefits, are accrued in the government-wide financial statements.



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

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 the 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 revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include 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.

**Upcoming Accounting Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2021.

**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, 2017	\$ (7,804,421)
Current year permit revenue	2,822,812
Related expenses - Estimated indirect costs	<u>3,258,287</u>
Current year shortfall	<u>(435,475)</u>
Cumulative shortfall - June 30, 2018	<u>\$ (8,239,896)</u>

**Fund Deficits**

At June 30, 2018, the governmental activities reported a deficit in net position of \$176,676,481. This deficit primarily relates to the net pension and OPEB liabilities reported in the full accrual basis. No governmental funds have deficits when reported on the fund basis.

At June 30, 2018, the Downtown Development Authority reported a deficit in net position of \$28,993,018. 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:

1. 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

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

- (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 interlocal 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
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 11 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 investments are in accordance with statutory authority.

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 December 31, 2017, only United States currency was received as collateral.

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

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, 2018 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, 2018, 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, 2018 were \$11,708,653 and \$11,798,382, respectively.

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$123,531,092 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City's component units had \$22,884,379 of bank deposits that were uninsured and uncollateralized. Additionally, the fiduciary funds, at their year end of December 31, 2017, had \$399,268 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.

***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 June 30, 2018 (December 31, 2017 for the City's fiduciary funds), the City had the following investments and maturities:

Primary Government	Carrying Value	0-5 Years
U.S. Treasury	\$ 1,979,219	\$ 1,979,219
Corporate bonds	1,963,410	1,963,410
Total	<u>\$ 3,942,629</u>	<u>\$ 3,942,629</u>

June 30, 2018

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

Fiduciary Funds	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
U.S. government	\$ 27,511,079	\$ 12,578,654	\$ 11,946,448	\$ 2,985,977
U.S. government agency	1,148,457	487,748	-	660,709
Mortgage-backed securities	6,021,129	121,668	262,660	5,636,801
Collateralized mortgage obligations	1,942,870	337,797	1,129,609	475,464
Asset-backed securities	5,772,659	2,610,895	1,404,814	1,756,950
Corporate and convertible bonds	49,259,701	26,971,959	14,552,006	7,735,736
Foreign bonds and notes	1,807,029	574,279	845,676	387,074
Municipal bonds	591,514	3,903	45,600	542,011
Bond Index Funds	3,404,395	-	3,404,395	-
	<u>\$ 97,458,833</u>	<u>\$ 43,686,903</u>	<u>\$ 33,591,208</u>	<u>\$ 20,180,722</u>
Municipal bonds	<u>\$ 97,458,833</u>	<u>\$ 43,686,903</u>	<u>\$ 33,591,208</u>	<u>\$ 20,180,722</u>

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
JPMorgan Securities - Fixed income	\$ 44,619,392	Aaa	Moody's
Comerica - Government Cash Investment Fund	20,289,622	Not rated	N/A
Corporate bonds	1,963,410	Aa3	Moody's
Total	<u>\$ 66,872,424</u>		
<b>Fiduciary Funds</b>			
Goldman Sachs FS Prime Obligations Fund	\$ 6,386,955	AAA <sub>m</sub>	S&P
Repurchase agreement	2,297,155	AI/PI/FI	Moody's
Comerica Short-term Fund Series C	8,982,698	Not rated	N/A
Index funds	3,404,395	AA1 - AA2	Moody's
Bank investment pool	12,404,770	AAA - AA	Moody's
Debt securities	4,597,277	AAA	S&P
Debt securities	6,235,121	AA	S&P
Debt securities	24,196,743	A	S&P
Debt securities	17,947,076	BBB	S&P
Debt securities	351,820	BB	S&P
Debt securities	40,100	B	S&P
Debt securities	13,655,721	Not rated	N/A
Total	<u>\$ 100,499,831</u>		
<b>Component Units</b>			
Interlocal agreement	\$ 760,544	Aaa	Moody's

June 30, 2018

**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	Foreign Currency	Fair Value
Foreign bonds	Euro	\$ 5,459,708
Foreign bonds	UK Pound	2,096,946
Foreign bonds	Hong Kong Dollar	2,321,277
Foreign bonds	Japanese Yen	3,955,772
Foreign stocks	Swedish Krona	588,352

**Pool and Sweep Accounts That are Recorded at Amortized Cost**

At year end, the City had investments in a government investment fund that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. These funds are fully liquid for withdrawal at any time and the price per unit does not fluctuate with interest earned according to the amount and duration of investment. These pools are not rated and the GASB Statement No. 40 disclosures do not otherwise apply, but do fully comply with Michigan’s Public Act 20 of 1943 as amended.

At year end, the City had \$20,289,622 in such funds at Comerica Bank (J Fund), which is recorded at amortized cost in accordance with GASB Statement No. 79. There are no limitations or restrictions on participant withdrawals for that investment pool.

**Note 4 - Receivables**

Receivables as of June 30, 2018 for the City’s individual major funds and the nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds					Water and Sewer Fund	Nonmajor Enterprise Funds	Total	Brownfield Redevelopment Authority
	General Fund	Grant Fund	Capital Projects Fund	Nonmajor Funds	Total				
Receivables:									
Property taxes receivable	\$ 476,364	\$ -	\$ -	\$ 157,215	\$ 633,579	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	-	584,958	-	584,958	-	-	-	-
Receivables from sales to customers on account	-	-	-	-	-	7,551,754	-	7,551,754	-
Accrued interest receivable	95,444	-	-	13,119	108,563	11,729	-	11,729	548
Other receivables	385,769	-	-	697,533	1,083,302	26,444	6,618	33,062	-
Due from other governmental units	3,880,022	351,314	64,002	2,237,283	6,532,621	207,388	-	207,388	-
Due from pension and VEBA funds	8,421,010	-	-	-	8,421,010	-	-	-	-
Notes receivable	-	8,706,928	-	-	8,706,928	-	-	-	-
<b>Net receivables</b>	<b>\$13,258,609</b>	<b>\$ 9,058,242</b>	<b>\$ 648,960</b>	<b>\$ 3,105,150</b>	<b>\$26,070,961</b>	<b>\$ 7,797,315</b>	<b>\$ 6,618</b>	<b>\$ 7,803,933</b>	<b>\$ 548</b>

June 30, 2018

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2017	Reclassifications	Additions	Disposals	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 14,626,636	\$ -	\$ -	\$ -	\$ 14,626,636
Construction in progress	8,129,763	(8,005,158)	2,190,315	-	2,314,920
Subtotal	22,756,399	(8,005,158)	2,190,315	-	16,941,556
Capital assets being depreciated:					
Infrastructure	165,110,579	4,007,002	2,960,157	-	172,077,738
Buildings and improvements	90,089,405	3,645,351	228,217	-	93,962,973
Machinery and equipment	57,392,211	352,805	5,660,914	(97,560)	63,308,370
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	322,067,910	8,005,158	8,849,288	(97,560)	338,824,796
Accumulated depreciation:					
Infrastructure	114,741,834	-	2,707,531	-	117,449,365
Buildings and improvements	46,269,671	-	2,882,155	-	49,151,826
Machinery and equipment	38,414,833	-	3,779,210	(25,206)	42,168,837
Land improvements	8,354,764	-	138,448	-	8,493,212
Subtotal	207,781,102	-	9,507,344	(25,206)	217,263,240
Net capital assets being depreciated	114,286,808	8,005,158	(658,056)	(72,354)	121,561,556
Net capital assets	\$ 137,043,207	\$ -	\$ 1,532,259	\$ (72,354)	\$ 138,503,112

June 30, 2018

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2017	Reclassifications	Additions	Disposals	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 974,328	\$ 30,000	\$ 595,320	\$ (1,000)	\$ 1,598,648
Construction in progress	1,719,592	(1,317,167)	2,421,094	-	2,823,519
Subtotal	2,693,920	(1,287,167)	3,016,414	(1,000)	4,422,167
Capital assets being depreciated:					
Buildings and improvements	100,385,249	13,365	719,089	(49,612)	101,068,091
Machinery and equipment	16,073,897	-	674,519	(171,855)	16,576,561
Utility systems	150,013,278	1,273,802	780,829	(69,617)	151,998,292
Subtotal	266,472,424	1,287,167	2,174,437	(291,084)	269,642,944
Accumulated depreciation:					
Buildings and improvements	43,469,050	-	2,734,825	(46,865)	46,157,010
Machinery and equipment	14,266,474	-	268,750	(171,855)	14,363,369
Utility systems	66,747,504	-	2,779,962	(69,617)	69,457,849
Subtotal	124,483,028	-	5,783,537	(288,337)	129,978,228
Net capital assets being depreciated	141,989,396	1,287,167	(3,609,100)	(2,747)	139,664,716
Net capital assets	<u>\$ 144,683,316</u>	<u>\$ -</u>	<u>\$ (592,686)</u>	<u>\$ (3,747)</u>	<u>\$ 144,086,883</u>

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

Governmental activities:	
General government	\$ 2,498,093
Public safety	2,504,033
City development	49,916
Highway and streets	2,544,565
Recreation and culture	1,407,377
Sanitation	503,360
Total governmental activities	<u>\$ 9,507,344</u>
Business-type activities:	
Water and sewer	\$ 5,506,203
Senior citizen housing	277,334
Total business-type activities	<u>\$ 5,783,537</u>



June 30, 2018

**Note 5 - Capital Assets (Continued)**

**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 commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
City projects	\$ 16,342,348	\$ 7,696,537
Water and sewer projects	15,255,676	1,991,148
Total	<u>\$ 31,598,024</u>	<u>\$ 9,687,685</u>

**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Fund Due To	Fund Due From							Total	Component Units
	General Fund	Grant Fund	Capital Projects Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Nonmajor Governmental Funds		
General Fund	\$ -	\$ 242,804	\$ -	\$ 2,185,232	\$ 211,333	\$ 8,421,010	\$ 827,817	\$1,888,196	\$ 344,538
Nonmajor governmental funds	1,020,347	-	140,573	-	-	-	-	1,160,920	3,646

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, 2018.

The balances for the fiduciary funds are amounts due at June 30, 2018.

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

Transfer In	Transfers Out	Amount
Nonmajor governmental funds	General Fund	\$ 123,820
	Capital projects fund	302,695
	Nonmajor governmental funds	<u>2,155,612</u>
	Total	<u>\$ 2,582,127</u>

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

**Note 7 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

***Sidewalk and Road Construction Bonds***

Sidewalk and road construction bonds are composed 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 \$224,080 to \$729,115 a year and are due serially through fiscal year 2033 with annual interest rates ranging from 2.00 percent to 4.10 percent.

***General Obligation Bonds***

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 the 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 composed 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 aggregate principal maturities ranging from \$60,000 to \$1,885,000 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, 2018 is \$2,073,918; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated below.

***Downtown Development Authority Bonds***

DDA Bonds are comprised of bonds issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in anticipation of the collection of certain tax increment revenue payments for the purpose of paying costs of development and redevelopment of all or a portion of the downtown district, as specified in the authority's development and tax increment financing plan. In addition, the City has pledged its full faith and credit as additional security for payment of the principal and interest when due. In order to achieve the desired development and redevelopment objectives, as described in the plan, the City has authorized the issuance of Downtown Development Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$1,135,000 to \$5,515,000 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 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 \$395,000 a year and are due serially through the fiscal year ending June 30, 2023 with an annual interest rate of 2.00 percent.

June 30, 2018

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

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Sidewalk and Road Construction Bonds:						
MTF, Series 2003 - Maturing through 2018	4.10%	\$ 496,523	\$ -	\$ (496,523)	\$ -	\$ -
Capital Improvement Refunding: Series 2013A Maturing through 2027	2.70%	3,685,223	-	(420,245)	3,264,978	431,020
Capital Improvement Refunding: Series 2015 Maturing through 2029	2.00%-3.25%	2,190,641	-	(234,080)	1,956,561	224,080
MTF, Series 2018 - Maturing through 2033	3.00%-3.35%	-	13,236,720	(760)	13,235,960	729,115
General Obligation Bonds - Series 2014, WCC refunding - Maturing through 2027	2.35%	7,057,013	-	(679,680)	6,377,333	684,680
Capital leases		748,683	-	(510,337)	238,346	238,344
<b>Total bonds payable</b>		<b>14,178,083</b>	<b>13,236,720</b>	<b>(2,341,625)</b>	<b>25,073,178</b>	<b>2,307,239</b>
Accumulated compensated absences and compensatory time		10,574,768	1,957,081	(2,114,954)	10,416,895	2,083,379
<b>Total governmental activities long-term debt</b>		<b>\$ 24,752,851</b>	<b>\$ 15,193,801</b>	<b>\$ (4,456,579)</b>	<b>\$ 35,490,073</b>	<b>\$ 4,390,618</b>

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.

June 30, 2018

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

**Business-type Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Water and Sewer Bonds - Refunding Series 2012 - Maturing through 2026	4.00%	\$ 13,330,000	\$ -	\$ (1,885,000)	\$ 11,445,000	\$ 1,910,000
Capital Improvement Bonds:						
Series 2003	3.70%-4.125%	490,000	-	(75,000)	415,000	75,000
Series 2010	3.55%-6.00%	7,340,000	-	(375,000)	6,965,000	375,000
Series 2012	2.50%-4.10%	13,490,000	-	(465,000)	13,025,000	480,000
Series 2013A Refunding	2.70%	1,444,777	-	(164,755)	1,280,022	168,980
Series 2013	4.00%-4.50%	16,650,000	-	(750,000)	15,900,000	750,000
Series 2017	2.00%-3.25%	53,000,000	-	(1,840,000)	51,160,000	2,125,000
State Revolving Fund:						
SRF, Series 5134-01 - Maturing through 2024	2.50%	2,190,000	-	(250,000)	1,940,000	255,000
SRF, Series 5134-02 - Maturing through 2026	2.125%	3,250,000	-	(330,000)	2,920,000	340,000
SRF, Series 5134-03 - Maturing 2024	2.125%	512,091	-	(60,000)	452,091	60,000
SRF, Series 5134-04 - Maturing 2026	1.625%	4,020,000	-	(420,000)	3,600,000	425,000
SRF, Series 5401-01 - Maturing through 2030	2.50%	2,208,918	-	(135,000)	2,073,918	135,000
Capital leases - (Note 8) Energy performance improvements		6,371,224	-	(452,539)	5,918,685	487,676
Senior Housing Bonds - Refunding Series 2012 -Maturing 2023	2.00%	2,055,000	-	(365,000)	1,690,000	375,000
Less deferred amounts:						
Issuance discounts		(232,476)	-	12,937	(219,539)	(12,937)
Issuance premiums		2,364,463	-	(202,278)	2,162,185	202,278
<b>Total bonds payable</b>		<b>128,483,997</b>	<b>-</b>	<b>(7,756,635)</b>	<b>120,727,362</b>	<b>8,150,997</b>
Accumulated compensated absences and compensatory time		786,026	362,387	(348,075)	800,338	358,903
<b>Total business-type activities</b>		<b>\$ 129,270,023</b>	<b>\$ 362,387</b>	<b>\$ (8,104,710)</b>	<b>\$ 121,527,700</b>	<b>\$ 8,509,900</b>

**Component Unit Activities**

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Series 2015 Refunding	2.00%-3.00%	\$ 12,500,000	\$ -	\$ (605,000)	\$ 11,895,000	\$ 595,000
Series 2013 Refunding	3.00%-4.625%	12,708,591	-	(1,340,890)	11,367,701	1,320,890
Series 2014 Refunding	2.00%-3.00%	28,934,677	-	(2,162,938)	26,771,739	2,627,938
<b>Total bonds payable</b>		<b>\$ 54,143,268</b>	<b>\$ -</b>	<b>\$ (4,108,828)</b>	<b>\$ 50,034,440</b>	<b>\$ 4,543,828</b>

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 2018 was \$218,316, and the subsidy received was \$166,297, bringing the interest, net of subsidy, to \$52,019.

June 30, 2018

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

Total interest expense for the year, net of subsidy, was approximately \$3,507,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding capital leases (Note 8), premiums, and discounts, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest - Net of Subsidy	Total	Principal	Interest	Total
2019	\$ 2,061,020	\$ 673,141	\$ 2,734,161	\$ 7,473,980	\$ 3,441,705	\$ 10,915,685	\$ 4,485,000	\$ 1,461,531	\$ 5,946,531
2020	2,109,755	618,850	2,728,605	7,655,245	3,237,280	10,892,525	5,155,000	1,336,531	6,491,531
2021	2,145,530	563,383	2,708,913	7,844,470	3,003,981	10,848,451	5,310,000	1,187,656	6,497,656
2022	2,197,857	506,748	2,704,605	8,037,143	2,764,379	10,801,522	5,455,000	1,021,806	6,476,806
2023	2,029,531	451,328	2,480,859	6,735,470	2,546,272	9,281,742	5,360,000	855,331	6,215,331
2024-2028	9,006,285	1,458,830	10,465,115	30,355,806	9,880,809	40,236,615	22,655,000	1,734,153	24,389,153
2029-2033	5,160,000	504,105	5,664,105	28,208,918	5,619,315	33,828,233	1,135,000	17,025	1,152,025
2034-2037	-	-	-	18,245,000	1,478,746	19,723,746	-	-	-
<b>Total</b>	<b>\$ 24,709,978</b>	<b>\$ 4,776,385</b>	<b>\$ 29,486,363</b>	<b>\$ 114,556,032</b>	<b>\$ 31,972,487</b>	<b>\$ 146,528,519</b>	<b>\$ 49,555,000</b>	<b>\$ 7,614,033</b>	<b>\$ 57,169,033</b>

**Revenue Bond**

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of various capital improvements. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$146,532,711. During the current year, the increase in net position of the system was \$16,648,666 compared to the annual debt requirements of \$7,114,755.

**Note 8 - Leases**

**Capital Leases**

In 2012, the City entered into lease agreements as lessees for financing the purchase of fire trucks used in public safety. The total amount of the financing is \$1,576,024.

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 are as follows:

Years Ending June 30	Amount
2019	\$ 241,920
Less interest	3,574
<b>Total</b>	<b>\$ 238,346</b>

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, 2018, the project is complete.

**Note 8 - Leases (Continued)**

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

Years Ending June 30	Amount
2019	\$ 649,255
2020	672,880
2021	697,380
2022	722,787
2023	754,596
2024-2027	<u>3,303,660</u>
Total minimum lease payments	6,800,558
Less amount representing interest	<u>(881,873)</u>
Present value	<u>\$ 5,918,685</u>

**Note 9 - Other Postemployment Benefit Plan**

***Plan Description***

**City Employees' OPEB Plan**

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.

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.

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.

**Police and Fire OPEB Plan**

The City of Warren Police and Fire Retirement Health Benefits Pension 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.

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.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plan is vested in the pension board, which consists of five members - two trustees appointed by the mayor, the city treasurer, who is required by city ordinance, and one elected by the police and fire employees.

**Note 9 - Other Postemployment Benefit Plan (Continued)**

***Benefits Provided***

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 2 percent of the employee's wages and the employee will contribute 2 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.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	Police and Fire Retirement Health Benefits Pension Plan and Trust
Date of member count	December 31, 2016	December 31, 2016
Inactive plan members or beneficiaries currently receiving benefits	573	560
Inactive plan members entitled to but not yet receiving benefits	45	5
Active plan members	191	163
Total plan members	<u>809</u>	<u>728</u>

***Contributions***

**City Employees' Retirement Health, Life and Disability Benefits Plan and Trust**

According to Section 25-401 of the Code of Ordinances, the City shall pay to the trust an amount consistent with actuarial valuations and calculations and shall adhere to any funding provisions contained in the collective bargaining agreements. The board of trustees shall adopt rules and procedures for all payments made to the trust and shall conform with all tax provisions of the City Charter and state law. For the year ended June 30, 2018, the City contributed \$16,300,170, which is more than the actuarial determined calculation of \$11,800,171. There were no provisions in the collective bargaining agreements for additional contributions and no required employee contributions.

