

CITY OF WARREN, MICHIGAN

Fiscal Year Ended June 30, 2017
Comprehensive Annual Financial Report

City of Warren, Michigan

Comprehensive Annual Financial Report with Supplemental Information June 30, 2017

City of Warren, Michigan

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City of Warren, Michigan

List of Elected Officials

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



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

November 21, 2017

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

In accordance with the City Charter and State Statute, the City of Warren 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, 2017.

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, 2017 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The City's financial statements have received an "unmodified opinion" from the independent auditor. An unmodified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

General Information

The City of Warren was incorporated as a home rule city on January 1, 1957. The City is governed by a seven-member Council, Mayor, Treasurer and City Clerk, all of whom are elected to a maximum of three four-year terms 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 was completed during the fiscal year in the location of the old Busch library. 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; and 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, and financial resources and uses associated with its intended purpose.

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

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

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

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

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

Economic Outlook

The auto industry is the lifeblood of the economy of Southeast Michigan. The City of Warren is no exception to this with the presence of the General Motors Technical Center and GM and FCA manufacturing facilities as well as numerous third-party suppliers to the auto industry. Its role in the City's financial future is increasingly optimistic as both GM and FCA have made considerable investments in their facilities within the City. General Motors is in the process of an expansion at the Technical Center of over \$1 billion to modernize the campus. This expansion will include an additional 3,000 jobs.

The 2018 budget has committed to continue to invest in the City's infrastructure with almost \$6 million in General Fund and Special Revenue Fund equipment and capital improvements. 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 revenue from personal property tax and state-shared revenue. The City will continue to scrutinize expenditures and try to maximize all other revenue.

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 expected elimination of certain personal property taxes. These revenue pressures along with legacy costs will force the City to continue to cut expenditures through staffing levels and labor contract savings. The City has refinanced several bonds in the past several years and will continue to look for those opportunities in the future.

Major Initiatives

There is an ongoing commitment to improve conditions of road surfaces and traffic flows throughout the City. Road projects are either funded directly by the City utilizing state-shared gas and weight taxes, through cooperative efforts with the Michigan Department of Transportation or Macomb County Road Commission, or through road millages. Road widening and resurfacing projects, as well as water main and sewer line replacements, are currently underway at various locations. In November 2011, the citizens of Warren passed a road millage that will be dedicated for the use of local streets for five years. There have been several locations that were completed during the fiscal year as a result of this millage. 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 preliminary 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, 2016. 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

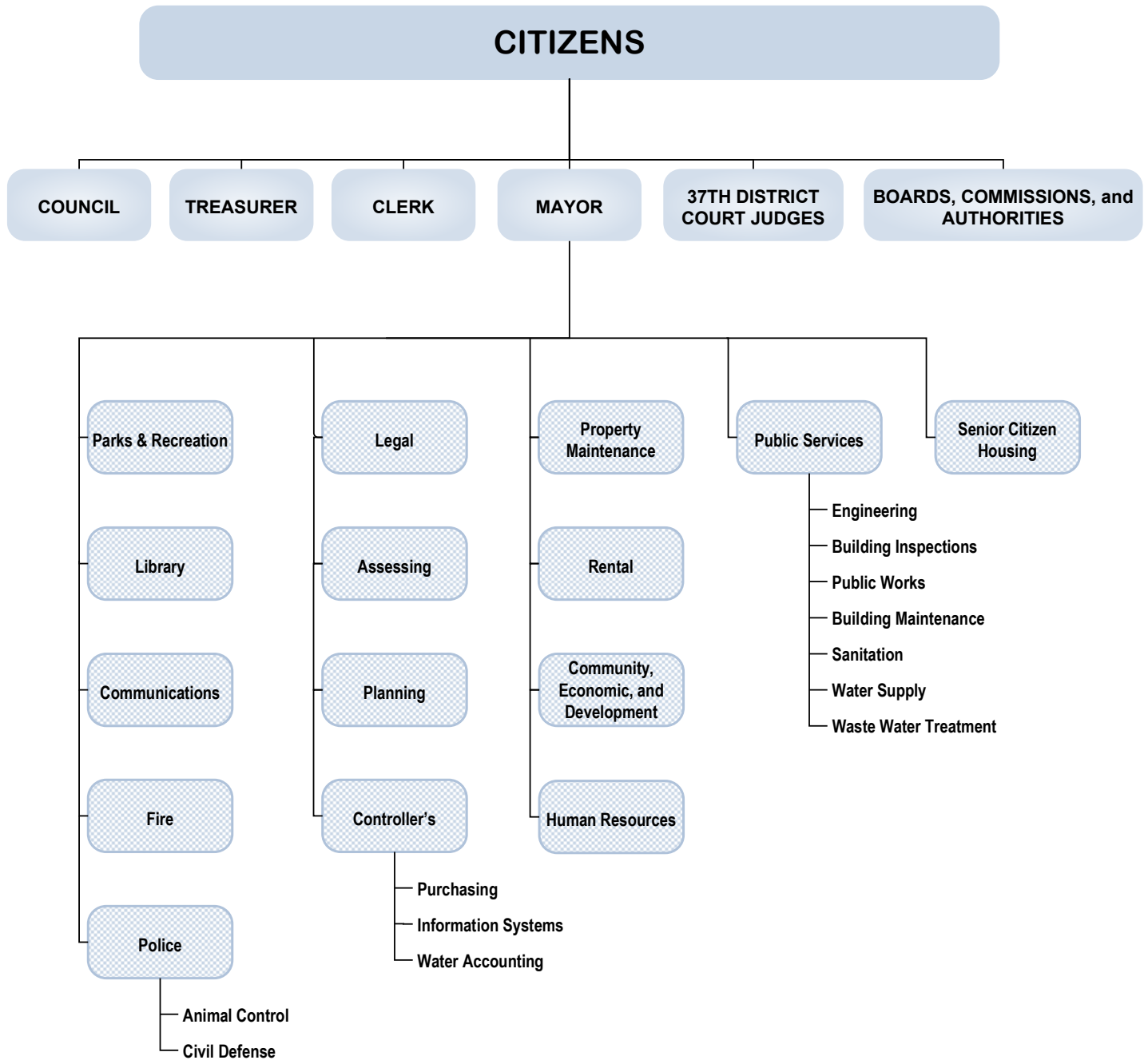
**City of Warren
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

City of Warren, Michigan Organization Chart



Independent Auditor's Report

To the Board of Directors
City of Warren, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Warren, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Warren City Employees' Retirement Health, Life, and Disability Benefits Plan and Trust and the City of Warren Employees' Retirement System Defined Benefit Plan Annual Financial Report, which represent 31 percent, 31 percent, and 29 percent, respectively, of the assets, net position/fund balance, and revenue 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 in accordance with *Government Auditing Standards*.

To the Board of Directors
City of Warren, Michigan

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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of June 30, 2017, and the respective changes in its financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

To the Board of Directors
City of Warren, Michigan

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017 on our consideration of the City of Warren, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Warren, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 21, 2017

City of Warren, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Warren, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. This narrative should be considered in conjunction with the additional information presented in the letter of transmittal and the City's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2017:

- As a result of this year's operations, governmental activities net position increased by \$3.5 million, or 27 percent, from the prior year. The increase is primarily due to an increase in state-shared revenue from the personal property tax reimbursement.
- As a result of this year's operations, business-type activities net position increased by \$5.1 million, or 6 percent, from the prior year. The increase is due primarily to the positive operating activity in the water and sewer system.
- The General Fund reported a \$7.6 million increase in fund balance from the prior year. This increase is due primarily to the increase in state-shared revenue and favorable budget expenditures variance for the year.

Using this Annual Report

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

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

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position as of June 30, 2017 compared to the prior year:

	Governmental Activities			Percent Change
	2016	2017	Change	
Assets				
Other assets	\$ 126,253,037	\$ 135,121,135	\$ 8,868,098	7%
Capital assets	133,304,995	137,043,207	3,738,212	3%
Total assets	259,558,032	272,164,342	12,606,310	5%
Deferred Outflows of Resources				
Bond refunding loss being amortized	487,661	437,672	(49,989)	
Deferred outflows related to pensions	64,540,069	49,675,230	(14,864,839)	
Total deferred outflows	65,027,730	50,112,902	(14,914,828)	-23%
Liabilities				
Current liabilities	8,170,276	8,533,620	363,344	4%
Long-term liabilities	300,892,041	273,478,929	(27,413,112)	-9%
Total liabilities	309,062,317	282,012,549	(27,049,768)	-9%
Deferred Inflows of Resources -				
Deferred inflows related to pensions	2,695,151	23,948,142	21,252,991	789%
Net Position				
Net investment in capital assets	117,332,131	123,302,796	5,970,665	5%
Restricted	44,077,625	45,423,260	1,345,635	3%
Unrestricted	(148,581,462)	(152,409,503)	(3,828,041)	3%
Total net position	<u>\$ 12,828,294</u>	<u>\$ 16,316,553</u>	<u>\$ 3,488,259</u>	27%

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities			Percent Change
	2016	2017	Change	
Revenue				
Program revenue:				
Charges for services	\$ 23,645,696	\$ 22,409,974	\$ (1,235,722)	-5%
Operating grants	17,390,917	15,536,736	(1,854,181)	-11%
Capital grants	844,295	2,190,092	1,345,797	159%
General revenue:				
Property taxes	90,658,051	87,521,449	(3,136,602)	-3%
State-shared revenue	12,830,042	28,184,436	15,354,394	120%
Investment earnings	318,427	427,405	108,978	34%
Other revenue	<u>2,263,382</u>	<u>2,266,273</u>	<u>2,891</u>	0%
Total revenue	147,950,810	158,536,365	10,585,555	7%
Program Expenses				
General government	24,104,939	11,213,283	(12,891,656)	-53%
District court	7,289,471	7,044,306	(245,165)	-3%
Public safety	82,746,267	82,752,844	6,577	0%
Public works	29,080,210	36,116,970	7,036,760	24%
Community and economic development	4,292,710	3,588,945	(703,765)	-16%
Recreation and cultural	11,812,918	13,945,510	2,132,592	18%
Interest on long-term debt	<u>472,567</u>	<u>386,248</u>	<u>(86,319)</u>	-18%
Total expenses	<u>159,799,082</u>	<u>155,048,106</u>	<u>(4,750,976)</u>	-3%
Change in Net Position	<u>\$ (11,848,272)</u>	<u>\$ 3,488,259</u>	<u>\$ 15,336,531</u>	-129%
Ending Net Position	<u>\$ 12,828,294</u>	<u>\$ 16,316,553</u>	<u>\$ 3,488,259</u>	27%

The governmental net position increased 27 percent from a year ago - increasing from \$12.8 million to \$16.3 million. This increase is primarily due to an increase in state-shared revenue from the personal property tax reimbursement.

The City's total governmental revenue increased by approximately \$10.6 million, or 7 percent. This increase was primarily due to the increase in state-shared revenue of \$15.3 million offset by decreased property tax revenue of \$3.1 million and decreased grants of \$1.8 million.

Expenses decreased by approximately \$4.8 million, or 3 percent. The decrease was primarily in general government due to pension expense resulting from a change in assumption of the discount rate.

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position as of June 30, 2017 compared to the prior year:

	Business-type Activities			Percent Change
	2016	2017	Change	
Assets				
Other assets	\$ 40,428,300	\$ 95,185,772	\$ 54,757,472	135%
Capital assets	<u>146,371,082</u>	<u>144,683,316</u>	<u>(1,687,766)</u>	-1%
Total assets	186,799,382	239,869,088	53,069,706	28%
Deferred Outflows of Resources				
Bond refunding loss being amortized	946,305	836,650	(109,655)	
Deferred outflows related to pensions	<u>4,914,450</u>	<u>3,780,856</u>	<u>(1,133,594)</u>	
Total deferred outflows	5,860,755	4,617,506	(1,243,249)	-21%
Liabilities				
Current liabilities	4,669,843	5,578,814	908,971	19%
Long-term liabilities	<u>108,202,020</u>	<u>153,884,096</u>	<u>45,682,076</u>	42%
Total liabilities	112,871,863	159,462,910	46,591,047	41%
Deferred Inflows of Resources -				
Deferred inflows related to pensions	<u>-</u>	<u>173,150</u>	<u>173,150</u>	0%
Net Position				
Net investment in capital assets	73,329,416	74,111,047	781,631	1%
Restricted	12,215,367	9,907,889	(2,307,478)	-19%
Unrestricted	<u>(5,756,509)</u>	<u>831,598</u>	<u>6,588,107</u>	-114%
Total net position	<u>\$ 79,788,274</u>	<u>\$ 84,850,534</u>	<u>\$ 5,062,260</u>	6%

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Business-type Activities			Percent Change
	2016	2017	Change	
Charges for Services				
Water and Sewer Fund	\$ 40,682,519	\$ 44,240,520	\$ 3,558,001	9%
Senior housing	<u>2,371,020</u>	<u>2,380,731</u>	<u>9,711</u>	0%
Total revenue	43,053,539	46,621,251	3,567,712	8%
Expenses				
Water and Sewer Fund	40,773,173	39,591,568	(1,181,605)	-3%
Senior housing	<u>2,094,997</u>	<u>2,068,539</u>	<u>(26,458)</u>	-1%
Total expenses	42,868,170	41,660,107	(1,208,063)	-3%
Interest Income				
Water and Sewer Fund	102,805	94,986	(7,819)	-8%
Senior housing	<u>5,432</u>	<u>6,130</u>	<u>698</u>	13%
Total interest income	<u>108,237</u>	<u>101,116</u>	<u>(7,121)</u>	-7%
Change in Net Position	<u>\$ 293,606</u>	<u>\$ 5,062,260</u>	<u>\$ 4,768,654</u>	1624%
Ending Net Position	<u>\$ 79,788,274</u>	<u>\$ 84,850,534</u>	<u>\$ 5,062,260</u>	6%

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 increased \$5.1 million, or 6 percent, from a year ago.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - increased by \$6.6 million. The increase in unrestricted net position was due primarily to positive operating activities from the Water and Sewer Fund.

The City of Warren, Michigan Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide 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 2017 include the General Fund and the Grant Fund.

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

The General Fund pays for most of the City's governmental services. The most significant are public safety, which includes police and fire. Public safety incurred expenses of approximately \$69 million in 2017. Revenue exceeded expenditures (including transfers) in the General Fund by \$7.6 million. This was primarily due to an increase in state-shared revenue and favorable budget expenditure variances for the year. Unassigned fund balance of \$16.6 million is approximately 15.9 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 personal property tax reimbursement payment, the purchase of tax reverted properties, and conversion of LED street lighting. At year end, General Fund expenditures were \$7.3 million under budget. This was due to careful spending by department leaders. General Fund revenue came in over budget by \$2.6 million, primarily due to an increase in charges for services of \$1.0 million and grants of \$1.0 million.

Capital Asset and Debt Administration

At the end of fiscal year 2017, the City had \$282 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 \$137 million and business-type net capital assets are \$145 million (see Note 6 of the notes to the basic financial statements for additional information).

The City's general obligation bonds maintained their rating from Standard & Poor's (AA) during the fiscal year. This rating was affirmed in 2017 when the City issued new bonds of \$53 million in the business-type activity. Please see Note 8 of the notes to the basic financial statements for additional information.

Economic Factors and Next Year's Budgets

Due to the City's cost-cutting efforts and long-term financial plan, the City is looking positively toward fiscal 2018 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.

City of Warren, Michigan

Statement of Net Position June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 101,268,896	\$ 28,637,695	\$ 129,906,591	\$ 23,615,043
Receivables (Note 4)	26,961,369	7,502,927	34,464,296	137
Due from component units	193,295	-	193,295	-
Internal balances	2,417,349	(2,417,349)	-	-
Inventory	299,471	371,823	671,294	136,296
Prepaid items and other assets	218,345	120,789	339,134	12,525
Restricted assets (Note 1)	-	60,969,887	60,969,887	-
Deposits	3,762,410	-	3,762,410	-
Capital assets:				
Assets not subject to depreciation (Note 6)	22,756,399	2,693,920	25,450,319	-
Assets subject to depreciation (Note 6)	114,286,808	141,989,396	256,276,204	-
Total assets	272,164,342	239,869,088	512,033,430	23,764,001
Deferred Outflows of Resources				
Bond refunding loss being amortized (Note 5)	437,672	836,650	1,274,322	250,897
Deferred outflows related to pensions (Note 5)	49,675,230	3,780,856	53,456,086	-
Total deferred outflows of resources	50,112,902	4,617,506	54,730,408	250,897
Liabilities				
Accounts payable	6,100,836	3,872,932	9,973,768	374,027
Due to other governmental units	48,582	-	48,582	-
Due to primary government	-	-	-	193,295
Refundable deposits, bonds, etc.	798,139	581,430	1,379,569	-
Accrued liabilities and other	1,555,718	1,103,959	2,659,677	416,863
Unearned revenue	30,345	20,493	50,838	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	2,114,954	348,074	2,463,028	-
Provision for property tax refunds	166,350	-	166,350	490,435
Current portion of long-term debt (Note 8)	2,340,865	7,756,634	10,097,499	4,108,828
Due in more than one year:				
Compensated absences	8,459,814	437,952	8,897,766	-
Provision for claims	6,554,562	-	6,554,562	-
Net OPEB obligation	13,956,490	3,260,373	17,216,863	14,663
Landfill post-closure liability (Note 20)	4,692,345	-	4,692,345	-
Net pension liability	223,356,331	21,353,700	244,710,031	-
Long-term debt (Note 8)	11,837,218	120,727,363	132,564,581	50,034,440
Total liabilities	282,012,549	159,462,910	441,475,459	55,632,551

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

City of Warren, Michigan

Statement of Net Position (Continued) June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources (Note 5)	<u>\$ 23,948,142</u>	<u>\$ 173,150</u>	<u>\$ 24,121,292</u>	<u>\$ -</u>
Net Position				
Net investment in capital assets	123,302,796	74,111,047	197,413,843	-
Restricted for:				
Streets and highways	16,200,610	-	16,200,610	-
Public safety	3,870,496	-	3,870,496	-
Recreation and culture	9,282,063	-	9,282,063	-
Sanitation	3,393,848	-	3,393,848	-
Community development	9,075,619	-	9,075,619	-
Capital projects	3,600,624	-	3,600,624	-
Debt service	-	9,907,889	9,907,889	-
Unrestricted	<u>(152,409,503)</u>	<u>831,598</u>	<u>(151,577,905)</u>	<u>(31,617,653)</u>
Total net position	<u>\$ 16,316,553</u>	<u>\$ 84,850,534</u>	<u>\$ 101,167,087</u>	<u>\$ (31,617,653)</u>

City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,213,283	\$ 7,456,254	\$ 928,335	\$ 2,190,092
District Court	7,044,306	5,871,142	145,656	-
Public safety	82,752,844	6,123,403	1,101,053	-
Public works	36,116,970	189,330	11,032,976	-
Community and economic development	3,588,945	603,110	1,967,745	-
Recreation and culture	13,945,510	2,166,735	360,971	-
Interest on long-term debt	386,248	-	-	-
Total governmental activities	155,048,106	22,409,974	15,536,736	2,190,092
Business-type activities:				
Water and Sewer Fund	39,590,168	44,240,520	-	-
Senior housing	2,069,939	2,380,731	-	-
Total business-type activities	41,660,107	46,621,251	-	-
Total primary government	\$ 196,708,213	\$ 69,031,225	\$ 15,536,736	\$ 2,190,092
Component units:				
Tax Increment Financing Authority	\$ 115,849	\$ 29	\$ -	\$ -
Downtown Development Authority	3,059,265	147,767	-	-
Brownfield Redevelopment	242,346	750	-	-
Total component units	\$ 3,417,460	\$ 148,546	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (638,602)	\$ -	\$ (638,602)	\$ -
(1,027,508)	-	(1,027,508)	-
(75,528,388)	-	(75,528,388)	-
(24,894,664)	-	(24,894,664)	-
(1,018,090)	-	(1,018,090)	-
(11,417,804)	-	(11,417,804)	-
(386,248)	-	(386,248)	-
(114,911,304)	-	(114,911,304)	-
-	4,650,352	4,650,352	-
-	310,792	310,792	-
-	4,961,144	4,961,144	-
(114,911,304)	4,961,144	(109,950,160)	-
-	-	-	(115,820)
-	-	-	(2,911,498)
-	-	-	(241,596)
-	-	-	(3,268,914)
87,521,449	-	87,521,449	5,325,680
28,184,436	-	28,184,436	3,339,547
427,405	101,116	528,521	47,946
2,266,273	-	2,266,273	-
118,399,563	101,116	118,500,679	8,713,173
3,488,259	5,062,260	8,550,519	5,444,259
12,828,294	79,788,274	92,616,568	(37,061,912)
\$ 16,316,553	\$ 84,850,534	\$ 101,167,087	\$ (31,617,653)

City of Warren, Michigan

Governmental Funds Balance Sheet June 30, 2017

	General Fund	Grant Fund	Nonmajor Funds	Total
Assets				
Cash and cash equivalents	\$ 58,837,066	\$ 728,938	\$ 41,702,892	\$ 101,268,896
Receivables (Note 4):				
Property taxes receivable	304,368	-	107,585	411,953
Special assessments receivable	-	-	1,054,211	1,054,211
Accrued interest receivable	49,900	-	5,040	54,940
Other receivables	947,442	-	979,674	1,927,116
Due from other governmental units	3,695,603	203,614	2,113,966	6,013,183
Due from pension and VEBA funds	8,896,684	-	-	8,896,684
Notes receivable	-	8,603,282	-	8,603,282
Due from component units	193,295	-	-	193,295
Due from other funds	3,482,139	-	650	3,482,789
Inventory	290,507	-	8,964	299,471
Prepaid items and other assets	197,630	14,456	6,259	218,345
Deposits	1,127,586	-	2,634,824	3,762,410
	<u>\$ 78,022,220</u>	<u>\$ 9,550,290</u>	<u>\$ 48,614,065</u>	<u>\$ 136,186,575</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 3,840,457	\$ 204,280	\$ 2,056,099	\$ 6,100,836
Due to other governmental units	48,406	-	176	48,582
Due to other funds	-	263,928	801,512	1,065,440
Refundable deposits, bonds, etc.	481,674	-	316,465	798,139
Accrued liabilities and other	1,149,114	6,463	320,245	1,475,822
Unearned revenue	30,345	-	-	30,345
Provision for property tax refunds	125,218	-	41,132	166,350
	<u>5,675,214</u>	<u>474,671</u>	<u>3,535,629</u>	<u>9,685,514</u>
Deferred Inflows of Resources - Unavailable revenue (Note 5)	933,282	8,655,808	1,196,585	10,785,675
Fund Balances				
Nonspendable:				
Inventory/Assets held for resale	290,507	-	8,964	299,471
Prepays	197,630	14,456	6,259	218,345
Restricted:				
Roads	-	-	16,168,514	16,168,514
Grants	-	405,355	-	405,355
Capital projects	-	-	1,534,536	1,534,536
Sanitation	-	-	3,314,667	3,314,667
Recreation	-	-	958,264	958,264
Library	-	-	4,699,759	4,699,759
Cable franchise fees	-	-	3,577,716	3,577,716
Police enforcement	-	-	3,632,527	3,632,527
Special assessments	-	-	1,011,881	1,011,881
Vice crime	-	-	237,969	237,969

