

**Comprehensive Annual
Financial Report**
Fiscal Year Ended
June 30, 2012

*City of
Warren,
Michigan*

WARREN CIVIC CENTER

City of Warren, Michigan

Financial Report Comprehensive Annual Financial Report June 30, 2012

City of Warren, Michigan

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City of Warren, Michigan

List of Elected Officials

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



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

December 12, 2012

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

In accordance with City Charter and State Statute, the City of Warren (the "City") is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a licensed certified public accounting firm in accordance with generally accepted auditing standards. Pursuant to those requirements, the City Controller's Office hereby submits the Comprehensive Annual Financial Report of the City of Warren for the fiscal year ended June 30, 2012.

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, 2012 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 "unqualified opinion" from the independent auditor. An unqualified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

General Information

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

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

General Information (continued)

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

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

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

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

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

The City's Public Service Department provides a variety of services to the City's residents. Among these are weekly garbage collection; street maintenance, including snow and ice removal; building inspections; and operation of the Waste Water Treatment Plant and the Water and Sewer System.

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 unit is reported in the accompanying financial statements discretely except for the Building Authority, which is considered a blended component unit.

Report Organization

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

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

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

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

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

Accounting Systems, Budgetary, and Internal Controls

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

Annual balanced budgets are adopted for all the primary government's General, Special Revenue, and Debt Service Funds as required by the Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. Although not required, budgets were formally adopted for the proprietary funds and the 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 Chrysler manufacturing facilities as well as numerous third-party suppliers to the auto industry. The economic recession has been particularly devastating to the auto industry but they have remained a solid supporter of the community through property tax revenues and water and sewer system user fees. Its role in the City's financial future is increasingly optimistic as both GM and Chrysler have rebounded from their bankruptcies. This is further confirmed by recent investments by General Motors in adding several hundred jobs to the Technical Center for an Informational Technology Center, several million dollars of investment in their Powertrain plant, and Chrysler's recent announcement of a third shift being added to their plant.

There is no question that future years will continue to be challenging. The City has run budget deficits that last several years including the fiscal 2013 budget. Further property assessment declines and the expected State elimination of certain personal property taxes will cause revenues to further fall short of expenditures. Despite labor contract savings and a reduction in full-time staffing levels, legacy costs are expected to continue to rise. Based on this information, in an effort to continue to deliver excellent city services, the City proposed a Police and Fire Millage in August 2012. This millage passed with nearly two-thirds of the electorate voting for the millage. The City will continue to scrutinize every expenditure and try to maximize revenues.

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. There have been several locations that were completed during the fiscal year as a result of this millage.

The water meter replacement program to improve registration accuracy and automate customer usage data collection has continued in 2012. An Automated Meter Reading System (AMR) will enable us to retrieve timely usage information and give us the ability to identify potential customer problems, such as spikes in usage indicating potential leaks, before they become too costly for users.

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Warren for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. 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.

ACKNOWLEDGMENTS

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

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, 2011

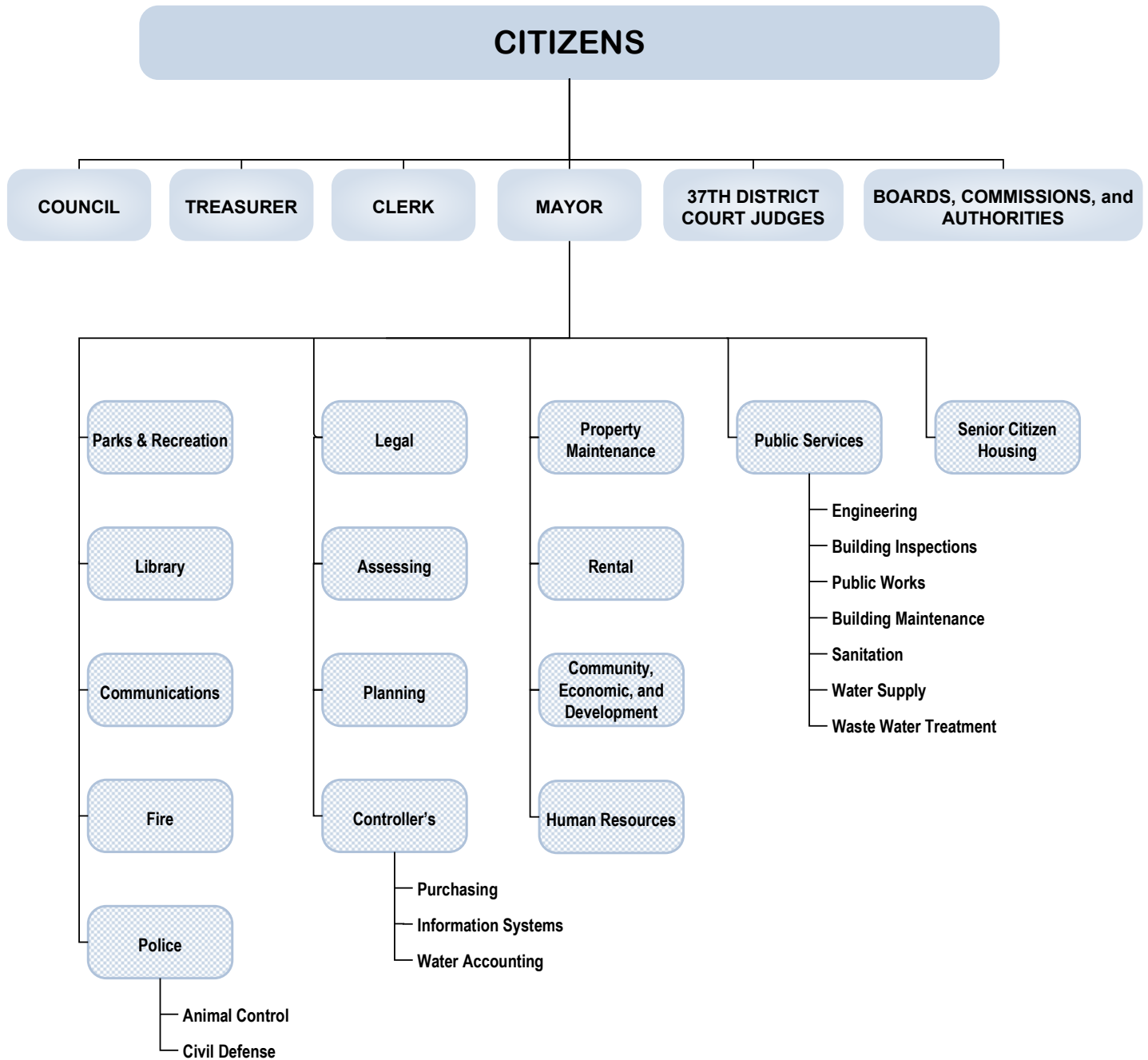
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell
President

Jeffrey R. Emer
Executive Director

City of Warren, Michigan Organization Chart



Independent Auditor's Report

To the City Council
City of Warren, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Warren, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Warren, Michigan's basic financial statements. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules for the General Fund and each major special revenue fund on pages 66-70 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 management's discussion and analysis and the retirement system schedules of funding progress 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.

To the City Council
City of Warren, Michigan

The other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplemental information, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules, along with the budgetary comparison schedules for the General Fund and each major special revenue fund on pages 66-70, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 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. Such information has 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 it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012 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 opinions 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* and should be read in conjunction with this report in considering the results of our audit.

During the year, the City implemented changes to accounting policies, as discussed in Note 20. As a result, the financial statements for the year ended June 30, 2012 have been restated in order to correct the accounting policies. The effect of these changes is discussed in Note 20.

Plante & Morse, PLLC

December 12, 2012

City of Warren, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Warren's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. 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, 2012:

- As a result of this year's operations, governmental activities net assets increased by \$4.4 million or 2.8 percent from 2011. The increase is due primarily to the continued cost-cutting efforts of the City along with property tax revenue from the new road millage.
- As a result of this year's operations, business-type activities net assets increased by \$5.6 million or 6.8 percent from the prior year. The increase is due primarily to the positive operations in the water and sewer system.
- The General Fund reported a \$5.3 million decrease in fund balance from the prior year. This decrease is a continuation of the City running deficits to fund balance as the City continues to cut expenditures to offset falling property tax revenues and state-shared revenue.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets (deficit) 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 assets and changes in net assets as of June 30, 2012 compared to the prior year:

	Governmental Activities	
	June 30	
	2011	2012
Assets		
Other assets	\$ 87,059,895	\$ 85,096,829
Capital assets	<u>138,952,356</u>	<u>134,235,255</u>
Total assets	226,012,251	219,332,084
Liabilities		
Current liabilities	12,803,019	8,188,747
Long-term liabilities	<u>54,153,678</u>	<u>47,667,318</u>
Total liabilities	<u>66,956,697</u>	<u>55,856,065</u>
Net Assets		
Invested in capital assets - Net of related debt	110,629,268	110,327,564
Restricted	33,189,358	28,243,279
Unrestricted	<u>15,236,928</u>	<u>24,905,176</u>
Total net assets	<u>\$ 159,055,554</u>	<u>\$ 163,476,019</u>

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	Year Ended June 30	
	2011	2012
Revenue		
Program revenue:		
Charges for services	\$ 14,493,843	\$ 14,646,243
Operating grants	16,639,068	15,689,801
Capital grants	953,777	837,793
General revenue:		
Property taxes	72,077,679	73,206,799
State-shared revenue	12,125,928	11,895,230
Investment income	153,793	177,108
Other revenue	5,149,307	5,018,873
Total revenue	121,593,395	121,471,847
Program Expenses		
General government	13,914,301	10,805,443
District Court	6,614,802	6,308,210
Public safety	62,662,439	56,710,270
Public works	25,440,576	24,619,847
Community and economic development	6,270,509	4,851,249
Recreation and cultural	12,909,715	12,584,351
Interest on long-term debt	1,268,110	1,172,012
Total expenses	129,080,452	117,051,382
Change in Net Assets	\$ (7,487,057)	\$ 4,420,465

The governmental net assets increased 2.8 percent from a year ago - increasing from \$159.1 million to \$163.5 million.

Unrestricted net assets - The part of net assets that can be used to finance day-to-day operations - increased by \$9.7 million for the governmental activities. This represents an increase of approximately 63.0 percent primarily due to positive operations of \$4.4 million and the decrease in restricted of \$5.0 million. The current level of unrestricted net assets for our governmental activities stands at \$25.0 million, or about 21.0 percent of expenditures.

The City's total governmental revenues decreased by approximately \$0.1 million or 0.1 percent. This decrease was primarily due to the decrease in operating grants and state-shared revenue of \$1.3 million offset by the increase in property taxes of \$1.1 million.

Expenses decreased by \$12.0 million or 9.3 percent during the year. The decrease was achieved through cost savings realized in the public safety (\$6.0 million) and general government (\$3.1 million) functions.

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 assets and changes in net assets as of June 30, 2012 compared to the prior year:

	Business-type Activities	
	June 30	
	2011	2012
Assets		
Other assets	\$ 38,670,531	\$ 46,424,098
Capital assets	<u>113,530,862</u>	<u>116,078,775</u>
Total assets	152,201,393	162,502,873
Liabilities		
Current liabilities	7,983,895	3,636,269
Long-term liabilities	<u>60,723,311</u>	<u>69,730,009</u>
Total liabilities	<u>68,707,206</u>	<u>73,366,278</u>
Net Assets		
Invested in capital assets - Net of related debt	60,527,790	59,757,545
Restricted	7,656,513	9,800,098
Unrestricted	<u>15,309,884</u>	<u>19,578,952</u>
Total net assets	<u>\$ 83,494,187</u>	<u>\$ 89,136,595</u>

	Business-type Activities	
	Year Ended June 30	
	2011	2012
Operating revenue	\$ 39,462,754	\$ 40,596,308
Operating expenses, other than depreciation	27,735,505	28,360,543
Depreciation and amortization	<u>4,341,874</u>	<u>4,461,215</u>
Operating Income	7,385,375	7,774,550
Interest income	35,221	26,887
Interest expense	1,926,992	2,247,049
Other nonoperating expenses	739,981	181,341
Gain on sale of assets	-	90,904
Other nonoperating general revenue	<u>-</u>	<u>178,457</u>
Change in Net Assets	<u>\$ 4,753,623</u>	<u>\$ 5,642,408</u>

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

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

The net assets of business-type activities increased \$5.6 million or 6.8 percent from a year ago.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - increased by \$4.3 million. This represents an increase of approximately 28.0 percent. The current level of unrestricted net assets stands at \$19.6 million, or about 56.0 percent of expenditures.

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

The City of Warren, Michigan Funds

Our analysis of the City's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2012 include the General Fund and the Grant Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which includes police and fire. Public safety incurred expenses of approximately \$56.5 million in 2012. Expenditures (including transfers) exceeded revenue in the General Fund by \$5.3 million. This was primarily due to the continued decrease in property taxes offset by expenditure cuts. Fund balance of \$32.3 million is approximately 40.0 percent of expenditures.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The most significant budget adjustment was for federal grants received within the fire department. At year end, General Fund expenditures were \$6.4 million or 7.5 percent under budget. This was due primarily to several departmental reorganizations including a \$3.2 million favorable variance in the police department. General Fund revenue came in under budget by \$0.7 million as property taxes continued to be lower than budgeted.

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

At the end of fiscal year 2012, the City had \$250 million invested in a broad range of capital assets, including land, buildings, police and fire equipment, computer equipment, infrastructure assets (roads, bridges, sidewalks, and storm drains), and water and sewer lines. The value of the City's governmental net capital assets is \$134.2 million and business-type net capital assets are \$116.1 million (see Note 5 of the notes to the basic financial statements for additional information).

The City's general obligation bonds maintained their rating from Standard & Poor's (AA) during the fiscal year. This rating was affirmed in June 2012 when the Water and Sewer Fund issued \$15.7 million in capital improvement bonds. Please see Note 18 of the notes to the basic financial statements for additional information.

Economic Factors and Next Year's Budgets

Due to the City's cost-cutting efforts and police and fire millage, the City is looking positively toward fiscal 2013 and beyond. However, as the State continues to attack various revenue sources such as personal property tax, the City administration along with City Council will continue to further develop the City's financial strategy and continue fiscal responsibility while maintaining as many core services as possible.

Contacting the City 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 Assets (Deficit) June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 54,828,474	\$ 18,804,390	\$ 73,632,864	\$ 11,976,140
Receivables:				
Property taxes receivable	552,267	-	552,267	9,093
Receivables from sales to customers on account	-	14,406,635	14,406,635	-
Accrued interest receivable	1,464	249	1,713	1,520
Assets with financing entity	-	4,780,032	4,780,032	-
Other receivables	1,606,334	124,447	1,730,781	13,582
Due from other governmental units	5,772,744	177,586	5,950,330	-
Due from pension and VEBA funds	8,783,656	-	8,783,656	-
Notes receivable	7,395,038	-	7,395,038	-
Special assessments receivable	1,834,533	-	1,834,533	-
Due from component units	1,124,665	-	1,124,665	-
Due from primary government	-	-	-	25,023
Internal balances*	1,810,426	(686,163)	1,124,263	-
Inventory	312,425	320,396	632,821	136,296
Prepaid expenses and other assets	20,416	89,183	109,599	7,025
Restricted assets	-	6,975,274	6,975,274	-
Uninstalled meters	-	1,432,069	1,432,069	-
Deposits	1,054,387	-	1,054,387	-
Capital assets:				
Assets not subject to depreciation (Note 5)	28,692,997	4,013,507	32,706,504	-
Assets subject to depreciation (Note 5)	105,542,258	112,065,268	217,607,526	1,224,194
Total assets	219,332,084	162,502,873	381,834,957	13,392,873
Liabilities				
Accounts payable	5,706,037	2,764,934	8,470,971	193,178
Due to other governmental units	26,947	-	26,947	217,091
Due to component units	25,023	-	25,023	-
Due to primary government	-	-	-	1,124,665
Refundable deposits, bonds, etc.	566,410	190,404	756,814	5,000
Accrued liabilities and other	1,864,330	680,647	2,544,977	737,733
Deferred revenue (Note 4)	-	284	284	17,300
Noncurrent liabilities:				
Due within one year:				
Compensated absences	2,868,069	697,905	3,565,974	-
Provision for property tax refunds	614,999	-	614,999	-
Land contract	53,649	-	53,649	-
Long-term debt (Note 7)	2,917,755	4,533,071	7,450,826	1,750,000
Due in more than one year:				
Compensated absences	11,472,277	943,026	12,415,303	-
Provision for claims	7,532,758	-	7,532,758	-
Long-term debt (Note 7)	22,207,811	63,556,007	85,763,818	64,191,987
Total liabilities	55,856,065	73,366,278	129,222,343	68,236,954

City of Warren, Michigan

Statement of Net Assets (Deficit) (Continued) June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	\$ 110,327,564	\$ 59,757,545	\$ 170,085,109	\$ 1,224,194
Restricted for:				
Streets and highways	11,728,051	-	11,728,051	-
Public safety	2,172,784	-	2,172,784	-
Recreation and culture	8,032,208	-	8,032,208	-
Sanitation	1,122,365	-	1,122,365	-
Capital projects	3,555,482	-	3,555,482	-
Debt service	1,632,389	9,221,695	10,854,084	-
Construction	-	78,403	78,403	-
Other	-	500,000	500,000	-
Unrestricted	24,905,176	19,578,952	44,484,128	(56,068,275)
Total net assets (deficit)	\$ 163,476,019	\$ 89,136,595	\$ 252,612,614	\$ (54,844,081)

* Internal balances and transfers are not equal due to timing differences in reporting Water and Sewer System balances and amounts due from fiduciary funds as of December 31, 2011.

City of Warren, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 10,805,443	\$ 1,687,358	\$ 1,656,420	\$ 837,793
District Court	6,308,210	5,261,053	-	-
Public safety	56,710,270	4,237,511	2,328,875	-
Public works	24,619,847	426,367	8,591,541	-
Community and economic development	4,851,249	574,777	2,689,911	-
Recreation and culture	12,584,351	2,459,177	423,054	-
Interest on long-term debt	1,172,012	-	-	-
Total governmental activities	117,051,382	14,646,243	15,689,801	837,793
Business-type activities:				
Water and Sewer Fund	33,119,786	38,427,954	-	-
Senior housing	2,130,362	2,168,354	-	-
Total business-type activities	35,250,148	40,596,308	-	-
Total primary government	<u>\$ 152,301,530</u>	<u>\$ 55,242,551</u>	<u>\$ 15,689,801</u>	<u>\$ 837,793</u>
Component units:				
Tax Increment Financing Authority	\$ 210,977	\$ -	\$ -	\$ -
Downtown Development Authority	4,685,589	-	-	-
Brownfield Redevelopment	305,945	-	-	-
Total component units	<u>\$ 5,202,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Assets				
Net Assets (Deficit) - Beginning of year - As restated				
Net Assets (Deficit) - End of year				

Statement of Activities
Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (6,623,872)	\$ -	\$ (6,623,872)	\$ -
(1,047,157)	-	(1,047,157)	-
(50,143,884)	-	(50,143,884)	-
(15,601,939)	-	(15,601,939)	-
(1,586,561)	-	(1,586,561)	-
(9,702,120)	-	(9,702,120)	-
(1,172,012)	-	(1,172,012)	-
(85,877,545)	-	(85,877,545)	-
-	5,308,168	5,308,168	-
-	37,992	37,992	-
-	5,346,160	5,346,160	-
(85,877,545)	5,346,160	(80,531,385)	-
-	-	-	(210,977)
-	-	-	(4,685,589)
-	-	-	(305,945)
-	-	-	(5,202,511)
73,206,799	-	73,206,799	4,997,193
11,895,230	-	11,895,230	-
177,108	26,887	203,995	22,100
1,841,166	-	1,841,166	-
3,147,656	178,457	3,326,113	494,169
30,051	90,904	120,955	-
90,298,010	296,248	90,594,258	5,513,462
4,420,465	5,642,408	10,062,873	310,951
159,055,554	83,494,187	242,549,741	(55,155,032)
\$ 163,476,019	\$ 89,136,595	\$ 252,612,614	\$ (54,844,081)

City of Warren, Michigan

Governmental Funds Balance Sheet June 30, 2012

	General Fund	Grant Fund	Nonmajor Funds	Total
Assets				
Cash and cash equivalents	\$ 18,192,962	\$ 635,927	\$ 35,999,585	\$ 54,828,474
Receivables (Note 4):				
Property taxes receivable	388,155	-	164,112	552,267
Special assessments receivable	-	-	1,834,533	1,834,533
Accrued interest receivable	808	-	656	1,464
Other receivables	1,073,522	22,897	509,915	1,606,334
Due from other governmental units	3,539,541	464,487	1,768,716	5,772,744
Due from other governmental units - Noncurrent	8,783,656	-	-	8,783,656
Notes receivable	-	7,395,038	-	7,395,038
Due from component units	1,108,657	-	16,008	1,124,665
Due from other funds	4,680,847	-	401,411	5,082,258
Inventory	289,729	-	22,696	312,425
Prepaid expenses and other assets	18,930	-	1,486	20,416
Deposits	909,735	-	144,652	1,054,387
	<u>\$ 38,986,542</u>	<u>\$ 8,518,349</u>	<u>\$ 40,863,770</u>	<u>\$ 88,368,661</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$ 3,353,703	\$ 391,457	\$ 1,965,656	\$ 5,710,816
Due to other governmental units	26,141	-	806	26,947
Due to component units	19,463	-	5,560	25,023
Due to other funds	395,026	391,391	2,485,415	3,271,832
Refundable deposits, bonds, etc.	349,529	-	216,881	566,410
Accrued liabilities and other	1,392,919	-	246,812	1,639,731
Deferred revenue	720,391	7,804,819	2,187,309	10,712,519
Provision for property tax refunds	427,951	-	187,048	614,999
	<u>6,685,123</u>	<u>8,587,667</u>	<u>7,295,487</u>	<u>22,568,277</u>
Fund Balances (Deficit)				
Nonspendable:				
Inventory/Assets held for resale	289,729	-	22,696	312,425
Prepays	18,930	-	1,486	20,416
Restricted:				
Road construction and maintenance	-	-	11,728,051	11,728,051
Grants	78,199	-	-	78,199
Capital projects	-	-	2,392,460	2,392,460
Sanitation	-	-	1,122,365	1,122,365
Recreation	-	-	2,014,559	2,014,559
Library	-	-	3,205,415	3,205,415
Cable franchise fees	-	-	2,812,234	2,812,234
Police enforcement	-	-	1,975,379	1,975,379
Special assessments	-	-	1,232,246	1,232,246
Vice crime	-	-	119,206	119,206
Committed:				
Rental ordinance	-	-	597,930	597,930
Special assessments	-	-	372,541	372,541
Assigned:				
Subsequent year's budget	6,336,377	-	-	6,336,377
Compensated absences	6,952,504	-	-	6,952,504
Claims and insurance	5,522,003	-	-	5,522,003
37th District Court	-	-	5,238,333	5,238,333
Debt service	-	-	733,382	733,382
Unassigned	13,103,677	(69,318)	-	13,034,359
	<u>32,301,419</u>	<u>(69,318)</u>	<u>33,568,283</u>	<u>65,800,384</u>
Total liabilities and fund balances (deficit)	<u>\$ 38,986,542</u>	<u>\$ 8,518,349</u>	<u>\$ 40,863,770</u>	<u>\$ 88,368,661</u>

