

City of Warren, Michigan

Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report

City of Warren, Michigan

Comprehensive Annual Financial Report with Supplemental Information June 30, 2016

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City of Warren, Michigan

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City of Warren, Michigan

List of Elected Officials

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



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

November 21, 2016

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

In accordance with city charter and state statute, the City of Warren, Michigan (the "City" or Warren) is required to publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by a licensed certified public accounting firm in accordance with generally accepted auditing standards. Pursuant to those requirements, the city controller's office hereby submits the comprehensive annual financial report of the City of Warren, Michigan for the fiscal year ended June 30, 2016.

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, 2016 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. The City's financial statements have received an "unmodified opinion" from the independent auditor. An unmodified opinion is the best opinion an organization can receive. It indicates that the auditor's examination has disclosed no conditions that cause them to believe that the financial statements are not fairly stated in all material respects. The independent auditor's report is presented as the first component of the financial section of this report.

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

General Information

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

General Information (continued)

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

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

Protecting the lives and property of Warren's citizens is the mission of our public safety departments. The Fire Department strives to ensure that the best fire extinguishment and emergency medical service is available to service the community. This mission continues to be realized with the assistance of a federal grant; the City has hired an additional 18 firefighters through 2016. The Police Department operates an Emergency 911 system, in-vehicle wireless communications, and a high-tech mobile command center to afford residents the quickest possible response to any emergency situation. This continual investment in equipment, facilities, and personnel has resulted in Warren having one of the lowest crime rates in the nation for a city of over 100,000 people.

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

The City of Warren has developed several city parks. Halmich Park, the largest of the city parks, sits on approximately 80 acres and has four lighted baseball diamonds, soccer fields, a concession stand, and picnic pavilions. The City operates three indoor recreational facilities: the Warren Community Center, Owen Jax Recreation Center, and 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, multipurpose 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 preschool children to senior citizens. Summer concerts are conducted by the City's Cultural Commission and the Parks and Recreation Department.

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

Affordable and safe housing is provided to Warren seniors through the operation of its 366-unit Senior Citizen Housing Complex.

Reporting Entity

In conformance with criteria established by the Governmental Accounting Standards Board (GASB), the financial statements report all the funds of the City and its component units. Component units are separate legal entities for which the primary government is financially accountable. The component units of the City include the Tax Increment Finance Authority, Downtown Development Authority, Building Authority, and Brownfield Redevelopment Authority. Due to the degree of control exercised by the primary government, its financial relationship with each component unit, and the component unit's benefit to the primary government, each component is reported in the accompanying financial statements discretely except for the Building Authority which is considered a blended component unit.

Accounting Systems, Budgetary, and Internal Controls

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

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

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

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

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

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

Economic Outlook

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

The 2017 budget has committed to continue to invest in the City's infrastructure with almost \$6 million in General Fund and Special Revenue Fund equipment and capital improvements. With all seven labor contracts being in place through June 2019, the City is poised to deliver excellent services and financial results for the upcoming years. There is still concern over revenue from personal property tax and state-shared revenue. The City will continue to scrutinize expenditures and try to maximize all other revenue.

Long-term Financial Planning

The City continues to have a long-term approach to the financing of the organization. There continues to be many challenges with slow property assessment increases and the expected elimination of certain personal property taxes. These revenue pressures along with legacy costs will force the City to continue to cut expenditures through staffing levels and labor contract savings. The City has refinanced several bonds in the past several years and will continue to look for those opportunities in the future.

Major Initiatives

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

The Water and Sewer System, because of its aging infrastructure, has an unprecedented amount of capital projects occurring. This includes water main and sewer improvements and replacements, capital equipment upgrades, energy efficiency projects at the Waste Water Treatment Plant, and preliminary stages of flood mitigation that should begin in fiscal 2017.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Warren for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the controller's office. A significant investment in time and resources has been expended to submit this report in compliance with all financial requirements. I would like to express my sincere appreciation to all members of the department who assisted and contributed so greatly to its preparation. I would also like to thank your office and members of the Warren City Council for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully,



Robert C. Maleszyk, CPA
City Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

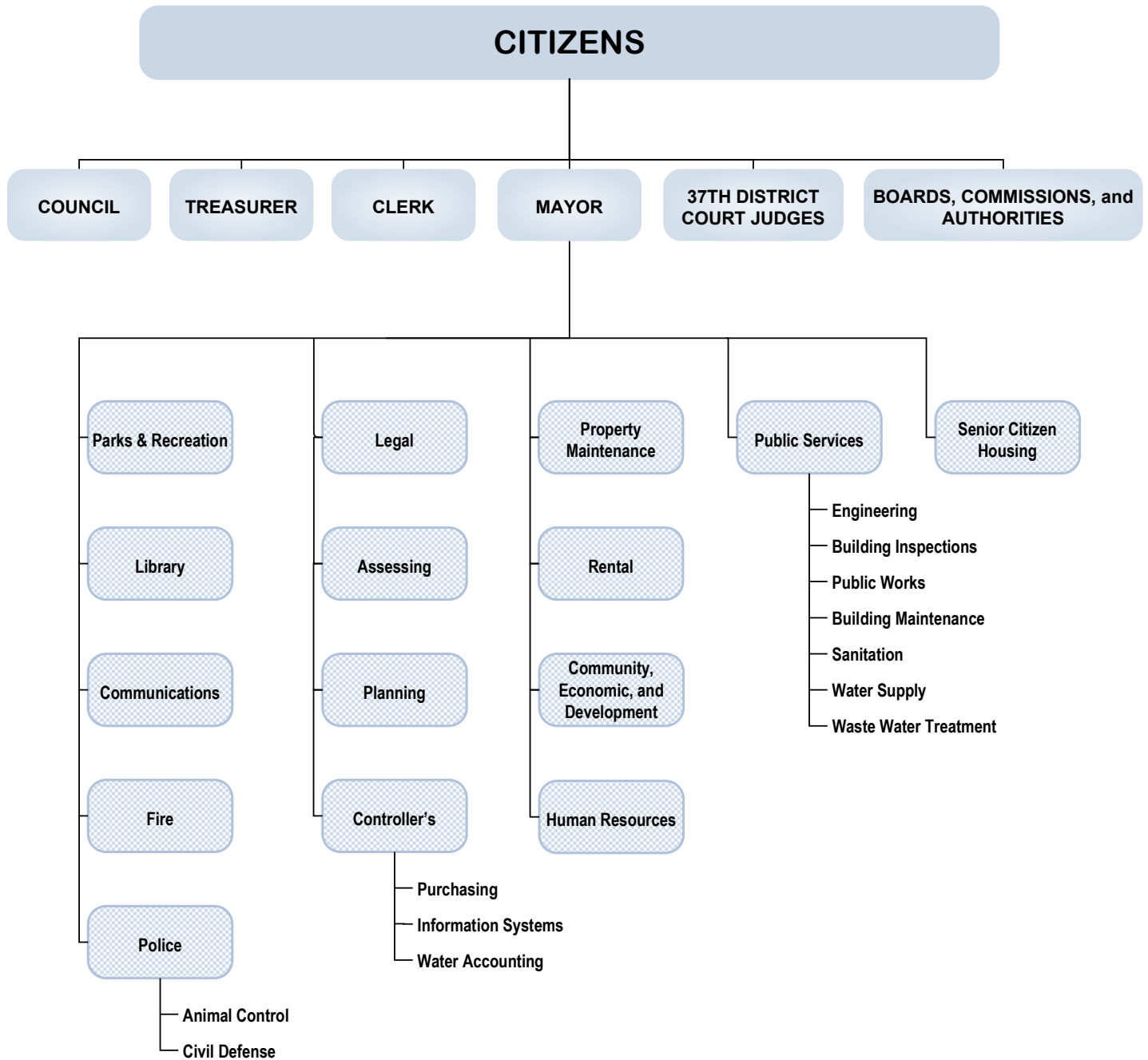
**City of Warren
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Warren, Michigan Organization Chart



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan (the "City") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City of Warren, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Warren City Employees' Retirement Health, Life, and Disability Benefits Plan and Trust and the City of Warren Employees' Retirement System Defined Benefit Plan Annual Financial Report, which represent 29 percent, 30 percent, and 22 percent, respectively, of the assets, net position/fund balance, and revenue of the aggregate remaining fund information of the City of Warren, Michigan. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Warren City Employees' Retirement Health, Life, and Disability Benefits Plan and Trust and the City of Warren Employees' Retirement System Defined Benefit Plan Annual Financial Report, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the City of Warren, Michigan Police and Fire Retirement System Defined Benefit Pension Plan and Trust, the City of Warren Police and Fire Retirement Health Benefits Plan and Trust, the City of Warren Employees' Retirement System Defined Benefit Plan, and the City of Warren City Employees' Retirement Health, Life and Disability Benefits Plan and Trust were not audited in accordance with *Government Auditing Standards*.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Warren, Michigan as of June 30, 2016 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the City net pension liability and related ratios, schedule of City contributions, other postemployment benefits schedule of funding progress, and the budgetary comparison schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warren, Michigan's basic financial statements. The other supplemental information, introductory section, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of the City of Warren, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Warren, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 21, 2016

City of Warren, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Warren, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. 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, 2016:

- As a result of this year's operations, governmental activities net position decreased by \$11.8 million, or 48 percent, from 2015. The decrease is due to an increase in public safety expense. This expense increased primarily due to an increase in pension expense resulting from a change in assumption of the discount rate.
- As a result of this year's operations, business-type activities net position increased by \$0.3 million, or 0.3 percent, from the prior year. The increase is due primarily to the positive operating activity in the water and sewer system.
- The General Fund reported a \$0.1 million decrease in fund balance from the prior year. This decrease is due primarily to the budgeted draw down of fund balance offset by a favorable budget expenditure variance for the year.

Using this Annual Report

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

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

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position as of June 30, 2016 compared to the prior year:

	Governmental Activities			Percent Change
	2015	2016	Change	
Assets				
Other assets	\$ 122,967,346	\$ 126,253,037	\$ 3,285,691	3%
Capital assets	133,689,119	133,304,995	(384,124)	0%
Total assets	256,656,465	259,558,032	2,901,567	1%
Deferred Outflows of Resources				
Bond refunding loss being amortized	542,554	487,661	(54,893)	
Deferred outflows related to pensions	9,806,999	64,540,069	54,733,070	
Total deferred outflows	10,349,553	65,027,730	54,678,177	528%
Liabilities				
Current liabilities	8,224,850	8,170,276	(54,574)	-1%
Long-term liabilities	232,312,761	300,892,041	68,579,280	30%
Total liabilities	240,537,611	309,062,317	68,524,706	28%
Deferred Inflows of Resources -				
Deferred inflows related to pensions	1,791,841	2,695,151	903,310	50%
Net Position				
Net investment in capital assets	115,090,168	117,332,131	2,241,963	2%
Restricted	41,673,841	44,077,625	2,403,784	6%
Unrestricted	(132,087,443)	(148,581,462)	(16,494,019)	12%
Total net position	<u>\$ 24,676,566</u>	<u>\$ 12,828,294</u>	<u>\$ (11,848,272)</u>	-48%

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities			Percent
	2015	2016	Change	Change
Revenue				
Program revenue:				
Charges for services	\$ 16,317,219	\$ 18,608,614	\$ 2,291,395	14%
Operating grants	17,431,409	17,390,917	(40,492)	0%
Capital grants	504,251	219,399	(284,852)	-56%
General revenue:				
Property taxes	89,085,885	90,658,051	1,572,166	2%
State-shared revenue	15,470,027	12,830,042	(2,639,985)	-17%
Investment earnings	214,871	318,427	103,556	48%
Other revenue	10,449,590	7,925,360	(2,524,230)	-24%
Total revenue	<u>149,473,252</u>	<u>147,950,810</u>	<u>(1,522,442)</u>	-1%
Program Expenses				
General government	25,310,012	24,104,939	(1,205,073)	-5%
District court	7,138,274	7,289,471	151,197	2%
Public safety	66,512,308	82,746,267	16,233,959	24%
Public works	31,261,848	29,080,210	(2,181,638)	-7%
Community and economic development	3,750,923	4,292,710	541,787	14%
Recreation and cultural	11,749,078	11,812,918	63,840	1%
Interest on long-term debt	645,177	472,567	(172,610)	-27%
Total expenses	<u>146,367,620</u>	<u>159,799,082</u>	<u>13,431,462</u>	9%
Change in Net Position	<u>\$ 3,105,632</u>	<u>\$ (11,848,272)</u>	<u>\$ (14,953,904)</u>	-482%
Ending Net Position	<u>\$ 24,676,566</u>	<u>\$ 12,828,294</u>	<u>\$ (11,848,272)</u>	-48%

The governmental net position decreased 48 percent from a year ago - decreasing from \$24.7 million to \$12.9 million. This decrease is primarily due to an increase in pension expense resulting from a change in assumption of the discount rate for the public safety pension plan.

The City's total governmental revenue decreased by approximately \$1.5 million, or 1 percent. This decrease was primarily due to the decrease in other revenue of \$5.0 million for insurance proceeds from the August 2014 flood recorded in 2015 offset by increased charges for services for license and permit fees.

Expenses increased by approximately \$13.4 million, or 9 percent. The increase was primarily in public safety, with an additional \$16.2 million. This increase was due to pension expense resulting from a change in assumption of the discount rate.

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The following table shows, in a condensed format, the current year's net position and changes in net position as of June 30, 2016 compared to the prior year:

	Business-type Activities			Percent Change
	2015	2016	Change	
Assets				
Other assets	\$ 52,851,104	\$ 40,428,300	\$ (12,422,804)	-24%
Capital assets	<u>140,158,471</u>	<u>146,371,082</u>	<u>6,212,611</u>	4%
Total assets	193,009,575	186,799,382	(6,210,193)	-3%
Deferred Outflows of Resources				
Bond refunding loss being amortized	1,107,482	946,305	(161,177)	
Deferred outflows related to pensions	<u>2,029,601</u>	<u>4,914,450</u>	<u>2,884,849</u>	
Total deferred outflows	3,137,083	5,860,755	2,723,672	87%
Liabilities				
Current liabilities	6,972,449	4,669,843	(2,302,606)	-33%
Long-term liabilities	<u>109,679,262</u>	<u>108,202,020</u>	<u>(1,477,242)</u>	-1%
Total liabilities	116,651,711	112,871,863	(3,779,848)	-3%
Deferred Inflows of Resources -				
Deferred inflows related to pensions	<u>89</u>	<u>-</u>	<u>(89)</u>	-100%
Net Position				
Net investment in capital assets	66,690,180	73,329,416	6,639,236	10%
Restricted	11,195,095	12,215,367	1,020,272	9%
Unrestricted	<u>1,609,583</u>	<u>(5,756,509)</u>	<u>(7,366,092)</u>	-458%
Total net position	<u>\$ 79,494,858</u>	<u>\$ 79,788,274</u>	<u>\$ 293,416</u>	0%

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

	Business-type Activities			Percent
	2015	2016	Change	Change
Charges for Services				
Water and Sewer Fund	\$ 55,669,322	\$ 40,682,519	\$ (14,986,803)	-27%
Senior housing	2,359,466	2,371,020	11,554	0%
Total revenue	58,028,788	43,053,539	(14,975,249)	-26%
Expenses				
Water and Sewer Fund	58,316,920	40,773,173	(17,543,747)	-30%
Senior housing	2,083,881	2,094,997	11,116	1%
Total expenses	60,400,801	42,868,170	(17,532,631)	-29%
Interest Income				
Water and Sewer Fund	181,121	102,615	(78,506)	-43%
Senior housing	6,707	5,432	(1,275)	-19%
Total interest income	187,828	108,047	(79,781)	-42%
Change in Net Position	\$ (2,184,185)	\$ 293,416	\$ 2,477,601	-113%
Ending Net Position	\$ 79,494,858	\$ 79,788,274	\$ 293,416	0%

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 the City's seniors through operation of a 366-unit complex.

The net position of business-type activities increased \$0.3 million, or 0 percent, from a year ago.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by \$7.4 million. The decrease in unrestricted net position was due primarily to major capital improvements at the Waste Water Treatment Plant.

The City of Warren, Michigan Funds

Our analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for 2016 include the General Fund and the Grant Fund.

City of Warren, Michigan

Management's Discussion and Analysis (Continued)

The General Fund pays for most of the City's governmental services. The most significant are public safety, which includes police and fire. Public safety incurred expenses of approximately \$68 million in 2016. Expenditures (including transfers) exceeded revenue in the General Fund by \$0.1 million. This was primarily due to a budgeted drawdown of fund balance offset by favorable budget expenditure variances for the year of \$6.5 million. Unassigned fund balance of \$17.9 million is approximately 17.6 percent of expenditures.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The most significant budget adjustments were for federal and state grants and for a new Police Dispatch and 911 capital project. At year end, General Fund expenditures were \$6.5 million under budget. This was due to careful spending by department leaders. General Fund revenue came in over budget by \$2.4 million primarily due to an increase in licenses and permits of \$1.4 million and fines and forfeitures of \$0.9 million.

Capital Asset and Debt Administration

At the end of fiscal year 2016, the City had \$280 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 \$133 million and business-type net capital assets are \$147 million (see Note 6 of the notes to the basic financial statements for additional information).

The City's general obligation bonds maintained their rating from Standard & Poor's (AA) during the fiscal year. This rating was affirmed in 2016 when the City refinanced a bond holding. Please see Note 8 of the notes to the basic financial statements for additional information.

Economic Factors and Next Year's Budgets

Due to the City's cost-cutting efforts and long-term financial plan, the City is looking positively toward fiscal 2017 and beyond. However, as the State continues to attack various revenue sources such as personal property tax, the City administration along with City Council will continue to further develop the City's financial strategy and continue fiscal responsibility while maintaining as many core services as possible.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the resources it receives. If you have questions about this report or need additional information, we welcome you to contact the controller's office at City Hall.

City of Warren, Michigan

Statement of Net Position June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 94,048,423	\$ 24,412,721	\$ 118,461,144	\$ 20,410,768
Receivables (Note 4)	27,518,070	7,184,047	34,702,117	1,568,008
Due from component units	453,103	-	453,103	-
Due from primary government	-	-	-	10,000
Internal balances	2,299,343	(2,299,343)	-	-
Inventory	471,071	352,885	823,956	136,296
Prepaid items and other assets	146,139	97,665	243,804	11,378
Restricted assets (Note 1)	-	10,680,325	10,680,325	-
Deposits	1,316,888	-	1,316,888	-
Capital assets:				
Assets not subject to depreciation (Note 6)	22,856,537	1,142,105	23,998,642	-
Assets subject to depreciation (Note 6)	110,448,458	145,228,977	255,677,435	-
Total assets	259,558,032	186,799,382	446,357,414	22,136,450
Deferred Outflows of Resources				
Bond refunding loss being amortized (Note 5)	487,661	946,305	1,433,966	277,384
Deferred outflows related to pensions (Note 5)	64,540,069	4,914,450	69,454,519	-
Total deferred outflows of resources	65,027,730	5,860,755	70,888,485	277,384
Liabilities				
Accounts payable	6,089,331	2,884,069	8,973,400	218,821
Due to other governmental units	8,804	-	8,804	163,920
Due to component units	10,000	-	10,000	-
Due to primary government	-	-	-	453,103
Refundable deposits, bonds, etc.	725,207	897,900	1,623,107	-
Accrued liabilities and other	1,306,589	867,659	2,174,248	435,578
Unearned revenue	30,345	20,215	50,560	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	1,857,555	345,520	2,203,075	-
Provision for property tax refunds	362,435	-	362,435	384,039
Current portion of long-term debt (Note 8)	2,282,443	5,707,592	7,990,035	3,673,828
Due in more than one year:				
Compensated absences	7,430,221	431,278	7,861,499	-
Provision for claims	8,827,465	-	8,827,465	-
Net OPEB obligation	11,425,205	2,725,221	14,150,426	3,189
Net pension liability	254,528,635	24,301,337	278,829,972	-
Long-term debt (Note 8)	14,178,082	74,691,072	88,869,154	54,143,268
Total liabilities	309,062,317	112,871,863	421,934,180	59,475,746

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

City of Warren, Michigan

Statement of Net Position (Continued) June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources (Note 5)	\$ 2,695,151	\$ -	\$ 2,695,151	\$ -
Net Position				
Net investment in capital assets	117,332,131	73,329,416	190,661,547	-
Restricted for:				
Streets and highways	16,008,744	-	16,008,744	-
Public safety	3,827,714	-	3,827,714	-
Recreation and culture	10,115,467	-	10,115,467	-
Sanitation	2,189,309	-	2,189,309	-
Community development	8,392,062	-	8,392,062	-
Capital projects	3,544,329	-	3,544,329	-
Debt service	-	12,215,367	12,215,367	-
Unrestricted	(148,581,462)	(5,756,509)	(154,337,971)	(37,061,912)
Total net position	\$ 12,828,294	\$ 79,788,274	\$ 92,616,568	\$ (37,061,912)

City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 24,104,939	\$ 3,108,308	\$ 1,752,285	\$ 219,399
District Court	7,289,471	6,626,949	259,722	-
Public safety	82,746,267	5,577,647	1,338,922	-
Public works	29,080,210	194,786	11,017,116	-
Community and economic development	4,292,710	747,203	2,603,581	-
Recreation and culture	11,812,918	2,353,721	419,291	-
Interest on long-term debt	472,567	-	-	-
Total governmental activities	159,799,082	18,608,614	17,390,917	219,399
Business-type activities:				
Water and Sewer Fund	40,773,173	40,682,519	-	-
Senior housing	2,094,997	2,371,020	-	-
Total business-type activities	42,868,170	43,053,539	-	-
Total primary government	\$ 202,667,252	\$ 61,662,153	\$ 17,390,917	\$ 219,399
Component units:				
Tax Increment Financing Authority	\$ 53,753	\$ -	\$ -	\$ -
Downtown Development Authority	3,482,732	-	-	-
Brownfield Redevelopment	237,159	-	-	-
Total component units	\$ 3,773,644	\$ -	\$ -	\$ -

General revenue:
 Property taxes
 State-shared revenue
 Investment income
 Cable franchise fees
 Other miscellaneous income
 Gain on sale of assets

Total general revenue

Change in Net Position

Net Position - Beginning of year (as restated)

Net Position - End of year

**Statement of Activities
Year Ended June 30, 2016**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (19,024,947)	\$ -	\$ (19,024,947)	\$ -
(402,800)	-	(402,800)	-
(75,829,698)	-	(75,829,698)	-
(17,868,308)	-	(17,868,308)	-
(941,926)	-	(941,926)	-
(9,039,906)	-	(9,039,906)	-
(472,567)	-	(472,567)	-
(123,580,152)	-	(123,580,152)	-
-	(90,654)	(90,654)	-
-	276,023	276,023	-
-	185,369	185,369	-
(123,580,152)	185,369	(123,394,783)	-
-	-	-	(53,753)
-	-	-	(3,482,732)
-	-	-	(237,159)
-	-	-	(3,773,644)
90,658,051	-	90,658,051	10,576,665
12,830,042	-	12,830,042	-
318,427	108,047	426,474	22,632
2,263,382	-	2,263,382	-
5,661,978	-	5,661,978	564,492
-	-	-	422,818
111,731,880	108,047	111,839,927	11,586,607
(11,848,272)	293,416	(11,554,856)	7,812,963
24,676,566	79,494,858	104,171,424	(44,874,875)
\$ 12,828,294	\$ 79,788,274	\$ 92,616,568	\$ (37,061,912)