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

City of Warren, Michigan

Governmental Funds Balance Sheet (Continued) June 30, 2017

Fund Balances (Continued)	General Fund	Grant Fund	Nonmajor Funds	Total
Committed:				
Rental ordinance	\$ -	\$ -	\$ 1,082,011	\$ 1,082,011
Special assessments	-	-	190,614	190,614
Assigned:				
Subsequent year's budget	10,585,753	-	-	10,585,753
Compensated absences	9,736,856	-	-	9,736,856
Claims and insurance	6,554,562	-	-	6,554,562
37th District Court	-	-	7,410,379	7,410,379
Debt service	-	-	47,791	47,791
Capital equipment	2,577,500	-	-	2,577,500
Retiree health care	18,229,496	-	-	18,229,496
General Employee Retirement	6,582,110	-	-	6,582,110
Roads	38,574	-	-	38,574
Unassigned	16,620,736	-	-	16,620,736
 Total fund balances	 <u>71,413,724</u>	 <u>419,811</u>	 <u>43,881,851</u>	 <u>115,715,386</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 78,022,220</u>	 <u>\$ 9,550,290</u>	 <u>\$ 48,614,065</u>	 <u>\$ 136,186,575</u>

City of Warren, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

Fund Balance Reported in Governmental Funds	\$ 115,715,386
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	137,043,207
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	49,675,230
Unamortized bond premium	11,104
Landfill post-closure liabilities are not due and payable in the current period and are not reported in the funds	(4,692,345)
Deferred charges on refunding are deferred inflows and are not reported in the funds	437,672
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,054,211
Grants, property taxes, and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	9,731,464
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(14,189,187)
Accrued interest is not due and payable in the current period and is not reported in the funds	(79,896)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(10,574,768)
The net pension liability is not due and payable in the current period and is not reported in the funds	(223,356,331)
The OPEB liability is payable over a number of years in the future, does not present a claim on current financial resources, and is not reported as a fund liability	(13,956,490)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(6,554,562)
The differences between projected and actual experience on pension assets are recorded as deferred inflows of resources in the statement of net position, but are reported as gains in the governmental funds	<u>(23,948,142)</u>
Net Position of Governmental Activities	<u>\$ 16,316,553</u>

City of Warren, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Grant Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 65,973,455	\$ -	\$ 21,547,994	\$ 87,521,449
Licenses and permits	4,018,513	-	-	4,018,513
Federal grants	1,018,423	2,402,203	493,307	3,913,933
State-shared revenue and grants	27,874,604	-	13,872,860	41,747,464
Charges for services	4,628,445	-	1,875,023	6,503,468
Fines and forfeitures	4,846,914	-	1,545,828	6,392,742
Investment income	166,936	-	235,766	402,702
Rental income	-	-	102,914	102,914
Other revenue:				
Special assessments	-	-	320,742	320,742
Cable franchise fees	-	-	2,266,273	2,266,273
Other miscellaneous income	3,492,930	39,405	490,834	4,023,169
Total revenue	112,020,220	2,441,608	42,751,541	157,213,369
Expenditures				
Current:				
General government	16,289,216	-	496,293	16,785,509
District Court	7,514,872	-	-	7,514,872
Public safety	68,983,965	-	707,697	69,691,662
Public works	10,235,243	-	25,536,121	35,771,364
Community and economic development	716,449	2,234,009	571,599	3,522,057
Recreation and culture	47,014	-	12,794,086	12,841,100
Debt service	522,805	-	2,160,344	2,683,149
Total expenditures	104,309,564	2,234,009	42,266,140	148,809,713
Excess of Revenue Over Expenditures	7,710,656	207,599	485,401	8,403,656
Other Financing Sources (Uses)				
Transfers in	-	-	4,387,854	4,387,854
Transfers out	(115,340)	-	(4,272,514)	(4,387,854)
Net Change in Fund Balances	7,595,316	207,599	600,741	8,403,656
Fund Balances - Beginning of year	63,818,408	212,212	43,281,110	107,311,730
Fund Balances - End of year	<u>\$ 71,413,724</u>	<u>\$ 419,811</u>	<u>\$ 43,881,851</u>	<u>\$ 115,715,386</u>

City of Warren, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 8,403,656
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 and donated assets	12,383,052
Depreciation expense	(8,503,124)
Net book value of assets disposed of	(141,716)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	287,757
Increase in the landfill post-closure liability reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until paid	(4,692,345)
Amortization of deferred charges on refunding is expensed in the statement of net position but does not affect financial resources for the governmental funds	(49,989)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,282,442
Change in accrued interest payable and other	9,426
Pension-related expenses do not require the use of current resources, and therefore are not reported in the fund statements	(4,945,526)
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(1,286,992)
Change in the provision for claims liability	2,272,903
Increase in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(2,531,285)
Change in Net Position of Governmental Activities	<u>\$ 3,488,259</u>

City of Warren, Michigan

Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 25,861,694	\$ 2,776,001	\$ 28,637,695
Receivables:			
Receivables from sales to customers on account	7,146,331	-	7,146,331
Accrued interest receivable	6,148	-	6,148
Other receivables	341,980	8,468	350,448
Due from other funds	-	780	780
Inventory	371,823	-	371,823
Prepaid items and other assets	120,271	518	120,789
Total current assets	<u>33,848,247</u>	<u>2,785,767</u>	<u>36,634,014</u>
Noncurrent assets:			
Restricted assets (Note 1)	60,969,887	-	60,969,887
Capital assets:			
Assets not subject to depreciation	2,472,276	221,644	2,693,920
Assets subject to depreciation	134,735,309	7,254,087	141,989,396
Total noncurrent assets	<u>198,177,472</u>	<u>7,475,731</u>	<u>205,653,203</u>
Total assets	<u>232,025,719</u>	<u>10,261,498</u>	<u>242,287,217</u>
Deferred Outflows of Resources			
Bond refunding loss being amortized	836,650	-	836,650
Deferred outflows related to pensions	3,780,856	-	3,780,856
Total deferred outflows	<u>4,617,506</u>	<u>-</u>	<u>4,617,506</u>
Liabilities			
Current liabilities:			
Accounts payable	3,774,588	98,344	3,872,932
Due to other funds	2,195,262	222,867	2,418,129
Refundable deposits, bonds, etc.	363,928	217,502	581,430
Accrued liabilities and other	1,086,526	17,433	1,103,959
Unearned revenue	-	20,493	20,493
Compensated absences	348,074	-	348,074
Current portion of long-term debt	7,385,578	371,056	7,756,634
Total current liabilities	<u>15,153,956</u>	<u>947,695</u>	<u>16,101,651</u>
Noncurrent liabilities:			
Compensated absences	396,764	41,188	437,952
Net pension liability	21,353,700	-	21,353,700
Net OPEB obligation	3,245,710	14,663	3,260,373
Long-term debt	119,017,175	1,710,188	120,727,363
Total noncurrent liabilities	<u>144,013,349</u>	<u>1,766,039</u>	<u>145,779,388</u>
Total liabilities	<u>159,167,305</u>	<u>2,713,734</u>	<u>161,881,039</u>
Deferred Inflows of Resources - Deferred inflows related to pension	<u>173,150</u>	<u>-</u>	<u>173,150</u>
Net Position			
Net investment in capital assets	68,716,560	5,394,487	74,111,047
Restricted - Debt service	9,907,889	-	9,907,889
Unrestricted	(1,321,679)	2,153,277	831,598
Total net position	<u>\$ 77,302,770</u>	<u>\$ 7,547,764</u>	<u>\$ 84,850,534</u>
Net Position of Business-type Activities			<u>\$ 84,850,534</u>

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

City of Warren, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Operating Revenue			
Sale of water	\$ 23,991,926	\$ -	\$ 23,991,926
Sewage disposal charges	18,959,035	-	18,959,035
Other sales to customers	512,509	-	512,509
Interest and penalty charges	777,050	-	777,050
Rental revenue	-	1,515,117	1,515,117
Other operating revenue	-	865,614	865,614
	<u>44,240,520</u>	<u>2,380,731</u>	<u>46,621,251</u>
Total operating revenue			
Operating Expenses			
Cost of water	9,722,759	-	9,722,759
Other operation and maintenance	5,073,484	-	5,073,484
Billing and administrative costs	2,449,267	488,680	2,937,947
Wages and fringes	12,504,051	560,422	13,064,473
Materials and supplies	625,827	64,790	690,617
Other operating expenses	-	600,637	600,637
Professional services	855,732	-	855,732
Depreciation	5,501,576	296,170	5,797,746
	<u>36,732,696</u>	<u>2,010,699</u>	<u>38,743,395</u>
Total operating expenses			
Operating Income	7,507,824	370,032	7,877,856
Nonoperating Revenue (Expenses)			
Investment income	94,986	6,130	101,116
Interest expense	(2,608,336)	(59,240)	(2,667,576)
(Loss) gain on sale of assets	(250,536)	1,400	(249,136)
	<u>(2,763,886)</u>	<u>(51,710)</u>	<u>(2,815,596)</u>
Total nonoperating expenses			
Change in Net Position	4,743,938	318,322	5,062,260
Net Position - Beginning of year	<u>72,558,832</u>	<u>7,229,442</u>	<u>79,788,274</u>
Net Position - End of year	<u>\$ 77,302,770</u>	<u>\$ 7,547,764</u>	<u>\$ 84,850,534</u>

City of Warren, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 43,930,715	\$ 2,042,384	\$ 45,973,099
Payments for interfund services and reimbursements	-	(75,408)	(75,408)
Payments to suppliers	(16,439,173)	(737,819)	(17,176,992)
Payments to employees	(14,278,344)	(546,649)	(14,824,993)
Receipts from other funds	105,292	-	105,292
Net cash provided by operating activities	13,318,490	682,508	14,000,998
Cash Flows from Capital and Related Financing Activities			
Proceeds from issuance of bonds	53,058,704	-	53,058,704
Proceeds from sales of capital assets	45,700	1,400	47,100
Purchase of capital assets	(3,578,599)	(827,617)	(4,406,216)
Principal and interest paid on capital debt	(7,737,560)	(545,302)	(8,282,862)
Net cash provided by (used in) capital and related financing activities	41,788,245	(1,371,519)	40,416,726
Cash Flows from Investing Activities - Interest received on investments	90,682	6,130	96,812
Net Increase (Decrease) in Cash and Cash Equivalents	55,197,417	(682,881)	54,514,536
Cash and Cash Equivalents - Beginning of year	31,634,164	3,458,882	35,093,046
Cash and Cash Equivalents - End of year	\$ 86,831,581	\$ 2,776,001	\$ 89,607,582
Statement of Net Position Classification of Cash and Cash Equivalents			
Cash and investments	\$ 25,861,694	\$ 2,776,001	\$ 28,637,695
Restricted cash	60,969,887	-	60,969,887
Total cash and cash equivalents	\$ 86,831,581	\$ 2,776,001	\$ 89,607,582
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 7,507,824	\$ 370,032	\$ 7,877,856
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	5,501,576	296,170	5,797,746
Changes in assets and liabilities:			
Receivables	441,765	(8,667)	433,098
Due (to) from others	(645,301)	12,992	(632,309)
Inventories	(18,938)	-	(18,938)
Prepaid and other assets	(22,627)	(497)	(23,124)
Accounts payable	850,734	(1,295)	849,439
Due to others	750,593	-	750,593
Net pension and OPEB liabilities and related deferrals	(1,117,215)	11,474	(1,105,741)
Accrued and other liabilities	70,079	2,299	72,378
Net cash provided by operating activities	\$ 13,318,490	\$ 682,508	\$ 14,000,998

City of Warren, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2017

	Pension and Other Employee Benefits - December 31, 2016	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,415,944	\$ 1,884,921
Investments:		
U.S. government securities	41,329,187	-
Stocks	283,877,215	-
Bonds	64,495,269	-
Real estate	28,229,974	-
Other	59,236,787	-
Securities lending	23,099,169	-
Receivables:		
Accrued interest receivable	1,884,385	-
Other receivables	12,539	-
Prepaid items and other assets	2,271	-
	503,582,740	\$ 1,884,921
Liabilities		
Accounts payable	1,177,673	\$ -
Due to other governmental units	-	244
Due to primary government	9,618,195	-
Refundable deposits, bonds, etc.	-	1,852,342
Accrued liabilities and other	462,979	32,335
Obligations under securities lending agreements	23,587,835	-
	34,846,682	\$ 1,884,921
Net Position Held in Trust for Pension and Other Employee Benefits		\$ 468,736,058

City of Warren, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Year Ended June 30, 2017

	Pension and Other Employee Benefits - December 31, 2016
Additions	
Investment income (loss):	
Interest and dividends	\$ 13,405,663
Net increase in fair value of investments	28,302,260
Investment-related expenses	<u>(1,835,532)</u>
Net investment income	39,872,391
Securities lending income (loss):	
Interest and dividends	212,235
Securities lending - Investment expense	<u>(56,258)</u>
Net securities lending income	155,977
Contributions:	
Employer	42,492,957
Employee	<u>1,138,678</u>
Total contributions	<u>43,631,635</u>
Total additions	83,660,003
Deductions	
Benefit payments	64,286,052
Refunds of contributions	1,455,367
Administrative expenses	<u>792,970</u>
Total deductions	<u>66,534,389</u>
Net Increase in Net Position Held in Trust	17,125,614
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>451,610,444</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 468,736,058</u></u>

City of Warren, Michigan

Component Units Statement of Net Position June 30, 2017

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	\$ 2,292,192	\$ 20,043,617	\$ 1,279,234	\$ 23,615,043
Receivables - Other	-	137	-	137
Inventory	-	136,296	-	136,296
Prepaid items and other assets	-	12,525	-	12,525
Total assets	2,292,192	20,192,575	1,279,234	23,764,001
Deferred Outflows of Resources -				
Bond refunding loss being amortized (Note 1)	-	250,897	-	250,897
Liabilities				
Accounts payable	2,205	227,697	144,125	374,027
Due to primary government	4,169	189,126	-	193,295
Accrued liabilities and other	-	404,437	12,426	416,863
Noncurrent liabilities:				
Due within one year:				
Provision for property tax refunds	10,523	479,912	-	490,435
Current portion of long-term debt	-	4,108,828	-	4,108,828
Due in more than one year:				
Net OPEB obligation	-	14,663	-	14,663
Long-term debt	-	50,034,440	-	50,034,440
Total liabilities	16,897	55,459,103	156,551	55,632,551
Net Position	\$ 2,275,295	\$ (35,015,631)	\$ 1,122,683	\$ (31,617,653)

City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authority:				
General government	\$ -	\$ 29	\$ -	\$ -
Community and economic development	115,849	-	-	-
Total Tax Increment Finance Authority	115,849	29	-	-
Downtown Development Authority:				
General government	-	147,767	-	-
Community and economic development	1,455,013	-	-	-
Interest expense	1,604,252	-	-	-
Total Downtown Development Authority	3,059,265	147,767	-	-
Brownfield Redevelopment Authority:				
General government	-	750	-	-
Community and economic development	242,346	-	-	-
Total Brownfield Redevelopment Authority	242,346	750	-	-
Total component units	\$ 3,417,460	\$ 148,546	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Component Units
Statement of Activities
Year Ended June 30, 2017**

Net Revenue (Expense) and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ 29	\$ -	\$ -	\$ 29
<u>(115,849)</u>	<u>-</u>	<u>-</u>	<u>(115,849)</u>
(115,820)	-	-	(115,820)
-	147,767	-	147,767
-	(1,455,013)	-	(1,455,013)
<u>-</u>	<u>(1,604,252)</u>	<u>-</u>	<u>(1,604,252)</u>
-	(2,911,498)	-	(2,911,498)
-	-	750	750
<u>-</u>	<u>-</u>	<u>(242,346)</u>	<u>(242,346)</u>
-	-	(241,596)	(241,596)
(115,820)	(2,911,498)	(241,596)	(3,268,914)
233,546	4,849,789	242,345	5,325,680
57,615	3,280,516	1,416	3,339,547
4,151	41,757	2,038	47,946
<u>295,312</u>	<u>8,172,062</u>	<u>245,799</u>	<u>8,713,173</u>
179,492	5,260,564	4,203	5,444,259
<u>2,095,803</u>	<u>(40,276,195)</u>	<u>1,118,480</u>	<u>(37,061,912)</u>
<u>\$ 2,275,295</u>	<u>\$ (35,015,631)</u>	<u>\$ 1,122,683</u>	<u>\$ (31,617,653)</u>

Note I - Nature of Business and Significant Accounting Policies

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

Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units do not issue their own financial statements. Although blended component units are 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.

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

Discretely Presented Component Units

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

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

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

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

Accounting and Reporting Principles

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

Fund Accounting

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

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

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

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

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

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

- The Pension and Voluntary Employee Benefit Association (VEBA) trust funds, which account for the activities of the police and fire employees' health and retirement system and general employees' health and retirement system, which accumulates resources for pension benefit payments to qualified employees.
- Payroll Revolving, Cash Bond, Tax Collection, and Fire Insurance Withholding Agency Funds, which account for assets held by the City in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

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

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

Basis of Accounting

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

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

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

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

Report Presentation

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

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

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

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

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

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

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

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

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

Restricted Assets - The Water and Sewer Fund has \$60,969,887 set aside and classified as restricted assets. Of this amount, \$57,075,078 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 \$3,894,809 at June 30, 2017.

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

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

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

<u>Capital Asset Class</u>	<u>Lives</u>
Buildings	40 to 60 years
Water and sewer mains	50 years
Machinery and equipment	5 to 25 years
Land improvements	20 years
Road system	12 to 50 years

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

Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first is the deferred inflows of resources related to unavailable revenue. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from many sources: property taxes, circuit court revenue, grants, special assessments, and various other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the deferred inflows of resources related to the defined benefit plans. The deferred inflows result from several transactions: the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings, differences between projected and actual experience, changes in assumptions, and differences in the timing of contributions into the plan between the measurement date of the liability and the City's year end.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

The government 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 government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

Fund Balance Policies

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

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

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

Property Tax Revenue

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

The City's 2016 tax is levied and collectible on July 1, 2016 and is recognized as revenue in the year ended June 30, 2017 when the proceeds of the levy are budgeted and available for the financing of operations.

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

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

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

The 2016 taxable valuation of the City totaled \$3.16 billion (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	8.7285	\$ 27,081,000
Emergency medical service	0.2908	902,000
Library charter and operating	1.3305	4,122,000
Rubbish services	2.5550	7,923,000
Police/Fire pension and retiree health care	4.9848	15,435,000
Police operating	0.9697	3,008,000
Fire operating	0.9697	3,008,000
Recreation operating	0.9697	3,008,000
Police and fire operating	4.8755	15,093,000
Road repairs	2.0961	6,489,000
Total	27.7703	\$ 86,069,000

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

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

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

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

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

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

Employees are allowed to accumulate compensatory time in lieu of receiving overtime pay. Compensatory time is allowed to accumulate to a maximum of 80 hours. Compensated absences and compensatory time, inclusive of associated payroll taxes and benefits, are accrued in the government-wide financial statements.

The governmental fund financial statements report an assignment of fund balance for compensated absences and compensatory time to the extent that budget appropriations have been approved by 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 the Water and Sewer Fund and the nonmajor enterprise funds is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall - July 1, 2016	\$ (7,671,651)
Current year permit revenue	2,908,908
Related expenses - Estimated indirect costs	<u>3,041,678</u>
Current year excess	<u>(132,770)</u>
Cumulative shortfall - June 30, 2017	<u>\$ (7,804,421)</u>

Fund Deficits - At June 30, 2017, the Downtown Development Authority reported a deficit in net position of \$35,015,631. This deficit relates to debt reported in the full accrual basis. The Downtown Development Authority does not have a deficit when reported on the fund basis.

Note 3 - Deposits and Investments

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

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

Note 3 - Deposits and Investments (Continued)

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

The General Employees' Retirement System, General Employees' VEBA, Police and Fire Retirement System, and Police and Fire VEBA are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

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

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a Securities Lending Authorization Agreement, the City Employees' Retirement System and the Police and Fire Retirement System (the "Retirement Systems") lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Retirement Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2016, only United States currency was received as collateral.

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

The Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2017 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, 2017, 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, 2017 were \$23,099,169 and \$22,787,261, 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 \$133,670,972 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City's component units had \$19,607,997 of bank deposits that were uninsured and uncollateralized. Additionally, the fiduciary funds, at their year end of December 31, 2016, had \$1,121,417 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.

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

Note 3 - Deposits and Investments (Continued)

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

At December 31, 2016, the City's fiduciary funds had the following investments and maturities:

Fiduciary Funds	Fair Value	0-5 Years	6-10 Years	More than 10 Years
U.S. government	\$ 23,203,879	\$ 11,570,872	\$ 9,264,046	\$ 2,368,961
U.S. government agency	1,220,647	393,984	243,938	582,725
Mortgage-backed securities	9,288,770	104,237	212,887	8,971,646
Collateralized mortgage obligations	1,355,122	-	-	1,355,122
Asset-backed securities	5,370,552	2,243,514	1,936,874	1,190,164
Corporate and convertible bonds	54,210,287	30,104,479	15,071,903	9,033,905
Foreign bonds and notes	2,596,641	1,211,167	1,066,255	319,219
Municipal bonds	496,018	8,626	45,421	441,971
Bond Index Funds	3,290,593	-	3,290,593	-
Total	<u>\$ 101,032,509</u>	<u>\$ 45,636,879</u>	<u>\$ 31,131,917</u>	<u>\$ 24,263,713</u>

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
JPMorgan Securities - Fixed income	\$ 44,925,668	Aaa	Moody's
Comerica - Government Cash Investment Fund	17,855,340	Not rated	N/A
Total	<u>\$ 62,781,008</u>		
Fiduciary Funds			
Goldman Sachs FS Prime Obligations Fund	\$ 3,122,748	AAAm	S&P
Repurchase agreement	1,274,486	A1/P1/F1	Moody's
Comerica Short-term Fund Series C	3,250,521	Not rated	N/A
Index funds	3,290,593	AA1-AA2	Moody's
Bank investment pool	2,020,435	AAA-AA	Moody's
Debt securities	4,197,209	AAA	S&P
Debt securities	8,789,961	AA	S&P
Debt securities	27,010,289	A	S&P
Debt securities	20,468,757	BBB	S&P
Debt securities	177,035	BB	S&P
Debt securities	40,111	CCC and below	S&P
Debt securities	<u>24,027,338</u>	Not rated	S&P
Total	<u>\$ 97,669,483</u>		
Component Units - Interlocal agreement	<u>\$ 752,251</u>	Aaa	Moody's

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system restricts the amount of investments in foreign currency-denominated investments to 5 percent of total pension system investments. The following securities are subject to foreign currency risk:

Security	Fair Value	Foreign Currency
Foreign bonds	\$ 3,257,963	Euro
Foreign bonds	287,415	Swiss franc
Foreign bonds	706,685	UK pound
Foreign bonds	1,824,636	Hong Kong dollar
Foreign bonds	2,920,840	Japanese yen
Foreign bonds	361,692	Canadian dollar
Foreign bonds	432,889	Australian dollar
Foreign stocks	372,233	Swedish krona

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 \$17,855,340 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.