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

City of Warren, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets (Deficit) June 30, 2012

Fund Balance Reported in Governmental Funds	\$ 65,800,384
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	134,235,255
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,834,524
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	8,882,774
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(25,730,491)
Unamortized bond premium	551,276
Accrued interest is not due and payable in the current period and is not reported in the funds	(224,599)
Employee compensated absences and compensatory time are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(14,340,346)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(7,532,758)
Net Assets of Governmental Activities	<u>\$ 163,476,019</u>

City of Warren, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended June 30, 2012

	General Fund	Grant Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 50,195,189	\$ -	\$ 21,312,192	\$ 71,507,381
Licenses and permits	2,368,083	-	-	2,368,083
Federal grants	982,209	3,167,952	955,419	5,105,580
State-shared revenue and grants	13,126,689	-	9,137,160	22,263,849
Charges for services	3,909,606	-	2,217,598	6,127,204
Fines and forfeitures	4,370,259	-	1,588,459	5,958,718
Investment income	86,344	-	83,786	170,130
Rental income	-	-	130,010	130,010
Other revenue:				
Special assessments	-	-	844,775	844,775
Cable franchise fees	-	-	1,841,166	1,841,166
Other miscellaneous income	1,863,890	798,584	352,035	3,014,509
Total revenue	76,902,269	3,966,536	38,462,600	119,331,405
Expenditures				
Current:				
General government	11,069,024	506,614	281,601	11,857,239
District court	6,308,210	-	-	6,308,210
Public safety	56,470,510	-	533,952	57,004,462
Public works	6,840,534	-	16,848,866	23,689,400
Community and economic development	826,592	3,655,225	359,063	4,840,880
Recreation and culture	31,189	8,847	11,196,628	11,236,664
Debt service	-	-	4,503,846	4,503,846
Total expenditures	81,546,059	4,170,686	33,723,956	119,440,701
Excess of Revenue (Under) Over Expenditures	(4,643,790)	(204,150)	4,738,644	(109,296)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	30,363	30,363
Transfers in	-	-	3,992,886	3,992,886
Transfers out	(679,690)	-	(3,313,196)	(3,992,886)
Total other financing (uses) sources	(679,690)	-	710,053	30,363
Net Change in Fund Balances	(5,323,480)	(204,150)	5,448,697	(78,933)
Fund Balances - Beginning of year - As restated	37,624,899	134,832	28,119,586	65,879,317
Fund Balances (Deficit) - End of year	\$ 32,301,419	\$ (69,318)	\$ 33,568,283	\$ 65,800,384

City of Warren, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ (78,933)
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	3,250,261
Depreciation expense	(7,897,806)
Net book value of assets disposed of	(69,556)
Federal grants - Operating grants	1,161,215
Capital-type special assessments	(715,911)
Property tax revenues were adjusted to reflect the current year amortization of a settlement agreement that will eliminate certain delinquent taxes receivable over a period of multiple fiscal years	249,100
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities, where it reduces long-term debt	3,405,410
Amortized bond costs	(101,678)
Change in accrued interest payable and other	36,941
Decrease in accumulated sick and vacation pay is recorded when earned in the statement of activities	1,878,422
Change in the provision for claims liability	3,303,000
Change in Net Assets of Governmental Activities	<u>\$ 4,420,465</u>

City of Warren, Michigan

Proprietary Funds Statement of Net Assets June 30, 2012

	Enterprise Funds		
	Water and Sewer Fund - 12/31/11	Nonmajor Enterprise	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 14,557,338	\$ 4,247,052	\$ 18,804,390
Receivables:			
Receivables from sales to customers on account	14,406,635	-	14,406,635
Accrued interest receivable	112	137	249
Other receivables	90,353	34,094	124,447
Due from other governmental units	177,586	-	177,586
Due from other funds	-	290,166	290,166
Inventory	320,396	-	320,396
Prepaid expenses and other assets	89,183	-	89,183
Total current assets	29,641,603	4,571,449	34,213,052
Noncurrent assets:			
Restricted assets	6,975,274	-	6,975,274
Assets with financing entity	4,780,032	-	4,780,032
Uninstalled meters	1,432,069	-	1,432,069
Capital assets:			
Assets not subject to depreciation	3,791,863	221,644	4,013,507
Assets subject to depreciation	104,740,627	7,324,641	112,065,268
Total noncurrent assets	121,719,865	7,546,285	129,266,150
Total assets	151,361,468	12,117,734	163,479,202
Liabilities			
Current liabilities:			
Accounts payable	2,667,798	97,136	2,764,934
Due to other funds	130,308	846,021	976,329
Refundable deposits, bonds, etc.	-	190,404	190,404
Accrued liabilities and other	642,485	38,162	680,647
Deferred revenue	-	284	284
Compensated absences	697,905	-	697,905
Current portion of long-term debt	3,828,071	705,000	4,533,071
Total current liabilities	7,966,567	1,877,007	9,843,574
Noncurrent liabilities:			
Compensated absences	913,101	29,925	943,026
Long-term debt	59,805,935	3,750,072	63,556,007
Total noncurrent liabilities	60,719,036	3,779,997	64,499,033
Total liabilities	68,685,603	5,657,004	74,342,607
Net Assets			
Invested in capital assets - Net of related debt	56,653,790	3,103,755	59,757,545
Restricted	9,800,098	-	9,800,098
Unrestricted	16,221,977	3,356,975	19,578,952
Total net assets	\$ 82,675,865	\$ 6,460,730	\$ 89,136,595

City of Warren, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2012

	Enterprise Funds		
	Water and Sewer Fund - 12/31/11	Nonmajor Enterprise	Total
Operating Revenue			
Sale of water	\$ 19,175,736	\$ -	\$ 19,175,736
Sewage disposal charges	16,798,058	-	16,798,058
Other sales to customers	210,097	-	210,097
Interest and penalty charges	2,244,063	-	2,244,063
Rental revenue	-	1,753,305	1,753,305
Other operating revenue	-	415,049	415,049
Total operating revenue	<u>38,427,954</u>	<u>2,168,354</u>	<u>40,596,308</u>
Operating Expenses			
Cost of water	8,538,853	-	8,538,853
Other operation and maintenance	3,937,408	-	3,937,408
Billing and administrative costs	2,266,532	412,117	2,678,649
Wages and fringes	10,639,725	467,500	11,107,225
Materials and supplies	644,857	51,329	696,186
Other operating expenses	-	664,932	664,932
Professional services	737,290	-	737,290
Depreciation	4,203,371	257,844	4,461,215
Total operating expenses	<u>30,968,036</u>	<u>1,853,722</u>	<u>32,821,758</u>
Operating Income	7,459,918	314,632	7,774,550
Nonoperating Revenue (Expenses)			
Investment income	22,247	4,640	26,887
Interest expense	(1,988,269)	(258,780)	(2,247,049)
Other nonoperating expenses	(163,481)	(17,860)	(181,341)
Gain on sale of assets	90,904	-	90,904
Other nonoperating general revenue	178,457	-	178,457
Total nonoperating expenses	<u>(1,860,142)</u>	<u>(272,000)</u>	<u>(2,132,142)</u>
Change in Net Assets	5,599,776	42,632	5,642,408
Net Assets - Beginning of year - As restated	<u>77,076,089</u>	<u>6,418,098</u>	<u>83,494,187</u>
Net Assets - End of year	<u><u>\$ 82,675,865</u></u>	<u><u>\$ 6,460,730</u></u>	<u><u>\$ 89,136,595</u></u>

City of Warren, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2012

	Enterprise Funds		
	Water and Sewer Fund - 12/31/11	Nonmajor Enterprise	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 37,924,707	\$ 2,153,604	\$ 40,078,311
Receipts from interfund services and reimbursements	-	252,198	252,198
Payments to suppliers	(15,738,367)	(1,068,474)	(16,806,841)
Payments to employees	(10,506,129)	(468,867)	(10,974,996)
Internal activity - (Payments) receipts to other funds	(912,304)	24,536	(887,768)
Net cash provided by operating activities	10,767,907	892,997	11,660,904
Cash Flows from Capital and Related Financing Activities			
Proceeds from issuance of bonds	3,623,204	-	3,623,204
Receipt of capital grants	151,935	-	151,935
Benefit fees	(1,432,069)	-	(1,432,069)
Proceeds from sales of capital assets	90,904	-	90,904
Purchase of capital assets	(3,822,484)	-	(3,822,484)
Principal and interest paid on capital debt	(5,166,211)	(829,835)	(5,996,046)
Net cash used in capital and related financing activities	(6,554,721)	(829,835)	(7,384,556)
Cash Flows from Investing Activities - Interest received on investments	22,157	4,704	26,861
Net Increase in Cash and Cash Equivalents	4,235,343	67,866	4,303,209
Cash and Cash Equivalents - Beginning of year	17,297,269	4,179,186	21,476,455
Cash and Cash Equivalents - End of year	<u>\$ 21,532,612</u>	<u>\$ 4,247,052</u>	<u>\$ 25,779,664</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ 14,557,338	\$ 4,247,052	\$ 18,804,390
Restricted unspent bond proceeds for capital projects	6,975,274	-	6,975,274
Total cash and cash equivalents	<u>\$ 21,532,612</u>	<u>\$ 4,247,052</u>	<u>\$ 25,779,664</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 7,459,918	\$ 314,632	\$ 7,774,550
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	4,203,371	257,844	4,461,215
Changes in assets and liabilities:			
Receivables	(503,247)	(14,750)	(517,997)
Due from others	-	(288,891)	(288,891)
Inventories	7,490	-	7,490
Prepaid and other assets	(4,506)	-	(4,506)
Accounts payable	330,596	59,904	390,500
Due to others	(912,304)	565,625	(346,679)
Accrued and other liabilities	186,589	(1,367)	185,222
Net cash provided by operating activities	<u>\$ 10,767,907</u>	<u>\$ 892,997</u>	<u>\$ 11,660,904</u>

City of Warren, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2012

	Pension and Other Employee Benefits - 12/31/11	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,282,059	\$ 3,372,192
Investments:		
Investments, uncategorized	187,887,716	-
U.S. government securities	31,841,372	-
Stocks	156,133,150	-
Bonds	40,899,539	-
Real estate	10,218,214	-
Accrued interest receivable	1,737,543	5
Advances to other funds	-	8,107
Prepaid expenses and other assets	201,261	-
	430,200,854	\$ 3,380,304
Liabilities		
Accounts payable	3,059,673	\$ -
Due to other governmental units	-	1,450,617
Due to primary government	12,866,710	-
Refundable deposits, bonds, etc.	-	1,381,870
Accrued liabilities and other	382,810	547,817
Obligations under securities lending agreements	11,431,259	-
	27,740,452	\$ 3,380,304
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 402,460,402	

City of Warren, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefits Year Ended June 30, 2012

	Pension and Other Employee Benefits - 12/31/11
Additions	
Investment income:	
Interest and dividends	\$ 10,404,477
Net decrease in fair value of investments	(9,064,122)
Investment-related expenses	(2,061,641)
Securities lending income:	
Interest and dividends	23,849
Securities lending - Investment expense	(6,251)
Contributions:	
Employer	22,069,764
Employee	7,508,426
Total contributions	<u>29,578,190</u>
Total additions	28,874,502
Deductions	
Benefit payments	55,350,214
Refunds of contributions	5,575,376
Administrative expenses	758,639
Total deductions	<u>61,684,229</u>
Net Decrease in Net Assets Held in Trust	(32,809,727)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>435,270,129</u>
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 402,460,402</u></u>

City of Warren, Michigan

Component Units Statement of Net Assets (Deficit) June 30, 2012

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment	Total
Assets				
Cash and cash equivalents	\$ 1,590,563	\$ 9,590,107	\$ 795,470	\$ 11,976,140
Receivables:				
Property taxes receivable	-	-	9,093	9,093
Accrued interest receivable	53	1,467	-	1,520
Other receivables	188	13,394	-	13,582
Due from primary government	-	-	25,023	25,023
Inventory	-	136,296	-	136,296
Prepaid expenses and other assets	-	7,025	-	7,025
Capital assets - Assets subject to depreciation	-	1,224,194	-	1,224,194
Total assets	1,590,804	10,972,483	829,586	13,392,873
Liabilities				
Accounts payable	-	193,178	-	193,178
Due to other governmental units	217,091	-	-	217,091
Due to primary government	11,621	1,113,044	-	1,124,665
Refundable deposits, bonds, etc.	-	5,000	-	5,000
Accrued liabilities and other	187	737,546	-	737,733
Deferred revenue	-	17,300	-	17,300
Noncurrent liabilities (Note 7):				
Due within one year	-	1,750,000	-	1,750,000
Due in more than one year	-	64,191,987	-	64,191,987
Total liabilities	228,899	68,008,055	-	68,236,954
Net Assets				
Invested in capital assets - Net of related debt	-	1,224,194	-	1,224,194
Unrestricted	1,361,905	(58,259,766)	829,586	(56,068,275)
Total net assets	<u>\$ 1,361,905</u>	<u>\$ (57,035,572)</u>	<u>\$ 829,586</u>	<u>\$ (54,844,081)</u>

City of Warren, Michigan

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Tax Increment Finance Authority	\$ 210,977	\$ -	\$ -	\$ -
Downtown Development Authority:				
General government	54,008	-	-	-
Community and economic development	1,619,259	-	-	-
Interest expense	3,012,322	-	-	-
Total Downtown Development Authority	4,685,589	-	-	-
Brownfield Redevelopment	305,945	-	-	-
Total component units	\$ 5,202,511	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
Investment income				
Other miscellaneous income				
Total general revenue				
Change in Net Assets				
Net Assets (Deficit) - Beginning of year - As restated				
Net Assets (Deficit) - End of year				

**Component Units
Statement of Activities
Year Ended June 30, 2012**

Net (Expense) Revenue and Changes in Net Assets			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment	Total
\$ (210,977)	\$ -	\$ -	\$ (210,977)
-	(54,008)	-	(54,008)
-	(1,619,259)	-	(1,619,259)
-	(3,012,322)	-	(3,012,322)
-	(4,685,589)	-	(4,685,589)
-	-	(305,945)	(305,945)
(210,977)	(4,685,589)	(305,945)	(5,202,511)
244,234	4,251,642	501,317	4,997,193
1,195	20,179	726	22,100
-	494,169	-	494,169
245,429	4,765,990	502,043	5,513,462
34,452	80,401	196,098	310,951
1,327,453	(57,115,973)	633,488	(55,155,032)
\$ 1,361,905	\$ (57,035,572)	\$ 829,586	\$ (54,844,081)

Note 1 - Nature of Business and Significant Accounting Policies

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

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

Reporting Entity

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations.

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

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

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

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

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary fund:

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

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

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

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

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

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

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

Property Tax Revenue

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

The City's 2011 tax is levied and collectible on July 1, 2011 and is recognized as revenue in the year ended June 30, 2012, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2011 taxable valuation of the City totaled \$3.571 billion (a portion of which is abated and a portion of which is captured by the TIFA and DDA). Taxes were levied as follows:

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

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

Purpose	Millage Rate	Revenue
General operating	8.7724	\$ 31,189,000
Emergency medical service	0.2923	1,039,000
Library charter and operating	1.3373	4,749,000
Rubbish services	1.6418	5,839,000
Police/Fire pension and retiree healthcare	2.8248	10,063,000
Police operating	0.9746	3,465,000
Fire operating	0.9746	3,465,000
Recreation operating	0.9746	3,465,000
Road repairs	2.1000	7,409,000
Total	19.8924	\$ 70,683,000

Assets, Liabilities, and Net Assets or Equity

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

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

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

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

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

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

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

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

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

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

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

Employees are allowed to accumulate compensatory time in lieu of receiving overtime pay. Compensatory time is allowed to accumulate to a maximum of 150 hours.

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

The governmental fund financial statements report a designation of fund balance for compensated absences and compensatory time to the extent that budget appropriations have been approved to fund this noncurrent liability.

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

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

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

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

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 - As restated - At July 1, 2011	\$ (5,883,060)
Current year permit revenue	1,669,332
Related expenses - Estimated indirect costs	<u>2,399,873</u>
Current year shortfall	<u>(730,541)</u>
Cumulative shortfall at June 30, 2012	<u>\$ (6,613,601)</u>

Fund Deficits - At June 30, 2012, the City has an unassigned deficit totaling \$69,318 in its Grant Fund. The unassigned deficit is on the modified accrual basis and is the result of timing differences between when expenditures are incurred and when they are reimbursed by the granting agencies. City management has requested reimbursement for these expenditures subsequent to June 30, 2012, which will eliminate the deficit.

At June 30, 2012, the Downtown Development Authority reported a deficit in net assets of \$57,035,572. This deficit relates to debt reported in the full accrual basis. The Downtown Development Authority does not have a deficit when reported on the fund basis.

Note 3 - Deposits and Investments

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

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

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

Note 3 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the general City accounts had \$38,233,351 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City's component units had \$9,721,017 of bank deposits that were uninsured and uncollateralized. Additionally, the Water and Sewer Fund and fiduciary funds, at their year end of December 31, 2011, had \$21,140,092 and \$742,171, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

At December 31, 2011, 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	\$ 18,986,926	\$ 6,493,707	\$ 5,637,835	\$ 6,855,384
U.S. government agency	8,169,658	7,785,856	383,802	-
Mortgage-backed securities	14,232,839	-	777,352	13,455,487
Collateralized mortgage obligations	282,511	-	282,511	-
Asset-backed securities	6,382,355	2,125,991	2,153,039	2,103,325
Corporate and convertible bonds	75,728,549	35,024,678	27,395,168	13,308,703
Foreign bonds and notes	5,066,256	2,401,520	2,569,752	94,984
Municipal bonds	289,946	-	30,768	259,178
Bond Index Funds	3,110,531	-	3,110,531	-
Total	\$ 132,249,571	\$ 53,831,752	\$ 42,340,758	\$ 36,077,061

Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Bank of America - Fidelity Treas. Only - Class I	\$ 100,862	Not rated	N/A
Huntington Bank - Automated Funds Investment	682,411	Not rated	N/A
Comerica - Government Cash Investment Fund	<u>18,991,290</u>	AI-P1\FI	Moody's
Total	<u>\$ 19,774,563</u>		
Fiduciary Funds			
Goldman Sachs FS Prime Obligations Fund	\$ 5,415,744	AAAm	S&P
Repurchase agreement	879,134	AI-P1\FI	Moody's
Comerica Short-term Fund Series C	5,077,345	Not rated	N/A
Index funds	3,110,531	BAA-AAA	Moody's
Short-term cash management	8,975,945	AAA	Moody's
Debt securities	<u>72,740,911</u>	NR-AAA	Moody's
Total	<u>\$ 96,199,610</u>		
Component Units			
Comerica - Government Cash Investment Fund	\$ 782,079	AI-P1\FI	Moody's
JPMorgan Chase - Michigan Governmental MMF	31,109	Aaa	Moody's
Fifth Third Institutional Money Market Trust	<u>748,503</u>	Aaa	Moody's
Total	<u>\$ 1,561,691</u>		

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

Security	Fair Value	Foreign Currency
Foreign stocks	\$ 2,621,813	Euro
Foreign stocks	2,475,872	Swiss franc
Foreign stocks	2,586,731	UK pound
Foreign stocks	1,760,566	Hong Kong dollar
Foreign stocks	707,497	Japanese yen
Foreign stocks	423,455	Canadian dollar
Foreign stocks	227,385	Singapore dollar

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

Note 4 - Receivables and Deferred Revenue

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

	General Fund	Grant Fund	Nonmajor Funds	Total	Water and Sewer Fund	Nonmajor Enterprise	Total	Component Units
Receivables:								
Property taxes receivable	\$ 388,155	\$ -	\$ 164,112	\$ 552,267	\$ -	\$ -	\$ -	\$ 9,093
Special assessments receivable	-	-	1,834,533	1,834,533	-	-	-	-
Receivables from sales to customers on account	-	-	-	-	14,406,635	-	14,406,635	-
Accrued interest receivable	808	-	656	1,464	112	137	249	1,520
Assets with financing entity	-	-	-	-	4,780,032	-	4,780,032	-
Other receivables	1,073,522	22,897	509,915	1,606,334	90,353	34,094	124,447	13,582
Due from other governmental units	3,539,541	464,487	1,768,716	5,772,744	177,586	-	177,586	-
Due from pension and VEBA funds	8,783,656	-	-	8,783,656	-	-	-	-
Notes receivable	-	7,395,038	-	7,395,038	-	-	-	-
Net receivables	<u>\$ 13,785,682</u>	<u>\$ 7,882,422</u>	<u>\$ 4,277,932</u>	<u>\$ 25,946,036</u>	<u>\$ 19,454,718</u>	<u>\$ 34,231</u>	<u>\$ 19,488,949</u>	<u>\$ 24,195</u>

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

	Governmental Funds	Enterprise Funds
	Unavailable	
Special assessments	\$ 1,834,524	\$ -
Grant receivables	7,804,819	-
Delinquent personal property taxes	680,994	-
Other	396,961	284
Total	<u>\$ 10,717,298</u>	<u>\$ 284</u>

Note 5 - Capital Assets

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

	Balance July 1, 2011	Reclassifications	Additions	Disposals	Balance June 30, 2012
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 25,095,767	\$ -	\$ -	\$ -	\$ 25,095,767
Construction in progress	3,550,798	(1,137,679)	1,184,111	-	3,597,230
Subtotal	28,646,565	(1,137,679)	1,184,111	-	28,692,997
Capital assets being depreciated:					
Infrastructure	134,282,094	1,137,679	9,402	-	135,429,175
Buildings and improvements	88,745,289	-	392,002	-	89,137,291
Machinery and equipment	44,013,394	-	1,664,747	(1,051,296)	44,626,845
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	276,516,492	1,137,679	2,066,151	(1,051,296)	278,669,026
Accumulated depreciation:					
Infrastructure	102,914,411	-	1,706,119	-	104,620,530
Buildings and improvements	29,606,055	-	2,975,279	-	32,581,334
Machinery and equipment	27,350,592	-	2,790,542	(981,740)	29,159,394
Land improvements	6,339,643	-	425,867	-	6,765,510
Subtotal	166,210,701	-	7,897,807	(981,740)	173,126,768
Net capital assets being depreciated	110,305,791	1,137,679	(5,831,656)	(69,556)	105,542,258
Net capital assets	<u>\$ 138,952,356</u>	<u>\$ -</u>	<u>\$ (4,647,545)</u>	<u>\$ (69,556)</u>	<u>\$ 134,235,255</u>
Business-type Activities					
Capital assets not being depreciated - Land					
	\$ 826,863	\$ -	\$ 3,186,644	\$ -	\$ 4,013,507
Capital assets being depreciated:					
Buildings and improvements	81,524,402	-	974,607	-	82,499,009
Machinery and equipment	14,182,053	-	238,784	-	14,420,837
Utility systems	116,518,462	-	2,609,094	(1,724,826)	117,402,730
Subtotal	212,224,917	-	3,822,485	(1,724,826)	214,322,576
Accumulated depreciation:					
Buildings and improvements	29,584,767	-	1,967,703	-	31,552,470
Machinery and equipment	13,138,020	-	141,716	-	13,279,736
Utility systems	56,798,132	-	2,351,796	(1,724,826)	57,425,102
Subtotal	99,520,919	-	4,461,215	(1,724,826)	102,257,308
Net capital assets being depreciated	112,703,998	-	(638,730)	-	112,065,268
Net capital assets	<u>\$ 113,530,861</u>	<u>\$ -</u>	<u>\$ 2,547,914</u>	<u>\$ -</u>	<u>\$ 116,078,775</u>

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

Note 5 - Capital Assets (Continued)

Capital asset activity for the City of Warren, Michigan's DDA for the year ended June 30, 2012 included no significant additions. The DDA holds land and a building with a net book value of \$1,224,194 that is currently being leased by another governmental unit.