City of Warren, Michigan

Governmental Funds Balance Sheet June 30, 2016

	General Fund	Grant Fund	Nonmajor Funds	Total
Assets				
Cash and cash equivalents	\$ 51,186,230	\$ 277,372	\$ 42,584,821	\$ 94,048,423
Receivables (Note 4):				
Property taxes receivable	318,963	-	115,734	434,697
Special assessments receivable	-	-	549,389	549,389
Accrued interest receivable	5,001	-	2,537	7,538
Other receivables	317,855	-	768,233	1,086,088
Due from other governmental units	4,283,752	216,621	2,476,931	6,977,304
Due from pension and VEBA funds	10,295,898	-	-	10,295,898
Notes receivable	-	8,167,156	-	8,167,156
Due from component units	453,103	-	-	453,103
Due from other funds	2,623,873	-	-	2,623,873
Inventory	452,817	-	18,254	471,071
Prepaid expenses and other assets	126,228	14,318	5,593	146,139
Deposits	1,119,362	-	197,526	1,316,888
	<u>\$ 71,183,082</u>	<u>\$ 8,675,467</u>	<u>\$ 46,719,018</u>	<u>\$ 126,577,567</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 4,011,676	\$ 177,642	\$ 1,900,013	\$ 6,089,331
Due to other governmental units	8,544	-	260	8,804
Due to component units	10,000	-	-	10,000
Due to other funds	-	100,282	224,248	324,530
Refundable deposits, bonds, etc.	508,397	285	216,525	725,207
Accrued liabilities and other	927,201	5,196	284,870	1,217,267
Unearned revenue	30,345	-	-	30,345
Provision for property tax refunds	271,874	-	90,561	362,435
	<u>5,768,037</u>	<u>283,405</u>	<u>2,716,477</u>	<u>8,767,919</u>
Deferred Inflows of Resources -				
Unavailable revenue (Note 5)	1,596,637	8,179,850	721,431	10,497,918
Fund Balances				
Nonspendable:				
Inventory/Assets held for resale	452,817	-	18,254	471,071
Prepays	126,228	14,318	5,593	146,139
Restricted:				
Roads	-	-	15,974,839	15,974,839
Grants	-	197,894	-	197,894
Capital projects	-	-	1,671,803	1,671,803
Sanitation	-	-	2,082,259	2,082,259
Recreation	-	-	867,991	867,991
Library	-	-	5,754,476	5,754,476
Cable franchise fees	-	-	3,440,238	3,440,238
Police enforcement	-	-	3,551,086	3,551,086
Special assessments	-	-	1,323,137	1,323,137
Vice crime	-	-	274,456	274,456

City of Warren, Michigan

Governmental Funds Balance Sheet (Continued) June 30, 2016

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances (Continued)				
Committed:				
Rental ordinance	\$ -	\$ -	\$ 1,044,250	\$ 1,044,250
Special assessments	-	-	199,747	199,747
Assigned:				
Subsequent year's budget	7,148,674	-	-	7,148,674
Compensated absences	8,559,477	-	-	8,559,477
Claims and insurance	8,827,465	-	-	8,827,465
37th District Court	-	-	7,025,466	7,025,466
Debt service	-	-	47,515	47,515
Capital equipment	2,577,500	-	-	2,577,500
Retiree healthcare	18,229,496	-	-	18,229,496
Unassigned	17,896,751	-	-	17,896,751
Total fund balances	<u>63,818,408</u>	<u>212,212</u>	<u>43,281,110</u>	<u>107,311,730</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,183,082</u>	<u>\$ 8,675,467</u>	<u>\$ 46,719,018</u>	<u>\$ 126,577,567</u>

City of Warren, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2016

Fund Balance Reported in Governmental Funds	\$ 107,311,730
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	133,304,995
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	64,540,069
Unamortized bond premium	15,822
Deferred charges on refunding are deferred inflows and are not reported in the funds	487,661
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	549,389
Grants, property taxes, and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	9,948,529
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(16,476,347)
Accrued interest is not due and payable in the current period and is not reported in the funds	(89,322)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(9,287,776)
The net pension liability is not due and payable in the current period and is not reported in the funds	(254,528,635)
The OPEB liability is payable over a number of years in the future, does not present a claim on current financial resources, and is not reported as a fund liability	(11,425,205)
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	(8,827,465)
The differences between projected and actual experience on pension assets are recorded as deferred inflows of resources in the statement of net position, but are reported as gains in the governmental funds	(2,695,151)
Net Position of Governmental Activities	<u>\$ 12,828,294</u>

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

City of Warren, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

	General Fund	Grant Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 68,348,333	\$ -	\$ 22,267,642	\$ 90,615,975
Licenses and permits	4,265,251	-	-	4,265,251
Federal grants	489,793	2,805,466	386,420	3,681,679
State-shared revenue and grants	15,086,145	-	12,016,920	27,103,065
Charges for services	4,202,216	-	2,011,141	6,213,357
Fines and forfeitures	5,614,009	-	1,712,381	7,326,390
Investment income	170,935	-	98,327	269,262
Rental income	-	-	125,557	125,557
Other revenue:				
Special assessments	-	-	268,564	268,564
Cable franchise fees	-	-	2,263,382	2,263,382
Other miscellaneous income	3,829,989	338,202	370,671	4,538,862
Total revenue	102,006,671	3,143,668	41,521,005	146,671,344
Expenditures				
Current:				
General government	16,298,738	-	226,202	16,524,940
District Court	7,423,740	-	-	7,423,740
Public safety	67,556,652	-	505,431	68,062,083
Public works	9,484,187	-	23,810,462	33,294,649
Community and economic development	597,812	3,111,102	633,735	4,342,649
Recreation and culture	42,246	-	11,093,939	11,136,185
Debt service	522,805	-	2,689,235	3,212,040
Total expenditures	101,926,180	3,111,102	38,959,004	143,996,286
Excess of Revenue Over Expenditures	80,491	32,566	2,562,001	2,675,058
Other Financing Sources (Uses)				
Transfers in	-	-	3,067,228	3,067,228
Transfers out	(125,484)	-	(2,941,744)	(3,067,228)
Net Change in Fund Balances	(44,993)	32,566	2,687,485	2,675,058
Fund Balances - Beginning of year	63,863,401	179,646	40,593,625	104,636,672
Fund Balances - End of year	\$ 63,818,408	\$ 212,212	\$ 43,281,110	\$ 107,311,730

City of Warren, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 2,675,058
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	12,812,735
Depreciation expense	(8,542,787)
Net book value of assets disposed of	(4,654,072)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	484,366
Amortization of deferred charges on refunding is expensed in the statement of net position but does not affect financial resources for the governmental funds	(54,894)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,680,980
Change in accrued interest payable and other	56,360
Pension-related expenses do not require the use of current resources, and therefore are not reported in the fund statements	(14,352,861)
Decrease in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(1,494)
Change in the provision for claims liability	(1,152,978)
Increase in net OPEB obligation reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(1,798,685)
Change in Net Position of Governmental Activities	<u>\$ (11,848,272)</u>

City of Warren, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 20,953,839	\$ 3,458,882	\$ 24,412,721
Receivables:			
Receivables from sales to customers on account	7,057,577	-	7,057,577
Accrued interest receivable	1,844	-	1,844
Other receivables	120,929	3,697	124,626
Due from other funds	-	327,317	327,317
Inventory	352,885	-	352,885
Prepaid expenses and other assets	97,644	21	97,665
Total current assets	<u>28,584,718</u>	<u>3,789,917</u>	<u>32,374,635</u>
Noncurrent assets:			
Restricted assets (Note 1)	10,680,325	-	10,680,325
Capital assets:			
Assets not subject to depreciation	852,591	289,514	1,142,105
Assets subject to depreciation	138,574,207	6,654,770	145,228,977
Total noncurrent assets	<u>150,107,123</u>	<u>6,944,284</u>	<u>157,051,407</u>
Total assets	<u>178,691,841</u>	<u>10,734,201</u>	<u>189,426,042</u>
Deferred Outflows of Resources			
Bond refunding loss being amortized	926,311	19,994	946,305
Deferred outflows related to pensions	4,914,450	-	4,914,450
Total deferred outflows	<u>5,840,761</u>	<u>19,994</u>	<u>5,860,755</u>
Liabilities			
Current liabilities:			
Accounts payable	2,785,540	98,529	2,884,069
Due to other funds	2,089,970	536,690	2,626,660
Refundable deposits, bonds, etc.	675,392	222,508	897,900
Accrued liabilities and other	850,102	17,557	867,659
Unearned revenue	-	20,215	20,215
Compensated absences	345,520	-	345,520
Current portion of long-term debt	5,201,536	506,056	5,707,592
Total current liabilities	<u>11,948,060</u>	<u>1,401,555</u>	<u>13,349,615</u>
Noncurrent liabilities:			
Compensated absences	392,513	38,765	431,278
Net pension liability	24,301,337	-	24,301,337
Net OPEB obligation	2,722,032	3,189	2,725,221
Long-term debt	72,609,828	2,081,244	74,691,072
Total noncurrent liabilities	<u>100,025,710</u>	<u>2,123,198</u>	<u>102,148,908</u>
Total liabilities	<u>111,973,770</u>	<u>3,524,753</u>	<u>115,498,523</u>
Net Position			
Net investment in capital assets	68,952,438	4,376,978	73,329,416
Restricted - Debt service	12,215,367	-	12,215,367
Unrestricted	(8,608,973)	2,852,464	(5,756,509)
Total net position	<u>\$ 72,558,832</u>	<u>\$ 7,229,442</u>	<u>79,788,274</u>
Net Position of Business-type Activities			<u>\$ 79,788,274</u>

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

City of Warren, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Operating Revenue			
Sale of water	\$ 22,259,674	\$ -	\$ 22,259,674
Sewage disposal charges	17,112,524	-	17,112,524
Other sales to customers	406,248	-	406,248
Interest and penalty charges	904,073	-	904,073
Rental revenue	-	1,524,685	1,524,685
Other operating revenue	-	846,335	846,335
Total operating revenue	40,682,519	2,371,020	43,053,539
Operating Expenses			
Cost of water	10,019,624	-	10,019,624
Other operation and maintenance	4,230,937	-	4,230,937
Billing and administrative costs	1,922,874	480,214	2,403,088
Wages and fringes	14,810,191	534,443	15,344,634
Materials and supplies	736,598	58,913	795,511
Other operating expenses	-	627,677	627,677
Professional services	907,806	-	907,806
Depreciation	5,291,192	284,255	5,575,447
Total operating expenses	37,919,222	1,985,502	39,904,724
Operating Income	2,763,297	385,518	3,148,815
Nonoperating Revenue (Expenses)			
Investment income	102,615	5,432	108,047
Interest expense	(2,667,217)	(109,495)	(2,776,712)
Loss on sale of assets	(186,734)	-	(186,734)
Total nonoperating expenses	(2,751,336)	(104,063)	(2,855,399)
Change in Net Position	11,961	281,455	293,416
Net Position - Beginning of year	72,546,871	6,947,987	79,494,858
Net Position - End of year	\$ 72,558,832	\$ 7,229,442	\$ 79,788,274

City of Warren, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	Enterprise Funds		
	Water and Sewer Fund	Nonmajor Enterprise	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 40,508,520	\$ 2,055,468	\$ 42,563,988
Payments for interfund services and reimbursements	-	(96,990)	(96,990)
Payments to suppliers	(20,118,877)	(744,399)	(20,863,276)
Payments to employees	(13,480,786)	(544,219)	(14,025,005)
Receipts from other funds	190,504	2,767	193,271
Net cash provided by operating activities	7,099,361	672,627	7,771,988
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(11,906,920)	(67,872)	(11,974,792)
Principal and interest paid on capital debt	(7,621,588)	(595,569)	(8,217,157)
Net cash used in capital and related financing activities	(19,528,508)	(663,441)	(20,191,949)
Cash Flows from Investing Activities - Interest received on investments	101,137	5,432	106,569
Net (Decrease) Increase in Cash and Cash Equivalents	(12,328,010)	14,618	(12,313,392)
Cash and Cash Equivalents - Beginning of year	43,962,174	3,444,264	47,406,438
Cash and Cash Equivalents - End of year	<u>\$ 31,634,164</u>	<u>\$ 3,458,882</u>	<u>\$ 35,093,046</u>
Balance Sheet Classification of Cash and Cash Equivalents			
Cash and investments	\$ 20,953,839	\$ 3,458,882	\$ 24,412,721
Restricted cash	10,680,325	-	10,680,325
Total cash and cash equivalents	<u>\$ 31,634,164</u>	<u>\$ 3,458,882</u>	<u>\$ 35,093,046</u>
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 2,763,297	\$ 385,518	\$ 3,148,815
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	5,291,192	284,255	5,575,447
Changes in assets and liabilities:			
Receivables	(228,877)	10,162	(218,715)
Due from others	-	(11,090)	(11,090)
Inventories	97,938	-	97,938
Prepaid and other assets	(1,584)	62	(1,522)
Accounts payable	(2,324,885)	10,719	(2,314,166)
Due to others	190,504	2,767	193,271
Net pension and OPEB liabilities and related deferrals	1,432,182	(8,134)	1,424,048
Accrued and other liabilities	(120,406)	(1,632)	(122,038)
Net cash provided by operating activities	<u>\$ 7,099,361</u>	<u>\$ 672,627</u>	<u>\$ 7,771,988</u>

City of Warren, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2016

	Pension and Other Employee Benefits - December 31, 2015	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,564,793	\$ 1,897,311
Investments:		
U.S. government securities	37,735,093	-
Agency securities	3,710,840	-
Stocks	266,608,822	-
Bonds	66,371,889	-
Real estate	26,242,616	-
Other	64,665,650	-
Securities lending	13,777,822	-
Receivables:		
Accrued interest receivable	1,389,021	-
Other receivables	154,647	116
Due from other governmental units	-	8,124
Prepaid expenses and other assets	2,086	-
Total assets	482,223,279	\$ 1,905,551
Liabilities		
Accounts payable	1,604,454	\$ 3,815
Due to other governmental units	-	29
Due to primary government	14,154,495	-
Refundable deposits, bonds, etc.	-	1,869,483
Accrued liabilities and other	587,398	32,224
Obligations under securities lending agreements	14,266,488	-
Total liabilities	30,612,835	\$ 1,905,551
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 451,610,444	

City of Warren, Michigan

Fiduciary Funds

Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Year Ended June 30, 2016

	Pension and Other Employee Benefits - December 31, 2015
Additions	
Investment income (loss):	
Interest and dividends	\$ 14,561,372
Net decrease in fair value of investments	(12,550,540)
Investment-related expenses	(2,074,904)
Net investment loss	(64,072)
Securities lending income (loss):	
Interest and dividends	118,652
Securities lending - Investment expense	(15,155)
Net securities lending income	103,497
Contributions:	
Employer	41,087,982
Employee	1,033,752
Total contributions	42,121,734
Total additions	42,161,159
Deductions	
Benefit payments	62,801,792
Refunds of contributions	1,555,064
Administrative expenses	821,468
Total deductions	65,178,324
Net Decrease in Net Position Held in Trust	(23,017,165)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	474,627,609
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 451,610,444

City of Warren, Michigan

Component Units Statement of Net Position June 30, 2016

	Tax Increment Financing Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	\$ 2,118,353	\$ 16,735,203	\$ 1,557,212	\$ 20,410,768
Receivables - Other	-	1,568,008	-	1,568,008
Due from primary government	-	10,000	-	10,000
Inventory	-	136,296	-	136,296
Prepaid expenses and other assets	-	11,378	-	11,378
Total assets	2,118,353	18,460,885	1,557,212	22,136,450
Deferred Outflows of Resources -				
Bond refunding loss being amortized (Note 1)	-	277,384	-	277,384
Liabilities				
Accounts payable	1,667	76,915	140,239	218,821
Due to other governmental units	-	-	163,920	163,920
Due to primary government	3,092	323,633	126,378	453,103
Accrued liabilities and other	-	427,383	8,195	435,578
Noncurrent liabilities:				
Due within one year:				
Provision for property tax refunds	17,791	366,248	-	384,039
Current portion of long-term debt	-	3,673,828	-	3,673,828
Due in more than one year:				
Net OPEB obligation	-	3,189	-	3,189
Long-term debt	-	54,143,268	-	54,143,268
Total liabilities	22,550	59,014,464	438,732	59,475,746
Net Position	\$ 2,095,803	\$ (40,276,195)	\$ 1,118,480	\$ (37,061,912)

City of Warren, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Tax Increment Finance Authority	\$ 53,753	\$ -	\$ -	\$ -
Downtown Development Authority:				
General government	82,661	-	-	-
Community and economic development	1,562,308	-	-	-
Interest expense	<u>1,837,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Downtown Development Authority	3,482,732	-	-	-
Brownfield Redevelopment Authority	<u>237,159</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 3,773,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:
 Property taxes
 Investment income
 Other miscellaneous income
 Gain on sale of assets

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2016**

Net (Expense) Revenue and Changes in Net Position			
Tax Increment Finance Authority	Downtown Development Authority	Brownfield Redevelopment Authority	Total
\$ (53,753)	\$ -	\$ -	\$ (53,753)
-	(82,661)	-	(82,661)
-	(1,562,308)	-	(1,562,308)
-	(1,837,763)	-	(1,837,763)
-	(3,482,732)	-	(3,482,732)
-	-	(237,159)	(237,159)
(53,753)	(3,482,732)	(237,159)	(3,773,644)
209,826	9,025,744	1,341,095	10,576,665
2,991	17,836	1,805	22,632
187,162	375,080	2,250	564,492
-	422,818	-	422,818
399,979	9,841,478	1,345,150	11,586,607
346,226	6,358,746	1,107,991	7,812,963
1,749,577	(46,634,941)	10,489	(44,874,875)
\$ 2,095,803	\$ (40,276,195)	\$ 1,118,480	\$ (37,061,912)

Note I - Nature of Business and Significant Accounting Policies

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

Reporting Entity

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

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

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

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

Discretely Presented Component Units

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

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

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (Brownfield Authority) was established pursuant to Act 381 of the Public Acts of Michigan, 1996, as amended. The act allows municipalities to establish the authority, adopt Brownfield redevelopment financing plans, and capture incremental local and school property taxes from redeveloped properties to pay for the environmental costs associated with those properties. The act, as amended in 2000, expanded the definition of Brownfield properties to include not only contaminated but also blighted or functionally obsolete properties and also expanded eligible activities to include infrastructure improvements, demolition, lead and asbestos abatement, as well as site preparation. The authority is governed by a board of directors consisting of five members who are appointed by the mayor subject to the approval of the City Council. Additional information can be obtained from the planning department at One City Square, Suite 315, Warren, Michigan 48093-5283.

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

Accounting and Reporting Principles

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

Fund Accounting

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

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

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

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

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

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

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

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

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

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

Basis of Accounting

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

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

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

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

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

Report Presentation

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

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

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

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

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

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

Specific Balances and Transactions

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

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

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

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

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

Restricted Assets - The Water and Sewer Fund has \$10,680,325 set aside and classified as restricted assets. Of this amount, \$6,410,693 related to unspent bond proceeds to be spent on water main replacements, the meter replacement project, and the pressure reducing station project. In addition, the Water and Sewer Fund's revenue bonds have a covenant that requires the fund to maintain certain reserve levels which amounted to \$4,269,632 at June 30, 2016.

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

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

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

Fund Balance Policies

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

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

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

Property Tax Revenue

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

The City's 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016 when the proceeds of the levy are budgeted and available for the financing of operations.

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

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

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

The 2015 taxable valuation of the City totaled \$3.4 billion (a portion of which is abated and a portion of which is captured by the TIFA, DDA, and Brownfield Authority). Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	8.7302	\$ 28,028,000
Emergency medical service	0.2908	933,000
Library charter and operating	1.3308	4,265,000
Rubbish services	2.5550	8,196,000
Police/Fire pension and retiree health care	4.9848	16,018,000
Police operating	0.9699	3,112,000
Fire operating	0.9699	3,112,000
Recreation operating	0.9699	3,112,000
Police and fire operating	4.8764	15,610,000
Road repairs	2.0899	6,693,000
Total	27.7676	\$ 89,079,000

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

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

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

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

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

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

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

The governmental fund financial statements report an assignment of fund balance for compensated absences and compensatory time to the extent that budget appropriations have been approved by City Council to fund this noncurrent liability.

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall - July 1, 2015	\$ (7,989,810)
Current year permit revenue	3,316,390
Related expenses - Estimated indirect costs	<u>2,998,231</u>
Current year excess	<u>318,159</u>
Cumulative shortfall - June 30, 2016	<u>\$ (7,671,651)</u>

Fund Deficits - At June 30, 2016, the Downtown Development Authority reported a deficit in net position of \$40,283,101. This deficit relates to debt reported in the full accrual basis. The Downtown Development Authority does not have a deficit when reported on the fund basis.

Note 3 - Deposits and Investments

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

- I. The city treasurer is authorized to invest surplus funds as follows:
 - (a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States
 - (b) Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2) below
 - (c) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after the date of purchase
 - (d) Repurchase agreements consisting of instruments list in subdivision (a) above
 - (e) Bankers' acceptances of United States banks
 - (f) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service
 - (g) Mutual funds registered under the Investment Company Act of 1940 with authority to purchase only investment vehicles that are legal for direct investment by public corporation
 - (h) Obligations described in the above subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967
 - (i) Investment pools organized under the Surplus Funds Investment Pool Act of 1982
 - (j) Investment pools organized under the Local Government Investment Pool Act of 1985

Note 3 - Deposits and Investments (Continued)

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

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

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

Note 3 - Deposits and Investments (Continued)

As permitted by state statutes and under the provisions of a Securities Lending Authorization Agreement, the City Employees' Retirement System and the Police and Fire Retirement System (the "Retirement Systems") lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Retirement Systems' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2015, only United States currency was received as collateral.