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

Note 4 - Receivables

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

	Governmental Funds				Water and Sewer Fund	Nonmajor Enterprise	Total	Component Units
	General Fund	Grant Fund	Nonmajor Funds	Total				
Receivables:								
Property taxes receivable	\$ 304,368	\$ -	\$ 107,585	\$ 411,953	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	-	1,054,211	1,054,211	-	-	-	-
Receivables from sales to customers on account	-	-	-	-	7,146,331	-	7,146,331	-
Accrued interest receivable	49,900	-	5,040	54,940	6,148	-	6,148	-
Other receivables	947,442	-	979,674	1,927,116	341,980	8,468	350,448	137
Due from other governmental units	3,695,603	203,614	2,113,966	6,013,183	-	-	-	-
Due from pension and VEBA funds	8,896,684	-	-	8,896,684	-	-	-	-
Notes receivable	-	8,603,282	-	8,603,282	-	-	-	-
Net receivables	<u>\$ 13,893,997</u>	<u>\$ 8,806,896</u>	<u>\$ 4,260,476</u>	<u>\$ 26,961,369</u>	<u>\$ 7,494,459</u>	<u>\$ 8,468</u>	<u>\$ 7,502,927</u>	<u>\$ 137</u>

Note 5 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Primary Government
Delinquent personal property taxes - Unavailable	\$ 411,953	\$ -
Special assessments - Unavailable	1,054,207	-
Grant revenue - Unavailable	8,884,110	-
Other - Unavailable	435,405	-
Deferred inflows related to pensions	-	24,121,292
Total deferred inflows	<u>\$ 10,785,675</u>	<u>\$ 24,121,292</u>

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

	Primary Government	Component Units
Bond refunding loss being amortized	\$ 1,274,322	\$ 250,897
Deferred outflows related to pensions	53,456,086	-
Total deferred outflows	<u>\$ 54,730,408</u>	<u>\$ 250,897</u>

Note 6 - Capital Assets

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

	Balance July 1, 2016	Reclassifications	Additions	Disposals	Balance June 30, 2017
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 14,626,636	\$ -	\$ -	\$ -	\$ 14,626,636
Construction in progress	8,229,901	(4,517,673)	4,557,170	(139,635)	8,129,763
Subtotal	22,856,537	(4,517,673)	4,557,170	(139,635)	22,756,399
Capital assets being depreciated:					
Infrastructure	157,974,508	2,056,976	5,079,095	-	165,110,579
Buildings and improvements	89,870,899	6,541	211,965	-	90,089,405
Machinery and equipment	54,842,366	2,454,156	2,534,822	(2,439,133)	57,392,211
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	312,163,488	4,517,673	7,825,882	(2,439,133)	322,067,910
Accumulated depreciation:					
Infrastructure	112,258,630	-	2,483,204	-	114,741,834
Buildings and improvements	43,436,950	-	2,832,721	-	46,269,671
Machinery and equipment	37,866,499	-	2,985,386	(2,437,052)	38,414,833
Land improvements	8,152,951	-	201,813	-	8,354,764
Subtotal	201,715,030	-	8,503,124	(2,437,052)	207,781,102
Net capital assets being depreciated	110,448,458	4,517,673	(677,242)	(2,081)	114,286,808
Net capital assets	\$ 133,304,995	\$ -	\$ 3,879,928	\$ (141,716)	\$ 137,043,207
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 826,863	\$ -	\$ 147,465	\$ -	\$ 974,328
Construction in progress	315,242	(71,456)	1,475,806	-	1,719,592
Subtotal	1,142,105	(71,456)	1,623,271	-	2,693,920
Capital assets being depreciated:					
Buildings and improvements	99,386,134	67,995	1,530,555	(599,435)	100,385,249
Machinery and equipment	15,777,807	-	400,865	(104,775)	16,073,897
Utility systems	149,185,730	3,461	851,524	(27,437)	150,013,278
Subtotal	264,349,671	71,456	2,782,944	(731,647)	266,472,424
Accumulated depreciation:					
Buildings and improvements	40,981,534	-	2,790,716	(303,200)	43,469,050
Machinery and equipment	14,115,816	-	255,433	(104,775)	14,266,474
Utility systems	64,023,344	-	2,751,597	(27,437)	66,747,504
Subtotal	119,120,694	-	5,797,746	(435,412)	124,483,028
Net capital assets being depreciated	145,228,977	71,456	(3,014,802)	(296,235)	141,989,396
Net capital assets	\$ 146,371,082	\$ -	\$ (1,391,531)	\$ (296,235)	\$ 144,683,316

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

Note 6 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 2,471,982
Public safety	1,849,749
City development	31,416
Highway and streets	2,320,272
Recreation and culture	1,353,496
Sanitation	476,209
Total governmental activities	\$ 8,503,124

Business-type activities:

Water and sewer	\$ 5,501,576
Senior citizen housing	296,170
Total business-type activities	\$ 5,797,746

Construction Commitments - The City has active construction projects at year end. The City's significant active construction projects related to various road and sanitary relief sewer and water main replacement. At year end, the City's significant commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
City projects	\$ 15,829,827	\$ 6,343,611
Water and sewer projects	18,513,385	1,044,057

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From					Total	Component Units
	Grant Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Nonmajor Governmental Funds		
General Fund	\$ 263,928	\$ 2,195,262	\$ 222,087	\$ 8,896,684	\$ 801,512	\$ 12,379,473	\$ 193,295
Nonmajor enterprise funds	-	-	780	-	-	780	-
Nonmajor governmental funds	-	-	-	-	650	650	-
Total	\$ 263,928	\$ 2,195,262	\$ 222,867	\$ 8,896,684	\$ 802,162	\$ 12,380,903	\$ 193,295

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.

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

The balances for the fiduciary funds are amounts due at June 30, 2017.

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

Transfer In	Transfers Out		Total
	General Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	\$ 115,340	\$ 4,272,514	\$ 4,387,854

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

Note 8 - Long-term Debt

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

Sidewalk and Road Construction Bonds - Sidewalk and road construction bonds are comprised of various bond issues that pledge state-collected gas and weight tax receipts returned to the City. The full faith and credit of the City are pledged as additional security. These bond issues have aggregate principal maturities ranging from \$130,000 to \$1,155,245 a year and are due serially through fiscal year 2029 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.

Note 8 - Long-term Debt (Continued)

Water and Sewer Bonds - Water and Sewer Bonds, including the Capital Improvement Bonds and the State Revolving Fund bonds, are comprised of bonds issued to fund major infrastructure replacement projects and are payable solely from the net revenue of the Water and Sewer System. The bond issues have principal maturities ranging from \$4,155,000 to \$8,246,367 a year and are due serially through fiscal year 2037 with annual interest rates ranging from 1.625 percent to 6.00 percent. The total liability for SRF, Series 5401-01 at June 30, 2017 is \$2,208,918; 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 percent to 4.625 percent.

Senior Housing Bonds - Senior Housing Bonds consist of the Refunding Series 2012 bonds. Principal and interest payments are to be paid from cash flows generated by monthly rental unit receipts. In addition, the City has pledged its full faith and credit for the payment of these principal and interest payments as they become due. The Senior Housing Refunding Bonds, Series 2012, have principal maturities ranging from \$150,000 to \$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.

Note 8 - Long-term Debt (Continued)

Long-term debt activity 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%	\$ 992,730	\$ -	\$ 496,207	\$ 496,523	\$ 496,523
Capital Improvement Refunding: Series 2013A Maturing through 2027	2.70%	4,091,100	-	405,877	3,685,223	420,245
Capital Improvement Refunding: Series 2015 Maturing through 2029	2.00%-3.25%	2,429,721	-	239,080	2,190,641	234,080
General Obligation Bonds - Series 2014, WCC refunding - Maturing through 2027	2.35%	7,696,693	-	639,680	7,057,013	679,680
Capital leases (Note 9)		1,250,281	-	501,598	748,683	510,337
Total bonds payable		16,460,525	-	2,282,442	14,178,083	2,340,865
Accumulated compensated absences and compensatory time		9,287,776	3,144,547	1,857,555	10,574,768	2,114,954
Total governmental activities		\$ 25,748,301	\$ 3,144,547	\$ 4,139,997	\$ 24,752,851	\$ 4,455,819

Note 8 - Long-term Debt (Continued)

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

Business-type Activities	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Water and Sewer Bonds - Refunding Series 2012 - Maturing through 2026	4.00%	\$ 15,070,000	\$ -	\$ 1,740,000	\$ 13,330,000	\$ 1,885,000
Capital Improvement Bonds:						
Series 2003	3.70%-4.125%	560,000	-	70,000	490,000	75,000
Series 2010	3.55%-6.00%	7,690,000	-	350,000	7,340,000	375,000
Series 2012	2.50%-4.10%	13,945,000	-	455,000	13,490,000	465,000
Series 2013A Refunding	2.70%	1,603,900	-	159,123	1,444,777	164,755
Series 2013	4.00%-4.50%	17,375,000	-	725,000	16,650,000	750,000
Series 2017	2.00%-3.25%	-	53,000,000	-	53,000,000	1,840,000
State Revolving Fund:						
SRF, Series 5134-01 - Maturing through 2024	2.50%	2,435,000	-	245,000	2,190,000	250,000
SRF, Series 5134-02 - Maturing through 2026	2.125%	3,575,000	-	325,000	3,250,000	330,000
SRF, Series 5134-03 - Maturing 2024	2.125%	572,091	-	60,000	512,091	60,000
SRF, Series 5134-04 - Maturing 2026	1.625%	4,430,000	-	410,000	4,020,000	420,000
SRF, Series 5401-01 - Maturing through 2030	2.50%	2,338,918	-	130,000	2,208,918	135,000
Capital leases (Note 9) - Energy performance improvements		6,760,330	-	389,106	6,371,224	452,538
Senior Housing Bonds - Refunding Series 2012 - Maturing 2023	2.00%	2,555,000	-	500,000	2,055,000	365,000
Less deferred amounts:						
Issuance discounts		(245,413)	-	(12,937)	(232,476)	(12,937)
Issuance premiums		1,733,838	799,587	168,962	2,364,463	202,278
Total bonds payable		80,398,664	53,799,587	5,714,254	128,483,997	7,756,634
Accumulated compensated absences and compensatory time		776,798	354,748	345,520	786,026	348,074
Total business-type activities		<u>\$ 81,175,462</u>	<u>\$ 54,154,335</u>	<u>\$ 6,059,774</u>	<u>\$ 129,270,023</u>	<u>\$ 8,104,708</u>
Component Unit Activities	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Series 2015 Refunding	2.00%-3.00%	\$ 13,115,000	\$ -	\$ 615,000	\$ 12,500,000	\$ 605,000
Series 2013 Refunding	3.00%-4.625%	14,069,481	-	1,360,890	12,708,591	1,340,890
Series 2014 Refunding	2.00%-3.00%	30,632,615	-	1,697,938	28,934,677	2,162,938
Total bonds payable		<u>\$ 57,817,096</u>	<u>\$ -</u>	<u>\$ 3,673,828</u>	<u>\$ 54,143,268</u>	<u>\$ 4,108,828</u>

Note 8 - Long-term Debt (Continued)

During fiscal year 2010, the City issued 2010 Capital Improvement Bonds, which are Recovery Zone Economic Development Bonds. In accordance with this program, the City will be reimbursed a portion of interest expense incurred. The interest expense associated with these bonds in fiscal year 2016 was \$408,488, and the subsidy received was \$171,228, bringing the interest, net of subsidy, to \$237,260.

Total interest expense for the year, net of subsidy, was approximately \$4,358,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding discounts and premiums, are as follows, excluding capital leases (see Note 9):

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest - Net of Subsidy	Total	Principal	Interest	Total
2018	\$ 1,835,245	\$ 322,004	\$ 2,157,249	\$ 7,114,755	\$ 3,507,163	\$ 10,621,918	\$ 4,050,000	\$ 1,566,706	\$ 5,616,706
2019	1,341,020	269,373	1,610,393	7,473,980	3,442,223	10,916,203	4,485,000	1,461,531	5,946,531
2020	1,374,755	236,683	1,611,438	7,655,245	3,237,776	10,893,021	5,155,000	1,336,531	6,491,531
2021	1,395,530	203,265	1,598,795	7,844,470	3,004,453	10,848,923	5,310,000	1,187,656	6,497,656
2022	1,427,857	169,131	1,596,988	8,037,143	2,764,823	10,801,966	5,455,000	1,021,806	6,476,806
2023-2027	5,805,816	385,719	6,191,535	31,981,275	10,806,745	42,788,020	25,550,000	2,518,459	28,068,459
2028-2032	265,000	8,447	273,447	26,508,918	6,465,885	32,974,803	3,600,000	88,050	3,688,050
2033-2037	-	-	-	23,365,000	2,254,775	25,619,775	-	-	-
Total	\$ 13,445,223	\$ 1,594,622	\$ 15,039,845	\$ 119,980,786	\$ 35,483,843	\$ 155,464,629	\$ 53,605,000	\$ 9,180,739	\$ 62,785,739

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 \$155,464,630. During the current year, net revenue of the system was \$44,002,768 compared to the annual debt requirements of \$6,983,016.

Note 9 - 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.

Note 9 - Leases (Continued)

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

Years Ending June 30	Amount
2018	\$ 522,806
2019	241,919
Total	764,725
Less interest	16,042
Total	<u>\$ 748,683</u>

In 2011, the Water and Sewer Fund entered into a lease agreement as lessee for financing the purchase of energy performance improvements for the waste water treatment plant. The total amount of financing is \$8,021,303, with \$54,693 of issuance costs included in the total. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. As of June 30, 2017, the project is complete.

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

Years Ending June 30	Amount
2018	\$ 626,472
2019	649,255
2020	672,880
2021	697,380
2022	722,787
2023-2027	<u>4,058,258</u>
Total minimum lease payments	7,427,032
Less amount representing interest	<u>(1,055,808)</u>
Present value	<u>\$ 6,371,224</u>

Note 10 - General Employees' Other Postemployment Benefits - VEBA

The City's postemployment health and dental benefits are administered under a combination of premium-based, self-insurance, and/or Medicare coverage plans. In general, if a retiree or members of his or her immediate family are entitled to retirement benefits under the City Employees' Retirement System or the Police and Fire Retirement System, then they are entitled to the postretirement health and dental insurance benefits. Currently, the City provides 100 percent of the cost of health insurance and either 50 percent or 100 percent of dental coverage dependent upon the coverage selected. Some collective bargaining agreements include language that employees will pay either 50 percent or 25 percent of their health insurance upon retirement dependent on age and years of service. There are currently no retirees under the provisions of these contracts. Recent collective bargaining agreements have included Retirement Health Savings account provisions for new hires. During employment, the City will contribute 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.

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

The Trust is created for the exclusive purpose of funding health, life, and disability benefits for those retirees and beneficiaries eligible to receive such retirement benefits under the City of Warren General Employees' Retirement System and Defined Contribution Plan. At December 31, 2014, the date of the most recent valuation, the plan consisted of 226 active participants, 583 retired participants, and 37 inactive vested participants.

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

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

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

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

Funding Policy - The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount, are designed to accumulate sufficient assets to pay benefits when due. Administrative costs of the plan are financed through investment earnings. Actuarial valuations are performed biannually.

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

Funding Progress - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation's computed contribution and actual fundings are summarized as follows:

Annual required contribution (recommended)	\$ 11,800,171
Interest on the prior year's net OPEB obligation	270,683
Less adjustment to the annual required contribution	<u>(309,758)</u>
Annual OPEB cost	11,761,096
Amounts contributed:	
Payments of current premiums	-
Advance funding	<u>8,999,996</u>
Increase in net OPEB obligation	2,761,100
OPEB obligation - Beginning of year	<u>3,657,877</u>
OPEB obligation - End of year	<u>\$ 6,418,977</u>

For the fiscal year ended June 30, 2017, contributions to the plan totaled \$8,999,996. For the current year and the preceding two years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended*	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
6/30/17	12/31/14	\$ 11,800,171	\$ 11,761,096	76.3 %	\$ 6,418,977
6/30/16	12/31/14	11,800,171	11,754,015	108.3	3,657,877
6/30/15	12/31/12	13,897,390	13,897,390	66.3	4,686,680

* The fiscal year ended June 30, 2015 includes 18 months of Water and Sewer Fund activity.

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll*
12/31/14	\$ 32,751,358	\$ 155,719,046	\$ 122,967,688	21.0 %	\$ 15,984,491	769.3 %
12/31/12	25,617,427	159,271,972	133,654,545	16.1	16,496,331	810.2
12/31/10	23,670,836	168,000,923	144,330,087	14.1	20,751,208	695.5
12/31/08	16,522,158	158,665,734	142,143,576	10.4	25,743,285	552.2
12/31/06	16,229,489	161,270,365	145,040,876	10.1	27,490,701	527.6

* The City's contribution changed from percentage of active payroll to a recommended dollar amount with the actuarial valuation of December 31, 2011.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

In the December 31, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates included a 5 percent inflation assumption. The actuarial value of assets is set to equal fair market value. The UAAL uses level dollar amortization. The remaining amortization period at December 31, 2014 was 30 years.

Note 11 - Police and Fire Other Postemployment Benefits - VEBA

Plan Description - 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. At December 31, 2016, the plan consisted of 179 active participants, 544 retired participants, and four inactive vested participants.

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

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

Funding Policy - The City is required by its ordinance to annually fund employer contributions based on the actuarially determined rate. The plan and trust's funding policy provides for monthly employer contributions at the actuarially determined rate for fiscal year 2016 that is intended to accumulate sufficient assets to pay health benefits when due. Required employer contributions are computed by the actuary to be a level dollar amount because the plan is closed to new hires. The annual required employer contribution for the City's fiscal year beginning July 1, 2016 as determined by the December 31, 2014 actuarial report was \$13,621,425. Administrative costs of the plan are financed through investment earnings.

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

Funding Progress - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Based on that valuation, the City contributed \$13,184,908 in the year ended June 30, 2017. The annual required contribution is \$13,621,425. The valuation's computed contribution and actual fundings are summarized as follows:

Annual required contribution (recommended)	\$ 13,621,425
Interest on the prior year's net OPEB obligation	787,180
Less adjustment to the annual required contribution	<u>(906,887)</u>
Annual OPEB cost	13,501,718
Amounts contributed:	
Amounts contributed toward the ARC	13,184,908
Advance funding	<u>-</u>
Increase in net OPEB obligation	316,810
OPEB obligation - Beginning of year	<u>10,495,739</u>
OPEB obligation - End of year	<u>\$ 10,812,549</u>

For the fiscal year ended June 30, 2017, contributions to the plan totaled \$13,184,908. For the current year and the preceding two years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
6/30/17	12/31/14	\$ 13,621,425	\$ 13,501,719	96.8 %	\$ 10,812,550
6/30/16	12/31/14	13,621,425	13,543,186	77.1	10,495,739
6/30/15	12/31/12	13,184,908	13,137,382	80.4	7,452,588

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/14	\$ 22,439,078	\$ 170,182,661	\$ 147,743,583	13.2 %	\$ 16,711,354	884.1 %
12/31/12	16,967,629	158,461,838	141,494,209	10.7	19,039,578	743.2
12/31/11	17,360,593	153,497,640	136,137,047	11.3	19,755,129	689.1
12/31/10	18,170,142	154,083,759	135,913,617	11.8	24,386,083	557.3
12/31/08	12,805,655	166,135,717	153,330,062	7.7	30,524,963	502.3

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 2.5 percent per year plus a long-term rate of inflation of 5.0 percent per year. It also included healthcare cost increases of 5.0 percent for the years included in the valuation. The actuarial value of assets is set to equal fair market value. The UAAL uses level dollar amortization. The remaining amortization period at December 31, 2014 was 30 years.

Note 12 - Employees' Retirement System Defined Benefit Pension Plan

Pension Plan Description

Plan Description - The City of Warren Employees' Retirement System Defined Benefit 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 member have voting privileges.

Employees Covered by Benefit Terms - At December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries	517
Inactive plan members entitled to but not yet receiving benefits	24
Active plan members	<u>96</u>
Total employees covered by the plan	<u>637</u>

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

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

Deferred retirement benefits vest after eight years of credited service. For members of UAW Local 412 - Unit 59, 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.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. The normal cost and actuarial accrued liability were determined using an aggregate actuarial funding method. For the year ended December 31, 2016, employer contributions were \$9,254,969 in accordance with the actuarial valuation dated December 31, 2014. Employees are not required to contribute to the system. Any amounts shown as employee contributions represent purchase of prior service credit. Administrative costs are financed through investment earnings.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2016:

Asset Class	Target Allocation
Domestic equity	60 %
U.S. government or agency fixed income	40

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

Pension Plan Reserves

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

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 them, but not in excess of 2.0 percent per annum; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is composed of accumulated city contributions, net of amounts transferred for the payment of pensions to the reserve for retirees' benefit payments plus interest thereon.

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

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

The balances of the reserve accounts at December 31, 2016 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 147,752,817	\$ 117,916,642
Employee reserve	64,704	64,704

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

Net Pension Liability

The components of the net pension liability of the City at December 31, 2016 were as follows:

Total pension liability	\$ 186,209,023
Plan fiduciary net position	<u>117,981,347</u>
City's net pension liability	<u>\$ 68,227,676</u>

Plan fiduciary net position as a percentage of the total pension liability 63.4 %

The City has chosen to use December 31, 2016 as its measurement date for the net pension liability. The December 31, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used updated procedures to roll forward the estimated liability to December 31, 2016.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 191,024,170	\$ 113,378,411	\$ 77,645,759
Service cost	1,248,269	-	1,248,269
Interest	13,312,456	-	13,312,456
Differences between expected and actual experience	(3,319,419)	-	(3,319,419)
Contributions - Employer	-	9,254,969	(9,254,969)
Net investment income	-	11,663,608	(11,663,608)
Benefit payments, including refunds	(16,056,453)	(16,056,453)	-
Administrative expenses	-	(259,188)	259,188
Net changes	<u>(4,815,147)</u>	<u>4,602,936</u>	<u>(9,418,083)</u>
Balance at December 31, 2016	<u>\$ 186,209,023</u>	<u>\$ 117,981,347</u>	<u>\$ 68,227,676</u>

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

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

For the year ended June 30, 2017, the City recognized pension expense of \$7,073,202. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 553,237
Net difference between projected and actual earnings on pension plan investments	4,542,215	-
Employer contributions to the plan subsequent to the measurement date	<u>7,538,081</u>	<u>-</u>
Total	<u>\$ 12,080,296</u>	<u>\$ 553,237</u>

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

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 1,283,544
2019	1,836,780
2020	1,575,625
2021	(706,971)

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

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %	
Salary increases	4.8-7.8 %	Including inflation
Investment rate of return	7.35 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table projected to 2014.