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

Governmental activities:

General government	\$ 2,451,629
Public safety	1,667,185
City development	15,300
Highway and streets	1,558,943
Recreation and culture	1,761,837
Sanitation	442,913
Total governmental activities	<u>\$ 7,897,807</u>

Business-type activities:

Water and sewer	\$ 4,203,371
Senior citizen housing	257,844
Total business-type activities	<u>\$ 4,461,215</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From						Total	Component Units
	General Fund	Grant Fund	Water and Sewer Fund	Enterprise Funds	Fiduciary Funds	Nonmajor Governmental Funds		
General Fund	\$ -	\$ 391,391	\$ 1,254,572	\$ 556,260	\$ 8,783,655	\$ 2,478,625	\$13,464,503	\$ 1,108,657
Nonmajor enterprise funds	405	-	-	289,761	-	-	290,166	-
Component units	19,463	-	-	-	9,093	5,560	34,116	-
Nonmajor governmental funds	394,621	-	-	-	-	6,790	401,411	16,008
Total	<u>\$ 414,489</u>	<u>\$ 391,391</u>	<u>\$ 1,254,572</u>	<u>\$ 846,021</u>	<u>\$ 8,792,748</u>	<u>\$ 2,490,975</u>	<u>\$14,190,196</u>	<u>\$ 1,124,665</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Internal balances and transfers are not equal due to timing differences in reporting Water and Sewer System balances and amounts due from fiduciary funds as of December 31, 2011.

The balances for the Water and Sewer Funds and fiduciary funds are amounts due at June 30, 2012.

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

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

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

Transfer In	Transfers Out		Total
	General Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	\$ 679,690	\$ 3,313,196	\$ 3,992,886

The transfers from the General Fund to the Major and Local Street Funds represent the use of unrestricted resources to finance those programs in accordance with budgetary authorizations; 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. Transfers from the General Fund to the Water and Sewer Fund are for the reimbursement of salaries and wages.

Note 7 - Long-term Debt

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

Land Contracts - A land contract was executed between the City and the City of Warren Water and Sewer System for the acquisition of a garage facility to be utilized by the Department of Public Works. The property was acquired at a cost of \$1,206,976. The land contract has principal maturities ranging from \$53,648 to \$102,656 a year and is due through fiscal year 2013 at an annual interest rate of 6.00 percent.

Road Construction Bonds - Road construction bonds are comprised of various bond issues that pledge state-collected gas and weight tax receipts returned to the City. The full faith and credit of the City are pledged as additional security. These bond issues have aggregate principal maturities ranging from \$165,000 to \$1,718,788 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 percent to 6.50 percent.

Note 7 - Long-term Debt (Continued)

Building Authority Bonds - Building Authority Bonds are comprised of bonds issued to finance various construction projects and equipment acquisitions. For the Warren Community Center Bonds, Series 2001, Multiple Purpose Bonds, Series 2005, and the Warren Community Center Refunding Bonds, Series 2005, the City has entered into lease agreements with the Building Authority and agrees to pay as cash rental amounts that will be sufficient to enable the Building Authority to pay principal and interest on the bonds as they become due. The City has pledged its full faith and credit for the payment of these rentals. For the Senior Housing Refunding Bonds - Refunding Series 2004, 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 Warren Community Center Bonds, Series 2001, Multiple Purpose Bonds, Series 2005, and Warren Community Center Refunding Bonds, Series 2005 have aggregate principal maturities ranging from \$585,000 to \$1,140,000 a year, and are due serially through fiscal year ended June 30, 2027 with annual interest rates ranging from 3.75 percent to 4.375 percent. The Senior Housing Refunding Bonds, Series 2004 has principal maturities ranging from \$610,000 to \$1,075,000 a year and are due serially through the fiscal year ended June 30, 2017 with annual interest rates ranging from 3.75 percent to 5.25 percent.

Sidewalk Replacement Bonds - Sidewalk Replacement Bonds are comprised of bonds issued to finance various sidewalk and drive approach improvements and paving projects in designated special assessment districts throughout the City. The payment of principal and interest on the bonds shall be payable primarily from the collection of special assessments levied against those properties improved within each district. Assessments can be paid in full or in installments due July 1 of each year. In addition, the full faith and credit of the City are pledged to the payment of the principal and interest on the bonds when due. The bonds have aggregate maturities ranging from \$34,397 to \$543,967 a year and are due serially through fiscal year 2024 with annual interest rates ranging from 3.50 percent to 6.00 percent.

Water and Sewer Bonds - Water and Sewer 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 \$26,631 to \$3,876,293 a year and are due serially through fiscal year 2031 with annual interest rates ranging from 1.45 percent to 5.125 percent. The total liability for SRF, Series 5401-01 at December 31, 2011 is \$2,700,310; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated below.

Note 7 - Long-term Debt (Continued)

Downtown Development Authority Bonds - DDA Bonds are comprised of bonds issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in anticipation of the collection of certain tax increment revenue payments for the purpose of paying costs of development and redevelopment of all or a portion of the downtown district as specified in the Authority's development and tax increment financing plan. In addition, the City has pledged its full faith and credit as additional security for payment of the principal and interest when due. In order to achieve the desired development and redevelopment objectives as described in the plan, the City has authorized the issuance of Downtown Development Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$1,250,000 to \$5,750,000 a year, and are due serially through fiscal year 2029 with annual interest rates ranging from 3.00 percent to 5.00 percent.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance - As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Land Contract Debt - DPW Garage - Maturing through 2013	6.00%	\$ 156,304	\$ -	\$ 102,655	\$ 53,649	\$ 53,648
Road Construction Bonds: MTF, Series 1997						
Maturing through 2010	2.00%-6.00%	411,859	-	411,859	-	-
MTF, Series 2003						
Maturing through 2018	2.00%-6.00%	3,444,470	-	491,972	2,952,498	500,000
Capital Improvement, Series 2006						
Maturing through 2027	2.00%-6.00%	5,168,520	-	101,457	5,067,063	107,755
Capital Improvement, Series 2008						
Maturing through 2029	2.00%-6.00%	2,784,569	-	153,232	2,631,337	161,033
MTF, Refunding Series 2010						
Maturing through 2016	2.00%-6.00%	2,428,904	-	514,523	1,914,381	515,000
Building Authority Bonds:						
Series 2005, Multi-purpose						
Maturing through 2015	3.75%-4.375%	2,320,449	-	547,562	1,772,887	575,000
Series 2005, WCC refunding						
Maturing through 2027	3.75%-4.375%	9,594,776	-	439,765	9,155,011	515,000
Sidewalk Replacement Bonds:						
Capital Improvement Bonds, Series 2005						
Maturing through 2015	3.50%-6.00%	797,228	-	196,739	600,489	200,000
Capital Improvement Bonds, Series 2008						
Maturing through 2024	3.50%-6.00%	1,375,867	-	343,967	1,031,900	343,968
Total bonds payable		28,482,946	-	3,303,731	25,179,215	2,971,404
Accumulated compensated absences and compensatory time		16,218,768	-	1,878,422	14,340,346	2,868,069
Provision for claims		10,835,758	-	3,303,000	7,532,758	-
Provision for property tax refunds		-	614,999	-	614,999	614,999
Total governmental activities		\$ 55,537,472	\$ 614,999	\$ 8,485,153	\$ 47,667,318	\$ 6,454,472

Note 7 - Long-term Debt (Continued)

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

	Interest Rate Ranges	Beginning Balance - As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities						
Water and Sewer Bonds:						
Revenue Bonds:						
Refunding Series 2005						
Maturing through 2026	3.75%-4.75%	\$ 20,695,000	\$ -	\$ 135,000	\$ 20,560,000	\$ 865,000
Refunding Series 1999						
Maturing through 2011	4.50%	50,000	-	50,000	-	-
Refunding Series 2000						
Maturing through 2011	5.125%	625,000	-	625,000	-	-
Capital Improvement Bonds:						
Series 2003	2.75%-4.125%	935,000	-	55,000	880,000	60,000
Series 2006	3.75%-4.00%	2,064,370	-	42,245	2,022,125	42,245
Series 2010	2.00%-3.00%	6,230,000	-	1,150,000	5,080,000	1,135,000
Series 2010	1.45%-6.00%	9,290,000	-	-	9,290,000	300,000
State Revolving Fund:						
SRF, Series 5134-01						
Maturing through 2024	2.50%	3,565,000	-	215,000	3,350,000	220,000
SRF, Series 5134-02						
Maturing through 2026	2.125%	5,380,000	-	285,000	5,095,000	290,000
SRF, Series 5134-03						
Maturing 2024	2.125%	837,091	-	50,000	787,091	50,000
SRF, Series 5134-04						
Maturing 2026	1.625%	6,765,000	-	375,000	6,390,000	380,000
SRF, Series 5401-01						
Maturing through 2030	2.50%	2,091,478	728,832	120,000	2,700,310	125,000
Capital lease		871,586	-	119,547	752,039	176,993
2011 Installment Purchase (Note 8)		-	8,021,303	-	8,021,303	268,993
Building Authority Bonds -						
Senior Housing -						
Refunding Series 2004						
Refunding 2017	3.75%-5.25%	5,253,479	-	553,479	4,700,000	705,000
Less deferred amounts:						
Issuance discounts		(177,959)	-	(29,581)	(148,378)	(8,907)
Issuance premiums		80,479	-	15,089	65,390	15,090
Cost of issuance deferred charge		(1,544,814)	-	(89,012)	(1,455,802)	(91,343)
Total bonds payable		63,010,710	8,750,135	3,671,767	68,089,078	4,533,071
Accumulated compensated absences and compensatory time						
		1,446,536	194,395	-	1,640,931	697,905
Total business-type activities		\$ 64,457,246	\$ 8,944,530	\$ 3,671,767	\$ 69,730,009	\$ 5,230,976
Component Unit Activities						
Downtown Development Limited Tax Bonds:						
Series 2002	4.30%-5.00%	\$ 17,323,027	\$ -	\$ 487,581	\$ 16,835,446	\$ 487,581
Series 2003	3.00%-4.25%	17,811,206	-	487,620	17,323,586	487,620
Series 2004	3.50%-4.75%	18,245,126	-	484,784	17,760,342	484,784
Series 2005	4.125%-4.50%	14,258,620	-	236,007	14,022,613	236,007
Total bonds payable		\$ 67,637,979	\$ -	\$ 1,695,992	\$ 65,941,987	\$ 1,695,992

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows excluding unamortized bond issuance costs and deferred charges:

Year Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 2,971,404	\$ 1,061,833	\$ 4,033,237	\$ 4,617,454	\$ 2,318,345	\$ 6,935,799	\$ 1,750,000	\$ 2,945,531	\$ 4,695,531
2014	3,042,694	950,002	3,992,696	4,969,749	2,193,416	7,163,165	2,000,000	2,871,719	4,871,719
2015	2,871,224	838,154	3,709,378	5,100,795	2,057,577	7,158,372	2,250,000	2,786,406	5,036,406
2016	2,089,184	728,537	2,817,721	5,304,157	1,903,236	7,207,393	2,750,000	2,684,062	5,434,062
2017	1,657,143	646,705	2,303,848	5,751,964	1,735,657	7,487,621	3,250,000	2,554,375	5,804,375
2018-2022	7,061,938	2,256,470	9,318,408	22,395,548	6,370,764	28,766,312	23,750,000	9,950,562	33,700,562
2023-2027	6,217,938	796,475	7,014,413	17,473,201	2,734,647	20,207,848	27,000,000	3,889,125	30,889,125
2028-2032	330,000	21,450	351,450	4,015,000	557,325	4,572,325	4,000,000	148,125	4,148,125
Total	\$ 26,241,525	\$ 7,299,626	\$ 33,541,151	\$ 69,627,868	\$ 19,870,967	\$ 89,498,835	\$ 66,750,000	\$ 27,829,905	\$ 94,579,905

Note 8 - Leases

Capital Leases - The Water and Sewer Fund has entered into a lease agreement as lessee for financing the purchase of energy performance improvements for the waste water treatment plant. The total amount of financing is \$8,021,303, with \$54,693 of issuance costs included in the total. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. At December 31, 2011, the construction of the assets under capital lease was considered construction in progress totaling \$3,186,644. The remaining \$4,780,032 is considered as cash with paying agent. The project will be completed as of December 31, 2012 and will be considered a capital asset subject to depreciation. The future minimum lease obligations and the net present value are as follows:

Years Ending December 31	Amount
2013	\$ 487,198
2014	514,959
2015	533,817
2016	553,377
2017	573,664
2018-2022	3,368,774
2023-2026	4,058,257
Total minimum lease payments	10,090,046
Less amount representing interest	(2,068,743)
Present value	\$ 8,021,303

Note 9 - General Employees' Other Postemployment Benefits - VEBA

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

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

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

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

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

Note 9 - 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 percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Contributions to the plan represent 36.11 percent of covered payroll for the period from January 1, 2011 through December 31, 2011 in accordance with the actuarial valuation of December 31, 2008. Administrative costs of the plan are financed through investment earnings. Actuarial valuations are performed bi-annually.

Funding Progress - For the year ended June 30, 2012, the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of December 31, 2010. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

For the fiscal year ended December 31, 2011, contributions to the plan totaled \$7,296,831 and postemployment health benefits totaled \$7,771,960. For the current year and the preceding years, the plan's Other Postemployment Benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/11	12/31/08	\$ 7,296,831	100.0 %	-
12/31/10	12/31/08	7,941,093	100.0	-
12/31/09	12/31/06	8,581,965	100.0	-
12/31/08	12/31/06	8,461,778	100.0	-
12/31/07	12/31/04	3,842,163	100.0	-
6/30/07	12/31/04	7,140,097	100.0	-
6/30/06	12/31/01	6,570,757	100.0	-

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

Note 9 - 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
12/31/10	\$ 23,670,836	\$168,000,923	\$144,330,087	14.1 %	\$ 20,751,208	695.5 %
12/31/08	16,522,158	158,665,734	142,143,576	10.4	25,743,285	552.2
12/31/06	16,229,489	161,270,365	145,040,876	10.1	27,490,701	527.6
12/31/04	15,033,329	114,898,479	99,865,150	13.1	27,560,084	362.4
12/31/01	10,000,000	74,349,303	64,349,303	13.5	28,362,379	226.9

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

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

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5 percent initially, reduced by decrements to an ultimate rate of 5 percent percent after six years. Both rates included a 5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a six-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

Note 10 - Police and Fire Other Postemployment Benefits - VEBA

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

The trust is created for the exclusive purpose of funding health, life, and disability benefits for substantially all police and fire retirees of the City. At December 31, 2011, membership consisted of 226 current active employees and 519 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.

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

Summary of Significant Accounting Policies - The plan and trust's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenue in the period in which they are earned. Insurance and other costs are recognized when due and payable in accordance with the terms of the plan and trust.

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

Funding Policy - The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are designed to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Contributions represent 26.62 percent of covered payroll for the period from January 1, 2011 through December 31, 2011. Administrative costs of the plan are financed through investment earnings.

Funding Progress - For the year ended December 31, 2011, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Based on that valuation, the City contributed \$6,661,565 in the year ended December 31, 2011, which is equal to the annual required contribution.

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

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

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

Actuarial value of assets	\$ 18,170,142
Actuarial accrued liability (AAL)	\$ 154,083,759
Unfunded AAL (UAAL)	\$ 135,913,617
Funded ratio	11.79%
Annual covered payroll	\$ 24,386,083
Ratio of UAAL to covered payroll	557.34%

For the fiscal year ended December 31, 2011, contributions to the plan totaled \$6,661,565 and postemployment health benefits totaled \$8,014,616. For the current year and the preceding two years, the plan's Other Postemployment Benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed	Net OPEB Obligation
12/31/08	12/31/06	\$ 7,854,920	100.0 %	\$ -
12/31/09	12/31/08	8,290,905	100.0	-
12/31/10	12/31/08	7,362,420	100.0	-
12/31/11	12/31/10	6,661,565	100.0	-

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/03	\$ -	\$116,492,273	\$116,492,273	- %	\$ 29,400,497	396.2 %
12/31/06	16,278,706	173,368,137	157,089,431	9.4	29,425,088	533.9
12/31/08	12,805,655	166,135,717	153,330,062	7.7	30,524,963	502.3
12/31/10	18,170,142	154,083,759	135,913,617	11.8	24,386,083	557.3

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

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, 2008 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which consists of a real rate of return of 2.5 percent per year plus a long-term rate of inflation of 5.0 percent per year. It also included healthcare cost increases of 5.0 percent for the years included in the valuation. The actuarial value of assets is set to equal fair market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

Note 11 - Employees' Retirement System Defined Benefit Pension Plan

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

The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The obligation to contribute to and maintain the system for these employees was established by City Ordinance and negotiation with the various collective bargaining units. At December 31, 2010, the date of the most recent actuarial valuation, membership consisted of 527 retirees and beneficiaries currently receiving benefits, 22 terminated employees entitled to benefits but not yet receiving them, and 162 current active employees.

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

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

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

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

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

Funding Policy - The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability were determined using the aggregate actuarial cost method. Employer contributions represented 55.99 percent of covered payroll for the period from January 1, 2011 through June 30, 2011 in accordance with the actuarial valuation dated December 31, 2008 and 64.79 percent of covered payroll for the period from July 1, 2011 through December 31, 2011 in accordance with the actuarial valuation dated December 31, 2009. Employees are not required to contribute to the system. Amounts shown as employee contributions represent purchase of prior service credit. Administrative costs are financed through investment earnings.

Annual Pension Cost - For the year ended December 31, 2011, the City's annual pension cost of \$6,588,937 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2011	2010	2009
Annual pension cost (APC)	\$ 6,588,937	\$ 6,573,761	\$ 7,209,187
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

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

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

	Fiscal Year Ended December 31		
	2011	2010	2009
Actuarial value of assets	\$ 126,091	\$ 129,942	\$ 136,044
Actuarial accrued liability (AAL) (entry age)	\$ 181,207	\$ 180,298	\$ 180,381
Unfunded AAL (UAAL)	\$ 55,116	\$ 50,356	\$ 44,337
Funded ratio	69.6 %	72.1 %	75.4 %
Covered payroll	\$ 13,046	\$ 14,577	\$ 14,734
UAAL as a percentage of covered payroll	422.5 %	345.4 %	300.9 %

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2009, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return and (b) projected salary increases of 4.0 percent per year. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 10 years.

Actuarial valuations are performed annually using the aggregate cost method to compute the City's recommended contribution rate and is the appropriate method for a plan closed to new hires. Other actuarial methods and assumptions used in the latest report dated December 31, 2010 are as follows:

Amortization method	Level percent of payroll, closed
Remaining amortization period	Expected future working lifetime
Asset valuation method	Closed 4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	4.00% - 7.80%
*Includes inflation at	5.00%

Reserves - As of December 31, 2011, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 231,289
Reserve for employer's contribution	(25,951,506)
Reserve for retirees' benefit payments	138,488,897

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

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

The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The obligation to contribute to and maintain the system for these employees was established by City Ordinance and negotiation with the police and fire collective bargaining units. At December 31, 2010, the date of the most recent actuarial evaluation, membership consisted of 496 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 333 current active employees.

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

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

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

Funding Policy - The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are intended to accumulate sufficient assets to pay pension benefits when due. The normal cost and actuarial accrued liability were determined using the entry age actuarial cost method. Employer contributions represented 29.00 percent of covered payroll for the period from January 1, 2011 through June 30, 2011 in accordance with the actuarial valuation dated December 31, 2008, and 32.03 percent of covered payroll for the period from July 1, 2011 through December 31, 2011 in accordance with the actuarial valuation dated December 31, 2008.

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

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

Administrative costs of the plan are financed through investment earnings.

Annual Pension Cost - For the year ended December 31, 2011, the City's annual pension cost of \$8,071,368 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	2011	2010	2009
Annual pension cost (APC)	\$ 8,071,368	\$ 7,636,762	\$ 7,960,684
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

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

	Fiscal Year Ended December 31		
	2011	2010	2009
Actuarial value of assets	\$ 293,593,047	\$ 303,410,859	\$ 316,619,175
Actuarial accrued liability (AAL) (entry age)	\$ 357,552,076	\$ 350,288,031	\$ 336,477,451
Unfunded AAL (UAAL)	\$ 63,959,029	\$ 46,877,172	\$ 19,858,276
Funded ratio	82.1 %	86.6 %	94.1 %
Covered payroll	\$ 30,183,617	\$ 30,524,963	\$ 29,995,123
UAAL as a percentage of covered payroll	211.9 %	153.6 %	66.2 %

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2009, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return and (b) projected salary increases of 4.0 percent per year. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 11 years.