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

The Retirement Systems and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of such investment pool as of June 30, 2016 was one day. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2016, the Retirement Systems had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the Retirement Systems as of June 30, 2016 were \$13,777,822 and \$13,548,168, respectively.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$121,355,522 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City's component units had \$16,131,799 of bank deposits that were uninsured and uncollateralized. Additionally, the fiduciary funds, at their year end of December 31, 2015, had \$1,244,827 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

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

At December 31, 2015, 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	\$ 22,238,692	\$ 6,619,746	\$ 11,138,363	\$ 4,480,583
U.S. government agency	2,598,043	2,232,625	243,334	122,084
Mortgage-backed securities	7,744,071	29,159	428,228	7,286,684
Collateralized mortgage obligations	2,568,430	19,999	-	2,548,431
Asset-backed securities	5,084,358	1,491,433	2,589,805	1,003,120
Corporate and convertible bonds	53,259,580	32,393,393	13,546,844	7,319,343
Foreign bonds and notes	3,066,018	1,682,730	1,275,737	107,551
Municipal bonds	442,387	14,071	45,334	382,982
Bond Index Funds	3,204,768	-	3,204,768	-
Total	<u>\$ 100,206,347</u>	<u>\$ 44,483,156</u>	<u>\$ 32,472,413</u>	<u>\$ 23,250,778</u>

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

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	\$ 100,903	Not rated	N/A
Comerica - Government Cash Investment Fund	<u>12,528,666</u>	A1/PI/FI	Moody's
Total	<u>\$ 12,629,569</u>		
Fiduciary Funds			
Goldman Sachs FS Prime Obligations Fund	\$ 3,887,514	AAAm	S&P
Repurchase agreement	1,084,925	A1/PI/FI	Moody's
Comerica Short-term Fund Series C	4,224,378	Not rated	N/A
Index funds	3,204,768	AA1-AA2	Moody's
Bank investment pool	4,860,581	AAA-AA	Moody's
Debt securities	3,532,416	AAA	S&P
Debt securities	10,256,070	AA	S&P
Debt securities	26,527,293	A	S&P
Debt securities	19,504,089	BBB	S&P
Debt securities	128,348	BB	S&P
Debt securities	38,220	CCC and below	S&P
Debt securities	<u>5,576,716</u>	Not rated	S&P
Total	<u>\$ 82,825,318</u>		
Component Units - Interlocal agreement	<u>\$ 749,428</u>	Aaa	Moody's

Note 3 - Deposits and Investments (Continued)

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

Security	Fair Value	Foreign Currency
Foreign bonds	\$ 3,561,494	Euro
Foreign bonds	1,272,168	Swiss franc
Foreign bonds	1,508,906	UK pound
Foreign bonds	2,161,137	Hong Kong dollar
Foreign bonds	4,513,882	Japanese yen
Foreign bonds	44,229	Canadian dollar
Foreign bonds	276,583	Australian dollar

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

At year end, the City had \$12,528,666 in such funds at Comerica Bank (J Fund which has a A1/PI/FI rating), which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals for that investment pool.

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

Note 4 - Receivables

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

	Governmental Funds				Water and Sewer Fund	Nonmajor Enterprise	Total	Component Units
	General Fund	Grant Fund	Nonmajor Funds	Total				
Receivables:								
Property taxes receivable	\$ 318,963	\$ -	\$ 115,734	\$ 434,697	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	-	-	549,389	549,389	-	-	-	-
Receivables from sales to customers on account	-	-	-	-	7,057,577	-	7,057,577	-
Accrued interest receivable	5,001	-	2,537	7,538	1,844	-	1,844	-
Other receivables	317,855	-	768,233	1,086,088	120,929	3,697	124,626	1,568,008
Due from other governmental units	4,283,752	216,621	2,476,931	6,977,304	-	-	-	-
Due from pension and VEBA funds	10,295,898	-	-	10,295,898	-	-	-	-
Notes receivable	-	8,167,156	-	8,167,156	-	-	-	-
Net receivables	<u>\$ 15,221,469</u>	<u>\$ 8,383,777</u>	<u>\$ 3,912,824</u>	<u>\$ 27,518,070</u>	<u>\$ 7,180,350</u>	<u>\$ 3,697</u>	<u>\$ 7,184,047</u>	<u>\$ 1,568,008</u>

Note 5 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities
Delinquent personal property taxes	\$ 434,697	\$ -
Special assessments - Unavailable	549,389	-
Grant revenue - Unavailable	9,061,546	-
Other	452,286	-
Deferred inflows related to pensions	-	2,695,151
Total deferred inflows	<u>\$ 10,497,918</u>	<u>\$ 2,695,151</u>

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

	Primary Government	Component Units
Bond refunding loss being amortized	\$ 1,433,966	\$ 277,384
Deferred outflows related to pensions	69,454,519	-
Total deferred outflows	<u>\$ 70,888,485</u>	<u>\$ 277,384</u>

Note 6 - Capital Assets

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

	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 18,576,746	\$ -	\$ -	\$ (3,950,110)	\$ 14,626,636
Construction in progress	4,832,492	(3,659,140)	7,056,549	-	8,229,901
Subtotal	23,409,238	(3,659,140)	7,056,549	(3,950,110)	22,856,537
Capital assets being depreciated:					
Infrastructure	151,584,145	3,585,022	2,805,341	-	157,974,508
Buildings and improvements	90,020,497	74,118	745,478	(969,194)	89,870,899
Machinery and equipment	53,779,507	-	2,205,367	(1,142,508)	54,842,366
Land improvements	9,475,715	-	-	-	9,475,715
Subtotal	304,859,864	3,659,140	5,756,186	(2,111,702)	312,163,488
Accumulated depreciation:					
Infrastructure	110,083,472	-	2,175,158	-	112,258,630
Buildings and improvements	41,007,493	-	2,785,004	(355,547)	43,436,950
Machinery and equipment	35,655,327	-	3,263,365	(1,052,193)	37,866,499
Land improvements	7,833,691	-	319,260	-	8,152,951
Subtotal	194,579,983	-	8,542,787	(1,407,740)	201,715,030
Net capital assets being depreciated	110,279,881	3,659,140	(2,786,601)	(703,962)	110,448,458
Net capital assets	\$ 133,689,119	\$ -	\$ 4,269,948	\$ (4,654,072)	\$ 133,304,995
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 826,863	\$ -	\$ -	\$ -	\$ 826,863
Construction in progress	6,087,378	(5,918,964)	146,828	-	315,242
Subtotal	6,914,241	(5,918,964)	146,828	-	1,142,105
Capital assets being depreciated:					
Buildings and improvements	92,358,344	2,222,272	6,220,410	(1,414,892)	99,386,134
Machinery and equipment	15,201,089	-	576,718	-	15,777,807
Utility systems	140,796,842	3,696,692	5,030,836	(338,640)	149,185,730
Subtotal	248,356,275	5,918,964	11,827,964	(1,753,532)	264,349,671
Accumulated depreciation:					
Buildings and improvements	39,529,372	-	2,680,319	(1,228,157)	40,981,534
Machinery and equipment	13,881,067	-	234,749	-	14,115,816
Utility systems	61,701,606	-	2,660,378	(338,640)	64,023,344
Subtotal	115,112,045	-	5,575,446	(1,566,797)	119,120,694
Net capital assets being depreciated	133,244,230	5,918,964	6,252,518	(186,735)	145,228,977
Net capital assets	\$ 140,158,471	\$ -	\$ 6,399,346	\$ (186,735)	\$ 146,371,082

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Capital Assets (Continued)

Component Units	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Capital assets not being depreciated -					
Land	\$ 122,419	\$ -	\$ -	\$ (122,419)	\$ -
Capital assets being depreciated -					
Buildings and improvements	1,101,775	-	-	(1,101,775)	-
Accumulated depreciation -					
Buildings and improvements	55,108	-	27,554	(82,662)	-
Net capital assets being depreciated	1,046,667	-	(27,554)	(1,019,113)	-
Net capital assets	\$ 1,169,086	\$ -	\$ (27,554)	\$ (1,141,532)	\$ -

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

Governmental activities:

General government	\$ 2,661,905
Public safety	2,035,801
City development	21,094
Highway and streets	1,999,490
Recreation and culture	1,334,405
Sanitation	490,092
Total governmental activities	<u>\$ 8,542,787</u>

Business-type activities:

Water and sewer	\$ 5,291,192
Senior citizen housing	284,255
Total business-type activities	<u>\$ 5,575,447</u>

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

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
City projects	\$ 17,390,086	\$ 9,666,154
Water and sewer projects	21,409,549	1,336,609

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From						Total	Component Units
	General Fund	Grant Fund	Water and Sewer Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Nonmajor Governmental Funds		
General Fund	\$ -	\$ 100,282	\$ 2,089,970	\$ 209,373	\$ 10,295,898	\$ 224,248	\$ 12,919,771	\$ 453,103
Nonmajor enterprise funds	-	-	-	327,317	-	-	327,317	-
Total	\$ -	\$ 100,282	\$ 2,089,970	\$ 536,690	\$ 10,295,898	\$ 224,248	\$ 13,247,088	\$ 453,103
Component Unit	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	

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

The balances for the fiduciary funds are amounts due at June 30, 2016.

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	\$ 125,484	\$ 2,941,731	\$ 3,067,215

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

Note 8 - Long-term Debt

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

Sidewalk and Road Construction Bonds - Sidewalk and road construction bonds are comprised of various bond issues that pledge state-collected gas and weight tax receipts returned to the City. The full faith and credit of the City are pledged as additional security. These bond issues have aggregate principal maturities ranging from \$130,000 to \$1,155,245 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 percent to 5.15 percent.

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

Water and Sewer Bonds - Water and Sewer Bonds, including the Capital Improvement Bonds and the State Revolving Fund bonds, are comprised of bonds issued to fund major infrastructure replacement projects and are payable solely from the net revenue of the Water and Sewer System. The bond issues have principal maturities ranging from \$895,000 to \$5,782,143 a year and are due serially through fiscal year 2037 with annual interest rates ranging from 1.625 percent to 6.00 percent. The total liability for SRF, Series 5401-01 at June 30, 2016 is \$2,338,918; however, this issue is subject to 40 percent principal forgiveness at close-out of construction and is reflected in the balances stated below.

Note 8 - Long-term Debt (Continued)

Downtown Development Authority Bonds - DDA Bonds are comprised of bonds issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended, in anticipation of the collection of certain tax increment revenue payments for the purpose of paying costs of development and redevelopment of all or a portion of the downtown district as specified in the authority's development and tax increment financing plan. In addition, the City has pledged its full faith and credit as additional security for payment of the principal and interest when due. In order to achieve the desired development and redevelopment objectives as described in the plan, the City has authorized the issuance of Downtown Development Bonds in four series not to exceed \$75,000,000 in total. The bonds have aggregate maturities ranging from \$1,135,000 to \$5,515,000 a year and are due serially through fiscal year 2029 with annual interest rates ranging from 2.00 percent to 4.625 percent.

Senior Housing Bonds - Senior Housing Bonds consist of the Refunding Series 2012 bonds. Principal and interest payments are to be paid from cash flows generated by monthly rental unit receipts. In addition, the City has pledged its full faith and credit for the payment of these principal and interest payments as they become due. The Senior Housing Refunding Bonds, Series 2012, have principal maturities ranging from \$150,000 to \$500,000 a year and are due serially through the fiscal year ending June 30, 2023 with an annual interest rate of 2.00 percent.

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Sidewalk and Road Construction Bonds:						
MTF, Series 2003						
Maturing through 2018	3.90%-4.10%	\$ 1,488,937	\$ -	\$ 496,207	\$ 992,730	\$ 496,207
Capital Improvement, Series 2008						
Maturing through 2028	5.15%	195,000	-	195,000	-	-
MTF, Refunding Series 2010						
Maturing through 2016	3.25%	477,900	-	477,900	-	-
Capital Improvement Refunding Series 2013A						
Maturing through 2027	2.70%	4,486,202	-	395,102	4,091,100	405,878
Capital Improvement Refunding Series 2015						
Maturing through 2029	2.00%-3.25%	2,428,801	-	(920)	2,429,721	239,080
General Obligation Bonds:						
Series 2014, WCC refunding						
Maturing through 2027	2.35%	8,321,373	-	624,680	7,696,693	639,680
Capital leases (Note 9)		1,743,292	-	493,011	1,250,281	501,598
		<u>19,141,505</u>	<u>-</u>	<u>2,680,980</u>	<u>16,460,525</u>	<u>2,282,443</u>
Accumulated compensated absences and compensatory time		<u>9,286,282</u>	<u>1,858,750</u>	<u>1,857,256</u>	<u>9,287,776</u>	<u>1,857,555</u>
		<u>\$ 28,427,787</u>	<u>\$ 1,858,750</u>	<u>\$ 4,538,236</u>	<u>\$ 25,748,301</u>	<u>\$ 4,139,998</u>

Note 8 - Long-term Debt (Continued)

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

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities						
Water and Sewer Bonds:						
Refunding Series 2012						
Maturing through 2026	3.00%-4.00%	\$ 16,010,000	\$ -	\$ 940,000	\$ 15,070,000	\$ 1,740,000
Capital Improvement Bonds:						
Series 2003	3.50%-4.125%	630,000	-	70,000	560,000	70,000
Series 2010	3.00%	690,000	-	690,000	-	-
Series 2010	2.90%-6.00%	8,040,000	-	350,000	7,690,000	350,000
Series 2012	2.00%-4.10%	14,390,000	-	445,000	13,945,000	455,000
Series 2013A Refunding	2.70%	1,758,798	-	154,898	1,603,900	159,123
Series 2013	2.00%-4.50%	18,075,000	-	700,000	17,375,000	725,000
State Revolving Fund:						
SRF, Series 5134-01						
Maturing through 2024	2.50%	2,675,000	-	240,000	2,435,000	245,000
SRF, Series 5134-02						
Maturing through 2026	2.125%	3,890,000	-	315,000	3,575,000	325,000
SRF, Series 5134-03						
Maturing 2024	2.125%	627,091	-	55,000	572,091	60,000
SRF, Series 5134-04						
Maturing 2026	1.625%	4,835,000	-	405,000	4,430,000	410,000
SRF, Series 5401-01						
Maturing through 2030	2.50%	2,468,918	-	130,000	2,338,918	130,000
Capital leases (Note 9):						
Waste-to-heat energy improvements		100,647	-	100,647	-	-
Energy performance improvements		7,119,349	-	359,019	6,760,330	389,107
Senior Housing Bonds:						
Refunding Series 2012						
Maturing 2023	2.00%	3,095,000	-	540,000	2,555,000	500,000
Less deferred amounts:						
Issuance discounts		(258,351)	-	(12,938)	(245,413)	(12,937)
Issuance premiums		1,908,712	-	174,874	1,733,838	162,299
Total bonds payable		86,055,164	-	5,656,500	80,398,664	5,707,592
Accumulated compensated absences and compensatory time		853,336	287,529	364,067	776,798	345,520
Total business-type activities		\$ 86,908,500	\$ 287,529	\$ 6,020,567	\$ 81,175,462	\$ 6,053,112
Component Unit Activities						
Series 2015 Refunding		\$ -	\$ 13,115,000	\$ -	\$ 13,115,000	\$ 615,000
Series 2005	4.125%-4.50%	13,413,060	-	13,413,060	-	-
Series 2013 Refunding	3.00%-4.625%	14,945,371	-	875,890	14,069,481	1,360,890
Series 2014 Refunding	2.00%-3.00%	32,345,553	-	1,712,938	30,632,615	1,697,938
Total bonds payable		\$ 60,703,984	\$ 13,115,000	\$ 16,001,888	\$ 57,817,096	\$ 3,673,828

Note 8 - Long-term Debt (Continued)

During fiscal year 2010, the City issued 2010 Capital Improvement Bonds, which are Recovery Zone Economic Development Bonds. In accordance with this program, the City will be reimbursed a portion of interest expense incurred. The interest expense associated with these bonds in fiscal year 2016 was \$418,638, and the subsidy received was \$188,387, bringing the interest, net of subsidy, to \$230,251.

Total interest expense for the year, net of subsidy, was approximately \$5,085,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding discounts and premiums, are as follows, excluding capital leases (see Note 9):

Years Ending June 30	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest - Net of Subsidy	Total	Principal	Interest	Total
2017	\$ 1,785,877	\$ 373,417	\$ 2,159,294	\$ 5,169,123	\$ 2,222,771	\$ 7,391,894	\$ 3,615,000	\$ 1,656,806	\$ 5,271,806
2018	1,835,245	322,004	2,157,249	5,274,755	2,070,276	7,345,031	4,050,000	1,566,706	5,616,706
2019	1,341,020	269,373	1,610,393	5,348,980	1,911,532	7,260,512	4,485,000	1,461,531	5,946,531
2020	1,374,755	236,683	1,611,438	5,485,245	1,749,592	7,234,837	5,155,000	1,336,531	6,491,531
2021	1,395,530	203,265	1,598,795	5,629,470	1,581,377	7,210,847	5,310,000	1,187,656	6,497,656
2022-2026	6,351,611	535,171	6,886,782	22,875,480	5,700,148	28,575,628	27,075,000	3,373,316	30,448,316
2027-2031	1,147,061	28,125	1,175,186	13,331,855	3,239,914	16,571,769	7,530,000	255,000	7,785,000
2032-2036	-	-	-	8,055,000	998,793	9,053,793	-	-	-
2037-2041	-	-	-	980,000	40,180	1,020,180	-	-	-
Total	\$ 15,231,099	\$ 1,968,038	\$ 17,199,137	\$ 72,149,908	\$ 19,514,583	\$ 91,664,491	\$ 57,220,000	\$ 10,837,546	\$ 68,057,546

Current Refundings - In August 2015, the City issued Downtown Development Limited Tax Refunding Bonds, Series 2015, in the amount of \$13,115,000. The debt refunded amounted to \$12,913,060 of Downtown Development Authority Limited Tax Bonds, Series 2005, maturing in the years 2015 through 2028. The refunding was undertaken to reduce the debt service payment over the next 13 years with net savings of \$1,751,433 and to obtain an economic (present value) gain for the City of Warren, Michigan of \$1,472,975.

Note 9 - Leases

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

Note 9 - Leases (Continued)

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

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

Years Ending June 30	Amount
2017	\$ 522,806
2018	522,806
2019	241,919
Total	1,287,531
Less interest	37,250
Total	<u>\$ 1,250,281</u>

In 2011, the Water and Sewer Fund entered into a lease agreement as lessee for financing the purchase of energy performance improvements for the waste water treatment plant. The total amount of financing is \$8,021,303, with \$54,693 of issuance costs included in the total. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. As of June 30, 2016, the project is complete.

In 2010, the water and sewer department entered into a lease agreement as lessee for financing the purchase of a waste-to-heat energy project. The total amount of the financing is \$970,444.

Note 9 - Leases (Continued)

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

Years Ending <u>June 30</u>	<u>Amount</u>
2017	\$ 573,664
2018	626,472
2019	649,255
2020	672,880
2021	697,380
2022-2026	3,910,223
2027	<u>870,821</u>
Total minimum lease payments	8,000,695
Less amount representing interest	<u>(1,240,365)</u>
Present value	<u>\$ 6,760,330</u>

Note 10 - General Employees' Other Postemployment Benefits - VEBA

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

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

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

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

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

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

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

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

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

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

Funding Progress - For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Prior to this fiscal year, the City has contributed the full ARC and therefore, an OPEB liability has not previously existed. The valuation's computed contribution and actual fundings are summarized as follows:

Annual required contribution (recommended)	\$ 11,800,171
Interest on the prior year's net OPEB obligation	346,815
Less adjustment to the annual required contribution	<u>(392,971)</u>
 Annual OPEB cost	 11,754,015
Amounts contributed:	
Payments of current premiums	-
Advance funding	<u>12,782,818</u>
 Decrease in net OPEB obligation	 (1,028,803)
 OPEB obligation - Beginning of year	 <u>4,686,680</u>
 OPEB obligation - End of year	 <u>\$ 3,657,877</u>

For the fiscal year ended June 30, 2016, contributions to the plan totaled \$12,782,818. For the current year and the preceding two years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended*	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
6/30/16	12/31/14	\$ 11,800,171	\$ 11,754,015	108.3	\$ 3,657,877
6/30/15	12/31/12	13,897,390	13,897,390	66.3	4,686,680
6/30/14	12/31/12	6,623,275	6,623,275	100.0	-

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

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

The funding progress of the plan is as follows:

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

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

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

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

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

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

Note 11 - Police and Fire Other Postemployment Benefits - VEBA

Plan Description - The City of Warren Police and Fire Retirement Health Benefits 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, 2015, the plan consisted of 191 active participants, 538 retired participants, and four inactive vested participants.

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

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

Funding Policy - The City is required by its ordinance to annually fund employer contributions based on the actuarially determined rate. The plan and trust's funding policy provides for monthly employer contributions at the actuarially determined rate for fiscal year 2015 that is intended to accumulate sufficient assets to pay health benefits when due. Required employer contributions are computed by the actuary to be a level dollar amount because the plan is closed to new hires. The annual required employer contribution for the City's fiscal year beginning July 1, 2015 as determined by the December 31, 2014 actuarial report was \$13,621,425. Administrative costs of the plan are financed through investment earnings.

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

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

Funding Progress - For the year ended June 30, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2014. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Based on that valuation, the City contributed \$10,500,036 in the year ended June 30, 2016. The annual required contribution is \$13,621,425. The valuation's computed contribution and actual fundings are summarized as follows:

Annual required contribution (recommended)	\$ 13,621,425
Interest on the prior year's net OPEB obligation	558,944
Less adjustment to the annual required contribution	<u>(637,183)</u>
 Annual OPEB cost	 13,543,186
Amounts contributed:	
Amounts contributed toward the ARC	10,500,036
Advance funding	<u>-</u>
 Increase in net OPEB obligation	 3,043,151
OPEB obligation - Beginning of year	<u>7,452,588</u>
OPEB obligation - End of year	<u>\$ 10,495,739</u>

For the fiscal year ended June 30, 2016, contributions to the plan totaled \$10,500,036. For the current year and the preceding three years, the plan's other postemployment benefits (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
6/30/16	12/31/14	\$ 13,621,425	\$ 13,543,186	77.1	\$ 10,495,738
6/30/15	12/31/12	13,184,908	13,137,382	80.4	7,452,588
6/30/14	12/31/12	12,835,782	12,835,782	61.7	4,914,206

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

The funding progress of the plan is as follows:

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

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

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

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

Note 12 - Employees' Retirement System Defined Benefit Pension Plan

Pension Plan Description

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

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

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

Management of the plan is vested in the pension board, which consists of six total members - two elected by plan members, the city mayor, one appointed by the city mayor, the city treasurer by default, and an ex-officio City Council member. All members except the ex-officio member have voting privileges.

Employees Covered by Benefit Terms - At December 31, 2014, the following employees were covered by the benefit terms:

Retirees and beneficiaries	527
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	<u>105</u>
Total employees covered by the plan	<u><u>654</u></u>

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

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

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

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. The normal cost and actuarial accrued liability were determined using an aggregate actuarial funding method. For the year ended December 31, 2015, employer contributions were \$9,301,612 in accordance with the actuarial valuation dated December 31, 2013. Employees are not required to contribute to the system. Any amounts shown as employee contributions represent purchase of prior service credit. Administrative costs are financed through investment earnings.

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of December 31, 2015:

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

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

Pension Plan Reserves

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

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

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

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

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

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

The balances of the reserve accounts at December 31, 2015 are as follows:

	<u>Required Reserve</u>
Retiree reserve	\$ 147,497,547
Employee reserve	64,704

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

Net Pension Liability

The components of the net pension liability of the City at December 31, 2015 were as follows:

Total pension liability	\$ 191,024,170
Plan fiduciary net position	<u>113,378,411</u>
City's net pension liability	<u>\$ 77,645,759</u>

Plan fiduciary net position as a percentage of the total pension liability 59.4 %

The City has chosen to use December 31, 2015 as its measurement date for the net pension liability. The December 31, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of December 31, 2014, which used updated procedures to roll forward the estimated liability to December 31, 2015.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 188,063,295	\$ 122,805,948	\$ 65,257,347
Service cost	1,182,428	-	1,182,428
Interest	13,100,633	-	13,100,633
Differences between expected and actual experience	747,834	-	747,834
Changes in assumptions	3,842,234	-	3,842,234
Contributions - Employer	-	9,301,612	(9,301,612)
Net investment income	-	(2,521,195)	2,521,195
Benefit payments, including refunds	(15,912,254)	(15,912,254)	-
Administrative expenses	-	(295,700)	295,700
Net changes	<u>2,960,875</u>	<u>(9,427,537)</u>	<u>12,388,412</u>
Balance at December 31, 2015	<u>\$ 191,024,170</u>	<u>\$ 113,378,411</u>	<u>\$ 77,645,759</u>

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

Assumption Changes - The assumed rate of investment return was decreased to 7.40 percent from 7.45 percent. The assumed rate of investment return will be reduced 0.05 percent per year over a five-year period until the assumed rate of return is 7.25 percent pursuant to board action. This change in actuarial assumption resulted in an increase in the total pension liability of \$3,842,234 and more accurately reflects future expected rates of return.