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

Projected Cash Flows

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability of the City	<u>\$ 84,864,029</u>	<u>\$ 68,227,676</u>	<u>\$ 53,811,578</u>

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

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

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

Pension Plan Description

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

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

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.

Employees Covered by Benefit Terms - At December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries	563
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	319
	<hr/>
Total employees covered by the Plan	887
	<hr/>

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

Benefits Provided - 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.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended December 31, 2016, employer contributions were \$10,481,016 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.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of December 31, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	51.0 %
International equity	12.0
Fixed income	22.5
Alternative investments	12.0
Real estate	2.5

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

Pension Plan Reserves

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

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

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

The balances of the reserve accounts at December 31, 2016 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 261,056,396	\$ 261,056,396
Employee reserve	18,005,205	18,005,205
Employer reserve	N/A	1,339,061

Net Pension Liability

The components of the net pension liability of the City at June 30, 2017 were as follows:

Total pension liability	\$ 456,883,017
Plan fiduciary net position	<u>280,400,662</u>
City's net pension liability	<u>\$ 176,482,355</u>

Plan fiduciary net position as a percentage of the total pension liability 61.4 %

The City has chosen to use December 31, 2016 as its measurement date for the net pension liability. The December 31, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used updated procedures to roll forward the estimated liability to December 31, 2016.

City of Warren, Michigan

Notes to Financial Statements June 30, 2017

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 480,737,617	\$ 279,553,404	\$ 201,184,213
Service cost	8,417,461	-	8,417,461
Interest	25,346,092	-	25,346,092
Differences between expected and actual experience	1,435,610	-	1,435,610
Changes in assumptions	(27,905,225)	-	(27,905,225)
Contributions - Employer	-	10,481,016	(10,481,016)
Contributions - Employee	-	1,138,678	(1,138,678)
Net investment income	-	20,689,791	(20,689,791)
Benefit payments, including refunds	(31,148,538)	(31,148,538)	-
Administrative expenses	-	(426,933)	426,933
Miscellaneous other charges	-	113,244	(113,244)
Net changes	(23,854,600)	847,258	(24,701,858)
Balance at December 31, 2016	<u>\$ 456,883,017</u>	<u>\$ 280,400,662</u>	<u>\$ 176,482,355</u>

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

Assumption Changes - The assumed discount rate increased to 5.96 percent from 5.40 percent. This change in actuarial assumption resulted in a decrease in the total pension liability of \$27,905,225 and more accurately reflects future expected changes.

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

For the year ended June 30, 2017, the City recognized pension expense of \$18,904,973. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,116,586	\$ 1,863,991
Changes in assumptions	24,279,685	21,704,064
Net difference between projected and actual earnings on pension plan investments	10,800,787	-
Employer contributions to the plan subsequent to the measurement date	5,178,732	-
Total	<u>\$ 41,375,790</u>	<u>\$ 23,568,055</u>

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

Years Ending June 30	Amount
2018	\$ 6,188,819
2019	6,319,290
2020	3,155,438
2021	(3,034,544)

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	5.0 %
Salary increases	5.0-8.0 % Average, including inflation
Investment rate of return	7.50 % Net of pension plan investment expense, including inflation

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

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table projected to 2014.

Discount Rate - The discount rate used to measure the total pension liability as of December 31, 2016 was 5.96 percent; however, the discount rate used at the beginning of the year was 5.40 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 the employer contributions will be made at the rates equal to the actuarially determined contribution and the employee rate.

Projected Cash Flows

Based on those assumptions, and the valuation interest rate of 7.5 percent, the system's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees prior to 2047. After that time, fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the S&P Municipal Bond 20-year High Grade Index Rate as of December 31, 2016 of 3.71 percent was applied to all periods of subsequent projected benefit payments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	7.1 %
International equity	6.8
Fixed income	2.8
Alternative investments	4.7
Real estate	4.5

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 5.96 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.96 percent) or 1 percentage point higher (6.96 percent) than the current rate:

	1% Decrease (4.96%)	Current Discount Rate (5.96%)	1% Increase (6.96%)
Net pension liability of the City	<u>\$ 228,356,728</u>	<u>\$ 176,482,353</u>	<u>\$ 132,890,431</u>

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

Note 14 - 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, 2017. Detailed information for each pension plan can be found in Notes 12 and 13.

	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense</u>
Employees' Retirement System Defined Benefit Pension Plan	\$ 186,209,023	\$ 117,981,347	\$ 68,227,676	\$ 12,080,296	\$ 553,237	\$ 7,037,202
Police and Fire Retirement System Defined Benefit Pension Plan	<u>456,883,017</u>	<u>280,400,662</u>	<u>176,482,355</u>	<u>41,375,790</u>	<u>23,568,055</u>	<u>18,904,973</u>
Total	<u>\$ 643,092,040</u>	<u>\$ 398,382,009</u>	<u>\$ 244,710,031</u>	<u>\$ 53,456,086</u>	<u>\$ 24,121,292</u>	<u>\$ 25,942,175</u>

Note 15 - Defined Contribution Plan

Plan Description - The Defined Contribution Plan was approved by the Warren City Council at their meeting on April 8, 1997. The plan is administered by the International City Management Association Retirement Corporation (ICMA). Participation in the plan is extended to all full-time employees, other than police and fire personnel. Employees were allowed to transfer the actuarially determined value of prior service credit from the City Employees' Retirement System to the Defined Contribution Plan upon adoption of the plan and settlement of respective collective bargaining agreements. Employees hired after ratification of the respective collective bargaining agreements are automatically enrolled in the Defined Contribution Plan. There were 288 active participants in the plan as of June 30, 2017. The City contributed approximately \$2.2 million for the year ended June 30, 2017.

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 16 - Other Retirement Plans

Qualified Excess Benefit Arrangement (QEBA) Trust

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

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

Investments are reported at fair value.

Note 16 - Other Retirement Plans (Continued)

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

Deferred Compensation Plan

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

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

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

Note 17 - 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.

Note 17 - Risk Management (Continued)

The government-wide statement of net position reports "accrued insurance 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 - insurance claims" 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:

	2015	Est. Claims Incurred/ Reserved	Payments and Adjustments	2016	Est. Claims Incurred/ Reserved	Payments and Adjustments	2017
Workers' compensation, automobile, and public entity liability	\$ 7,674,487	\$ 5,346,218	\$ (4,193,240)	\$ 8,827,465	\$ 1,145,732	\$ (3,418,635)	\$ 6,554,562
Other insurance-related items	-	-	-	-	-	-	-
Estimated liability - End of year	<u>\$ 7,674,487</u>	<u>\$ 5,346,218</u>	<u>\$ (4,193,240)</u>	<u>\$ 8,827,465</u>	<u>\$ 1,145,732</u>	<u>\$ (3,418,635)</u>	<u>\$ 6,554,562</u>

Note 18 - Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. The investments held in the fiduciary funds are reported as of December 31, 2016.

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

Note 18 - Fair Value Measurement (Continued)

The City has the following recurring fair value measurements as of June 30, 2017:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	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)
Debt securities:				
U.S. Treasury securities*	\$ 24,343,675	\$ -	\$ 24,343,675	\$ -
Domestic fixed income*	3,290,593	-	3,290,593	-
International fixed income*	2,845,056	-	2,845,056	-
Commercial mortgage-backed securities*	10,724,745	-	10,724,745	-
Asset-backed securities*	5,370,551	-	5,370,551	-
Closed End MF - Fixed income*	3,324,935	3,324,935	-	-
Open End MF - Fixed income*	5,525,546	5,525,546	-	-
Municipal obligations*	496,018	-	496,018	-
Corporate bonds*	53,961,871	-	53,961,871	-
Total debt securities	109,882,990	8,850,481	101,032,509	-
Equity securities:				
Domestic stock*	178,393,065	178,393,065	-	-
Foreign stock*	25,631,685	25,631,685	-	-
Real Estate Investment Trusts*	16,846,427	16,846,427	-	-
ADR*	22,492,093	22,492,093	-	-
CIF - Equity*	47,513,312	-	47,513,312	-
Closed End MF - Equity*	6,461,277	6,461,277	-	-
Partnerships Publicly Traded*	753,481	753,481	-	-
Rights and warrants*	5,248	5,248	-	-
Total equity securities	298,096,588	250,583,276	47,513,312	-
Private equity funds*	18,793,428	-	166,877	18,626,551
Total investments by fair value level	426,773,006	\$ 259,433,757	\$ 148,712,698	\$ 18,626,551
Investments measured at net asset value (NAV):				
Fifth Third Fund - DDA	752,221			
Equity Index Fund*	24,717,829			
Peak Partners Offshore Fund Ltd.*	2,786,355			
Vintage VI Offshore LP*	2,512,720			
StepStone Mezzanine Partners I (Offshore) LP*	177,281			
StepStone Private Equity Partners (Offshore II) LP*	962,038			
Avista Capital Opportunities Fund II (Offshore) LP*	800,774			
Cohesive Capital Partners II (Offshore) LP*	1,026,813			
Total investments measured at NAV	33,736,031			
Total investments measured at fair value	\$ 460,509,037			

* These represent fiduciary fund investments, which are stated as of December 31, 2016.

Note 18 - Fair Value Measurement (Continued)

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

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.

At the year ended June 30, 2017, 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	\$ 752,251	\$ -	N/A	N/A
Equity index Fund*	24,717,829	-	N/A	N/A
Peak Partners Offshore Fund Ltd.*	2,786,355	-	N/A	N/A
Vintage VI Offshore LP*	2,512,720	1,485,030	Ongoing	Until maturity
StepStone Mezzanine Partners I (Offshore) LP*	177,281	40,000	Ongoing	Until maturity
StepStone Private Equity Partners (Offshore II) LP*	962,038	591,055	Ongoing	Until maturity
Avista Capital Opportunities Fund II (Offshore) LP*	800,774	117,708	Ongoing	Until maturity
Cohesive Capital Partners II (Offshore) LP*	1,026,813	3,943,797	Ongoing	Until maturity
Total investments measured at NAV	<u>\$ 33,736,061</u>	<u>\$ 6,177,590</u>		

* These represent fiduciary fund investments, which are stated as of December 31, 2016.

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.

Note 18 - Fair Value Measurement (Continued)

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.

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.

Note 18 - Fair Value Measurement (Continued)

The Fifth Third investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high grade commercial paper (rated "A 1" 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 19 - 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 20 - Joint 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 post-closure liability of approximately \$4,700,000. 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 21 - Tax Abatements

The City of Warren 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.

Note 21 - Tax Abatements (Continued)

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, 2017, the City abated \$1,610,314 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.

Note 21 - 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, 2017 is as follows:

Tax Abatement Program	Amount of Taxes Abated during the Year Ended June 30, 2017
Brownfield Redevelopment Authority Sites	\$ 242,345
Industrial and Commercial Facilities (Act 198)	1,610,314
Exempt Personal Property (Act 328)	1,403,867
Tool & Die Renaissance and Recovery Zone Properties	327,215
Other Commercial and Industrial Tax Abatements	611,590

Note 22 - Upcoming Accounting Pronouncements

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

Note 22 - Upcoming Accounting Pronouncements (Continued)

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. 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 2019-2020 fiscal year.

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). 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 2017-2018 fiscal year.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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 2017-2018 fiscal year.

In June 2017, the Governmental Accounting Standards Board issued GASB 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 2020-2021 fiscal year.

Required Supplemental Information

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 65,781,700	\$ 65,781,700	\$ 65,973,455	\$ 191,755
Licenses and permits	3,707,000	3,707,000	4,018,513	311,513
Federal grants	-	435,480	1,018,423	582,943
State-shared revenue and grants	17,576,922	27,308,032	27,874,604	566,572
Charges for services	3,634,000	3,634,000	4,628,445	994,445
Fines and forfeitures	5,990,000	5,990,000	4,846,914	(1,143,086)
Investment income	140,000	140,000	166,936	26,936
Other miscellaneous income	6,753,535	6,753,535	7,810,805	1,057,270
Total revenue	103,583,157	113,749,747	116,338,095	2,588,348
Expenditures - Current -				
General government:				
Council	1,096,415	1,096,415	1,014,451	81,964
Mayor	677,600	677,600	384,175	293,425
Controller	1,528,992	1,528,992	1,451,477	77,515
Information technology/data proc.	892,568	892,568	868,907	23,661
Treasurer	1,321,269	1,321,269	1,282,097	39,172
Assessing	2,116,613	2,166,613	2,036,054	130,559
Clerk	1,805,565	1,805,565	1,199,356	606,209
Building maintenance	2,142,097	2,174,167	2,059,417	114,750
Legal	1,468,814	1,468,814	1,351,875	116,939
Human resources	1,412,153	1,412,153	1,283,644	128,509
Administration unallocated expense	4,376,125	8,093,567	7,624,058	469,509
Other commissions	94,501	94,501	51,580	42,921
Total general government	18,932,712	22,732,224	20,607,091	2,125,133
District court	7,192,423	7,834,795	7,514,872	319,923
Public safety:				
Police department	41,918,361	42,173,060	41,397,474	775,586
Fire department	26,660,421	26,724,716	24,434,090	2,290,626
Civil defense	232,763	232,763	227,912	4,851
Animal control	403,102	413,102	394,212	18,890
Building inspections	3,222,632	3,314,251	3,041,676	272,575
Crime commission	11,800	11,800	11,406	394
Total public safety	72,449,079	72,869,692	69,506,770	3,362,922

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Current (Continued)				
Public works:				
Property maintenance	\$ 1,245,310	\$ 1,245,310	\$ 1,050,665	\$ 194,645
Engineering and inspections	1,191,882	1,191,882	1,102,518	89,364
Public service director	438,682	438,682	432,201	6,481
Stormwater drainage	86,260	86,260	86,260	-
Highway street lighting	3,593,000	4,457,692	4,412,973	44,719
DPW garage	4,023,372	4,111,187	3,150,626	960,561
Total public works	10,578,506	11,531,013	10,235,243	1,295,770
Community and economic development:				
Planning, zoning, and related	655,823	655,823	605,019	50,804
Economic development opportunities	225,282	225,282	111,430	113,852
Total community and economic development	881,105	881,105	716,449	164,656
Recreation and culture:				
Historical commission	12,075	12,075	11,753	322
Cultural commission	26,600	26,600	25,806	794
Village historical commission	13,850	13,850	9,455	4,395
Total recreation and culture	52,525	52,525	47,014	5,511
Total expenditures	110,086,350	115,901,354	108,627,439	7,273,915
Excess of Revenue (Under) Over Expenditures	(6,503,193)	(2,151,607)	7,710,656	9,862,263
Other Financing Uses - Transfers out	(145,340)	(145,340)	(115,340)	30,000
Net Change in Fund Balance	(6,648,533)	(2,296,947)	7,595,316	9,892,263
Fund Balance - Beginning of year	63,818,408	63,818,408	63,818,408	-
Fund Balance - End of year	<u>\$ 57,169,875</u>	<u>\$ 61,521,461</u>	<u>\$ 71,413,724</u>	<u>\$ 9,892,263</u>

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Grant Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 1,993,687	\$ 1,993,990	\$ 2,402,203	\$ 408,213
Other	-	-	39,405	39,405
Total revenue	1,993,687	1,993,990	2,441,608	447,618
Expenditures - Current				
Community and economic development	1,993,686	1,964,886	2,234,009	(269,123)
Net Change in Fund Balance	1	29,104	207,599	178,495
Fund Balance - Beginning of year	212,212	212,212	212,212	-
Fund Balance - End of year	<u>\$ 212,213</u>	<u>\$ 241,316</u>	<u>\$ 419,811</u>	<u>\$ 178,495</u>

City of Warren, Michigan

Note to Required Supplemental Information Year Ended June 30, 2017

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.

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 112,020,220	\$ 104,309,564
Nonreciprocal interfund activity budgeted as revenue	<u>4,317,875</u>	<u>4,317,875</u>
Amounts per budget statement	<u>\$ 116,338,095</u>	<u>\$ 108,627,439</u>

City of Warren, Michigan

Note to Required Supplemental Information (Continued) June 30, 2017

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City of Warren, Michigan incurred significant expenditures in the Grant Fund that were in excess of the amounts budgeted as 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	\$ 1,964,886	\$ 2,234,009	\$ (269,123)

City of Warren, Michigan

Required Supplemental Information OPEB System Schedule - General Employees' Other Postemployment Benefits - VEBA Year Ended June 30, 2017

The schedule of funding progress for the general employees' other postemployment benefits - VEBA is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll*
12/31/14	\$ 32,751,358	\$ 155,719,046	\$ 122,967,688	21.0 %	\$ 15,984,491	769.3 %
12/31/12	25,617,427	159,271,972	133,654,545	16.1	16,496,331	810.2
12/31/10	23,670,836	168,000,923	144,330,087	14.1	20,751,208	695.5

* The City's contribution changed from percentage of active payroll to a recommended dollar amount with the actuarial valuation of December 31, 2011.

The schedule of employer contributions is as follows:

Fiscal Year Ended*	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/17	12/31/14	\$ 11,800,171	76.3 %
6/30/16	12/31/14	11,800,171	108.3
6/30/15	12/31/12	13,897,390	66.3

* The fiscal year ended June 30, 2015 includes 18 months of Water and Sewer Fund activity.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2014, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	30 years
Asset valuation method	Fair market value
Actuarial assumptions:	
Investment rate of return	7.4%
Projected salary increases*	5.0%
*Includes inflation at	5.0%
Cost-of-living adjustments	None

City of Warren, Michigan

Required Supplemental Information OPEB System Schedule - Police and Fire Postemployment Benefits - VEBA Year Ended June 30, 2017

The schedule of funding progress for the police and fire other postemployment benefits - VEBA is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/14	\$ 22,439,078	\$ 170,182,661	\$ 147,743,583	13.2 %	\$ 16,711,354	884.1 %
12/31/12	16,967,629	158,461,838	141,494,209	10.7	19,039,578	743.2
12/31/11	17,360,593	153,497,640	136,137,047	11.3	19,755,129	689.1

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/17	12/31/14	\$ 13,621,425	96.8 %
6/30/16	12/31/14	13,621,425	77.1
6/30/15	12/31/12	13,184,908	80.4
6/30/14	12/31/12	12,835,782	61.7
6/30/13	12/31/10	7,086,480	100.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2014, the latest actuarial valuation, follows:

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

City of Warren, Michigan

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	13.4 %	10.6 %	6.3 %

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 Pension Liability and Related Ratios Employees' Retirement System Defined Benefit Pension Plan Last Three Measurement Years

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Total Pension Liability			
Service cost	\$ 1,248,269	\$ 1,182,428	\$ 1,227,820
Interest	13,312,456	13,100,633	13,329,959
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(3,319,419)	747,834	(963)
Changes in assumptions	-	3,842,234	3,134,370
Benefit payments, including refunds	(16,056,453)	(15,912,254)	(15,879,218)
Net Change in Total Pension Liability	(4,815,147)	2,960,875	1,811,968
Total Pension Liability - Beginning of year	191,024,170	188,063,295	186,251,327
Total Pension Liability - End of year	\$ 186,209,023	\$ 191,024,170	\$ 188,063,295
Plan Fiduciary Net Position			
Contributions - Employer	\$ 9,254,969	\$ 9,301,612	\$ 9,587,638
Contributions - Member	-	-	-
Net investment income (loss)	11,663,608	(2,521,195)	7,307,119
Administrative expenses	(259,188)	(295,700)	(307,881)
Benefit payments, including refunds	(16,056,453)	(15,912,254)	(15,879,218)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	4,602,936	(9,427,537)	707,658
Plan Fiduciary Net Position - Beginning of year	113,378,411	122,805,948	122,098,290
Plan Fiduciary Net Position - End of year	\$ 117,981,347	\$ 113,378,411	\$ 122,805,948
City's Net Pension Liability - Ending	\$ 68,227,676	\$ 77,645,759	\$ 65,257,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.40 %	59.40 %	65.30 %
Covered Employee Payroll	\$ 6,773,574	\$ 7,398,730	\$ 7,302,759
City's Net Pension Liability as a Percentage of Covered Employee Payroll	1,007.3 %	1,049.4 %	893.6 %

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

Notes to Pension Required Supplemental Information Schedules Employees' Retirement System Defined Benefit Pension Plan Year Ended June 30, 2017

Benefit Changes - None

Changes in Assumptions - The assumed rate of investment return was decreased to 7.35 percent from 7.40 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

City of Warren, Michigan

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

	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Total Pension Liability			
Service cost	\$ 8,417,461	\$ 7,077,600	\$ 7,157,955
Interest	25,346,092	25,830,279	25,735,103
Changes in benefit terms	-	-	-
Differences between expected and actual experience	1,435,610	(2,546,396)	(1,257,514)
Changes in assumptions	(27,905,225)	42,956,365	-
Benefit payments, including refunds	(31,148,538)	(30,567,324)	(29,482,283)
Net Change in Total Pension Liability	(23,854,600)	42,750,524	2,153,261
Total Pension Liability - Beginning of year	480,737,617	437,987,093	435,833,832
Total Pension Liability - End of year	\$ 456,883,017	\$ 480,737,617	\$ 437,987,093
Plan Fiduciary Net Position			
Contributions - Employer	\$ 10,481,016	\$ 10,604,562	\$ 10,830,419
Contributions - Member	1,138,678	1,033,752	1,089,202
Net investment income	20,689,791	2,222,576	18,413,945
Administrative expenses	(426,933)	(454,638)	(397,298)
Benefit payments, including refunds	(31,148,538)	(30,567,324)	(29,482,283)
Other	113,244	85,387	156,405
Net Change in Plan Fiduciary Net Position	847,258	(17,075,685)	610,390
Plan Fiduciary Net Position - Beginning of year	279,553,404	296,629,089	296,018,699
Plan Fiduciary Net Position - End of year	\$ 280,400,662	\$ 279,553,404	\$ 296,629,089
City's Net Pension Liability - Ending	\$ 176,482,355	\$ 201,184,213	\$ 141,358,004
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	61.37 %	58.15 %	67.73 %
Covered Employee Payroll	\$ 24,703,698	\$ 24,413,784	\$ 25,839,293
City's Net Pension Liability as a Percentage of Covered Employee Payroll	714.4 %	824.1 %	547.1 %