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

Actuarial valuations are performed annually using the entry age cost method to compute the City's recommended contribution rate. Other actuarial methods and assumptions used in the latest report dated December 31, 2010 are as follows:

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

Reserves - As of December 31, 2011, the plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 16,304,506
Reserve for retired benefit payments	232,247,108

Note 13 - Defined Contribution Pension Plan

Plan Description - The Defined Contribution Plan was approved by the Warren City Council at their meeting on April 8, 1997. The plan is administered by the International City Management Association Retirement Corporation (ICMA). Participation in the plan is extended to all full-time employees, other than police and fire personnel. Employees were allowed to transfer the actuarially determined value of prior service credit from the City Employees' Retirement System to the Defined Contribution Plan upon adoption of the plan and settlement of respective collective bargaining agreements. Employees hired after ratification of the respective collective bargaining agreements are automatically enrolled in the Defined Contribution Plan. There were 228 active participants in the plan as of June 30, 2012.

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

Note 14 - Other Retirement Plans

Qualified Excess Benefit Arrangement (QEBA) Trust

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

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

Investments are reported at fair value.

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

Deferred Compensation Plan

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

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

Note 14 - Other Retirement Plans (Continued)

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

Note 15 - Risk Management

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

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

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

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

Note 15 - Risk Management (Continued)

The government-wide statement of net assets reports "accrued insurance claims" in the amount of \$7,532,758 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, 2012 as provided by the City's insurance carrier. The General Fund balance sheet reports "unreserved fund balance - designated for insurance claims" in the amount of \$5,622,003. On July 2, 2009, the City Council approved a settlement agreement with the City's former trash hauling contractor in the amount of \$5.975 million with further designation that funds were available in "unreserved fund balance - designated for insurance claims" within the General Fund. On November 10, 2009, the City Council approved a request by the City's director of personnel and risk management to commence litigation in an effort to recoup any portion of the settlement agreement that may be covered by the City's insurance carrier. It would be management's recommendation that any proceeds resulting from this litigation be credited back to "unreserved fund balance - designated for insurance claims". The circumstance of this settlement was not a component of the City's annual evaluation of this reserve. Accordingly, should the other potential claims and judgments that the City has attempted to reserve for materialize before the reserve can be restored to its former level, funds will need to be expended from General Fund "unreserved - undesignated fund balance."

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

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

Note 16 - Contingent Liabilities

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

Note 17 - Joint Venture

The City is a member of the South Macomb Disposal Authority, which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, Eastpointe, and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, who then approves the annual budget. Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue, Box 286, St. Clair Shores, Michigan 48080.

Note 18 - Subsequent Events

The City of Warren entered into significant leases subsequent to year end for the use of four firetrucks and eight motorcycles. The total lease repayment amount for the motorcycles is \$151,672, with \$2,841 of the total to be paid in interest. The total repayment amount for the firetruck is \$1,685,319, with \$109,294 of the total to be paid in interest. For the new leases, \$331,444 is due in the next fiscal year.

The City of Warren Water and Sewer System sold capital improvement bonds in June 2012 in the amount of \$15,680,000. The initial interest rate on the variable bonds is 2.0 percent with principal payments starting June 1, 2013 for \$420,000. The bonds will mature on June 1, 2030.

On Tuesday, August 7, 2012, the voters of the City of Warren approved an additional 4.9 mills on each dollar of taxable value for five years dedicated to preserving police and fire safety protection. The millage would result in the collection of an estimated \$16 million of new revenue in the first year the millage is levied, beginning with the tax levy in December 2012.

On September 20, 2012, the City of Warren refinanced two outstanding bonds.

The first refinancing was the Water and Sewer Revenue Bond, Refunding Series 2005. This was refinanced as a capital improvement bond in the amount of \$17,780,000. Actual net savings totaled \$3,130,967 with a true interest rate of 2.17 percent. Principal payments start November 1, 2013 for \$870,000. The bonds mature on November 1, 2026.

The second refinancing was the Building Authority Bonds Senior Housing, Series 2004. This was refinanced as a capital improvement bond in the amount of \$3,975,000. Actual net savings totaled \$111,216 with a true interest rate of 1.76 percent. Principal payments start November 1, 2013 for \$425,000. The bonds mature on November 1, 2022.

Note 19 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2013 fiscal year.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

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

Note 19 - Upcoming Accounting Pronouncements (Continued)

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

Note 20 - Accounting and Reporting Changes

The financial statements for the year ended June 30, 2011 have been restated in order to correct the following accounting policies:

- 1) The three component units (TIFA, DDA, and BRDA) were blended as funds of the City; the reporting has been changed to present these discretely, as required by GASB No. 14.
- 2) Grant expenditures were previously reported on the cash basis; the City now reports these expenditures when the goods are received or the services rendered.
- 3) Vacation pay was previously reported only when taken; the City now reports this liability in the enterprise funds and government-wide statements at the time it is earned.
- 4) The property tax revenue recognition policy has been changed to begin recording an estimate of amounts that will be refunded in the future (through the Michigan Tax Tribunal).
- 5) The revenue recognition policy for all governmental funds has been changed to defer the recognition of all revenue that is collected beyond 60 days after the end of the fiscal year.
- 6) The City had not previously reported grant revenue related to the principal forgiveness on the State Revolving Fund debt issuance.
- 7) The depreciation methodology for the Water and Sewer Fund resulted in an overstatement in accumulated depreciation that is being corrected.

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

Note 20 - Accounting and Reporting Changes (Continued)

In addition, certain funds that were previously individually reported in the financial statements have combined into the following funds:

The Grants Fund - Includes the following funds: Community Development Block Grant, C.D.B.G. Recovery, HOME Investment Partnership, H.O.P.W.A., Neighborhood Stabilization Program, and Energy Eff. & Conservation Block Grant Projects.

The Debt Service Fund - Includes the following funds: Chapter 20 and 21 Drain Bonds, Special Assessment Bonds, Capital Improvement Bonds, Michigan Transportation Bonds, and Building Authority Bonds.

The Capital Projects Fund - Includes the following funds: Special Assessment Revolving, Sidewalk and Tree Revolving, Michigan Transportation Construction, Capital Improvement Bonds 2006, Capital Improvement Bonds 2008, Building Authority Construction Funds, and the 37th District Court Building Renovation Fund.

The effect of these corrections was to change the beginning fund balance or net assets as of June 30, 2011, as follows:

Governmental Funds

	General Fund	Grants Fund	Nonmajor Governmental Funds	Total
Fund balance - June 30, 2011 - As previously reported	\$ 38,293,170	\$ 526,689	\$ 41,693,687	\$ 80,513,546
1) Discretely present component units	-	-	(13,219,329)	(13,219,329)
2) Record grant expenditures when incurred	-	(391,857)	-	(391,857)
4) Record estimate of tax refunds	(201,730)	-	(52,460)	(254,190)
5) Defer revenue recognition for amounts received beyond 60 days	(466,541)	-	(302,312)	(768,853)
Fund balance - June 30, 2011 - As restated	<u>\$ 37,624,899</u>	<u>\$ 134,832</u>	<u>\$ 28,119,586</u>	<u>\$ 65,879,317</u>

Enterprise Funds

	Water and Sewer Fund	Nonmajor Enterprise Funds	Total
Net assets - June 30, 2011 - As previously reported	\$ 74,235,331	\$ 6,418,098	\$ 80,653,429
3) Accrued vacation pay liability	(416,637)	-	(416,637)
6) Grant revenue on the loan forgiveness	2,060,000	-	2,060,000
7) Depreciation adjustment	1,197,395	-	1,197,395
Net assets - June 30, 2011 - As restated	<u>\$ 77,076,089</u>	<u>\$ 6,418,098</u>	<u>\$ 83,494,187</u>

City of Warren, Michigan

Notes to Financial Statements June 30, 2012

Note 20 - Accounting and Reporting Changes (Continued)

Government-wide Statements

	Governmental Activities	Business-type Activities	Component Units	Total
Net assets - June 30, 2011 - As previously reported	\$ 106,863,056	\$ 80,653,429	\$ -	\$ 187,516,485
1) Discretely present component units	55,155,032	-	(55,155,032)	-
2) Record grant expenditures when incurred	(391,857)	-	-	(391,857)
3) Accrued vacation pay liability	(2,316,487)	(416,637)	-	(2,733,124)
4) Record estimate of tax refunds	(254,190)	-	-	(254,190)
6) Grant revenue on the loan forgiveness	-	2,060,000	-	2,060,000
7) Depreciation adjustment	-	1,197,395	-	1,197,395
Net assets - June 30, 2011 - As restated	<u>\$ 159,055,554</u>	<u>\$ 83,494,187</u>	<u>\$ (55,155,032)</u>	<u>\$ 187,394,709</u>

Required Supplemental Information

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 51,757,616	\$ 51,757,616	\$ 50,812,879	\$ (944,737)
Licenses and permits	1,911,300	1,961,300	2,368,083	406,783
Federal grants	50,000	1,360,086	982,209	(377,877)
State-shared revenue and grants	12,519,446	13,002,535	13,126,689	124,154
Charges for services	3,391,000	3,391,000	3,909,606	518,606
Fines and forfeitures	4,692,000	4,692,000	4,370,259	(321,741)
Investment income	35,000	35,000	86,344	51,344
Other miscellaneous income	6,420,000	6,426,450	6,272,943	(153,507)
Total revenue	80,776,362	82,625,987	81,929,012	(696,975)
Expenditures - Current				
General government:				
Council	927,158	927,158	915,009	12,149
Mayor	576,213	576,213	420,627	155,586
Controller	1,590,268	1,590,268	1,462,706	127,562
Information systems	682,669	682,669	628,498	54,171
Treasurer	1,468,491	1,468,491	1,388,101	80,390
Assessing	1,666,171	1,666,171	1,593,354	72,817
Clerk	1,457,580	1,457,580	1,190,049	267,531
Building maintenance	1,631,865	1,747,659	1,633,462	114,197
Legal	1,422,522	1,422,522	1,409,785	12,737
Human resources	1,298,350	1,298,350	1,234,360	63,990
Administrative unallocated expense	3,965,100	4,315,100	4,164,036	151,064
Other general government	63,672	63,672	55,780	7,892
Total general government	16,750,059	17,215,853	16,095,767	1,120,086
District court	5,820,498	6,612,312	6,308,210	304,102
Public safety:				
Police department	36,933,424	37,039,914	33,845,715	3,194,199
Fire department	19,225,146	21,127,680	19,747,648	1,380,032
Civil defense	197,901	200,381	166,175	34,206
Animal control	312,769	312,769	299,993	12,776
Building inspections	2,354,902	2,404,902	2,399,873	5,029
Crime commission	13,800	13,800	11,106	2,694
Total public safety	59,037,942	61,099,446	56,470,510	4,628,936

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Expenditures - Current (Continued)				
Public works:				
Property maintenance	\$ 633,872	\$ 723,872	\$ 704,734	\$ 19,138
Snow and ice control	-	60,000	64,065	(4,065)
Engineering and inspections	1,027,020	1,117,020	924,558	192,462
Public service director	368,684	368,684	368,670	14
Stormwater drainage	81,258	81,258	81,258	-
Highway street lighting	2,987,000	3,047,695	3,052,526	(4,831)
DPW garage	1,831,972	1,838,422	1,644,723	193,699
Total public works	6,929,806	7,236,951	6,840,534	396,417
Community and economic development:				
Planning, zoning, and related	485,687	485,687	467,465	18,222
Community and economic development	323,735	365,409	359,127	6,282
Total community and economic development	809,422	851,096	826,592	24,504
Recreation and culture:				
Historical commission	8,990	8,990	4,771	4,219
Cultural commission	24,600	24,600	23,688	912
Village historical commission	7,505	7,505	2,730	4,775
Total recreation and culture	41,095	41,095	31,189	9,906
Total expenditures	89,388,822	93,056,753	86,572,802	6,483,951
Excess of Expenditures Over Revenue	(8,612,460)	(10,430,766)	(4,643,790)	5,786,976
Other Financing Uses - Transfers out	(710,268)	(710,268)	(679,690)	30,578
Net Change in Fund Balance	(9,322,728)	(11,141,034)	(5,323,480)	5,817,554
Fund Balance - Beginning of year	37,624,899	37,624,899	37,624,899	-
Fund Balance - End of year	<u>\$ 28,302,171</u>	<u>\$ 26,483,865</u>	<u>\$ 32,301,419</u>	<u>\$ 5,817,554</u>

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Grant Fund Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 1,615,250	\$ 1,454,015	\$ 3,167,952	\$ 1,713,937
Other miscellaneous income	180,000	180,000	798,584	618,584
Total revenue	<u>1,795,250</u>	<u>1,634,015</u>	<u>3,966,536</u>	<u>2,332,521</u>
Expenditures - Current				
General government	-	631,958	506,614	125,344
Community and economic development	1,795,250	1,634,015	3,655,225	(2,021,210)
Recreation and culture	-	-	8,847	(8,847)
Total expenditures	<u>1,795,250</u>	<u>2,265,973</u>	<u>4,170,686</u>	<u>(1,904,713)</u>
Net Change in Fund Balance	-	(631,958)	(204,150)	427,808
Fund Balance - Beginning of year	<u>134,832</u>	<u>134,832</u>	<u>134,832</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u>\$ 134,832</u>	<u>\$ (497,126)</u>	<u>\$ (69,318)</u>	<u>\$ 427,808</u>

City of Warren, Michigan

Required Supplemental Information Pension System Schedule - City Employees' Retirement System Year Ended June 30, 2012

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/04	\$ 126,080,000	\$ 170,412,000	\$ 44,332,000	74.0 %	\$ 16,720,000	265.1 %
12/31/05	126,604,000	171,289,000	44,685,000	73.9	15,770,000	283.4
12/31/06	132,076,000	176,356,000	44,280,000	74.9	14,879,000	297.6
12/31/07	136,044,000	180,381,000	44,337,000	75.4	14,734,000	300.9
12/31/08	129,942,000	180,298,000	50,356,000	72.1	14,577,000	345.4
12/31/09	126,091,000	181,207,000	55,116,000	69.6	13,046,000	422.5
12/31/10	121,368,000	180,371,000	59,003,000	67.3	10,860,000	543.3

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/05	12/31/03	\$ 5,878,849	100.0 %
12/31/06	12/31/04	6,168,503	100.0
12/31/07	12/31/05	6,603,342	100.0
12/31/08	12/31/06	7,016,960	100.0
12/31/09	12/31/07	7,209,187	100.0
12/31/10	12/31/08	6,573,761	100.0
12/31/11	12/31/09	6,588,937	100.0

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

City of Warren, Michigan

Required Supplemental Information Pension System Schedule - Police and Fire Retirement System Year Ended June 30, 2012

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/05	\$ 279,654,923	\$ 303,319,483	\$ 23,664,560	92.2 %	\$ 30,155,774	78.5 %
12/31/06	300,703,399	322,711,074	22,007,675	93.2	29,425,088	74.8
12/31/07	316,619,175	336,477,451	19,858,276	94.1	29,995,123	66.2
12/31/08	303,410,859	350,288,031	46,877,172	86.6	30,524,963	153.6
12/31/09	293,593,047	357,552,076	63,959,029	82.1	30,183,617	211.9
12/31/10	280,097,982	354,228,101	74,130,119	79.1	27,491,481	269.6

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/06	12/31/05	\$ 6,949,145	100.0 %
12/31/07	12/31/06	7,473,960	100.0
12/31/08	12/31/07	8,138,100	100.0
12/31/09	12/31/08	7,960,684	100.0
12/31/10	12/31/09	7,636,762	100.0
12/31/11	12/31/10	8,071,368	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2011, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	16 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.5% - 8.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

City of Warren, Michigan

Note to Required Supplemental Information Year Ended June 30, 2012

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

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)". All annual appropriations lapse at fiscal year end.

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

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

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Community and economic development	\$ 1,634,015	\$ 3,655,225	\$ (2,021,210)

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

Other Supplemental Information

City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Assets						
Cash and investments	\$ 3,976,951	\$ 3,028,597	\$ 1,394,830	\$ 2,334,095	\$ 3,182,624	\$ 2,369,470
Receivables - Net:						
Property taxes receivable	-	-	69,720	22,070	39,897	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	257	223	-	-	-	-
Other receivables	129	-	28,456	-	-	481,330
Due from other governmental units	1,042,735	338,650	9,533	18,076	143,694	-
Due from component units	-	-	7,582	4,431	3,995	-
Due from other funds	-	394,472	-	-	-	-
Inventory	-	-	14,012	8,684	-	-
Prepaid expenses and other assets	-	-	-	1,486	-	-
Deposits	-	-	-	-	-	-
Total assets	\$ 5,020,072	\$ 3,761,942	\$ 1,524,133	\$ 2,388,842	\$ 3,370,210	\$ 2,850,800
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 36,487	\$ 12,202	\$ 183,846	\$ 207,336	\$ 51,286	\$ 26,990
Due to other governmental units	-	-	-	-	806	-
Due to component units	-	-	2,310	1,371	1,879	-
Due to other funds	1,447,499	1,031,126	-	-	-	-
Refundable deposits, bonds, etc.	19,620	24,938	-	6,340	-	-
Accrued liabilities and other	30,647	19,683	70,465	90,551	20,979	9,886
Deferred revenue	-	-	80,348	28,377	48,540	1,690
Provision for property tax refunds	-	-	50,787	30,138	41,305	-
Total liabilities	1,534,253	1,087,949	387,756	364,113	164,795	38,566
Fund Balances						
Nonspendable:						
Inventory/Assets held for resale	-	-	14,012	8,684	-	-
Prepays	-	-	-	1,486	-	-
Restricted:						
Roads construction and maintenance	3,485,819	2,673,993	-	-	-	-
Capital projects	-	-	-	-	-	-
Sanitation	-	-	1,122,365	-	-	-
Recreation	-	-	-	2,014,559	-	-
Library	-	-	-	-	3,205,415	-
Cable franchise fees	-	-	-	-	-	2,812,234
Police enforcement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Assigned - 37th District Court	-	-	-	-	-	-
Total fund balances	3,485,819	2,673,993	1,136,377	2,024,729	3,205,415	2,812,234
Total liabilities and fund balances	\$ 5,020,072	\$ 3,761,942	\$ 1,524,133	\$ 2,388,842	\$ 3,370,210	\$ 2,850,800

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012**

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	
\$ 602,886	\$ 119,956	\$ 1,860,982	\$ 125,496	\$ 6,838,029	\$ 733,495	\$ 9,432,174	\$ 35,999,585
-	-	-	-	32,425	-	-	164,112
-	-	-	-	-	-	1,834,533	1,834,533
-	-	-	-	-	-	176	656
-	-	-	-	-	-	-	509,915
-	-	2,859	-	-	-	213,169	1,768,716
-	-	-	-	-	-	-	16,008
-	-	-	-	-	-	6,939	401,411
-	-	-	-	-	-	-	22,696
-	-	-	-	-	-	-	1,486
-	-	-	-	-	-	144,652	144,652
\$ 602,886	\$ 119,956	\$ 1,863,841	\$ 125,496	\$ 6,870,454	\$ 733,495	\$ 11,631,643	\$ 40,863,770
\$ 355	\$ 750	\$ 12,753	\$ 1,205	\$ 1,402,982	\$ 113	\$ 29,351	\$ 1,965,656
-	-	-	-	-	-	-	806
-	-	-	-	-	-	-	5,560
-	-	-	-	-	-	6,790	2,485,415
-	-	-	-	164,983	-	1,000	216,881
4,601	-	-	-	-	-	-	246,812
-	-	-	-	45,989	-	1,982,365	2,187,309
-	-	-	-	64,818	-	-	187,048
4,956	750	12,753	1,205	1,678,772	113	2,019,506	7,295,487
-	-	-	-	-	-	-	22,696
-	-	-	-	-	-	-	1,486
-	-	-	-	5,191,682	-	376,557	11,728,051
-	-	-	-	-	-	2,392,460	2,392,460
-	-	-	-	-	-	-	1,122,365
-	-	-	-	-	-	-	2,014,559
-	-	-	-	-	-	-	3,205,415
-	-	-	-	-	-	-	2,812,234
-	-	1,851,088	124,291	-	-	-	1,975,379
-	-	-	-	-	-	1,232,246	1,232,246
-	119,206	-	-	-	-	-	119,206
597,930	-	-	-	-	-	-	597,930
-	-	-	-	-	-	372,541	372,541
-	-	-	-	-	733,382	5,238,333	5,971,715
597,930	119,206	1,851,088	124,291	5,191,682	733,382	9,612,137	33,568,283
\$ 602,886	\$ 119,956	\$ 1,863,841	\$ 125,496	\$ 6,870,454	\$ 733,495	\$ 11,631,643	\$ 40,863,770

City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Revenue						
Property taxes	\$ -	\$ -	\$ 5,770,535	\$ 3,423,834	\$ 4,709,097	\$ -
Federal grants	-	-	-	-	-	-
State-shared revenue and grants	6,147,331	2,444,210	-	363,018	143,692	-
Charges for services	-	-	-	2,138,853	-	-
Fines and forfeitures	-	-	-	-	107,158	-
Investment income	2,774	2,106	1,838	1,876	2,136	1,862
Rental income	-	-	-	130,010	-	-
Other revenue:						
Special assessments	-	-	-	-	-	-
Cable franchise fees	-	-	-	-	-	1,841,166
Other miscellaneous income	30,317	-	275,935	-	5,171	40,612
Total revenue	6,180,422	2,446,316	6,048,308	6,057,591	4,967,254	1,883,640
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	3,259,499	2,450,577	8,069,607	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	6,052,221	3,796,848	1,347,559
Debt service	-	-	-	-	-	-
Total expenditures	3,259,499	2,450,577	8,069,607	6,052,221	3,796,848	1,347,559
Excess of Revenue Over (Under) Expenditures	2,920,923	(4,261)	(2,021,299)	5,370	1,170,406	536,081
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	9,530	17,974	-	-
Transfers in	53,634	85,912	-	-	-	-
Transfers out	(2,300,097)	-	(32,826)	(623,772)	(136,870)	(219,631)
Total other financing (uses) sources	(2,246,463)	85,912	(23,296)	(605,798)	(136,870)	(219,631)
Net Change in Fund Balances	674,460	81,651	(2,044,595)	(600,428)	1,033,536	316,450
Fund Balances - Beginning of year - As restated	2,811,359	2,592,342	3,180,972	2,625,157	2,171,879	2,495,784
Fund Balances - End of year	\$ 3,485,819	\$ 2,673,993	\$ 1,136,377	\$ 2,024,729	\$ 3,205,415	\$ 2,812,234