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

For the year ended June 30, 2016, the City recognized pension expense of \$12,436,133. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 213,667	\$ -
Changes in assumptions	1,097,781	-
Net difference between projected and actual earnings on pension plan investments	9,913,846	-
Employer contributions to the plan subsequent to the measurement date	<u>4,476,977</u>	<u>-</u>
Total	<u>\$ 15,702,271</u>	<u>\$ -</u>

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

Years Ending June 30	Amount
2017	\$ 3,855,198
2018	2,543,750
2019	2,543,750
2020	2,282,596

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

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %	
Salary increases	4.8-7.8 %	Including inflation
Investment rate of return	7.40 %	Net of pension plan investment expense, including inflation

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

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

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability of the City	\$ 95,052,633	\$ 77,645,759	\$ 62,588,650

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

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

Pension Plan Description

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

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

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

Management of the Plan is vested in the pension board, which consists of six total members - two elected by plan members, two appointed by the city mayor, the city treasurer by default, and an ex-officio City Council member. All members except ex-officio member have voting privileges.

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

Retirees and beneficiaries	556
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>326</u>
Total employees covered by the Plan	<u>886</u>

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

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended December 31, 2015, employer contributions were \$10,604,562 in accordance with the actuarial valuation dated December 31, 2014, and the average active member contribution rate was 3.0 to 5.0 percent of annual pay determined by date of hire. The City is required to contribute at an actuarially determined rate.

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

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of December 31, 2015:

Asset Class	Target Allocation
Domestic equity	51.0 %
International equity	12.0 %
Fixed income	25.0 %
Alternative investments	8.0 %
Real estate	4.0 %

Pension Plan Reserves

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

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

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

The balances of the reserve accounts at December 31, 2015 are as follows:

	Required Reserve
Retiree reserve	\$261,621,360
Employee reserve	17,701,203

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

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total pension liability	\$480,737,617
Plan fiduciary net position	<u>279,553,404</u>
City's net pension liability	<u>\$201,184,213</u>

Plan fiduciary net position as a percentage of the total pension liability 58.2 %

The City has chosen to use December 31, 2015 as its measurement date for the net pension liability. The December 31, 2015 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of December 31, 2013, which used updated procedures to roll forward the estimated liability to December 31, 2015.

City of Warren, Michigan

Notes to Financial Statements June 30, 2016

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 437,987,093	\$ 296,629,089	\$ 141,358,004
Service cost	7,077,600	-	7,077,600
Interest	25,830,279	-	25,830,279
Differences between expected and actual experience	(2,546,396)	-	(2,546,396)
Changes in assumptions	42,956,365	-	42,956,365
Contributions - Employer	-	10,604,562	(10,604,562)
Contributions - Employee	-	1,033,752	(1,033,752)
Net investment income	-	2,222,576	(2,222,576)
Benefit payments, including refunds	(30,567,324)	(30,567,324)	-
Administrative expenses	-	(454,638)	454,638
Miscellaneous other charges	-	85,387	(85,387)
Net changes	42,750,524	(17,075,685)	59,826,209
Balance at December 31, 2015	\$ 480,737,617	\$ 279,553,404	\$ 201,184,213

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

For the year ended June 30, 2016, the City recognized pension expense of \$22,884,308. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,695,151
Changes in assumptions	33,618,025	-
Net difference between projected and actual earnings on pension plan investments	14,831,945	-
Employer contributions to the plan subsequent to the measurement date	5,302,278	-
Total	<u>\$ 53,752,248</u>	<u>\$ 2,695,151</u>

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

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

Years Ending June 30	Amount
2017	\$ 12,164,432
2018	12,164,432
2019	12,294,903
2020	9,131,052

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	5.0 %
Salary increases	5.0-8.0 % Average, including inflation
Investment rate of return	6.06 % Net of pension plan investment expense, including inflation

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

Discount Rate - The discount rate used to measure the total pension liability as of December 31, 2015 was 5.40 percent; however, the discount rate used at the beginning of the year was 6.06 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the employer contributions will be made at the rates equal to the actuarially determined contribution and the employee rate.

Projected Cash Flows

Based on those assumptions, and the valuation interest rate of 7.5 percent, the system's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees prior to 2045. After that time, fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the S&P Municipal Bond 20-year High Grade Index Rate as of December 31, 2015 of 3.15 percent was applied to all periods of subsequent projected benefit payments.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.3 %
International equity	7.6 %
Fixed income	2.1 %
Alternative investments	4.4 %
Real estate	6.6 %

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 5.40 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.40 percent) or 1 percentage point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
Net pension liability of the City	\$258,726,620	\$201,184,213	\$153,139,372

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

Note 14 - Defined Contribution Plan

Plan Description - The Defined Contribution Plan was approved by the Warren City Council at their meeting on April 8, 1997. The plan is administered by the International City Management Association Retirement Corporation (ICMA). Participation in the plan is extended to all full-time employees, other than police and fire personnel. Employees were allowed to transfer the actuarially determined value of prior service credit from the City Employees' Retirement System to the Defined Contribution Plan upon adoption of the plan and settlement of respective collective bargaining agreements. Employees hired after ratification of the respective collective bargaining agreements are automatically enrolled in the Defined Contribution Plan. There were 294 active participants in the plan as of June 30, 2016. The City contributed approximately \$2.1 million for the year ended June 30, 2016.

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

Note 15 - Other Retirement Plans

Qualified Excess Benefit Arrangement (QEBA) Trust

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

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

Note 15 - Other Retirement Plans (Continued)

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.

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

Note 16 - Risk Management

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

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

The City is self-insured for non-HMO medical benefits afforded to employees and retirees. The program is liable for the first \$250,000 per employee contract. The City has purchased a specific stop-loss insurance policy of \$250,000.

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

Note 16 - Risk Management (Continued)

The government-wide statement of net position reports "accrued insurance claims" in the amount of \$8,827,465 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, 2016 as provided by the City's insurance carrier. The General Fund balance sheet reports "assigned fund balance - insurance claims" in the amount of \$8,827,465.

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:

	2014	Est. Claims Incurred/ Reserved	Payments and Adjustments	2015	Est. Claims Incurred/ Reserved	Payments and Adjustments	2016
Workers' compensation, automobile, and public entity liability	\$ 6,069,644	\$ 4,579,418	\$ (2,974,575)	\$ 7,674,487	\$ 5,346,218	\$ (4,193,240)	\$ 8,827,465
Other insurance-related items	-	-	-	-	-	-	-
Estimated liability - End of year	<u>\$ 6,069,644</u>	<u>\$ 4,579,418</u>	<u>\$ (2,974,575)</u>	<u>\$ 7,674,487</u>	<u>\$ 5,346,218</u>	<u>\$ (4,193,240)</u>	<u>\$ 8,827,465</u>

Note 17 - Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. Furthermore, the investments held in the fiduciary funds are reported as of December 31, 2015, and are not yet subject to these disclosure requirements. These assets will be categorized under this hierarchy effective December 31, 2016.

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

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

Note 17 - Fair Value Measurement (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

At the year ended June 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Fifth Third Fund - DDA	\$ 749,428	\$ -	N/A	N/A

The Fifth Third investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high grade commercial paper (rated 'A 1' or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Note 18 - Contingent Liabilities

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

Note 19 - Joint Venture

The City is a member of the South Macomb Disposal Authority, which provides refuse disposal services to participating municipalities in Macomb County, Michigan. Other members include the cities of Center Line, Roseville, Eastpointe, and St. Clair Shores, Michigan. The City appoints one member to the joint venture's governing board, which then approves the annual budget. The City, however, does not have a definable equity interest in the South Macomb Disposal Authority. Complete financial statements for the South Macomb Disposal Authority can be obtained from the administrative offices at 20001 Pleasant Avenue Box 286 St. Clair Shores, Michigan 48080.

Note 20 - Upcoming Accounting Pronouncements

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

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

Required Supplemental Information

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 68,462,485	\$ 68,462,485	\$ 68,348,333	\$ (114,152)
Licenses and permits	2,876,000	2,876,000	4,265,251	1,389,251
Federal grants	477,952	802,952	489,793	(313,159)
State-shared revenue and grants	14,652,105	14,832,105	15,086,145	254,040
Charges for services	3,582,500	3,582,500	4,202,216	619,716
Fines and forfeitures	5,388,000	5,388,000	5,614,009	226,009
Investment income	120,000	120,000	170,935	50,935
Other miscellaneous income	6,660,046	7,665,046	7,972,974	307,928
Total revenue	102,219,088	103,729,088	106,149,656	2,420,568
Expenditures - Current				
General government:				
Council	1,074,210	1,074,210	1,001,749	72,461
Mayor	662,378	662,378	401,585	260,793
Controller	1,482,383	1,482,383	1,353,165	129,218
Information technology/data proc.	763,371	763,371	730,433	32,938
Treasurer	1,338,381	1,338,381	1,269,486	68,895
Assessing	2,062,145	2,132,145	2,038,398	93,747
Clerk	1,759,516	1,759,516	1,304,331	455,185
Building maintenance	2,245,735	2,245,735	1,961,002	284,733
Legal	1,463,593	1,463,593	1,282,045	181,548
Human resources	1,445,493	1,532,721	1,340,816	191,905
Administration unallocated expense	6,486,600	7,741,256	7,674,849	66,407
Other commissions	110,573	110,573	83,864	26,709
Total general government	20,894,378	22,306,262	20,441,723	1,864,539
District court	7,424,582	8,141,077	7,423,740	717,337
Public safety:				
Police department	40,233,559	42,941,142	41,468,685	1,472,457
Fire department	23,038,571	23,276,332	22,990,226	286,106
Civil defense	220,505	220,505	220,260	245
Animal control	412,463	422,463	391,403	31,060
Building inspections	3,101,457	3,337,367	2,998,231	339,136
Crime commission	11,800	11,800	10,652	1,148
Total public safety	67,018,355	70,209,609	68,079,457	2,130,152

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Current (Continued)				
Public works:				
Property maintenance	\$ 1,234,226	\$ 1,234,226	\$ 1,096,629	\$ 137,597
Engineering and inspections	1,244,494	1,322,314	1,061,435	260,879
Public service director	442,668	442,668	429,183	13,485
Stormwater drainage	88,835	88,835	88,835	-
Highway street lighting	3,626,200	3,626,200	3,050,031	576,169
DPW garage	3,487,205	4,374,707	3,758,074	616,633
Total public works	10,123,628	11,088,950	9,484,187	1,604,763
Community and economic development:				
Planning, zoning, and related	591,222	604,965	523,389	81,576
Economic development opportunities	183,758	183,758	74,423	109,335
Total community and economic development	774,980	788,723	597,812	190,911
Recreation and culture:				
Historical commission	10,355	10,355	7,279	3,076
Cultural commission	26,600	26,600	26,411	189
Village historical commission	13,850	13,850	8,556	5,294
Total recreation and culture	50,805	50,805	42,246	8,559
Total expenditures	106,286,728	112,585,426	106,069,165	6,516,261
Excess of Revenue (Under) Over Expenditures	(4,067,640)	(8,856,338)	80,491	8,936,829
Other Financing Uses				
Transfers out	(160,000)	(160,000)	(125,484)	34,516
Net Change in Fund Balance	(4,227,640)	(9,016,338)	(44,993)	8,971,345
Fund Balance - Beginning of year	63,863,401	63,863,401	63,863,401	-
Fund Balance - End of year	\$ 59,635,761	\$ 54,847,063	\$ 63,818,408	\$ 8,971,345

City of Warren, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Grant Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 1,934,987	\$ 1,934,987	\$ 2,805,466	\$ 870,479
Other	-	-	338,202	338,202
Total revenue	1,934,987	1,934,987	3,143,668	1,208,681
Expenditures - Current				
Community and economic development	1,934,987	1,934,987	3,111,102	(1,176,115)
Net Change in Fund Balance	-	-	32,566	32,566
Fund Balance - Beginning of year	179,646	179,646	179,646	-
Fund Balance - End of year	\$ 179,646	\$ 179,646	\$ 212,212	\$ 32,566

City of Warren, Michigan

Note to Required Supplemental Information Year Ended June 30, 2016

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

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except that nonreciprocal interfund activity including expenditure reimbursements between funds are budgeted as revenue rather than as reductions of expenditures. All annual appropriations lapse at fiscal year end.

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

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 102,006,671	\$ 101,926,180
Nonreciprocal interfund activity budgeted as revenue	<u>4,142,985</u>	<u>4,142,985</u>
Amounts per budget statement	<u>\$ 106,149,656</u>	<u>\$ 106,069,165</u>

City of Warren, Michigan

Note to Required Supplemental Information (Continued) Year Ended June 30, 2016

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Grant Fund - Community and economic development	\$ 1,934,987	\$ 3,111,102	\$ (1,176,115)

City of Warren, Michigan

Required Supplemental Information OPEB System Schedule - General Employees' Other Postemployment Benefits - VEBA Year Ended June 30, 2016

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

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

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

The schedule of employer contributions is as follows:

Fiscal Year Ended*	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/16	12/31/14	\$ 11,800,171	108.3
6/30/15	12/31/12	13,897,390	66.3
6/30/14	12/31/12	6,623,275	100.0

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

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

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

City of Warren, Michigan

Required Supplemental Information OPEB System Schedule - Police and Fire Postemployment Benefits - VEBA Year Ended June 30, 2016

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

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

The schedule of employer contributions is as follows:

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

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

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

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

City of Warren, Michigan

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

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

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

City of Warren, Michigan

Notes to Pension Required Supplemental Information Schedules Employees' Retirement System Defined Benefit Pension Plan Year Ended June 30, 2016

Benefit Changes - None

Changes in Assumptions - The assumed rate of investment return was decreased to 7.40 percent from 7.45 percent. The assumed rate of investment return will be reduced 0.05 percent per year over a five-year period until the assumed rate of return is 7.25 percent pursuant to board action. This change in actuarial assumption resulted in an increase in the total pension liability of \$3,842,234 and more accurately reflects future expected rates of return.

Changes in Size or Composition of the Covered Population - None

City of Warren, Michigan

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

	2016	2015
Total Pension Liability		
Service cost	\$ 1,182,428	\$ 1,227,820
Interest	13,100,633	13,329,959
Changes in benefit terms	-	-
Differences between expected and actual experience	747,834	(963)
Changes in assumptions	3,842,234	3,134,370
Benefit payments, including refunds	(15,912,254)	(15,879,218)
Net Change in Total Pension Liability	2,960,875	1,811,968
Total Pension Liability - Beginning of year	188,063,295	186,251,327
Total Pension Liability - End of year	\$ 191,024,170	\$ 188,063,295
Plan Fiduciary Net Position		
Contributions - Employer	\$ 9,301,612	\$ 9,587,638
Contributions - Member	-	-
Net investment income	(2,521,195)	7,307,119
Administrative expenses	(295,700)	(307,881)
Benefit payments, including refunds	(15,912,254)	(15,879,218)
Other	-	-
Net Change in Plan Fiduciary Net Position	(9,427,537)	707,658
Plan Fiduciary Net Position - Beginning of year	122,805,948	122,098,290
Plan Fiduciary Net Position - End of year	\$ 113,378,411	\$ 122,805,948
City's Net Pension Liability - Ending	\$ 77,645,759	\$ 65,257,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.40 %	65.30 %
Covered Employee Payroll	\$ 7,398,730	\$ 7,302,759
City's Net Pension Liability as a Percentage of Covered Employee Payroll	1,049.4 %	893.6 %

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

City of Warren, Michigan

Required Supplemental Information Schedule of System Contributions Employees' Retirement System Defined Benefit Pension Plan Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 8,977,851	\$ 9,125,265	\$ 9,519,199	\$ 6,346,678	\$ 6,941,880	\$ 6,725,950	\$ 6,805,592	\$ 6,964,635	\$ 6,700,605	\$ 6,470,408
Contributions in relation to the actuarially determined contribution	9,215,955	9,365,265	9,795,000	6,346,678	6,941,880	6,725,950	6,805,592	6,964,635	6,700,605	6,470,408
Contribution Excess	\$ (238,104)	\$ (240,000)	\$ (275,801)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 7,398,730	\$ 7,302,759	\$ 7,518,000	\$ 8,332,000	\$ 10,328,000	\$ 10,860,000	\$ 13,046,000	\$ 14,577,000	\$ 14,734,000	\$ 14,879,000
Contributions as a Percentage of Covered Employee Payroll	124.6 %	128.2 %	130.3 %	76.2 %	67.2 %	61.9 %	52.2 %	47.8 %	45.5 %	43.5 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, the year prior to the end of the fiscal year in which the contributions are reported. Covered employee payroll is as of December 31 of the fiscal year (2015 payroll was projected from the 2014 valuation).

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Aggregate
Remaining amortization period	Expected future working lifetime
Asset valuation method	Closed four-year smoothed market value
Inflation	4.00%
Salary increases	4.0%-7.8%, including inflation
Investment rate of return	7.40%, net of pension plan investment expense
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	RP 2000 Combined Healthy Mortality Table
Other information	No cost-of-living adjustments were made

City of Warren, Michigan

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

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

	2016	2015
Total Pension Liability		
Service cost	\$ 7,077,600	\$ 7,157,955
Interest	25,830,279	25,735,103
Changes in benefit terms	-	-
Differences between expected and actual experience	(2,546,396)	(1,257,514)
Changes in assumptions	42,956,365	-
Benefit payments, including refunds	(30,567,324)	(29,482,283)
Net Change in Total Pension Liability	42,750,524	2,153,261
Total Pension Liability - Beginning of year	437,987,093	435,833,832
Total Pension Liability - End of year	\$ 480,737,617	\$ 437,987,093
Plan Fiduciary Net Position		
Contributions - Employer	\$ 10,604,562	\$ 10,830,419
Contributions - Member	1,033,752	1,089,202
Net investment income	2,222,576	18,413,945
Administrative expenses	(454,638)	(397,298)
Benefit payments, including refunds	(30,567,324)	(29,482,283)
Other	85,387	156,405
Net Change in Plan Fiduciary Net Position	(17,075,685)	610,390
Plan Fiduciary Net Position - Beginning of year	296,629,089	296,018,699
Plan Fiduciary Net Position - End of year	\$ 279,553,404	\$ 296,629,089
City's Net Pension Liability - Ending	\$ 201,184,213	\$ 141,358,004
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	58.15 %	67.73 %
Covered Employee Payroll	\$ 24,413,784	\$ 25,839,293
City's Net Pension Liability as a Percentage of Covered Employee Payroll	824.1 %	547.1 %

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

City of Warren, Michigan

Required Supplemental Information Schedule of System Contributions Police and Fire Retirement System Defined Benefit Pension Plan Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 10,587,927	\$ 10,604,555	\$ 10,944,323	\$ 8,771,165	\$ 7,807,395	\$ 8,149,713	\$ 7,783,274	\$ 7,855,742	\$ 7,950,539	\$ 7,028,404
Contributions in relation to the actuarially determined contribution	10,604,562	10,604,555	10,944,323	8,771,165	7,807,395	8,149,713	7,783,274	7,855,742	7,950,539	7,028,404
Contribution Excess	\$ (16,635)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 25,621,010	\$ 25,839,293	\$ 24,674,730	\$ 24,227,908	\$ 24,349,312	\$ 27,491,481	\$ 30,183,617	\$ 30,524,963	\$ 29,995,123	\$ 29,425,088
Contributions as a Percentage of Covered Employee Payroll	41.4 %	41.0 %	44.4 %	36.2 %	32.1 %	29.6 %	25.8 %	25.7 %	26.5 %	23.9 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of the December 31, the year prior to the end of the fiscal year in which contributions are reported. Covered employee payroll is as of December 31 of the current fiscal year (2015 payroll was projected from the 2014 valuation).

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	Three years closed for remaining 2004 UAAL, 25 years open for post 2004 UAAL
Asset valuation method	Four-year smoothed market
Inflation	5.00%
Salary increases	5.0%-8.0%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates are specific to the type of eligibility condition
Mortality	RP 2000 Combined Healthy Mortality Table projected to 2014
Other information	No cost-of-living adjustments were made

City of Warren, Michigan

Notes to Pension Required Supplemental Information Schedules Police and Fire Retirement System Defined Benefit Pension Plan Year Ended June 30, 2016

Benefit Changes - None

Changes in Assumptions

1. Discount rate - The discount rate used to calculate the December 31, 2015 total pension liability was 5.40 percent. The discount rate used to calculate the total pension liability as of December 31, 2014 was 6.06 percent.
2. Mortality tables - To calculate the total pension liability as of December 31, 2015, the mortality rates were based on the RP 2000 Combined Healthy Mortality Table projected to 2014. To calculate the total pension liability as of December 31, 2014, the mortality rates were based on the RP 2000 Combined Healthy Mortality Table.