**Police and Fire Retirement Health Benefits Pension Plan and Trust**

According to Section 25-401 of the Code of Ordinances, the City shall pay to the trust an amount consistent with actuarial valuations and calculations and shall adhere to any funding provisions contained in the collective bargaining agreements. The board of trustees shall adopt rules and procedures for all payments made to the trust and shall conform with all tax provisions of the City Charter and state law. For the year ended June 30, 2018, the City contributed \$21,121,428, which is more than the actuarial determined calculation of \$13,621,425. There were no provisions in the collective bargaining agreements for additional contributions and no required employee contributions.

June 30, 2018

**Note 9 - Other Postemployment Benefit Plan (Continued)**

**Net OPEB Liability**

The City chooses a date for each OPEB plan to measure its net OPEB liability. This is based on the measurement date of each OPEB plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date:

	City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	Police and Fire Retirement Health Benefits Pension Plan and Trust
Measurement date used for the City NOL	December 31, 2017	December 31, 2017
Based on a comprehensive actuarial valuation as of	December 31, 2016	December 31, 2016

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

**City Employees' Retirement Health, Life and Disability Benefits Plan and Trust**

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at December 31, 2016</b>	\$ 150,414,159	\$ 42,526,174	\$ 107,887,985
Changes for the year:			
Service cost	1,920,562	-	1,920,562
Interest	10,711,662	-	10,711,662
Differences between expected and actual experience	(5,938,551)	-	(5,938,551)
Contributions - Employer	-	14,900,078	(14,900,078)
Net investment income	-	6,909,968	(6,909,968)
Benefit payments, including refunds	(7,254,730)	(7,254,730)	-
Administrative expenses	-	(61,216)	61,216
Net changes	(561,057)	14,494,100	(15,055,157)
<b>Balance at December 31, 2017</b>	<b>\$ 149,853,102</b>	<b>\$ 57,020,274</b>	<b>\$ 92,832,828</b>

The plan's fiduciary net position represents 38.1 percent of the total OPEB liability.



**Note 9 - Other Postemployment Benefit Plan (Continued)**

**Police and Fire Retirement Health Benefits Pension Plan and Trust**

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at December 31, 2016</b>	\$ 182,854,913	\$ 27,825,641	\$ 155,029,272
Changes for the year:			
Service cost	1,539,652	-	1,539,652
Interest	13,250,035	-	13,250,035
Differences between expected and actual experience	(8,704,524)	-	(8,704,524)
Contributions - Employer	-	20,903,170	(20,903,170)
Net investment income	-	5,389,014	(5,389,014)
Benefit payments, including refunds	(9,140,410)	(9,140,410)	-
Administrative expenses	-	(8,600)	8,600
Net changes	(3,055,247)	17,143,174	(20,198,421)
<b>Balance at December 31, 2017</b>	<u>\$ 179,799,666</u>	<u>\$ 44,968,815</u>	<u>\$ 134,830,851</u>

The plan's fiduciary net position represents 25.0 percent of the total OPEB liability.

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$4,487,912 for the general employees' plan and \$6,189,911 for the police and fire plan.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - General Employees'	Deferred Inflows of Resources - General Employees'	Deferred Outflows of Resources - Police and Fire	Deferred Inflows of Resources - Police and Fire
Difference between expected and actual experience	\$ -	\$ 1,820,002	\$ -	\$ 3,169,152
Net difference between projected and actual earnings on OPEB plan investments	-	2,822,990	-	2,316,010
Employer contributions to the plan subsequent to the measurement date	5,900,088	-	6,810,714	-
<b>Total</b>	<u>\$ 5,900,088</u>	<u>\$ 4,642,992</u>	<u>\$ 6,810,714</u>	<u>\$ 5,485,162</u>

**Note 9 - Other Postemployment Benefit Plan (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	General Employees'	Police and Fire
2019	\$ (2,525,749)	\$ (3,748,155)
2020	(705,747)	(579,003)
2021	(705,747)	(579,003)
2022	(705,749)	(579,001)
Total	<u>\$ (4,642,992)</u>	<u>\$ (5,485,162)</u>

**Actuarial Assumptions**

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	Police and Fire Retirement Health Benefits Pension Plan and Trust
Medical inflation	6.0 percent for the first year, decreasing 0.1 percent per year to 5.0 percent	6.0 percent for the first year, decreasing 0.1 percent per year to 5.0 percent
Salary increases (including inflation)	N/A	N/A
Investment rate of return (net of investment expenses)	7.25%	7.4%
Mortality rates	RP 2000 Projected to 2014 Mortality Table	RP 2000 Projected to 2014 Mortality Table

**Discount Rate**

**City Employees' OPEB Plan**

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made equal to the benefit payout. Based on these assumptions, the 7.25 percent discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values.

**Police and Fire OPEB Plan**

The discount rate used to measure the total OPEB liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that plan contributions would be made equal to the benefit payout. Based on these assumptions, the 7.40 percent discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the actuarial present values.

June 30, 2018

**Note 9 - Other Postemployment Benefit Plan (Continued)**

***Investment Rate of Return***

The following were the asset allocation policies as of December 31, 2017 for each plan:

**City Employees' Retirement Health, Life and Disability Benefits Plan and Trust**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	7.20 %
International equity	10.00	7.20
Fixed income	35.00	2.70
Alternative assets	10.00	4.30

**Police and Fire Retirement Health Benefits Pension Plan and Trust**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	51.00 %	5.39 %
International equity	12.00	5.20
Domestic bonds	22.50	1.98
Alternative assets	14.50	6.24

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the City Employees' and the Police and Fire plans, calculated using the discount rate of 7.25 percent for the City Employees' plan and 7.40 percent for the Police and Fire plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Net OPEB liability of the City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	\$ 109,976,444	\$ 92,832,828	\$ 78,428,667
Net OPEB liability of the Police and Fire Retirement Health Benefits Pension Plan and Trust	159,012,307	134,830,851	115,033,434

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the City Employees' and the Police and Fire plans, calculated using the healthcare cost trend rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease	Current Healthcare Cost Trend Rate	1 Percent Increase
Net OPEB liability of the City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	\$ 79,219,832	\$ 92,832,828	\$ 109,086,567
Net OPEB liability of the Police and Fire Retirement Health Benefits Pension Plan and Trust	114,321,041	134,830,851	159,827,938

June 30, 2018

**Note 10 - Aggregate OPEB Related Balances**

The following table presents the aggregate balances for the net OPEB liability, deferred inflows related to the OPEB plans, deferred outflows related to the OPEB plans, and the OPEB expense for the year ended June 30, 2018. Detailed information for each OPEB plan can be found in Note 9.

	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Deferred Outflows	Deferred Inflows	OPEB Expense
City Employees' Retirement Health, Life and Disability Benefits Plan and Trust	\$ 149,853,102	\$ 57,020,274	\$ 92,832,828	\$ 5,900,088	\$ 4,642,992	\$ 4,487,912
Police and Fire Retirement Health Benefits Pension Plan and Trust	179,799,666	44,968,815	134,830,851	6,810,714	5,485,162	6,189,911
Total	<u>\$ 329,652,768</u>	<u>\$ 101,989,089</u>	<u>\$ 227,663,679</u>	<u>\$ 12,710,802</u>	<u>\$ 10,128,154</u>	<u>\$ 10,677,823</u>

**Note 11 - Pension Plans**

***Plan Description***

**Employees' Retirement System**

The City of Warren Employees' Retirement System Defined Benefit Pension 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 City Council member have voting privileges.

**Police and Fire Retirement System**

The system's pension board administers the 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.

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 the ex-officio member have voting privileges.

**Note 11 - Pension Plans (Continued)**

***Benefits Provided***

**Employees' Retirement System**

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 FAC, plus (b) 2.50 percent of FAC in excess of \$4,200.

Deferred retirement benefits vest after eight years of credited service. For members of UAW Local 412 - Unit 59, GELC (formerly AFSCME) Local 1917, GELC 227 (formerly AFSCME Local 1250), 37th Judicial District Court employees and GELC 227 (formerly AFSCME Local 1250), 37th Judicial District Court employees, and nonunion 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 the time employment is terminated.

**Police and Fire Retirement System**

The Plan 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.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	City Employees' Retirement System Defined Benefit Pension Plan	Police and Fire Retirement System Defined Benefit Pension Plan
Date of member count	December 31, 2017	December 31, 2017
Retirees and beneficiaries	512	569
Inactive plan members entitled to but not yet receiving benefits	24	5
Active plan members	86	320
Total employees covered by the plan	<u>622</u>	<u>894</u>

***Contributions***

**Employees' Retirement System**

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, 2017, employer contributions were \$18,721,115. Of this amount, \$8,701,854 was contributed in accordance with the actuarial valuation dated December 31, 2015. 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.

**Note 11 - Pension Plans (Continued)**

**Police and Fire Retirement System**

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, 2017, employer contributions were \$10,477,176 in accordance with the actuarial valuation dated December 31, 2015, 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.

**Net Pension Liability**

**Employees' Retirement System**

The City has chosen to use December 31, 2017 as its measurement date for the net pension liability. The December 31, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2016, which used updated procedures to roll forward the estimated liability to December 31, 2017.

**Police and Fire Retirement System**

The City has chosen to use December 31, 2017 as its measurement date for the net pension liability. The December 31, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2016, which used updated procedures to roll forward the estimated liability to December 31, 2017.

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

**City Employees' Retirement System Defined Benefit Pension Plan**

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2016</b>	\$ 186,209,023	\$ 117,981,347	\$ 68,227,676
Changes for the year:			
Service cost	1,128,729	-	1,128,729
Interest	12,952,830	-	12,952,830
Differences between expected and actual experience	292,886	-	292,886
Contributions - Employer	-	18,721,115	(18,721,115)
Net investment income	-	16,452,990	(16,452,990)
Benefit payments, including refunds	(16,227,323)	(16,227,323)	-
Administrative expenses	-	(255,718)	255,718
Net changes	(1,852,878)	18,691,064	(20,543,942)
<b>Balance at December 31, 2017</b>	<b>\$ 184,356,145</b>	<b>\$ 136,672,411</b>	<b>\$ 47,683,734</b>

The plan's fiduciary net position represents 74.1 percent of the total pension liability.

**Note 11 - Pension Plans (Continued)**

**Police and Fire Retirement System Defined Benefit Pension Plan**

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2016</b>	\$ 456,883,017	\$ 280,400,662	\$ 176,482,355
Changes for the year:			
Service cost	7,276,212	-	7,276,212
Interest	26,517,999	-	26,517,999
Differences between expected and actual experience	2,223,032	-	2,223,032
Changes in assumptions	(61,092,666)	-	(61,092,666)
Contributions - Employer	-	10,477,176	(10,477,176)
Contributions - Employee	-	1,192,568	(1,192,568)
Net investment income	-	40,082,680	(40,082,680)
Benefit payments, including refunds	(31,176,529)	(31,176,529)	-
Administrative expenses	-	(456,239)	456,239
Miscellaneous other charges	-	78,359	(78,359)
Net changes	(56,251,952)	20,198,015	(76,449,967)
<b>Balance at December 31, 2017</b>	<b>\$ 400,631,065</b>	<b>\$ 300,598,677</b>	<b>\$ 100,032,388</b>

The plan's fiduciary net position represents 75.0 percent of the total pension liability.

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

For the year ended June 30, 2018, the City recognized pension expense of \$5,620,005 for the Employees' Retirement System and \$1,653,028 for the Police and Fire Retirement System.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - Employees' Retirement	Deferred Inflows of Resources - Employees' Retirement	Deferred Outflows of Resources - Police and Fire Retirement	Deferred Inflows of Resources - Police and Fire Retirement
Difference between expected and actual experience	\$ -	\$ -	\$ 2,515,359	\$ 1,032,829
Changes in assumptions	-	-	14,941,344	62,710,872
Net difference between projected and actual earnings on pension plan investments	-	3,453,856	-	8,709,818
Employer contributions to the plan subsequent to the measurement date	4,344,923	-	5,298,444	-
<b>Total</b>	<b>\$ 4,344,923</b>	<b>\$ 3,453,856</b>	<b>\$ 22,755,147</b>	<b>\$ 72,453,519</b>

**Note 11 - Pension Plans (Continued)**

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

Years Ending June 30	Employee's Retirement System	Police and Fire Retirement System
2019	\$ 296,958	\$ (11,046,879)
2020	35,803	(14,210,731)
2021	(2,246,792)	(20,400,714)
2022	(1,539,825)	(9,338,492)
Total	<u>\$ (3,453,856)</u>	<u>\$ (54,996,816)</u>

**Actuarial Assumptions**

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	City Employees' Retirement System Defined Benefit Pension Plan	Police and Fire Retirement System Defined Benefit Pension Plan
Inflation	4.0%	4.0%
Salary increases (including inflation)	4.0% - 7.8%	4.0% - 7.0%
Investment rate of return (net of investment expenses, including inflation)	7.25%	7.40%
Mortality rates	RP 2000 Combined Healthy Mortality Table projected to 2014	RP 2000 Combined Healthy Mortality Table projected to 2014

**Discount Rate**

**Employees' Retirement System**

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.

**Police and Fire Retirement System**

The discount rate used to measure the total pension liability was 7.4 percent; however, the discount rate at the beginning of the year was 5.96 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 system contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

**Projected Cash Flows**

**Employees' Retirement System**

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



**Note 11 - Pension Plans (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The table below outlines the board's adopted asset allocation policy and the best estimates of geometric real rates of return as of the December 31, 2017 for each major asset class included in the plan's target asset allocation.

**Police and Fire Retirement System**

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. The table below outlines the board's adopted asset allocation policy and the best estimates of geometric real rates of return as of the December 31, 2017 for each major asset class included in the plan's target asset allocation.

**Pension Plan Investments - Policy and Rate of Return**

**Employees' Retirement System and Police and Fire Retirement System**

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.

**Police and Fire Retirement System**

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 were the asset allocation policies as of December 31, 2017 for each plan:

**City Employees' Retirement System Defined Benefit Pension Plan**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	7.20 %
International equity	10.00	7.20
Fixed income	35.00	2.70
Alternative assets	10.00	4.30

**Note 11 - Pension Plans (Continued)**

**Police and Fire Retirement System Defined Benefit Pension Plan**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	51.00 %	5.39 %
International equity	12.00	5.20
Domestic bonds	22.50	1.98
Alternative assets	14.50	6.24

***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 current discount rate, 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 6.40 percent for the Employees' Retirement System or Police and Fire Retirement System, respectively) or 1 percentage point higher (8.25 percent or 8.40 percent for the Employees' Retirement System or Police and Fire Retirement System, respectively) than the current rate:

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Net pension liability of the City Employees' Retirement System Defined Benefit Pension Plan	\$ 63,938,900	\$ 47,683,734	\$ 33,582,866
Net pension liability of the Police and Fire Retirement System Defined Benefit Pension Plan	138,457,934	100,032,388	62,652,930

***Pension Plan Fiduciary Net Position***

Detailed information about the plans' fiduciary net positions is available in the separately issued financial reports. For the purpose of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plans' fiduciary net positions and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. The plans use 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.

***Pension Plan Reserves***

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

**Employees' Retirement System**

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, his or her balance is returned to him or her, 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 reserve, and retirees' benefit payments reserve.

**Note 11 - Pension Plans (Continued)**

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 reserve. This account is credited annually with interest from the undistributed income reserve.

**Police and Fire Retirement System**

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, his or her balance is returned to him or her, 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.

The balances of the reserve accounts at December 31, 2017 are as follows:

	Required Reserve - Employees' Retirement	Amount Funded - Employees' Retirement	Required Reserve - Police and Fire Retirement	Amount Funded - Police and Fire Retirement
Retiree reserve	\$ 146,914,142	\$ 136,615,356	\$ 259,125,007	\$ 259,125,007
Employee reserve	57,055	57,055	18,623,732	18,623,732
Employer reserve	-	-	-	22,849,938

**Note 12 - Aggregate Pension Related Balances**

The following table presents the aggregate balances for the net pension liability, deferred inflows related to pensions, deferred outflows related to pensions, and pension expense for the year ended June 30, 2018. Detailed information for each pension plan can be found in Note 11.

	Total Pension Liability	Plan Net Position	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
City Employees' Retirement System Defined Benefit Pension Plan	\$ 184,356,145	\$ 136,672,411	\$ 47,683,734	\$ 4,344,923	\$ 3,453,856	\$ 5,620,005
Police and Fire Retirement System Defined Benefit Pension Plan	400,631,065	300,598,677	100,032,388	22,755,147	72,453,519	1,653,028
Total	\$ 584,987,210	\$ 437,271,088	\$ 147,716,122	\$ 27,100,070	\$ 75,907,375	\$ 7,273,033

**Note 13 - Defined Contribution Plan**

***Plan Description***

The Defined Contribution Plan was approved by the Warren City Council at its 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 310 active participants in the plan as of June 30, 2018. The City contributed approximately \$2.4 million for the year ended June 30, 2018.

**Note 13 - Defined Contribution Plan (Continued)**

***Funding Policy***

For employees transferring from the Defined Benefit Pension Plan to the Defined Contribution Plan, the City contributes 15.0 percent of payroll and the employee contributes 3.0 percent. For employees hired after ratification of their respective union contracts, the City contributes 10.0 percent of payroll and the employee contributes 4.0 percent.

**Note 14 - Other Retirement Plans**

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

**Plan Description**

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

**Summary of Significant Accounting Policies**

The City 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 City Employees' Retirement System; rather, the amounts due under the QEBA shall be paid directly by the City in an amount sufficient to pay the "excess benefits" when due.

**Deferred Compensation Plan**

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

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

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

**Note 15 - Risk Management**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The City is self-insured for non-HMO medical benefits afforded to employees and retirees. The program is liable for the first \$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 "provision for claims" in the amount of \$6,554,562 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, 2017 as provided by the City's insurance carrier. The General Fund balance sheet reports "assigned fund balance - claims and insurance" in the amount of \$6,554,562.

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:

	2016	Est. Claims Incurred/ Reserved	Payments and Adjustments	2017	Est. Claims Incurred/ Reserved	Payments and Adjustments	2018
Workers' compensation, automobile, and public entity liability	\$ 8,827,465	\$ 1,145,732	\$ (3,418,635)	\$ 6,554,562	\$ 3,413,635	\$ (3,413,635)	\$ 6,554,562

**Note 16 - Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The investments held in the fiduciary funds are reported as of December 31, 2017.

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

June 30, 2018

**Note 16 - Fair Value Measurements (Continued)**

The City has the following recurring fair value measurements as of June 30, 2018:

	Fair Value Measurement Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2018
<b>Debt securities:</b>				
U.S. Treasury securities*	\$ -	\$ 28,305,180	\$ -	\$ 28,305,180
Domestic fixed income*	-	3,404,395	-	3,404,395
International fixed income*	-	2,039,845	-	2,039,845
Commercial mortgage-backed securities*	-	7,770,498	-	7,770,498
Asset-backed securities*	-	5,772,659	-	5,772,659
Closed End MF - Fixed income*	3,351,670	-	-	3,351,670
Open End MF - Fixed income*	6,312,751	-	-	6,312,751
Municipal obligations*	-	591,514	-	591,514
Corporate bonds*	-	49,233,573	-	49,233,573
Private placement*	-	-	341,169	341,169
U.S. Treasury securities	1,963,410	-	-	1,963,410
Corporate bonds	1,979,219	-	-	1,979,219
<b>Total debt securities</b>	<b>13,607,050</b>	<b>97,117,664</b>	<b>341,169</b>	<b>111,065,883</b>
<b>Available-for-sale debt securities:</b>				
Domestic stock*	197,388,857	-	-	197,388,857
Foreign stock*	28,557,965	-	-	28,557,965
Real Estate Investment Trusts*	11,526,406	-	-	11,526,406
ADR*	29,899,922	-	-	29,899,922
CIF - Equity*	-	51,750,774	-	51,750,774
Closed End MF - Equity*	21,494,365	-	-	21,494,365
Partnerships Publicly Traded*	769,456	-	-	769,456
<b>Total equity securities</b>	<b>289,636,971</b>	<b>51,750,774</b>	<b>-</b>	<b>341,387,745</b>
Private equity funds*	-	-	27,071,125	27,071,125
<b>Total investments by fair value level</b>	<b>\$ 303,244,021</b>	<b>\$ 148,868,438</b>	<b>\$ 27,412,294</b>	<b>479,524,753</b>
<b>Investments measured at NAV:</b>				
Fifth Third - DDA				760,544
Equity Index Fund*				30,385,169
Peak Partners Offshore Fund Ltd				2,759,606
Vintage VI Offshore LP*				1,925,377
StepStone Mezzanine Partners I (Offshore) LP*				146,412
StepStone Mezzanine Partners (Offshore II) LP*				824,405
Avista Capital Opportunities Fund II (Offshore) LP*				530,231
Cohesive Capital Partners II (Offshore) LP*				2,341,724
<b>Total investments measured at NAV</b>				<b>39,673,468</b>
<b>Total investments measured at fair value</b>				<b>\$ 519,198,221</b>

\*These represent fiduciary fund investments, which are stated as of December 31, 2017.