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

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
\$ -	\$ -	\$ -	\$ -	\$ 7,408,702	\$ 24	\$ -	\$ 21,312,192
-	-	955,419	-	-	-	-	955,419
-	-	-	38,909	-	-	-	9,137,160
67,907	-	-	-	-	-	10,838	2,217,598
506,870	17,856	243,577	-	-	-	712,998	1,588,459
410	164	1,227	108	1,894	71	67,320	83,786
-	-	-	-	-	-	-	130,010
-	-	-	-	-	-	844,775	844,775
-	-	-	-	-	-	-	1,841,166
-	-	-	-	-	-	-	352,035
<u>575,187</u>	<u>18,020</u>	<u>1,200,223</u>	<u>39,017</u>	<u>7,410,596</u>	<u>95</u>	<u>1,635,931</u>	<u>38,462,600</u>
-	-	-	-	-	-	281,601	281,601
-	96,700	377,940	59,312	-	-	-	533,952
-	-	-	-	2,218,914	-	850,269	16,848,866
359,063	-	-	-	-	-	-	359,063
-	-	-	-	-	-	-	11,196,628
-	-	-	-	-	4,097,748	406,098	4,503,846
<u>359,063</u>	<u>96,700</u>	<u>377,940</u>	<u>59,312</u>	<u>2,218,914</u>	<u>4,097,748</u>	<u>1,537,968</u>	<u>33,723,956</u>
216,124	(78,680)	822,283	(20,295)	5,191,682	(4,097,653)	97,963	4,738,644
-	-	2,859	-	-	-	-	30,363
-	-	-	-	-	3,853,340	-	3,992,886
-	-	-	-	-	-	-	(3,313,196)
<u>-</u>	<u>-</u>	<u>2,859</u>	<u>-</u>	<u>-</u>	<u>3,853,340</u>	<u>-</u>	<u>710,053</u>
216,124	(78,680)	825,142	(20,295)	5,191,682	(244,313)	97,963	5,448,697
381,806	197,886	1,025,946	144,586	-	977,695	9,514,174	28,119,586
<u>\$ 597,930</u>	<u>\$ 119,206</u>	<u>\$ 1,851,088</u>	<u>\$ 124,291</u>	<u>\$ 5,191,682</u>	<u>\$ 733,382</u>	<u>\$ 9,612,137</u>	<u>\$ 33,568,283</u>

City of Warren, Michigan

Other Supplemental Information Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2012

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,026,469	\$ 2,220,583	\$ 4,247,052
Receivables	6,098	28,133	34,231
Due from other funds	<u>289,832</u>	<u>334</u>	<u>290,166</u>
Total current assets	2,322,399	2,249,050	4,571,449
Noncurrent assets -			
Capital assets:			
Assets not subject to depreciation	221,644	-	221,644
Assets subject to depreciation	<u>500,480</u>	<u>6,824,161</u>	<u>7,324,641</u>
Total assets	3,044,523	9,073,211	12,117,734
Liabilities			
Current liabilities:			
Accounts payable	16,329	80,807	97,136
Due to other funds	293,284	552,737	846,021
Refundable deposits, bonds, etc.	50,297	140,107	190,404
Accrued liabilities and other	1,989	36,173	38,162
Deferred revenue	-	284	284
Current portion of long-term debt	<u>-</u>	<u>705,000</u>	<u>705,000</u>
Total current liabilities	361,899	1,515,108	1,877,007
Noncurrent liabilities:			
Compensated absences - > 1 yr	29,925	-	29,925
Long-term debt	<u>-</u>	<u>3,750,072</u>	<u>3,750,072</u>
Total noncurrent liabilities	29,925	3,750,072	3,779,997
Total liabilities	<u>391,824</u>	<u>5,265,180</u>	<u>5,657,004</u>
Net Assets			
Invested in capital assets	722,124	2,381,631	3,103,755
Unrestricted	<u>1,930,575</u>	<u>1,426,400</u>	<u>3,356,975</u>
Total net assets	<u>\$ 2,652,699</u>	<u>\$ 3,808,031</u>	<u>\$ 6,460,730</u>

City of Warren, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds Year Ended June 30, 2012

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Operating Revenue			
Rental revenue	\$ 779,636	\$ 973,669	\$ 1,753,305
Other operating revenues	12,846	402,203	415,049
Total operating revenue	792,482	1,375,872	2,168,354
Operating Expenses			
Billing and administrative costs	123,200	288,917	412,117
Wages and fringes	427,920	39,580	467,500
Materials and supplies	14,799	36,530	51,329
Other operating expenses #3	281,187	383,745	664,932
Depreciation	82,548	175,296	257,844
Total operating expenses	929,654	924,068	1,853,722
Operating (Loss) Income	(137,172)	451,804	314,632
Nonoperating Revenue (Expenses)			
Investment income	1,541	3,099	4,640
Interest expense	-	(258,780)	(258,780)
Other nonoperating expenses	-	(17,860)	(17,860)
Total nonoperating revenue (expense)	1,541	(273,541)	(272,000)
Change in Net Assets	(135,631)	178,263	42,632
Net Assets - Beginning of year	2,788,330	3,629,768	6,418,098
Net Assets - End of year	\$ 2,652,699	\$ 3,808,031	\$ 6,460,730

City of Warren, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2012

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 787,817	\$ 1,365,787	\$ 2,153,604
Interfund (payments) receipts	(128,066)	380,264	252,198
Payments to suppliers	(424,445)	(644,029)	(1,068,474)
Payments to employees	(425,470)	(43,397)	(468,867)
Internal activity - Payments to other funds	24,536	-	24,536
	<u>(165,628)</u>	<u>1,058,625</u>	<u>892,997</u>
Net cash (used in) provided by operating activities			
Cash Flows from Capital and Related Financing Activities - Principal and interest	-	(829,835)	(829,835)
Cash Flows from Investing Activities - Interest income	1,605	3,099	4,704
Net (Decrease) Increase in Cash and Cash Equivalents	(164,023)	231,889	67,866
Cash and Cash Equivalents - Beginning of year	2,190,492	1,988,694	4,179,186
Cash and Cash Equivalents - End of year	<u>\$ 2,026,469</u>	<u>\$ 2,220,583</u>	<u>\$ 4,247,052</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (137,172)	\$ 451,804	\$ 314,632
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	82,548	175,296	257,844
Changes in assets and liabilities:			
Receivables	(4,665)	(10,085)	(14,750)
Due from others	(288,557)	(334)	(288,891)
Accounts payable	(5,259)	65,163	59,904
Due to others	185,027	380,598	565,625
Accrued and other liabilities	2,450	(3,817)	(1,367)
	<u>(165,628)</u>	<u>1,058,625</u>	<u>892,997</u>
Net cash (used in) provided by operating activities			

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	\$ 1,251,408	\$ 22,704	\$ -	\$ 160
Investments:				
Investments - Uncategorized	19,787,057	113,956,872	25,624,470	28,519,317
U.S. government securities	31,841,372	-	-	-
Stocks	156,133,150	-	-	-
Bonds	40,899,539	-	-	-
Real estate	10,218,214	-	-	-
Receivables:				
Accrued interest receivable	948,132	610,012	75,866	103,307
Other receivables	-	226	-	-
Advances to other funds	-	-	-	-
Prepaid expenses and other assets	-	2,120	114,581	84,560
Total assets	261,078,872	114,591,934	25,814,917	28,707,344
Liabilities				
Accounts payable	952,151	1,686,729	12,825	407,968
Due to other governmental units	-	-	-	-
Due to primary government	143,848	136,525	8,058,689	4,527,648
Refundable deposits, bonds, etc.	-	-	-	-
Accrued liabilities and other:				
Payroll taxes and withholdings	-	-	-	-
Accrued other I	-	-	382,810	-
Obligations under securities lending agreements	11,431,259	-	-	-
Total liabilities	12,527,258	1,823,254	8,454,324	4,935,616
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 248,551,614	\$ 112,768,680	\$ 17,360,593	\$ 23,771,728

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2012

Pension and Other Employee Benefits Trust Funds		Agency Funds				
City						
Employees' Retirement - QEBA Trust	Total Pension Trust Funds - 12/31/11	Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 7,787	\$ 1,282,059	\$ 483,674	\$ 1,186,358	\$ 1,506,634	\$ 195,526	\$ 3,372,192
-	187,887,716	-	-	-	-	-
-	31,841,372	-	-	-	-	-
-	156,133,150	-	-	-	-	-
-	40,899,539	-	-	-	-	-
-	10,218,214	-	-	-	-	-
-	1,737,317	-	-	-	5	5
-	226	-	-	-	-	-
-	-	8,107	-	-	-	8,107
-	201,261	-	-	-	-	-
7,787	430,200,854	<u>\$ 491,781</u>	<u>\$ 1,186,358</u>	<u>\$ 1,506,634</u>	<u>\$ 195,531</u>	<u>\$ 3,380,304</u>
-	3,059,673	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,450,598	19	1,450,617
-	12,866,710	-	-	-	-	-
-	-	-	1,186,358	-	195,512	1,381,870
-	-	491,781	-	591	-	492,372
-	382,810	-	-	55,445	-	55,445
-	11,431,259	-	-	-	-	-
-	27,740,452	<u>\$ 491,781</u>	<u>\$ 1,186,358</u>	<u>\$ 1,506,634</u>	<u>\$ 195,531</u>	<u>\$ 3,380,304</u>
<u>\$ 7,787</u>	<u>\$402,460,402</u>					

City of Warren, Michigan

	Police and Fire Retirement System	City Employees' Retirement System	Police and Fire VEBA Trust
Additions			
Investment income:			
Interest and dividends	6,747,926	1,596,181	1,395,897
Net decrease in fair value of investments	(8,236,337)	-	(827,785)
Investment-related expenses	<u>(1,394,493)</u>	<u>(606,351)</u>	<u>(17,289)</u>
Total investment income	(2,882,904)	989,830	550,823
Securities lending income:			
Interest and dividends	-	23,849	-
Securities lending - Investment expense	<u>-</u>	<u>(6,251)</u>	<u>-</u>
Total securities lending income	-	17,598	-
Contributions:			
Employer	8,071,368	-	6,661,565
Employee	<u>919,489</u>	<u>6,588,937</u>	<u>-</u>
Total contributions	8,990,857	6,588,937	6,661,565
Total additions	6,107,953	7,596,365	7,212,388
Deductions			
Benefit payments	25,466,852	14,533,336	7,541,809
Refunds of contributions	5,058,646	43,923	472,807
Administrative expenses	<u>404,983</u>	<u>298,252</u>	<u>7,321</u>
Total deductions	<u>30,930,481</u>	<u>14,875,511</u>	<u>8,021,937</u>
Net (Decrease) Increase in Net Assets Held in Trust	(24,822,528)	(7,279,146)	(809,549)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>273,374,142</u>	<u>120,047,826</u>	<u>18,170,142</u>
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 248,551,614</u>	<u>\$ 112,768,680</u>	<u>\$ 17,360,593</u>

Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Asset
Fiduciary Funds
Year Ended June 30, 2012

City Employees' VEBA Trust	City Employees' Retirement QEBA Trust	Total - 12/31/11
664,471	2	10,404,477
-	-	(9,064,122)
<u>(42,989)</u>	<u>(519)</u>	<u>(2,061,641)</u>
621,482	(517)	(721,286)
-	-	23,849
<u>-</u>	<u>-</u>	<u>(6,251)</u>
-	-	17,598
7,296,831	40,000	22,069,764
<u>-</u>	<u>-</u>	<u>7,508,426</u>
7,296,831	40,000	29,578,190
7,918,313	39,483	28,874,502
7,771,960	36,257	55,350,214
-	-	5,575,376
<u>45,461</u>	<u>2,622</u>	<u>758,639</u>
<u>7,817,421</u>	<u>38,879</u>	<u>61,684,229</u>
100,892	604	(32,809,727)
<u>23,670,836</u>	<u>7,183</u>	<u>435,270,129</u>
<u>\$ 23,771,728</u>	<u>\$ 7,787</u>	<u>\$ 402,460,402</u>

City of Warren, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds June 30, 2012

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Payroll Revolving Fund				
Assets				
Cash and investments	\$ 4,110	\$ 78,671,497	\$ (78,191,933)	\$ 483,674
Advances to other funds	9,239	609	(1,741)	8,107
Total assets	<u>\$ 13,349</u>	<u>\$ 78,672,106</u>	<u>\$ (78,193,674)</u>	<u>\$ 491,781</u>
Liabilities - Accrued liabilities and other	<u>\$ 13,349</u>	<u>\$ 78,871,432</u>	<u>\$ (78,393,000)</u>	<u>\$ 491,781</u>
Cash Bond Fund				
Assets - Cash and investments	<u>\$ 1,214,798</u>	<u>\$ 86,250</u>	<u>\$ (114,690)</u>	<u>\$ 1,186,358</u>
Liabilities - Refundable deposits, bonds, etc.	<u>\$ 1,214,798</u>	<u>\$ 206,640</u>	<u>\$ (235,080)</u>	<u>\$ 1,186,358</u>
Tax Collection Fund				
Assets - Cash and investments	<u>\$ 1,546,501</u>	<u>\$ 190,222,572</u>	<u>\$ (190,262,438)</u>	<u>\$ 1,506,635</u>
Liabilities				
Due to other governmental units	\$ 1,311,205	\$ 9,878,582	\$ (9,739,189)	\$ 1,450,598
Accrued liabilities and other	235,296	1,986,610	(2,165,869)	56,037
Total liabilities	<u>\$ 1,546,501</u>	<u>\$ 11,865,192</u>	<u>\$ (11,905,058)</u>	<u>\$ 1,506,635</u>
Fire Insurance Withholding Fund				
Assets				
Cash and investments	\$ 152,655	\$ 105,621	\$ (62,750)	\$ 195,526
Receivables	6	5	(6)	5
Total assets	<u>\$ 152,661</u>	<u>\$ 105,626</u>	<u>\$ (62,756)</u>	<u>\$ 195,531</u>
Liabilities				
Due to other governmental units	\$ 15	\$ 60	\$ (56)	\$ 19
Refundable deposits, bonds, etc.	152,646	273,773	(230,907)	195,512
Total liabilities	<u>\$ 152,661</u>	<u>\$ 273,833</u>	<u>\$ (230,963)</u>	<u>\$ 195,531</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 5,900,000	\$ 5,900,000	\$ 6,147,331	\$ 247,331
Investment income	3,500	3,500	2,774	(726)
Other miscellaneous income	41,000	41,000	30,317	(10,683)
Total revenue	5,944,500	5,944,500	6,180,422	235,922
Expenditures - Current -				
Public works				
Streets	3,942,902	3,955,572	3,218,870	736,702
Stormwater drainage	40,629	40,629	40,629	-
Total expenditures	3,983,531	3,996,201	3,259,499	736,702
Excess of Revenue Over Expenditures	1,960,969	1,948,299	2,920,923	972,624
Other Financing Sources (Uses)				
Transfers in	53,634	53,634	53,634	-
Transfers out	(2,302,060)	(2,302,060)	(2,300,097)	1,963
Net Change in Fund Balance	(287,457)	(300,127)	674,460	974,587
Fund Balance - Beginning of year	2,811,359	2,811,359	2,811,359	-
Fund Balance - End of year	<u>\$ 2,523,902</u>	<u>\$ 2,511,232</u>	<u>\$ 3,485,819</u>	<u>\$ 974,587</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 2,345,000	\$ 2,345,000	\$ 2,444,210	\$ 99,210
Investment income	4,000	4,000	2,106	(1,894)
Total revenue	2,349,000	2,349,000	2,446,316	97,316
Expenditures - Current -				
Public works				
Streets	2,918,767	2,918,767	2,409,948	508,819
Stormwater drainage	40,629	40,629	40,629	-
Total expenditures	2,959,396	2,959,396	2,450,577	508,819
Excess of Expenditures Over Revenue	(610,396)	(610,396)	(4,261)	606,135
Other Financing Sources -				
Transfers in	113,634	113,634	85,912	(27,722)
Net Change in Fund Balance	(496,762)	(496,762)	81,651	578,413
Fund Balance - Beginning of year	2,592,342	2,592,342	2,592,342	-
Fund Balance - End of year	<u>\$ 2,095,580</u>	<u>\$ 2,095,580</u>	<u>\$ 2,673,993</u>	<u>\$ 578,413</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Sanitation Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,948,261	\$ 5,948,261	\$ 5,840,274	\$ (107,987)
Investment income	6,000	6,000	1,838	(4,162)
Other miscellaneous income	226,600	226,600	275,935	49,335
Total revenue	6,180,861	6,180,861	6,118,047	(62,814)
Expenditures - Current -				
Public works - Rubbish disposal	8,047,145	8,246,857	8,139,346	107,511
Excess of Expenditures Over Revenue	(1,866,284)	(2,065,996)	(2,021,299)	44,697
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	9,530	9,530
Transfers out	(33,000)	(33,000)	(32,826)	174
Net Change in Fund Balance	(1,899,284)	(2,098,996)	(2,044,595)	54,401
Fund Balance - Beginning of year	3,180,972	3,180,972	3,180,972	-
Fund Balance - End of year	<u>\$ 1,281,688</u>	<u>\$ 1,081,976</u>	<u>\$ 1,136,377</u>	<u>\$ 54,401</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Recreation Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,530,976	\$ 3,530,976	\$ 3,465,127	\$ (65,849)
State-shared revenue and grants	210,000	210,000	363,018	153,018
Charges for services	2,166,000	2,166,000	2,138,853	(27,147)
Investment income	5,000	5,000	1,876	(3,124)
Rental income	125,400	125,400	130,010	4,610
Total revenue	6,037,376	6,037,376	6,098,884	61,508
Expenditures - Current -				
Recreation and culture				
Parks and recreation	5,901,140	5,996,140	5,850,777	145,363
Cultural Commission	248,664	268,664	242,589	26,075
Village Historical Commission	-	-	148	(148)
Total expenditures	6,149,804	6,264,804	6,093,514	171,290
Excess of Revenue (Under) Over Expenditures	(112,428)	(227,428)	5,370	232,798
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	17,974	17,974
Transfers out	(624,500)	(624,500)	(623,772)	728
Total other financing uses	(624,500)	(624,500)	(605,798)	18,702
Net Change in Fund Balance	(736,928)	(851,928)	(600,428)	251,500
Fund Balance - Beginning of year	2,625,157	2,625,157	2,625,157	-
Fund Balance - End of year	<u>\$ 1,888,229</u>	<u>\$ 1,773,229</u>	<u>\$ 2,024,729</u>	<u>\$ 251,500</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,845,043	\$ 4,845,043	\$ 4,709,097	\$ (135,946)
State-shared revenue and grants	293,304	293,304	143,692	(149,612)
Fines and forfeitures	91,000	91,000	107,158	16,158
Investment income	1,000	1,000	2,136	1,136
Other miscellaneous income	-	-	5,171	5,171
Total revenue	5,230,347	5,230,347	4,967,254	(263,093)
Expenditures - Current -				
Recreation and culture - Library	4,808,844	4,808,844	3,796,848	1,011,996
Other Financing Uses -				
Transfers out	(137,000)	(137,000)	(136,870)	130
Net Change in Fund Balance	284,503	284,503	1,033,536	749,033
Fund Balance - Beginning of year	2,179,879	2,179,879	2,171,879	(8,000)
Fund Balance - End of year	\$ 2,464,382	\$ 2,464,382	\$ 3,205,415	\$ 741,033

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Communications Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 3,000	\$ 3,000	\$ 1,862	\$ (1,138)
Other revenue:				
Cable franchise fees	1,550,000	1,550,000	1,841,166	291,166
Other miscellaneous income	<u>19,940</u>	<u>19,940</u>	<u>40,612</u>	<u>20,672</u>
Total revenue	1,572,940	1,572,940	1,883,640	310,700
Expenditures - Current -				
Recreation and culture - Parks and recreation	1,479,651	1,500,469	1,347,559	152,910
Other Financing Uses -				
Transfers out	<u>(220,000)</u>	<u>(220,000)</u>	<u>(219,631)</u>	<u>369</u>
Net Change in Fund Balance	(126,711)	(147,529)	316,450	463,979
Fund Balance - Beginning of year	<u>2,495,784</u>	<u>2,495,784</u>	<u>2,495,784</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,369,073</u></u>	<u><u>\$ 2,348,255</u></u>	<u><u>\$ 2,812,234</u></u>	<u><u>\$ 463,979</u></u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Rental Ordinance Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ 40,000	\$ 40,000	\$ 67,907	\$ 27,907
Fines and forfeitures	375,000	375,000	506,870	131,870
Investment income	500	500	410	(90)
Total revenue	415,500	415,500	575,187	159,687
Expenditures - Current - Community and economic development - Other community and economic development				
	386,419	392,409	359,063	33,346
Net Change in Fund Balance	29,081	23,091	216,124	193,033
Fund Balance - Beginning of year	381,806	381,806	381,806	-
Fund Balance - End of year	\$ 410,887	\$ 404,897	\$ 597,930	\$ 193,033

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Vice Crime Confiscations Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 40,000	\$ 40,000	\$ 17,856	\$ (22,144)
Investment income	300	300	164	(136)
Total revenue	40,300	40,300	18,020	(22,280)
Expenditures - Current - Public safety - Crime Commission				
	100,000	100,000	96,700	3,300
Net Change in Fund Balance	(59,700)	(59,700)	(78,680)	(18,980)
Fund Balance - Beginning of year	197,886	197,886	197,886	-
Fund Balance - End of year	<u>\$ 138,186</u>	<u>\$ 138,186</u>	<u>\$ 119,206</u>	<u>\$ (18,980)</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ -	\$ 955,419	\$ 955,419
Fines and forfeitures	325,000	325,000	243,577	(81,423)
Investment income	1,600	1,600	1,227	(373)
Total revenue	326,600	326,600	1,200,223	873,623
Expenditures - Current - Public safety - Crime Commission	388,000	388,000	377,940	10,060
Excess of Revenue (Under) Over Expenditures	(61,400)	(61,400)	822,283	883,683
Other Financing Sources - Proceeds from sale of capital assets	-	-	2,859	2,859
Net Change in Fund Balance	(61,400)	(61,400)	825,142	886,542
Fund Balance - Beginning of year	1,025,946	1,025,946	1,025,946	-
Fund Balance - End of year	<u>\$ 964,546</u>	<u>\$ 964,546</u>	<u>\$ 1,851,088</u>	<u>\$ 886,542</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2012