Changes in Size or Composition of the Covered Population - None

Other Supplemental Information

City of Warren, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Assets						
Cash and investments	\$ 4,165,714	\$ 3,864,161	\$ 2,337,639	\$ 1,118,774	\$ 5,862,036	\$ 2,919,236
Receivables - Net:						
Property taxes receivable	-	-	42,730	16,560	22,539	-
Special assessments receivable	-	-	-	-	-	-
Accrued interest receivable	1,316	1,221	-	-	-	-
Other receivables	-	-	68,894	65,345	-	568,869
Due from other governmental units	1,134,122	1,179,917	-	-	162,892	-
Inventory	-	-	8,012	8,070	-	-
Prepaid expenses and other assets	-	-	-	3,664	1,929	-
Deposits	2,614	-	-	-	-	-
Total assets	\$ 5,303,766	\$ 5,045,299	\$ 2,457,275	\$ 1,212,413	\$ 6,049,396	\$ 3,488,105
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 581,541	\$ 43,913	\$ 149,295	\$ 209,370	\$ 187,442	\$ 32,044
Due to other governmental units	-	-	-	-	260	-
Due to other funds	123,659	100,589	-	-	-	-
Refundable deposits, bonds, etc.	23,179	7,726	-	7,571	29,668	-
Accrued liabilities and other	23,339	29,272	85,357	86,541	35,730	15,823
Provision for property tax refunds	-	-	33,314	12,646	17,352	-
Total liabilities	751,718	181,500	267,966	316,128	270,452	47,867
Deferred Inflows of Resources -						
Unavailable revenue	-	-	99,038	16,560	22,539	-
Fund Balances						
Nonspendable:						
Inventory/Assets held for resale	-	-	8,012	8,070	-	-
Prepaid expenses	-	-	-	3,664	1,929	-
Restricted:						
Roads construction and maintenance	4,552,048	4,863,799	-	-	-	-
Capital projects	-	-	-	-	-	-
Sanitation	-	-	2,082,259	-	-	-
Recreation	-	-	-	867,991	-	-
Library	-	-	-	-	5,754,476	-
Cable franchise fees	-	-	-	-	-	3,440,238
Police enforcement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Vice crime	-	-	-	-	-	-
Committed:						
Rental ordinance	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Assigned:						
37th District Court	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balances	4,552,048	4,863,799	2,090,271	879,725	5,756,405	3,440,238
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,303,766	\$ 5,045,299	\$ 2,457,275	\$ 1,212,413	\$ 6,049,396	\$ 3,488,105

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

Special Revenue Funds							Total Nonmajor Governmental Funds
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	
\$ 1,053,397	\$ 280,946	\$ 3,581,506	\$ 35,791	\$ 6,958,236	\$ 47,515	\$ 10,359,870	\$ 42,584,821
-	-	-	-	33,905	-	-	115,734
-	-	-	-	-	-	549,389	549,389
-	-	-	-	-	-	-	2,537
-	-	-	-	-	-	65,125	768,233
-	-	-	-	-	-	-	2,476,931
-	-	2,172	-	-	-	-	18,254
-	-	-	-	-	-	-	5,593
-	-	-	-	-	-	194,912	197,526
\$ 1,053,397	\$ 280,946	\$ 3,583,678	\$ 35,791	\$ 6,992,141	\$ 47,515	\$ 11,169,296	\$ 46,719,018
\$ 339	\$ 6,490	\$ 64,071	\$ 2,140	\$ 596,941	\$ -	\$ 26,427	\$ 1,900,013
-	-	-	-	-	-	-	260
-	-	-	-	-	-	-	224,248
-	-	-	-	148,381	-	-	216,525
8,808	-	-	-	-	-	-	284,870
-	-	-	-	27,249	-	-	90,561
9,147	6,490	64,071	2,140	772,571	-	26,427	2,716,477
-	-	-	-	33,905	-	549,389	721,431
-	-	2,172	-	-	-	-	18,254
-	-	-	-	-	-	-	5,593
-	-	-	-	6,185,665	-	373,327	15,974,839
-	-	-	-	-	-	1,671,803	1,671,803
-	-	-	-	-	-	-	2,082,259
-	-	-	-	-	-	-	867,991
-	-	-	-	-	-	-	5,754,476
-	-	-	-	-	-	-	3,440,238
-	-	3,517,435	33,651	-	-	-	3,551,086
-	-	-	-	-	-	1,323,137	1,323,137
-	274,456	-	-	-	-	-	274,456
1,044,250	-	-	-	-	-	-	1,044,250
-	-	-	-	-	-	199,747	199,747
-	-	-	-	-	-	7,025,466	7,025,466
-	-	-	-	-	47,515	-	47,515
1,044,250	274,456	3,519,607	33,651	6,185,665	47,515	10,593,480	43,281,110
\$ 1,053,397	\$ 280,946	\$ 3,583,678	\$ 35,791	\$ 6,992,141	\$ 47,515	\$ 11,169,296	\$ 46,719,018

City of Warren, Michigan

Special Revenue Funds						
	Major Streets	Local Streets	Sanitation	Recreation	Library	Communications
Revenue						
Property taxes	\$ -	\$ -	\$ 8,196,127	\$ 3,113,426	\$ 4,265,494	\$ -
Federal grants	-	-	-	-	-	-
State-shared revenue and grants	6,884,281	4,132,835	-	308,767	229,294	-
Charges for services	-	-	-	2,007,731	-	-
Fines and forfeitures	-	-	-	-	101,663	-
Investment income	9,373	8,618	4,289	1,995	12,605	6,067
Rental income	-	-	-	125,557	-	-
Other revenue:						
Special assessments	-	-	-	-	-	-
Cable franchise fees	-	-	-	-	-	2,263,382
Other miscellaneous income	45,319	-	288,603	1,233	13,899	21,617
Total revenue	6,938,973	4,141,453	8,489,019	5,558,709	4,622,955	2,291,066
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	4,721,005	3,364,768	7,645,648	-	-	-
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	5,164,131	4,064,253	1,865,555
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenditures	4,721,005	3,364,768	7,645,648	5,164,131	4,064,253	1,865,555
Excess of Revenue Over (Under) Expenditures	2,217,968	776,685	843,371	394,578	558,702	425,511
Other Financing Sources (Uses)						
Transfers in	60,000	365,484	-	-	-	-
Transfers out	(2,128,200)	-	-	(528,803)	(122,032)	(162,709)
Total other financing (uses) sources	(2,068,200)	365,484	-	(528,803)	(122,032)	(162,709)
Net Change in Fund Balances	149,768	1,142,169	843,371	(134,225)	436,670	262,802
Fund Balances - Beginning of year	4,402,280	3,721,630	1,246,900	1,013,950	5,319,735	3,177,436
Fund Balances - End of year	\$ 4,552,048	\$ 4,863,799	\$ 2,090,271	\$ 879,725	\$ 5,756,405	\$ 3,440,238

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Special Revenue Funds							Total Nonmajor
Rental Ordinance	Vice Crime Confiscations	Drug Forfeiture	Police Training	Local Road Mileage Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 6,692,595	\$ -	\$ -	\$ 22,267,642
-	-	386,420	-	-	-	-	386,420
-	-	421,835	39,908	-	-	-	12,016,920
-	-	-	-	-	-	3,410	2,011,141
747,203	33,471	-	-	-	-	830,044	1,712,381
2,211	588	7,325	89	14,278	104	30,785	98,327
-	-	-	-	-	-	-	125,557
-	-	-	-	-	-	268,564	268,564
-	-	-	-	-	-	-	2,263,382
-	-	-	-	-	-	-	370,671
<u>749,414</u>	<u>34,059</u>	<u>815,580</u>	<u>39,997</u>	<u>6,706,873</u>	<u>104</u>	<u>1,132,803</u>	<u>41,521,005</u>
-	-	-	-	-	-	226,202	226,202
-	9,462	442,389	53,580	-	-	-	505,431
-	-	-	-	7,569,279	-	509,762	23,810,462
633,735	-	-	-	-	-	-	633,735
-	-	-	-	-	-	-	11,093,939
-	-	-	-	-	2,155,705	34,397	2,190,102
-	-	-	-	-	486,040	13,093	499,133
<u>633,735</u>	<u>9,462</u>	<u>442,389</u>	<u>53,580</u>	<u>7,569,279</u>	<u>2,641,745</u>	<u>783,454</u>	<u>38,959,004</u>
115,679	24,597	373,191	(13,583)	(862,406)	(2,641,641)	349,349	2,562,001
-	-	-	-	-	2,641,731	13	3,067,228
-	-	-	-	-	-	-	(2,941,744)
-	-	-	-	-	2,641,731	13	125,484
115,679	24,597	373,191	(13,583)	(862,406)	90	349,362	2,687,485
928,571	249,859	3,146,416	47,234	7,048,071	47,425	10,244,118	40,593,625
<u>\$ 1,044,250</u>	<u>\$ 274,456</u>	<u>\$ 3,519,607</u>	<u>\$ 33,651</u>	<u>\$ 6,185,665</u>	<u>\$ 47,515</u>	<u>\$ 10,593,480</u>	<u>\$ 43,281,110</u>

City of Warren, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2016

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,648,147	\$ 1,810,735	\$ 3,458,882
Receivables	1,488	2,209	3,697
Due from other funds	327,317	-	327,317
Prepaid expenses and other assets	-	21	21
Total current assets	1,976,952	1,812,965	3,789,917
Noncurrent assets - Capital assets:			
Assets not subject to depreciation	264,816	24,698	289,514
Assets subject to depreciation	499,110	6,155,660	6,654,770
Total assets	2,740,878	7,993,323	10,734,201
Deferred Outflows of Resources -			
Bond refunding loss being amortized	-	19,994	19,994
Liabilities			
Current liabilities:			
Accounts payable	61,100	37,429	98,529
Due to other funds	152,931	383,759	536,690
Refundable deposits, bonds, etc.	56,975	165,533	222,508
Accrued liabilities and other	8,896	8,661	17,557
Unearned revenue	4,665	15,550	20,215
Current portion of long-term debt	-	506,056	506,056
Total current liabilities	284,567	1,116,988	1,401,555
Noncurrent liabilities:			
Compensated absences	38,765	-	38,765
Net OPEB obligation	3,189	-	3,189
Long-term debt	-	2,081,244	2,081,244
Total noncurrent liabilities	41,954	2,081,244	2,123,198
Total liabilities	326,521	3,198,232	3,524,753
Net Position			
Net investment in capital assets	763,926	3,613,052	4,376,978
Unrestricted	1,650,431	1,202,033	2,852,464
Total net position	\$ 2,414,357	\$ 4,815,085	\$ 7,229,442

City of Warren, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2016

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds Jos. Coach Manor	Total
Operating Revenue			
Rental revenue	\$ 525,889	\$ 998,796	\$ 1,524,685
Other operating revenue	346,909	499,426	846,335
Total operating revenue	872,798	1,498,222	2,371,020
Operating Expenses			
Billing and administrative costs	68,600	411,614	480,214
Wages and fringes	479,717	54,726	534,443
Materials and supplies	16,885	42,028	58,913
Other operating expenses	358,694	268,983	627,677
Depreciation	104,853	179,402	284,255
Total operating expenses	1,028,749	956,753	1,985,502
Operating (Loss) Income	(155,951)	541,469	385,518
Nonoperating Revenue (Expense)			
Investment income	2,868	2,564	5,432
Interest expense	-	(109,495)	(109,495)
Total nonoperating revenue (expense)	2,868	(106,931)	(104,063)
Change in Net Position	(153,083)	434,538	281,455
Net Position - Beginning of year	2,567,440	4,380,547	6,947,987
Net Position - End of year	\$ 2,414,357	\$ 4,815,085	\$ 7,229,442

City of Warren, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2016

	Senior Citizen Housing Funds - Stilwell Manor	Senior Citizen Housing Funds - Jos. Coach Manor	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 546,974	\$ 1,508,494	\$ 2,055,468
Receipts from (payments for) interfund services and reimbursements	312,199	(406,422)	(94,223)
Payments to suppliers	(433,443)	(310,956)	(744,399)
Payments to employees	(486,075)	(58,144)	(544,219)
Net cash (used in) provided by operating activities	(60,345)	732,972	672,627
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(43,173)	(24,699)	(67,872)
Principal and interest paid on capital debt	-	(595,569)	(595,569)
Net cash used in capital and related financing activities	(43,173)	(620,268)	(663,441)
Cash Flows from Investing Activities - Interest income	2,868	2,564	5,432
Net (Decrease) Increase in Cash and Cash Equivalents	(100,650)	115,268	14,618
Cash and Cash Equivalents - Beginning of year	1,748,797	1,695,467	3,444,264
Cash and Cash Equivalents - End of year	\$ 1,648,147	\$ 1,810,735	\$ 3,458,882
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (155,951)	\$ 541,469	\$ 385,518
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	104,853	179,402	284,255
Changes in assets and liabilities:			
Receivables	(110)	10,272	10,162
Due from others	(13,515)	-	(13,515)
Prepaid and other assets	-	62	62
Accounts payable	10,726	(7)	10,719
Due to others	-	5,192	5,192
Net OPEB liability	(8,134)	-	(8,134)
Accrued and other liabilities	1,786	(3,418)	(1,632)
Net cash (used in) provided by operating activities	\$ (60,345)	\$ 732,972	\$ 672,627

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	\$ 1,494,827	\$ 24,987	\$ 41,802	\$ -
Investments:				
U.S. government securities	21,799,761	13,873,742	-	2,061,590
Agency securities	2,568,460	529,141	-	613,239
Stocks	163,833,978	56,324,500	25,452,863	20,997,481
Bonds	39,219,673	20,690,112	2,276,938	4,185,166
Real estate	23,233,304	2,610,910	398,402	-
Other	27,836,670	19,932,439	4,860,581	12,035,960
Securities lending	10,463,958	3,313,864	-	-
Receivables:				
Accrued interest receivable	898,811	245,318	73,245	171,647
Other receivables	-	154,647	-	-
Due from other governmental units	-	-	-	-
Prepaid expenses and other assets	-	2,086	-	-
Total assets	291,349,442	117,701,746	33,103,831	40,065,083
Liabilities				
Accounts payable	664,761	871,225	50,513	17,955
Due to other governmental units	-	-	-	-
Due to primary government	178,651	138,246	9,966,183	3,871,415
Refundable deposits, bonds, etc.	-	-	-	-
Accrued liabilities and other	-	-	342,384	245,014
Obligations under securities lending agreements	10,952,624	3,313,864	-	-
Total liabilities	11,796,036	4,323,335	10,359,080	4,134,384
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 279,553,406	\$ 113,378,411	\$ 22,744,751	\$ 35,930,699

* Balances reported as of December 31, 2015.

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2016

Pension and Other Employee Benefits Trust Funds		Agency Funds				
City Employees' Retirement QEBA Trust*	Total Pension Trust Funds - December 31, 2015	Payroll Revolving Fund	Cash Bond Fund	Tax Collection Fund	Fire Insurance Withholding Fund	Total Agency Funds
\$ 3,177	\$ 1,564,793	\$ 23,277	\$ 1,552,732	\$ 707	\$ 320,595	\$ 1,897,311
-	37,735,093	-	-	-	-	-
-	3,710,840	-	-	-	-	-
-	266,608,822	-	-	-	-	-
-	66,371,889	-	-	-	-	-
-	26,242,616	-	-	-	-	-
-	64,665,650	-	-	-	-	-
-	13,777,822	-	-	-	-	-
-	1,389,021	-	-	-	-	-
-	154,647	116	-	-	-	116
-	-	8,124	-	-	-	8,124
-	2,086	-	-	-	-	-
<u>3,177</u>	<u>482,223,279</u>	<u>\$ 31,517</u>	<u>\$ 1,552,732</u>	<u>\$ 707</u>	<u>\$ 320,595</u>	<u>\$ 1,905,551</u>
-	1,604,454	\$ -	\$ -	\$ -	\$ 3,815	\$ 3,815
-	-	-	-	-	29	29
-	14,154,495	-	-	-	-	-
-	-	-	1,552,732	-	316,751	1,869,483
-	587,398	31,517	-	707	-	32,224
-	14,266,488	-	-	-	-	-
<u>-</u>	<u>30,612,835</u>	<u>\$ 31,517</u>	<u>\$ 1,552,732</u>	<u>\$ 707</u>	<u>\$ 320,595</u>	<u>\$ 1,905,551</u>
<u>\$ 3,177</u>	<u>\$ 451,610,444</u>					

City of Warren, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2016

	Police and Fire Retirement System*	City Employees' Retirement System*	Police and Fire VEBA Trust*	City Employees' VEBA Trust*	City Employees' QEBA Trust*	Total - December 31, 2016
Additions						
Investment income (loss):						
Interest and dividends	\$ 7,138,038	\$ 2,576,653	\$ 2,503,310	\$ 2,343,371	\$ -	\$ 14,561,372
Net increase in fair value of investments	(3,500,088)	(4,548,926)	(2,216,108)	(2,285,418)	-	(12,550,540)
Investment-related expenses	(1,415,374)	(567,031)	(24,591)	(67,398)	(510)	(2,074,904)
Net investment income (loss)	2,222,576	(2,539,304)	262,611	(9,445)	(510)	(64,072)
Securities lending income (loss):						
Interest and dividends	113,391	5,261	-	-	-	118,652
Borrower rebates and bank fees	(28,003)	12,848	-	-	-	(15,155)
Net securities lending income	85,388	18,109	-	-	-	103,497
Contributions:						
Employer	10,604,562	9,301,612	10,000,020	11,169,788	12,000	41,087,982
Employee	1,033,752	-	-	-	-	1,033,752
Total contributions	11,638,314	9,301,612	10,000,020	11,169,788	12,000	42,121,734
Total additions	13,946,278	6,780,417	10,262,631	11,160,343	11,490	42,161,159
Deductions						
Benefit payments	29,012,260	15,912,254	9,949,586	7,917,936	9,756	62,801,792
Refunds of contributions	1,555,064	-	-	-	-	1,555,064
Administrative expenses	454,637	295,700	7,372	63,066	693	821,468
Total deductions	31,021,961	16,207,954	9,956,958	7,981,002	10,449	65,178,324
Net (Decrease) Increase in Net Position Held in Trust	(17,075,683)	(9,427,537)	305,673	3,179,341	1,041	(23,017,165)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	296,629,089	122,805,948	22,439,078	32,751,358	2,136	474,627,609
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 279,553,406</u>	<u>\$ 113,378,411</u>	<u>\$ 22,744,751</u>	<u>\$ 35,930,699</u>	<u>\$ 3,177</u>	<u>\$ 451,610,444</u>

* Balances reported as of December 31, 2015.

City of Warren, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2016

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
<u>Payroll Revolving Fund</u>				
Assets				
Cash and investments	\$ 19,890	\$ 55,583,824	\$ (55,580,437)	\$ 23,277
Receivables	219	97,698	(89,793)	8,124
Advances to other funds	-	105,480	(105,364)	116
Total assets	\$ 20,109	\$ 55,787,002	\$ (55,775,594)	\$ 31,517
Liabilities - Accrued liabilities and other	\$ 20,109	\$ 55,851,242	\$ (55,839,834)	\$ 31,517
	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
<u>Cash Bond Fund</u>				
Assets - Cash and investments	\$ 1,465,522	\$ 166,390	\$ (79,180)	\$ 1,552,732
Liabilities - Refundable deposits, bonds, etc.	\$ 1,465,522	\$ 237,870	\$ (150,660)	\$ 1,552,732
	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
<u>Tax Collection Fund</u>				
Assets - Cash and investments	\$ 2,558	\$ 219,986,188	\$ (219,988,039)	\$ 707
Liabilities				
Due to other governmental units	\$ 40	\$ 20,210,271	\$ (20,210,311)	\$ -
Accrued liabilities and other	2,518	1,171,948	(1,173,759)	707
Total liabilities	\$ 2,558	\$ 21,382,219	\$ (21,384,070)	\$ 707
	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
<u>Fire Insurance Withholding Fund</u>				
Assets - Cash and investments	\$ 317,300	\$ 247,851	\$ (244,556)	\$ 320,595
Liabilities				
Accounts payable	-	240,043	(236,228)	3,815
Due to other governmental units	\$ 50	\$ 446	\$ (468)	\$ 28
Refundable deposits, bonds, etc.	317,250	259,405	(259,903)	316,752
Total liabilities	\$ 317,300	\$ 499,894	\$ (496,599)	\$ 320,595

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Major Streets Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 6,300,000	\$ 6,300,000	\$ 6,884,281	\$ 584,281
Investment income	2,500	2,500	9,373	6,873
Other revenue	27,500	27,500	45,319	17,819
Total revenue	6,330,000	6,330,000	6,938,973	608,973
Expenditures - Current - Public works				
Streets	5,000,647	5,094,389	4,676,587	417,802
Stormwater drainage	44,418	44,418	44,418	-
Total expenditures	5,045,065	5,138,807	4,721,005	417,802
Excess of Revenue Over Expenditures	1,284,935	1,191,193	2,217,968	1,026,775
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	60,000	-
Transfers out	(2,155,235)	(2,155,235)	(2,128,200)	27,035
Total other financing uses	(2,095,235)	(2,095,235)	(2,068,200)	27,035
Net Change in Fund Balance	(810,300)	(904,042)	149,768	1,053,810
Fund Balance - Beginning of year	4,402,280	4,402,280	4,402,280	-
Fund Balance - End of year	\$ 3,591,980	\$ 3,498,238	\$ 4,552,048	\$ 1,053,810

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Streets Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 2,681,031	\$ 2,681,031	\$ 4,132,835	\$ 1,451,804
Investment income	2,000	2,000	8,618	6,618
Total revenue	2,683,031	2,683,031	4,141,453	1,458,422
Expenditures - Current - Public works				
Streets	3,780,433	3,780,433	3,320,351	460,082
Stormwater drainage	44,417	44,417	44,417	-
Total expenditures	3,824,850	3,824,850	3,364,768	460,082
Excess of Revenue (Under) Over Expenditures	(1,141,819)	(1,141,819)	776,685	1,918,504
Other Financing Sources - Transfers in	400,000	400,000	365,484	(34,516)
Net Change in Fund Balance	(741,819)	(741,819)	1,142,169	1,883,988
Fund Balance - Beginning of year	3,721,630	3,721,630	3,721,630	-
Fund Balance - End of year	<u>\$ 2,979,811</u>	<u>\$ 2,979,811</u>	<u>\$ 4,863,799</u>	<u>\$ 1,883,988</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Sanitation Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 8,186,348	\$ 8,186,348	\$ 8,196,127	\$ 9,779
Investment income	300	300	4,289	3,989
Other revenue	380,000	380,000	288,603	(91,397)
Total revenue	8,566,648	8,566,648	8,489,019	(77,629)
Expenditures - Current - Public works - Rubbish disposal	8,967,152	9,191,952	7,645,648	1,546,304
Net Change in Fund Balance	(400,504)	(625,304)	843,371	1,468,675
Fund Balance - Beginning of year	1,246,900	1,246,900	1,246,900	-
Fund Balance - End of year	<u>\$ 846,396</u>	<u>\$ 621,596</u>	<u>\$ 2,090,271</u>	<u>\$ 1,468,675</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Recreation Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,122,667	\$ 3,122,667	\$ 3,113,426	\$ (9,241)
State-shared revenue and grants	210,000	210,000	308,767	98,767
Charges for services	2,407,000	2,407,000	2,007,731	(399,269)
Investment income	250	250	1,995	1,745
Rental income	125,400	125,400	125,557	157
Other revenue	-	-	1,233	1,233
Total revenue	5,865,317	5,865,317	5,558,709	(306,608)
Expenditures - Current - Recreation and culture - Parks and recreation	5,259,607	5,284,607	5,164,131	120,476
Other Financing Uses - Transfers out	(529,750)	(529,750)	(528,803)	947
Net Change in Fund Balance	75,960	50,960	(134,225)	(185,185)
Fund Balance - Beginning of year	1,013,950	1,013,950	1,013,950	-
Fund Balance - End of year	<u>\$ 1,089,910</u>	<u>\$ 1,064,910</u>	<u>\$ 879,725</u>	<u>\$ (185,185)</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Library Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,284,781	\$ 4,284,781	\$ 4,265,494	\$ (19,287)
State-shared revenue and grants	168,000	168,000	229,294	61,294
Fines and forfeitures	103,000	103,000	101,663	(1,337)
Investment income	1,000	1,000	12,605	11,605
Other revenue	10,000	10,000	13,899	3,899
Total revenue	4,566,781	4,566,781	4,622,955	56,174
Expenditures - Current - Recreation and culture - Library				
	4,481,439	6,828,439	4,064,253	2,764,186
Other Financing Uses - Transfers out				
	(122,250)	(122,250)	(122,032)	218
Net Change in Fund Balance				
	(36,908)	(2,383,908)	436,670	2,820,578
Fund Balance - Beginning of year				
	5,319,735	5,319,735	5,319,735	-
Fund Balance - End of year				
	\$ 5,282,827	\$ 2,935,827	\$ 5,756,405	\$ 2,820,578