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

**Note 16 - Fair Value Measurements (Continued)**

The fair value of Level 1 investments as of December 31, 2017 was determined using prices quoted in active markets for those securities.

The fair value of debt securities at December 31, 2017 and June 30, 2018 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using quoted prices for similar assets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The fair value of private equity funds at December 31, 2017 was determined primarily based on Level 3 inputs. The system estimates the fair value of these investments based on a review of an independent auditor’s report for each fund and the fund’s general partner’s assessment of fair value. The general partner’s estimates may include the use of pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the underlying assets.

**Investments in Entities that Calculate Net Asset Value per Share**

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

As of June 30, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Fifth Third Fund - DDA	\$ 760,544	\$ -	N/A	N/A
Equity Index Fund*	30,385,169	-	N/A	N/A
Peak Partners Offshore Fund Ltd.*	2,759,606	-	N/A	N/A
Vintage VI Offshore LP*	1,925,377	1,516,378	Ongoing	Until maturity
StepStone Mezzanine Partners I (Offshore) LP*	146,412	40,000	Ongoing	Until maturity
StepStone Private Equity Partners (Offshore II) LP*	824,405	591,055	Ongoing	Until maturity
Avista Capital Opportunities Fund II (Offshore) LP*	530,231	202,968	Ongoing	Until maturity
Cohesive Capital Partners II (offshore) LP*	2,341,724	2,866,600	Ongoing	Until maturity
Total investments measured at NAV	<u>\$ 39,673,468</u>	<u>\$ 5,217,001</u>		

\*These represent fiduciary fund investments, which are stated as of December 31, 2017.

The Equity Index Fund class includes market cap weighted funds that are long only and hold primarily U.S. common stocks. The fair values of the investments in this class have been estimated using the net asset value per share of the investment.

Peak Partners is a global macro hedge fund. It is measured at NAV in the audited financial statements, and focuses on quantitative and discretionary trading across multiple asset classes (equities, fixed income, currencies, and commodities) and geographic regions. It has monthly liquidity with 10 days.

Vintage VI consists of conventional investments in public equity markets - private equity fund of funds with the investment objective of realizing long-term compounded returns in excess of those available through conventional investments in the public equity markets. The funds’ private equity secondary market transactions consist of purchases across spin-outs of private equity teams, single manager funds, direct secondaries, and special situations.



**Note 16 - Fair Value Measurements (Continued)**

StepStone Mezzanine Partners I mezzanine debt security is not secured by assets. It falls in between equity and senior debt, essentially junior debt. The fund will seek primarily current income and secondarily long-term appreciation through investments in mezzanine debt securities.

StepStone Private Equity Partners II's purpose of the partnership is to offer investors access to a diversified portfolio of limited partnerships and other pooled investment vehicles that invest principally in private equity. The partnership is diversified across managers, investment stage, geography, company/partnership size, and industry focus. The fair values of the investments in this class have been estimated using the net asset value per share.

The Avista Capital Opportunities Fund II will make private equity and equity-related investments primarily in growth-oriented energy, health care, and media companies. The fund generally expects to make controlling or influential minority equity investments of approximately U.S. \$50 million to U.S. \$300 million in U.S. companies in connection with various transaction structures including leveraged buyouts, build-ups, and growth financing. While the fund's focus is on the energy, healthcare, and media sectors, the fund may opportunistically invest in other sectors, assuming the fund's investment criteria are met. The fair values of the investments in this class have been estimated using the net asset value per share.

Cohesive Capital Partners II (Cohesive) seeks to achieve its investment objective through rigorous deal evaluation and selection completed by its high-caliber and direct deal-experienced investment team, as well as through using defined risk management guidelines for amount per investment, sector exposure, sponsor exposure, and investment pace. The fund will invest in LBO, growth equity, and opportunistic transactions. The fund will not invest in venture capital transactions. Cohesive itself will also commit, in aggregate, \$11.5 million to the fund, which it believes will provide a strong alignment of interests between the investors in the fund and Cohesive.

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

***Disclosures Regarding Redemption Only Upon Liquidation***

The only investment carried at NAV that can be redeemed is Peak Partners, the global macro hedge fund. All others are a capital call/distribution structure and are illiquid. Once all the capital is called or when the fund is done calling capital, the fund will go into harvest mode and start to sell off assets and distribute the proceeds to their investors on a pro rata basis.

**Note 17 - Contingent Liabilities**

***Litigation***

There are various claims and legal actions pending against the City of Warren, Michigan 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 - Join Venture**

The City is a member of the South Macomb Disposal Authority (the "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. Nevertheless, due to the City's previous association with the Authority, the City has estimated a landfill postclosure liability of approximately \$2,400,000. 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 - Tax Abatements**

The City of Warren, Michigan provides tax abatements to encourage redevelopment, enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities.

The City has formed a Brownfield Redevelopment Authority, Industrial Development Districts, and participates in other Industrial Facilities Tax Programs, such as the Tool & Die Recovery Zone Program, Michigan Renaissance Zones, the Obsolete Property Exemption Act (OPRA), and the Commercial Rehabilitation Act program.

The City uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property.

For the fiscal year ended June 30, 2018, the City abated \$1,287,606 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

The Brownfield Redevelopment Authority provides property tax abatements to encourage redevelopment. The program is established under the auspices of a state statute (Brownfield Redevelopment Act PA 381 of 1996, as amended) empowering municipalities to establish such programs. The abatements equal 100 percent of the approved expenses for the environmental remediation actions. Abatements are obtained through application by the property owner prior to commencing the improvements and require subsequent provision by the owner of proof that the improvements have been made. Because taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. However, the abatement can be eliminated if taxes are not paid timely. No other commitments were made by the City as part of those agreements.

The New Personal Property Exemption, under Public Act 328 of 1998, as amended, allows distressed communities to abate all new personal property taxes in order to spur economic development. After local approval, the entire millage rate is abated for all new personal property installed by an eligible business, for a specific length of time.

The Michigan Plant Rehabilitation and Industrial Development District Act (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended (Act 198), provides significant tax incentives to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities.

An Industrial Development District (IDD) or a Plant Rehabilitation District (PRD) is created prior to initiating a project. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years, as determined by the local unit of government.

For rehabilitated plant and equipment, the assessed value is frozen at previous levels. New plant and equipment is taxed at one-half the current millage rate.

June 30, 2018

**Note 19 - Tax Abatements (Continued)**

Applications are filed, reviewed, and approved by the local unit of government, but are also subject to review at the state level by the Michigan Economic Development Corporation. The State Tax Commission (STC) is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC.

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

Information relevant to the disclosure of those programs for the fiscal year ended June 30, 2018 is as follows:

Tax Abatement Program	Amount of Taxes Abated During the Year Ended June 30, 2018
Brownfield Redevelopment Authority Sites	\$ 404,582
Industrial and Commercial Facilities (Act 198)	1,287,606
Exempt Personal Property (Act 328)	1,258,281
Tool & Die Renaissance and Recovery Zone Properties	262,676
Other Commercial and Industrial Tax Abatements	82,357

**Note 20 - Change in Accounting Principle**

During the current year, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for the unfunded portion of the City's retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan footnote for further details at Note 9.

As a result of implementing this statement, the beginning net position of the governmental activities, business-type activities, and component units have been restated as follows:

	Net Position		
	As Previously Reported	As Restated	Effect of Change
Governmental activities	\$ 16,316,553	\$ (200,278,501)	\$ (216,595,054)
Business-type activities	84,850,534	67,263,110	(17,587,424)
Water and Sewer Fund	77,302,770	60,126,148	(17,176,622)
Nonmajor Enterprise Funds	7,547,764	7,136,962	(410,802)
Senior Citizen Housing Funds - Stillwell Manor	2,197,212	1,786,410	(410,802)
Component units	(31,617,653)	(32,028,455)	(410,802)
Downtown Development Authority	(35,015,631)	(35,426,433)	(410,802)

The impact on the prior year changes in net position could not be determined.

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 67,021,277	\$ 67,021,277	\$ 66,504,630	\$ (516,647)
Intergovernmental:				
Federal grants	-	325,000	551,832	226,832
State sources - State-shared revenue	17,468,655	17,620,000	19,163,388	1,543,388
Charges for services	3,911,000	3,911,000	4,897,909	986,909
Fines and forfeitures	6,005,000	6,005,000	4,909,378	(1,095,622)
Licenses and permits	3,805,000	3,805,000	3,841,077	36,077
Interest and rentals - Investment earnings	140,000	140,000	313,486	173,486
Other revenue	7,406,756	7,406,756	7,304,453	(102,303)
<b>Total revenue</b>	<b>105,757,688</b>	<b>106,234,033</b>	<b>107,486,153</b>	<b>1,252,120</b>
<b>Expenditures</b>				
Current services:				
General government:				
Council	1,499,377	1,499,377	1,083,198	416,179
Mayor	705,944	705,944	463,565	242,379
Controller	1,754,227	1,754,227	1,681,644	72,583
Information technology/Data proc.	784,592	784,592	717,935	66,657
Treasurer	1,396,014	1,396,014	1,387,649	8,365
Assessing	2,265,262	2,265,262	2,116,877	148,385
Clerk	1,442,548	1,570,548	1,099,673	470,875
Buildings maintenance	2,333,178	2,372,633	2,178,465	194,168
Legal	1,567,349	1,574,292	1,408,702	165,590
Human resources	1,497,472	1,497,472	1,236,550	260,922
Administration unallocated expense	4,297,345	16,622,080	15,258,279	1,363,801
Other commissions	90,401	90,401	65,001	25,400
District Court	7,755,841	8,412,945	7,802,982	609,963
Public safety:				
Police department	44,111,736	49,903,820	49,057,453	846,367
Fire department	25,073,659	30,365,172	30,284,031	81,141
Civil defense	241,278	241,278	228,977	12,301
Animal control	529,876	535,824	454,796	81,028
Crime commission	12,800	12,800	12,109	691
Building inspections	3,645,423	3,645,423	3,258,287	387,136
Public works:				
Property maintenance	1,383,504	1,536,651	1,308,464	228,187
Stormwater drainage	93,214	93,214	82,090	11,124
Highway street lighting	3,193,000	3,884,304	2,657,452	1,226,852
DPW garage	5,091,907	5,091,907	3,510,142	1,581,765
Public service director	479,169	479,169	374,303	104,866
Engineering and inspections	1,113,149	1,113,149	1,022,361	90,788
Community and economic development:				
Planning	660,809	660,809	542,674	118,135
Zoning	22,005	22,005	14,738	7,267
Economic development opportunities	229,815	229,815	212,775	17,040
Recreation and culture:				
Historical commission	13,430	13,430	4,470	8,960
Cultural commission	26,600	26,600	24,470	2,130
Village historical commission	15,850	15,850	9,531	6,319
<b>Total expenditures</b>	<b>113,326,774</b>	<b>138,417,007</b>	<b>129,559,643</b>	<b>8,857,364</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(7,569,086)</b>	<b>(32,182,974)</b>	<b>(22,073,490)</b>	<b>10,109,484</b>
<b>Other Financing Uses - Transfers out</b>	<b>(153,820)</b>	<b>(153,820)</b>	<b>(123,820)</b>	<b>30,000</b>
<b>Net Change in Fund Balance</b>	<b>(7,722,906)</b>	<b>(32,336,794)</b>	<b>(22,197,310)</b>	<b>10,139,484</b>
<b>Fund Balance - Beginning of year</b>	<b>71,413,724</b>	<b>71,413,724</b>	<b>71,413,724</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 63,690,818</b>	<b>\$ 39,076,930</b>	<b>\$ 49,216,414</b>	<b>\$ 10,139,484</b>

Required Supplemental Information  
 Budgetary Comparison Schedule - Major Special Revenue Fund  
 Grant Fund

**Year Ended June 30, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 2,108,787	\$ 2,108,787	\$ 2,626,277	\$ 517,490
Other revenue	-	-	38,360	38,360
Total revenue	2,108,787	2,108,787	2,664,637	555,850
<b>Expenditures</b> - Community and economic development	1,028,316	1,199,716	2,578,415	(1,378,699)
<b>Net Change in Fund Balance</b>	1,080,471	909,071	86,222	(822,849)
<b>Fund Balance</b> - Beginning of year	419,811	419,811	419,811	-
<b>Fund Balance</b> - End of year	<u>\$ 1,500,282</u>	<u>\$ 1,328,882</u>	<u>\$ 506,033</u>	<u>\$ (822,849)</u>

Required Supplemental Information  
 Schedule of Changes in the Net OPEB Liability and Related Ratios  
 City Employees' Retirement Health, Life and Disability Benefits Plan and  
 Trust

	<b>Last Plan Year Year Ended December 31</b>
	2017
<b>Total OPEB Liability</b>	
Service cost	\$ 1,920,562
Interest	10,711,662
Differences between expected and actual experience	(5,938,551)
Benefit payments, including refunds	(7,254,730)
<b>Net Change in Total OPEB Liability</b>	(561,057)
<b>Total OPEB Liability - Beginning of year</b>	150,414,159
<b>Total OPEB Liability - End of year</b>	<b>\$ 149,853,102</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 14,900,078
Net investment income	6,909,968
Administrative expenses	(61,216)
Benefit payments, including refunds	(7,254,730)
<b>Net Change in Plan Fiduciary Net Position</b>	14,494,100
<b>Plan Fiduciary Net Position - Beginning of year</b>	42,526,174
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 57,020,274</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 92,832,828</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	38.05 %
<b>Covered Employee Payroll</b>	\$ 6,064,836
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	1,530.67 %

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

## City of Warren, Michigan

### Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios Police and Fire Retirement Health, Life and Disability Benefits Plan and Trust

	<b>Last Plan Year Year Ended December 31</b>
	<u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 1,539,652
Interest	13,250,035
Differences between expected and actual experience	(8,704,524)
Benefit payments, including refunds	<u>(9,140,410)</u>
<b>Net Change in Total OPEB Liability</b>	(3,055,247)
<b>Total OPEB Liability - Beginning of year</b>	<u>182,854,913</u>
<b>Total OPEB Liability - End of year</b>	<b><u><u>\$ 179,799,666</u></u></b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 20,903,170
Net investment income	5,389,014
Administrative expenses	(8,600)
Benefit payments, including refunds	<u>(9,140,410)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	17,143,174
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>27,825,641</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u><u>\$ 44,968,815</u></u></b>
<b>Net OPEB Liability - Ending</b>	<b><u><u>\$ 134,830,851</u></u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	25.01 %
<b>Covered Payroll</b>	\$ 14,805,884
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	910.66 %

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







Required Supplemental Information  
Schedule of OPEB Investment Returns

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**Last Fiscal Year  
Year Ended June 30**

2018\*

General Employees' Other Postemployment Benefits - VEBA	
Annual money-weighted rate of return - Net of investment expense	- %
Police and Fire Other Postemployment Benefits - VEBA	
Annual money-weighted rate of return - Net of investment expense	- %

\* The annual money-weighted rate of return is not available.

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

	Last Four Plan Years Years Ended December 31			
	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,128,729	\$ 1,248,269	\$ 1,182,428	\$ 1,227,820
Interest	12,952,830	13,312,456	13,100,633	13,329,959
Differences between expected and actual experience	292,886	(3,319,419)	747,834	(963)
Changes in assumptions	-	-	3,842,234	3,134,370
Benefit payments, including refunds	(16,227,323)	(16,056,453)	(15,912,254)	(15,879,218)
<b>Net Change in Total Pension Liability</b>	(1,852,878)	(4,815,147)	2,960,875	1,811,968
<b>Total Pension Liability - Beginning of year</b>	186,209,023	191,024,170	188,063,295	186,251,327
<b>Total Pension Liability - End of year</b>	<b>\$ 184,356,145</b>	<b>\$ 186,209,023</b>	<b>\$ 191,024,170</b>	<b>\$ 188,063,295</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 18,721,115	\$ 9,254,969	\$ 9,301,612	\$ 9,587,638
Net investment income (loss)	16,452,990	11,663,608	(2,521,195)	7,307,119
Administrative expenses	(255,718)	(259,188)	(295,700)	(307,881)
Benefit payments, including refunds	(16,227,323)	(16,056,453)	(15,912,254)	(15,879,218)
<b>Net Change in Plan Fiduciary Net Position</b>	18,691,064	4,602,936	(9,427,537)	707,658
<b>Plan Fiduciary Net Position - Beginning of year</b>	117,981,347	113,378,411	122,805,948	122,098,290
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 136,672,411</b>	<b>\$ 117,981,347</b>	<b>\$ 113,378,411</b>	<b>\$ 122,805,948</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 47,683,734</b>	<b>\$ 68,227,676</b>	<b>\$ 77,645,759</b>	<b>\$ 65,257,347</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	74.13 %	63.36 %	59.35 %	65.30 %
<b>Covered Employee Payroll</b>	\$ 6,064,836	\$ 6,773,574	\$ 7,398,730	\$ 7,302,759
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	786.23 %	1,007.26 %	1,049.45 %	893.60 %

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

**Benefit Changes - None**

**Changes in Assumptions -** The assumed rate of investment return was decreased to 7.30 percent from 7.35 percent. The assumed rate of investment return will be reduced 0.05 percent per year over a five-year period until the assumed rate of return is 7.25 percent pursuant to board action.

**Changes in Size or Composition of the Covered Population - None**

Required Supplemental Information  
 Schedule of Changes in the Net Pension Liability and Related Ratios  
 Police and Fire Retirement System Defined Benefit Pension Plan

**Last Four Plan Years  
 Years Ended December 31**

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 7,276,212	\$ 8,417,461	\$ 7,077,600	\$ 7,157,955
Interest	26,517,999	25,346,092	25,830,279	25,735,103
Differences between expected and actual experience	2,223,032	1,435,610	(2,546,396)	(1,257,514)
Changes in assumptions	(61,092,666)	(27,905,225)	42,956,365	-
Benefit payments, including refunds	(31,176,529)	(31,148,538)	(30,567,324)	(29,482,283)
<b>Net Change in Total Pension Liability</b>	(56,251,952)	(23,854,600)	42,750,524	2,153,261
<b>Total Pension Liability - Beginning of year</b>	456,883,017	480,737,617	437,987,093	435,833,832
<b>Total Pension Liability - End of year</b>	<b>\$ 400,631,065</b>	<b>\$ 456,883,017</b>	<b>\$ 480,737,617</b>	<b>\$ 437,987,093</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 10,477,176	\$ 10,481,016	\$ 10,604,562	\$ 10,830,419
Contributions - Member	1,192,568	1,138,678	1,033,752	1,089,202
Net investment income	40,082,680	20,689,791	2,222,576	18,413,945
Administrative expenses	(456,239)	(426,933)	(454,638)	(397,298)
Benefit payments, including refunds	(31,176,529)	(31,148,538)	(30,567,324)	(29,482,283)
Other	78,359	113,244	85,387	156,405
<b>Net Change in Plan Fiduciary Net Position</b>	20,198,015	847,258	(17,075,685)	610,390
<b>Plan Fiduciary Net Position - Beginning of year</b>	280,400,662	279,553,404	296,629,089	296,018,699
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 300,598,677</b>	<b>\$ 280,400,662</b>	<b>\$ 279,553,404</b>	<b>\$ 296,629,089</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 100,032,388</b>	<b>\$ 176,482,355</b>	<b>\$ 201,184,213</b>	<b>\$ 141,358,004</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	75.03 %	61.37 %	58.15 %	67.73 %
<b>Covered Employee Payroll</b>	\$ 26,762,823	\$ 24,703,698	\$ 24,413,784	\$ 25,839,293
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	373.77 %	714.40 %	824.06 %	547.07 %

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

**Benefit Changes - None**

**Changes in Assumptions**

1. Discount rate - The discount rate used to calculate the December 31, 2017 total pension liability was 7.40 percent. The discount rate used to calculate the total pension liability as of December 31, 2016 was 5.96 percent.