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

Notes to Pension Required Supplemental Information Schedules Police and Fire Retirement System Defined Benefit Pension Plan Year Ended June 30, 2017

Benefit Changes - None

Changes in Assumptions

1. Discount rate - The discount rate used to calculate the December 31, 2016 total pension liability was 5.96 percent. The discount rate used to calculate the total pension liability as of December 31, 2015 was 5.40 percent.
2. Mortality tables - To calculate the total pension liability as of December 31, 2015 and December 31, 2016, 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

City of Warren, Michigan

Required Supplemental Information Schedule of Investment Returns Police and Fire Retirement System Defined Benefit Pension Plan Last Three Fiscal Years

	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	8.2 %	N/A	N/A

Other Supplemental Information

City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Assets						
Cash and investments	\$ 3,436,857	\$ 2,286,424	\$ 3,669,425	\$ 1,326,801	\$ 4,918,683	\$ 2,953,752
Receivables - Net:						
Property taxes receivable	-	-	40,193	14,249	21,047	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	3,020	2,020	-	-	-	-
Other receivables	-	-	40,083	1,478	156,734	668,060
Due from other governmental units	1,555,129	510,895	238	90	44,269	-
Due from other funds	-	650	-	-	-	-
Inventory	-	-	4,171	4,793	-	-
Prepaid items and other assets	-	-	24	5,816	229	190
Deposits	2,633,830	-	-	-	-	-
	<u>\$ 7,628,836</u>	<u>\$ 2,799,989</u>	<u>\$ 3,754,134</u>	<u>\$ 1,353,227</u>	<u>\$ 5,140,962</u>	<u>\$ 3,622,002</u>
Total assets						
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 163,702	\$ 22,139	\$ 242,014	\$ 269,593	\$ 264,031	\$ 26,385
Due to other governmental units	-	-	-	-	176	-
Due to other funds	448,703	352,159	-	650	-	-
Refundable deposits, bonds, etc.	8,591	4,447	-	6,186	107,016	-
Accrued liabilities and other	21,411	36,502	103,154	87,938	40,831	17,711
Provision for property tax refunds	-	-	15,118	5,738	7,873	-
	<u>642,407</u>	<u>415,247</u>	<u>360,286</u>	<u>370,105</u>	<u>419,927</u>	<u>44,096</u>
Total liabilities						
Deferred Inflows of Resources -						
Unavailable revenue	-	-	74,986	14,249	21,047	-
Fund Balances						
Nonspendable:						
Inventory/Assets held for resale	-	-	4,171	4,793	-	-
Prepays	-	-	24	5,816	229	190
Restricted:						
Roads construction and maintenance	6,986,429	2,384,742	-	-	-	-
Capital projects	-	-	-	-	-	-
Sanitation	-	-	3,314,667	-	-	-
Recreation	-	-	-	958,264	-	-
Library	-	-	-	-	4,699,759	-
Cable franchise fees	-	-	-	-	-	3,577,716
Police enforcement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Assigned:						
37th District Court	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
	<u>6,986,429</u>	<u>2,384,742</u>	<u>3,318,862</u>	<u>968,873</u>	<u>4,699,988</u>	<u>3,577,906</u>
Total fund balances						
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,628,836</u>	<u>\$ 2,799,989</u>	<u>\$ 3,754,134</u>	<u>\$ 1,353,227</u>	<u>\$ 5,140,962</u>	<u>\$ 3,622,002</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

Special Revenue Funds							Total Nonmajor Governmental Funds
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	
\$ 1,094,709	\$ 237,344	\$ 3,607,719	\$ 27,813	\$ 7,630,047	\$ 47,791	\$ 10,465,527	\$ 41,702,892
-	-	-	-	32,096	-	-	107,585
-	-	-	-	-	-	1,054,211	1,054,211
-	-	-	-	-	-	-	5,040
-	3,150	-	-	195	-	113,319	979,674
-	-	-	-	-	-	-	2,113,966
-	-	-	-	-	-	-	650
-	-	-	-	-	-	-	8,964
-	-	-	-	-	-	-	6,259
-	-	-	-	-	-	994	2,634,824
\$ 1,094,709	\$ 240,494	\$ 3,607,719	\$ 27,813	\$ 7,662,338	\$ 47,791	\$ 11,634,051	\$ 48,614,065
\$ -	\$ 2,525	\$ 199	\$ 2,806	\$ 903,577	\$ -	\$ 159,128	\$ 2,056,099
-	-	-	-	-	-	-	176
-	-	-	-	-	-	-	801,512
-	-	-	-	178,947	-	11,278	316,465
12,698	-	-	-	-	-	-	320,245
-	-	-	-	12,403	-	-	41,132
12,698	2,525	199	2,806	1,094,927	-	170,406	3,535,629
-	-	-	-	32,096	-	1,054,207	1,196,585
-	-	-	-	-	-	-	8,964
-	-	-	-	-	-	-	6,259
-	-	-	-	6,535,315	-	262,028	16,168,514
-	-	-	-	-	-	1,534,536	1,534,536
-	-	-	-	-	-	-	3,314,667
-	-	-	-	-	-	-	958,264
-	-	-	-	-	-	-	4,699,759
-	-	-	-	-	-	-	3,577,716
-	-	3,607,520	25,007	-	-	-	3,632,527
-	-	-	-	-	-	1,011,881	1,011,881
-	237,969	-	-	-	-	-	237,969
1,082,011	-	-	-	-	-	-	1,082,011
-	-	-	-	-	-	190,614	190,614
-	-	-	-	-	-	7,410,379	7,410,379
-	-	-	-	-	47,791	-	47,791
1,082,011	237,969	3,607,520	25,007	6,535,315	47,791	10,409,438	43,881,851
\$ 1,094,709	\$ 240,494	\$ 3,607,719	\$ 27,813	\$ 7,662,338	\$ 47,791	\$ 11,634,051	\$ 48,614,065

City of Warren, Michigan

Special Revenue Funds						
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Revenue						
Property taxes	\$ -	\$ -	\$ 7,925,065	\$ 3,009,877	\$ 4,123,510	\$ -
Federal grants	-	-	-	-	-	-
State-shared revenue and grants	7,916,345	3,087,899	803,460	552,594	639,601	-
Charges for services	-	-	-	1,871,593	-	-
Fines and forfeitures	-	-	-	-	84,495	-
Investment income	29,952	15,764	18,677	6,180	30,439	17,241
Rental income	-	-	-	102,914	-	-
Other revenue:						
Special assessments	-	-	-	-	-	-
Cable franchise fees	-	-	-	-	-	2,266,273
Other miscellaneous income	61,242	-	356,144	3,820	59,614	10,014
Total revenue	8,007,539	3,103,663	9,103,346	5,546,978	4,937,659	2,293,528
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	6,437,157	3,640,390	7,874,755	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	5,173,042	5,872,024	1,749,020
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	6,437,157	3,640,390	7,874,755	5,173,042	5,872,024	1,749,020
Excess of Revenue Over (Under) Expenditures	1,570,382	(536,727)	1,228,591	373,936	(934,365)	544,508
Other Financing Sources (Uses)						
Transfers in	2,169,840	57,670	-	-	-	-
Transfers out	(1,305,841)	(2,000,000)	-	(284,788)	(122,052)	(406,840)
Total other financing sources (uses)	863,999	(1,942,330)	-	(284,788)	(122,052)	(406,840)
Net Change in Fund Balances	2,434,381	(2,479,057)	1,228,591	89,148	(1,056,417)	137,668
Fund Balances - Beginning of year	4,552,048	4,863,799	2,090,271	879,725	5,756,405	3,440,238
Fund Balances - End of year	\$ 6,986,429	\$ 2,384,742	\$ 3,318,862	\$ 968,873	\$ 4,699,988	\$ 3,577,906

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017

Special Revenue Funds							Total Nonmajor
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 6,489,542	\$ -	\$ -	\$ 21,547,994
-	-	493,307	-	-	-	-	493,307
-	-	179,231	36,528	657,202	-	-	13,872,860
-	-	-	-	-	-	3,430	1,875,023
603,110	19,410	-	-	-	-	838,813	1,545,828
6,250	1,585	20,282	136	32,285	276	56,699	235,766
-	-	-	-	-	-	-	102,914
-	-	-	-	-	-	320,742	320,742
-	-	-	-	-	-	-	2,266,273
-	-	-	-	-	-	-	490,834
<u>609,360</u>	<u>20,995</u>	<u>692,820</u>	<u>36,664</u>	<u>7,179,029</u>	<u>276</u>	<u>1,219,684</u>	<u>42,751,541</u>
-	-	-	-	-	-	496,293	496,293
-	57,482	604,907	45,308	-	-	-	707,697
-	-	-	-	6,829,379	-	754,440	25,536,121
571,599	-	-	-	-	-	-	571,599
-	-	-	-	-	-	-	12,794,086
-	-	-	-	-	1,750,687	35,190	1,785,877
-	-	-	-	-	368,834	5,633	374,467
<u>571,599</u>	<u>57,482</u>	<u>604,907</u>	<u>45,308</u>	<u>6,829,379</u>	<u>2,119,521</u>	<u>1,291,556</u>	<u>42,266,140</u>
37,761	(36,487)	87,913	(8,644)	349,650	(2,119,245)	(71,872)	485,401
-	-	-	-	-	2,119,521	40,823	4,387,854
-	-	-	-	-	-	(152,993)	(4,272,514)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,119,521</u>	<u>(112,170)</u>	<u>115,340</u>
37,761	(36,487)	87,913	(8,644)	349,650	276	(184,042)	600,741
1,044,250	274,456	3,519,607	33,651	6,185,665	47,515	10,593,480	43,281,110
<u>\$ 1,082,011</u>	<u>\$ 237,969</u>	<u>\$ 3,607,520</u>	<u>\$ 25,007</u>	<u>\$ 6,535,315</u>	<u>\$ 47,791</u>	<u>\$ 10,409,438</u>	<u>\$ 43,881,851</u>

City of Warren, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2017

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,353,306	\$ 1,422,695	\$ 2,776,001
Receivables	5,452	3,016	8,468
Due from other funds	-	780	780
Prepaid items and other assets	280	238	518
Total current assets	1,359,038	1,426,729	2,785,767
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation	956,465	6,297,622	7,254,087
Total assets	2,537,147	7,724,351	10,261,498
Liabilities			
Current liabilities:			
Accounts payable	51,687	46,657	98,344
Due to other funds	165,228	57,639	222,867
Refundable deposits, bonds, etc.	55,865	161,637	217,502
Accrued liabilities and other	8,029	9,404	17,433
Unearned revenue	3,275	17,218	20,493
Current portion of long-term debt	-	371,056	371,056
Total current liabilities	284,084	663,611	947,695
Noncurrent liabilities:			
Compensated absences	41,188	-	41,188
Net OPEB obligation	14,663	-	14,663
Long-term debt	-	1,710,188	1,710,188
Total noncurrent liabilities	55,851	1,710,188	1,766,039
Total liabilities	339,935	2,373,799	2,713,734
Net Position			
Net investment in capital assets	1,178,109	4,216,378	5,394,487
Unrestricted	1,019,103	1,134,174	2,153,277
Total net position	\$ 2,197,212	\$ 5,350,552	\$ 7,547,764

City of Warren, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2017

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Operating Revenue			
Rental revenue	\$ 533,646	\$ 981,471	\$ 1,515,117
Other operating revenue	348,923	516,691	865,614
Total operating revenue	882,569	1,498,162	2,380,731
Operating Expenses			
Billing and administrative costs	70,600	418,080	488,680
Wages and fringes	513,257	47,165	560,422
Materials and supplies	17,087	47,703	64,790
Other operating expenses	393,771	206,866	600,637
Depreciation	108,528	187,642	296,170
Total operating expenses	1,103,243	907,456	2,010,699
Operating (Loss) Income	(220,674)	590,706	370,032
Nonoperating Revenue (Expense)			
Investment income	2,829	3,301	6,130
Interest expense	-	(59,240)	(59,240)
Gain on sale of assets	700	700	1,400
Total nonoperating revenue (expense)	3,529	(55,239)	(51,710)
Change in Net Position	(217,145)	535,467	318,322
Net Position - Beginning of year	2,414,357	4,815,085	7,229,442
Net Position - End of year	\$ 2,197,212	\$ 5,350,552	\$ 7,547,764

City of Warren, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2017

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 548,925	\$ 1,493,459	\$ 2,042,384
Receipts from (payments for) interfund services and reimbursements	667,904	(743,312)	(75,408)
Payments to suppliers	(480,787)	(245,558)	(726,345)
Payments to employees	(511,701)	(46,422)	(558,123)
Net cash provided by operating activities	224,341	458,167	682,508
Cash Flows from Capital and Related Financing Activities			
Proceeds from sales of capital assets	700	700	1,400
Purchase of capital assets	(522,711)	(304,906)	(827,617)
Principal and interest paid on capital debt	-	(545,302)	(545,302)
Net cash used in capital and related financing activities	(522,011)	(849,508)	(1,371,519)
Cash Flows from Investing Activities - Interest income	2,829	3,301	6,130
Net Decrease in Cash and Cash Equivalents	(294,841)	(388,040)	(682,881)
Cash and Cash Equivalents - Beginning of year	1,648,147	1,810,735	3,458,882
Cash and Cash Equivalents - End of year	\$ 1,353,306	\$ 1,422,695	\$ 2,776,001
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (220,674)	\$ 590,706	\$ 370,032
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	108,528	187,642	296,170
Changes in assets and liabilities:			
Receivables	(3,964)	(4,703)	(8,667)
Due from (to) others	338,224	(325,232)	12,992
Prepaid and other assets	(280)	(217)	(497)
Accounts payable	(10,523)	9,228	(1,295)
Net pension and OPEB liabilities and related deferrals	11,474	-	11,474
Accrued and other liabilities	1,556	743	2,299
Net cash provided by operating activities	\$ 224,341	\$ 458,167	\$ 682,508

City of Warren, Michigan

	Pension and Other Employee Benefits Trust Funds			
	Police and Fire Retirement System*	City Employees' Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*
Assets				
Cash and cash equivalents	\$ 1,371,417	\$ 24,402	\$ 17,893	\$ -
Investments:				
U.S. government securities	22,037,201	16,318,145	-	2,973,841
Stocks	168,577,932	62,700,929	28,008,422	24,589,932
Bonds	39,537,803	18,049,169	2,085,815	4,822,482
Real estate	25,816,722	1,887,872	525,380	-
Other	23,843,804	19,167,246	2,020,435	14,205,302
Securities lending	13,179,588	9,919,581	-	-
Receivables:				
Accrued interest receivable	710,638	220,033	501,939	451,775
Other receivables	-	12,539	-	-
Prepaid items and other assets	-	2,271	-	-
Total assets	295,075,105	128,302,187	33,159,884	47,043,332
Liabilities				
Accounts payable	829,453	303,328	24,471	20,421
Due to other governmental units	-	-	-	-
Due to primary government	176,735	97,930	5,030,448	4,313,082
Refundable deposits, bonds, etc.	-	-	-	-
Accrued liabilities and other	-	-	279,324	183,655
Obligations under securities lending agreements	13,668,254	9,919,581	-	-
Total liabilities	14,674,442	10,320,839	5,334,243	4,517,158
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 280,400,663	\$ 117,981,348	\$ 27,825,641	\$ 42,526,174

* Balances reported as of December 31, 2016.

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2017

Pension and Other Employee Benefits Trust Funds		Agency Funds				
City Employees' Retirement QEBA Trust*	Total Pension Trust Funds - December 31, 2016	Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 2,232	\$ 1,415,944	\$ 20,963	\$ 1,485,882	\$ 11,372	\$ 366,704	\$ 1,884,921
-	41,329,187	-	-	-	-	-
-	283,877,215	-	-	-	-	-
-	64,495,269	-	-	-	-	-
-	28,229,974	-	-	-	-	-
-	59,236,787	-	-	-	-	-
-	23,099,169	-	-	-	-	-
-	1,884,385	-	-	-	-	-
-	12,539	-	-	-	-	-
-	2,271	-	-	-	-	-
<u>2,232</u>	<u>503,582,740</u>	<u>\$ 20,963</u>	<u>\$ 1,485,882</u>	<u>\$ 11,372</u>	<u>\$ 366,704</u>	<u>\$ 1,884,921</u>
-	1,177,673	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	244	244
-	9,618,195	-	-	-	-	-
-	-	-	1,485,882	-	366,460	1,852,342
-	462,979	20,963	-	11,372	-	32,335
-	23,587,835	-	-	-	-	-
<u>-</u>	<u>34,846,682</u>	<u>\$ 20,963</u>	<u>\$ 1,485,882</u>	<u>\$ 11,372</u>	<u>\$ 366,704</u>	<u>\$ 1,884,921</u>
<u>\$ 2,232</u>	<u>\$ 468,736,058</u>					

City of Warren, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 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, 2016
Additions						
Investment income (loss):						
Interest and dividends	\$ 6,755,253	\$ 2,581,466	\$ 1,860,714	\$ 2,208,222	\$ 8	\$ 13,405,663
Net increase in fair value of investments	15,128,716	9,578,774	1,119,047	2,475,723	-	28,302,260
Investment-related expenses	(1,194,178)	(539,366)	(25,402)	(76,081)	(505)	(1,835,532)
Net investment income (loss)	20,689,791	11,620,874	2,954,359	4,607,864	(497)	39,872,391
Securities lending income (loss):						
Interest and dividends	150,657	61,578	-	-	-	212,235
Borrower rebates and bank fees	(37,414)	(18,844)	-	-	-	(56,258)
Contributions:						
Employer	10,481,016	9,254,969	11,842,470	10,904,502	10,000	42,492,957
Employee	1,138,678	-	-	-	-	1,138,678
Total contributions	11,619,694	9,254,969	11,842,470	10,904,502	10,000	43,631,635
Total additions	32,422,728	20,918,577	14,796,829	15,512,366	9,503	83,660,003
Deductions						
Benefit payments	29,693,172	16,056,453	9,701,562	8,825,109	9,756	64,286,052
Refunds of contributions	1,455,367	-	-	-	-	1,455,367
Administrative expenses	426,932	259,187	14,377	91,782	692	792,970
Total deductions	31,575,471	16,315,640	9,715,939	8,916,891	10,448	66,534,389
Net Increase (Decrease) in Net Position Held in Trust	847,257	4,602,937	5,080,890	6,595,475	(945)	17,125,614
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	279,553,406	113,378,411	22,744,751	35,930,699	3,177	451,610,444
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 280,400,663	\$ 117,981,348	\$ 27,825,641	\$ 42,526,174	\$ 2,232	\$ 468,736,058

* Balances reported as of December 31, 2016.

City of Warren, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<u>Payroll Revolving Fund</u>				
Assets				
Cash and investments	\$ 23,277	\$ 52,306,451	\$ (52,308,765)	\$ 20,963
Receivables	8,124	-	(8,124)	-
Advances to other funds	116	-	(116)	-
Total assets	\$ 31,517	\$ 52,306,451	\$ (52,317,005)	\$ 20,963
Liabilities - Accrued liabilities and other	\$ 31,517	\$ 52,866,792	\$ (52,877,346)	\$ 20,963
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<u>Cash Bond Fund</u>				
Assets - Cash and investments	\$ 1,552,732	\$ 174,981	\$ (241,831)	\$ 1,485,882
Liabilities - Refundable deposits, bonds, etc.	\$ 1,552,732	\$ 416,812	\$ (483,662)	\$ 1,485,882
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<u>Tax Collection Fund</u>				
Assets				
Cash and investments	\$ 707	\$ 197,056,292	\$ (197,045,627)	\$ 11,372
Due from other funds	-	147,562	(147,562)	-
Total assets	\$ 707	\$ 197,203,854	\$ (197,193,189)	\$ 11,372
Liabilities				
Due to other governmental units	\$ -	\$ 5,888,458	\$ (5,888,458)	\$ -
Accrued liabilities and other	707	1,425,713	(1,415,048)	11,372
Total liabilities	\$ 707	\$ 7,314,171	\$ (7,303,506)	\$ 11,372
	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<u>Fire Insurance Withholding Fund</u>				
Assets - Cash and investments	\$ 320,595	\$ 222,652	\$ (176,543)	\$ 366,704
Liabilities				
Due to other governmental units	\$ 29	\$ 492	\$ (277)	\$ 244
Refundable deposits, bonds, etc.	320,566	354,261	(308,367)	366,460
Total liabilities	\$ 320,595	\$ 354,753	\$ (308,644)	\$ 366,704

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 7,900,000	\$ 7,900,000	\$ 7,916,345	\$ 16,345
Investment income	2,500	2,500	29,952	27,452
Other revenue	33,800	33,800	61,242	27,442
Total revenue	7,936,300	7,936,300	8,007,539	71,239
Expenditures - Current - Public works				
Streets	10,977,248	11,071,723	6,394,027	4,677,696
Stormwater drainage	43,130	43,130	43,130	-
Total expenditures	11,020,378	11,114,853	6,437,157	4,677,696
Excess of Revenue (Under) Over Expenditures	(3,084,078)	(3,178,553)	1,570,382	4,748,935
Other Financing Sources (Uses)				
Transfers in	2,057,670	2,057,670	2,169,840	112,170
Transfers out	(1,307,113)	(1,307,113)	(1,305,841)	1,272
Total other financing sources	750,557	750,557	863,999	113,442
Net Change in Fund Balance	(2,333,521)	(2,427,996)	2,434,381	4,862,377
Fund Balance - Beginning of year	4,552,048	4,552,048	4,552,048	-
Fund Balance - End of year	\$ 2,218,527	\$ 2,124,052	\$ 6,986,429	\$ 4,862,377

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 2,930,000	\$ 2,930,000	\$ 3,087,899	\$ 157,899
Investment income	2,000	2,000	15,764	13,764
Total revenue	2,932,000	2,932,000	3,103,663	171,663
Expenditures - Current - Public works				
Streets	4,427,418	4,573,772	3,597,260	976,512
Stormwater drainage	43,130	43,130	43,130	-
Total expenditures	4,470,548	4,616,902	3,640,390	976,512
Excess of Expenditures Over Revenue	(1,538,548)	(1,684,902)	(536,727)	1,148,175
Other Financing Sources (Uses)				
Transfers in	87,670	87,670	57,670	(30,000)
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Net Change in Fund Balance	(3,450,878)	(3,597,232)	(2,479,057)	1,118,175
Fund Balance - Beginning of year	4,863,799	4,863,799	4,863,799	-
Fund Balance - End of year	\$ 1,412,921	\$ 1,266,567	\$ 2,384,742	\$ 1,118,175