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Communications Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 700	\$ 700	\$ 6,067	\$ 5,367
Other revenue:				
Cable franchise fees	1,975,000	1,975,000	2,263,382	288,382
Other miscellaneous income	20,440	20,440	21,617	1,177
Total revenue	1,996,140	1,996,140	2,291,066	294,926
Expenditures - Current - Recreation and culture	2,352,186	2,274,628	1,865,555	409,073
Other Financing Uses - Transfers out	(163,000)	(163,000)	(162,709)	291
Net Change in Fund Balance	(519,046)	(441,488)	262,802	704,290
Fund Balance - Beginning of year	3,177,436	3,177,436	3,177,436	-
Fund Balance - End of year	<u>\$ 2,658,390</u>	<u>\$ 2,735,948</u>	<u>\$ 3,440,238</u>	<u>\$ 704,290</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Rental Ordinance Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 660,000	\$ 660,000	\$ 747,203	\$ 87,203
Investment income	200	200	2,211	2,011
Total revenue	660,200	660,200	749,414	89,214
Expenditures - Current - Community and economic development	795,399	873,384	633,735	239,649
Net Change in Fund Balance	(135,199)	(213,184)	115,679	328,863
Fund Balance - Beginning of year	928,571	928,571	928,571	-
Fund Balance - End of year	\$ 793,372	\$ 715,387	\$ 1,044,250	\$ 328,863

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Vice Crime Confiscations Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 33,471	\$ (16,529)
Investment income	50	50	588	538
Total revenue	50,050	50,050	34,059	(15,991)
Expenditures - Current - Public safety - Crime commission				
	100,000	100,000	9,462	90,538
Net Change in Fund Balance	(49,950)	(49,950)	24,597	74,547
Fund Balance - Beginning of year	249,859	249,859	249,859	-
Fund Balance - End of year	\$ 199,909	\$ 199,909	\$ 274,456	\$ 74,547

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Drug Forfeiture Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ -	\$ 386,420	\$ 386,420
State-shared revenue and grants	400,000	400,000	421,835	21,835
Investment income	1,800	1,800	7,325	5,525
Total revenue	401,800	401,800	815,580	413,780
Expenditures - Current - Public safety - Crime commission				
	530,000	530,000	442,389	87,611
Net Change in Fund Balance	(128,200)	(128,200)	373,191	501,391
Fund Balance - Beginning of year	3,146,416	3,146,416	3,146,416	-
Fund Balance - End of year	\$ 3,018,216	\$ 3,018,216	\$ 3,519,607	\$ 501,391

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Police Training Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 56,000	\$ 56,000	\$ 39,908	\$ (16,092)
Investment income	100	100	89	(11)
Total revenue	56,100	56,100	39,997	(16,103)
Expenditures - Current - Public safety - Crime commission	84,800	84,800	53,580	31,220
Net Change in Fund Balance	(28,700)	(28,700)	(13,583)	15,117
Fund Balance - Beginning of year	47,234	47,234	47,234	-
Fund Balance - End of year	\$ 18,534	\$ 18,534	\$ 33,651	\$ 15,117

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Local Road Mileage Fund Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 6,728,505	\$ 6,728,505	\$ 6,692,595	\$ (35,910)
Investment income	1,000	1,000	14,278	13,278
Total revenue	6,729,505	6,729,505	6,706,873	(22,632)
Expenditures - Current - Public works - Streets	7,753,508	12,661,981	7,569,279	5,092,702
Net Change in Fund Balance	(1,024,003)	(5,932,476)	(862,406)	5,070,070
Fund Balance - Beginning of year	7,048,071	7,048,071	7,048,071	-
Fund Balance - End of year	\$ 6,024,068	\$ 1,115,595	\$ 6,185,665	\$ 5,070,070

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Debt Service Fund Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 50	\$ 50	\$ 104	\$ 54
Expenditures - Debt service				
Principal	1,530,705	1,530,705	2,155,705	(625,000)
Interest on long-term debt	338,530	338,530	486,040	(147,510)
Total expenditures	<u>1,869,235</u>	<u>1,869,235</u>	<u>2,641,745</u>	<u>(772,510)</u>
Excess of Expenditures Over Revenue	(1,869,185)	(1,869,185)	(2,641,641)	(772,456)
Other Financing Sources				
Transfers in	<u>1,855,235</u>	<u>1,855,235</u>	<u>2,641,731</u>	<u>(786,496)</u>
Net Change in Fund Balance	(13,950)	(13,950)	90	14,040
Fund Balance - Beginning of year	<u>47,425</u>	<u>47,425</u>	<u>47,425</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 33,475</u>	<u>\$ 33,475</u>	<u>\$ 47,515</u>	<u>\$ 14,040</u>

City of Warren, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Charges for services	\$ -	\$ -	\$ 3,410	\$ 3,410
Fines and forfeitures	650,000	650,000	830,044	180,044
Investment income	1,400	1,400	30,785	29,385
Special assessments	-	-	268,564	268,564
Total revenue	<u>651,400</u>	<u>651,400</u>	1,132,803	481,403
Expenditures				
Current:				
General government - Maintenance and administrative	150,000	150,000	226,202	(76,202)
Public works - Streets	-	-	509,762	(509,762)
Debt service:				
Principal	-	-	34,397	(34,397)
Interest on long-term debt	-	-	13,093	(13,093)
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>783,454</u>	<u>(633,454)</u>
Excess of Revenue Over Expenditures	501,400	501,400	349,349	(152,051)
Other Financing Sources				
Transfers in	-	-	13	13
Net Change in Fund Balance	501,400	501,400	349,362	(152,038)
Fund Balance - Beginning of year	<u>10,244,118</u>	<u>10,244,118</u>	<u>10,244,118</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 10,745,518</u>	<u>\$ 10,745,518</u>	<u>\$ 10,593,480</u>	<u>\$ (152,038)</u>

Statistical Section

City of Warren, Michigan

CITY OF WARREN, MICHIGAN

STATISTICAL SECTION

Statistical Information

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

Contents

Exhibit

Financial Trends

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

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Revenue Capacity

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

Actual, State Equalized and Taxable Value of Taxable Property	129-130
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Principal Property Taxpayers	133
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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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Full-time Equivalent City Government Employees by Function	149

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Warren, Michigan

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 59,140,668	\$ 56,796,215	\$ 48,445,832	\$ 44,342,389
Restricted	33,087,848	35,970,344	42,844,224	45,175,268
Unrestricted	33,618,180	36,433,515	32,199,699	21,613,238
Total governmental activities net position	\$ 125,846,696	\$ 129,200,074	\$ 123,489,755	\$ 111,130,895
Business-type activities:				
Net investment in capital assets	\$ 56,924,642	\$ 56,511,038	\$ 57,656,542	\$ 58,586,273
Restricted	16,915,115	14,045,192	11,779,391	8,267,105
Unrestricted	7,173,338	9,125,661	7,821,612	9,044,146
Total business-type activities net position	\$ 81,013,095	\$ 79,681,891	\$ 77,257,545	\$ 75,897,524
Primary government:				
Net investment in capital assets	\$ 116,065,310	\$ 113,307,253	\$ 106,102,374	\$ 102,928,662
Restricted	50,002,963	50,015,536	54,623,615	53,442,373
Unrestricted	40,791,518	45,559,176	40,021,311	30,657,384
Total primary government net position	\$ 206,859,791	\$ 208,881,965	\$ 200,747,300	\$ 187,028,419

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

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

		Fiscal Year				
2011 (1)	2012	2013 (2)	2014	2015 (3)	2016	
\$ 110,629,268	\$ 110,327,564	\$ 110,679,720	\$ 109,841,350	\$ 115,090,168	\$ 117,332,131	
33,189,358	28,243,279	41,217,523	44,730,230	41,673,841	44,077,625	
15,236,928	24,905,176	31,944,097	42,214,308	(132,087,443)	(148,581,462)	
<u>\$ 159,055,554</u>	<u>\$ 163,476,019</u>	<u>\$ 183,841,340</u>	<u>\$ 196,785,888</u>	<u>\$ 24,676,566</u>	<u>\$ 12,828,294</u>	
\$ 60,527,790	\$ 59,757,545	\$ 60,666,179	\$ 61,917,558	\$ 66,690,180	\$ 73,329,416	
7,656,513	9,800,098	10,511,646	11,418,448	11,195,095	12,215,367	
15,309,884	19,578,952	25,185,018	26,783,108	1,609,583	(5,756,509)	
<u>\$ 83,494,187</u>	<u>\$ 89,136,595</u>	<u>\$ 96,362,843</u>	<u>\$ 100,119,114</u>	<u>\$ 79,494,858</u>	<u>\$ 79,788,274</u>	
\$ 171,157,058	\$ 170,085,109	\$ 171,345,899	\$ 171,758,908	\$ 181,780,348	\$ 190,661,547	
40,845,871	38,043,377	51,729,169	56,148,678	52,868,936	56,292,992	
30,546,812	44,484,128	57,129,115	68,997,416	(130,477,860)	(154,337,971)	
<u>\$ 242,549,741</u>	<u>\$ 252,612,614</u>	<u>\$ 280,204,183</u>	<u>\$ 296,905,002</u>	<u>\$ 104,171,424</u>	<u>\$ 92,616,568</u>	

City of Warren, Michigan

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 24,554,397	\$ 22,183,390	\$ 21,806,236	\$ 20,605,904
District Court				
Public safety	61,848,485	62,509,563	63,420,416	62,875,335
Public works	28,067,722	26,523,628	26,580,333	25,695,939
Recreation and culture	12,351,491	12,737,364	12,386,834	13,255,263
Community and economic development	2,543,134	5,796,843	6,288,023	7,245,368
Interest on long-term debt	5,082,442	4,983,460	4,911,254	4,814,715
Total governmental activities expenses	<u>134,447,671</u>	<u>134,734,248</u>	<u>135,393,096</u>	<u>134,492,524</u>
Business-type activities:				
Water and Sewer System	32,499,489	34,199,663	33,432,269	33,717,269
Senior citizen housing	1,937,454	2,047,491	1,965,932	1,881,330
Total business-type activities expenses	<u>34,436,943</u>	<u>36,247,154</u>	<u>35,398,201</u>	<u>35,598,599</u>
Total primary government expenses	\$ 168,884,614	\$ 170,981,402	\$ 170,791,297	\$ 170,091,123
Program Revenue				
Governmental activities:				
Charges for services	\$ 13,702,181	\$ 13,541,050	\$ 13,419,382	\$ 15,507,458
Operating grants and contributions	12,684,642	12,228,029	11,542,918	13,291,132
Capital grants and contributions	3,243,612	4,169,546	1,648,845	845,016
Total governmental activities program revenue	<u>29,630,435</u>	<u>29,938,625</u>	<u>26,611,145</u>	<u>29,643,606</u>
Business-type activities:				
Water and Sewer System	29,674,597	31,957,062	30,465,234	32,068,323
Senior citizen housing	2,143,419	2,187,278	2,184,011	2,141,694
Total business-type activities program revenue	<u>31,818,016</u>	<u>34,144,340</u>	<u>32,649,245</u>	<u>34,210,017</u>
Total primary government program revenue	\$ 61,448,451	\$ 64,082,965	\$ 59,260,390	\$ 63,853,623
Net (expense) revenue:				
Governmental activities	\$ (104,817,236)	\$ (104,795,623)	\$ (108,781,951)	\$ (104,848,918)
Business-type activities	(2,618,927)	(2,102,814)	(2,748,956)	(1,388,582)
Total primary government net expense	\$ (107,436,163)	\$ (106,898,437)	\$ (111,530,907)	\$ (106,237,500)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 85,079,549	\$ 88,383,524	\$ 87,572,093	\$ 85,171,772
State-shared revenue	14,105,387	14,105,387	13,559,035	12,051,133
Franchise fees	1,344,444	1,471,277	1,582,133	1,630,260
Investment earnings	4,289,636	3,378,435	703,476	35,936
Gain (loss) on sale of capital assets	40,283	(41,222)	(115,498)	(263,175)
Other revenue	-	-	-	-
Reduction in long-term debt obligation	-	-	-	-
Settlement agreements	-	1,000,000	23,485	(5,975,000)
Transfers	(140,000)	(148,400)	(253,092)	(160,868)
Total governmental activities	<u>104,719,299</u>	<u>108,149,001</u>	<u>103,071,632</u>	<u>92,490,058</u>
Business-type activities:				
Investment earnings	842,126	771,610	324,610	28,561
Gain on sale of capital assets	-	-	-	-
Other general revenue	-	-	-	-
Total business-type activities	<u>842,126</u>	<u>771,610</u>	<u>324,610</u>	<u>28,561</u>
Total primary government	\$ 105,561,425	\$ 108,920,611	\$ 103,396,242	\$ 92,518,619
Changes in Net Position				
Governmental activities	\$ (97,937)	\$ 3,353,378	\$ (5,710,319)	\$ (12,358,860)
Business-type activities	(1,776,801)	(1,331,204)	(2,424,346)	(1,360,021)
Total primary government	\$ (1,874,738)	\$ 2,022,174	\$ (8,134,665)	\$ (13,718,881)

- (1) Reflects prior period adjustments for compensated absences, debt reclassifications to component units, accrued interest payable, capital assets, property taxes, accruals, and fund balance reclassifications to component units
- (2) Reflects Water and Sewer Fund revenue and expenses for the 18-month period ended June 30, 2015 due to a change in the Fund's fiscal year end

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

Fiscal Year						
2011 (1)	2012	2013	2014	2015 (2)	2016	
\$ 13,406,935	\$ 10,187,753	\$ 11,005,229	\$ 12,963,834	\$ 25,310,012	\$ 24,104,939	
6,614,802	6,308,210	5,939,804	6,501,550	7,138,274	7,289,471	
62,662,439	56,710,270	59,683,364	63,792,208	66,512,308	82,746,267	
25,375,511	24,550,108	24,338,956	27,934,896	31,261,848	29,080,210	
12,855,869	12,502,460	12,111,420	11,815,426	11,749,078	11,812,918	
6,270,509	4,851,249	4,254,706	4,331,962	3,750,923	4,292,710	
1,268,105	1,172,012	1,085,956	937,659	645,177	472,567	
<u>128,454,170</u>	<u>116,282,062</u>	<u>118,419,435</u>	<u>128,277,535</u>	<u>146,367,620</u>	<u>159,799,082</u>	
32,775,108	33,119,786	34,191,241	34,986,469	58,331,386	40,773,173	
1,969,244	2,130,362	2,025,103	2,121,185	2,083,881	2,094,997	
<u>34,744,352</u>	<u>35,250,148</u>	<u>36,216,344</u>	<u>37,107,654</u>	<u>60,415,267</u>	<u>42,868,170</u>	
\$ 163,198,522	\$ 151,532,210	\$ 154,635,779	\$ 165,385,189	\$ 206,782,887	\$ 202,667,252	
\$ 14,493,843	\$ 14,646,243	\$ 14,573,858	\$ 16,511,721	\$ 16,317,219	\$ 18,608,614	
16,639,068	15,689,801	15,882,698	16,769,695	17,431,409	17,390,917	
953,777	837,793	700,760	821,463	504,251	219,399	
<u>32,086,688</u>	<u>31,173,837</u>	<u>31,157,316</u>	<u>34,102,879</u>	<u>34,252,879</u>	<u>36,218,930</u>	
37,288,058	38,427,954	40,839,611	38,541,038	55,669,322	40,682,519	
2,174,696	2,168,354	2,157,649	2,219,578	2,359,466	2,371,020	
<u>39,462,754</u>	<u>40,596,308</u>	<u>42,997,260</u>	<u>40,760,616</u>	<u>58,028,788</u>	<u>43,053,539</u>	
\$ 71,549,442	\$ 71,770,145	\$ 74,154,576	\$ 74,863,495	\$ 92,281,667	\$ 79,272,469	
\$ (96,367,482)	\$ (85,108,225)	\$ (87,262,119)	\$ (94,174,656)	\$ (112,114,741)	\$ (123,580,152)	
4,718,402	5,346,160	6,780,916	3,652,962	(2,386,479)	185,369	
\$ (91,649,080)	\$ (79,762,065)	\$ (80,481,203)	\$ (90,521,694)	\$ (114,501,220)	\$ (123,394,783)	
\$ 71,451,397	\$ 72,437,479	\$ 90,992,186	\$ 89,157,917	\$ 89,085,885	\$ 90,658,051	
12,125,928	11,895,230	12,256,586	12,604,122	15,470,027	12,830,042	
1,778,029	1,841,166	1,935,470	2,009,117	2,209,191	2,263,382	
153,793	177,108	169,068	151,370	214,871	318,427	
208,536	30,051	26,204	19,489	-	-	
3,162,742	3,147,656	2,656,638	3,177,189	8,240,399	5,661,978	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	(90,000)	-	-	-	
<u>88,880,425</u>	<u>89,528,690</u>	<u>107,946,152</u>	<u>107,119,204</u>	<u>115,220,373</u>	<u>111,731,880</u>	
35,221	26,887	48,181	65,970	187,828	108,047	
-	90,904	140,108	37,339	14,466	-	
-	178,457	289,164	-	-	-	
<u>35,221</u>	<u>296,248</u>	<u>477,453</u>	<u>103,309</u>	<u>202,294</u>	<u>108,047</u>	
\$ 88,915,646	\$ 89,824,938	\$ 108,423,605	\$ 107,222,513	\$ 115,422,667	\$ 111,839,927	
\$ (7,487,057)	\$ 4,420,465	\$ 20,684,033	\$ 12,944,548	\$ 3,105,632	\$ (11,848,272)	
4,753,623	5,642,408	7,258,369	3,756,271	(2,184,185)	293,416	
\$ (2,733,434)	\$ 10,062,873	\$ 27,942,402	\$ 16,700,819	\$ 921,447	\$ (11,554,856)	

City of Warren, Michigan

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	\$ 2,057,662	\$ 2,333,663	\$ 1,377,804	\$ 1,296,151
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	<u>53,397,963</u>	<u>55,224,126</u>	<u>52,819,604</u>	<u>42,206,177</u>
Total General Fund	<u>\$ 55,455,625</u>	<u>\$ 57,557,789</u>	<u>\$ 54,197,408</u>	<u>\$ 43,502,328</u>
All other governmental funds:				
Reserved	\$ 8,129,748	\$ 6,291,526	\$ 6,431,502	\$ 4,514,260
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved, reported in:				
Special revenue funds	28,587,139	27,592,994	26,577,183	25,648,764
Capital projects funds	9,396,449	9,795,442	12,565,096	12,239,796
Debt service funds	<u>2,116,366</u>	<u>1,401,328</u>	<u>1,462,997</u>	<u>1,230,346</u>
Total all other governmental funds	<u>\$ 48,229,702</u>	<u>\$ 45,081,290</u>	<u>\$ 47,036,778</u>	<u>\$ 43,633,166</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						
2011 (a) (1)	2012	2013	2014	2015	2016	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
192,969	308,659	368,087	184,408	363,734	579,045	
78,199	78,199	78,199	78,199	-	-	
22,283,612	18,810,884	20,165,441	24,044,726	44,489,417	45,342,612	
14,850,205	13,103,677	24,348,477	32,659,940	19,010,250	17,896,751	
-	-	-	-	-	-	
\$ 37,404,985	\$ 32,301,419	\$ 44,960,204	\$ 56,967,273	\$ 63,863,401	\$ 63,818,408	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28,278	24,182	54,358	53,178	36,258	38,165	
22,241,525	26,570,626	32,306,941	35,495,128	32,997,440	35,138,179	
807,521	970,471	1,038,648	1,053,463	1,285,591	1,243,997	
5,518,448	5,971,715	6,157,192	6,223,114	6,453,982	7,072,981	
-	(38,029)	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 28,595,772	\$ 33,498,965	\$ 39,557,139	\$ 42,824,883	\$ 40,773,271	\$ 43,493,322	

City of Warren, Michigan

	Fiscal Year			
	2007	2008	2009	2010
Revenue				
Property taxes	\$ 84,953,504	\$ 88,029,125	\$ 87,229,169	\$ 84,841,410
Special assessments	944,084	1,072,824	1,055,385	1,061,672
Licenses and permits	2,329,132	1,691,127	1,759,663	1,567,892
Intergovernmental:				
Federal revenue	1,981,507	2,187,623	2,161,955	4,022,414
State-shared revenue and grants	25,963,338	26,817,909	24,005,863	22,503,036
Charges for services	3,039,087	3,117,357	3,476,265	3,546,149
Fines and fees	7,596,165	8,089,029	7,579,592	7,982,727
Interest	5,760,013	4,277,702	995,060	125,984
Other	7,025,380	6,916,324	6,959,756	7,752,382
Total revenue	139,592,210	142,199,020	135,222,708	133,403,666
Expenditures				
General government	24,850,290	25,814,644	25,841,058	25,094,958
District court	-	-	-	-
Public safety	62,100,913	62,885,562	62,529,660	63,543,704
Public works	28,528,266	30,315,852	28,856,645	25,989,907
Recreation and culture	10,655,537	11,217,234	11,009,604	11,240,440
Community and economic development	16,747,313	4,301,744	4,174,763	5,318,074
Debt service:				
Principal	4,374,916	4,659,439	4,428,168	5,472,959
Interest	5,082,442	4,983,460	4,911,254	4,814,715
Total expenditures	152,339,677	144,177,935	141,751,152	141,474,757
Excess of Revenue (Under) Over Expenditures	(12,747,467)	(1,978,915)	(6,528,444)	(8,071,091)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers to fiduciary funds	-	-	-	-
Transfers to Water and Sewer System	(140,000)	(148,400)	(253,092)	(160,868)
Proceeds from sale of property	115,741	81,067	127,733	49,283
Proceeds from issuance of debt	5,409,304	-	5,305,000	3,040,000
Payment to refunded bond escrow agent	-	-	-	(3,000,000)
Bond premium (discounts)	(56,901)	-	(79,575)	18,984
Settlement agreement	-	1,000,000	23,485	(5,975,000)
Total other financing sources (uses)	5,328,144	932,667	5,123,551	(6,027,601)
Net Changes in Fund Balances	\$ (7,419,323)	\$ (1,046,248)	\$ (1,404,893)	\$ (14,098,692)
Debt Service as a Percentage of Noncapital Expenditures (1)	7.05%	7.00%	6.78%	7.40%