	<u>Original Budget</u> (unaudited)	<u>Amended Budget</u> (unaudited)	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenue				
State-shared revenue and grants	\$ 45,000	\$ 45,000	\$ 38,909	\$ (6,091)
Investment income	<u>200</u>	<u>200</u>	<u>108</u>	<u>(92)</u>
Total revenue	45,200	45,200	39,017	(6,183)
Expenditures - Current - Public safety -				
Crime Commission	<u>60,000</u>	<u>60,000</u>	<u>59,312</u>	<u>688</u>
Net Change in Fund Balance	(14,800)	(14,800)	(20,295)	(5,495)
Fund Balance - Beginning of year	<u>144,586</u>	<u>144,586</u>	<u>144,586</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 129,786</u></u>	<u><u>\$ 129,786</u></u>	<u><u>\$ 124,291</u></u>	<u><u>\$ (5,495)</u></u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Road Mileage Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ -	\$ 7,559,831	\$ 7,408,702	\$ (151,129)
Investment income	-	-	1,894	1,894
Total revenue	-	7,559,831	7,410,596	(149,235)
Expenditures - Current - Public works - Streets	-	7,559,831	2,218,914	5,340,917
Net Change in Fund Balance	-	-	5,191,682	5,191,682
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,191,682</u>	<u>\$ 5,191,682</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ (4,000)	\$ (4,000)	\$ 24	\$ 4,024
Investment income	130	130	71	(59)
Total revenue	(3,870)	(3,870)	95	3,965
Expenditures - Debt service				
Principal	1,718,789	1,718,789	2,958,788	(1,239,999)
Interest on long-term debt	594,271	594,271	1,138,960	(544,689)
Total expenditures	2,313,060	2,313,060	4,097,748	(1,784,688)
Excess of Expenditures Over Revenue	(2,316,930)	(2,316,930)	(4,097,653)	(1,780,723)
Other Financing Sources -				
Transfers in	2,302,060	2,302,060	3,853,340	1,551,280
Net Change in Fund Balance	(14,870)	(14,870)	(244,313)	(229,443)
Fund Balance - Beginning of year	977,695	977,695	977,695	-
Fund Balance - End of year	<u>\$ 962,825</u>	<u>\$ 962,825</u>	<u>\$ 733,382</u>	<u>\$ (229,443)</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2012

	Original Budget (unaudited)	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ -	\$ -	\$ 10,838	\$ 10,838
Fines and forfeitures	600,000	600,000	712,998	112,998
Investment income	6,000	6,000	67,320	61,320
Special assessments	-	-	844,775	844,775
Total revenue	606,000	606,000	1,635,931	1,029,931
Expenditures				
Current:				
General government:				
Building maintenance	-	-	262,173	(262,173)
Administrative unallocated expense	-	19,428	19,428	-
Public works - Streets	-	-	850,269	(850,269)
Debt service:				
Principal	-	-	343,967	(343,967)
Interest on long-term debt	-	-	62,131	(62,131)
Total expenditures	-	19,428	1,537,968	(1,518,540)
Net Change in Fund Balance	606,000	586,572	97,963	(488,609)
Fund Balance - Beginning of year	9,514,174	9,514,174	9,514,174	-
Fund Balance - End of year	<u>\$ 10,120,174</u>	<u>\$ 10,100,746</u>	<u>\$ 9,612,137</u>	<u>\$ (488,609)</u>

Statistical Section

City of Warren, Michigan

Description of Statistical Section

This part of the City of Warren, Michigan's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- **Financial Trends** - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.
- **Revenue Capacity** - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.
- **Debt Capacity** - These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.
- **Demographic and Economic Information** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.
- **Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Warren, Michigan

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 65,870,765	\$ 59,951,114	\$ 61,211,667	\$ 62,875,434
Restricted	40,540,140	45,965,199	33,684,984	32,961,557
Unrestricted	<u>26,078,527</u>	<u>21,492,100</u>	<u>25,044,605</u>	<u>30,107,642</u>
Total governmental activities net assets	<u>\$ 132,489,432</u>	<u>\$ 127,408,413</u>	<u>\$ 119,941,256</u>	<u>\$ 125,944,633</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ 66,341,283	\$ 63,155,395	\$ 58,641,924	\$ 57,819,780
Restricted	11,848,018	14,525,360	17,557,693	18,181,409
Unrestricted	<u>12,754,091</u>	<u>9,886,743</u>	<u>7,604,682</u>	<u>6,788,707</u>
Total business-type activities net assets	<u>\$ 90,943,392</u>	<u>\$ 87,567,498</u>	<u>\$ 83,804,299</u>	<u>\$ 82,789,896</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 132,212,048	\$ 123,106,509	\$ 119,853,591	\$ 120,695,214
Restricted	52,388,158	60,490,559	51,242,677	51,142,966
Unrestricted	<u>38,832,618</u>	<u>31,378,843</u>	<u>32,649,287</u>	<u>36,896,349</u>
Total primary government net assets	<u>\$ 223,432,824</u>	<u>\$ 214,975,911</u>	<u>\$ 203,745,555</u>	<u>\$ 208,734,529</u>

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

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

		Fiscal Year					
		2007	2008	2009	2010	2011 (1)	2012
\$	59,140,668	\$ 56,796,215	\$ 48,445,832	\$ 44,342,389	\$ 110,629,268	\$ 110,327,564	
	33,087,848	35,970,344	42,844,224	45,175,268	33,189,358	28,243,279	
	<u>33,618,180</u>	<u>36,433,515</u>	<u>32,199,699</u>	<u>21,613,238</u>	<u>15,236,928</u>	<u>24,905,176</u>	
\$	<u>125,846,696</u>	<u>129,200,074</u>	<u>123,489,755</u>	<u>111,130,895</u>	<u>159,055,554</u>	<u>163,476,019</u>	
\$	56,924,642	\$ 56,511,038	\$ 57,656,542	\$ 58,586,273	\$ 60,527,790	\$ 59,757,545	
	16,915,115	14,045,192	11,779,391	8,267,105	7,656,513	9,800,098	
	<u>7,173,338</u>	<u>9,125,661</u>	<u>7,821,612</u>	<u>9,044,146</u>	<u>15,309,884</u>	<u>19,578,952</u>	
\$	<u>81,013,095</u>	<u>79,681,891</u>	<u>77,257,545</u>	<u>75,897,524</u>	<u>83,494,187</u>	<u>89,136,595</u>	
\$	116,065,310	\$ 113,307,253	\$ 106,102,374	\$ 102,928,662	\$ 171,157,058	\$ 170,085,109	
	50,002,963	50,015,536	54,623,615	53,442,373	40,845,871	38,043,377	
	<u>40,791,518</u>	<u>45,559,176</u>	<u>40,021,311</u>	<u>30,657,384</u>	<u>30,546,812</u>	<u>44,484,128</u>	
\$	<u>206,859,791</u>	<u>208,881,965</u>	<u>200,747,300</u>	<u>187,028,419</u>	<u>242,549,741</u>	<u>252,612,614</u>	

City of Warren, Michigan

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 19,473,919	\$ 16,615,611	\$ 17,504,006	\$ 20,176,196
District Court				
Public safety	48,394,428	57,884,081	50,525,480	55,968,750
Public works	27,123,853	28,300,151	25,705,185	25,347,280
Recreation and culture	8,678,166	11,220,933	11,066,379	11,001,914
Community and economic development	3,488,637	3,508,564	4,198,523	11,605,884
Interest on long-term debt	2,528,384	3,165,735	4,163,954	6,254,880
Total governmental activities expenses	<u>109,687,387</u>	<u>120,695,075</u>	<u>113,163,527</u>	<u>130,354,904</u>
Business-type activities:				
Water and Sewer System	29,180,277	30,575,456	31,225,489	32,188,319
Senior citizen housing	2,140,531	2,075,410	1,800,146	1,872,601
Total business-type activities expenses	<u>31,320,808</u>	<u>32,650,866</u>	<u>33,025,635</u>	<u>34,060,920</u>
Total primary government expenses	<u>\$ 141,008,195</u>	<u>\$ 153,345,941</u>	<u>\$ 146,189,162</u>	<u>\$ 164,415,824</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 10,609,157	\$ 11,620,300	\$ 12,714,891	\$ 14,584,784
Operating grants and contributions	11,164,027	12,058,948	12,935,941	12,463,692
Capital grants and contributions	3,692,522	2,829,698	4,789,306	5,171,647
Total governmental activities program revenues	<u>25,465,706</u>	<u>26,508,946</u>	<u>30,440,138</u>	<u>32,220,123</u>
Business-type activities:				
Water and Sewer System	28,156,665	26,992,448	26,928,099	30,329,100
Senior citizen housing	1,966,201	1,964,734	2,034,821	2,081,469
Total business-type activities program revenues	<u>30,122,866</u>	<u>28,957,182</u>	<u>28,962,920</u>	<u>32,410,569</u>
Total primary government program revenues	<u>\$ 55,588,572</u>	<u>\$ 55,466,128</u>	<u>\$ 59,403,058</u>	<u>\$ 64,630,692</u>
Net (expense) revenue:				
Governmental activities	\$ (84,221,681)	\$ (94,186,129)	\$ (82,723,389)	\$ (98,134,781)
Business-type activities	(1,197,942)	(3,693,684)	(4,062,715)	(1,650,351)
Total primary government net expense	<u>\$ (85,419,623)</u>	<u>\$ (97,879,813)</u>	<u>\$ (86,786,104)</u>	<u>\$ (99,785,132)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 70,605,876	\$ 71,837,273	\$ 74,911,034	\$ 83,352,957
State-shared revenue	16,551,307	14,867,961	14,705,085	14,540,634
Franchise fees	1,162,911	1,129,307	1,151,761	1,206,596
Investment earnings	1,199,309	890,520	1,602,968	3,075,634
Gain (loss) on sale of capital assets	3,438,149	380,049	84,927	2,099,337
Other revenue	-	-	-	-
Reduction in long-term debt obligation	400,000	-	-	-
Settlement agreements	7,644,000	-	-	-
Transfers	-	-	(17,199,543)	(137,000)
Total governmental activities	<u>101,001,552</u>	<u>89,105,110</u>	<u>75,256,232</u>	<u>104,138,158</u>
Business-type activities:				
Investment earnings	386,800	317,790	299,516	635,948
Gain on sale of capital assets	-	-	-	-
Other general revenue	-	-	-	-
Total business-type activities	<u>386,800</u>	<u>317,790</u>	<u>299,516</u>	<u>635,948</u>
Total primary government	<u>\$ 101,388,352</u>	<u>\$ 89,422,900</u>	<u>\$ 75,555,748</u>	<u>\$ 104,774,106</u>
Changes in Net Assets				
Governmental activities	\$ 16,779,871	\$ (5,081,019)	\$ (7,467,157)	\$ 6,003,377
Business-type activities	(811,142)	(3,375,894)	(3,763,199)	(1,014,403)
Total primary government	<u>\$ 15,968,729</u>	<u>\$ (8,456,913)</u>	<u>\$ (11,230,356)</u>	<u>\$ 4,988,974</u>

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

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

		Fiscal Year									
		2007	2008	2009	2010	2011 (1)	2012				
\$	24,554,397	\$	22,183,390	\$	21,806,236	\$	20,605,904	\$	13,914,301	\$	10,805,443
	61,848,485		62,509,563		63,420,416		62,875,335		6,614,802		6,308,210
	28,067,722		26,523,628		26,580,333		25,695,939		62,662,439		56,710,270
	12,351,491		12,737,364		12,386,834		13,255,263		25,440,576		24,619,847
	2,543,134		5,796,843		6,288,023		7,245,368		12,909,715		12,584,351
	5,082,442		4,983,460		4,911,254		4,814,715		6,270,509		4,851,249
	<u>134,447,671</u>		<u>134,734,248</u>		<u>135,393,096</u>		<u>134,492,524</u>		<u>129,080,452</u>		<u>117,051,382</u>
	32,499,489		34,199,663		33,432,269		33,717,269		32,775,108		33,119,786
	1,937,454		2,047,491		1,965,932		1,881,330		1,969,244		2,130,362
	<u>34,436,943</u>		<u>36,247,154</u>		<u>35,398,201</u>		<u>35,598,599</u>		<u>34,744,352</u>		<u>35,250,148</u>
\$	<u>168,884,614</u>	\$	<u>170,981,402</u>	\$	<u>170,791,297</u>	\$	<u>170,091,123</u>	\$	<u>163,824,804</u>	\$	<u>152,301,530</u>
\$	13,702,181	\$	13,541,050	\$	13,419,382	\$	15,507,458	\$	14,493,843	\$	14,646,243
	12,684,642		12,228,029		11,542,918		13,291,132		16,639,068		15,689,801
	3,243,612		4,169,546		1,648,845		845,016		953,777		837,793
	<u>29,630,435</u>		<u>29,938,625</u>		<u>26,611,145</u>		<u>29,643,606</u>		<u>32,086,688</u>		<u>31,173,837</u>
	29,674,597		31,957,062		30,465,234		32,068,323		37,288,058		38,427,954
	2,143,419		2,187,278		2,184,011		2,141,694		2,174,696		2,168,354
	<u>31,818,016</u>		<u>34,144,340</u>		<u>32,649,245</u>		<u>34,210,017</u>		<u>39,462,754</u>		<u>40,596,308</u>
\$	<u>61,448,451</u>	\$	<u>64,082,965</u>	\$	<u>59,260,390</u>	\$	<u>63,853,623</u>	\$	<u>71,549,442</u>	\$	<u>71,770,145</u>
\$	(104,817,236)	\$	(104,795,623)	\$	(108,781,951)	\$	(104,848,918)	\$	(96,993,764)	\$	(85,877,545)
	(2,618,927)		(2,102,814)		(2,748,956)		(1,388,582)		4,718,402		5,346,160
\$	<u>(107,436,163)</u>	\$	<u>(106,898,437)</u>	\$	<u>(111,530,907)</u>	\$	<u>(106,237,500)</u>	\$	<u>(92,275,362)</u>	\$	<u>(80,531,385)</u>
\$	85,079,549	\$	88,383,524	\$	87,572,093	\$	85,171,772	\$	72,077,679	\$	73,206,799
	14,105,387		14,105,387		13,559,035		12,051,133		12,125,928		11,895,230
	1,344,444		1,471,277		1,582,133		1,630,260		1,778,029		1,841,166
	4,289,636		3,378,435		703,476		35,936		153,793		177,108
	40,283		(41,222)		(115,498)		(263,175)		208,536		30,051
	-		-		-		-		3,162,742		3,147,656
	-		-		-		-		-		-
	-		1,000,000		23,485		(5,975,000)		-		-
	(140,000)		(148,400)		(253,092)		(160,868)		-		-
	<u>104,719,299</u>		<u>108,149,001</u>		<u>103,071,632</u>		<u>92,490,058</u>		<u>89,506,707</u>		<u>90,298,010</u>
	842,126		771,610		324,610		28,561		35,221		26,887
	-		-		-		-		-		90,904
	-		-		-		-		-		178,457
	<u>842,126</u>		<u>771,610</u>		<u>324,610</u>		<u>28,561</u>		<u>35,221</u>		<u>296,248</u>
\$	<u>105,561,425</u>	\$	<u>108,920,611</u>	\$	<u>103,396,242</u>	\$	<u>92,518,619</u>	\$	<u>89,541,928</u>	\$	<u>90,594,258</u>
\$	(97,937)	\$	3,353,378	\$	(5,710,319)	\$	(12,358,860)	\$	(7,487,057)	\$	4,420,465
	(1,776,801)		(1,331,204)		(2,424,346)		(1,360,021)		4,753,623		5,642,408
\$	<u>(1,874,738)</u>	\$	<u>2,022,174</u>	\$	<u>(8,134,665)</u>	\$	<u>(13,718,881)</u>	\$	<u>(2,733,434)</u>	\$	<u>10,062,873</u>

City of Warren, Michigan

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$ 2,250,381	\$ 2,326,703	\$ 2,507,872	\$ 4,389,944
Nonspendable				
Restricted				
Assigned				
Unassigned				
Unreserved	<u>55,051,386</u>	<u>55,173,474</u>	<u>44,720,163</u>	<u>48,532,509</u>
Total General Fund	<u>\$ 57,301,767</u>	<u>\$ 57,500,177</u>	<u>\$ 47,228,035</u>	<u>\$ 52,922,453</u>
All other governmental funds:				
Reserved	\$ 4,350,252	\$ 9,931,404	\$ 45,883,472	\$ 27,970,850
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Unreserved, reported in:				
Special revenue funds	29,538,059	23,917,188	22,677,100	20,653,148
Capital projects funds	16,841,480	35,011,030	8,990,773	6,586,018
Debt service funds	<u>2,991,789</u>	<u>4,003,520</u>	<u>3,934,800</u>	<u>2,972,181</u>
Total all other governmental funds	<u>\$ 53,721,580</u>	<u>\$ 72,863,142</u>	<u>\$ 81,486,145</u>	<u>\$ 58,182,197</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						
2007	2008	2009	2010	2011 (a) (1)	2012	
\$ 2,057,662	\$ 2,333,663	\$ 1,377,804	\$ 1,296,151	\$ -	\$ -	
				192,969	308,659	
				78,199	78,199	
				22,283,612	18,810,884	
				14,850,205	13,103,677	
<u>53,397,963</u>	<u>55,224,126</u>	<u>52,819,604</u>	<u>42,206,177</u>	<u>-</u>	<u>-</u>	
<u>\$ 55,455,625</u>	<u>\$ 57,557,789</u>	<u>\$ 54,197,408</u>	<u>\$ 43,502,328</u>	<u>\$ 37,404,985</u>	<u>\$ 32,301,419</u>	
\$ 8,129,748	\$ 6,291,526	\$ 6,431,502	\$ 4,514,260	\$ -	\$ -	
				28,278	24,182	
				21,638,636	26,601,915	
				883,721	970,471	
				5,518,448	5,971,715	
				526,689	(69,318)	
28,587,139	27,592,994	26,577,183	25,648,764	-	-	
9,396,449	9,795,442	12,565,096	12,239,796	-	-	
<u>2,116,366</u>	<u>1,401,328</u>	<u>1,462,997</u>	<u>1,230,346</u>	<u>-</u>	<u>-</u>	
<u>\$ 48,229,702</u>	<u>\$ 45,081,290</u>	<u>\$ 47,036,778</u>	<u>\$ 43,633,166</u>	<u>\$ 28,595,772</u>	<u>\$ 33,498,965</u>	

City of Warren, Michigan

	Fiscal Year			
	2003	2004	2005	2006 (1)
Revenues				
Property taxes	\$ 70,514,428	\$ 71,740,065	\$ 74,787,704	\$ 84,328,809
Special assessments	1,158,599	1,610,111	994,766	982,318
Licenses and permits	1,669,227	1,655,809	2,167,451	2,420,993
Intergovernmental:				
Federal revenue	2,093,760	2,559,108	4,612,382	3,305,681
State-shared revenue and grants	27,624,032	26,400,781	26,446,572	26,359,247
Charges for services	2,372,927	2,730,910	2,894,923	4,101,728
Fines and fees	5,767,711	6,208,873	6,810,020	7,295,418
Interest	1,858,340	1,445,693	2,599,643	5,404,617
Other	6,442,251	7,151,246	6,173,358	6,358,491
Total revenues	119,501,275	121,502,596	127,486,819	140,557,302
Expenditures				
General government	21,658,378	22,167,103	22,496,853	25,992,081
District court	-	-	-	-
Public safety	47,697,824	56,633,024	52,271,304	59,597,955
Public works	27,920,784	27,807,239	28,021,037	27,602,281
Recreation and culture	23,338,068	10,877,663	10,060,656	9,816,038
Community and economic development	10,115,287	4,571,580	17,284,223	41,555,060
Debt service	8,602,468	7,831,257	8,682,334	10,782,548
Total expenditures	139,332,809	129,887,866	138,816,407	175,345,963
Excess of Expenditures Over Revenues	(19,831,534)	(8,385,270)	(11,329,588)	(34,788,661)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers to fiduciary funds	-	-	(17,068,543)	-
Transfers to Water and Sewer System	-	-	(131,000)	(137,000)
Proceeds from sale of property	3,433,442	-	-	2,240,087
Proceeds from issuance of debt	21,145,000	32,114,457	27,015,000	25,835,000
Payment to refunded bond escrow agent	-	(4,224,218)	-	(10,474,047)
Bond premium (discounts)	(194,556)	(164,997)	(135,008)	(284,909)
Settlement agreement	-	-	-	-
Total other financing sources (uses)	24,383,886	27,725,242	9,680,449	17,179,131
Net changes in fund balances	\$ 4,552,352	\$ 19,339,972	\$ (1,649,139)	\$ (17,609,530)
Debt service as a percentage of non-capital expenditures (1)	7.49%	5.97%	6.98%	7.88%

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

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

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

		Fiscal Year					
		2007	2008	2009	2010	2011 (2)	2012
\$	84,953,504	\$ 88,029,125	\$ 87,229,169	\$ 84,841,410	\$ 71,241,497	\$ 71,507,381	
	944,084	1,072,824	1,055,385	1,061,672	953,569	844,775	
	2,329,132	1,691,127	1,759,663	1,567,892	1,765,856	2,368,083	
	1,981,507	2,187,623	2,161,955	4,022,414	6,066,707	5,105,580	
	25,963,338	26,817,909	24,005,863	22,503,036	22,627,501	22,263,849	
	3,039,087	3,117,357	3,476,265	3,546,149	6,590,678	6,127,204	
	7,596,165	8,089,029	7,579,592	7,982,727	6,014,963	5,958,718	
	5,760,013	4,277,702	995,060	125,984	154,001	170,130	
	<u>7,025,380</u>	<u>6,916,324</u>	<u>6,959,756</u>	<u>7,752,382</u>	<u>4,898,055</u>	<u>4,985,685</u>	
	<u>139,592,210</u>	<u>142,199,020</u>	<u>135,222,708</u>	<u>133,403,666</u>	<u>120,312,827</u>	<u>119,331,405</u>	
	24,850,290	25,814,644	25,841,058	25,094,958	12,354,513	11,857,239	
	-	-	-	-	6,614,802	6,308,210	
	62,100,913	62,885,562	62,529,660	63,543,704	62,123,437	57,004,462	
	28,528,266	30,315,852	28,856,645	25,989,907	23,242,704	23,689,400	
	10,655,537	11,217,234	11,009,604	11,240,440	11,122,496	11,236,664	
	16,747,313	4,301,744	4,174,763	5,318,074	6,306,234	4,840,880	
	<u>9,457,358</u>	<u>9,642,899</u>	<u>9,339,422</u>	<u>10,287,674</u>	<u>4,474,959</u>	<u>4,503,846</u>	
	<u>152,339,677</u>	<u>144,177,935</u>	<u>141,751,152</u>	<u>141,474,757</u>	<u>126,239,145</u>	<u>119,440,701</u>	
	(12,747,467)	(1,978,915)	(6,528,444)	(8,071,091)	(5,926,318)	(109,296)	
	-	-	-	-	4,095,093	3,992,886	
	-	-	-	-	-	-	
	(140,000)	(148,400)	(253,092)	(160,868)	(3,935,417)	(3,992,886)	
	115,741	81,067	127,733	49,283	274,489	30,363	
	5,409,304	-	5,305,000	3,040,000	-	-	
	-	-	-	(3,000,000)	-	-	
	(56,901)	-	(79,575)	18,984	-	-	
	-	1,000,000	23,485	(5,975,000)	-	-	
	<u>5,328,144</u>	<u>932,667</u>	<u>5,123,551</u>	<u>(6,027,601)</u>	<u>434,165</u>	<u>30,363</u>	
\$	<u>(7,419,323)</u>	<u>(1,046,248)</u>	<u>(1,404,893)</u>	<u>(14,098,692)</u>	<u>(5,492,153)</u>	<u>(78,933)</u>	
	7.05%	7.00%	6.78%	7.40%	3.65%	3.88%	