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Sanitation Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 7,888,690	\$ 7,888,690	\$ 7,925,065	\$ 36,375
State-shared revenue and grants	350,000	803,460	803,460	-
Investment income	400	400	18,677	18,277
Other revenue	175,000	175,000	356,144	181,144
Total revenue	8,414,090	8,867,550	9,103,346	235,796
Expenditures - Current - Public works - Rubbish disposal	9,403,754	9,403,754	7,874,755	1,528,999
Net Change in Fund Balance	(989,664)	(536,204)	1,228,591	1,764,795
Fund Balance - Beginning of year	2,090,271	2,090,271	2,090,271	-
Fund Balance - End of year	<u>\$ 1,100,607</u>	<u>\$ 1,554,067</u>	<u>\$ 3,318,862</u>	<u>\$ 1,764,795</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Recreation Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,993,997	\$ 2,993,997	\$ 3,009,877	\$ 15,880
State-shared revenue and grants	404,300	559,300	552,594	(6,706)
Charges for services	2,021,600	2,021,600	1,871,593	(150,007)
Investment income	400	400	6,180	5,780
Rental income	101,000	101,000	102,914	1,914
Other revenue	-	-	3,820	3,820
	<u>5,521,297</u>	<u>5,676,297</u>	<u>5,546,978</u>	<u>(129,319)</u>
Total revenue				
Expenditures - Current - Recreation and culture - Parks and recreation	5,261,002	5,306,002	5,173,042	132,960
Other Financing Uses - Transfers out	(284,700)	(284,700)	(284,788)	(88)
	<u>(24,405)</u>	<u>85,595</u>	<u>89,148</u>	<u>3,553</u>
Net Change in Fund Balance				
Fund Balance - Beginning of year	879,725	879,725	879,725	-
	<u>879,725</u>	<u>879,725</u>	<u>879,725</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 855,320</u>	<u>\$ 965,320</u>	<u>\$ 968,873</u>	<u>\$ 3,553</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,107,985	\$ 4,107,985	\$ 4,123,510	\$ 15,525
State-shared revenue and grants	429,000	622,491	639,601	17,110
Fines and forfeitures	114,000	114,000	84,495	(29,505)
Investment income	2,000	2,000	30,439	28,439
Other revenue	12,000	12,000	59,614	47,614
Total revenue	4,664,985	4,858,476	4,937,659	79,183
Expenditures - Current - Recreation and culture - Library	4,751,348	6,828,114	5,872,024	956,090
Other Financing Uses - Transfers out	(122,015)	(122,015)	(122,052)	(37)
Net Change in Fund Balance	(208,378)	(2,091,653)	(1,056,417)	1,035,236
Fund Balance - Beginning of year	5,756,405	5,756,405	5,756,405	-
Fund Balance - End of year	<u>\$ 5,548,027</u>	<u>\$ 3,664,752</u>	<u>\$ 4,699,988</u>	<u>\$ 1,035,236</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Communications Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 1,000	\$ 1,000	\$ 17,241	\$ 16,241
Other revenue:				
Cable franchise fees	2,200,000	2,200,000	2,266,273	66,273
Other miscellaneous income	21,500	21,500	10,014	(11,486)
Total revenue	2,222,500	2,222,500	2,293,528	71,028
Expenditures - Current - Recreation and culture	2,224,309	2,277,717	1,749,020	528,697
Other Financing Uses - Transfers out	(406,720)	(406,720)	(406,840)	(120)
Net Change in Fund Balance	(408,529)	(461,937)	137,668	599,605
Fund Balance - Beginning of year	3,440,238	3,440,238	3,440,238	-
Fund Balance - End of year	\$ 3,031,709	\$ 2,978,301	\$ 3,577,906	\$ 599,605

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Rental Ordinance Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 720,000	\$ 720,000	\$ 603,110	\$ (116,890)
Investment income	300	300	6,250	5,950
Total revenue	720,300	720,300	609,360	(110,940)
Expenditures - Current - Community and economic development	<u>936,114</u>	<u>936,114</u>	<u>571,599</u>	<u>364,515</u>
Net Change in Fund Balance	(215,814)	(215,814)	37,761	253,575
Fund Balance - Beginning of year	<u>1,044,250</u>	<u>1,044,250</u>	<u>1,044,250</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 828,436</u>	<u>\$ 828,436</u>	<u>\$ 1,082,011</u>	<u>\$ 253,575</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Vice Crime Confiscations Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 19,410	\$ (30,590)
Investment income	100	100	1,585	1,485
Total revenue	50,100	50,100	20,995	(29,105)
Expenditures - Current - Public safety - Crime commission	100,000	100,000	57,482	42,518
Net Change in Fund Balance	(49,900)	(49,900)	(36,487)	13,413
Fund Balance - Beginning of year	274,456	274,456	274,456	-
Fund Balance - End of year	<u>\$ 224,556</u>	<u>\$ 224,556</u>	<u>\$ 237,969</u>	<u>\$ 13,413</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ -	\$ 493,307	\$ 493,307
State-shared revenue and grants	500,000	500,000	179,231	(320,769)
Investment income	1,500	1,500	20,282	18,782
Total revenue	501,500	501,500	692,820	191,320
Expenditures - Current - Public safety -				
Crime commission	600,000	600,000	604,907	(4,907)
Net Change in Fund Balance	(98,500)	(98,500)	87,913	186,413
Fund Balance - Beginning of year	3,519,607	3,519,607	3,519,607	-
Fund Balance - End of year	\$ 3,421,107	\$ 3,421,107	\$ 3,607,520	\$ 186,413

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 56,500	\$ 56,500	\$ 36,528	\$ (19,972)
Investment income	30	30	136	106
Total revenue	56,530	56,530	36,664	(19,866)
Expenditures - Current - Public safety - Crime commission	74,800	74,800	45,308	29,492
Net Change in Fund Balance	(18,270)	(18,270)	(8,644)	9,626
Fund Balance - Beginning of year	33,651	33,651	33,651	-
Fund Balance - End of year	<u>\$ 15,381</u>	<u>\$ 15,381</u>	<u>\$ 25,007</u>	<u>\$ 9,626</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Road Mileage Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ -	\$ 6,550,110	\$ 6,489,542	\$ (60,568)
State-shared revenue and grants	-	657,202	657,202	-
Investment income	2,000	2,000	32,285	30,285
Total revenue	2,000	7,209,312	7,179,029	(30,283)
Expenditures - Current - Public works - Streets				
	1,215,131	13,055,047	6,829,379	6,225,668
Net Change in Fund Balance	(1,213,131)	(5,845,735)	349,650	6,195,385
Fund Balance - Beginning of year	6,185,665	6,185,665	6,185,665	-
Fund Balance - End of year	\$ 4,972,534	\$ 339,930	\$ 6,535,315	\$ 6,195,385

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 50	\$ 50	\$ 276	\$ 226
Expenditures - Debt service				
Principal	1,110,687	1,110,687	1,750,687	(640,000)
Interest on long-term debt	210,426	210,426	368,834	(158,408)
Total expenditures	<u>1,321,113</u>	<u>1,321,113</u>	<u>2,119,521</u>	<u>(798,408)</u>
Excess of Expenditures Over Revenue	(1,321,063)	(1,321,063)	(2,119,245)	(798,182)
Other Financing Sources - Transfers in	<u>1,307,113</u>	<u>1,307,113</u>	<u>2,119,521</u>	<u>812,408</u>
Net Change in Fund Balance	(13,950)	(13,950)	276	14,226
Fund Balance - Beginning of year	<u>47,515</u>	<u>47,515</u>	<u>47,515</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 33,565</u>	<u>\$ 33,565</u>	<u>\$ 47,791</u>	<u>\$ 14,226</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ -	\$ -	\$ 3,430	\$ 3,430
Fines and forfeitures	800,500	800,500	838,813	38,313
Investment income	2,500	2,500	56,699	54,199
Special assessments	-	-	320,742	320,742
Total revenue	803,000	803,000	1,219,684	416,684
Expenditures				
Current:				
General government - Maintenance and administrative	500,000	500,000	496,293	3,707
Public works - Streets	-	-	754,440	(754,440)
Debt service:				
Principal	-	-	35,190	(35,190)
Interest on long-term debt	-	-	5,633	(5,633)
Total expenditures	500,000	500,000	1,291,556	(791,556)
Excess of Revenue Over (Under) Expenditures	303,000	303,000	(71,872)	(374,872)
Other Financing Sources (Uses)				
Transfers in	-	-	40,823	40,823
Transfers out	-	-	(152,993)	(152,993)
Net Change in Fund Balance	303,000	303,000	(184,042)	(487,042)
Fund Balance - Beginning of year	10,593,480	10,593,480	10,593,480	-
Fund Balance - End of year	\$ 10,896,480	\$ 10,896,480	\$ 10,409,438	\$ (487,042)

Statistical Section

City of Warren, Michigan

CITY OF WARREN, MICHIGAN

STATISTICAL SECTION

Statistical Information

Statistical information contained herein relates to the physical, economic and social characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section.

Contents

Exhibit

Financial Trends

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

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Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property taxes.

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Debt Capacity

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

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons over time and with other governments.

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Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011 (1)
Governmental activities:				
Net investment in capital assets	\$ 56,796,215	\$ 48,445,832	\$ 44,342,389	\$ 110,629,268
Restricted	35,970,344	42,844,224	45,175,268	33,189,358
Unrestricted	<u>36,433,515</u>	<u>32,199,699</u>	<u>21,613,238</u>	<u>15,236,928</u>
Total governmental activities net position	<u>\$ 129,200,074</u>	<u>\$ 123,489,755</u>	<u>\$ 111,130,895</u>	<u>\$ 159,055,554</u>
Business-type activities:				
Net investment in capital assets	\$ 56,511,038	\$ 57,656,542	\$ 58,586,273	\$ 60,527,970
Restricted	14,045,192	11,779,391	8,267,105	7,656,513
Unrestricted	<u>9,125,661</u>	<u>7,821,612</u>	<u>9,044,146</u>	<u>15,309,884</u>
Total business-type activities net position	<u>\$ 79,681,891</u>	<u>\$ 77,257,545</u>	<u>\$ 75,897,524</u>	<u>\$ 83,494,187</u>
Primary government:				
Net investment in capital assets	\$ 113,307,253	\$ 106,102,374	\$ 102,928,662	\$ 171,157,058
Restricted	50,015,536	54,623,615	53,442,373	40,845,871
Unrestricted	<u>45,559,176</u>	<u>40,021,311</u>	<u>30,657,384</u>	<u>30,546,812</u>
Total primary government net position	<u>\$ 208,881,965</u>	<u>\$ 200,747,300</u>	<u>\$ 187,028,419</u>	<u>\$ 242,549,741</u>

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

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

		Fiscal Year									
		2012	2013 (2)	2014	2015 (3)	2016	2017				
\$	110,327,564	\$	110,679,720	\$	109,841,350	\$	115,090,168	\$	117,332,131	\$	123,302,796
	28,243,279		41,217,523		44,730,230		41,673,841		44,077,625		45,423,260
	24,905,176		31,944,097		42,214,308		(132,087,443)		(148,581,462)		(152,409,503)
\$	163,476,019	\$	183,841,340	\$	196,785,888	\$	24,676,566	\$	12,828,294	\$	16,316,553
\$	59,757,545	\$	60,666,179	\$	61,917,558	\$	66,690,180	\$	73,329,416	\$	74,111,047
	9,800,098		10,511,646		11,418,448		11,195,095		12,215,367		9,907,889
	19,578,952		25,185,018		26,783,108		1,609,583		(5,756,509)		831,598
\$	89,136,595	\$	96,362,843	\$	100,119,114	\$	79,494,858	\$	79,788,274	\$	84,850,534
\$	170,085,109	\$	171,345,899	\$	171,758,908	\$	181,780,348	\$	190,661,547	\$	197,413,843
	38,043,377		51,729,169		56,148,678		52,868,936		56,292,992		55,331,149
	44,484,128		57,129,115		68,997,416		(130,477,860)		(154,337,971)		(151,577,905)
\$	252,612,614	\$	280,204,183	\$	296,905,002	\$	104,171,424	\$	92,616,568	\$	101,167,087

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011 (1)
Expenses				
Governmental activities:				
General government	\$ 22,183,390	\$ 21,806,236	\$ 20,605,904	\$ 13,406,935
District Court				6,614,802
Public safety	62,509,563	63,420,416	62,875,335	62,662,439
Public works	26,523,628	26,580,333	25,695,939	25,375,511
Recreation and culture	12,737,364	12,386,834	13,255,263	12,855,869
Community and economic development	5,796,843	6,288,023	7,245,368	6,270,509
Interest on long-term debt	4,983,460	4,911,254	4,814,715	1,268,105
Total governmental activities expenses	134,734,248	135,393,096	134,492,524	128,454,170
Business-type activities:				
Water and Sewer System	34,199,663	33,432,269	33,717,269	32,775,108
Senior citizen housing	2,047,491	1,965,932	1,881,330	1,969,244
Total business-type activities expenses	36,247,154	35,398,201	35,598,599	34,744,352
Total primary government expenses	<u>\$ 170,981,402</u>	<u>\$ 170,791,297</u>	<u>\$ 170,091,123</u>	<u>\$ 163,198,522</u>
Program Revenue				
Governmental activities:				
Charges for services	\$ 13,541,050	\$ 13,419,382	\$ 15,507,458	\$ 14,493,843
Operating grants and contributions	12,228,029	11,542,918	13,291,132	16,639,068
Capital grants and contributions	4,169,546	1,648,845	845,016	953,777
Total governmental activities program revenue	29,938,625	26,611,145	29,643,606	32,086,688
Business-type activities:				
Water and Sewer System	31,957,062	30,465,234	32,068,323	37,288,058
Senior citizen housing	2,187,278	2,184,011	2,141,694	2,174,696
Total business-type activities program revenue	34,144,340	32,649,245	34,210,017	39,462,754
Total primary government program revenue	<u>\$ 64,082,965</u>	<u>\$ 59,260,390</u>	<u>\$ 63,853,623</u>	<u>\$ 71,549,442</u>
Net (expense) revenue:				
Governmental activities	\$ (104,795,623)	\$ (108,781,951)	\$ (104,848,918)	\$ (96,367,482)
Business-type activities	(2,102,814)	(2,748,956)	(1,388,582)	4,718,402
Total primary government net expense	<u>\$ (106,898,437)</u>	<u>\$ (111,530,907)</u>	<u>\$ (106,237,500)</u>	<u>\$ (91,649,080)</u>
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 88,383,524	\$ 87,572,093	\$ 85,171,772	\$ 71,451,397
State-shared revenue	14,105,387	13,559,035	12,051,133	12,125,928
Franchise fees	1,471,277	1,582,133	1,630,260	1,778,029
Investment earnings	3,378,435	703,476	35,936	153,793
(Loss) gain on sale of capital assets	(41,222)	(115,498)	(263,175)	208,536
Other revenue	-	-	-	3,162,742
Reduction in long-term debt obligation	-	-	-	-
Settlement agreements	1,000,000	23,485	(5,975,000)	-
Transfers	(148,400)	(253,092)	(160,868)	-
Total governmental activities	108,149,001	103,071,632	92,490,058	88,880,425
Business-type activities:				
Investment earnings	771,610	324,610	28,561	35,221
Gain on sale of capital assets	-	-	-	-
Other general revenue	-	-	-	-
Total business-type activities	771,610	324,610	28,561	35,221
Total primary government	<u>\$ 108,920,611</u>	<u>\$ 103,396,242</u>	<u>\$ 92,518,619</u>	<u>\$ 88,915,646</u>
Changes in Net Position				
Governmental activities	\$ 3,353,378	\$ (5,710,319)	\$ (12,358,860)	\$ (7,487,057)
Business-type activities	(1,331,204)	(2,424,346)	(1,360,021)	4,753,623
Total primary government	<u>\$ 2,022,174</u>	<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

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

		Fiscal Year									
		2012	2013	2014	2015 (2)	2016	2017				
\$	10,187,753	\$	11,005,229	\$	12,963,834	\$	25,310,012	\$	24,104,939	\$	11,213,283
	6,308,210		5,939,804		6,501,550		7,138,274		7,289,471		7,044,306
	56,710,270		59,683,364		63,792,208		66,512,308		82,746,267		82,752,844
	24,550,108		24,338,956		27,934,896		31,261,848		29,080,210		36,116,970
	12,502,460		12,111,420		11,815,426		11,749,078		11,812,918		13,945,510
	4,851,249		4,254,706		4,331,962		3,750,923		4,292,710		3,588,945
	1,172,012		1,085,956		937,659		645,177		472,567		386,248
	<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>
	33,119,786		34,191,241		34,986,469		58,331,386		40,773,173		39,590,168
	<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>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>151,532,210</u>	\$	<u>154,635,779</u>	\$	<u>165,385,189</u>	\$	<u>206,782,887</u>	\$	<u>202,667,252</u>	\$	<u>196,708,213</u>
\$	14,646,243	\$	14,573,858	\$	16,511,721	\$	16,317,219	\$	23,645,696	\$	22,409,974
	15,689,801		15,882,698		16,769,695		17,431,409		17,390,917		15,536,736
	<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>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>
	38,427,954		40,839,611		38,541,038		55,669,322		40,682,519		44,240,520
	<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>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>71,770,145</u>	\$	<u>74,154,576</u>	\$	<u>74,863,495</u>	\$	<u>92,281,667</u>	\$	<u>84,934,447</u>	\$	<u>86,758,053</u>
\$	(85,108,225)	\$	(87,262,119)	\$	(94,174,656)	\$	(112,114,741)	\$	(117,918,174)	\$	(114,911,304)
	<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>(79,762,065)</u>	\$	<u>(80,481,203)</u>	\$	<u>(90,521,694)</u>	\$	<u>(114,501,220)</u>	\$	<u>(117,732,805)</u>	\$	<u>(109,950,160)</u>
\$	72,437,479	\$	90,992,186	\$	89,157,917	\$	89,085,885	\$	90,658,051	\$	87,521,449
	11,895,230		12,256,586		12,604,122		15,470,027		12,830,042		28,184,436
	1,841,166		1,935,470		2,009,117		2,209,191		2,263,382		2,266,273
	177,108		169,068		151,370		214,871		318,427		427,405
	30,051		26,204		19,489		-		-		-
	<u>3,147,656</u>		<u>2,656,638</u>		<u>3,177,189</u>		<u>8,240,399</u>		<u>-</u>		<u>-</u>
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		(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>
	26,887		48,181		65,970		187,828		108,047		101,116
	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>296,248</u>		<u>477,453</u>		<u>103,309</u>		<u>202,294</u>		<u>108,047</u>		<u>101,116</u>
\$	<u>89,824,938</u>	\$	<u>108,423,605</u>	\$	<u>107,222,513</u>	\$	<u>115,422,667</u>	\$	<u>106,177,949</u>	\$	<u>118,500,679</u>
\$	4,420,465	\$	20,684,033	\$	12,944,548	\$	3,105,632	\$	(11,848,272)	\$	3,488,259
	<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>10,062,873</u>	\$	<u>27,942,402</u>	\$	<u>16,700,819</u>	\$	<u>921,447</u>	\$	<u>(11,554,856)</u>	\$	<u>8,550,519</u>

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011 (a) (1)
General Fund:				
Reserved	\$ 2,333,663	\$ 1,377,804	\$ 1,296,151	\$ -
Nonspendable	-	-	-	192,969
Restricted	-	-	-	78,199
Assigned	-	-	-	22,283,612
Unassigned	-	-	-	14,850,205
Unreserved	<u>55,224,126</u>	<u>52,819,604</u>	<u>42,206,177</u>	<u>-</u>
Total General Fund	<u>\$ 57,557,789</u>	<u>\$ 54,197,408</u>	<u>\$ 43,502,328</u>	<u>\$ 37,404,985</u>
All other governmental funds:				
Reserved	\$ 6,291,526	\$ 6,431,502	\$ 4,514,260	\$ -
Nonspendable	-	-	-	28,278
Restricted	-	-	-	22,241,525
Committed	-	-	-	807,521
Assigned	-	-	-	5,518,448
Unassigned	-	-	-	-
Unreserved, reported in:				
Special revenue funds	27,592,994	26,577,183	25,648,764	-
Capital projects funds	9,795,442	12,565,096	12,239,796	-
Debt service funds	<u>1,401,328</u>	<u>1,462,997</u>	<u>1,230,346</u>	<u>-</u>
Total all other governmental funds	<u>\$ 45,081,290</u>	<u>\$ 47,036,778</u>	<u>\$ 43,633,166</u>	<u>\$ 28,595,772</u>

(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

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

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
308,659	368,087	184,408	363,734	579,045	488,137	
78,199	78,199	78,199	-	-	-	
18,810,884	20,165,441	24,044,726	44,489,417	45,342,612	54,304,851	
13,103,677	24,348,477	32,659,940	19,010,250	17,896,751	16,620,736	
-	-	-	-	-	-	
<u>\$ 32,301,419</u>	<u>\$ 44,960,204</u>	<u>\$ 56,967,273</u>	<u>\$ 63,863,401</u>	<u>\$ 63,818,408</u>	<u>\$ 71,413,724</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
24,182	54,358	53,178	36,258	38,165	29,679	
26,570,626	32,306,941	35,495,128	32,997,440	35,138,179	35,541,188	
970,471	1,038,648	1,053,463	1,285,591	1,243,997	1,272,625	
5,971,715	6,157,192	6,223,114	6,453,982	7,072,981	7,458,170	
(38,029)	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 33,498,965</u>	<u>\$ 39,557,139</u>	<u>\$ 42,824,883</u>	<u>\$ 40,773,271</u>	<u>\$ 43,493,322</u>	<u>\$ 44,301,662</u>	

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011 (1)
Revenue				
Property taxes	\$ 88,029,125	\$ 87,229,169	\$ 84,841,410	\$ 71,241,497
Special assessments	1,072,824	1,055,385	1,061,672	953,569
Licenses and permits	1,691,127	1,759,663	1,567,892	1,765,856
Intergovernmental:				
Federal revenue	2,187,623	2,161,955	4,022,414	6,629,367
State-shared revenue and grants	26,817,909	24,005,863	22,503,036	22,627,501
Charges for services	3,117,357	3,476,265	3,546,149	6,571,928
Fines and fees	8,089,029	7,579,592	7,982,727	6,014,963
Interest	4,277,702	995,060	125,984	154,001
Other	6,916,324	6,959,756	7,752,382	4,269,622
Total revenue	142,199,020	135,222,708	133,403,666	120,228,304
Expenditures				
General government	25,814,644	25,841,058	25,094,958	12,354,513
District court	-	-	-	6,614,802
Public safety	62,885,562	62,529,660	63,543,704	62,123,437
Public works	30,315,852	28,856,645	25,989,907	23,242,704
Recreation and culture	11,217,234	11,009,604	11,240,440	11,122,496
Community and economic development	4,301,744	4,174,763	5,318,074	6,195,074
Debt service:				
Principal	4,659,439	4,428,168	5,472,959	3,165,918
Interest	4,983,460	4,911,254	4,814,715	1,309,041
Total expenditures	144,177,935	141,751,152	141,474,757	126,127,985
Excess of Revenue (Under) Over Expenditures	(1,978,915)	(6,528,444)	(8,071,091)	(5,899,681)
Other Financing Sources (Uses)				
Transfers in	-	-	-	4,095,093
Transfers to fiduciary funds	-	-	-	-
Transfers to Water and Sewer System	(148,400)	(253,092)	(160,868)	(3,935,417)
Proceeds from sale of property	81,067	127,733	49,283	247,852
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	1,000,000	23,485	(5,975,000)	-
Total other financing sources (uses)	932,667	5,123,551	(6,027,601)	407,528
Net Changes in Fund Balances	\$ (1,046,248)	\$ (1,404,893)	\$ (14,098,692)	\$ (5,492,153)
Debt Service as a Percentage of Noncapital Expenditures (1)	7.00%	6.78%	7.40%	1.04%