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

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

		Fiscal Year									
		2011 (1)	2012	2013	2014	2015	2016				
\$	71,241,497	\$	71,507,381	\$	90,938,534	\$	89,360,407	\$	89,168,842	\$	90,615,975
	953,569		844,775		706,457		642,545		542,016		268,564
	1,765,856		2,368,083		2,691,555		2,700,351		3,253,426		4,265,251
	6,629,367		5,761,605		5,372,783		5,986,783		5,611,462		3,681,679
	22,627,501		22,507,426		23,016,885		24,793,129		26,163,042		27,103,065
	6,571,928		6,127,204		5,474,068		6,046,079		5,652,636		6,213,357
	6,014,963		5,715,141		6,066,412		7,229,026		6,909,278		7,326,390
	154,001		170,130		163,641		131,813		177,106		269,262
	4,269,622		4,214,605		3,983,816		4,461,539		9,750,547		6,927,801
	120,228,304		119,216,350		138,414,151		141,351,672		147,228,355		146,671,344
	12,354,513		11,855,175		10,300,278		11,858,091		16,275,040		16,524,940
	6,614,802		6,308,210		6,104,152		6,756,822		7,128,439		7,423,740
	62,123,437		57,004,462		59,701,143		59,763,179		64,014,960		68,062,083
	23,242,704		23,689,400		26,170,932		28,397,991		36,843,249		33,294,649
	11,122,496		11,227,817		10,539,284		10,757,141		11,439,118		11,136,185
	6,195,074		4,709,232		4,191,743		4,334,700		3,711,712		4,342,649
	3,165,918		3,302,755		3,217,783		3,346,848		3,523,678		2,683,113
	1,309,041		1,201,091		1,106,733		975,952		663,414		528,927
	126,127,985		119,298,142		121,332,048		126,190,724		143,599,610		143,996,286
	(5,899,681)		(81,792)		17,082,103		15,160,948		3,628,745		2,675,058
	4,095,093		3,992,886		3,839,724		3,833,755		4,116,088		3,067,228
	-		-		-		-		-		-
	(3,935,417)		(3,992,886)		(3,929,724)		(3,833,755)		(4,116,088)		(3,067,228)
	247,852		2,859		-		763		-		-
	-		-		1,724,856		13,790,528		3,589,572		-
	-		-		-		(13,677,426)		(2,385,000)		-
	-		-		-		-		11,199		-
	-		-		-		-		-		-
	407,528		2,859		1,634,856		113,865		1,215,771		-
\$	(5,492,153)	\$	(78,933)	\$	18,716,959	\$	15,274,813	\$	4,844,516	\$	2,675,058
	1.04%		3.89%		3.78%		3.56%		3.33%		2.45%

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
2005	2007	\$ 644,444,170	\$ 524,682,180	\$ 768,670,720	\$ 677,550,990	\$ 3,320,030,270	\$ 2,625,123,610
2006	2008	687,088,570	555,494,750	780,445,550	701,442,190	3,358,841,710	2,749,158,390
2007	2009	656,979,070	561,896,960	747,428,540	687,147,970	3,169,863,186	2,755,732,096
2008	2010	665,388,680	579,884,140	717,066,830	672,174,510	2,724,960,979	2,622,291,859
2009	2011	629,218,480	564,081,510	677,613,220	644,345,220	2,253,489,647	2,241,692,067
2010	2012	591,055,730	553,254,790	523,359,600	509,330,590	2,006,909,739	2,004,558,959
2011	2013	510,962,520	486,206,920	479,895,320	467,227,030	1,761,111,820	1,759,274,870
2012	2014	482,333,454	458,808,554	453,959,170	448,374,390	1,686,089,234	1,683,397,269
2013	2015	516,746,530	462,659,000	448,512,670	441,815,910	1,765,565,520	1,685,392,040
2014	2016	552,421,890	477,195,010	557,876,810	536,764,340	2,000,550,680	1,731,216,405

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

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

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

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

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

Personal Property		I.F.T. & O.P.R.A. Tax Rolls (I)		Totals		Total Direct Tax Rate
State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	State Equalized Value	Taxable Value	
\$ 758,099,739	\$ 757,977,563	\$ 459,840,689	\$ 456,292,779	\$ 5,951,085,588	\$ 5,041,627,122	16.9424
741,128,712	741,007,436	497,414,497	495,601,977	6,064,919,039	5,242,704,743	16.9424
704,021,523	703,900,807	530,965,422	530,052,132	5,809,257,741	5,238,729,965	16.9424
709,116,520	708,996,934	526,356,096	526,053,306	5,342,889,105	5,109,400,749	16.9424
621,120,055	621,000,359	380,244,220	380,029,570	4,561,685,622	4,451,148,726	17.7924
633,336,034	633,247,484	326,385,394	326,385,394	4,081,046,497	4,026,777,217	19.8924
609,201,237	609,080,048	269,676,383	269,429,613	3,630,847,280	3,591,218,481	27.8656
634,554,529	634,434,070	280,996,661	280,996,661	3,537,933,048	3,506,010,944	27.8656
678,749,788	678,172,094	279,897,629	278,817,689	3,689,472,137	3,546,856,733	27.8656
709,290,551	709,171,093	186,835,509	185,265,499	4,006,975,440	3,639,612,347	27.7637

City of Warren, Michigan

Fiscal Year Ended June 30	City-wide Direct Tax Rate										
	General		Emergency		Police			Police		Local Road	Police
	Operating (1)	Library	Medical Service	Parks & Recreation	& Fire Pensions	Sanitation	Police Protection	Fire Protection	Improvement	& Fire Operating	
2007	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2008	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2009	8.7724	0.4873	0.2923	0.9746	2.5748	1.8918	0.9746	0.9746	-	-	
2010	8.7724	0.4873	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-	
2011	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	-	-	
2012	8.7724	1.3373	0.2923	0.9746	2.8248	1.6418	0.9746	0.9746	2.1000	-	
2013	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000	
2014	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000	
2015	8.7724	1.3373	0.2923	0.9746	4.9848	2.5550	0.9746	0.9746	2.1000	4.9000	
2016	8.7302	1.3308	0.2908	0.9699	4.9848	2.5550	0.9699	0.9699	2.0899	4.8764	

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

	School District Overlapping Tax Rate					
	Fitzgerald		Van Dyke		East Detroit	
	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead	Homestead Property	Non - Homestead
School District Rate	14.1000	32.1000	11.9906	29.9906	9.6000	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	26.4567	27.6747	27.6747	27.6747	27.6747	27.6747
2011 Total Direct & Overlapping Rate	40.5567	59.7747	42.6653	60.6653	39.6747	57.6747
School District Rate	14.1000	32.1000	16.1000	34.1000	16.1000	34.1000
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
2012 Total Direct & Overlapping Rate	40.9247	58.9247	42.9247	60.9247	42.9247	60.9247
School District Rate	15.6000	33.6000	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
2013 Total Direct & Overlapping Rate	53.6979	71.6979	51.0979	69.0979	51.0979	69.0979
School District Rate	16.4600	34.4600	13.0000	31.0000	13.0000	31.0000
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
2014 Total Direct & Overlapping Rate	54.5179	72.5179	51.0579	69.0579	51.0579	69.0579
School District Rate	16.5700	34.5700	15.2300	33.2300	13.0000	31.0000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
2015 Total Direct & Overlapping Rate	55.0329	73.0329	53.6929	71.6929	51.4629	69.4629
School District Rate	16.4553	34.4525	17.8000	35.8000	13.0000	31.0000
Combined City & County Rate	38.3689	38.3689	38.3689	38.3689	38.3689	38.3689
2016 Total Direct & Overlapping Rate	54.8242	72.8214	56.1689	74.1689	51.3689	69.3689

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

Total City-wide Direct Tax Rate	County-wide Overlapping Tax Rate						Total County-wide Overlapping Tax Rate	
	Art Institute	Macomb I.S.D.	Macomb Community College	H.C.M.A., Zoo Authority, & Veterans	S.M.A.R.T.	Macomb County Operating		Drain Debt
16.9424	-	2.9430	1.4212	0.2146	0.5900	4.2000	0.0055	9.3743
16.9424	-	2.9430	1.4212	0.2146	0.5900	4.2000	0.0055	9.3743
16.9424	-	2.9430	1.4212	0.3546	0.5900	4.2000	0.0055	9.5143
16.9424	-	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
17.7924	-	2.9430	1.4212	0.3546	0.5900	4.5685	0.0050	9.8823
19.8924	-	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.0323
27.8656	0.2000	2.9430	1.5712	0.3546	0.5900	4.5685	0.0050	10.2323
27.8656	0.2000	2.9430	1.5312	0.3546	0.5900	4.5685	0.0050	10.1923
27.8656	0.2000	2.9430	1.5262	0.3546	1.0000	4.5685	0.0050	10.5973
27.7676	0.2000	2.9430	1.5302	0.3546	1.0000	4.5685	0.0050	10.6013

	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	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	23.8758	29.0000	16.0000	34.0000	19.9421	30.5364
Combined City & County Rate	26.8247	26.8247	26.8247	26.8247	26.8247	26.8247
2012 Total Direct & Overlapping Rate	50.7005	55.8247	42.8247	60.8247	46.7668	57.3611
School District Rate	25.3354	26.8000	13.6000	31.6000	17.3624	27.8600
Combined City & County Rate	38.0979	38.0979	38.0979	38.0979	38.0979	38.0979
2013 Total Direct & Overlapping Rate	63.4333	64.8979	51.6979	69.6979	55.4603	65.9579
School District Rate	25.5854	27.0500	13.9600	31.9600	17.3829	27.9200
Combined City & County Rate	38.0579	38.0579	38.0579	38.0579	38.0579	38.0579
2014 Total Direct & Overlapping Rate	63.6433	65.1079	52.0179	70.0179	55.4408	65.9779
School District Rate	25.5854	27.0500	13.3200	31.3200	16.7603	27.6000
Combined City & County Rate	38.4629	38.4629	38.4629	38.4629	38.4629	38.4629
2015 Total Direct & Overlapping Rate	64.0483	65.5129	51.7829	69.7829	55.2232	66.0629
School District Rate	24.8500	26.7500	13.0200	31.0200	16.6966	27.9200
Combined City & County Rate	38.3689	38.3689	38.3689	38.3689	38.3689	38.3689
2015 Total Direct & Overlapping Rate	63.2189	65.1189	51.3889	69.3889	55.0655	66.2889

City of Warren, Michigan

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

	Fiscal Year Ended June 30, 2016			Fiscal Year Ended June 30, 2006		
	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	\$ 458,090,842	1	12.59%	\$ 571,126,991	1	11.93%
Chrysler	143,788,350	2	3.95%	308,366,406	2	6.44%
DTE Electric Co	38,310,895	3	1.05%	43,987,763	3	0.92%
US Manufacturing	26,688,224	4	0.73%			
International Transmission Co	25,816,857	5	0.71%	15,765,191	5	0.33%
Art Van Furniture	19,286,453	6	0.53%	28,186,649	4	0.59%
Wico Metal Products Co	15,986,604	7	0.44%			
Consumers Energy	14,918,006	8	0.41%	9,399,542	9	0.20%
Noble 12B LLC	12,456,090	9	0.34%			
Onstar Corporation	10,760,242	10	0.30%			
E.D.S. Corporation				15,737,937	6	0.33%
Iroquois Industries				12,421,029	7	0.26%
Flex N Gate				10,338,043	8	0.22%
Ramco Hoover Eleven				9,209,610	10	0.19%
Ten largest taxpayers	766,102,563		21.05%	1,024,539,161		21.41%
Other taxpayers	2,873,509,764		78.95%	3,761,489,435		78.59%
Total taxable value	\$ 3,639,612,327		100.00%	\$ 4,786,028,596		100.00%

Source: Audited financial statements of the City of Warren and/or City Records

City of Warren, Michigan

Tax Year	Fiscal Year	Total Tax Levy	Returned Delinquent		Collected by March 1	Percent Collected by March 1	Delq. Real Property Taxes Reimbursed by Macomb County
			Real Property	Personal Property			
2006	2007	\$ 80,607,081	\$ (3,320,658)	\$ (487,287)	\$ 76,799,136	95.28%	\$ 3,320,658
2007	2008	83,566,413	(4,000,947)	(374,173)	79,191,293	94.76%	4,000,947
2008	2009	82,920,849	(4,162,750)	(494,316)	78,263,783	94.38%	4,162,750
2009	2010	80,341,909	(4,344,441)	(632,798)	75,364,670	93.80%	4,344,441
2010	2011	74,503,574	(4,172,945)	(436,652)	69,893,977	93.81%	4,172,945
2011	2012	75,164,889	(4,112,215)	(456,910)	70,595,764	93.92%	4,112,215
2012	2013	95,336,444	(4,949,315)	(669,839)	89,717,290	94.11%	4,949,315
2013	2014	92,809,755	(4,168,155)	(517,993)	88,123,607	94.95%	4,168,155
2014	2015	94,956,495	(3,949,595)	(409,461)	90,597,439	95.41%	3,949,595
2015	2016	97,106,184	(3,605,871)	(430,759)	93,069,554	95.84%	3,605,871

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.

**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, 2016	Total Collections To Date	Percentage of Adjusted Tax Levy Collected To Date
			STC, MTT, and BOR Adjustments	Personal Property Tax Write-off				
\$ 220,410	\$ 80,340,204	99.67%	\$ 131,852	\$ (99,821)	\$ -	\$ 80,639,112	99.88%	
11,525	83,203,765	99.57%	91,267	(105,433)	-	83,552,247	99.87%	
25,928	82,452,461	99.44%	71,769	-	94,558	82,898,060	99.89%	
37,409	79,746,520	99.26%	10,581	(29)	91,523	80,260,938	99.89%	
14,508	74,081,430	99.43%	11,648	-	87,688	74,427,534	99.88%	
20,823	74,728,803	99.42%	(49)	-	119,955	75,044,885	99.84%	
24,508	94,691,113	99.32%	(7,562)	-	126,456	95,202,426	99.87%	
-	92,291,762	99.44%	-	-	155,601	92,654,154	99.83%	
-	94,547,034	99.57%	-	-	156,883	94,799,612	99.83%	
-	96,675,425	99.56%	-	-	431,063	96,675,121	99.56%	

City of Warren, Michigan

Governmental Activities - General Bonded Debt							
	Installment Purchase Agreements	Land Contract	Michigan Strategic Fund Loan	Capital Improvement Bonds	Building Authority Bonds	Tax Increment Finance Authority Bonds	Downtown Development Authority Bonds
2007	\$ -	\$ 511,285	\$ -	\$ -	\$ 17,748,576	\$ 820,000	\$ 74,500,000
2008	-	430,248	-	-	16,451,921	640,000	73,500,000
2009	-	344,275	-	-	15,082,395	480,000	72,000,000
2010	-	253,067	-	-	13,685,000	250,000	70,250,000
2011	-	156,304	-	-	12,695,000	-	68,500,000
2012	1,576,024	53,649	-	-	11,655,000	-	66,750,000
2013	1,325,870	-	-	-	10,565,000	-	65,000,000
2014	2,242,808	-	-	8,920,000	605,000	-	63,015,000
2015	1,743,292	-	-	8,321,373	-	-	60,703,984
2016	1,250,281	-	-	7,696,693	-	-	57,817,096

	Other Governmental Activities Debt			Total Net Governmental Activities Debt	Business-type Activities		
	Michigan Transportation Bonds	Special Assessment Bonds	Available in Debt Service Funds		Installment Purchase Agreements	Senior Citizen Housing	Water and Sewer System
2007	\$ 17,239,304	\$ 2,214,460	\$ (2,033,414)	\$ 111,000,211	\$ -	\$ 7,715,000	\$ 121,424
2008	15,798,385	1,360,000	(1,304,363)	106,876,191	-	7,175,000	83,079
2009	17,743,666	3,248,801	(1,361,600)	107,537,537	-	6,555,000	42,605
2010	16,241,714	2,729,834	(1,128,750)	102,280,865	-	5,930,000	-
2011	14,609,763	2,185,867	(890,625)	97,256,309	-	5,310,000	-
2012	12,890,975	1,641,900	(659,500)	93,908,048	-	4,700,000	-
2013	11,607,186	1,097,933	(435,375)	89,160,614	8,021,303	3,975,000	-
2014	10,261,561	553,966	(218,713)	85,379,622	7,449,787	3,550,000	-
2015	8,761,647	315,193	(13)	79,845,476	7,219,997	3,095,000	-
2016	7,232,687	280,864	-	74,277,621	6,760,330	2,555,000	-

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, Michigan's citizenry and business community as a whole, in many cases the repayment of the debt will be financed by select taxpayers, users, or other sources of revenue. In other cases, the debt burden is shared by not only the citizenry but also by the business community, further distorting per capita ratios. The narrative that follows focuses on debt to be repaid by sources other than property taxes levied on the citywide tax base. Excluding these items from the tables presented above would dramatically affect the ratios presented.

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

Sources:

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

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

Governmental Activities - General Bonded Debt

County Drain Bonds	Amounts Available in Debt Service Funds	Total Net General Bonded Debt	Taxable Value of Property	Percentage of Taxable Value of Property	Estimated Population (1)	Per Capita
\$ -	\$ -	\$ 93,579,861	\$ 5,041,627,122	1.86%	136,824	\$ 683.94
-	-	91,022,169	5,242,704,743	1.74%	135,102	673.73
-	-	87,906,670	5,238,729,965	1.68%	134,402	654.06
-	-	84,438,067	5,109,400,749	1.65%	132,079	639.30
-	-	81,351,304	4,451,148,726	1.83%	134,056	606.85
-	-	80,034,673	4,026,777,217	1.99%	133,764	598.33
-	-	76,890,870	3,591,218,481	2.14%	133,466	576.11
-	-	74,782,808	3,506,010,944	2.13%	134,424	556.32
-	-	70,768,649	3,546,856,733	2.00%	134,805	524.97
-	-	66,764,070	3,639,612,347	1.83%	134,850	495.10

Business-type Activities

Water and Sewer Revenue Bonds	Total Business-type Debt
\$ 57,361,548	\$ 65,197,972
54,924,245	62,182,324
52,394,624	58,992,229
50,172,529	56,102,529
58,000,605	63,310,605
63,634,006	68,334,006
66,721,971	78,718,274
81,786,384	92,786,171
75,740,167	86,055,164
71,083,334	80,398,664

Total Primary Government

Total Net Primary Government Debt	Per Capita Income (2)	Percentage of Total Per Capita Income	Per Capita
\$ 176,198,183	21,407	6.02%	\$ 1,287.77
169,058,515	21,407	5.85%	1,251.34
166,529,766	21,407	5.79%	1,239.04
158,383,394	21,407	5.60%	1,199.16
160,566,914	19,376	6.18%	1,197.76
162,242,054	19,376	6.26%	1,212.90
167,878,888	19,376	6.49%	1,257.84
178,165,793	19,376	6.84%	1,325.40
165,900,640	19,376	6.35%	1,230.67
154,676,285	19,376	5.92%	1,147.02

City of Warren, Michigan

Statistical Section Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2016

Net Direct Debt

Capital Improvement Bonds			
Refunding Series 2014	Warren Community Center	\$ 7,700,000	\$ 7,700,000
Downtown Development Authority:			
Series 2013	City Center development	14,015,000	
Series 2014	City Center development	30,090,000	
Series 2015	City Center development	<u>13,115,000</u>	57,220,000
Road Construction Bonds:			
Series 2003 Michigan Transportation Bonds	Road improvements	1,000,000	
Series 2013A Capital Improvement Bonds	Road improvements	4,091,100	
Series 2015 Capital Improvement Bonds	Road improvements	2,158,480	
Series 2010 MTF Refunding Bonds	Road improvements	<u>-</u>	7,249,580
Special Assessment Bonds:			
Series 2015	Sidewalk replacement program	281,520	
Less amounts available in debt service funds		<u>-</u>	281,520
			72,451,100
Less:			
Road Construction Bonds		(7,249,580)	
Special Assessment Bonds		<u>(281,520)</u>	<u>(7,531,100)</u>

Net Direct Debt to be Repaid with Property Taxes 64,920,000

Overlapping Debt

Macomb County:			
County at large	12.57%	336,227,752	42,263,828
Macomb Community College		-	-
Local school districts:			
Center Line	65.08%	11,765,000	7,656,662
East Detroit	20.94%	24,267,675	5,081,651
Fitzgerald	100.00%	19,885,000	19,885,000
Van Dyke	97.74%	61,251,556	59,867,271
Warren Consolidated	48.18%	184,565,000	88,923,417
Warren Woods	100.00%	31,255,000	<u>31,255,000</u>

Total Overlapping Debt 254,932,829

Net Direct Debt Outstanding and Overlapping Debt \$ 319,852,829

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

Overlapping debt figures supplied by Municipal Advisory Council of Michigan

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

City of Warren, Michigan

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Assessed value	<u>\$ 5,951,085,588</u>	<u>\$ 6,064,919,039</u>	<u>\$ 5,809,257,741</u>	<u>\$ 5,342,889,105</u>	<u>\$ 4,561,685,622</u>
Debt limit (10% of assessed value)	\$ 595,108,559	\$ 606,491,904	\$ 580,925,774	\$ 534,288,911	\$ 456,168,562
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 595,108,559</u>	<u>\$ 606,491,904</u>	<u>\$ 580,925,774</u>	<u>\$ 534,288,911</u>	<u>\$ 456,168,562</u>
Total debt applicable to the debt limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2012	2013	2014	2015	2016
Assessed value	<u>\$ 4,081,046,497</u>	<u>\$ 3,630,847,280</u>	<u>\$ 3,537,933,048</u>	<u>\$ 3,689,472,137</u>	<u>\$ 4,006,975,440</u>
Debt limit (10% of assessed value)	\$ 408,104,650	\$ 363,084,728	\$ 353,793,305	\$ 368,947,214	\$ 400,697,544
Total debt applicable to debt limit	-	-	-	-	-
Legal debt margin	<u>\$ 408,104,650</u>	<u>\$ 363,084,728</u>	<u>\$ 353,793,305</u>	<u>\$ 368,947,214</u>	<u>\$ 400,697,544</u>
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	
2007	\$ 1,371,914	\$ 529,296	\$ 842,618	\$ 545,000	\$ 319,975	\$ 864,975	0.97
2008	1,386,944	584,845	802,099	540,000	305,738	845,738	0.95
2009	1,365,997	579,903	786,094	620,000	288,238	908,238	0.87
2010	1,352,660	543,019	809,641	625,000	267,616	892,616	0.91
2011	1,367,727	607,955	759,772	620,000	246,219	866,219	0.88
2012	1,375,872	748,772	627,100	610,000	223,931	833,931	0.75
2013	1,363,193	855,473	507,720	705,000	146,298	851,298	0.60
2014	1,398,586	921,577	477,009	425,000	76,119	501,119	0.95
2015	1,457,703	890,651	567,052	455,000	67,319	522,319	1.09
2016	1,498,223	777,352	720,871	540,000	46,907	586,907	1.23

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

Road Construction Bonds

Fiscal Year	Prior Fiscal Year Gas and Weight Taxes	Current Fiscal Year Pledge (50%)	Debt Service			Coverage	Capital Improvement Bonds (2)
			Principal	Interest	Total		
2007	\$ 8,472,484	\$ 4,236,242	\$ 1,400,000	\$ 597,288	\$ 1,997,288	2.12	\$ 52,025
2008	8,375,886	4,187,943	1,440,918	702,531	2,143,449	1.95	243,346
2009	8,240,310	4,120,155	1,260,000	442,325	1,702,325	2.42	287,743
2010	7,937,777	3,968,889	1,345,000	392,925	1,737,925	2.28	580,632
2011	7,798,658	3,899,329	1,435,000	263,232	1,698,232	2.30	571,233
2012	7,913,099	3,956,550	1,450,000	216,383	1,666,383	2.37	632,325
2013	8,197,069	4,098,535	1,015,000	167,363	1,182,363	3.47	620,232
2014	8,281,690	4,140,845	1,000,000	138,275	1,138,275	3.64	709,369
2015	8,537,451	4,268,726	985,000	107,525	1,092,525	3.91	809,695
2016	8,715,645	4,357,823	975,000	75,438	1,050,438	4.15	776,962

(2) Debt service on the Michigan Transportation Fund Bonds is pledged from the receipt of state gas and weight taxes received in the previous year. Debt service on the road improvement portion of the Capital Improvement Bonds, Series 2006 and Series 2008 is likewise paid from gas and weight taxes but is secured by the levy of sufficient City taxes rather than the pledge of gas and weight taxes. A total of \$809,695 of principal and interest was paid on the Capital Improvements Bonds during the fiscal year ended June 30, 2015 and is reflected in the schedule above.