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
2001	2003	\$ 556,269,070	\$ 439,853,430	\$ 739,418,720	\$ 608,519,340	\$ 2,829,961,930	\$ 2,185,762,640
2002	2004	572,342,170	456,093,940	751,245,420	627,577,820	3,006,294,040	2,277,219,880
2003	2005	576,504,460	470,293,930	764,593,450	647,805,090	3,120,583,610	2,384,669,010
2004	2006	604,599,380	490,771,640	769,510,100	664,498,290	3,210,976,430	2,486,422,141
2005	2007	644,444,170	524,682,180	768,670,720	677,550,990	3,320,030,270	2,625,123,610
2006	2008	687,088,570	555,494,750	780,445,550	701,442,190	3,358,841,710	2,749,158,390
2007	2009	656,979,070	561,896,960	747,428,540	687,147,970	3,169,863,186	2,755,732,096
2008	2010	665,388,680	579,884,140	717,066,830	672,174,510	2,724,960,979	2,622,291,859
2009	2011	629,218,480	564,081,510	677,613,220	644,345,220	2,253,489,647	2,241,692,067
2010	2012	591,055,730	553,254,790	523,359,600	509,330,590	2,006,909,739	2,004,558,959

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

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

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

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

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

Personal Property		I.F.T. & O.P.R.A. Tax Rolls (I)		Totals		Total Direct Tax Rate
State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	
\$ 767,486,522	\$ 767,486,522	\$ 351,576,421	\$ 350,315,051	\$ 5,244,712,663	\$ 4,351,936,983	16.2524
787,465,492	787,465,492	338,931,568	337,459,259	5,456,278,690	4,485,816,391	16.1924
774,437,678	773,857,285	357,893,123	356,598,373	5,594,012,321	4,633,223,688	16.1924
733,292,078	733,169,122	412,279,953	411,167,403	5,730,657,941	4,786,028,596	16.9424
758,099,739	757,977,563	459,840,689	456,292,779	5,951,085,588	5,041,627,122	16.9424
741,128,712	741,007,436	497,414,497	495,601,977	6,064,919,039	5,242,704,743	16.9424
704,021,523	703,900,807	530,965,422	530,052,132	5,809,257,741	5,238,729,965	16.9424
709,116,520	708,996,934	526,356,096	526,053,306	5,342,889,105	5,109,400,749	16.9424
621,120,055	621,000,359	380,244,220	380,029,570	4,561,685,622	4,451,148,726	17.7924
633,336,034	633,247,484	326,385,394	326,385,394	4,081,046,497	4,026,777,217	19.8924

City of Warren, Michigan

City-wide Direct Tax Rate									
Fiscal Year Ended June 30	General Operating (I)	Library	Emergency Medical Service	Parks & Recreation	Police & Fire Pensions	Sanitation	Police Protection	Fire Protection	Local Road Improvement
2003	8.7724	0.4873	0.2923	0.9746	1.8248	1.6918	0.9746	0.9746	-
2004	8.7724	0.4873	0.2923	0.9746	1.8248	1.8918	0.9746	0.9746	-
2005	8.7724	0.4873	0.2923	0.9746	1.8248	1.8918	0.9746	0.9746	-
2006	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-
2007	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-
2008	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-
2009	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-
2010	8.7724	0.4873	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-
2011	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-
2012	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	2.1000

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

	School District Overlapping Tax Rate					
	Fitzgerald		Van Dyke		East Detroit	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	14.1000	32.1000	13.2167	32.2167	10.1000	28.0730
Combined City & County Rate	25.9540	25.9540	25.9540	25.9540	25.9540	25.9540
2003 Total Direct & Overlapping Rate	40.0540	58.0540	39.1707	58.1707	36.0540	54.0270
School District Rate	13.1000	31.1000	12.7600	30.7600	8.4000	26.3730
Combined City & County Rate	25.7704	25.7704	25.7704	25.7704	25.7704	25.7704
2004 Total Direct & Overlapping Rate	38.8704	56.8704	38.5304	56.5304	34.1704	52.1434
School District Rate	14.1000	32.1000	13.7600	31.7600	9.6000	27.5730
Combined City & County Rate	25.6702	25.6702	25.6702	25.6702	25.6702	25.6702
2005 Total Direct & Overlapping Rate	39.7702	57.7702	39.4302	57.4302	35.2702	53.2432
School District Rate	14.1000	32.1000	13.7600	31.7600	9.6000	27.5730
Combined City & County Rate	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
2006 Total Direct & Overlapping Rate	40.4182	58.4182	40.0782	58.0782	35.9182	53.8912
School District Rate	14.1000	32.1000	11.9906	29.9906	9.6000	27.5190
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
2007 Total Direct & Overlapping Rate	40.4167	58.4167	38.3073	56.3073	35.9167	53.8357
School District Rate	14.1000	32.1000	11.9906	29.9906	9.4900	27.3821
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
2008 Total Direct & Overlapping Rate	40.4167	58.4167	38.3073	56.3073	35.8067	53.6988
School District Rate	14.1000	32.1000	14.3906	32.3906	9.6000	27.5190
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
2009 Total Direct & Overlapping Rate	40.5567	58.5567	40.8473	58.8473	36.0567	53.9757
School District Rate	14.1000	32.1000	14.8406	32.8406	11.5000	29.5000
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
2010 Total Direct & Overlapping Rate	40.9247	58.9247	41.6653	59.6653	38.3247	56.3247
School District Rate	14.1000	32.1000	14.9906	32.9906	12.0000	30.0000
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
2011 Total Direct & Overlapping Rate	41.7747	59.7747	42.6653	60.6653	39.6747	57.6747
School District Rate	14.1000	32.1000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	29.9247	29.9247	29.9247	29.9247	29.9247	29.9247
2012 Total Direct & Overlapping Rate	44.0247	62.0247	42.9247	60.9247	42.9247	60.9247

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

Chapter 20 Drain Debt	Total City-wide Direct Tax Rate	County-wide Overlapping Tax Rate						Total County-wide Overlapping Tax Rate
		Macomb I.S.D.	Macomb Community College	H.C.M.A., Zoo Authority, & Veterans	S.M.A.R.T.	Macomb County		
						Operating	Drain Debt	
0.2600	16.2524	2.9863	1.6925	0.2170	0.6000	4.2000	0.0058	9.7016
-	16.1924	2.9729	1.5859	0.2161	0.5973	4.2000	0.0058	9.5780
-	16.1924	2.9615	1.5002	0.2154	0.5949	4.2000	0.0058	9.4778
-	16.9424	2.9430	1.4212	0.2146	0.5912	4.2000	0.0058	9.3758
-	16.9424	2.9430	1.4212	0.2146	0.5900	4.2000	0.0055	9.3743
-	16.9424	2.9430	1.4212	0.2146	0.5900	4.2000	0.0055	9.3743
-	16.9424	2.9430	1.4212	0.3546	0.5900	4.2000	0.0055	9.5143
-	16.9424	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
-	17.7924	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
-	19.8924	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.0323

	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	25.2111	26.0000	12.6000	30.6000	16.9626	27.4964
Combined City & County Rate	25.9540	25.9540	25.9540	25.9540	25.9540	25.9540
2003 Total Direct & Overlapping Rate	51.1651	51.9540	38.5540	56.5540	42.9166	53.4504
School District Rate	23.8646	25.0000	11.6000	29.6000	15.6806	26.3464
Combined City & County Rate	25.7704	25.7704	25.7704	25.7704	25.7704	25.7704
2004 Total Direct & Overlapping Rate	49.6350	50.7704	37.3704	55.3704	41.4510	52.1168
School District Rate	24.5354	26.0000	12.6000	30.6000	16.0426	27.2764
Combined City & County Rate	25.6702	25.6702	25.6702	25.6702	25.6702	25.6702
2005 Total Direct & Overlapping Rate	50.2056	51.6702	38.2702	56.2702	41.7128	52.9466
School District Rate	23.5778	26.0000	12.6000	30.6000	15.9930	27.2764
Combined City & County Rate	26.3182	26.3182	26.3182	26.3182	26.3182	26.3182
2006 Total Direct & Overlapping Rate	49.8960	52.3182	38.9182	56.9182	42.3112	53.5946
School District Rate	22.1022	26.0000	12.6000	30.6000	15.8294	27.2764
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
2007 Total Direct & Overlapping Rate	48.4189	52.3167	38.9167	56.9167	42.1461	53.5931
School District Rate	21.8022	25.7000	11.1000	29.1000	15.2358	27.2764
Combined City & County Rate	26.3167	26.3167	26.3167	26.3167	26.3167	26.3167
2008 Total Direct & Overlapping Rate	48.1189	52.0167	37.4167	55.4167	41.5525	53.5931
School District Rate	16.6028	25.6000	11.1000	29.1000	14.4152	27.1464
Combined City & County Rate	26.4567	26.4567	26.4567	26.4567	26.4567	26.4567
2009 Total Direct & Overlapping Rate	43.0595	52.0567	37.5567	55.5567	40.8719	53.6031
School District Rate	17.9406	25.6000	11.5000	29.5000	14.9278	27.1464
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
2010 Total Direct & Overlapping Rate	44.7653	52.4247	38.3247	56.3247	41.7525	53.9711
School District Rate	20.4645	25.8000	12.4600	30.4600	16.2590	27.4364
Combined City & County Rate	27.6747	27.6747	27.6747	27.6747	27.6747	27.6747
2011 Total Direct & Overlapping Rate	48.1392	53.4747	40.1347	58.1347	43.9337	55.1111
School District Rate	20.7758	25.9000	12.9000	30.9000	16.8421	27.4364
Combined City & County Rate	29.9247	29.9247	29.9247	29.9247	29.9247	29.9247
2012 Total Direct & Overlapping Rate	50.7005	55.8247	42.8247	60.8247	46.7668	57.3611

City of Warren, Michigan

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

	Fiscal Year Ended June 30, 2012			Fiscal Year Ended June 30, 2002		
	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	\$ 468,717,081	1	11.64%	\$ 454,416,834	1	9.73%
Chrysler	171,776,408	2	4.27%	320,327,565	2	6.86%
Detroit Edison	35,218,846	3	0.87%	59,321,652	3	1.27%
US Manufacturing Corp	24,688,688	4	0.61%			
Art Van Furniture	19,824,259	5	0.49%	26,204,400	4	0.56%
International Transmission	19,703,529	6	0.49%			
Wico Metal Products	11,915,080	7	0.30%			
Consumers Energy	11,909,857	8	0.29%	14,390,598	5	0.31%
VJL Real Estate/Lipari Foods	7,986,930	9	0.20%			
Iroquois Industries	7,623,133	10	0.19%			
Dayton Hudson				11,868,474	6	0.25%
Carboloy				11,142,326	7	0.24%
Super Steel Treating				10,341,289	8	0.22%
E.D.S. Corporation				10,188,181	9	0.22%
Cold Heading Co. / Ajax Metal				9,945,932	10	0.21%
Ten largest taxpayers	779,363,811		19.35%	928,147,251		19.87%
Other taxpayers	3,247,413,406		80.65%	3,742,618,940		80.13%
Total taxable value	\$ 4,026,777,217		99.99%	\$ 4,670,766,191		100.00%

City of Warren, Michigan

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

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

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

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

Personal Property Taxes Collected March 1 - June 30	Collected Within Fiscal Year of Levy	Percent Collected in Fiscal Year	Subsequent to Tax Year			Receivable as of June 30, 2011	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To-Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write Off				
\$ 41,387	\$ 67,205,307	\$ 1	\$ 9,085	\$ (355,991)	\$ -	\$ 67,716,696	99.48%	
72,446	68,367,634	98.94%	169,295	(315,044)	-	68,957,448	99.55%	
149,937	70,675,588	98.88%	(288,621)	(83,677)	-	71,107,216	99.88%	
133,554	76,394,519	99.57%	284,438	(72,959)	-	76,939,529	99.91%	
220,410	80,340,204	99.67%	131,852	(99,821)	-	80,639,112	99.88%	
11,525	83,203,765	99.57%	91,267	(105,433)	-	83,552,247	99.87%	
25,928	82,452,461	99.44%	75,620	-	154,131	82,842,338	99.81%	
37,409	79,746,520	99.26%	14,152	(29)	173,774	80,182,258	99.78%	
14,508	74,081,430	99.43%	11,080	-	214,593	74,300,061	99.71%	
20,823	74,728,803	99.42%	240	-	436,326	74,728,803	99.42%	

City of Warren, Michigan

Governmental Activities - General Bonded Debt							
	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	South Macomb Disposal Authority	Building Authority Bonds	Tax Increment Finance Authority Bonds	Downtown Development Authority Bonds
2003	\$ 755,693	\$ 791,510	\$ -	\$ -	\$ 16,725,386	\$ 1,465,000	\$ 20,000,000
2004	473,636	727,538	-	-	15,476,137	1,310,000	40,000,000
2005	227,834	659,671	-	-	19,384,018	1,150,000	60,000,000
2006	78,209	587,670	-	-	19,020,232	990,000	75,000,000
2007	-	511,285	-	-	17,748,576	820,000	74,500,000
2008	-	430,248	-	-	16,451,921	640,000	73,500,000
2009	-	344,275	-	-	15,082,395	480,000	72,000,000
2010	-	253,067	-	-	13,685,000	250,000	70,250,000
2011	-	156,304	-	-	12,695,000	-	68,500,000
2012	-	53,649	-	-	11,655,000	-	66,750,000

Other Governmental				Business-type Activities			
Activities Debt			Total Net	Building Authority Bonds			
Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds	Governmental Activities Debt	Installment Purchase Agreements	Senior Citizen Housing	Water and Sewer System	
2003	\$ 12,180,000	\$ 1,145,000	\$ (808,965)	\$ 52,012,214	\$ -	\$ 8,955,000	\$ 2,069,613
2004	16,305,000	2,773,969	(2,437,207)	74,463,936	-	8,850,000	1,158,863
2005	14,760,000	3,924,409	(2,941,068)	97,042,841	-	8,825,000	195,982
2006	13,230,000	3,076,239	(2,672,923)	109,309,427	-	8,260,000	159,768
2007	17,239,304	2,214,460	(2,033,414)	111,000,211	-	7,715,000	121,424
2008	15,798,385	1,360,000	(1,304,363)	106,876,191	-	7,175,000	83,079
2009	17,743,666	3,248,801	(1,361,600)	107,537,537	-	6,555,000	42,605
2010	16,241,714	2,729,834	(1,128,750)	102,280,865	-	5,930,000	-
2011	14,609,763	2,185,867	(890,625)	97,256,309	-	5,310,000	-
2012	12,890,975	1,641,900	(659,500)	92,332,024	-	4,700,000	-

Comments:

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

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

Sources:

- (1) Southeast Michigan Council of Governments - Estimated Population - FY 2003 - 2012
- (2) 2000 and 2010 U.S. Census Bureau

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

Governmental Activities - General Bonded Debt							
County	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	
\$	2,005,000	\$ (2,246,410)	\$ 39,496,179	\$ 4,351,936,983	0.91%	137,394	\$ 287
	1,440,000	(1,605,137)	57,822,174	4,485,816,391	1.29%	135,971	425.25
	880,000	(1,002,023)	81,299,500	4,633,223,688	1.75%	135,572	599.68
	220,000	(220,000)	95,676,111	4,786,028,596	2.00%	135,375	706.75
	-	-	93,579,861	5,041,627,122	1.86%	136,824	683.94
	-	-	91,022,169	5,242,704,743	1.74%	135,102	673.73
	-	-	87,906,670	5,238,729,965	1.68%	134,402	654.06
	-	-	84,438,067	5,109,400,749	1.65%	132,079	639.30
	-	-	81,351,304	4,451,148,726	1.83%	134,056	606.85
	-	-	78,458,649	4,026,777,217	1.95%	133,764	586.55

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				
\$	36,620,000	\$	47,644,613	\$	99,656,827	\$	21,407	3.39%	725
	37,793,016	47,801,879	122,265,815	21,407	4.20%	899.21			
	44,789,812	53,810,794	150,853,635	21,407	5.20%	1,112.72			
	52,670,356	61,090,124	170,399,551	21,407	5.88%	1,258.72			
	57,361,548	65,197,972	176,198,183	21,407	6.02%	1,287.77			
	54,924,245	62,182,324	169,058,515	21,407	5.85%	1,251.34			
	52,394,624	58,992,229	166,529,766	21,407	5.79%	1,239.04			
	50,172,529	56,102,529	158,383,394	21,407	5.60%	1,199.16			
	58,000,605	63,310,605	160,566,914	19,376	6.18%	1,197.76			
	63,634,006	68,334,006	160,666,030	19,376	6.20%	1,201.12			

City of Warren, Michigan

Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2012

Net Direct Debt

Land Contract -			
DPW Garage	Building acquisition		\$ 53,649
Building Authority Bonds:			
Series 2005	Capital equipment	1,780,000	
Refunding Series 2005	Warren Community Center	<u>9,875,000</u>	11,655,000
Downtown Development Authority:			
Series 2002	City Center development	17,000,000	
Series 2003	City Center development	17,500,000	
Series 2004	City Center development	18,000,000	
Series 2005	City Center development	<u>14,250,000</u>	66,750,000
Road Construction Bonds:			
Series 2003 Michigan Transportation Bonds	Road improvements	3,000,000	
Series 2006 Capital Improvement Bonds	Road improvements	5,157,875	
Series 2008 Capital Improvement Bonds	Road improvements	2,758,100	
Series 2010 MTF Refunding Bonds	Road improvements	<u>1,975,000</u>	12,890,975
Special Assessment Bonds:			
Series 2005	Sidewalk replacement program	610,000	
Series 2008	Sidewalk replacement program	1,031,900	
Less amounts available in debt service funds		<u>(659,500)</u>	<u>982,400</u>
			92,332,024
Less:			
Road Construction Bonds		(12,890,975)	
Special Assessment Bonds		<u>(982,400)</u>	<u>(13,873,375)</u>
Net direct debt to be repaid with property taxes			78,458,649

Overlapping Debt

Macomb County:			
County at large	13.36%	34,068,069	4,551,494
Macomb Community College	13.36%	11,720,000	1,565,792
Local School Districts:			
Center Line	61.79%	10,505,000	6,491,040
East Detroit	22.68%	34,360,000	7,792,848
Fitzgerald	100.00%	32,706,000	32,706,000
Van Dyke	97.85%	63,485,616	62,120,675
Warren Consolidated	46.57%	167,315,000	77,918,596
Warren Woods	100.00%	41,975,000	<u>41,975,000</u>

Net direct debt outstanding and overlapping debt **\$ 313,580,094**

City of Warren, Michigan

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Assessed value	<u>\$ 5,244,712,663</u>	<u>\$ 5,456,278,690</u>	<u>\$ 5,594,012,321</u>	<u>\$ 5,730,657,941</u>	<u>\$ 5,951,085,588</u>
Debt limit (10% of assessed value)	\$ 524,471,266	\$ 545,627,869	\$ 559,401,232	\$ 573,065,794	\$ 595,108,559
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 524,471,266</u>	<u>\$ 545,627,869</u>	<u>\$ 559,401,232</u>	<u>\$ 573,065,794</u>	<u>\$ 595,108,559</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2008	2009	2010	2011	2012
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>	<u>\$ 4,081,046,497</u>
Debt limit (10% of assessed value)	\$ 606,491,904	\$ 580,925,774	\$ 534,288,911	\$ 456,168,562	\$ 408,104,650
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>	<u>\$ 408,104,650</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

City of Warren, Michigan

Building Authority - Senior Housing Bonds (1)

Fiscal Year	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2003	\$ 1,301,852	\$ 463,039	\$ 838,813	\$ 130,000	\$ 487,051	\$ 617,051	1.36
2004	1,304,157	419,674	884,483	105,000	481,033	586,033	1.51
2005	1,333,913	502,418	831,495	200,000	258,763	458,763	1.81
2006	1,360,742	469,765	890,977	565,000	333,850	898,850	0.99
2007	1,371,914	529,296	842,618	545,000	319,975	864,975	0.97
2008	1,386,944	584,845	802,099	540,000	305,738	845,738	0.95
2009	1,365,997	579,903	786,094	620,000	288,238	908,238	0.87
2010	1,352,660	543,019	809,641	625,000	267,616	892,616	0.91
2011	1,367,727	607,955	759,772	620,000	246,219	866,219	0.88
2012	1,375,872	748,311	627,561	610,000	223,931	833,931	0.75

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

Road Construction Bonds

Fiscal Year	Prior Fiscal Year Gas & Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
2003	\$ 8,161,941	\$ 4,080,971	\$ 1,410,000	\$ 668,096	\$ 2,078,096	1.96	\$ -
2004	8,227,899	4,113,950	1,560,000	556,380	2,116,380	1.94	-
2005	8,873,331	4,436,666	1,545,000	628,533	2,173,533	2.04	-
2006	8,579,546	4,289,773	1,530,000	587,152	2,117,152	2.03	-
2007	8,472,484	4,236,242	1,400,000	597,288	1,997,288	2.12	52,025
2008	8,375,886	4,187,943	1,440,918	702,531	2,143,449	1.95	243,346
2009	8,240,310	4,120,155	1,260,000	442,325	1,702,325	2.42	287,743
2010	7,937,777	3,968,889	1,345,000	392,925	1,737,925	2.28	580,632
2011	7,798,658	3,899,329	1,435,000	263,232	1,698,232	2.30	571,233
2012	7,913,099	3,956,550	1,450,000	215,383	1,665,383	2.38	632,325

(2) Debt service on the Michigan Transportation Fund Bonds is pledged from the receipt of State gas & weight taxes received in the previous year. Debt service on the road improvement portion of the Capital Improvement Bonds, Series 2006 and Series 2008 is likewise paid from gas & weight taxes but is secured by the levy of sufficient City taxes rather than the pledge of gas & weight taxes. A total of \$632,325 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2012 and is reflected in the schedule above.