2. Mortality tables - To calculate the total pension liability as of December 31, 2015, December 31, 2016, and December 31, 2017, the mortality rates were based on the RP 2000 Combined Healthy Mortality Table projected to 2014. To calculate the total pension liability as of December 31, 2014, the mortality rates were based on the RP 2000 Combined Healthy Mortality Table.

**Changes in Size or Composition of the Covered Population - None**





Required Supplemental Information  
Schedule of Pension Investment Returns

Last Four Fiscal Years  
Years Ended June 30

	2017*	2016	2015*	2014*
Employees' Retirement System Defined Benefit Pension Plan - Annual money-weighted rate of return - Net of investment expense	14.20 %	13.40 %	10.60 %	6.30 %
Police and Fire Retirement System Defined Benefit Pension Plan - Annual money-weighted rate of return - Net of investment expense	- %	8.18 %	- %	- %

\* For the fiscal year ended December 31, 2017, 2015, and 2014, management of the City omitted the disclosure of the money-weighted rate of return of the Police and Fire Retirement System Defined Benefit Pension Plan.

**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 City 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 City 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 City Council shall, by resolution, adopt a budget at the department level 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.

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
Amounts per operating statement	\$ 102,878,816	\$ 124,952,306
Nonreciprocal interfund activity budgeted as revenue	4,607,337	4,607,337
Amounts per budget statement	\$ 107,486,153	\$ 129,559,643

During the year, the City of Warren, Michigan incurred significant expenditures that were in excess of the amounts budgeted as a result of the overall timing of expenditures, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Grant Fund - Community and economic development	\$ 1,199,716	\$ 2,578,415	\$ (1,378,699)
Capital Projects Fund - Capital Expenditures	500,000	1,383,785	(883,785)
Debt Service Funds - Debt Service	1,281,283	2,118,178	(836,895)



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## Other Supplemental Information

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# City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
<b>Assets</b>						
Cash and cash equivalents	\$ 6,748,013	\$ 2,009,663	\$ 3,525,079	\$ 979,720	\$ 5,458,098	\$ 3,028,157
Receivables:						
Property taxes receivable	-	-	55,751	21,133	29,094	-
Accrued interest receivable	10,099	3,020	-	-	-	-
Other receivables	-	-	6,032	37,074	116,086	538,341
Due from other governments	1,646,491	541,280	-	-	49,512	-
Due from component units	-	-	1,342	508	697	-
Due from other funds	891,100	255,239	-	-	-	-
Inventory	-	-	17,130	9,766	-	-
Prepaid expenses and other assets	-	-	-	4,697	2,533	-
Deposits	299,548	-	-	-	-	-
<b>Total assets</b>	<b>\$ 9,595,251</b>	<b>\$ 2,809,202</b>	<b>\$ 3,605,334</b>	<b>\$ 1,052,898</b>	<b>\$ 5,656,020</b>	<b>\$ 3,566,498</b>
<b>Liabilities</b>						
Accounts payable	\$ 356,063	\$ 101,973	\$ 319,661	\$ 182,352	\$ 194,665	\$ 33,017
Due to other governmental units	-	-	-	-	251	-
Due to other funds	339,656	488,161	-	-	-	-
Refundable deposits, bonds, etc.	7,049	10,483	-	3,119	107,016	-
Accrued liabilities and other	14,508	46,182	109,000	86,158	42,095	19,483
Provision for property tax refunds	-	-	14,265	5,402	7,412	-
<b>Total liabilities</b>	<b>717,276</b>	<b>646,799</b>	<b>442,926</b>	<b>277,031</b>	<b>351,439</b>	<b>52,500</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>52,501</b>	<b>19,903</b>	<b>27,404</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>717,276</b>	<b>646,799</b>	<b>495,427</b>	<b>296,934</b>	<b>378,843</b>	<b>52,500</b>
<b>Fund Balances</b>						
Nonspendable:						
Inventory/Assets held for resale	-	-	17,130	9,766	-	-
Prepays	-	-	-	4,697	2,533	-
Restricted:						
Roads	8,877,975	2,162,403	-	-	-	-
Sanitation	-	-	3,092,777	-	-	-
Recreation	-	-	-	741,501	-	-
Library	-	-	-	-	5,274,644	-
Cable franchise fees	-	-	-	-	-	3,513,998
Police enforcement	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Committed for community service	-	-	-	-	-	-
Assigned - Debt service	-	-	-	-	-	-
<b>Total fund balances</b>	<b>8,877,975</b>	<b>2,162,403</b>	<b>3,109,907</b>	<b>755,964</b>	<b>5,277,177</b>	<b>3,513,998</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,595,251</b>	<b>\$ 2,809,202</b>	<b>\$ 3,605,334</b>	<b>\$ 1,052,898</b>	<b>\$ 5,656,020</b>	<b>\$ 3,566,498</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2018

Special Revenue Funds							
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Funds	Total	
\$ 1,183,141	\$ 342,871	\$ 3,620,764	\$ 16,434	\$ 10,260,538	\$ 48,402	\$ 37,220,880	
-	-	-	-	51,237	-	157,215	
-	-	-	-	-	-	13,119	
-	-	-	-	-	-	697,533	
-	-	-	-	-	-	2,237,283	
-	-	-	-	1,099	-	3,646	
-	-	-	-	-	14,581	1,160,920	
-	-	-	-	-	-	26,896	
-	-	-	-	-	-	7,230	
-	-	-	-	-	-	299,548	
<b>\$ 1,183,141</b>	<b>\$ 342,871</b>	<b>\$ 3,620,764</b>	<b>\$ 16,434</b>	<b>\$ 10,312,874</b>	<b>\$ 62,983</b>	<b>\$ 41,824,270</b>	
\$ 3,801	\$ 7,230	\$ 330,261	\$ 3,250	\$ 117,336	\$ -	\$ 1,649,609	
-	-	-	-	-	-	251	
-	-	-	-	-	-	827,817	
-	-	-	-	30,855	-	158,522	
12,208	-	-	-	-	-	329,634	
-	-	-	-	11,699	-	38,778	
16,009	7,230	330,261	3,250	159,890	-	3,004,611	
-	-	-	-	48,572	-	148,380	
16,009	7,230	330,261	3,250	208,462	-	3,152,991	
-	-	-	-	-	-	26,896	
-	-	-	-	-	-	7,230	
-	-	-	-	10,104,412	-	21,144,790	
-	-	-	-	-	-	3,092,777	
-	-	-	-	-	-	741,501	
-	-	-	-	-	-	5,274,644	
-	-	-	-	-	-	3,513,998	
-	-	3,290,503	13,184	-	-	3,303,687	
-	335,641	-	-	-	-	335,641	
1,082,011	-	-	-	-	-	1,082,011	
85,121	-	-	-	-	-	85,121	
-	-	-	-	-	62,983	62,983	
1,167,132	335,641	3,290,503	13,184	10,104,412	62,983	38,671,279	
<b>\$ 1,183,141</b>	<b>\$ 342,871</b>	<b>\$ 3,620,764</b>	<b>\$ 16,434</b>	<b>\$ 10,312,874</b>	<b>\$ 62,983</b>	<b>\$ 41,824,270</b>	

# City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ 7,982,658	\$ 3,025,249	\$ 4,143,875	\$ -
Intergovernmental:						
Federal grants	-	-	-	-	-	-
State sources:						
Local Community Stabilization Authority	-	-	350,000	150,000	225,000	-
Act 51 gas and weight tax	9,485,585	3,164,865	-	-	-	-
Other	924,557	450,180	-	251,267	231,588	-
Charges for services	-	-	-	1,909,408	-	-
Fines and forfeitures	-	-	-	-	89,409	-
Licenses and permits	-	-	-	-	-	2,175,819
Interest and rentals	73,467	34,410	44,019	108,043	66,122	38,538
Other revenue	69,148	-	286,731	-	185,745	207
<b>Total revenue</b>	<b>10,552,757</b>	<b>3,649,455</b>	<b>8,663,408</b>	<b>5,443,967</b>	<b>4,941,739</b>	<b>2,214,564</b>
<b>Expenditures</b>						
Current services:						
Public safety	-	-	-	-	-	-
Public works	7,405,688	4,233,704	8,872,363	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	5,363,516	4,238,824	1,859,387
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>7,405,688</b>	<b>4,233,704</b>	<b>8,872,363</b>	<b>5,363,516</b>	<b>4,238,824</b>	<b>1,859,387</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>3,147,069</b>	<b>(584,249)</b>	<b>(208,955)</b>	<b>80,451</b>	<b>702,915</b>	<b>355,177</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	61,918	361,910	-	-	-	-
Transfers out	(1,317,441)	-	-	(293,360)	(125,726)	(419,085)
<b>Total other financing (uses) sources</b>	<b>(1,255,523)</b>	<b>361,910</b>	<b>-</b>	<b>(293,360)</b>	<b>(125,726)</b>	<b>(419,085)</b>
<b>Net Change in Fund Balances</b>	<b>1,891,546</b>	<b>(222,339)</b>	<b>(208,955)</b>	<b>(212,909)</b>	<b>577,189</b>	<b>(63,908)</b>
<b>Fund Balances - Beginning of year</b>	<b>6,986,429</b>	<b>2,384,742</b>	<b>3,318,862</b>	<b>968,873</b>	<b>4,699,988</b>	<b>3,577,906</b>
<b>Fund Balances - End of year</b>	<b>\$ 8,877,975</b>	<b>\$ 2,162,403</b>	<b>\$ 3,109,907</b>	<b>\$ 755,964</b>	<b>\$ 5,277,177</b>	<b>\$ 3,513,998</b>

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

**Year Ended June 30, 2018**

Special Revenue Funds						
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Total Debt Service Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ 6,549,692	\$ -	\$ 21,701,474
-	-	399,849	-	-	-	399,849
-	-	-	-	225,000	-	950,000
-	-	-	-	-	-	12,650,450
-	-	264,696	34,921	-	-	2,157,209
-	-	-	-	-	-	1,909,408
741,715	117,217	-	-	-	-	948,341
-	-	-	-	-	-	2,175,819
14,563	3,195	44,923	226	108,818	611	536,935
-	-	-	-	-	14,581	556,412
<u>756,278</u>	<u>120,412</u>	<u>709,468</u>	<u>35,147</u>	<u>6,883,510</u>	<u>15,192</u>	<u>43,985,897</u>
-	22,740	1,026,485	46,970	-	-	1,096,195
-	-	-	-	3,314,413	-	23,826,168
671,157	-	-	-	-	-	671,157
-	-	-	-	-	-	11,461,727
-	-	-	-	-	1,800,055	1,800,055
-	-	-	-	-	318,123	318,123
<u>671,157</u>	<u>22,740</u>	<u>1,026,485</u>	<u>46,970</u>	<u>3,314,413</u>	<u>2,118,178</u>	<u>39,173,425</u>
85,121	97,672	(317,017)	(11,823)	3,569,097	(2,102,986)	4,812,472
-	-	-	-	-	2,118,178	2,542,006
-	-	-	-	-	-	(2,155,612)
-	-	-	-	-	2,118,178	386,394
85,121	97,672	(317,017)	(11,823)	3,569,097	15,192	5,198,866
1,082,011	237,969	3,607,520	25,007	6,535,315	47,791	33,472,413
<u>\$ 1,167,132</u>	<u>\$ 335,641</u>	<u>\$ 3,290,503</u>	<u>\$ 13,184</u>	<u>\$ 10,104,412</u>	<u>\$ 62,983</u>	<u>\$ 38,671,279</u>

Other Supplemental Information  
Combining Statement of Net Position  
Nonmajor Enterprise Funds

June 30, 2018

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,121,139	\$ 1,732,049	\$ 2,853,188
Receivables	1,475	5,143	6,618
Prepaid expenses and other assets	-	21	21
Total current assets	1,122,614	1,737,213	2,859,827
Noncurrent assets -			
Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation - Net	1,145,745	6,207,133	7,352,878
Total assets	2,490,003	7,944,346	10,434,349
<b>Deferred Outflows of Resources</b> - Deferred outflows related to OPEB			
	17,579	-	17,579
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	85,036	127,328	212,364
Due to other funds	153,775	57,558	211,333
Refundable deposits, bonds, etc.	60,954	173,829	234,783
Accrued liabilities and other	8,153	7,340	15,493
Unearned revenue	4,278	19,106	23,384
Current portion of long-term debt	-	381,056	381,056
Total current liabilities	312,196	766,217	1,078,413
Noncurrent liabilities:			
Compensated absences	29,527	-	29,527
Net OPEB liability	276,583	-	276,583
Long-term debt	-	1,329,132	1,329,132
Total noncurrent liabilities	306,110	1,329,132	1,635,242
Total liabilities	618,306	2,095,349	2,713,655
<b>Deferred Inflows of Resources</b> - Deferred inflows related to OPEB			
	13,833	-	13,833
<b>Net Position</b>			
Net investment in capital assets	1,367,389	4,496,945	5,864,334
Unrestricted	508,054	1,352,052	1,860,106
Total net position	\$ 1,875,443	\$ 5,848,997	\$ 7,724,440

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**

**Year Ended June 30, 2018**

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total Nonmajor Enterprise Funds
<b>Operating Revenue</b>			
Rental revenue	\$ 516,994	\$ 983,556	\$ 1,500,550
Other operating revenue	365,182	513,822	879,004
Total operating revenue	882,176	1,497,378	2,379,554
<b>Operating Expenses</b>			
Billing and administrative costs	72,700	435,505	508,205
Wages and fringes	347,064	45,967	393,031
Materials and supplies	19,874	45,107	64,981
Other operating expenses	280,002	242,844	522,846
Depreciation	75,905	201,429	277,334
Total operating expenses	795,545	970,852	1,766,397
<b>Operating Income (Loss)</b>	86,631	526,526	613,157
<b>Nonoperating Revenue (Expense)</b>			
Investment income	2,402	2,965	5,367
Interest expense	-	(31,046)	(31,046)
Total nonoperating revenue (expense)	2,402	(28,081)	(25,679)
<b>Change in Net Position</b>	89,033	498,445	587,478
<b>Net Position - Beginning of year, as restated</b>	1,786,410	5,350,552	7,136,962
<b>Net Position - End of year</b>	<b>\$ 1,875,443</b>	<b>\$ 5,848,997</b>	<b>\$ 7,724,440</b>

Other Supplemental Information  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds

Year Ended June 30, 2018

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 882,176	\$ 1,497,378	\$ 2,379,554
(Payments for) receipts from interfund services and reimbursements	(11,453)	699	(10,754)
Payments to suppliers	(328,878)	(629,123)	(958,001)
Payments to employees and fringes	(511,229)	(49,523)	(560,752)
	30,616	819,431	850,047
Net cash and cash equivalents provided by operating activities			
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(265,185)	(110,940)	(376,125)
Principal and interest paid on capital debt	-	(402,102)	(402,102)
	(265,185)	(513,042)	(778,227)
Net cash and cash equivalents used in capital and related financing activities			
<b>Cash Flows Provided by Investing Activities - Interest income</b>	2,402	2,965	5,367
	2,402	2,965	5,367
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(232,167)	309,354	77,187
<b>Cash and Cash Equivalents - Beginning of year</b>	1,353,306	1,422,695	2,776,001
	1,353,306	1,422,695	2,776,001
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,121,139</b>	<b>\$ 1,732,049</b>	<b>\$ 2,853,188</b>
	<b>\$ 1,121,139</b>	<b>\$ 1,732,049</b>	<b>\$ 2,853,188</b>
<b>Classification of Cash and Cash Equivalents - Cash and investments</b>	<b>\$ 1,121,139</b>	<b>\$ 1,732,049</b>	<b>\$ 2,853,188</b>
	<b>\$ 1,121,139</b>	<b>\$ 1,732,049</b>	<b>\$ 2,853,188</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 86,631	\$ 526,526	\$ 613,157
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	75,905	201,429	277,334
Changes in assets and liabilities:			
Receivables	4,980	(239)	4,741
Due to and from other funds	(11,453)	699	(10,754)
Prepaid and other assets	280	217	497
Net pension or OPEB liability	(164,165)	(2,064)	(166,229)
Accounts payable	38,438	92,863	131,301
	(56,015)	292,905	236,890
Total adjustments			
Net cash and cash equivalents provided by operating activities	<b>\$ 30,616</b>	<b>\$ 819,431</b>	<b>\$ 850,047</b>
	<b>\$ 30,616</b>	<b>\$ 819,431</b>	<b>\$ 850,047</b>



# City of Warren, Michigan

## Pension and Other Employee Benefits Trust Funds - December 31, 2017

	Police and Fire Retirement System	City Employees' Retirement System	Police and Fire VEBA Trust	City Employees' VEBA Trust	City Employees' QEBA Trust	Total Pension Trust Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 649,268	\$ 36,731	\$ -	\$ 7,290	\$ 1,667	\$ 694,956
Investments:						
U.S. government securities	20,829,592	22,160,450	541,693	5,911,272	-	49,443,007
Stocks	189,973,220	68,065,823	33,789,564	25,573,612	-	317,402,219
Bonds	35,876,941	18,436,642	1,926,931	5,070,293	-	61,310,807
Real estate	22,938,061	1,656,162	-	-	-	24,594,223
Other	30,168,914	30,846,307	12,404,770	26,103,599	-	99,523,590
Securities lending	8,512,260	3,196,383	-	-	-	11,708,643
Receivables:						
Accrued interest receivable	1,477,624	364,221	1,253,707	160,607	-	3,256,159
Other receivables	-	391,973	-	-	-	391,973
Due from primary government	-	498,195	-	789,105	-	1,287,300
Prepaid expenses and other assets	-	2,355	-	265,660	-	268,015
<b>Total assets</b>	<b>310,425,880</b>	<b>145,655,242</b>	<b>49,916,665</b>	<b>63,881,438</b>	<b>1,667</b>	<b>569,880,892</b>
<b>Liabilities</b>						
Accounts payable	631,998	5,698,205	14,248	23,868	-	6,368,319
Due to other governmental units	-	-	-	2,499,902	-	2,499,902
Due to primary government	194,279	88,243	4,658,324	4,165,087	-	9,105,933
Refundable deposits, bonds, etc.	-	-	-	-	-	-
Accrued liabilities and other	-	-	275,278	172,307	-	447,585
Obligations under securities lending agreements	9,000,926	3,196,383	-	-	-	12,197,309
<b>Total liabilities</b>	<b>9,827,203</b>	<b>8,982,831</b>	<b>4,947,850</b>	<b>6,861,164</b>	<b>-</b>	<b>30,619,048</b>
<b>Net Position</b>	<b>\$ 300,598,677</b>	<b>\$ 136,672,411</b>	<b>\$ 44,968,815</b>	<b>\$ 57,020,274</b>	<b>\$ 1,667</b>	<b>\$ 539,261,844</b>



Other Supplemental Information  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year Ended June 30, 2018