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

Fiscal Year	Special Assessment Bonds (3)							Coverage
	S/A		Transferred to Debt Funds	Debt Service				
	Collections (4)	Interest (5)		Principal	Interest	Total		
2007	\$ 309,102	\$ -	\$ 309,102	\$ 861,779	\$ 89,640	\$ 951,419	0.32	
2008	199,286	-	199,286	854,460	68,838	923,298	0.22	
2009	294,984	-	294,984	175,000	75,971	250,971	1.18	
2010	435,535	-	435,535	518,967	140,456	659,423	0.66	
2011	423,297	-	423,297	543,967	117,133	661,100	0.64	
2012	406,098	-	406,098	543,967	92,934	636,901	0.64	
2013	388,900	-	388,900	543,967	68,736	612,703	0.63	
2014	371,702	-	371,702	543,967	44,038	588,005	0.63	
2015	52,673	-	52,673	244,397	26,579	270,976	0.19	
2016	47,490	-	47,490	34,397	13,093	47,490	1.00	

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

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

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

Fiscal Year	Water and Sewer System (6)							Coverage
	Operating Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service				
				Principal	Interest	Total		
2005	\$ 30,329,100	\$ 26,442,209	\$ 3,886,891	\$ 1,745,439	\$ 1,710,971	\$ 3,456,410	1.12	
2006	29,674,597	26,108,818	3,565,779	1,775,174	1,869,651	3,644,825	0.98	
2007	31,957,062	27,531,113	4,425,949	2,475,647	1,928,034	4,403,681	1.01	
2008	30,465,234	27,094,950	3,370,284	2,570,095	1,890,960	4,461,055	0.76	
2009	32,062,895	27,557,790	4,505,105	2,686,687	1,798,228	4,484,915	1.00	
2010	37,288,056	26,323,229	10,964,827	2,739,082	1,702,109	4,441,191	2.47	
2011	38,427,954	26,764,665	11,663,289	3,221,792	1,988,269	5,210,061	2.24	
2012	40,839,605	27,563,827	13,275,778	3,912,454	2,389,481	6,301,935	2.11	
2013	38,541,046	27,981,654	10,559,392	4,522,090	2,569,620	7,091,710	1.49	
2014-2015	55,669,321	44,286,286	11,383,035	7,926,367	4,476,405	12,402,772	0.92	
2016	40,682,518	32,826,944	7,855,574	4,954,565	2,699,346	7,653,911	1.03	

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

City of Warren, Michigan

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

Fiscal Year	Population (1)	Number of Households (1)	Income		Unemployment Rate (3)		
			Per Capita (2)	Total	City of	Macomb	State of
					Warren	County	Michigan
2007	136,824	57,523	\$ 21,407	\$ 2,928,991,368	9.20%	7.90%	7.40%
2008	135,102	57,134	21,407	2,892,128,514	11.30%	9.70%	8.70%
2009	134,402	56,433	21,407	2,877,143,614	21.10%	18.40%	15.40%
2010	132,079	52,460	21,407	2,827,415,153	16.60%	14.40%	13.10%
2011	134,056	53,442	19,376	2,597,469,056	13.60%	11.70%	11.30%
2012	133,764	53,228	19,376	2,591,811,264	10.20%	10.10%	9.20%
2013	133,466	53,066	19,376	2,586,037,216	11.60%	9.90%	9.40%
2014	134,424	53,408	19,376	2,604,599,424	9.60%	9.10%	7.90%
2015	134,805	53,539	19,376	2,611,981,680	7.50%	6.30%	5.80%
2016	134,850	53,492	19,376	2,612,853,600	6.80%	5.60%	4.90%

Sources:

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

City of Warren, Michigan

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

		Year Ended June 30, 2016			Year Ended June 30, 2010		
		Employees	Percentage		Employees	Percentage	
			of Total	Rank		of Total	Rank
General Motors Corporation	Automotive	20,000	(1)	1	17,000	(1)	1
Government of The United States	Government	7,800	(1)	2	6,500	(1)	2
FIAT - Chrysler Corp.	Automotive	6,000	(1)	3	4,200	(1)	3
Ascension Health	Health care	3,180	(1)	4	1,320	(1)	4
Total		<u>36,980</u>			<u>29,020</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
General government:										
<u>37th District Court</u>										
Small claims	970	725	995	587	635	566	657	597	574	528
Landlord & tenant	4,327	4,890	4,596	4,554	4,921	4,910	5,333	4,136	4,804	4,743
Parking tickets	1,521	1,518	1,083	1,019	1,116	1,272	1,496	1,868	1,538	1,749
Traffic misdemeanor & civil	57,163	55,606	46,623	36,879	35,250	37,454	49,446	46,529	46,337	50,739
Non-traffic felony	2,070	2,717	2,544	2,284	1,869	2,069	2,358	2,252	2,251	2,099
Non-traffic misdemeanor	2,393	2,449	2,355	2,126	1,653	1,779	1,886	1,772	1,686	1,894
Traffic OUIL/OWI	571	656	656	367	202	284	354	298	644	255
General civil	5,500	6,098	6,098	5,345	5,151	5,633	4,812	4,164	4,581	4,800
Probation - Active cases	1,212	1,118	1,078	1,078	876	752	892	892	1,121	1,050
Pre-sentence investigations	395	368	803	803	460	460	429	429	406	460
<u>City Clerk</u>										
Business licenses	941	894	853	837	837	765	771	660	616	810
Public hearings	69	101	99	47	70	53	75	49	47	100
Changes in voter registrations	42,844	54,004	62,213	60,433	44,367	56,137	41,389	40,559	41,182	49,000
Dog licenses issued	4,967	5,427	5,502	5,409	4,983	4,662	4,945	4,831	4,597	5,300
Garage sale permits	2,541	1,952	2,707	4,756	1,499	1,466	1,429	1,285	996	2,100
Death certificates	1,902	1,800	1,880	1,864	1,935	1,856	1,806	1,523	1,571	2,100
Birth certificates	1,388	1,350	1,344	1,254	1,201	1,188	1,183	902	754	1,500
Lawsuits issued	34	31	19	33	38	30	35	27	35	100
Contracts signed, catalogued	45	68	61	54	51	68	83	100	87	150
Internet requests processed	1,900	5,200	2,670	5,200	4,600	4,972	4,232	6,750	6,100	6,575
<u>Treasurer</u>										
Tax bills processed:										
Manually	148,721	148,720	146,916	120,351	88,321	85,454	94,499	96,021	82,777	84,872
CD-ROM	76,000	76,000	59,118	55,934	56,141	54,865	45,056	48,550	51,380	51,828
Checks processed	46,680	49,005	51,669	52,009	51,761	46,736	40,082	42,457	43,397	41,500
Water bills processed	528,000	528,000	522,862	501,584	424,085	372,981	351,898	427,242	340,536	336,000
Status changes	1,813	950	744	720	600	481	720	708	696	700
Personal property	4,101	4,101	4,140	3,929	4,586	4,183	4,242	3,950	2,664	2,850
Delinquent tax accounts	1,426	1,426	1,533	1,318	2,057	2,561	40	40	40	40
<u>Assessing</u>										
Personal property audits	140	152	70	70	70	86	45	55	75	150
Small claim MTT appeals	65	141	150	150	756	789	59	54	32	-
Full tax tribunal appeals	53	44	120	120	528	596	227	155	120	55
Board of Review appeals	999	1,400	2,000	2,000	1,500	1,200	735	920	819	820
Processing of										
principal residence exemptions	5,500	5,000	5,500	5,500	1,802	3,923	5,774	6,950	3,750	3,600
Process deeds and										
transfer affidavits	6,700	5,600	6,700	6,700	9,038	11,255	9,817	11,066	8,091	9,000
Prepare special										
assessment rolls	30	30	30	30	30	30	30	30	30	30
Review/appraise										
taxable properties	54,000	59,470	59,500	59,500	60,768	60,300	63,104	63,559	63,625	61,625
Verify sales & transfers										
of sold properties	2,450	7,238	5,800	5,800	3,500	3,500	1,403	1,633	2,470	2,650
Inspect and appraise										
building permit activity	2,450	2,800	2,450	11,400	11,243	11,000	13,210	13,198	13,274	13,400

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

(1) Fiscal year 2016 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
Public Safety:										
<u>Fire Department</u>										
Incident responses	12,416	12,971	12,894	13,440	14,717	14,974	15,500	16,547	16,718	17,000
Equipment responses	18,111	18,306	17,531	29,545	34,041	29,674	29,276	30,530	31,520	32,000
Fire training (hours)	4,316	48,976	56,403	16,426	4,400	3,139	6,480	3,062	2,000	2,000
Medical training (hours)	1,210	1,931	2,291	3,100	1,983	808	6,480	4,401	3,474	3,474
<u>Police Department</u>										
Calls for police service	89,600	81,132	78,255	75,781	90,125	88,184	95,000	95,000	95,000	95,000
Part I crimes	5,982	4,575	4,397	4,245	4,322	4,065	3,764	3,550	3,470	3,500
Burglary incidents	737	851	881	985	1,096	1,015	887	750	715	1,000
Auto theft incidents	906	1,211	958	726	805	728	582	590	530	750
Part II crimes	6,438	12,207	11,600	6,601	5,435	6,386	6,455	6,200	5,980	7,000
Narcotic and drug incidents	2,009	2,947	2,478	1,660	955	1,093	1,455	1,575	1,165	1,800
Traffic citations	46,506	30,154	25,146	18,283	17,872	18,419	20,678	20,500	24,155	25,000
OUIL charges	432	578	490	400	305	294	300	355	330	450
Traffic accidents	5,500	3,354	3,389	3,551	3,647	3,295	3,820	4,320	3,980	4,500
Juveniles charged	509	579	169	161	221	346	244	205	200	300
Total arrests	7,638	10,153	6,496	6,081	5,055	5,708	6,556	6,200	5,440	6,500
Abandoned autos processed	1,380	2,016	5,200	967	1,020	1,061	1,100	1,100	240	500
Guns registered	3,300	1,500	2,373	2,296	2,705	7,329	6,922	6,300	3,370	4,000
<u>Animal Control</u>										
Calls for service	2,832	2,916	2,916	3,000	3,000	3,000	2,850	3,500	8,860	9,000
Stray animals picked up	1,450	1,386	1,386	1,270	1,340	1,600	1,450	-	890	900
Wild animals secured	486	472	472	400	435	60	75	-	-	-
Dead animals handled	310	346	346	900	900	1,000	1,000	-	350	350
Animals given up by owners	832	798	798	325	325	325	377	-	60	100
<u>Civil Defense</u>										
Responses to disaster or emergency incidents	9	10	10	6	9	7	5	6	12	10
Functional/full-scale exercise	1	-	-	1	1	2	3	3	3	3
City Development:										
<u>Engineering</u>										
Service requests processed	448	516	768	538	811	695	838	877	1,355	836
Planning reviews	100	94	55	77	79	79	79	66	100	127
Site plan reviews	356	222	113	83	119	129	258	426	386	405
Projects inspected	125	97	71	81	72	61	225	258	121	208
Sidewalk inspections/repairs	3,100	2,709	3,185	1,517	1,553	933	806	501	254	189
<u>Property Maintenance Inspection</u>										
Weed enforcement	2,200	2,323	2,485	4,436	4,568	3,810	4,012	4,045	5,508	9,000
Complaints investigated	7,244	4,862	6,422	5,928	6,068	4,285	4,387	4,022	4,373	5,500
Complaints entered into tracking system	N/A	N/A	21,220	21,200	23,526	21,500	18,300	21,016	30,637	31,000
Vacant and foreclosed property clean-ups	N/A	N/A	650	598	619	632	676	524	1,332	1,500
<u>Building Inspections</u>										
Certificates of occupancy	584	279	283	288	266	470	767	420	327	475
Building permits	2,403	2,854	2,162	2,412	1,880	1,804	1,918	2,053	2,160	2,150
Plumbing permits	940	978	1,103	1,248	1,348	1,351	1,351	1,152	1,054	1,150
Electrical permits	1,909	2,277	2,862	3,179	3,133	3,626	3,798	3,402	3,161	3,400
Mechanical permits	1,463	1,343	1,447	1,828	1,797	2,240	3,127	2,095	2,107	2,200
Miscellaneous permits	1,584	407	701	701	840	786	830	944	634	800
Building inspections	8,895	13,216	12,511	13,119	15,004	13,666	14,427	15,296	11,134	13,000
Plumbing inspections	3,243	5,440	7,262	8,104	7,777	9,136	10,421	10,529	9,814	9,200
Electrical inspections	4,595	7,353	12,636	12,269	11,869	12,676	14,206	14,276	13,727	13,000
Mechanical inspections	5,263	6,784	7,774	8,126	8,391	9,861	10,879	10,004	10,041	10,000
Zoning inspections	4,813	15,657	8,679	8,453	6,236	5,575	6,511	6,320	926	925
Plan reviews	2,987	2,352	2,160	2,467	2,319	2,304	2,048	2,165	716	825

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

(1) Fiscal year 2016 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
Recreation and Culture:										
<u>Library</u>										
Annual attendance	284,398	336,414	371,751	337,207	326,386	342,297	366,929	347,214	339,789	500,000
Circulation:										
Annual total	603,725	599,451	594,626	567,845	1,102,600	855,235	577,403	568,805	482,397	488,000
Children's material	182,579	237,568	264,351	248,118	257,402	279,921	253,018	239,449	256,746	262,800
Reference requests	62,726	72,761	78,049	70,664	47,290	47,285	49,875	53,776	43,304	43,900
Registered borrowers	48,265	54,834	61,284	51,507	57,145	53,754	59,909	62,475	53,988	59,800
Materials:										
Loaned to other libraries	53,476	72,662	74,957	76,629	64,433	74,359	74,391	70,602	63,062	66,200
Received from other libraries	39,239	57,642	59,173	86,258	40,381	52,593	52,630	49,408	38,869	38,100
Added to collection	26,397	25,327	25,741	24,616	35,868	56,914	37,576	46,225	39,956	25,000
Deleted from collection	38,081	21,004	16,389	14,976	13,324	23,165	10,984	18,741	24,740	27,400
Home Page hits	231,573	287,079	302,691	301,945	260,661	331,023	361,112	357,531	333,915	337,000
<u>Recreation</u>										
Pavilion rentals	460	418	418	482	460	460	484	424	424	450
Bus transportation	28,550	28,972	25,390	27,750	23,613	18,510	14,227	15,309	15,309	15,500
Adult & youth sports:										
Registrants	6,400	7,000	6,700	7,200	7,000	7,000	7,000	4,436	4,436	4,495
Participants	105,500	106,000	106,000	106,500	106,500	106,500	106,500	107,000	107,000	107,250
Senior programs	52,450	90,247	85,000	90,000	85,000	85,000	85,000	86,000	86,000	87,000
Senior sports programs	22,400	23,000	22,400	22,400	23,000	23,000	23,000	23,000	23,000	23,250
Trees removed	1,000	1,131	500	325	345	345	250	-	-	-
Trees trimmed	3,000	7,788	1,000	800	1,000	1,000	2,000	-	-	-
Pool attendance	301,000	325,000	302,000	350,000	380,000	380,000	380,000	350,000	350,000	380,000
Yearly pass registrations	4,800	5,200	4,500	4,500	4,100	3,975	3,463	4,142	4,142	4,400
Sanitation:										
Collections points (per week)	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Curbside collection (tons):										
Refuse land filled	48,695	48,695	45,082	43,541	44,104	45,391	47,315	45,207	63,236	59,773
Curbside recycling	4,236	4,236	4,646	4,562	5,716	5,169	5,847	4,816	4,661	4,674
Curbside compost	14,559	14,559	15,228	15,252	13,123	13,245	9,029	12,684	3,048	962
Drop-off center:										
Car batteries (each)	583	583	459	585	142	256	162	138	255	221
Non-ferrous metal (tons)	1	1	2	7	9	3	3	1	2	2
Concrete (tons)	242	242	245	377	247	283	195	208	261	300
Motor oil (gallons)	9,250	9,250	10,000	10,800	9,300	8,950	8,460	6,145	7,120	7,200
Collected/dropped off (tons):										
Cardboard	129	129	98	85	68	80	67	58	67	68
White goods/scrap metal	232	232	177	167	140	101	80	82	134	165
Senior Citizens Housing:										
<u>Stilwell Manor</u>										
Carpet replacements	9	15	19	12	23	15	15	22	12	25
Linoleum replacements	7	10	10	9	14	7	7	10	7	12
Stove replacements	9	9	15	8	12	15	15	6	4	6
Apartments painted	18	12	25	18	26	20	20	23	21	25
Air conditioner replacements	6	8	10	8	12	10	10	10	8	12
Maintenance work orders	545	520	530	545	642	575	575	450	375	600
<u>Jos. Coach Manor</u>										
Carpet replacements	13	42	36	25	40	27	27	35	26	65
Linoleum replacements	17	32	13	25	20	14	14	17	12	25
Hot water tank replacements	-	2	6	6	10	53	53	70	-	50
Apartments painted	32	28	42	31	65	34	34	63	28	65
Countertop replacements	9	7	18	17	20	18	18	16	18	20
Maintenance work orders	1,247	1,182	1,300	1,295	1,188	955	955	760	936	1,200

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

(1) Fiscal year 2016 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 (2)	2016 (1)
Water and Sewer System (2)										
<u>Water Department:</u>										
Water utility accounts	50,122	50,248	50,205	50,226	50,137	50,025	49,171	49,137	49,639	49,076
Sewer utility accounts	49,370	49,614	49,110	49,089	49,068	49,269	48,650	48,588	49,089	48,618
Second meter accounts	384	457	506	555	585	628	680	684	712	744
Water sold (thousand cu. ft.)	839,755	883,463	759,993	713,369	734,852	692,951	699,581	656,511	914,804	648,699
Water purchased	932,468	1,014,748	851,937	794,608	805,598	769,815	784,929	744,182	1,081,125	670,703
Broken water main repairs	238	344	186	214	202	212	184	271	393	101
Sewer jetting (in footage)	257,313	129,050	14,167	232,072	117,473	249,000	273,816	343,647	454,716	753,000
<u>Waste Water Treatment Plant:</u>										
Sewage treated	9.0	7.6	8.4	8.3	6.8	10.8	7.4	8.2	11.7	7.6
Sludge solids removed	31.4	33.3	29.8	29.7	26.7	28.4	31.1	29.9	42.3	27.5
Power consumption	23.4	23.9	26.8	14.9	13.4	15.8	14.1	12.7	19.1	12.2
Natural gas for incinerator	82	89	82	88	81	90	102	94	130	61
Laboratory samples taken	6,556	6,634	6,308	6,499	5,609	5,694	6,694	5,963	8,886	8,031
Analytical lab tests run	45,863	45,847	45,680	38,140	35,977	33,718	38,044	35,577	54,944	35,975
Dye tests performed to locate	200	50	50	20	20	25	13	12	8	4
Storm water samples collected	275	20	50	315	350	240	396	296	245	119
Illicit discharges identified	24	15	46	3	4	5	4	6	3	2
Illicit discharges removed	14	20	7	4	5	9	2	6	3	2

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

(1) Fiscal year 2016 estimates

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

Source: Fiscal year adopted budget

City of Warren, Michigan

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

Fiscal Year	Residential One Family	Residential Multiple Family	Commercial Development	Industrial Development	Total (1)
2007	\$ 6,670,204	\$ 6,950,103	\$ 12,992,814	\$ 500,000	\$ 27,113,121
2008	2,864,523	1,608,000	3,685,000	-	8,157,523
2009	812,000	75,400	13,260,000	3,000,000	17,147,400
2010	1,245,000	-	4,015,000	-	5,260,000
2011	1,135,000	-	1,223,000	-	2,358,000
2012	10,933,601	1,728,930	76,617,376	1,197,300	90,477,207
2013	2,425,000	2,412,000	580,000	-	5,417,000
2014	12,213,524	2,354,600	40,713,090	1,267,277	56,548,491
2015	3,640,000	975,000	5,194,000	-	9,809,000
2016	4,681,895	3,340,000	4,068,500	-	12,090,395

(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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>General Government:</u>										
Council	13	13	13	13	12	10	10	10	11	10
37th District Court	50	49	49	49	49	46	46	46	46	49
Mayor	7	7	7	7	6	6	6	6	6	3
Clerk	9	9	9	9	9	8	7	7	8	7
Treasurer	12	12	12	11	10	10	9	9	9	9
Controller	19	19	19	18	14	13	12	10	10	9
Information Systems	3	3	3	3	3	3	4	4	4	4
Legal	11	11	11	11	11	10	10	10	10	9
Assessing	12	12	12	12	11	11	11	11	11	12
Labor Relations	1	1	2	2	-	-	-	-	-	-
Personnel	6	6	6	6	-	-	-	-	-	-
Human Resources	-	-	-	-	9	9	9	9	9	9
D.P.W. Garage	8	8	8	7	7	7	7	8	8	12
Building Maintenance	15	15	15	9	9	8	8	8	8	6
Police & Fire Civil Service	1	1	1	1	-	-	-	-	-	-
Police & Fire Retirement	2	2	2	2	2	2	2	2	2	2
City Retirement	-	-	-	-	-	-	-	2	2	2
	169	168	169	160	152	143	141	142	144	143
<u>Public Safety:</u>										
Fire Department	148	148	147	121	126	120	114	132	132	128
Police Department	274	276	275	270	256	239	233	233	235	231
Animal Control	2	2	2	2	2	2	2	2	2	2
Civil Defense	1	1	1	1	1	1	1	1	1	1
	425	427	425	394	385	362	350	368	370	362
<u>City Development:</u>										
Public Service Director	4	4	3	3	3	3	3	3	3	3
Engineering	8	8	8	7	7	5	5	5	5	3
Property Maintenance	3	3	4	1	1	-	-	-	-	1
Building Inspections	17	17	17	18	16	15	15	14	16	17
Planning	5	5	5	5	3	3	3	4	4	3
Rental Ordinance	2	2	3	3	3	3	3	4	4	4
	39	39	40	37	33	29	29	30	32	31
<u>Highways and Streets</u>										
	35	35	35	30	28	24	24	24	24	24
<u>Recreation and Culture:</u>										
Library	16	16	16	16	12	22	22	22	22	21
Recreation	20	20	20	20	18	16	13	12	12	9
Communications	6	6	6	5	5	5	5	5	5	4
	42	42	42	41	35	43	40	39	39	34
<u>Sanitation</u>										
	42	42	42	29	28	26	26	26	26	16
<u>Economic Development:</u>										
Community & Economic	-	-	-	-	2	2	2	2	2	1
D.D.A.	1	1	1	1	1	1	1	1	2	2
	1	1	1	1	3	3	3	3	4	3
<u>Community Development:</u>										
C.D.B.G.	4	4	3	3	3	3	3	3	2	3
<u>Senior Housing</u>										
	5	5	5	5	5	5	5	5	5	5
<u>Water and Sewer System</u>										
	97	95	95	87	86	84	88	91	93	88
Total full-time city employees	859	858	857	787	758	722	709	731	739	709