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

Special Assessment Bonds (3)								
Fiscal Year	S/A		Transferred to	Debt Service			Coverage	
	Collections (4)	Interest (5)	Debt Funds	Principal	Interest	Total		
2003	\$ 1,433,178	\$ -	\$ 1,433,178	\$ -	\$ 16,683	\$ 16,683	85.91	
2004	1,528,997	234,592	1,763,589	675,488	70,154	745,642	2.37	
2005	851,422	392,063	1,243,485	684,561	59,876	744,437	1.67	
2006	690,910	-	690,910	848,170	110,224	958,394	0.72	
2007	309,102	-	309,102	861,779	89,640	951,419	0.32	
2008	199,286	-	199,286	854,460	68,838	923,298	0.22	
2009	294,984	-	294,984	175,000	75,971	250,971	1.18	
2010	435,535	-	435,535	518,967	140,456	659,423	0.66	
2011	423,297	-	423,297	543,967	117,133	661,100	0.64	
2012	837,793	-	406,098	543,967	92,934	636,901	0.64	

(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.

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

(6) Fiscal year end of December 31.

City of Warren, Michigan

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

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of Warren	Macomb County	State of Michigan
2003	137,394	55,959	\$ 21,407	\$ 2,941,193,358	8.80%	7.50%	7.80%
2004	135,971	56,045	21,407	2,910,731,197	8.20%	7.00%	7.30%
2005	135,572	56,188	21,407	2,902,189,804	8.30%	7.10%	6.90%
2006	135,335	56,472	21,407	2,897,116,345	8.40%	7.20%	6.90%
2007	136,824	57,523	21,407	2,928,991,368	9.20%	7.90%	7.40%
2008	135,102	57,134	21,407	2,892,128,514	11.30%	9.70%	8.70%
2009	134,402	56,433	21,407	2,877,143,614	21.10%	18.40%	15.40%
2010	132,079	52,460	21,407	2,827,415,153	16.60%	14.40%	13.10%
2011	134,056	53,442	19,376	2,597,469,056	13.60%	11.70%	11.30%
2012	133,764	53,228	19,376	2,591,811,264	10.20%	10.10%	9.20%

Sources:

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

City of Warren, Michigan

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

		Year Ended June 30, 2012			Year Ended June 30, 2006		
		Percentage			Percentage		
		Employees	of Total	Rank	Employees	of Total	Rank
General Motors Corporation	Automotive	18,535	(1)	1	23,000	(1)	1
Government of The United States	Government	9,621	(1)	2	4,436	(1)	3
FIAT - Chrysler Corp	Automotive	5,950	(1)	3	6,137	(1)	2
Ascension Health	Health care	2,771	(1)	4	2,232	(1)	4
Asset Acceptance Financial	Financial services	1,125	(1)	5			
Campbell-Ewald Company	Advertising				1,140	(1)	5
Total		<u>38,002</u>			<u>36,945</u>		

(1) Unavailable

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

City of Warren, Michigan

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (1)
General government:										
<u>37th District Court</u>										
Small claims	1,141	1,328	1,226	1,047	970	725	995	587	635	1,000
Landlord & tenant	3,568	3,873	3,998	4,144	4,327	4,890	4,596	4,554	4,921	5,000
Parking tickets	1,630	2,189	1,622	1,448	1,521	1,518	1,083	1,019	1,116	1,100
Traffic misdemeanor & civil	64,352	59,961	58,565	55,744	57,163	55,606	46,623	36,879	35,250	36,000
Non-traffic felony	1,874	2,184	2,097	2,261	2,070	2,717	2,544	2,284	1,869	2,800
Non-traffic misdemeanor	2,294	2,330	2,149	2,194	2,393	2,449	2,355	2,126	1,653	2,000
Traffic OUIL/OWI	414	734	691	794	571	656	656	367	202	600
General civil	4,916	4,502	4,524	4,888	5,500	6,098	6,098	5,345	5,151	6,000
Probation - Active cases	1,143	1,441	1,168	1,220	1,212	1,118	1,078	1,078	876	1,200
Pre-sentence investigations	414	523	460	386	395	368	803	803	460	900
<u>City Clerk</u>										
Business licenses	1,100	1,207	989	920	941	894	853	837	837	1,500
Public hearings	80	76	53	62	69	101	99	47	70	100
Changes in voter registrations	23,000	29,499	23,391	38,399	42,844	54,004	62,213	60,433	44,367	60,000
Dog licenses issued	4,000	6,833	4,794	5,233	4,967	5,427	5,502	5,409	4,983	6,000
Garage sale permits	1,500	2,177	2,167	2,365	2,541	1,952	2,707	4,756	1,499	4,000
Death certificates	1,900	1,870	1,951	1,889	1,902	1,800	1,880	1,864	1,935	2,500
Birth certificates	1,900	1,368	1,162	1,273	1,388	1,350	1,344	1,254	1,201	2,500
Lawsuits issued	70	34	36	33	34	31	19	33	38	100
Contracts signed, catalogued	60	63	52	79	45	68	61	54	51	100
Dog park passes	600	410	200	270	253	200	537	275	176	350
Internet requests processed	N/A	1,252	1,366	1,547	1,900	5,200	2,670	5,200	4,600	5,000
<u>Treasurer</u>										
Tax bills processed										
	135,000	135,000	135,000	136,000	148,721	148,720	146,916	120,351	88,321	87,000
	83,000	83,000	83,000	82,000	76,000	76,000	59,118	55,934	56,141	54,199
Checks processed	32,400	29,900	41,400	41,400	46,680	49,005	51,669	52,009	51,761	52,000
Water bills processed	540,000	518,000	518,000	518,000	528,000	528,000	522,862	501,584	424,085	424,200
Status changes	15,000	15,000	14,000	12,000	1,813	950	744	720	600	650
Personal property										
	4,000	4,000	4,000	4,000	4,101	4,101	4,140	3,929	4,586	4,500
Delinquent tax accounts	72	125	125	210	1,426	1,426	1,533	1,318	2,057	2,100
<u>Assessing</u>										
Personal property audits	125	116	316	320	140	152	70	70	70	70
Small claim MTT appeals	47	19	25	42	65	141	150	150	756	800
Full tax tribunal appeals	21	21	25	33	53	44	120	120	528	600
Board of Review appeals	807	801	834	864	999	1,400	2,000	2,000	1,500	1,600
Processing of	5,500	5,500	5,500	5,500	5,500	5,000	5,500	5,500	1,802	2,500
Process deeds and	6,700	6,700	6,700	6,700	6,700	5,600	6,700	6,700	9,038	8,500
Reviews transfers to	4,700	4,700	4,700	4,700	4,700	4,500	6,700	6,700	3,500	4,000
Prepare special	50	30	30	30	30	30	30	30	30	30
Review / appraise	54,000	54,000	54,000	54,000	54,000	59,470	59,500	59,500	60,768	61,000
Review / appraise	2,000	2,000	2,000	2,000	2,000	1,919	2,000	2,000	2,000	2,000
Verify sales & transfers	3,600	3,600	3,600	3,500	2,450	7,238	5,800	5,800	3,500	4,000
Inspect and appraise	2,646	2,646	2,220	2,450	2,450	2,800	2,450	11,400	11,243	12,000
Identify / photograph	2,400	2,400	2,400	2,400	2,400	1,200	2,400	2,400	730	800
Digitally sketch	12,000	12,000	12,000	12,000	12,000	2,500	2,500	2,500	850	1,000

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

(1) Fiscal year 2012 estimates

(2) Fiscal year ended December 31

Source: Fiscal year adopted budget

City of Warren, Michigan

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (1)
Public Safety:										
<u>Fire Department</u>										
Incident responses	10,629	10,605	11,385	11,779	12,416	12,971	12,894	13,440	14,717	15,300
Equipment responses	23,254	18,767	16,594	17,182	18,111	18,306	17,531	29,545	34,041	21,000
Fire training (hours)	671	5,177	6,144	4,173	4,316	48,976	56,403	16,426	4,400	6,000
Medical training (hours)	2,303	1,912	1,725	1,171	1,210	1,931	2,291	3,100	1,983	2,000
<u>Police Department</u>										
Calls for police service	76,324	90,200	90,900	88,000	89,600	81,132	78,255	75,781	90,125	90,000
Part I crimes	5,214	4,785	5,223	5,853	5,982	4,575	4,397	4,245	4,322	4,500
Burglary incidents	672	669	829	704	737	851	881	985	1,096	950
Auto theft incidents	1,172	1,092	1,302	1,363	906	1,211	958	726	805	750
Part II crimes	6,526	4,773	7,470	6,632	6,438	12,207	11,600	6,601	5,435	7,000
Narcotic and drug incidents	950	1,229	1,242	1,430	2,009	2,947	2,478	1,660	955	1,800
Traffic citations	44,977	49,429	48,280	45,154	46,506	30,154	25,146	18,283	17,872	20,000
OUIL charges	496	478	475	402	432	578	490	400	305	500
Traffic accidents	4,800	4,153	1,192	3,713	5,500	3,354	3,389	3,551	3,647	4,000
Juveniles charged	395	437	431	250	509	579	169	161	221	500
Total arrests	6,591	7,057	6,948	7,018	7,638	10,153	6,496	6,081	5,055	7,000
Abandoned autos processed	5,200	1,650	1,683	1,560	1,380	2,016	5,200	967	1,020	1,200
Guns registered	1,573	2,058	3,250	2,090	3,300	1,500	2,373	2,296	2,705	2,400
<u>Animal Control</u>										
Calls for service	4,500	2,587	2,332	2,610	2,832	2,916	2,916	3,000	3,000	3,300
Stray animals picked up	1,700	1,449	1,063	1,335	1,450	1,386	1,386	1,270	1,340	1,400
Wild animals secured	400	448	308	430	486	472	472	400	435	500
Dead animals handled	250	115	303	332	310	346	346	900	900	900
Animals given up by owners	500	781	992	850	832	798	798	325	325	350
<u>Civil Defense</u>										
Responses to disaster or										
Functional / full-scale exercise	10	20	13	9	9	10	10	6	10	10
	1	1	2	3	1	-	-	1	1	1
City Development:										
<u>Engineering</u>										
Service requests processed	900	618	422	674	448	516	768	538	811	825
Planning reviews	100	114	141	141	100	94	55	77	79	85
Site plan reviews	300	206	226	245	356	222	113	83	119	95
Projects inspected	100	106	97	128	125	97	71	81	72	90
Sidewalk inspections / repairs	N/A	5,141	2,542	2,739	3,100	2,709	3,185	1,517	1,553	1,200
<u>Property Maintenance Inspection</u>										
Weed enforcement -										
Complaints investigated	1,000	1,075	1,000	850	2,200	2,323	2,485	4,436	4,568	4,700
Complaints entered into	12,298	13,279	14,000	13,500	7,244	4,862	6,422	5,928	6,068	7,500
	N/A	N/A	N/A	N/A	N/A	N/A	21,220	21,200	23,526	26,000
Vacant and foreclosed	N/A	N/A	N/A	N/A	N/A	N/A	650	598	619	550
<u>Building Inspections</u>										
Certificates of Occupancy	256	364	326	339	584	279	283	288	266	300
Building permits	2,829	2,666	2,976	3,528	2,403	2,854	2,162	2,412	1,880	2,225
Plumbing permits	1,063	1,038	961	1,066	940	978	1,103	1,248	1,348	1,300
Electrical permits	1,640	1,431	1,573	1,844	1,909	2,277	2,862	3,179	3,133	3,150
Mechanical permits	1,424	1,159	1,218	1,929	1,463	1,343	1,447	1,828	1,797	1,750
Miscellaneous permits	651	1,124	1,504	1,884	1,584	407	701	701	840	900
Building inspections	9,037	8,472	7,404	10,103	8,895	13,216	12,511	13,119	15,004	13,500
Plumbing inspections	2,494	2,809	2,764	2,981	3,243	5,440	7,262	8,104	7,777	7,500
Electrical inspections	5,689	5,261	4,523	4,584	4,595	7,353	12,636	12,269	11,869	12,000
Mechanical inspections	4,937	4,471	4,422	5,644	5,263	6,784	7,774	8,126	8,391	8,000
Zoning inspections	4,204	5,889	5,681	4,940	4,813	15,657	8,679	8,453	6,236	7,000
Plan reviews	2,829	2,586	2,976	3,528	2,987	2,352	2,160	2,467	2,319	2,300

City of Warren, Michigan

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (1)
Recreation and Culture:										
<u>Library</u>										
Annual attendance	501,123	402,380	371,361	389,200	284,398	336,414	371,751	337,207	326,386	340,400
Circulation -										
	606,019	567,201	544,590	539,164	603,725	599,451	594,626	567,845	1,102,600	1,299,159
	121,085	121,491	117,958	121,788	182,579	237,568	264,351	248,118	257,402	260,000
Reference requests	71,865	67,868	71,121	73,025	62,726	72,761	78,049	70,664	47,290	51,015
Reserves placed	30,427	36,185	40,595	48,184	53,752	68,521	76,805	91,407	20,826	22,000
Registered borrowers	42,585	46,072	37,386	41,997	48,265	54,834	61,284	51,507	57,145	61,100
Materials -										
Items received from	45,203	69,905	57,635	62,714	53,476	72,662	74,957	76,629	64,433	69,000
	42,031	56,119	41,340	45,426	39,239	57,642	59,173	86,258	40,381	45,000
	20,539	26,951	24,520	16,292	26,397	25,327	25,741	24,616	35,868	4,000
	19,650	19,600	19,331	27,215	38,081	21,004	16,389	14,976	13,324	15,000
Home Page hits	194,268	192,889	201,309	222,454	231,573	287,079	302,691	301,945	260,661	267,000
<u>Recreation</u>										
Pavilion rentals	472	475	475	438	460	418	418	482	460	450
Bus transportation	48,650	52,000	28,300	28,500	28,550	28,972	25,390	27,750	23,613	24,000
Adult & youth sports -										
	6,550	6,510	5,800	6,500	6,400	7,000	6,700	7,200	7,000	7,500
	106,552	106,200	102,575	101,204	105,500	106,000	106,000	106,500	106,500	107,500
Senior programs	36,200	36,500	51,204	52,000	52,450	90,247	85,000	90,000	85,000	85,000
Senior sports programs	26,200	25,000	22,000	23,000	22,400	23,000	22,400	22,400	23,000	23,500
Trees removed	452	950	1,076	800	1,000	1,131	500	325	345	275
Trees trimmed	4,100	4,000	4,000	4,000	3,000	7,788	1,000	800	1,000	2,000
Pool attendance	109,331	239,704	301,505	300,000	301,000	325,000	302,000	350,000	380,000	380,000
Yearly pass registrations	1,000	3,700	3,923	4,200	4,800	5,200	4,500	4,500	4,100	4,500
Sanitation:										
Collections points (per week)	55,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Curbside collection (tons) -										
Refuse land filled	51,866	51,537	47,626	51,780	48,695	48,695	45,082	43,541	44,104	50,000
Curbside recycling	6,069	5,726	4,977	3,633	4,236	4,236	4,646	4,562	5,716	6,000
Curbside compost	16,283	16,613	14,891	16,123	14,559	14,559	15,228	15,252	13,123	14,000
Drop-off center -										
Car batteries (each)	1,566	1,219	935	935	583	583	459	585	142	200
Non-ferrous metal (tons)	12	7	133	128	1	1	2	7	9	10
Concrete (tons)	591	559	398	385	242	242	245	377	247	250
Motor oil (gallons)	18,450	13,325	11,075	11,950	9,250	9,250	10,000	10,800	9,300	9,500
Collected / dropped off (tons) -										
Cardboard	175	138	124	147	129	129	98	85	68	70
White goods / scrap metal	896	542	370	284	232	232	177	167	140	150
Senior Citizens Housing:										
<u>Stilwell Manor</u>										
Carpet replacements	4	7	9	6	9	15	19	12	23	33
Linoleum replacements	12	7	14	9	7	10	10	9	14	16
Stove replacements	N/A	N/A	4	25	9	9	15	8	12	15
Apartments painted	17	18	28	9	18	12	25	18	26	29
Air conditioner replacements	16	18	18	10	6	8	10	8	12	12
Maintenance work orders	666	789	532	682	545	520	530	545	642	650
<u>Jos. Coach Manor</u>										
Carpet replacements	4	6	15	12	13	42	36	25	40	40
Linoleum replacements	8	8	18	13	17	32	13	25	20	20
Hot water tank replacements	N/A	N/A	2	-	-	2	6	6	10	25
Apartments painted	24	36	48	27	32	28	42	31	65	55
Countertop replacements	1	1	8	8	9	7	18	17	20	20
Maintenance work orders	1,054	1,271	1,223	1,203	1,247	1,182	1,300	1,295	1,188	1,350

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

(1) Fiscal year 2012 estimates

(2) Fiscal year ended December 31

Source: Fiscal year adopted budget

City of Warren, Michigan

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water and Sewer System (2)										
<u>Water Department:</u>										
Water utility accounts	49,359	49,546	49,768	49,948	50,122	50,248	50,205	50,226	50,137	50,025
Sewer utility accounts	49,079	49,198	49,269	49,319	49,370	49,614	49,110	49,089	49,068	49,269
Second meter accounts	N/A	63	173	256	384	457	506	555	585	628
Water sold (thousand cu. ft.)	1,025,088	950,539	844,666	930,433	839,755	883,463	759,993	713,369	734,852	692,951
Water purchased	1,144,504	1,081,053	941,846	1,035,761	932,468	1,014,748	851,937	794,608	805,598	769,815
Broken water main repairs	399	393	267	311	238	344	186	214	202	212
Sewer jetting (in footage)	289,125	148,660	276,869	197,240	257,313	129,050	14,167	232,072	117,473	249,000
<u>Waste Water Treatment Plant:</u>										
Sewage treated	7.2	7.9	8.4	8.0	9.0	7.6	8.4	8.3	6.8	10.8
Sludge solids removed	26.4	30.8	31.2	32.1	31.4	33.3	29.8	29.7	26.7	28.4
Power consumption	14.2	13.4	14.6	16.5	23.4	23.9	26.8	14.9	13.4	15.8
Natural gas for incinerator	77	80	31	78	82	89	82	88	81	90
Laboratory samples taken	6,760	6,773	6,788	6,743	6,556	6,634	6,308	6,499	5,609	5,694
Analytical lab tests run	47,624	45,685	45,751	44,608	45,863	45,847	45,680	38,140	35,977	33,718
Dye tests performed to locate	50	50	50	20	200	50	50	20	20	25
Storm water samples collected	202	804	386	457	275	20	50	315	350	240
Illicit discharges identified	13	10	7	17	24	15	46	3	4	5
Illicit discharges removed	10	14	9	50	14	20	7	4	5	9

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)
2003	\$ 8,907,716	\$ 4,469,000	\$ 17,990,000	\$ 1,200,000	\$ 32,566,716
2004	4,737,401	3,116,008	25,704,900	7,100,000	40,658,309
2005	2,733,500	1,979,995	34,361,001	980,000	40,054,496
2006	8,251,000	21,128,530	28,978,077	19,379,285	77,736,892
2007	6,670,204	6,950,103	12,992,814	500,000	27,113,121
2008	2,864,523	1,608,000	3,685,000	-	8,157,523
2009	812,000	75,400	13,260,000	3,000,000	17,147,400
2010	1,245,000	-	4,015,000	-	5,260,000
2011	1,135,000	-	1,223,000	-	2,358,000
2012	10,933,601	1,728,930	76,617,376	1,197,300	90,477,207

(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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>General government:</u>										
Council	14	14	13	13	13	13	13	13	12	10
37th District Court	49	50	50	50	50	49	49	49	49	46
Mayor	7	7	7	7	7	7	7	7	6	6
Clerk	11	11	10	8	9	9	9	9	9	8
Treasurer	15	15	13	12	12	12	12	11	10	10
Controller	20	20	19	19	19	19	19	18	14	13
Information Systems	4	4	4	3	3	3	3	3	3	3
Legal	11	11	11	11	11	11	11	11	11	10
Assessing	13	13	12	12	12	12	12	12	11	11
Labor Relations	3	3	1	1	1	1	2	2	-	-
Personnel	6	6	6	6	6	6	6	6	-	-
Human Resources	-	-	-	-	-	-	-	-	9	9
D.P.W. Garage	10	10	8	8	8	8	8	7	7	7
Building Maintenance	18	18	16	15	15	15	15	9	9	8
Police & Fire Civil Service	1	1	1	1	1	1	1	1	-	-
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
Beautification Commission	1	1	-	-	-	-	-	-	-	-
	<u>185</u>	<u>186</u>	<u>173</u>	<u>168</u>	<u>169</u>	<u>168</u>	<u>169</u>	<u>160</u>	<u>152</u>	<u>143</u>
<u>Public safety:</u>										
Fire Department	179	179	139	148	148	148	147	121	126	120
Police Department	290	290	281	278	274	276	275	270	256	239
Animal Control	2	2	2	2	2	2	2	2	2	2
Civil Defense	1	1	1	1	1	1	1	1	1	1
	<u>472</u>	<u>472</u>	<u>423</u>	<u>429</u>	<u>425</u>	<u>427</u>	<u>425</u>	<u>394</u>	<u>385</u>	<u>362</u>
<u>City Development:</u>										
Public Service Director	4	4	4	4	4	4	3	3	3	3
Engineering	17	17	9	8	8	8	8	7	7	5
Property Maintenance	6	6	3	3	3	3	4	1	1	-
Building Inspections	20	20	18	17	17	17	17	18	16	15
Planning	7	7	5	4	5	5	5	5	3	3
Rental Ordinance	2	2	2	2	2	2	3	3	3	3
	<u>56</u>	<u>56</u>	<u>41</u>	<u>38</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>37</u>	<u>33</u>	<u>29</u>
<u>Highways and Streets</u>										
	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>30</u>	<u>28</u>	<u>24</u>
<u>Recreation and Culture:</u>										
Library	22	22	16	16	16	16	16	16	12	22
Recreation	20	20	20	20	20	20	20	20	18	16
Communications	6	7	6	6	6	6	6	5	5	5
	<u>48</u>	<u>49</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>41</u>	<u>35</u>	<u>43</u>
<u>Sanitation</u>										
	<u>45</u>	<u>45</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>29</u>	<u>28</u>	<u>26</u>
<u>Economic Development:</u>										
Community & Economic	-	-	-	-	-	-	-	-	2	2
D.D.A.	1	1	1	1	1	1	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>3</u>
<u>Community Development:</u>										
C.D.B.G.	4	4	4	4	4	4	3	3	3	3
<u>Senior Housing</u>										
	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Water and Sewer System</u>										
	<u>105</u>	<u>107</u>	<u>107</u>	<u>106</u>	<u>97</u>	<u>95</u>	<u>95</u>	<u>87</u>	<u>86</u>	<u>84</u>
Total full-time city employees	<u>963</u>	<u>966</u>	<u>879</u>	<u>876</u>	<u>859</u>	<u>858</u>	<u>857</u>	<u>787</u>	<u>758</u>	<u>722</u>

Source: Adopted fiscal year budget