Pension and Other Employee Benefits Trust Funds - Year Ended December 31, 2017						
	Police and Fire Retirement System	City Employees' Retirement System	Police and Fire VEBA Trust	City Employees' VEBA Trust	City Employees' QEBA Trust	Total December 31, 2017
<b>Additions</b>						
Investment income:						
Interest and dividends	\$ 7,561,383	\$ 2,871,309	\$ 2,853,388	\$ 3,032,205	\$ 18	\$ 16,318,303
Net increase in fair value of investments	33,731,792	14,130,144	2,564,418	3,966,652	-	54,393,006
Investment-related expenses	(1,210,426)	(585,882)	(28,792)	(88,889)	(505)	(1,914,494)
Net investment income	40,082,749	16,415,571	5,389,014	6,909,968	(487)	68,796,815
Securities lending income:						
Interest and dividends	104,333	64,737	-	-	-	169,070
Borrower rebates and bank fees	(25,974)	(27,319)	-	-	-	(53,293)
Contributions:						
Employer contributions	10,477,176	18,721,115	20,903,170	14,900,078	6,000	65,007,539
Employee contributions	1,192,568	-	-	-	-	1,192,568
Total contributions	11,669,744	18,721,115	20,903,170	14,900,078	6,000	66,200,107
Total additions	51,830,852	35,174,104	26,292,184	21,810,046	5,513	135,112,699
<b>Deductions</b>						
Benefit payments	29,990,777	16,222,114	9,140,411	7,254,730	6,078	62,614,110
Refunds of contributions	1,185,752	5,209	-	-	-	1,190,961
Administrative expenses	456,309	255,718	8,599	61,216	-	781,842
Total deductions	31,632,838	16,483,041	9,149,010	7,315,946	6,078	64,586,913
<b>Net Increase (Decrease) in Net Position Held in Trust</b>	20,198,014	18,691,063	17,143,174	14,494,100	(565)	70,525,786
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	280,400,663	117,981,348	27,825,641	42,526,174	2,232	468,736,058
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ 300,598,677</u>	<u>\$ 136,672,411</u>	<u>\$ 44,968,815</u>	<u>\$ 57,020,274</u>	<u>\$ 1,667</u>	<u>\$ 539,261,844</u>

Other Supplemental Information  
Combining Schedule of Changes in Assets and Liabilities  
Agency Funds

**Year Ended June 30, 2018**

	Payroll Revolving Fund			
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets</b>				
Cash and cash equivalents	\$ 20,963	\$ 24,073,251	\$ (24,094,214)	\$ -
Advances to other funds	-	721	(721)	-
Total assets	<b>\$ 20,963</b>	<b>\$ 24,073,972</b>	<b>\$ (24,094,935)</b>	<b>\$ -</b>
<b>Liabilities - Accrued liabilities and other</b>	<b>\$ 20,963</b>	<b>\$ 26,927,169</b>	<b>\$ (26,948,132)</b>	<b>\$ -</b>

	Cash Bond Fund			
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets - Cash and investments</b>	<b>\$ 1,485,882</b>	<b>\$ 415,545</b>	<b>\$ (125,215)</b>	<b>\$ 1,776,212</b>
<b>Liabilities - Refundable deposits, bonds, etc.</b>	<b>\$ 1,485,882</b>	<b>\$ 541,160</b>	<b>\$ (250,830)</b>	<b>\$ 1,776,212</b>

	Tax Collection Fund			
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets</b>				
Cash and cash equivalents	\$ 11,372	\$ 199,480,874	\$ (199,492,118)	\$ 128
Due from other funds	-	62,707	(62,707)	-
Total assets	<b>\$ 11,372</b>	<b>\$ 199,543,581</b>	<b>\$ (199,554,825)</b>	<b>\$ 128</b>
<b>Liabilities</b>				
Due to other governmental units	\$ -	\$ 6,225,954	\$ (6,225,954)	\$ -
Accrued liabilities and other	11,372	201,305,041	(201,316,285)	128
Total liabilities	<b>\$ 11,372</b>	<b>\$ 207,530,995</b>	<b>\$ (207,542,239)</b>	<b>\$ 128</b>

	Fire Insurance Withholding Fund			
	July 1, 2017	Additions	Deductions	June 30, 2018
<b>Assets - Cash and investments</b>	<b>\$ 366,704</b>	<b>\$ 143,852</b>	<b>\$ (189,594)</b>	<b>\$ 320,962</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 244	\$ 494	\$ (697)	\$ 41
Refundable deposits, bonds, etc.	366,460	143,358	(188,897)	320,921
Total liabilities	<b>\$ 366,704</b>	<b>\$ 143,852</b>	<b>\$ (189,594)</b>	<b>\$ 320,962</b>

Other Supplemental Information  
Budgetary Comparison Schedules  
Capital Projects

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Special assessments	\$ -	\$ -	\$ 337,461	\$ 337,461
Fines and forfeitures	800,000	800,000	848,898	48,898
Interest and rentals	5,000	5,000	106,183	101,183
Total revenue	805,000	805,000	1,292,542	487,542
<b>Expenditures</b>				
Current services:				
General government	500,000	500,000	537,332	(37,332)
Public works	-	-	806,332	(806,332)
Debt service	-	-	40,121	(40,121)
Total expenditures	500,000	500,000	1,383,785	(883,785)
<b>Excess of Revenue Over (Under) Expenditures</b>	305,000	305,000	(91,243)	(396,243)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	40,121	40,121
Transfers out	-	-	(302,695)	(302,695)
New debt issued	-	-	13,236,720	13,236,720
Total other financing sources	-	-	12,974,146	12,974,146
<b>Net Change in Fund Balance</b>	305,000	305,000	12,882,903	12,577,903
<b>Fund Balance - Beginning of year</b>	10,409,438	10,409,438	10,409,438	-
<b>Fund Balance - End of year</b>	<u>\$ 10,714,438</u>	<u>\$ 10,714,438</u>	<u>\$ 23,292,341</u>	<u>\$ 12,577,903</u>

Other Supplemental Information  
Budgetary Comparison Schedules  
Major Streets

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental - State sources	\$ 9,000,000	\$ 9,000,000	\$ 10,410,142	\$ 1,410,142
Interest and rentals	10,000	10,000	73,467	63,467
Other revenue	38,800	38,800	69,148	30,348
Total revenue	9,048,800	9,048,800	10,552,757	1,503,957
<b>Expenditures</b>				
Current services:				
Public works:				
Streets	6,836,700	10,775,033	7,364,643	3,410,390
Stormwater drainage	46,607	46,607	41,045	5,562
Total expenditures	6,883,307	10,821,640	7,405,688	3,415,952
<b>Excess of Revenue Over (Under) Expenditures</b>	2,165,493	(1,772,840)	3,147,069	4,919,909
<b>Other Financing Sources (Uses)</b>				
Transfers in	61,910	61,910	61,918	8
Transfers out	(1,581,283)	(1,581,283)	(1,317,441)	263,842
Total other financing uses	(1,519,373)	(1,519,373)	(1,255,523)	263,850
<b>Net Change in Fund Balance</b>	646,120	(3,292,213)	1,891,546	5,183,759
<b>Fund Balance - Beginning of year</b>	6,986,429	6,986,429	6,986,429	-
<b>Fund Balance - End of year</b>	<u>\$ 7,632,549</u>	<u>\$ 3,694,216</u>	<u>\$ 8,877,975</u>	<u>\$ 5,183,759</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Local Streets

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental - State sources	\$ 3,400,000	\$ 3,400,000	\$ 3,615,045	\$ 215,045
Interest and rentals	7,500	7,500	34,410	26,910
Total revenue	3,407,500	3,407,500	3,649,455	241,955
<b>Expenditures</b>				
Current services:				
Public works:				
Streets	4,363,005	4,363,005	4,192,659	170,346
Stormwater drainage	46,607	46,607	41,045	5,562
Total expenditures	4,409,612	4,409,612	4,233,704	175,908
<b>Excess of Expenditures Over Revenue</b>	(1,002,112)	(1,002,112)	(584,249)	417,863
<b>Other Financing Sources - Transfers in</b>	391,910	391,910	361,910	(30,000)
<b>Net Change in Fund Balance</b>	(610,202)	(610,202)	(222,339)	387,863
<b>Fund Balance - Beginning of year</b>	2,384,742	2,384,742	2,384,742	-
<b>Fund Balance - End of year</b>	<b>\$ 1,774,540</b>	<b>\$ 1,774,540</b>	<b>\$ 2,162,403</b>	<b>\$ 387,863</b>

Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Sanitation

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 8,027,810	\$ 8,027,810	\$ 7,982,658	\$ (45,152)
Intergovernmental - State sources	350,000	350,000	350,000	-
Interest and rentals	2,500	2,500	44,019	41,519
Other revenue	265,000	265,000	286,731	21,731
Total revenue	8,645,310	8,645,310	8,663,408	18,098
<b>Expenditures</b> - Current - Public works - Rubbish disposal	9,802,578	10,022,297	8,872,363	1,149,934
<b>Net Change in Fund Balance</b>	(1,157,268)	(1,376,987)	(208,955)	1,168,032
<b>Fund Balance</b> - Beginning of year	3,318,862	3,318,862	3,318,862	-
<b>Fund Balance</b> - End of year	<u>\$ 2,161,594</u>	<u>\$ 1,941,875</u>	<u>\$ 3,109,907</u>	<u>\$ 1,168,032</u>



Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Recreation

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 3,046,798	\$ 3,046,798	\$ 3,025,249	\$ (21,549)
Intergovernmental	404,300	404,300	401,267	(3,033)
Charges for services	2,131,000	2,131,000	1,909,408	(221,592)
Interest and rentals	51,500	51,500	108,043	56,543
Total revenue	5,633,598	5,633,598	5,443,967	(189,631)
<b>Expenditures</b> - Current - Recreation and culture				
- Parks and recreation	5,547,498	5,577,498	5,363,516	213,982
<b>Excess of Revenue Over Expenditures</b>	86,100	56,100	80,451	24,351
<b>Other Financing Uses</b> - Transfers out	(293,270)	(293,270)	(293,360)	(90)
<b>Net Change in Fund Balance</b>	(207,170)	(237,170)	(212,909)	24,261
<b>Fund Balance</b> - Beginning of year	968,873	968,873	968,873	-
<b>Fund Balance</b> - End of year	<u>\$ 761,703</u>	<u>\$ 731,703</u>	<u>\$ 755,964</u>	<u>\$ 24,261</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Library

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 4,180,431	\$ 4,180,431	\$ 4,143,875	\$ (36,556)
Intergovernmental	433,000	433,000	456,588	23,588
Fines and forfeitures	119,000	119,000	89,409	(29,591)
Interest and rentals	5,000	5,000	66,122	61,122
Other revenue	12,000	12,000	185,745	173,745
Total revenue	4,749,431	4,749,431	4,941,739	192,308
<b>Expenditures</b> - Current - Recreation and culture - Library	7,159,649	7,420,174	4,238,824	3,181,350
<b>Excess of Revenue (Under) Over Expenditures</b>	(2,410,218)	(2,670,743)	702,915	3,373,658
<b>Other Financing Uses</b> - Transfers out	(125,688)	(125,688)	(125,726)	(38)
<b>Net Change in Fund Balance</b>	(2,535,906)	(2,796,431)	577,189	3,373,620
<b>Fund Balance</b> - Beginning of year	4,699,988	4,699,988	4,699,988	-
<b>Fund Balance</b> - End of year	<u>\$ 2,164,082</u>	<u>\$ 1,903,557</u>	<u>\$ 5,277,177</u>	<u>\$ 3,373,620</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Communications

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Licenses and permits	\$ 2,300,000	\$ 2,300,000	\$ 2,175,819	\$ (124,181)
Investment income	3,000	3,000	38,538	35,538
Other revenue	21,500	21,500	207	(21,293)
Total revenue	2,324,500	2,324,500	2,214,564	(109,936)
<b>Expenditures - Current - Recreation and culture</b>	2,284,669	2,284,669	1,859,387	425,282
<b>Excess of Revenue Over Expenditures</b>	39,831	39,831	355,177	315,346
<b>Other Financing Uses - Transfers out</b>	(418,960)	(418,960)	(419,085)	(125)
<b>Net Change in Fund Balance</b>	(379,129)	(379,129)	(63,908)	315,221
<b>Fund Balance - Beginning of year</b>	3,577,906	3,577,906	3,577,906	-
<b>Fund Balance - End of year</b>	<u>\$ 3,198,777</u>	<u>\$ 3,198,777</u>	<u>\$ 3,513,998</u>	<u>\$ 315,221</u>

**Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Rental Ordinance**

**Year Ended June 30, 2018**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Fines and forfeitures	\$ 700,000	\$ 700,000	\$ 741,715	\$ 41,715
Investment income	1,000	1,000	14,563	13,563
Total revenue	701,000	701,000	756,278	55,278
<b>Expenditures</b> - Current - Community and economic development	961,007	961,007	671,157	289,850
<b>Net Change in Fund Balance</b>	(260,007)	(260,007)	85,121	345,128
<b>Fund Balance</b> - Beginning of year	1,082,011	1,082,011	1,082,011	-
<b>Fund Balance</b> - End of year	<u>\$ 822,004</u>	<u>\$ 822,004</u>	<u>\$ 1,167,132</u>	<u>\$ 345,128</u>

**Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Vice Crime Confiscations**

**Year Ended June 30, 2018**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Fines and forfeitures	\$ 35,000	\$ 35,000	\$ 117,217	\$ 82,217
Investment income	100	100	3,195	3,095
Total revenue	35,100	35,100	120,412	85,312
<b>Expenditures</b> - Current - Public safety - Crime commission	100,000	100,000	22,740	77,260
<b>Net Change in Fund Balance</b>	(64,900)	(64,900)	97,672	162,572
<b>Fund Balance</b> - Beginning of year	237,969	237,969	237,969	-
<b>Fund Balance</b> - End of year	<u>\$ 173,069</u>	<u>\$ 173,069</u>	<u>\$ 335,641</u>	<u>\$ 162,572</u>

Other Supplemental Information  
 Budgetary Comparison Schedules (Continued)  
 Drug Forfeiture

**Year Ended June 30, 2018**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 600,000	\$ 600,000	\$ 664,545	\$ 64,545
Investment income	5,000	5,000	44,923	39,923
Total revenue	605,000	605,000	709,468	104,468
<b>Expenditures - Current - Public safety - Crime     commission</b>	670,000	2,063,854	1,026,485	1,037,369
<b>Net Change in Fund Balance</b>	(65,000)	(1,458,854)	(317,017)	1,141,837
<b>Fund Balance - Beginning of year</b>	3,607,520	3,607,520	3,607,520	-
<b>Fund Balance - End of year</b>	<b><u>\$ 3,542,520</u></b>	<b><u>\$ 2,148,666</u></b>	<b><u>\$ 3,290,503</u></b>	<b><u>\$ 1,141,837</u></b>

**Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Police Training**

**Year Ended June 30, 2018**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 78,520	\$ 78,520	\$ 34,921	\$ (43,599)
Investment income	100	100	226	126
Total revenue	78,620	78,620	35,147	(43,473)
<b>Expenditures</b> - Current - Public safety - Crime commission	80,000	80,000	46,970	33,030
<b>Net Change in Fund Balance</b>	(1,380)	(1,380)	(11,823)	(10,443)
<b>Fund Balance</b> - Beginning of year	25,007	25,007	25,007	-
<b>Fund Balance</b> - End of year	<u>\$ 23,627</u>	<u>\$ 23,627</u>	<u>\$ 13,184</u>	<u>\$ (10,443)</u>

Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Local Road Mileage Fund

**Year Ended June 30, 2018**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 6,598,200	\$ 6,598,200	\$ 6,549,692	\$ (48,508)
Intergovernmental	225,000	225,000	225,000	-
Investment income	2,000	2,000	108,818	106,818
Total revenue	6,825,200	6,825,200	6,883,510	58,310
<b>Expenditures - Current - Public works - Streets</b>	6,825,200	13,050,869	3,314,413	9,736,456
<b>Net Change in Fund Balance</b>	-	(6,225,669)	3,569,097	9,794,766
<b>Fund Balance - Beginning of year</b>	6,535,315	6,535,315	6,535,315	-
<b>Fund Balance - End of year</b>	<b>\$ 6,535,315</b>	<b>\$ 309,646</b>	<b>\$ 10,104,412</b>	<b>\$ 9,794,766</b>



Other Supplemental Information  
Budgetary Comparison Schedules (Continued)  
Debt Service Funds

Year Ended June 30, 2018

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Investment income	\$ 50	\$ 50	\$ 611	\$ 561
Other revenue	-	-	14,581	14,581
Total revenue	50	50	15,192	15,142
<b>Expenditures</b>				
Debt service:				
Principal	1,120,055	1,120,055	1,800,055	(680,000)
Interest and fiscal charges	161,228	161,228	318,123	(156,895)
Total expenditures	1,281,283	1,281,283	2,118,178	(836,895)
<b>Excess of Expenditures Over Revenue</b>	(1,281,233)	(1,281,233)	(2,102,986)	(821,753)
<b>Other Financing Sources - Transfers in</b>	1,281,283	1,281,283	2,118,178	836,895
<b>Net Change in Fund Balance</b>	50	50	15,192	15,142
<b>Fund Balance - Beginning of year</b>	47,791	47,791	47,791	-
<b>Fund Balance - End of year</b>	<b>\$ 47,841</b>	<b>\$ 47,841</b>	<b>\$ 62,983</b>	<b>\$ 15,142</b>

# Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

The statistical section is organized into the following main categories:

## Financial trends

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

## Revenue capacity

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

## Debt capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

## Demographic and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

## Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

	Fiscal Year			
	2009	2010	2011 (1)	2012
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 48,445,832	\$ 44,342,389	\$ 110,629,268	\$ 110,327,564
Restricted	42,844,224	45,175,268	33,189,358	28,243,279
Unrestricted	32,199,699	21,613,238	15,236,928	24,905,176
Total net position	<b>\$ 123,489,755</b>	<b>\$ 111,130,895</b>	<b>\$ 159,055,554</b>	<b>\$ 163,476,019</b>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 57,656,542	\$ 58,586,273	\$ 60,527,790	\$ 59,757,545
Restricted	11,779,391	8,267,105	7,656,513	9,800,089
Unrestricted	7,821,612	9,044,146	15,309,884	19,578,952
Total net position	<b>\$ 77,257,545</b>	<b>\$ 75,897,524</b>	<b>\$ 83,494,187</b>	<b>\$ 89,136,586</b>
<b>Primary government in total:</b>				
Net investment in capital assets	\$ 106,102,374	\$ 102,928,662	\$ 171,157,058	\$ 170,085,109
Restricted	54,623,615	53,442,373	40,845,871	38,043,377
Unrestricted	40,021,311	30,657,384	30,546,812	44,484,128
Total net position	<b>\$ 200,747,300</b>	<b>\$ 187,028,419</b>	<b>\$ 242,549,741</b>	<b>\$ 252,612,614</b>

- (1) Reflects prior period adjustments for compensated absences, debt reclassifications to component units, accrued interest payable, capital assets, property taxes, accruals, and fund balance reclassifications to component units.
- (2) Reflects prior period adjustments for bond issuance costs reclassified as outflow of resources, and for a reclassification between restricted net position and unrestricted net position related to community development.
- (3) Reflects retroactive implementation of GASB Statement Number 68, *Accounting and Financial Reporting for Pensions*