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

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

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	71,507,381	\$	90,938,534	\$	89,360,407	\$	89,168,842	\$	90,615,975	\$	87,521,449
	844,775		706,457		642,545		542,016		268,564		320,742
	2,368,083		2,691,555		2,700,351		3,253,426		4,265,251		4,018,513
	5,761,605		5,372,783		5,986,783		5,611,462		3,681,679		3,913,933
	22,507,426		23,016,885		24,793,129		26,163,042		27,103,065		41,747,464
	6,127,204		5,474,068		6,046,079		5,652,636		6,213,357		6,503,468
	5,715,141		6,066,412		7,229,026		6,909,278		7,326,390		6,392,742
	170,130		163,641		131,813		177,106		269,262		402,702
	4,214,605		3,983,816		4,461,539		9,750,547		6,927,801		6,392,356
	119,216,350		138,414,151		141,351,672		147,228,355		146,671,344		157,213,369
	11,855,175		10,300,278		11,858,091		16,275,040		16,524,940		16,785,509
	6,308,210		6,104,152		6,756,822		7,128,439		7,423,740		7,514,872
	57,004,462		59,701,143		59,763,179		64,014,960		68,062,083		69,691,662
	23,689,400		26,170,932		28,397,991		36,843,249		33,294,649		35,771,364
	11,227,817		10,539,284		10,757,141		11,439,118		11,136,185		12,841,100
	4,709,232		4,191,743		4,334,700		3,711,712		4,342,649		3,522,057
	3,302,755		3,217,783		3,346,848		3,523,678		2,683,113		2,287,475
	1,201,091		1,106,733		975,952		663,414		528,927		395,674
	119,298,142		121,332,048		126,190,724		143,599,610		143,996,286		148,809,713
	(81,792)		17,082,103		15,160,948		3,628,745		2,675,058		8,403,656
	3,992,886		3,839,724		3,833,755		4,116,088		3,067,228		4,387,854
	-		-		-		-		-		-
	(3,992,886)		(3,929,724)		(3,833,755)		(4,116,088)		(3,067,228)		(4,387,854)
	2,859		-		763		-		-		-
	-		1,724,856		13,790,528		3,589,572		-		-
	-		-		(13,677,426)		(2,385,000)		-		-
	-		-		-		11,199		-		-
	-		-		-		-		-		-
	2,859		1,634,856		113,865		1,215,771		-		-
\$	(78,933)	\$	18,716,959	\$	15,274,813	\$	4,844,516	\$	2,675,058	\$	8,403,656
	3.89%		3.78%		3.56%		3.33%		2.45%		1.97%

City of Warren, Michigan

Valuation Date Dec. 31	Fiscal Year Ended June 30	Real Property					
		Commercial		Industrial		Residential	
		State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value
2006	2008	\$ 687,088,570	\$ 555,494,750	\$ 780,445,550	\$ 701,442,190	\$ 3,358,841,710	\$ 2,749,158,390
2007	2009	656,979,070	561,896,960	747,428,540	687,147,970	3,169,863,186	2,755,732,096
2008	2010	665,388,680	579,884,140	717,066,830	672,174,510	2,724,960,979	2,622,291,859
2009	2011	629,218,480	564,081,510	677,613,220	644,345,220	2,253,489,647	2,241,692,067
2010	2012	591,055,730	553,254,790	523,359,600	509,330,590	2,006,909,739	2,004,558,959
2011	2013	510,962,520	486,206,920	479,895,320	467,227,030	1,761,111,820	1,759,274,870
2012	2014	482,333,454	458,808,554	453,959,170	448,374,390	1,686,089,234	1,683,397,269
2013	2015	516,746,530	462,659,000	448,512,670	441,815,910	1,765,565,520	1,685,392,040
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

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

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

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

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

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

Personal Property		I.F.T. & O.P.R.A. Tax Rolls (1)		Totals		
State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	Total Direct Tax Rate
\$ 741,128,712	\$ 741,007,436	\$ 497,414,497	\$ 495,601,977	\$ 6,064,919,039	\$ 5,242,704,743	16.9424
704,021,523	703,900,807	530,965,422	530,052,132	5,809,257,741	5,238,729,965	16.9424
709,116,520	708,996,934	526,356,096	526,053,306	5,342,889,105	5,109,400,749	16.9424
621,120,055	621,000,359	380,244,220	380,029,570	4,561,685,622	4,451,148,726	17.7924
633,336,034	633,247,484	326,385,394	326,385,394	4,081,046,497	4,026,777,217	19.8924
609,201,237	609,080,048	269,676,383	269,429,613	3,630,847,280	3,591,218,481	27.8656
634,554,529	634,434,070	280,996,661	280,996,661	3,537,933,048	3,506,010,944	27.8656
678,749,788	678,172,094	279,897,629	278,817,689	3,689,472,137	3,546,856,733	27.8656
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

City of Warren, Michigan

City-wide Direct Tax Rate

Fiscal Year Ended June 30	General		Emergency		Police and Fire		Police Protection	Fire Protection	Local Road Improvement	Police and Fire Operating
	Operating (1)	Library	Medical Service	Parks and Recreation	Pensions	Sanitation				
2008	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-
2009	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-
2010	8.7724	0.4873	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-
2011	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-
2012	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	2.1000	-
2013	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000
2014	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000
2015	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000
2016	8.7302	1.3308	0.2908	0.9699	4.9848	2.5550	0.9699	0.9699	2.0899	4.8764
2017	8.7285	1.3305	0.2908	0.9697	4.9848	2.5550	0.9697	0.9697	2.0961	4.8755

(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	11.9906	29.9906	9.4900	27.3821
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
2008 Total Direct & Overlapping Rate	40.4167	58.4167	38.3073	56.3073	35.8067	53.6988
School District Rate	14.1000	32.1000	14.3906	32.3906	9.6000	27.5190
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
2009 Total Direct & Overlapping Rate	40.5567	58.5567	40.8473	58.8473	36.0567	53.9757
School District Rate	14.1000	32.1000	14.8406	32.8406	11.5000	29.5000
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
2010 Total Direct & Overlapping Rate	40.9247	58.9247	41.6653	59.6653	38.3247	56.3247
School District Rate	14.1000	32.1000	14.9906	32.9906	12.0000	30.0000
Combined City & County Rate	25.7704	27.6747	27.6747	27.6747	27.6747	27.6747
2011 Total Direct & Overlapping Rate	39.8704	59.7747	42.6653	60.6653	39.6747	57.6747
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
2012 Total Direct & Overlapping Rate	40.4167	58.4167	42.9247	60.9247	42.9247	60.9247
School District Rate	15.6000	33.6000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
2013 Total Direct & Overlapping Rate	53.6979	71.6979	51.0979	69.0979	51.0979	69.0979
School District Rate	16.4600	34.4600	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
2014 Total Direct & Overlapping Rate	54.5179	72.5179	51.0579	69.0579	51.0579	69.0579
School District Rate	16.5700	34.5700	15.2300	33.2300	13.0000	31.0000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
2015 Total Direct & Overlapping Rate	55.0329	73.0329	53.6929	71.6929	51.4629	69.4629
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
2016 Total Direct & Overlapping Rate	54.8242	72.8214	56.1689	74.1689	51.3689	69.3689
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
2017 Total Direct & Overlapping Rate	52.4999	70.4405	54.9895	72.9895	51.2395	69.1387

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

County-wide Overlapping Tax Rate									
Total City-wide Direct Tax Rate	Art Institute	Macomb I.S.D.	Macomb Community College	H.C.M.A.			Macomb County		Total County-wide Overlapping Tax Rate
				Zoo Authority, and Veterans	S.M.A.R.T.		Operating	Drain Debt	
16.9424	-	2.9430	1.4212	0.2146	0.5900		4.2000	0.0055	9.3743
16.9424	-	2.9430	1.4212	0.3546	0.5900		4.2000	0.0055	9.5143
16.9424	-	2.9430	1.4212	0.3546	0.5900		4.5685	0.0050	9.8823
17.7924	-	2.9430	1.4212	0.3546	0.5900		4.5685	0.0050	9.8823
19.8924	-	2.9430	1.5712	0.3546	0.5900		4.5685	0.0050	10.0323
27.8656	0.2000	2.9430	1.5712	0.3546	0.5900		4.5685	0.0050	10.2323
27.8656	0.2000	2.9430	1.5312	0.3546	0.5900		4.5685	0.0050	10.1923
27.8656	0.2000	2.9430	1.5262	0.3546	1.0000		4.5685	0.0050	10.5973
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

	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	21.8022	25.7000	11.1000	29.1000	15.2358	27.2764
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
2008 Total Direct & Overlapping Rate	48.1189	52.0167	37.4167	55.4167	41.5525	53.5931
School District Rate	16.6028	25.6000	11.1000	29.1000	14.4152	27.1464
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
2009 Total Direct & Overlapping Rate	43.0595	52.0567	37.5567	55.5567	40.8719	53.6031
School District Rate	17.9406	25.6000	11.5000	29.5000	14.9278	27.1464
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
2010 Total Direct & Overlapping Rate	44.7653	52.4247	38.3247	56.3247	41.7525	53.9711
School District Rate	20.4645	25.8000	12.4600	30.4600	16.2590	27.4364
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
2011 Total Direct & Overlapping Rate	48.1392	53.4747	40.1347	58.1347	43.9337	55.1111
School District Rate	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
2012 Total Direct & Overlapping Rate	50.7005	55.8247	42.8247	60.8247	46.7668	57.3611
School District Rate	25.3354	26.8000	13.6000	31.6000	17.3624	27.8600
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
2013 Total Direct & Overlapping Rate	63.4333	64.8979	51.6979	69.6979	55.4603	65.9579
School District Rate	25.5854	27.0500	13.9600	31.9600	17.3829	27.9200
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
2014 Total Direct & Overlapping Rate	63.6433	65.1079	52.0179	70.0179	55.4408	65.9779
School District Rate	25.5854	27.0500	13.3200	31.3200	16.7603	27.6000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
2015 Total Direct & Overlapping Rate	64.0483	65.5129	51.7829	69.7829	55.2232	66.0629
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
2016 Total Direct & Overlapping Rate	63.2189	65.1189	51.3889	69.3889	55.0655	66.2889
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
2017 Total Direct & Overlapping Rate	63.2749	64.7251	50.8795	68.7499	55.9009	66.9277

City of Warren, Michigan

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

	Fiscal Year Ended June 30, 2017			Fiscal Year Ended June 30, 2007		
	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	\$ 342,025,502	1	10.25%	\$ 615,207,951	1	12.20%
Chrysler - FCA US LLC	60,358,112	2	1.81%	313,019,057	2	6.21%
DTE Electric Co	40,891,842	3	1.23%	44,364,203	3	0.88%
International Transmission Co	26,380,751	4	0.79%	19,417,164	5	0.39%
Consumers Energy	16,070,748	5	0.48%	9,544,678	8	0.19%
LCN AVF Warren LLC	14,315,110	6	0.43%			
Noble 12B LLC	12,493,450	7	0.37%			
Flex N Gate Stamping LLC	8,950,559	8	0.27%	9,256,552	9	0.18%
US Manufacturing Corp	8,527,222	9	0.26%			
Wico Metal Products Co	8,418,506	10	0.25%			
Art Van Furniture				28,095,828	4	0.56%
Iroquois Industries				14,896,108	6	0.30%
EDS				10,123,173	7	0.20%
Paslin Company				9,036,689	10	0.18%
Ten largest taxpayers	538,431,802		16.14%	1,072,961,403		21.28%
Other taxpayers	2,797,003,174		83.86%	3,968,709,819		78.72%
Total taxable value	<u><u>\$ 3,335,434,976</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 5,041,671,222</u></u>		<u><u>100.00%</u></u>

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

City of Warren, Michigan

Tax Year	Fiscal Year	Total Tax Levy	Returned Delinquent		Collected by March 1	Percent Collected by March 1	Delq. Real Property Taxes Reimbursed by Macomb County
			Real Property	Personal Property			
2007	2008	\$ 83,566,413	\$ (4,000,947)	\$ (374,173)	\$ 79,191,293	94.76%	\$ 4,000,947
2008	2009	82,920,849	(4,162,750)	(494,316)	78,263,783	94.38%	4,162,750
2009	2010	80,341,909	(4,344,441)	(632,798)	75,364,670	93.80%	4,344,441
2010	2011	74,503,574	(4,172,945)	(436,652)	69,893,977	93.81%	4,172,945
2011	2012	75,164,889	(4,112,215)	(456,910)	70,595,764	93.92%	4,112,215
2012	2013	95,336,444	(4,949,315)	(669,839)	89,717,290	94.11%	4,949,315
2013	2014	92,809,755	(4,168,155)	(517,993)	88,123,607	94.95%	4,168,155
2014	2015	94,956,495	(3,949,595)	(409,461)	90,597,439	95.41%	3,949,595
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

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

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

Personal Property Taxes Collected March 1 - June 30	Collected Within Fiscal Year of Levy	Percent Collected in Fiscal Year	Subsequent to Tax Year		Receivable as of June 30, 2017	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off			
\$ 11,525	\$ 83,203,765	99.57%	\$ 91,267	\$ (105,433)	\$ -	\$ 83,552,247	99.87%
25,928	82,452,461	99.44%	71,769	-	93,453	82,899,165	99.89%
37,409	79,746,520	99.26%	10,581	(29)	90,767	80,261,694	99.89%
14,508	74,081,430	99.43%	11,648	-	84,521	74,430,701	99.89%
20,823	74,728,803	99.42%	(49)	-	112,725	75,052,115	99.85%
24,508	94,691,113	99.32%	(7,562)	-	115,836	95,213,046	99.88%
-	92,291,762	99.44%	-	-	134,931	92,674,824	99.85%
-	94,547,034	99.57%	-	-	71,772	94,884,723	99.92%
-	96,675,425	99.56%	-	-	170,955	96,935,229	99.82%
-	89,674,594	99.52%	-	-	431,074	89,674,290	99.52%

City of Warren, Michigan

Governmental Activities - General Bonded Debt						
	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	Capital Improvement Bonds	Building Authority Bonds	
2008	\$ -	\$ 430,248	\$ -	\$ -	\$ 16,451,921	
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	1,743,292	-	-	8,321,373	-	
2016	1,250,281	-	-	7,696,693	-	
2017	748,683	-	-	7,057,013	-	

	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
2008	\$ 15,798,385	\$ 1,360,000	\$ (1,304,363)	\$ 32,736,191	\$ -	\$ 7,175,000	\$ 83,079
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	-

Comments:

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

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

Sources:

- (1) Southeast Michigan Council of Governments - Estimated Population - FY 2006 - 2016
- (2) 2000 and 2010 U.S. Census Bureau

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

Governmental Activities - General Bonded Debt									
County Drain Bonds	Amounts Available in Debt Service Funds	Total Net General Bonded Debt	Taxable Value of Property	Percentage of Taxable Value of Property	Estimated Population (1)	Per Capita			
\$	-	\$	16,882,169	\$	5,242,704,743	0.32%	135,102	\$	124.96
	-		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

Business-type Activities		Total Primary Government			
Water and Sewer Revenue Bonds	Total Business-type Activities Debt	Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
\$ 54,924,245	\$ 62,182,324	\$ 94,918,515	\$ 21,407	3.28%	\$ 702.57
52,394,624	58,992,229	94,049,766	21,407	3.27%	699.76
50,172,529	56,102,529	87,883,394	21,407	3.11%	665.39
58,000,605	63,310,605	92,066,914	19,376	3.54%	686.78
63,634,006	68,334,006	95,492,054	19,376	3.68%	713.88
66,721,971	78,718,274	102,878,888	19,376	3.98%	770.82
81,786,384	92,786,171	115,150,793	19,376	4.42%	856.62
75,740,167	86,055,164	105,196,656	19,376	4.03%	780.36
71,051,034	80,398,664	96,859,189	19,376	3.71%	718.27
120,031,529	128,483,996	142,662,079	19,376	5.45%	1,055.81

City of Warren, Michigan

Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2017

Net Direct Debt

Capital Improvement Bonds - Refunding Series 2014	Warren Community Center	\$ 7,060,000	\$ 7,060,000
Downtown Development Authority: Series 2013	City Center development	12,660,000	
Series 2014	City Center development	28,445,000	
Series 2015	City Center development	<u>12,500,000</u>	53,605,000
Road Construction Bonds: Series 2003 Michigan Transportation Bonds	Road improvements	500,000	
Series 2013A Capital Improvement Bonds	Road improvements	3,685,223	
Series 2015 Capital Improvement Bonds	Road improvements	1,953,670	
Series 2010 MTF Refunding Bonds	Road improvements	<u>-</u>	6,138,893
Special Assessment Bonds: Series 2015	Sidewalk replacement program	246,330	
Less amounts available in debt service funds		<u>-</u>	246,330
			67,050,223
Less: Road Construction Bonds		(6,138,893)	
Special Assessment Bonds		<u>(246,330)</u>	<u>(6,385,223)</u>
Net Direct Debt to be Repaid with Property Taxes			60,665,000
Overlapping Debt			
Macomb County: County at large	12.57%	319,931,085	39,575,475
Macomb Community College		-	-
Local School Districts: Center Line	65.08%	10,530,000	6,984,549
East Detroit	20.94%	21,698,997	4,463,484
Fitzgerald	100.00%	16,966,000	16,966,000
Van Dyke	97.74%	43,359,605	42,353,662
Warren Consolidated	48.18%	176,780,000	84,766,010
Warren Woods	100.00%	28,335,000	<u>28,335,000</u>
Total Overlapping Debt			<u>223,444,180</u>
Net Direct Debt Outstanding and Overlapping Debt			<u>\$ 284,109,180</u>

Source: Municipal Advisory Council of Michigan

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011
Assessed value	<u>\$ 6,064,919,039</u>	<u>\$ 5,809,257,741</u>	<u>\$ 5,342,889,105</u>	<u>\$ 4,561,685,622</u>
Debt limit (10% of assessed value)	\$ 606,491,904	\$ 580,925,774	\$ 534,288,911	\$ 456,168,562
Total debt applicable to debt limit	-	-	-	-
Legal debt margin	<u>\$ 606,491,904</u>	<u>\$ 580,925,774</u>	<u>\$ 534,288,911</u>	<u>\$ 456,168,562</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
<u>\$ 4,081,046,497</u>	<u>\$ 3,630,847,280</u>	<u>\$ 3,537,933,048</u>	<u>\$ 3,689,472,137</u>	<u>\$ 4,006,975,440</u>	<u>\$ 3,926,697,488</u>
\$ 408,104,650	\$ 363,084,728	\$ 353,793,305	\$ 368,947,214	\$ 400,697,544	\$ 392,669,749
-	-	-	-	-	-
<u>\$ 408,104,650</u>	<u>\$ 363,084,728</u>	<u>\$ 353,793,305</u>	<u>\$ 368,947,214</u>	<u>\$ 400,697,544</u>	<u>\$ 392,669,749</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Warren, Michigan

Building Authority - Senior Housing Bonds (1)							
Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2008	\$ 1,386,944	\$ 584,845	\$ 802,099	\$ 540,000	\$ 305,738	\$ 845,738	0.95
2009	1,365,997	579,903	786,094	620,000	288,238	908,238	0.87
2010	1,352,660	543,019	809,641	625,000	267,616	892,616	0.91
2011	1,367,727	607,955	759,772	620,000	246,219	866,219	0.88
2012	1,375,872	748,772	627,100	610,000	223,931	833,931	0.75
2013	1,363,193	855,473	507,720	705,000	146,298	851,298	0.60
2014	1,398,586	921,577	477,009	425,000	76,119	501,119	0.95
2015	1,457,703	890,651	567,052	455,000	67,319	522,319	1.09
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

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

Road Construction Bonds							
Fiscal Year	Prior Fiscal Year Gas and Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
2008	\$ 8,375,886	\$ 4,187,943	\$ 1,440,918	\$ 702,531	\$ 2,143,449	1.95	\$ 243,346
2009	8,240,310	4,120,155	1,260,000	442,325	1,702,325	2.42	287,743
2010	7,937,777	3,968,889	1,345,000	392,925	1,737,925	2.28	580,632
2011	7,798,658	3,899,329	1,435,000	263,232	1,698,232	2.30	571,233
2012	7,913,099	3,956,550	1,450,000	216,383	1,666,383	2.37	632,325
2013	8,197,069	4,098,535	1,015,000	167,363	1,182,363	3.47	620,232
2014	8,281,690	4,140,845	1,000,000	138,275	1,138,275	3.64	709,369
2015	8,537,451	4,268,726	985,000	107,525	1,092,525	3.91	809,695
2016	8,715,645	4,357,823	975,000	75,438	1,050,438	4.15	776,962
2017	10,557,447	5,278,724	500,000	40,500	540,500	9.77	764,614

(2) Debt service on the Michigan Transportation Fund Bonds is pledged from the receipt of state gas and weight taxes received in the previous year. Debt service on the road improvement portion of the Capital Improvement Bonds, Series 2006 and Series 2008 is likewise paid from gas and weight taxes but is secured by the levy of sufficient city taxes rather than the pledge of gas and weight taxes. A total of \$764,614 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2017 and is reflected in the schedule above.