## Net Position by Component

Last Ten Fiscal Years

June 30, 2018

		Fiscal Year									
		2013 (2)	2014	2015 (3)	2016	2017	2018				
\$	110,679,720	\$	109,841,350	\$	115,090,168	\$	117,332,131	\$	123,302,796	\$	113,821,101
	41,217,523		44,730,230		41,673,841		44,077,625		45,423,260		62,562,871
	31,944,097		42,214,308		(132,087,443)		(148,581,462)		(152,409,503)		(353,060,453)
<b>\$</b>	<b>183,841,340</b>	<b>\$</b>	<b>196,785,888</b>	<b>\$</b>	<b>24,676,566</b>	<b>\$</b>	<b>12,828,294</b>	<b>\$</b>	<b>16,316,553</b>	<b>\$</b>	<b>(176,676,481)</b>
\$	60,666,179	\$	61,917,558	\$	66,690,180	\$	73,329,416	\$	74,111,047	\$	78,416,923
	10,511,646		11,418,448		11,195,095		12,215,367		9,907,889		10,604,481
	25,185,018		26,783,108		1,609,583		(5,756,509)		831,598		(4,522,150)
<b>\$</b>	<b>96,362,843</b>	<b>\$</b>	<b>100,119,114</b>	<b>\$</b>	<b>79,494,858</b>	<b>\$</b>	<b>79,788,274</b>	<b>\$</b>	<b>84,850,534</b>	<b>\$</b>	<b>84,499,254</b>
\$	171,345,899	\$	171,758,908	\$	181,780,348	\$	190,661,547	\$	197,413,843	\$	192,238,024
	51,729,169		56,148,678		52,868,936		56,292,992		55,331,149		73,167,352
	57,129,115		68,997,416		(130,477,860)		(154,337,971)		(151,577,905)		(357,582,603)
<b>\$</b>	<b>280,204,183</b>	<b>\$</b>	<b>296,905,002</b>	<b>\$</b>	<b>104,171,424</b>	<b>\$</b>	<b>92,616,568</b>	<b>\$</b>	<b>101,167,087</b>	<b>\$</b>	<b>(92,177,227)</b>

# City of Warren, Michigan

	Fiscal Year		
	2009	2010	2011 (1)
<b>Expenses:</b>			
Governmental activities:			
General government	\$ 21,806,236	\$ 20,605,904	\$ 13,406,935
District Court	-	-	6,614,802
Public safety	63,420,416	62,875,335	62,662,439
Public works	26,580,333	25,695,939	25,375,511
Recreation and culture	12,386,834	13,255,263	12,855,869
Community and economic development	6,288,023	7,245,368	6,270,509
Interest on long-term debt	4,911,254	4,814,715	1,268,105
Total governmental activities expenses	<u>135,393,096</u>	<u>134,492,524</u>	<u>128,454,170</u>
Business-type activities:			
Water and Sewer System	33,432,269	33,717,269	32,775,108
Senior citizen housing	1,965,932	1,881,330	1,969,244
Total business-type activities expenses	<u>35,398,201</u>	<u>35,598,599</u>	<u>34,744,352</u>
Total primary government expenses	<u>\$ 170,791,297</u>	<u>\$ 170,091,123</u>	<u>\$ 163,198,522</u>
<b>Program revenues:</b>			
Governmental activities:			
Charges for services	\$ 13,419,382	\$ 15,507,458	\$ 14,493,843
Operating grants and contributions	11,542,918	13,291,132	16,639,068
Capital grants and contributions	1,648,845	845,016	953,777
Total governmental activities program revenue	<u>26,611,145</u>	<u>29,643,606</u>	<u>32,086,688</u>
Business-type activities:			
Water and Sewer System	30,465,234	32,068,323	37,288,058
Senior citizen housing	2,184,011	2,141,694	2,174,696
Total business-type activities program revenue	<u>32,649,245</u>	<u>34,210,017</u>	<u>39,462,754</u>
Total primary government program revenue	<u>\$ 59,260,390</u>	<u>\$ 63,853,623</u>	<u>\$ 71,549,442</u>
Net (expense) revenue:			
Governmental activities	\$ (108,781,951)	\$ (104,848,918)	\$ (96,367,482)
Business-type activities	(2,748,956)	(1,388,582)	4,718,402
Total primary government net expense	<u>\$ (111,530,907)</u>	<u>\$ (106,237,500)</u>	<u>\$ (91,649,080)</u>
<b>General Revenue and Other Changes in Net Position</b>			
Governmental activities:			
Property taxes	\$ 87,572,093	\$ 85,171,772	\$ 71,451,397
State-shared revenue	13,559,035	12,051,133	12,125,928
Franchise fees	1,582,133	1,630,260	1,778,029
Investment earnings	703,476	35,936	153,793
Gain (loss) on sale of capital assets	(115,498)	(263,175)	208,536
Other revenue	-	-	3,162,742
Reduction in long-term debt obligation	-	-	-
Settlement agreements	23,485	(5,975,000)	-
Transfers	(253,092)	(160,868)	-
Total governmental activities	<u>103,071,632</u>	<u>92,490,058</u>	<u>88,880,425</u>
Business-type activities:			
Investment earnings	324,610	28,561	35,221
Gain on sale of capital assets	-	-	-
Other general revenue	-	-	-
Total business-type activities	<u>324,610</u>	<u>28,561</u>	<u>35,221</u>
Total primary government	<u>\$ 103,396,242</u>	<u>\$ 92,518,619</u>	<u>\$ 88,915,646</u>
<b>Changes in Net Position</b>			
Governmental activities	\$ (5,710,319)	\$ (12,358,860)	\$ (7,487,057)
Business-type activities	(2,424,346)	(1,360,021)	4,753,623
Total primary government	<u>\$ (8,134,665)</u>	<u>\$ (13,718,881)</u>	<u>\$ (2,733,434)</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.

# Changes in Net Position

Last Ten Fiscal Years

June 30, 2018

		Fiscal Year						
		2012	2013	2014	2015 (2)	2016	2017	2018
\$	10,187,753	\$ 11,005,229	\$ 12,963,834	\$ 25,310,012	\$ 24,104,939	\$ 11,213,283	16,097,711	
	6,308,210	5,939,804	6,501,550	7,138,274	7,289,471	7,044,306	6,464,165	
	56,710,270	59,683,364	63,792,208	66,512,308	82,746,267	82,752,844	62,391,916	
	24,550,108	24,338,956	27,934,896	31,261,848	29,080,210	36,116,970	26,695,024	
	12,502,460	12,111,420	11,815,426	11,749,078	11,812,918	13,945,510	11,398,091	
	4,851,249	4,254,706	4,331,962	3,750,923	4,292,710	3,588,945	3,966,082	
	1,172,012	1,085,956	937,659	645,177	472,567	386,248	359,449	
	<u>116,282,062</u>	<u>118,419,435</u>	<u>128,277,535</u>	<u>146,367,620</u>	<u>159,799,082</u>	<u>155,048,106</u>	<u>127,372,438</u>	
	33,119,786	34,191,241	34,986,469	58,331,386	40,773,173	39,590,168	31,872,979	
	<u>2,130,362</u>	<u>2,025,103</u>	<u>2,121,185</u>	<u>2,083,881</u>	<u>2,094,997</u>	<u>2,069,939</u>	<u>1,797,443</u>	
	<u>35,250,148</u>	<u>36,216,344</u>	<u>37,107,654</u>	<u>60,415,267</u>	<u>42,868,170</u>	<u>41,660,107</u>	<u>33,670,422</u>	
<b>\$</b>	<b><u>151,532,210</u></b>	<b><u>154,635,779</u></b>	<b><u>165,385,189</u></b>	<b><u>206,782,887</u></b>	<b><u>202,667,252</u></b>	<b><u>196,708,213</u></b>	<b><u>161,042,860</u></b>	
\$	14,646,243	\$ 14,573,858	\$ 16,511,721	\$ 16,317,219	\$ 23,645,696	\$ 22,409,974	\$ 21,808,137	
	15,689,801	15,882,698	16,769,695	17,431,409	17,390,917	15,536,736	19,154,256	
	<u>837,793</u>	<u>700,760</u>	<u>821,463</u>	<u>504,251</u>	<u>844,295</u>	<u>2,190,092</u>	<u>326,759</u>	
	<u>31,173,837</u>	<u>31,157,316</u>	<u>34,102,879</u>	<u>34,252,879</u>	<u>41,880,908</u>	<u>40,136,802</u>	<u>41,289,152</u>	
	38,427,954	40,839,611	38,541,038	55,669,322	40,682,519	44,240,520	47,890,812	
	<u>2,168,354</u>	<u>2,157,649</u>	<u>2,219,578</u>	<u>2,359,466</u>	<u>2,371,020</u>	<u>2,380,731</u>	<u>2,379,554</u>	
	<u>40,596,308</u>	<u>42,997,260</u>	<u>40,760,616</u>	<u>58,028,788</u>	<u>43,053,539</u>	<u>46,621,251</u>	<u>50,270,366</u>	
<b>\$</b>	<b><u>71,770,145</u></b>	<b><u>74,154,576</u></b>	<b><u>74,863,495</u></b>	<b><u>92,281,667</u></b>	<b><u>84,934,447</u></b>	<b><u>86,758,053</u></b>	<b><u>91,559,518</u></b>	
\$	(85,108,225)	\$ (87,262,119)	\$ (94,174,656)	\$ (112,114,741)	\$ (117,918,174)	\$ (114,911,304)	\$ (86,083,286)	
	<u>5,346,160</u>	<u>6,780,916</u>	<u>3,652,962</u>	<u>(2,386,479)</u>	<u>185,369</u>	<u>4,961,144</u>	<u>16,599,944</u>	
<b>\$</b>	<b><u>(79,762,065)</u></b>	<b><u>(80,481,203)</u></b>	<b><u>(90,521,694)</u></b>	<b><u>(114,501,220)</u></b>	<b><u>(117,732,805)</u></b>	<b><u>(109,950,160)</u></b>	<b><u>(69,483,342)</u></b>	
\$	72,437,479	\$ 90,992,186	\$ 89,157,917	\$ 89,085,885	\$ 90,658,051	\$ 87,521,449	\$ 88,206,104	
	11,895,230	12,256,586	12,604,122	15,470,027	12,830,042	28,184,436	18,394,692	
	1,841,166	1,935,470	2,009,117	2,209,191	2,263,382	2,266,273	2,175,819	
	177,108	169,068	151,370	214,871	318,427	427,405	870,709	
	30,051	26,204	19,489	-	-	-	-	
	3,147,656	2,656,638	3,177,189	8,240,399	-	-	37,982	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	-	(90,000)	-	-	-	-	-	
	<u>89,528,690</u>	<u>107,946,152</u>	<u>107,119,204</u>	<u>115,220,373</u>	<u>106,069,902</u>	<u>118,399,563</u>	<u>109,685,306</u>	
	26,887	48,181	65,970	187,828	108,047	101,116	636,200	
	90,904	140,108	37,339	14,466	-	-	-	
	<u>178,457</u>	<u>289,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<u>296,248</u>	<u>477,453</u>	<u>103,309</u>	<u>202,294</u>	<u>108,047</u>	<u>101,116</u>	<u>636,200</u>	
<b>\$</b>	<b><u>89,824,938</u></b>	<b><u>108,423,605</u></b>	<b><u>107,222,513</u></b>	<b><u>115,422,667</u></b>	<b><u>106,177,949</u></b>	<b><u>118,500,679</u></b>	<b><u>110,321,506</u></b>	
\$	4,420,465	\$ 20,684,033	\$ 12,944,548	\$ 3,105,632	\$ (11,848,272)	\$ 3,488,259	\$ 23,602,020	
	<u>5,642,408</u>	<u>7,258,369</u>	<u>3,756,271</u>	<u>(2,184,185)</u>	<u>293,416</u>	<u>5,062,260</u>	<u>17,236,144</u>	
<b>\$</b>	<b><u>10,062,873</u></b>	<b><u>27,942,402</u></b>	<b><u>16,700,819</u></b>	<b><u>921,447</u></b>	<b><u>(11,554,856)</u></b>	<b><u>8,550,519</u></b>	<b><u>40,838,164</u></b>	

## City of Warren, Michigan

	Fiscal Year			
	2009	2010	2011 (a)(1)	2012
General Fund:				
Reserved	\$ 1,377,804	\$ 1,296,151	\$ -	\$ -
Nonspendable	-	-	192,969	308,659
Restricted	-	-	78,199	78,199
Assigned	-	-	22,283,612	18,810,884
Unassigned	-	-	14,850,205	13,103,677
Unreserved	52,819,604	42,206,177	-	-
<b>Total General Fund</b>	<b>\$ 54,197,408</b>	<b>\$ 43,502,328</b>	<b>\$ 37,404,985</b>	<b>\$ 32,301,419</b>
All other governmental funds:				
Reserved	\$ 6,431,502	\$ 4,514,260	\$ -	\$ -
Nonspendable	-	-	28,278	24,182
Restricted	-	-	22,241,525	26,570,626
Committed	-	-	807,521	970,471
Assigned	-	-	5,518,448	5,971,715
Unassigned	-	-	-	(38,029)
Unreserved, reported in:				
Special revenue funds	26,577,183	25,648,764	-	-
Capital projects funds	12,565,096	12,239,796	-	-
Debt service funds	1,462,997	1,230,346	-	-
<b>Total all other governmental funds</b>	<b>\$ 47,036,778</b>	<b>\$ 43,633,166</b>	<b>\$ 28,595,772</b>	<b>\$ 33,498,965</b>
<b>Total of all governmental funds</b>				

(a) In fiscal 2011, the City adopted GASB No. 54, which changed fund balance classifications.

(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.





## City of Warren, Michigan

	Fiscal Year			
	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>
<b>Revenue</b>				
Property taxes	\$ 87,229,169	\$ 84,841,410	\$ 71,241,497	\$ 71,507,381
Special assessments	1,055,385	1,061,672	953,569	844,775
Licenses and permits	1,759,663	1,567,892	1,765,856	2,368,083
Intergovernmental:				
Federal revenue	2,161,955	4,022,414	6,629,367	5,761,605
State-shared revenue and grants	24,005,863	22,503,036	22,627,501	22,507,426
Charges for services	3,476,265	3,546,149	6,571,928	6,127,204
Fines and fees	7,579,592	7,982,727	6,014,963	5,715,141
Interest	995,060	125,984	154,001	170,130
Other	6,959,756	7,752,382	4,269,622	4,214,605
Total revenue	<u>135,222,708</u>	<u>133,403,666</u>	<u>120,228,304</u>	<u>119,216,350</u>
<b>Expenditures</b>				
General government	25,841,058	25,094,958	12,354,513	11,855,175
District court	-	-	6,614,802	6,308,210
Public safety	62,529,660	63,543,704	62,123,437	57,004,462
Public works	28,856,645	25,989,907	23,242,704	23,689,400
Recreation and culture	11,009,604	11,240,440	11,122,496	11,227,817
Community and economic development	4,174,763	5,318,074	6,195,074	4,709,232
Debt service:				
Principal	4,428,168	5,472,959	3,165,918	3,302,755
Interest	4,911,254	4,814,715	1,309,041	1,201,091
Total expenditures	<u>141,751,152</u>	<u>141,474,757</u>	<u>126,127,985</u>	<u>119,298,142</u>
<b>Excess of Revenue Over Expenditures</b>	(6,528,444)	(8,071,091)	(5,899,681)	(81,792)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	4,095,093	3,992,886
Transfers to fiduciary funds	-	-	-	-
Transfers to Water and Sewer System	(253,092)	(160,868)	(3,935,417)	(3,992,886)
Proceeds from sale of property	127,733	49,283	247,852	2,859
Proceeds from issuance of debt	5,305,000	3,040,000	-	-
Payment to refunded bond escrow agent	-	(3,000,000)	-	-
Bond premium (discounts)	(79,575)	18,984	-	-
Settlement agreement	23,485	(5,975,000)	-	-
Total other financing sources (uses)	<u>5,123,551</u>	<u>(6,027,601)</u>	<u>407,528</u>	<u>2,859</u>
<b>Net change in fund balances</b>	(1,404,893)	(14,098,692)	(5,492,153)	(78,933)
<b>Debt service as a percentage of noncapital expenditures (1)</b>	6.78%	7.40%	1.04%	3.89%

(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.

## Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2018

		Fiscal Year					
		2013	2014	2015	2016	2017	2018
\$	90,938,534	\$ 89,360,407	\$ 89,168,842	\$ 90,615,975	\$ 87,521,449	\$ 88,206,104	
	706,457	642,545	542,016	268,564	320,742	\$ 337,461	
	2,691,555	2,700,351	3,253,426	4,265,251	4,018,513	\$ 3,841,077	
	5,372,783	5,986,783	5,611,462	3,681,679	3,913,933	\$ 3,577,958	
	23,016,885	24,793,129	26,163,042	27,103,065	41,747,464	\$ 34,921,047	
	5,474,068	6,046,079	5,652,636	6,213,357	6,503,468	\$ 6,807,317	
	6,066,412	7,229,026	6,909,278	7,326,390	6,392,742	\$ 6,706,617	
	163,641	131,813	177,106	269,262	402,702	\$ 860,007	
	3,983,816	4,461,539	9,750,547	6,927,801	6,392,356	\$ 5,564,304	
	<u>138,414,151</u>	<u>141,351,672</u>	<u>147,228,355</u>	<u>146,671,344</u>	<u>157,213,369</u>	<u>150,821,892</u>	
	10,300,278	11,858,091	16,275,040	16,524,940	16,785,509	\$ 24,627,533	
	6,104,152	6,756,822	7,128,439	7,423,740	7,514,872	\$ 7,802,982	
	59,701,143	59,763,179	64,014,960	68,062,083	69,691,662	\$ 84,110,962	
	26,170,932	28,397,991	36,843,249	33,294,649	35,771,364	\$ 33,345,393	
	10,539,284	10,757,141	11,439,118	11,136,185	12,841,100	\$ 11,500,198	
	4,191,743	4,334,700	3,711,712	4,342,649	3,522,057	\$ 4,019,759	
	3,217,783	3,346,848	3,523,678	2,683,113	2,287,475	\$ 2,345,582	
	1,106,733	975,952	663,414	528,927	395,674	\$ 335,522	
	<u>121,332,048</u>	<u>126,190,724</u>	<u>143,599,610</u>	<u>143,996,286</u>	<u>148,809,713</u>	<u>168,087,931</u>	
	17,082,103	15,160,948	3,628,745	2,675,058	8,403,656	(17,266,039)	
	3,839,724	3,833,755	4,116,088	3,067,228	4,387,854	-	
	-	-	-	-	-	-	
	(3,929,724)	(3,833,755)	(4,116,088)	(3,067,228)	(4,387,854)	-	
	-	763	-	-	-	-	
	1,724,856	13,790,528	3,589,572	-	-	13,236,720	
	-	(13,677,426)	(2,385,000)	-	-	-	
	-	-	11,199	-	-	-	
	-	-	-	-	-	-	
	<u>1,634,856</u>	<u>113,865</u>	<u>1,215,771</u>	<u>-</u>	<u>-</u>	<u>13,236,720</u>	
	18,716,959	15,274,813	4,844,516	2,675,058	8,403,656	(4,029,319)	
	3.78%	3.56%	3.33%	2.45%	1.97%	1.71%	

## City of Warren, Michigan

Valuation Date Dec. 31	Fiscal Year Ended	Real Property					
		Commercial		Industrial		Residential	
		State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value
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
2014	2016	552,421,890	477,195,010	557,876,810	536,764,340	2,000,550,680	1,731,216,405
2015	2017	574,574,110	479,762,650	578,180,810	541,688,250	2,222,026,347	1,764,665,377
2016	2018	605,853,780	499,783,830	602,680,980	550,371,070	2,377,073,450	1,818,118,720

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

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

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

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

# State Equalized and Taxable Value of Taxable Property

**Last Ten Fiscal Years**

**June 30, 2018**

Personal Property		I.F.T. & O.P.R.A. Tax Rolls (1)		Totals		
State		State		State Equalized		Total Direct
Equalized Value	Taxable Value	Equalized Value	Taxable Value	Value	Taxable Value	Tax Rate
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
709,290,551	709,171,093	186,835,509	185,265,499	4,006,975,440	3,639,612,347	27.7637
405,829,168	405,147,626	146,087,053	144,171,073	3,926,697,488	3,335,434,976	27.7703
362,220,969	362,101,897	117,775,742	117,178,112	4,065,604,921	3,347,553,629	27.7659

# City of Warren, Michigan

## City-wide Direct Tax Rate

Year Ended	General (1)	Emergency Medical	Parks & Recreation	Police & Fire Pensions	Police Sanitation	Police Protection	Fire Protection	Local Road	Police & Fire Operating
<u>June 30</u>	<u>Operating</u>	<u>Library</u>	<u>Service</u>	<u>Recreation</u>	<u>Pensions</u>	<u>Sanitation</u>	<u>Protection</u>	<u>Road</u>	<u>Operating</u>
2009	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	-	-
2010	8.7724	0.4873	0.2923	0.9746	2.8248	1.6418	0.9746	-	-
2011	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	-	-
2012	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	2.1000	-
2013	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	2.1000	4.9000
2014	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	2.1000	4.9000
2015	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	2.1000	4.9000
2016	8.7302	1.3308	0.2908	0.9699	4.9848	2.5550	0.9699	2.0899	4.8764
2017	8.7285	1.3305	0.2908	0.9697	4.9848	2.5550	0.9697	2.0961	4.8755
2018	8.7101	1.3276	0.2901	0.9676	4.9848	2.5550	0.9676	2.0955	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	14.3906	32.3906	9.6000	27.5190
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
<b>2009 Total Direct &amp; Overlapping Rate</b>	<b>40.5567</b>	<b>58.5567</b>	<b>40.8473</b>	<b>58.8473</b>	<b>36.0567</b>	<b>53.9757</b>
School District Rate	14.1000	32.1000	14.8406	32.8406	11.5000	29.5000
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
<b>2010 Total Direct &amp; Overlapping Rate</b>	<b>40.9247</b>	<b>58.9247</b>	<b>41.6653</b>	<b>59.6653</b>	<b>38.3247</b>	<b>56.3247</b>
School District Rate	14.1000	32.1000	14.9906	32.9906	12.0000	30.0000
Combined City & County Rate	25.7704	27.6747	27.6747	27.6747	27.6747	27.6747
<b>2011 Total Direct &amp; Overlapping Rate</b>	<b>39.8704</b>	<b>59.7747</b>	<b>42.6653</b>	<b>60.6653</b>	<b>39.6747</b>	<b>57.6747</b>
School District Rate	14.1000	32.1000	16.6080	34.6080	16.6080	34.6080
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2012 Total Direct &amp; Overlapping Rate</b>	<b>40.4167</b>	<b>58.4167</b>	<b>42.9247</b>	<b>60.9247</b>	<b>42.9247</b>	<b>60.9247</b>
School District Rate	15.6000	33.6000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
<b>2013 Total Direct &amp; Overlapping Rate</b>	<b>53.6979</b>	<b>71.6979</b>	<b>51.0979</b>	<b>69.0979</b>	<b>51.0979</b>	<b>69.0979</b>
School District Rate	16.4600	34.4600	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
<b>2014 Total Direct &amp; Overlapping Rate</b>	<b>54.5179</b>	<b>72.5179</b>	<b>51.0579</b>	<b>69.0579</b>	<b>51.0579</b>	<b>69.0579</b>
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
<b>2015 Total Direct &amp; Overlapping Rate</b>	<b>55.0329</b>	<b>73.0329</b>	<b>53.6929</b>	<b>71.6929</b>	<b>51.4629</b>	<b>69.4629</b>
School District Rate	16.4553	34.4525	17.8000	35.8000	13.0000	31.0000
Combined City & County Rate	38.3689	38.3689	38.3689	38.3689	38.3689	38.3689
<b>2016 Total Direct &amp; Overlapping Rate</b>	<b>54.8242</b>	<b>72.8214</b>	<b>56.1689</b>	<b>74.1689</b>	<b>51.3689</b>	<b>69.3689</b>
School District Rate	14.2604	32.2010	16.7500	34.7500	13.0000	30.8992
Combined City & County Rate	38.2395	38.2395	38.2395	38.2395	38.2395	38.2395
<b>2017 Total Direct &amp; Overlapping Rate</b>	<b>52.4999</b>	<b>70.4405</b>	<b>54.9895</b>	<b>72.9895</b>	<b>51.2395</b>	<b>69.1387</b>
School District Rate	15.0604	33.0010	16.7500	34.7500	13.0000	30.6946
Combined City & County Rate	38.1824	38.1824	38.1824	38.1824	38.1824	38.1824
<b>2018 Total Direct &amp; Overlapping Rate</b>	<b>53.2428</b>	<b>71.1834</b>	<b>54.9324</b>	<b>72.9324</b>	<b>51.1824</b>	<b>68.8770</b>

# Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

June 30, 2018

Total City-wide Direct Tax Rate	County-wide Overlapping Tax Rate							Total County-wide Overlapping Tax Rate
	Art Ins 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	0.3546	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
27.7676	0.2000	2.9430	1.5302	0.3546	1.0000	4.5685	0.0050	10.6013
27.7703	0.1994	2.9355	1.4212	0.3541	0.9974	4.5566	0.0050	10.4692
27.7659	0.1979	2.9146	1.4034	0.3811	0.9903	4.5242	0.0050	10.4165

	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	16.6028	25.6000	11.1000	29.1000	14.4152	27.1464
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
<b>2009 Total Direct &amp; Overlapping Rate</b>	<b>43.0595</b>	<b>52.0567</b>	<b>37.5567</b>	<b>55.5567</b>	<b>40.8719</b>	<b>53.6031</b>
School District Rate	17.9406	25.6000	11.5000	29.5000	14.9278	27.1464
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
<b>2010 Total Direct &amp; Overlapping Rate</b>	<b>44.7653</b>	<b>52.4247</b>	<b>38.3247</b>	<b>56.3247</b>	<b>41.7525</b>	<b>53.9711</b>
School District Rate	20.4645	25.8000	12.4600	30.4600	16.2590	27.4364
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
<b>2011 Total Direct &amp; Overlapping Rate</b>	<b>48.1392</b>	<b>53.4747</b>	<b>40.1347</b>	<b>58.1347</b>	<b>43.9337</b>	<b>55.1111</b>
School District Rate	24.3838	29.5080	16.5080	34.5080	20.4501	31.0444
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
<b>2012 Total Direct &amp; Overlapping Rate</b>	<b>50.7005</b>	<b>55.8247</b>	<b>42.8247</b>	<b>60.8247</b>	<b>46.7668</b>	<b>57.3611</b>
School District Rate	25.3354	26.8000	13.6000	31.6000	17.3624	27.8600
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
<b>2013 Total Direct &amp; Overlapping Rate</b>	<b>63.4333</b>	<b>64.8979</b>	<b>51.6979</b>	<b>69.6979</b>	<b>55.4603</b>	<b>65.9579</b>
School District Rate	25.5854	27.0500	13.9600	31.9600	17.3829	27.9200
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
<b>2014 Total Direct &amp; Overlapping Rate</b>	<b>63.6433</b>	<b>65.1079</b>	<b>52.0179</b>	<b>70.0179</b>	<b>55.4408</b>	<b>65.9779</b>
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
<b>2015 Total Direct &amp; Overlapping Rate</b>	<b>64.0483</b>	<b>65.5129</b>	<b>51.7829</b>	<b>69.7829</b>	<b>55.2232</b>	<b>66.0629</b>
School District Rate	24.8500	26.7500	13.0200	31.0200	16.6966	27.9200
Combined City & County Rate	38.3689	38.3689	38.3689	38.3689	38.3689	38.3689
<b>2016 Total Direct &amp; Overlapping Rate</b>	<b>63.2189</b>	<b>65.1189</b>	<b>51.3889</b>	<b>69.3889</b>	<b>55.0655</b>	<b>66.2889</b>
School District Rate	25.0354	26.4856	12.6400	30.5104	17.6614	28.6882
Combined City & County Rate	38.2395	38.2395	38.2395	38.2395	38.2395	38.2395
<b>2017 Total Direct &amp; Overlapping Rate</b>	<b>63.2749</b>	<b>64.7251</b>	<b>50.8795</b>	<b>68.7499</b>	<b>55.9009</b>	<b>66.9277</b>
School District Rate	25.0354	26.2894	12.6400	30.4246	17.2891	28.5287
Combined City & County Rate	38.1824	38.1824	38.1824	38.1824	38.1824	38.1824
<b>2018 Total Direct &amp; Overlapping Rate</b>	<b>63.2178</b>	<b>64.4718</b>	<b>50.8224</b>	<b>68.6070</b>	<b>55.4715</b>	<b>66.7111</b>

Principal Property Taxpayers

Current and Ten Years Ago  
June 30, 2018

	Fiscal Year Ended June 30, 2018			Fiscal Year Ended June 30, 2008		
	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	\$ 325,015,684	1	9.71%	\$ 648,444,367	1	12.37%
Chrysler - FCA US LLC	54,679,378	2	1.63%	298,676,738	2	5.70%
DTE Electric Co	42,173,102	3	1.26%	46,510,340	3	0.89%
International Transmission Co	27,647,386	4	0.83%	24,087,753	5	0.46%
Consumers Energy	17,243,118	5	0.52%			
LCN AVF Warren LLC	14,443,940	6	0.43%			
Noble 12B LLC	12,605,880	7	0.38%			
VJL Real Estate LLC / Lipari Foods	7,091,470	8	0.21%	11,129,957	9	0.21%
Hoover Eleven Holding LLC	6,745,930	9	0.20%			
Stag Industrial Holding LLC	6,401,640	10	0.19%			
Art Van Furniture				27,875,331	4	0.53%
Iroquois Industries				16,589,847	6	0.32%
Wico Metal Products				15,966,188	7	0.30%
Meijer, Inc				11,402,061	8	0.22%
Flex N Gate				10,114,097	10	0.19%
Ten largest taxpayers	514,047,528		15.36%	1,110,796,679		21.19%
Other taxpayers	2,833,506,101		84.64%	4,131,908,064		78.81%
Total taxable value	<b>\$ 3,347,553,629</b>		<b>100.00%</b>	<b>\$ 5,242,704,743</b>		<b>100.00%</b>

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

## City of Warren, Michigan

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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			
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
2015	2016	97,106,184	(3,605,871)	(430,759)	93,069,554	95.84%	3,605,871
2016	2017	90,105,364	(3,524,101)	(430,770)	86,150,493	95.61%	3,524,101
2017	2018	91,129,798	(3,313,648)	(407,947)	87,408,203	95.92%	3,313,648

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



## Property Tax Levies and Collections

**Last Ten Fiscal Years**

**June 30, 2018**

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, 2018	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off				
25,928	82,452,461	99.44%	50,127	-	71,041	82,899,935	99.91%	
37,409	79,746,520	99.26%	(5,566)	(29)	73,161	80,263,153	99.91%	
14,508	74,081,430	99.43%	(21,964)	-	63,370	74,418,240	99.91%	
20,823	74,728,803	99.42%	(27,263)	-	91,143	75,046,483	99.88%	
24,508	94,691,113	99.32%	(1,514)	-	107,687	95,227,243	99.89%	
-	92,291,762	99.44%	28,590	-	160,757	92,677,588	99.83%	
-	94,547,034	99.57%	81,987	-	137,754	94,900,728	99.86%	
-	96,675,425	99.56%	380,237	-	155,017	97,331,404	99.84%	
-	89,674,594	99.52%	11,467	-	262,711	89,854,120	99.71%	
-	90,721,851	99.55%	-	-	412,496	90,717,302	99.55%	

Governmental Activities - General Bonded Debt

	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	Capital Improvement Bonds	Building Authority Bonds	Bonds	Bonds
2009	-	344,275	-	-	15,082,395	-	-
2010	-	253,067	-	-	13,685,000	-	-
2011	-	156,304	-	-	12,695,000	-	-
2012	1,576,024	53,649	-	-	11,655,000	-	-
2013	1,325,870	-	-	-	10,565,000	-	-
2014	2,242,808	-	-	8,920,000	605,000	-	-
2015	1,743,291	-	-	8,321,373	-	-	-
2016	1,250,280	-	-	7,696,693	-	-	-
2017	748,683	-	-	7,057,013	-	-	-
2018	238,345	-	-	6,377,333	-	-	-

	Other Governmental Activities Debt			Total Net Governmental Activities Debt	Business-type Activities		
	Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds		Installment Purchase Agreements	Senior Citizen Housing	Water and Sewer System
2009	17,743,666	3,248,801	(1,361,600)	35,057,537	-	6,555,000	42,605
2010	16,241,714	2,729,834	(1,128,750)	31,780,865	-	5,930,000	-
2011	14,609,763	2,185,867	(890,625)	28,756,309	-	5,310,000	-
2012	12,890,975	1,641,900	(659,500)	27,158,048	-	4,700,000	-
2013	11,607,186	1,097,933	(435,375)	24,160,614	8,021,303	3,975,000	-
2014	10,261,561	553,966	(218,713)	22,364,622	7,449,787	3,550,000	-
2015	8,761,647	315,193	(13)	19,141,492	7,219,997	3,095,000	-
2016	7,232,687	280,864	-	16,460,525	6,760,330	2,587,300	-
2017	6,126,553	245,834	-	14,178,083	6,371,223	2,081,244	-
2018	18,247,334	210,166	-	25,073,178	5,918,686	1,710,188	-

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 revenues 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 2009 - 2018
- (2) 2000 and 2010 U.S. Census Bureau

# Ratios of General Bonded Debt Outstanding

**Last Ten Fiscal Years**

**June 30, 2018**

## 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
-	-	15,426,670	5,238,729,965	0.29%	134,402	114.78
-	-	13,938,067	5,109,400,749	0.27%	132,079	105.53
-	-	12,851,304	4,451,148,726	0.29%	134,056	95.87
-	-	13,284,673	4,026,777,217	0.33%	133,764	99.31
-	-	11,890,870	3,591,218,481	0.33%	133,466	89.09
-	-	11,767,808	3,506,010,944	0.34%	134,424	87.54
-	-	10,064,665	3,546,856,733	0.28%	134,805	74.66
-	-	8,946,974	3,639,612,347	0.25%	134,850	66.35
-	-	7,805,696	3,335,434,976	0.23%	135,121	57.77
-	-	6,615,678	3,347,553,629	0.20%	135,031	48.99

### Business-type Activities

### Total Primary Government

Water and Sewer Revenue Bonds	Total Business-type Activities Debt	Total Net Primary Government Debt	Percentage of Total Per Capita Income	Per Capita
52,394,624	58,992,229	94,049,766	21,407	699.76
50,172,529	56,102,529	87,883,394	21,407	665.39
58,000,605	63,310,605	92,066,914	19,376	686.78
63,634,006	68,334,006	95,492,054	19,376	713.88
66,721,971	78,718,274	102,878,888	19,376	770.82
81,786,384	92,786,171	115,150,793	19,376	856.62
75,740,167	86,055,164	105,196,656	19,376	780.36
71,083,334	80,430,964	96,891,489	19,376	718.51
120,031,529	128,483,996	142,662,079	19,376	1,055.81
113,098,488	120,727,362	145,800,540	19,376	1,079.76

**City of Warren, Michigan**

**Direct and Overlapping Governmental Activities Debt**

**June 30, 2018**

**Net Direct Debt**

Capital Improvement Bonds			
Refunding Series 2014	Warren Community Center	\$ 6,380,000	\$ 6,380,000

Downtown Development Authority:			
Series 2013	City Center development	11,325,000	
Series 2014	City Center development	26,335,000	
Series 2015	City Center development	<u>11,895,000</u>	49,555,000

Road Construction Bonds:			
Series 2003 Michigan Transportation Bonds	Road improvements	-	
Series 2013A Capital Improvement Bonds	Road improvements	3,264,978	
Series 2015 Capital Improvement Bonds	Road improvements	1,753,860	
Series 2018 Michigan Transportation Bonds	Road improvements	<u>13,100,000</u>	18,118,838

Special Assessment Bonds:			
Series 2015	Sidewalk replacement program	211,140	
Less amounts available in debt service funds		<u>-</u>	211,140

Less:			
Road Construction Bonds		(18,118,838)	
Special Assessment Bonds		<u>(211,140)</u>	<u>(18,329,978)</u>

**Net direct debt to be repaid with property taxes** **55,935,000**

**Overlapping Debt**

Macomb County:			
County at large	12.29%	303,148,552	37,256,957
Macomb Community College		-	-
Local School Districts:			
Center Line	66.27%	30,155,000	19,983,719
East Detroit	20.68%	18,543,036	3,834,700
Fitzgerald	100.00%	14,130,000	14,130,000
Van Dyke	97.70%	52,993,281	51,774,436
Warren Consolidated	48.03%	184,830,000	88,773,849
Warren Woods	100.00%	42,980,000	<u>42,980,000</u>

**Total Overlapping Debt** **258,733,661**

**Net direct debt outstanding and overlapping debt** **\$314,668,661**

Source: Municipal Advisory Council of Michigan

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Assessed value	<b>\$ 3,537,933,048</b>	<b>\$ 3,689,472,137</b>	<b>\$ 4,006,975,440</b>	<b>\$ 3,926,697,488</b>	<b>\$ 4,065,604,921</b>
Debt limit (10% of assessed value)	\$ 353,793,305	\$ 368,947,214	\$ 400,697,544	\$ 392,669,749	\$ 406,560,492
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<b>\$ 353,793,305</b>	<b>\$ 368,947,214</b>	<b>\$ 400,697,544</b>	<b>\$ 392,669,749</b>	<b>\$ 406,560,492</b>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Section 8.11 of the Warren City Charter limits the net bonded indebtedness incurred for all public purposes to ten 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.

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	
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
2016	1,498,223	777,352	720,871	540,000	46,907	586,907	1.23
2017	1,498,162	719,815	778,347	500,000	45,302	545,302	1.43
2018	1,497,378	769,423	727,955	365,000	37,102	402,102	1.81

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

Road Construction Bonds

Fiscal Year	Prior Fiscal Year Gas and Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
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
2016	8,715,645	4,357,823	975,000	75,438	1,050,438	4.15	776,962
2017	9,182,610	4,591,305	500,000	40,500	540,500	8.49	764,614
2018	10,557,447	5,278,724	500,000	20,500	520,500	10.14	758,782

(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 2013A and Series 2015 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 \$758,782 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2018 and is reflected in the schedule above.

## Pledged-Revenue Coverage

June 30, 2018

Fiscal Year	Special Assessment Bonds (3)							Coverage
	S/A		Transferred to Debt Funds	Debt Service				
	Collections (4)	Interest		Principal	Interest	Total		
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	
2016	47,490	-	47,490	34,397	13,093	47,490	1.00	
2017	40,750	-	40,750	35,190	5,560	40,750	1.00	
2018	40,046	-	40,046	35,190	4,856	40,046	1.00	

(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.

Fiscal Year	Water and Sewer System (6)						Coverage
	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			
				Principal	Interest	Total	
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
2016	40,682,518	32,628,030	8,054,488	4,954,565	2,699,346	7,653,911	1.05
2017	44,240,519	29,905,967	14,334,552	5,058,230	2,668,644	7,726,874	1.86
2018	47,890,814	38,735,073	9,155,741	7,202,293	3,821,133	11,023,426	0.83

(6) Fiscal years 2009 through 2013 end December 31. Fiscal year 2015 year ends June 30 and is for 18 months.

Demographic and Economic Statistics

Last Ten Fiscal Years  
June 30, 2018

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of Warren	Macomb County	State of Michigan
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%
2016	134,850	53,492	19,376	2,612,853,600	6.80%	5.60%	4.90%
2017	135,121	52,164	19,376	2,618,104,496	4.30%	3.60%	4.00%
2018	135,031	53,543	19,376	2,616,360,656	4.90%	4.10%	4.30%

Sources:

- (1) Southeast Michigan Council of Governments - est population through July 2017 for FY 2017
- (2) 2000 and 2010 U.S. Census Bureau
- (3) Michigan Department of Technology, Management & Budget  
- Not Seasonally Adjusted.