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

Fiscal Year	Special Assessment Bonds (3)							Coverage
	S/A		Transferred to	Debt Service				
	Collections (4)	Interest (5)	Debt Funds	Principal	Interest	Total		
2008	\$ 199,286	\$ -	\$ 199,286	\$ 854,460	\$ 68,838	\$ 923,298	0.22	
2009	294,984	-	294,984	175,000	75,971	250,971	1.18	
2010	435,535	-	435,535	518,967	140,456	659,423	0.66	
2011	423,297	-	423,297	543,967	117,133	661,100	0.64	
2012	406,098	-	406,098	543,967	92,934	636,901	0.64	
2013	388,900	-	388,900	543,967	68,736	612,703	0.63	
2014	371,702	-	371,702	543,967	44,038	588,005	0.63	
2015	52,673	-	52,673	244,397	26,579	270,976	0.19	
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	

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

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

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

Fiscal Year	Water and Sewer System (6)							Coverage
	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service				
				Principal	Interest	Total		
2006	\$ 29,674,597	\$ 26,108,818	\$ 3,565,779	\$ 1,775,174	\$ 1,869,651	\$ 3,644,825	0.98	
2007	31,957,062	27,531,113	4,425,949	2,475,647	1,928,034	4,403,681	1.01	
2008	30,465,234	27,094,950	3,370,284	2,570,095	1,890,960	4,461,055	0.76	
2009	32,062,895	27,557,790	4,505,105	2,686,687	1,798,228	4,484,915	1.00	
2010	37,288,056	26,323,229	10,964,827	2,739,082	1,702,109	4,441,191	2.47	
2011	38,427,954	26,764,665	11,663,289	3,221,792	1,988,269	5,210,061	2.24	
2012	40,839,605	27,563,827	13,275,778	3,912,454	2,389,481	6,301,935	2.11	
2013	38,541,046	27,981,654	10,559,392	4,522,090	2,569,620	7,091,710	1.49	
2014-2015	55,669,321	44,286,286	11,383,035	7,926,367	4,476,405	12,402,772	0.92	
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	

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

City of Warren, Michigan

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

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of Warren	Macomb County	State of Michigan
2008	135,102	57,134	\$ 21,407	\$ 2,892,128,514	11.30%	9.70%	8.70%
2009	134,402	56,433	21,407	2,877,143,614	21.10%	18.40%	15.40%
2010	132,079	52,460	21,407	2,827,415,153	16.60%	14.40%	13.10%
2011	134,056	53,442	19,376	2,597,469,056	13.60%	11.70%	11.30%
2012	133,764	53,228	19,376	2,591,811,264	10.20%	10.10%	9.20%
2013	133,466	53,066	19,376	2,586,037,216	11.60%	9.90%	9.40%
2014	134,424	53,408	19,376	2,604,599,424	9.60%	9.10%	7.90%
2015	134,805	53,539	19,376	2,611,981,680	7.50%	6.30%	5.80%
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%

Sources:

- (1) Southeast Michigan Council of Governments est. population through July 2016 for FY 2016
- (2) 2000 and 2010 U.S. Census Bureau
- (3) Michigan Department of Technology, Management & Budget
- *Not Seasonally Adjusted.*

City of Warren, Michigan

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

		Year Ended June 30, 2017			Year Ended June 30, 2011		
		Percentage			Percentage		
		Employees	of Total	Rank	Employees	of Total	Rank
General Motors Corporation	Automotive	22,000	(I)	1	17,000	(I)	1
Government of The United States (TACOM)	Government	8,400	(I)	2	6,500	(I)	2
FIAT - Chrysler Corp.	Automotive	5,700	(I)	3	4,200	(I)	3
Ascension Health	Health care	3,250	(I)	4	1,320	(I)	4
Dana Corp	Automotive	850	(I)	5	-		
Total		<u>40,200</u>			<u>29,020</u>		

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

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011
General Government				
<u>37th District Court</u>				
Small claims	725	995	587	635
Landlord and tenant	4,890	4,596	4,554	4,921
Parking tickets	1,518	1,083	1,019	1,116
Traffic misdemeanor and civil	55,606	46,623	36,879	35,250
Non-traffic felony	2,717	2,544	2,284	1,869
Non-traffic misdemeanor	2,449	2,355	2,126	1,653
Traffic OUIL/OWI	656	656	367	202
General civil	6,098	6,098	5,345	5,151
Probation - Active cases	1,118	1,078	1,078	876
Pre-sentence investigations	368	803	803	460
<u>City Clerk</u>				
Business licenses	894	853	837	837
Public hearings	101	99	47	70
Changes in voter registrations	54,004	62,213	60,433	44,367
Dog licenses issued	5,427	5,502	5,409	4,983
Garage sale permits	1,952	2,707	4,756	1,499
Death certificates	1,800	1,880	1,864	1,935
Birth certificates	1,350	1,344	1,254	1,201
Lawsuits issued	31	19	33	38
Contracts signed, catalogued	68	61	54	51
Internet requests processed	5,200	2,670	5,200	4,600
<u>Treasurer</u>				
Tax bills processed:				
Manually	148,720	146,916	120,351	88,321
CD-ROM	76,000	59,118	55,934	56,141
Checks processed	49,005	51,669	52,009	51,761
Water bills processed	528,000	522,862	501,584	424,085
Status changes	950	744	720	600
Personal property	4,101	4,140	3,929	4,586
Delinquent tax accounts	1,426	1,533	1,318	2,057
<u>Assessing</u>				
Personal property audits	152	70	70	70
Small claim MTT appeals	141	150	150	756
Full tax tribunal appeals	44	120	120	528
Board of Review appeals	1,400	2,000	2,000	1,500
Processing of principal residence exemptions	5,000	5,500	5,500	1,802
Process deeds and transfer affidavits	5,600	6,700	6,700	9,038
Prepare special assessment rolls	30	30	30	30
Review/Appraise taxable properties	59,470	59,500	59,500	60,768
Verify sales and transfers of sold properties	7,238	5,800	5,800	3,500
Inspect and appraise				
Inspect and appraise building permit activity	2,800	2,450	11,400	11,243

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

(1) Fiscal year 2017 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

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

Fiscal Year					
2012	2013	2014	2015	2016	2017 (1)
566	657	597	574	487	700
4,910	5,333	4,136	4,804	4,610	5,000
1,272	1,496	1,868	1,538	1,670	1,500
37,454	49,446	46,529	46,337	45,944	50,000
2,069	2,358	2,252	2,251	1,944	2,400
1,779	1,886	1,772	1,686	1,846	1,900
284	354	298	644	236	400
5,633	4,812	4,164	4,581	4,795	5,000
752	892	892	1,121	853	900
460	429	429	406	319	400
765	771	660	616	570	800
53	75	49	47	39	60
56,137	41,389	40,559	41,182	65,295	75,000
4,662	4,945	4,831	4,597	4,569	6,500
1,466	1,429	1,285	996	1,124	2,500
1,856	1,806	1,523	1,571	1,721	2,500
1,188	1,183	902	754	797	1,500
30	35	27	35	27	50
68	83	100	87	121	200
4,972	4,232	6,750	6,100	6,050	6,200
85,454	94,499	96,021	82,777	84,829	83,947
54,865	45,056	48,550	51,380	51,904	52,786
46,736	40,082	42,457	43,397	41,903	42,440
372,981	351,898	427,242	340,536	342,794	335,600
481	720	708	696	732	700
4,183	4,242	3,950	2,664	2,849	2,700
2,561	40	40	40	-	-
86	45	55	75	93	100
789	59	54	32	34	28
596	227	155	120	37	40
1,200	735	920	819	753	753
3,923	5,774	6,950	3,750	4,091	5,000
11,255	9,817	11,066	8,091	7,368	8,500
30	30	30	30	30	30
60,300	63,104	63,559	63,625	59,279	59,279
3,500	1,403	1,633	2,470	7,368	7,500
11,000	13,210	13,198	13,274	11,310	12,500

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011
Public Safety				
<u>Fire Department</u>				
Incident responses	12,971	12,894	13,440	14,717
Equipment responses	18,306	17,531	29,545	34,041
Fire training (hours)	48,976	56,403	16,426	4,400
Medical training (hours)	1,931	2,291	3,100	1,983
<u>Police Department</u>				
Calls for police service	81,132	78,255	75,781	90,125
Part I crimes	4,575	4,397	4,245	4,322
Burglary incidents	851	881	985	1,096
Auto theft incidents	1,211	958	726	805
Part II crimes	12,207	11,600	6,601	5,435
Narcotic and drug incidents	2,947	2,478	1,660	955
Traffic citations	30,154	25,146	18,283	17,872
OUIL charges	578	490	400	305
Traffic accidents	3,354	3,389	3,551	3,647
Juveniles charged	579	169	161	221
Total arrests	10,153	6,496	6,081	5,055
Abandoned autos processed	2,016	5,200	967	1,020
Guns registered	1,500	2,373	2,296	2,705
<u>Animal Control</u>				
Calls for service	2,916	2,916	3,000	3,000
Stray animals picked up	1,386	1,386	1,270	1,340
Wild animals secured	472	472	400	435
Dead animals handled	346	346	900	900
Animals given up by owners	798	798	325	325
<u>Civil Defense</u>				
Responses to disaster or emergency incidents	10	10	6	9
Functional/full-scale exercise	-	-	1	1
City Development:				
<u>Engineering</u>				
Service requests processed	516	768	538	811
Planning reviews	94	55	77	79
Site plan reviews	222	113	83	119
Projects inspected	97	71	81	72
Sidewalk inspections/repairs	2,709	3,185	1,517	1,553
<u>Property Maintenance Inspection</u>				
Weed enforcement	2,323	2,485	4,436	4,568
Complaints investigated	4,862	6,422	5,928	6,068
Complaints entered into tracking system	N/A	21,220	21,200	23,526
Vacant and foreclosed property clean-ups	N/A	650	598	619
<u>Building Inspections</u>				
Certificates of Occupancy	279	283	288	266
Building permits	2,854	2,162	2,412	1,880
Plumbing permits	978	1,103	1,248	1,348
Electrical permits	2,277	2,862	3,179	3,133
Mechanical permits	1,343	1,447	1,828	1,797
Miscellaneous permits	407	701	701	840
Building inspections	13,216	12,511	13,119	15,004
Plumbing inspections	5,440	7,262	8,104	7,777
Electrical inspections	7,353	12,636	12,269	11,869
Mechanical inspections	6,784	7,774	8,126	8,391
Zoning inspections	15,657	8,679	8,453	6,236
Plan reviews	2,352	2,160	2,467	2,319

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

(1) Fiscal year 2017 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

(unaudited)

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

Fiscal Year					
2012	2013	2014	2015	2016	2017 (1)
14,974	15,500	16,547	16,718	17,818	18,500
29,674	29,276	30,530	31,520	33,524	32,500
3,139	6,480	3,062	2,000	2,340	3,280
808	6,480	4,401	3,474	3,120	3,500
88,184	95,000	95,000	95,000	95,000	95,000
4,065	3,764	3,550	3,470	3,800	4,200
1,015	887	750	715	910	1,000
728	582	590	530	632	700
6,386	6,455	6,200	5,980	6,326	7,000
1,093	1,455	1,575	1,165	1,450	1,800
18,419	20,678	20,500	24,155	40,000	40,000
294	300	355	330	325	400
3,295	3,820	4,320	3,980	4,300	4,500
346	244	205	200	180	200
5,708	6,556	6,200	5,440	5,500	6,000
1,061	1,100	1,100	240	500	550
7,329	6,922	6,300	3,370	7,800	8,000
3,000	2,850	3,500	8,860	9,951	8,800
1,600	1,450	-	890	1,621	1,600
60	75	-	-	-	-
1,000	1,000	-	350	60	150
325	377	-	60	88	100
7	5	6	12	10	12
2	3	3	3	4	5
695	838	877	1,355	836	700
79	79	66	100	125	120
129	258	426	386	386	410
61	225	258	121	131	110
933	806	501	254	193	425
3,810	4,012	4,045	5,508	2,752	4,000
4,285	4,387	4,022	4,373	5,071	8,000
21,500	18,300	21,016	30,637	17,946	20,000
632	676	524	1,332	1,408	1,500
470	767	420	327	500	378
1,804	1,918	2,053	2,160	2,100	2,485
1,351	1,351	1,152	1,054	1,200	1,587
3,626	3,798	3,402	3,161	3,400	3,895
2,240	3,127	2,095	2,107	2,200	2,106
786	830	944	634	800	837
13,666	14,427	15,296	11,134	14,000	11,526
9,136	10,421	10,529	9,814	9,000	8,305
12,676	14,206	14,276	13,727	12,500	10,764
9,861	10,879	10,004	10,041	9,800	10,102
5,575	6,511	6,320	926	900	7,788
2,304	2,048	2,165	716	800	1,784

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011
Recreation and Culture				
<u>Library</u>				
Annual attendance	336,414	371,751	337,207	326,386
Circulation:				
Annual total	599,451	594,626	567,845	1,102,600
Children's material	237,568	264,351	248,118	257,402
Reference requests	72,761	78,049	70,664	47,290
Registered borrowers	54,834	61,284	51,507	57,145
Materials:				
Loaned to other libraries	72,662	74,957	76,629	64,433
Received from other libraries	57,642	59,173	86,258	40,381
Added to collection	25,327	25,741	24,616	35,868
Deleted from collection	21,004	16,389	14,976	13,324
Home Page hits	287,079	302,691	301,945	260,661
<u>Recreation</u>				
Pavilion rentals	418	418	482	460
Bus transportation	28,972	25,390	27,750	23,613
Adult and youth sports:				
Registrants	7,000	6,700	7,200	7,000
Participants	106,000	106,000	106,500	106,500
Senior programs	90,247	85,000	90,000	85,000
Senior sports programs	23,000	22,400	22,400	23,000
Trees removed	1,131	500	325	345
Trees trimmed	7,788	1,000	800	1,000
Pool attendance	325,000	302,000	350,000	380,000
Yearly pass registrations	5,200	4,500	4,500	4,100
Sanitation				
Collections points (per week)	56,000	56,000	56,000	56,000
Curbside collection (tons):				
Refuse land filled	48,695	45,082	43,541	44,104
Curbside recycling	4,236	4,646	4,562	5,716
Curbside compost	14,559	15,228	15,252	13,123
Drop-off center:				
Car batteries (each)	583	459	585	142
Non-ferrous metal (tons)	1	2	7	9
Concrete (tons)	242	245	377	247
Motor oil (gallons)	9,250	10,000	10,800	9,300
Collected/Dropped off (tons):				
Cardboard	129	98	85	68
White goods/Scrap metal	232	177	167	140
Senior Citizens Housing				
<u>Stilwell Manor</u>				
Carpet replacements	15	19	12	23
Linoleum replacements	10	10	9	14
Stove replacements	9	15	8	12
Apartments painted	12	25	18	26
Air conditioner replacements	8	10	8	12
Maintenance work orders	520	530	545	642
<u>Jos. Coach Manor</u>				
Carpet replacements	42	36	25	40
Linoleum replacements	32	13	25	20
Hot water tank replacements	2	6	6	10
Apartments painted	28	42	31	65
Countertop replacements	7	18	17	20
Maintenance work orders	1,182	1,300	1,295	1,188

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

(1) Fiscal year 2017 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

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

Fiscal Year					
2012	2013	2014	2015	2016	2017 (1)
342,297	366,929	347,214	339,789	409,595	331,000
855,235	577,403	568,805	482,397	412,723	381,800
279,921	253,018	239,449	256,746	176,454	157,200
47,285	49,875	53,776	43,304	36,989	35,600
53,754	59,909	62,475	53,988	56,501	5,700
74,359	74,391	70,602	63,062	57,354	58,840
52,593	52,630	49,408	38,869	36,237	37,230
56,914	37,576	46,225	39,956	22,695	16,800
23,165	10,984	18,741	24,740	30,098	6,170
331,023	361,112	357,531	333,915	291,638	260,580
460	484	424	424	467	470
18,510	14,227	15,309	15,309	14,565	14,650
7,000	7,000	4,436	4,436	4,401	4,470
106,500	106,500	107,000	107,000	107,250	107,500
85,000	85,000	86,000	86,000	86,125	86,200
23,000	23,000	23,000	23,000	23,000	23,250
345	250	-	-	-	-
1,000	2,000	-	-	-	-
380,000	380,000	350,000	350,000	386,500	400,000
3,975	3,463	4,142	4,142	4,280	4,500
56,000	56,000	56,000	56,000	56,000	56,000
45,391	47,315	45,207	63,236	59,773	52,000
5,169	5,847	4,816	4,661	4,635	4,800
13,245	9,029	12,684	3,048	965	7,000
256	162	138	255	221	250
3	3	1	2	2	2
283	195	208	261	299	325
8,950	8,460	6,145	7,120	5,650	6,000
80	67	58	67	68	75
101	80	82	134	165	175
15	15	22	12	23	25
7	7	10	7	14	12
15	15	6	4	6	4
20	20	23	21	18	32
10	10	10	8	7	40
575	575	450	375	275	450
27	27	35	26	50	61
14	14	17	12	16	20
53	53	70	-	-	-
34	34	63	28	850	1,000
18	18	16	18	18	20
955	955	760	936	850	1,000

City of Warren, Michigan

	Fiscal Year			
	2008	2009	2010	2011
Water and Sewer System (2)				
<u>Water Department:</u>				
Water utility accounts	50,248	50,205	50,226	50,137
Sewer utility accounts	49,614	49,110	49,089	49,068
Second meter accounts	457	506	555	585
Water sold (thousand cu. ft.)	883,463	759,993	713,369	734,852
Water purchased	1,014,748	851,937	794,608	805,598
Broken water main repairs	344	186	214	202
Sewer jetting (in footage)	129,050	14,167	232,072	117,473
<u>Waste Water Treatment Plant:</u>				
Sewage treated	7.6	8.4	8.3	6.8
Sludge solids removed	33.3	29.8	29.7	26.7
Power consumption	23.9	26.8	14.9	13.4
Natural gas for incinerator	89	82	88	81
Laboratory samples taken	6,634	6,308	6,499	5,609
Analytical lab tests run	45,847	45,680	38,140	35,977
Dye tests performed to locate	50	50	20	20
Storm water samples collected	20	50	315	350
Illicit discharges identified	15	46	3	4
Illicit discharges removed	20	7	4	5

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

(1) Fiscal year 2017 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

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

Fiscal Year					
2012	2013	2014	2015 (2)	2016	2017 (1)
50,025	49,171	49,137	49,639	49,076	49,532
49,269	48,650	48,588	49,089	48,618	48,714
628	680	684	712	744	747
692,951	699,581	656,511	914,804	648,699	649,109
769,815	784,929	744,182	1,081,125	670,703	717,451
212	184	271	393	101	135
249,000	273,816	343,647	454,716	753,000	415,000
10.8	7.4	8.2	11.7	7.6	7.8
28.4	31.1	29.9	42.3	27.5	30.0
15.8	14.1	12.7	19.1	12.2	12.0
90	102	94	130	61	85
5,694	6,694	5,963	8,886	8,031	6,800
33,718	38,044	35,577	54,944	36,975	36,750
25	13	12	8	4	10
240	396	296	245	119	245
5	4	6	3	2	3
9	2	6	3	2	3

City of Warren, Michigan

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

Fiscal Year	Residential One Family	Residential Multiple Family	Commercial Development	Industrial Development	Total (1)
2008	\$ 2,864,523	\$ 1,608,000	\$ 3,685,000	\$ -	\$ 8,157,523
2009	812,000	75,400	13,260,000	3,000,000	17,147,400
2010	1,245,000	-	4,015,000	-	5,260,000
2011	1,135,000	-	1,223,000	-	2,358,000
2012	10,933,601	1,728,930	76,617,376	1,197,300	90,477,207
2013	2,425,000	2,412,000	580,000	-	5,417,000
2014	12,213,524	2,354,600	40,713,090	1,267,277	56,548,491
2015	3,640,000	975,000	5,194,000	-	9,809,000
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

(1) Estimated Cost of Construction

Source:

City of Warren Building Department

City of Warren, Michigan

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>General Government:</u>										
Council	13	13	13	12	10	10	10	11	10	10
37th District Court	49	49	49	49	46	46	46	46	49	49
Mayor	7	7	7	6	6	6	6	6	3	4
Clerk	9	9	9	9	8	7	7	8	7	7
Treasurer	12	12	11	10	10	9	9	9	9	9
Controller	19	19	18	14	13	12	10	10	9	11
Information Systems	3	3	3	3	3	4	4	4	4	4
Legal	11	11	11	11	10	10	10	10	9	10
Assessing	12	12	12	11	11	11	11	11	12	11
Labor Relations	1	2	2	-	-	-	-	-	-	-
Personnel	6	6	6	-	-	-	-	-	-	-
Human Resources	-	-	-	9	9	9	9	9	9	9
D.P.W. Garage	8	8	7	7	7	7	8	8	12	12
Building Maintenance	15	15	9	9	8	8	8	8	6	6
Police and Fire Civil Service	1	1	1	-	-	-	-	-	-	-
Police and Fire Retirement	2	2	2	2	2	2	2	2	2	2
City Retirement	-	-	-	-	-	-	2	2	2	2
	<u>168</u>	<u>169</u>	<u>160</u>	<u>152</u>	<u>143</u>	<u>141</u>	<u>142</u>	<u>144</u>	<u>143</u>	<u>146</u>
<u>Public Safety:</u>										
Fire Department	148	147	121	126	120	114	132	132	128	132
Police Department	276	275	270	256	239	233	233	235	231	233
Animal Control	2	2	2	2	2	2	2	2	2	2
Civil Defense	1	1	1	1	1	1	1	1	1	1
	<u>427</u>	<u>425</u>	<u>394</u>	<u>385</u>	<u>362</u>	<u>350</u>	<u>368</u>	<u>370</u>	<u>362</u>	<u>368</u>
<u>City Development:</u>										
Public Service Director	4	3	3	3	3	3	3	3	3	2
Engineering	8	8	7	7	5	5	5	5	3	5
Property Maintenance	3	4	1	1	-	-	-	-	1	-
Building Inspections	17	17	18	16	15	15	14	16	17	20
Planning	5	5	5	3	3	3	4	4	3	3
Rental Ordinance	2	3	3	3	3	3	4	4	4	4
	<u>39</u>	<u>40</u>	<u>37</u>	<u>33</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>32</u>	<u>31</u>	<u>34</u>
Highways and Streets	<u>35</u>	<u>35</u>	<u>30</u>	<u>28</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>26</u>
<u>Recreation and Culture:</u>										
Library	16	16	16	12	22	22	22	22	21	20
Recreation	20	20	20	18	16	13	12	12	9	9
Communications	6	6	5	5	5	5	5	5	4	3
	<u>42</u>	<u>42</u>	<u>41</u>	<u>35</u>	<u>43</u>	<u>40</u>	<u>39</u>	<u>39</u>	<u>34</u>	<u>32</u>
Sanitation	<u>42</u>	<u>42</u>	<u>29</u>	<u>28</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>16</u>	<u>16</u>
<u>Economic Development:</u>										
Community & Economic	-	-	-	2	2	2	2	2	1	2
D.D.A.	1	1	1	1	1	1	1	2	2	-
	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>2</u>
<u>Community Development:</u>										
C.D.B.G.	<u>4</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>
Senior Housing	<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>
Water and Sewer System	<u>95</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>83</u>
Total full-time city employees	<u>858</u>	<u>857</u>	<u>787</u>	<u>758</u>	<u>722</u>	<u>709</u>	<u>731</u>	<u>739</u>	<u>709</u>	<u>715</u>

Source: Adopted fiscal year budget