Principal Employers

Current Fiscal and Six Years Ago  
June 30, 2018

		Year Ended June 30, 2018			Year Ended June 30, 2012		
		Percentage			Percentage		
		Employees	of Total	Rank	Employees	of Total	Rank
General Motors Corporation	Automotive	23,000	(1)	1	18,535	(1)	1
Government of The United States	Government	8,400	(1)	2	9,621	(1)	2
FIAT - Chrysler Corp.	Automotive	5,243	(1)	3	5,950	(1)	3
Ascension Health	Health care	3,210	(1)	4	2,771	(1)	4
Dana Corp	Automotive	875		5	-		
Asset Acceptance Financial	Financial services	-			1,125		5
Total		<b>40,728</b>			<b>38,002</b>		

Source: Dun & Bradstreet and City of Warren Mayor's Office  
(1) Unavailable

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (1)
<b>General government:</b>										
<u>37th District Court</u>										
Small claims	995	587	635	566	657	597	574	487	609	700
Landlord & tenant	4,596	4,554	4,921	4,910	5,333	4,136	4,804	4,610	4,617	5,000
Parking tickets	1,083	1,019	1,116	1,272	1,496	1,868	1,538	1,670	1,518	1,575
Traffic misdemeanor & civil	46,623	36,879	35,250	37,454	49,446	46,529	46,337	45,944	39,965	50,000
Non-traffic felony	2,544	2,284	1,869	2,069	2,358	2,252	2,251	1,944	2,018	2,400
Non-traffic misdemeanor	2,355	2,126	1,653	1,779	1,886	1,772	1,686	1,846	1,563	1,900
Traffic OUIL/OWI	656	367	202	284	354	298	644	236	198	400
General civil	6,098	5,345	5,151	5,633	4,812	4,164	4,581	4,795	5,792	6,500
Probation - Active cases	1,078	1,078	876	752	892	892	1,121	853	821	900
Pre-sentence investigations	803	803	460	460	429	429	406	319	334	400
<u>City Clerk</u>										
Business licenses	853	837	837	765	771	660	616	570	720	900
Public hearings	99	47	70	53	75	49	47	39	19	60
Changes in voter registrations	62,213	60,433	44,367	56,137	41,389	40,559	41,182	65,295	39,333	60,000
Dog licenses issued	5,502	5,409	4,983	4,662	4,945	4,831	4,597	4,569	6,489	7,500
Garage sale permits	2,707	4,756	1,499	1,466	1,429	1,285	996	1,124	940	2,500
Death certificates	1,880	1,864	1,935	1,856	1,806	1,523	1,571	1,721	1,575	3,000
Birth certificates	1,344	1,254	1,201	1,188	1,183	902	754	797	633	1,500
Lawsuits issued	19	33	38	30	35	27	35	27	16	50
Contracts signed, catalogued	61	54	51	68	83	100	87	121	88	200
Internet requests processed	2,670	5,200	4,600	4,972	4,232	6,750	6,100	6,050	4,020	6,200
<u>Treasurer</u>										
Tax bills processed:										
Manually	146,916	120,351	88,321	85,454	94,499	96,021	82,777	84,829	78,402	79,000
CD-ROM	59,118	55,934	56,141	54,865	45,056	48,550	51,380	51,904	51,853	52,600
Checks processed	51,669	52,009	51,761	46,736	40,082	42,457	43,397	41,903	38,881	41,700
Water bills processed	522,862	501,584	424,085	372,981	351,898	427,242	340,536	342,794	323,072	325,500
Status changes	744	720	600	481	720	708	696	732	751	750
Personal property	4,140	3,929	4,586	4,183	4,242	3,950	2,664	2,849	2,615	2,700
Delinquent tax accounts	1,533	1,318	2,057	2,561	40	40	40	-	-	-
<u>Assessing</u>										
Personal property audits	70	70	70	86	45	55	75	93	106	100
Small claim MTT appeals	150	150	756	789	59	54	32	34	29	30
Full tax tribunal appeals	120	120	528	596	227	155	120	37	38	40
Board of Review appeals	2,000	2,000	1,500	1,200	735	920	819	753	721	750
Principal residence exemption	5,500	5,500	1,802	3,923	5,774	6,950	3,750	4,091	4,231	5,000
Deeds and transfer affidavits	6,700	6,700	9,038	11,255	9,817	11,066	8,091	7,368	7,381	8,500
Special assessment rolls	30	30	30	30	30	30	30	30	30	30
Review / appraise										
taxable properties	59,500	59,500	60,768	60,300	63,104	63,559	63,625	59,279	59,820	59,820
Verify sales & transfers										
of sold properties	5,800	5,800	3,500	3,500	1,403	1,633	2,470	7,368	7,358	7,500
Inspect and appraise										
building permit activity	2,450	11,400	11,243	11,000	13,210	13,198	13,274	11,310	9,350	10,500

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

(1) Fiscal year 2018 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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (1)
<b>Recreation and Culture:</b>										
<u>Library</u>										
Annual attendance	371,751	337,207	326,386	342,297	366,929	347,214	339,789	409,595	274,235	305,552
Circulation:										
Annual total	594,626	567,845	1,102,600	855,235	577,403	568,805	482,397	412,723	404,300	361,072
Children's material	264,351	248,118	257,402	279,921	253,018	239,449	256,746	176,454	142,222	144,984
Reference requests	78,049	70,664	47,290	47,285	49,875	53,776	43,304	36,989	34,943	39,456
Registered borrowers	61,284	51,507	57,145	53,754	59,909	62,475	53,988	56,501	54,616	55,000
Materials:										
Loaned to other libraries	74,957	76,629	64,433	74,359	74,391	70,602	63,062	57,354	52,237	55,840
Received from other libraries	59,173	86,258	40,381	52,593	52,630	49,408	38,869	36,237	35,253	36,744
Added to collection	25,741	24,616	35,868	56,914	37,576	46,225	39,956	22,695	18,496	22,708
Deleted from collection	16,389	14,976	13,324	23,165	10,984	18,741	24,740	30,098	19,615	5,756
Home Page hits	302,691	301,945	260,661	331,023	361,112	357,531	333,915	291,638	231,977	340,572
<u>Recreation</u>										
Pavilion rentals	418	482	460	460	484	424	424	467	518	520
Bus transportation	25,390	27,750	23,613	18,510	14,227	15,309	15,309	14,565	14,376	14,690
Adult & youth sports:										
Registrants	6,700	7,200	7,000	7,000	7,000	4,436	4,436	4,401	4,470	4,470
Participants	106,000	106,500	106,500	106,500	106,500	107,000	107,000	107,250	107,500	107,500
Senior programs	85,000	90,000	85,000	85,000	85,000	86,000	86,000	86,125	86,200	86,200
Senior sports programs	22,400	22,400	23,000	23,000	23,000	23,000	23,000	23,000	22,750	23,000
Trees removed	500	325	345	345	250	-	-	-	-	-
Trees trimmed	1,000	800	1,000	1,000	2,000	-	-	-	-	-
Pool attendance	302,000	350,000	380,000	380,000	380,000	350,000	350,000	386,500	360,000	400,000
Yearly pass registrations	4,500	4,500	4,100	3,975	3,463	4,142	4,142	4,280	4,129	4,500
<b>Sanitation:</b>										
Collections points (per week)	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Curbside collection (tons):										
Refuse land filled	45,082	43,541	44,104	45,391	47,315	45,207	63,236	59,773	52,888	52,000
Curbside recycling	4,646	4,562	5,716	5,169	5,847	4,816	4,661	4,635	4,555	5,000
Curbside compost	15,228	15,252	13,123	13,245	9,029	12,684	3,048	965	9,100	9,200
Drop-off center:										
Car batteries (each)	459	585	142	256	162	138	255	221	343	350
Non-ferrous metal (tons)	2	7	9	3	3	1	2	2	17	20
Concrete (tons)	245	377	247	283	195	208	261	299	299	325
Motor oil (gallons)	10,000	10,800	9,300	8,950	8,460	6,145	7,120	5,650	8,790	8,800
Collected / dropped off (tons):										
Cardboard	98	85	68	80	67	58	67	68	73	75
White goods / scrap metal	177	167	140	101	80	82	134	165	181	185

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

(1) Fiscal year 2018 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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (1)
<b>Public Safety:</b>										
<u>Fire Department</u>										
Incident responses	12,894	13,440	14,717	14,974	15,500	16,547	16,718	17,818	18,343	19,000
Equipment responses	17,531	29,545	34,041	29,674	29,276	30,530	31,520	33,524	32,827	35,000
Fire training (hours)	56,403	16,426	4,400	3,139	6,480	3,062	2,000	2,340	2,880	4,000
Medical training (hours)	2,291	3,100	1,983	808	6,480	4,401	3,474	3,120	5,760	6,000
<u>Police Department</u>										
Calls for police service	78,255	75,781	90,125	88,184	95,000	95,000	95,000	95,000	95,000	95,000
Part A crimes	4,397	4,245	4,322	4,065	3,764	3,550	3,470	3,800	9,257	8,800
Burglary incidents	881	985	1,096	1,015	887	750	715	910	823	750
Auto theft incidents	958	726	805	728	582	590	530	632	560	450
Narcotic and drug incidents	2,478	1,660	955	1,093	1,455	1,575	1,165	1,450	1,725	1,700
Liquor license investigations	11,600	6,601	5,435	6,386	6,455	6,200	5,980	6,326	191	190
Traffic citations	25,146	18,283	17,872	18,419	20,678	20,500	24,155	40,000	17,279	19,000
OUIL charges	490	400	305	294	300	355	330	325	200	220
Traffic accidents	3,389	3,551	3,647	3,295	3,820	4,320	3,980	4,300	4,155	4,200
Juveniles charged	169	161	221	346	244	205	200	180	200	180
Total arrests	6,496	6,081	5,055	5,708	6,556	6,200	5,440	5,500	4,973	5,000
Abandoned autos processed	5,200	967	1,020	1,061	1,100	1,100	240	500	500	550
Guns registered	2,373	2,296	2,705	7,329	6,922	6,300	3,370	7,800	4,661	5,000
<u>Animal Control</u>										
Calls for service	2,916	3,000	3,000	3,000	2,850	3,500	8,860	9,951	9,951	8,800
Stray animals picked up	1,386	1,270	1,340	1,600	1,450	-	890	1,621	1,621	1,600
Wild animals secured	472	400	435	60	75	-	-	-	-	-
Dead animals handled	346	900	900	1,000	1,000	-	350	60	60	150
Animals given up by owners	798	325	325	325	377	-	60	88	88	100
<u>Civil Defense</u>										
Disaster/emergency incidents	10	6	9	7	5	6	12	10	10	12
Functional / full-scale exercise	-	1	1	2	3	3	3	4	4	5
<b>City Development:</b>										
<u>Engineering</u>										
Service requests processed	768	538	811	695	838	877	1,355	836	894	720
Planning reviews	55	77	79	79	79	66	100	125	129	170
Site plan reviews	113	83	119	129	258	426	386	386	367	450
Projects inspected	71	81	72	61	225	258	121	131	117	160
Sidewalk inspections / repairs	3,185	1,517	1,553	933	806	501	254	193	687	425
<u>Property Maintenance Inspection</u>										
Weed enforcement	2,485	4,436	4,568	3,810	4,012	4,045	5,508	2,752	5,071	8,000
Complaints investigated	6,422	5,928	6,068	4,285	4,387	4,022	4,373	5,071	2,446	4,000
Complaints in tracking system	21,220	21,200	23,526	21,500	18,300	21,016	30,637	17,946	26,153	28,000
Vacant/foreclosed clean-ups	650	598	619	632	676	524	1,332	1,408	1,234	1,500
<u>Building Inspections</u>										
Certificates of Occupancy	283	288	266	470	767	420	327	500	252	410
Building permits	2,162	2,412	1,880	1,804	1,918	2,053	2,160	2,100	2,820	2,500
Plumbing permits	1,103	1,248	1,348	1,351	1,351	1,152	1,054	1,200	4,133	2,400
Electrical permits	2,862	3,179	3,133	3,626	3,798	3,402	3,161	3,400	6,807	4,200
Mechanical permits	1,447	1,828	1,797	2,240	3,127	2,095	2,107	2,200	3,331	2,300
Miscellaneous permits	701	701	840	786	830	944	634	800	761	815
Building inspections	12,511	13,119	15,004	13,666	14,427	15,296	11,134	14,000	8,518	11,500
Plumbing inspections	7,262	8,104	7,777	9,136	10,421	10,529	9,814	9,000	7,135	8,000
Electrical inspections	12,636	12,269	11,869	12,676	14,206	14,276	13,727	12,500	9,128	9,500
Mechanical inspections	7,774	8,126	8,391	9,861	10,879	10,004	10,041	9,800	6,265	8,000
Zoning inspections	8,679	8,453	6,236	5,575	6,511	6,320	926	900	8,293	8,000
Plan reviews	2,160	2,467	2,319	2,304	2,048	2,165	716	800	881	850

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015 (2)	2016	2017	2018 (1)
<b>Senior Citizens Housing:</b>										
<u>Stilwell Manor</u>										
Carpet replacements	19	12	23	15	15	22	12	23	25	34
Linoleum replacements	10	9	14	7	7	10	7	14	12	10
Stove replacements	15	8	12	15	15	6	4	6	5	4
Apartments painted	25	18	26	20	20	23	21	18	25	31
Air conditioner replacements	10	8	12	10	10	10	8	7	12	10
Maintenance work orders	530	545	642	575	575	450	375	275	325	450
<u>Jos. Coach Manor</u>										
Carpet replacements	36	25	40	27	27	35	26	50	40	61
Linoleum replacements	13	25	20	14	14	17	12	16	20	25
Hot water tank replacements	6	6	10	53	53	70	-	-	-	-
Apartments painted	42	31	65	34	34	63	28	850	45	72
Countertop replacements	18	17	20	18	18	16	18	18	14	20
Maintenance work orders	1,300	1,295	1,188	955	955	760	936	850	755	1,000
<b>Water and Sewer System (2)</b>										
<u>Water Department:</u>										
Water utility accounts	50,205	50,226	50,137	50,025	49,171	49,137	49,639	49,076	49,685	49,685
Sewer utility accounts	49,110	49,089	49,068	49,269	48,650	48,588	49,089	48,618	48,899	48,899
Second meter accounts	506	555	585	628	680	684	712	744	799	799
Water sold (thousand cu. ft.)	759,993	713,369	734,852	692,951	699,581	656,511	914,804	648,699	622,872	622,872
Water purchased	851,937	794,608	805,598	769,815	784,929	744,182	1,081,125	670,703	669,744	669,744
Broken water main repairs	186	214	202	212	184	271	393	101	177	177
Sewer jetting (in footage)	14,167	232,072	117,473	249,000	273,816	343,647	454,716	753,000	674,656	674,656
<u>Waste Water Treatment Plant:</u>										
Sewage treated	8.4	8.3	6.8	10.8	7.4	8.2	11.7	7.6	7.8	8.2
Sludge solids removed	29.8	29.7	26.7	28.4	31.1	29.9	42.3	27.5	30.0	32.0
Power consumption	26.8	14.9	13.4	15.8	14.1	12.7	19.1	12.2	12.0	12.0
Natural gas for incinerator	82	88	81	90	102	94	130	61	85	75
Laboratory samples taken	6,308	6,499	5,609	5,694	6,694	5,963	8,886	8,031	6,800	7,900
Analytical lab tests run	45,680	38,140	35,977	33,718	38,044	35,577	54,944	36,975	36,750	35,000
Dye tests performed to locate	50	20	20	25	13	12	8	4	10	10
Storm water samples collected	50	315	350	240	396	296	245	119	245	220
Illicit discharges identified	46	3	4	5	4	6	3	2	3	3
Illicit discharges removed	7	4	5	9	2	6	3	2	3	3

Value of New Construction

Last Ten Fiscal Years

June 30, 2018

<u>Fiscal Year</u>	<u>Residential One Family</u>	<u>Residential Multiple Family</u>	<u>Commercial Development</u>	<u>Industrial Development</u>	<u>Total (1)</u>
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
2016	4,681,895	3,340,000	4,068,500	-	12,090,395
2017	1,055,800	4,621,500	56,015,270	-	61,692,570
2018	900,000	3,742,000	7,822,000	-	12,464,000

(1) Estimated Cost of Construction

Source:

City of Warren Building Department

Full-Time Equivalent Government Employees

Last Ten Fiscal Years

June 30, 2018

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Government:</u>										
Council	13	13	12	10	10	10	11	11	11	11
37th District Court	49	49	49	46	46	46	46	49	49	49
Mayor	7	7	6	6	6	6	6	6	6	6
Clerk	9	9	9	8	7	7	8	7	7	7
Treasurer	12	11	10	10	9	9	9	9	9	9
Controller	19	18	14	13	10	10	10	10	11	12
Information Systems	3	3	3	3	4	4	4	4	4	4
Legal	11	11	11	10	10	10	10	10	10	10
Assessing	12	12	11	11	11	11	11	12	12	12
Labor Relations	2	2	-	-	-	-	-	-	-	-
Personnel	6	6	-	-	-	-	-	-	-	-
Human Resources	-	-	9	9	9	9	9	9	9	9
D.P.W. Garage	8	7	7	7	7	8	8	14	14	14
Building Maintenance	15	9	9	8	8	8	8	17	17	17
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
City Retirement	-	-	-	-	-	2	2	2	2	2
	<u>168</u>	<u>159</u>	<u>152</u>	<u>143</u>	<u>139</u>	<u>142</u>	<u>144</u>	<u>162</u>	<u>163</u>	<u>164</u>
<u>Public Safety:</u>										
Fire Department	147	121	126	120	114	132	132	132	132	132
Police Department	275	270	256	239	233	233	235	235	239	239
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>425</u>	<u>394</u>	<u>385</u>	<u>362</u>	<u>350</u>	<u>368</u>	<u>370</u>	<u>370</u>	<u>374</u>	<u>374</u>
<u>City Development:</u>										
Public Service Director	3	3	3	3	3	3	3	3	2	3
Engineering	8	7	7	5	5	5	5	5	5	5
Property Maintenance	4	1	1	-	-	-	-	1	1	2
Building Inspections	17	18	16	15	15	14	16	21	22	22
Planning	5	5	3	3	3	4	4	4	4	4
Rental Ordinance	3	3	3	3	3	4	4	5	5	5
	<u>40</u>	<u>37</u>	<u>33</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>32</u>	<u>39</u>	<u>39</u>	<u>41</u>
<u>Highways and Streets</u>										
	<u>35</u>	<u>30</u>	<u>28</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>26</u>	<u>26</u>
<u>Recreation and Culture:</u>										
Library	16	16	12	22	22	22	22	24	24	24
Recreation	20	20	18	16	13	12	12	9	9	9
Communications	6	5	5	5	5	5	5	5	5	5
	<u>42</u>	<u>41</u>	<u>35</u>	<u>43</u>	<u>40</u>	<u>39</u>	<u>39</u>	<u>38</u>	<u>38</u>	<u>38</u>
<u>Sanitation</u>										
	<u>42</u>	<u>29</u>	<u>28</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>56</u>	<u>53</u>	<u>53</u>	<u>54</u>
<u>Economic Development:</u>										
Community & Economic D.D.A.	-	-	2	2	2	2	2	2	2	2
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
<u>Community Development:</u>										
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>
<u>Senior Housing</u>										
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Water and Sewer System</u>										
	<u>95</u>	<u>87</u>	<u>86</u>	<u>84</u>	<u>88</u>	<u>91</u>	<u>93</u>	<u>88</u>	<u>90</u>	<u>89</u>
Total full-time city employees	<u><b>856</b></u>	<u><b>786</b></u>	<u><b>758</b></u>	<u><b>722</b></u>	<u><b>707</b></u>	<u><b>731</b></u>	<u><b>769</b></u>	<u><b>786</b></u>	<u><b>795</b></u>	<u><b>798</b></u>

Source: Adopted fiscal year budget